



Graduate School of Development Studies

**Compromising Social Justice in Fairtrade?
Case Study of a Fairtrade Organization in India**

A Research Paper presented by:

Ranjana Das

(India)

in partial fulfillment of the requirements for obtaining the degree of

MASTERS OF ARTS IN DEVELOPMENT STUDIES

Specialisation:

Women, Gender and Development (WGD)

Members of the examining committee:

Dr. Amrita Chhachhi (Supervisor)

Dr. ThanhDam Truong (Second Reader)

The Hague, The Netherlands

November, 2008

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Inquiries:

Postal address: Institute of Social Studies
 P.O. Box 29776
 2502 LT The Hague
 The Netherlands

Location: Kortenaerkade 12
 2518 AX The Hague
 The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

ACKNOWLEDGEMENTS

My sincere thanks to Dr. Amrita Chhachhi without whose support and encouragement this paper wouldn't have been possible. I am deeply indebted to her for having confidence on me and guiding me not only through the paper but also for being my mentor. TD (Dr. ThanhDam Truong), thank you so much for all your insights and valuable comments. I will never forget the stimulating discussions we had in front of ISS. I extend my thanks to Sasha staff and all the respondent artisans whose contributions brought a difference in the paper. Thanks to my Ma, who thinks I am the best and has been patiently waiting for me to complete this Masters successfully. Thanks to all my friends who meant so much to me all through these years. Rajeev, I enjoyed the debates we had on this paper. Thank you for being with me always and I am looking forward to living much closer to you.

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ABSTRACT

The study investigates whether Fair Trade Organizations (FTOs) are able to adhere to their principles of social justice and development goals as they enter mainstream markets which are dominated by neo-liberalism, unequal terms of trade and propagation of the 'free market' principle. Through a case study of Sasha-a craft marketing Fair Trade Organization in Kolkata, India, the paper shows shifts in the development of the FTO, the introduction of a certification regime and the emerging contradiction between the intentions of the FTO and its actual practice in the contemporary period. The implications of shifts in orientation from solidarity based notions of social justice to market oriented social justice, in particular on the weakest link and most vulnerable section who are women craft workers at the bottom of the production chain are investigated. A production chain analysis of handicraft production gives evidence of violation of FT principles and ILO's decent work norms and also reveals characteristics of the informal economy with producers having no entitlements to minimum wages, or social security benefits. There remains gender bias in the employment of women in the fairtrade production chain. The data shows that there is no challenge to gender segmentation and in fact a reinforcement of the feminine stereotype. Declining partnership with cooperatives, rising partnership with large scale NGOs and setting up of a Business Development Unit within the organization are some of the strategic shifts in the FTO. These shifts and the lack of implementation of FT principles indicate that the FTO is succumbing to the logic of the neo liberal mainstream market resulting in a drift away from the social justice principles within the Fairtrade Network. While onstage FTO's use the principle of 'fairness' particularly in relation to Northern Corporations, this notion of fairness is not extended to the lower end producers through which they are expanding in the global market.

KEY WORDS

Fairtrade, Social Justice, Neoliberal Market, Gender, Production Chain

CHAPTER 1

1.1. Introduction

The study investigates whether the Fairtrade Organizations (FTOs) are able to adhere to their principles of social justice and development goals as they enter mainstream markets which are dominated by neo-liberalism, unequal terms of trade and propagation of the 'free market' principle. The study examines through a case study of Sasha-a craft marketing Fairtrade Organization in Kolkata, India, the shifts in the development of FTOs, the introduction of a certification regime and the emerging contradiction between the intentions of the FTO and its actual practice in the contemporary period. It investigates the implications of the shifts in orientation, in particular on the weakest link and most vulnerable section who are women craft workers at the bottom of the production chain.

1.2. Relevance and Justification

Fairtrade was initiated with the desire to assist the Southern producers so that they can combat unequal North-South trade relations by gaining greater access to technology, education, credit, and value added processing and storage facilities, while at the same time protecting them from the whims of the global market through guaranteed prices, strict labor standards, and bonds of solidarity between producers and consumers (Fridell 2004: 417). To combat the injustices of global capitalism fairtrade articulated a principle of social justice which aimed to re-organize production and commercial exchange. The principles of social justice in relation to unequal trade operate at 2 levels: fairer terms of trade for Southern governments in the world market and fairer returns to direct producers. A distinction is made between the *Fairtrade Movement* which refers to better terms of trade between governments and is associated with the campaign for a new economic order. Baratt Brown a key theorist of fairtrade, proposes a model for a new economic order composed of democratically controlled state marketing boards, with grassroots control at all levels, and direct links between Northern and Southern producers (Brown1993: 134).

Based on these principles a *Fairtrade Network* emerged which constitutes a parallel trade network with exchange organised through Fairtrade Organisations (Fridell 2004:416). Against the capitalist logic of globalization, fairtrade represents a nascent, alternative form of exchange which attempts to place the imperatives of social and ecological justice ahead of the imperatives of the market (Fridell 2003:5). Another crucial feature of the Fairtrade network is that it connected the Southern producers to the Northern consumers through the raising of awareness of the social and ecological considerations of the fairtrade products. Many changes have occurred in the Fairtrade Network as a result of globalisation implying a pressure on the notion of social justice to direct producers which are elaborated below. In this study the focus is on the Fairtrade Network rather than the broader Fairtrade Movement challenging the unequal terms of trade at the state level.

Although FTOs are market oriented their approach is underpinned with certain notions of social justice. Today as fairtrade products are entering mainstream markets, there has been an explosion of sales and, increased production of fairtrade goods. Many case studies show that the entry into mainstream markets has been good for the producers- in terms of market access, income and other developmental principles of fairtrade. However there are also a number of case studies which address the same phenomenon but do not present such a rosy picture. A major critique has emerged in

particular of the certification/labelling schemes and the entry of fairtrade products in mainstream markets which are seen as undermining the fairtrade movement's commitment to social justice.

In the 1980's a new phase began in the Fairtrade Network with the introduction of certification and labelling. The largest fairtrade labelling initiative in the World is Max Havelaar/Trans Fair which recently has been transformed into Fairtrade Labelling Organization International (FLO) and is responsible for the fairtrade certification of agro-based items. In addition International Fair Trade Association (IFAT) is responsible for setting the fairtrade standards and certifying the FTOs specially those who are in the production of non-food items like handicrafts. The certification initiative is a crucial turn in the Fairtrade Movement as this gives the fairtrade products an entry into the mainstream market which resulted in a boom of the sales of their products in the global market. The last decade has seen a boom in the sales of both food and non-food items and the total world market for fairtrade is valued at US\$ 1.6 billion. The fairtrade boom is also linked to a broader increase in conscientious consumption across the Global north where rising number of consumers expresses concern over environmental and social sustainability and consider these issues in their purchases (Raynolds and Long 2000: 20-21).

There is overwhelming literature that says that fairtrade is an excellent opportunity for the southern producers. Certified fairtrade benefits its marginalized producers and workers in the Global south in four critical ways. "First, it provides producers with guaranteed prices that are higher than conventional world market prices, particularly in volatile tropical commodity markets. Second, it supports organizational capacity building for the democratic groups that are required to represent small-scale producers (via cooperatives) and workers (via unions). Third, it enhances production and marketing skills for participants and their families which extend beyond fairtrade production. Fourth, it provides a social premium to finance broader community projects such as health clinics, schools, better roads and sanitation, and other social services" (Murray and Raynolds 2000: 5). The success of fairtrade is thus considered to be remarkable not only from an economic advantage point of view but also from a social justice perspective. However fair trade organizations face contradictory pressures in today's context of the domination of neoliberalism. Hence it is important to have empirical studies which can provide evidence on the effectiveness or non-effectiveness of fairtrade especially from the perspective of direct producers. This study will critically assess through a case study if fairtrade really is able to adhere to its principles of social justice or is under pressure from market forces to compromise on them.

1.2.1. The Problem Statement

The entry of the fairtrade products in the mainstream market through certification in the context of the dominant neoliberal market paradigm has resulted in many contradictions and has put pressure on FTO's to shift from the social justice principles which were the main emphasis of the movement.

Some of the **contradictions** that are rising in the current fairtrade movement are as follows:

The certification schemes have boosted up the fairtrade sales in the global mainstream market. This development apparently would have benefitted the FTOs and subsequently the end level producers. However on the contrary it has broken down the producer consumer relationship with the producers currently being less and less informed about the fairtrade practices. A study done with the small scale banana farmers in the Azua valley of the Dominican Republic during the 1999-2000 (since certification started) strikingly reveals that the Fair Trade farmers did not seem to know anything

about fairtrade and very few had only a basic understanding of the principles of fairtrade. Also none of the fairtrade farmers knew anything about the minimum prices that are supposed to be guaranteed to them nor did they know that they are entitled to a social premium (Getz and Shreck 2006: 497-498). The certification system is seen to be the thin end of the wedge allowing for the creation of softer fairtrade criteria and can actually reduce the fairtrade principles to some core standards-a convergence between the narrow notion of ILO core standards (the main focus has become child labour, environmental friendly production and less on living wages and social development) rather than broader inclusive concept of social justice, solidarity and development.

The entry of the giant multinational corporations like Starbucks, Procter and Gamble etc. with a profit motivation and bid to capture the ethical consumers, on one hand has boosted up the fairtrade products in the global mainstream market but at the same time has limited the application of fairtrade social justice to the need of the workers and peasants in the underdeveloped South (Fridell 2003: 6).

The certification by different institutions within the Fairtrade Movement and the conditionalities posed by them can initiate a process instituting new forms of “governmentality” (in a Foucauldian sense discussed in the analytical section) and very often lead to the elimination of the most vulnerable. According to Getz and Shreck (2006) much of the literature focuses on the benefits of providing access to niche and mainstream markets, generating higher prices and promoting environmental sustainability, among other benefits. Few scholars have questioned the extent to which the third party certification affects the non material ends of the producers in the value chains.

With the above concerns in the Fair Trade Movement there are two forms of alternative trade that involve different conceptions of fairtrade and considerable tension exists between these wings of the movement. At one extreme, fairtrade sees itself as a component of the solidarity movement against the capitalist principles of the global mainstream market, while at the other by entering mainstream markets it blends into the objectives of the “free market” which operates within the neo liberal paradigm.

Given the above contradictions that are arising within the Fair Trade Movement, this research paper explores what impact does the entry into mainstream markets and increasing sales of the fairtrade products through certification, specially the non-food items like handicrafts have on the FTOs and subsequently on the producers at the lowest end of the production chain. It will examine in particular the process of institutionalization in the Fair Trade Movement i.e. the formation and role of IFAT on the local FTO and whether this has spin off effects on lower end artisans who are the main producers of the handicrafts. This will be done through a case study of Sasha which is a craft-based marketing non-governmental organization based in Kolkata, India and is a member of the International Fair Trade Association (IFAT).

The study addresses a gap in the existing literature by undertaking a gender analysis of the fairtrade production chain. Investigation is needed to assess if fairtrade principles were able to ensure gender equality for the producers and how women producers in particular are affected by the change in orientation, growing sales and institutional mechanism of IFAT. Through a study of a handicraft producer group which involves women and men producers linked to Sasha I will explore the gendered pattern in each node of the production chain and the implementation of gender equality principles.

In addition this study adds a new aspect to the current discussions on fairtrade which is overwhelmingly focused on agro based products particularly coffee. The study will focus on handicrafts which were in fact one of the earliest products traded through fairtrade networks on a

solidarity basis. Sasha's handicraft producer groups provide a good case since this FTO started as a modest outfit in 1979 and has turned into a thriving entity with a turnover of Rs 40 million in 2003 and continues to expand today.

Analytical framework

The analytical framework applied to the case study of Sasha draws on conceptualizations of social justice in the Fair Trade Movement, a gendered production chain analysis and an exploration of the concept of governmentality which has been used to characterize changes that are occurring in the Fairtrade movement as a result of institutionalization, certification and entry into mainstream markets. An analytical review of literature and the key concepts are elaborated in Chapter 2.

1.3. Objective of the Research

Through an investigation of the growth and development of a Fair Trade Organisation in India this study aims to contribute to the pool of academic literature that analyses the contradictory pressures on the key principles of social justice and development goals that distinguished Fair Trade Organisations from commercial and corporate trade organizations in the contemporary context. It aims to provide new empirical evidence and highlight certain gender dimensions of the changes taking place in FTO's in the contemporary context.

1.4. Main Research Question

How do the growth, expansion, institutionalisation and shift from a solidarity market to mainstream markets of an FTO affect the implementation of fair trade principles of social justice, particularly from the perspective of women producers at the bottom of the production chain?

1.4.1. Sub Questions

1. What is the history of Sasha and how has it changed over the years?
2. What changes have occurred in Sasha, as a result of growth in export of handicrafts and its association with IFAT?
3. What is the role and function of IFAT? What forms of regulation and control does it institute and what effects does this have on the FTO?
4. What impact have these developments had on the handicraft production chain and how has this affected the implementation of the key principles of Fair Trade?
5. What are the gendered features of the handicraft production chain and what have been the gendered outcomes of the changes in the FTO?

1.5. Methodology

The study is primarily qualitative using both primary and secondary data.

1.5.1. Research site and rationale for choice of case study: The selection of the Fair Trade Organization Sasha in Kolkata, India, was purposive. I have selected Sasha and one of its producer groups for the following reasons:

1. Sasha is a craft marketing non-governmental organization based in Kolkata, India. Since it was established in 1979 as a solidarity organization with the basic fairtrade principles to help the economically disadvantaged section by linking them with the market and has

continued to expand in the context of neo-liberal globalization, it provides a good case for analysis of the changes from a solidarity phase to a more market oriented phase.

2. The organization exports handcrafted goods through fairtrade channels to European and other countries and also caters to a domestic market. It is a member of the International Fair Trade Association (IFAT) and is therefore subject to IFAT's certification rules. Since I will analyze the effects of the certification regime on Sasha and the producer group this linkage makes it an appropriate choice for study.
3. Sasha is linked to nearly 5000 artisans and works through a large number of producer groups. Some groups produce almost exclusively for Sasha some others have independent operations and relate to Sasha on buyers demand. Relevant for my study is Sasha's association with a large number of women producers. The main handicrafts produced by Sasha are dokra, aari, kantha, hand printing and embossed leather. Each of these handicrafts has a production chain. For eg. aari work can be broken into weaving, dyeing, stitching, pressing, packaging etc. Each node of the production chain is gendered. In the aari production process weaving and dyeing are done by men while the stitching work is always done by women. The organisation is gender conscious as noted on its website but it needs to be investigated if they have actually been able to implement gender equality in the production chain.

1.5.2. Primary Data: The primary data was collected from three different levels: International Fair Trade Association (IFAT): their South Asian chapter in India known as Fair Trade Forum (FTF), Sasha, the Fair Trade Organization in Kolkata, India and from each node of the production chain of a textile based handicraft.

1.5.3. Secondary Data was collected to gather the following information:

- Sales figures from Sasha for its products
- Export figures from Sasha
- Website material and documents from IFAT and Sasha.

The specific data gathering methods for each aspect are listed below in relation to the research questions.

1.5.4. (Table 1): Coordination Matrix between Research Questions and Methodology

Research Questions	Information set	Data Gathering Methods
What is the history of Sasha and how has it changed over the years?	Major key turning points in Sasha's growth; before and after it's association with IFAT; how has the organization grown in terms of it's exports, domestic sales and in terms of organizational development	<p><u>Primary Information</u></p> <p>Interview with top level management (Executive Director) and some of the veteran Sasha staff mainly from the EDF Unit</p> <p><u>Secondary Data</u></p> <p>Annual report analysis</p> <p>Analyzing the Financial Report at least for the last 5 years</p>
What changes have occurred in SASHA as a result of the increased sales in the global market and it's association with IFAT?	Information to understand the changes that Sasha underwent due to the increased sales in the global market and it's association with IFAT	<p><u>Primary Information</u></p> <p>In depth interview with Executive Director and Sasha EDF Unit staff</p> <p>In Depth interview with one personnel of Fairtrade Orginal in The Netherlands who coordinates with Sasha for their imports</p> <p>On spot observation in the field.</p>
What changes have occurred in the Sasha's production chain and how has this affected the implementation of the key principles of Fair Trade?	<p>The information on pattern of production, organisational form and producer relations with Sasha collected from all the nodes of the handicraft production chain.</p> <p>Information on solidarity phase and changes due to the certification system.</p>	<p><u>Primary Information</u></p> <p>Structured interview with 10 artisans from each node of the production chain (both men and women).</p> <p>Semi structured interviews with 10 producers who were involved with Sasha before the introduction of the certification.</p>
What are the gendered features of the handicraft production chain	<p>To find out the decent working conditions for the women workers.</p> <p>Information collected from the women</p>	<p><u>Primary Information</u></p> <p>Semi structured interviews with 20 women at each node of the</p>

linked to Sasha and in what ways have the key principles of FT and decent work been implemented	handicraft producers.	production chain.
What is the role and function of IFAT? What forms of regulation and control does it institute and what effects does this have on the FTO?	<p>IFAT</p> <p>Information on criteria and conditions for membership,</p> <p>Information on which organizations are members of IFAT, the opportunities created by IFAT for the FTOs and the monitoring mechanisms of IFAT.</p>	<p><u>Primary Information</u></p> <p>In depth interview with the Executive Director of Fair Trade Forum, The Asian Chapter of IFAT</p> <p><u>Secondary data</u></p> <p>IFAT website materials</p>

1.6. Ethical Dilemmas in Fieldwork

My motivation to do this study came from a concern about the future of fairtrade as an alternative system of trade based on social justice. Although fairtrade has been seen as a very successful movement, I was uncomfortable because in my personal experience and interaction with some FTOs in India I felt that these organizations were really not different from any mainstream marketing organization in terms of the benefits to actual producers. Though I was critical I also did realize that the fairtrade movement has created opportunities for the southern producers and it was not right to make a critique of the fairtrade movement from the periphery. I started the research with these mixed feelings and this meant that I had to handle my interactions with the organization and the producers in a delicate way.

Prior to discuss the ethical dilemmas, I would like to mention a few words about my interest in the topic. The interest was purely academic and I had no intention to take up the role of an activist for the producers at the lower end. However I did feel a sense of responsibility to hear and represent the voices of producers themselves specially the women at the lower end of the production chain through my study.

I started my field work by establishing a good relationship with Sasha to understand the growth and changes of the organization over the years and their production chain management. I had some unofficial contact with Sasha from my earlier job experience and I used that to initiate a dialogue with Sasha's Enterprise Development Foundation (EDF) that actually deals with the producers. The first few interaction with the staff members of EDF were really helpful to understand the implementation strategies of Sasha and plan out my field visits with the producers.

As I started my investigation along the production chain, some critical issues emerged from the interviews which were negatively affecting the producers which I anticipated from my assumptions. I did face an ethical dilemma about how much to get involved but decided that as an academic interviewer I must try to avoid undue intrusion in the field. I had contacted all the producer partners well in advance about my visit and conveyed to them that my interest is purely academic and I would

not be able to share their grievances with Sasha which would have affected their association with Sasha. I assured them of confidentiality and took responsibility of keeping the identity of the interviewees private. I was also careful in carrying out my interview so that it does not cause any distress among the artisans. Some of the producers out of sheer frustration shared their grievances with me. In a unit, run by women, they burst out with anger and resentment on serious issues of prolonged non-payment, steadily declining orders from Sasha and cutback of the social security services over a long period of time. They also complained about Sasha's ignorance towards the unit over the years. In another case the workers of a particular unit, while sharing their grievances requested me to pause my Dictaphone as they had the fear that if I share their grievances with Sasha they might lose out on orders. Since the findings of the first few field visits were quite alarming, here I had the dilemma of sharing the concerns with Sasha because I had to carry out the rest of the field visits which was crucial for my study. Also I had to gather information from Sasha's management regarding their view on Sasha's growth especially in the post certification regime. While it was not ethically correct to screen the findings from Sasha because the study rested on the case study analysis of this particular FTO, divulging the concerns that I gathered would not only have been detrimental for my study but would also have put the producers at the risk of not getting orders from Sasha anymore. I had also promised the producers that I would not discuss these issues with Sasha. In order to keep the promise in the subsequent chapters I have coded the interviews and given a summary of the information I gathered from them. I have also coded the names of the Sasha staff interviewed.

Certain other ethical concerns cropped up during the field work. My interaction with Fairtrade Forum (FTF) in New Delhi was not very fruitful because they were reluctant to give me an interview unless I share my field findings with them. This was not possible for me because that would have been a breach of trust with Sasha. Finally, I had to convince them of my academic interest and I managed a very brief telephonic interview with the Executive Director of FTF.

As Scheyvens has mentioned "Ethics concerns the morality of the human conduct....fieldwork can give rise to a plethora of ethical dilemmas, many of which relate to power gradients between the data collector and the data collection[sic]" (Scheyvens et al 2003: 139). The research process raised some critical ethical dilemmas and these dilemmas made me reflect on the paper over and over again and be very careful before I made hasty conclusions. I tried my best to maintain trust, honesty and reciprocity while interacting in the field to avoid any harm and risk to all people involved in the process which was not an easy process.

1.7. Limitation of the Research

The study is limited to only one fairtrade organization in Kolkata, India and also only one producer group linked to that FTO. Hence the findings have to be taken as indicative of changing patterns in the fairtrade movement and cannot be generalized. In addition though there are linkages between the developments and shifts in the organization, the formation of IFAT and shifts in relations with producers I do not claim that these are the only causes. Further research may uncover additional factors that have also influenced these changes.

CHAPTER 2

Analytical Framework

The chapter presents the conceptual framework of the study which is drawn from a review of literature and elaborates the key concepts applied in the analysis of the major shifts in the fairtrade organization. The focus of the study is to see how fairtrade has shifted from its social justice principles, as it enters mainstream markets in the context of the domination of the market oriented neo-liberal paradigm.

2.1. Conceptions of Social Justice in Fairtrade

A review of literature on the fairtrade movement shows how the conceptions of social justice have involved different dimensions over the years. A historical overview of the Fairtrade Movement enables identification of changes in the conceptions of social justice. In particular it traces the changes in the *Fairtrade Network* in its several phases over the years which has undergone a significant reorientation with the coming of neo-liberal globalization.

The *Fairtrade Movement*, that began some 50 years ago seeks to challenge the historically unequal international market relations and transform the north/south trade from vehicle of exploitation to a means of empowerment (Raynolds and Long 2000: 15). The movement was motivated by the desire to assist the southern partners in their immediate needs and to lay the groundwork for a new international trading system (Fridell 2004: 417).

Gavin Fridell's (2004: 413) study shows how fairtrade emerged as a reaction to unequal terms of trade and the control of the North over the international commodity market during the inter-war period 1918 to 1939. This led to the exploitation of peasants, workers, and craftspeople. The challenge to unequal trade came from various southern governments, international organizations, and NGOs who sought to use market regulation to protect poorer nations from the vagaries of the international market and the unchecked power of the rich nations and giant corporations in the North. The Fairtrade Movement traditionally sought to achieve its goals through facilitating the involvement of small producers in international trade and providing them with a number of guarantees, typically a "fair" price for their products, stable supply relationships, access to credit and a social premium for community development projects. At the same time through publicizing the plight of the marginalized producers and linking them with the consumers in the North, the movement aims to raise consciousness about "unfair" trading practices and challenge the imperialist capitalist market practices that characterize the global trade (Murray and Raynolds 2000). From 1940's onwards emerged the *Fairtrade Network* which drew an emphasis on unfair commodity prices and on attaining "trade not aid". The Fairtrade Network was composed of different fair traders who were mostly NGOs in the form of Alternative Trading Organizations (ATOs)/Fairtrade Organizations (FTOs). The fair traders within the network aspired to create a parallel trading system that would open alternative markets for the Southern products. In these alternative markets prices would not be determined by the vagaries of supply and demand, but would be formed through a process of negotiation between producers and consumers based on the premises of fairness to all parties (Fridell 2004: 416).

The conceptual basis of fairtrade draws from dependency theory¹ and is articulated most clearly by M. Barret Brown's work. He argued that the benefits of fairtrade can only be broadened and sustained if it is combined with strong international markets regulation. In an unregulated global market, he argues, giant TNCs will always be able to profit through speculation and market manipulation, while small producers will always suffer the most as a result of the unpredictable market swings caused by these actions (Brown 1993: 134). He proposed a new economic order that was required to draw benefits from and sustain the fairtrade network in an unregulated global market, which is composed of democratically controlled state marketing boards, with grass roots control at all levels, and direct link between the southern producers and northern consumers. Two key aspects of Baratt Brown's work were: nation state was considered as the primary agent of development and a democratically run, interventionist state is required to regulate the economy both internationally and domestically; to provide much needed infrastructure, credit, and technology to domestic producers; and to coordinate various sectors within a national economy to ensure diversification and a degree of self-reliance. The state is viewed as having the potential to provide benefits to the fairtraders through the provision of such things as basic social welfare, protection for weak sectors of the domestic economy, and labor and environmental legislation (Bolscher 2002; VanderHoff 2002, 2001). The second key aspect of Brown's analysis was creating a parallel trading network that presents itself as a distinct alternative to the existing global market and the early solidarity based FTO/ATOs operating in niche markets, through engagement of small scale producers/cooperatives, and establishing a direct relation of producer and consumer (Fridell 2004: 418).

The 1970s were the pinnacle of the broader fairtrade movement when the proponents of dependency theory¹ had a significant influence on the southern governments, which started demanding fairer terms of trade in the international commodity markets (Fridell 2004: 415-416). The 1980s saw the derailment of the movement as states and international organizations turned away from policies of government intervention and market regulation, and turned toward neo liberal policies bent on the downsizing of the state and the removal of national and international capital controls (Leys 1996). While the 1980s and 1990s saw the decline of the fairtrade broader movement in general, they were the decades of rapid expansion for the Fairtrade Network.

Hence within the Fairtrade Movement there are different notions as well as different levels at which social justice is addressed. One focuses on the Southern States/governments and UN organizations and North-South trading and can be referred to as the broader Fair Trade Movement. The other is the Fairtrade Network which focuses on social justice for the producers and consists mainly of NGOs. The state level notions of social justice implied interventions such as protectionism, opposition to WTO etc. The Fairtrade Network consisted of FTO/ATOs operating in niche markets bypassing the global market logic, engaging the small scale producers/cooperatives, and establishing direct relation of producer and consumer. Raynolds and Long (2000) have also made a distinction in the fairtrade movement: one stream became part of the certification dominated fairtrade network while the other stream continued to be the ATO dominated fairtrade. The study will use Fridell's distinction between the Fairtrade Movement and Fairtrade Network to analyze the shifting social justice specially among the FTOs which comprises the Fairtrade Network.

¹ *Dependency theory, as it originated in Cardoso and Faletto's (1969) historical approach, is a useful analytical tool to understand our world. Dependency refers to an asymmetrical, structural relationship between social formations, such that the dependant society is shaped to a large extent by the social dynamics and interests generated in the dominant society. The process of dependency operates through the interplay of social actors who respond simultaneously to their specific to their specific historical conditions and to larger framework of worldwide relationships in which they are included (Tourine, 1988: 1).*

In the early phase there was often a close linkage between the conceptualization and interventions between the Fairtrade Movement and the Fairtrade Network – i.e the FTO’s working on specific projects also had a broader vision of a new economic order. However as Fridell has mentioned the Fairtrade Network has undergone a significant reorientation since the late 1980s and to a varying extent has departed from Baratt Brown’s vision of the new economic order. Since the 1980s the focus has shifted to NGOs as the primary agents of development while the state’s role was seen as subsidiary. The reorientation of the fairtrade network stems from two broad factors. First, the political economic and ideological conditions under which fairtrade was originally constructed have changed dramatically with the rise of neoliberal globalization. Second, the reorientation of the fairtrade network also stems from the imperatives of the capitalist market.

These further developments have put pressure also within the Fairtrade Network of the notion of social justice to direct producers. Fairtrade principles embodied basic rights for direct producers though they did not necessarily cover all requirements of social justice for these producers- namely decent work and gender equality. These are discussed below as the next conceptual areas framing the study.

2.1.1. Social justice for Direct Producers: Fairtrade Principles and Decent Work

Fairtrade principles are broad but do ensure some basic rights for direct producers (see Table below). If we apply a broader concept of social justice then the principles of ‘decent work’ drawing on the wider definition from the ILO’s socio economic security program are relevant since they go beyond the limited FT principles.

The following table gives comparison of the ILO’s conditionalities for decent work and the FT principles. While the FT principles are broadly sketched to provide security to the producers, they do not provide specific guidelines. For example, it talks about the payment of a fair price for the product but fails to specify that the minimum wages that should be paid to the producers. While the FT principles broadly talks about safe working conditions and capacity building, Decent Work conditions gives a larger scope to capture the work security issues and skill reproduction security through its norms. But the greatest weakness of both the set of principles are that they fail to capture the reproductive burden of the women within the household. None of the norms talk about flexible working hour requirement for women, nor do they talk about the extra benefits required by the women during their child bearing age.

Table 2: Comparison between the ILO’s Decent Work Norms and Fairtrade Principles

The ILO concept of decent work The ILO core labour standards of 1998 ratified by the governments are as follows:	In late 1999, the ILO’S Socio-Economic Security Programme was established, as part of an institutional effort to give impetus to rethinking social protection policies and to promoting the values underlying the concept of "decent work". Underlying the Programme, and defining decent work, is a concept of socio-economic security based on basic security and on seven forms of work which are as follows:	The principles of Fair trade
Freedom of association (C 87)	Security relating to the labour market: which implies adequate employment and	Creating opportunities for economically disadvantaged

<p>Right to collective bargaining (C 98)</p> <p>No forced labour (C 29, C 105)</p> <p>Minimum age (C 138)</p> <p>No Discrimination (C 111)</p> <p>Equal remuneration (C 100)</p>	<p>work opportunities, through high levels of employment ensured by macroeconomic policy</p> <p>Employment security: Protection against arbitrary dismissal, and employment stability compatible with economic dynamism</p> <p>Job security: A niche designated as an occupation or “career”, the opportunity to develop a sense of occupation.</p> <p>Work security: (occupational health and safety): Protection against accidents and illness at work, through safety and health regulations, regulated limits on working time, unsociable hours, and a reduction in stress at work.</p> <p>Skill reproduction security: wide spread opportunities to gain and retain skills, through innovative means as well as apprenticeships and employment training.</p> <p>Income security: Provision of adequate incomes</p> <p>Representation security: protection of collective voice in the labour market, through independent trade unions and employer associations and other bodies able to represent the interests of workers and working communities.</p> <p>Source: www.ilo.org (accessed on 31 May 2008)</p>	<p>producers</p> <p>Transparency and accountability</p> <p>Capacity building</p> <p>Payment of a fair price</p> <p>Gender equality</p> <p>Safe working conditions</p> <p>Environmental protection</p> <p>Source: www.ifat.org (accessed on 31 May 2008)</p>
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In this study I will be looking at two interrelated aspects:

1. Assessing the implementation of the given FT principles. Here I investigate first if there is a departure of Sasha from its own principles of Fair trade.
2. Applying a wider notion of social justice for direct producers through provision of Decent Work. Here the study investigates if the more comprehensive principles for social justice for producers are being addressed.

This approach is important because studies have shown that certification regimes are limiting the broader notion of fairtrade and Decent work to only a few core standards thereby limiting the full potential promised to producers by the fairtrade movement.

2.1.2. Neo-liberal Governmentality in Fairtrade

Most of the studies on fairtrade and commodity/value chains have tended to focus on issues of access to markets and codes of conduct. Recent studies have moved further by drawing on trends in neoliberal globalization and new forms of regulation by applying the concept of 'governmentality' to the analysis of ethical trade, commodity/value chains and certification processes. The concept of governmentality is particularly useful for the study since it shows how new developments in fair trade/ethical trade is at the core of a form of governmentality that advances the project of neoliberalism, not by force but rather through the technologies and embedded norms of voluntary regulation, resulting in a model of governance that is fundamentally constrained by structurally embedded limitations (Blowfield and Dolan 2008: 1). Here critical attention is paid to techniques and social technologies of "government" defined as "the diverse and heterogeneous means, mechanisms and instruments through which governing are accomplished (Dean 1999: 212). Hughes suggest that the practices of monitoring, verification and auditing, which have become a significant organizational feature of ethical trade and global commodity networks, can usefully be understood in terms of this practical dimension of government (Hughes 2001a: 393).

The concept of 'governmentality' is a key notion in Foucault's work. In his lectures at the Collège de France in 1978 and 1979, he defined "governmentality" as the "art of government" in a wide sense, i.e. an idea of "government" that is not limited to state politics alone but includes a wide range of control techniques, and that applies to a wide variety of objects, from one's control of the self to the "biopolitical" control of populations. The concept of "governmentality" develops a new understanding of power. He widens our understanding of power to also include the forms of social control in disciplinary institutions (schools, hospitals, psychiatric institutions, etc.) as well as the forms of knowledge (Lemke 2000). The second feature of "governmentality" is introduced by Foucault to study the "autonomous" individual capacity for self-control and how this is linked to the forms of political rule and exploitation (ibid:4). The notion of government is used to investigate the relations between technologies of the self and technologies of domination. (Foucault 1988a). According to Foucault governing people is not a way to force people to do what the governor wants; it is always a versatile equilibrium, with complementarity and conflict between techniques which assure coercion and processes through which the self is constructed or modified (Lemke 2000: 5).

As Hughes states there are a number of ways in which the concept of "governmentality" can aid the understanding of business responsibility organized through global commodity network. First it can help us to think about its practice as a changing form of private interest regulation that is undertaken by a multiplicity of authorities and agencies. This applies to my study of the crucial institutions in the fairtrade movement which are IFAT, FLO and the FTOs (Hughes 2001a: 393). The systems of managerial thought characterising developments in the IFAT/FLO and its dissemination via the FTOs and right down to the production chain can be analysed through the analytical framework set up by the concept of "governmentality". The concept of "governmentality" will help me to discern whether the rationale of ruling embedded in the norms of conditionalities and certification procedures of the IFAT, through which a coercive system in the fairtrade movement may be in the making, involving techniques of discipline directed at self-employed producers who are at same time "transmogrified" into empowered subjects.

The above analytical frame using the notion of governmentality will be useful to understand whether fairtrade certification system is bringing in any coercive mechanism and that is affecting the producers. Also it will help to see whether the Fairtrade Organizations themselves, due to the global pressure of sales are bringing in the neo liberal governmentality on the producers.

2.1.3. Social Justice for Women Producers: Gender equality at the bottom of production chain

To analyse the gender dimensions along the production chain, the study draws on Joan Scott's definition of gender as operating a different levels: 1) at the level of social structures: the availability of resources, accessibility of social institutions and power positions marked by gender norms and gender symbols 2) a symbolic level: images of masculinity and femininity, 3) at the level of individual and collective identity: meanings of sexual difference which affect self image (Scott 1988, Sevenhuijsen, 1998:81 in Chhachhi 2004). In this study the third level of subjective identities is not explored.

At the first level the access to resources and entitlements, I operationalise the concept through applying the gender pyramid developed by Barrientos (Barrientos et al 2001: 10) for analysis of global value chains to assess the implementation of the FT principles and decent work principles. The gender pyramid analyses the Formal Employment Conditions and Entitlements, (e.g. contracts, wages, and discrimination), Employment Related Issues and Entitlements (e.g. childcare, occupational health, training, housing) and Social Issues and Entitlements (e.g. domestic responsibilities, education, gender relations) and is regarded as an extension of the decent work norms. In each of the node of the production chain the above three forms of entitlements are investigated to see what kind of entitlements are available for the producers specially the women due to their association with the FTOs. The FT principle of equal wages becomes subject to debate since neither that principle nor the decent work norms of ILO recognize the care work of women. Hence a key concern from a gender analytical lens will be to explore whether the association of the women producers with the FTO give them an opportunity to balance between productive and reproductive work.

For the second level of gender analysis the study explores whether there is a reinforcement of the stereotypical notion of 'feminine labor' (that is whether there is a perception that women have a quality of 'nimble fingered' labor and are thus engaged in gendered work which results in a discrepancy of wages). Studies on handicrafts in particular have noted that despite fair trade and other mechanisms to help handicraft producers many organizations end up reinforcing the notion of certain kinds of work as women's work (Wilkinson-Weber 2004).

The above analytical framework is interconnected to address my research questions. Cast within the broader framework of social justice for direct producers, the production chain analysis takes me into deeper analysis of the impact on the producers and the gender pyramid of Barrientos' helps me research the gendered effect of the entry of the FTOs in the mainstream market, and the concept of "governmentality" helps me to analyze in a broader sense how the institutional regulations are affecting the producers' end.

CHAPTER 3

Changing Perspectives of Sasha: Analysis of the growth and shifts in the Fair Trade Organization (1978 to 2008) and the role of International Fair Trade Association (IFAT)

This chapter discusses the journey of Sasha as a Fairtrade Organization, bringing out the key turning points and the reoriented strategies of the organization in response to its membership with IFAT and rising sales in the global market. It is imperative to understand the reoriented strategies because it has a direct impact on the producers which we can see from the subsequent chapters. The chapter also discusses the role of IFAT as a crucial institutional mechanism that gave Sasha a key turning point.

3.1. Sasha's Journey

Sasha's work with craft communities goes back to 1978 with the inception of Sarba Shanti Ayog (SSA). Sasha's sustained engagement with them have revived dying arts and skills, provided artisans a livelihood, revitalized craft communities and brought fulfillment and recognition to artisans. Sasha today works with nearly 150 groups of disadvantaged women and marginalized producers from rural and semi urban areas of West Bengal, Orissa, Jharkhand and other states. Nearly 70% of the producers Sasha works with are women. Given the above fact, the history of Sasha has been divided into two phases - the initial solidarity phase and the global market oriented phase which are elaborated in the following sections.

3.1.1. Solidarity Phase

Sasha was initiated as Sarba Shanti Ayog (SSA), in Calcutta in the year 1978 as a development organization to promote artisan/craft producer groups. Subsequently, the Sasha Association of Crafts Producers (SACP) separated out as a specifically marketing organization. The Sasha shop was opened in Calcutta in 1981 and sales in other parts of the country are handled through regular exhibitions. A significant export market has also been built up through Alternative Trade Organizations like Oxfam and Traidcraft. By 1984 exhibitions out of Calcutta become a way of strengthening the producer network and Sasha Textile Artisan Association comes into being. SSA was restructured and continued to concentrate on development work while Sasha Association of Craft Producers (SACP) was formed as a business organization while SSA concentrates. In 1984 Ruro Agro Services Association (RASA) is set up to work with agro based producers followed by which SSA sets up a Tribal centre in Phulbani district Orissa (Sasha Annual Report 2005-06).

According to some of Sasha's old partners, during the solidarity phase Sasha's main aim was to form cooperatives, capacitate them and create opportunities for them for market linkage. While no literature was available on Sasha's earlier pattern of work, one of its earlier partners Uttar Panchannagram Mahila Samiti mentioned the ways Sasha used to work in the earlier days. This unit is an embroidery unit and was established soon after the flood of 1978 in Calcutta. The unit was constituted with refugee women from Bangladesh. Though the unit was initiated with the effort from Mother Teresa but ultimately it was Sasha which gave the unit a market access so that the women can sell their products without depending on the middlemen. Like this unit most of the groups either used to approach Sasha or Sasha used to identify them and would find out if they had any skills which could be built on. Once an activity had been identified, SSA (precursor to Sasha) would carry out a skills training program, usually provided by people from other groups. SSA also provided guidance on financial and production management and group functioning; in some cases this would involve

training not only in accountancy but even in basic literacy (Hensman 2001: 4; Sasha Annual Report 2005-2006)

3.1.2. Global Market Oriented (GMO) Phase

In the year 1995 Sasha, which by then consisted of a network comprising approximately 50 craft groups and 15 communities, became a member of the International Fair Trade Association (IFAT)-a worldwide body of fairtraders. The majority of Sasha’s craft producer groups ranged in size from four or five to a hundred people and were involved in a wide variety of activities, including weaving, printing, embroidery, batiks, garments, terracotta, leather, toys, musical instruments, etc. In 2000 Sasha, along with a few other major Fair Trade Organizations of India promoted Fair Trade Forum (India) which is the Asian chapter of IFAT. In the subsequent years, between 2002 to 2006 some major expansion of the organization took place. In 2002 Sasha participated in the Trade Fairs in New York, Bangkok and Delhi and in 2004 there was the formation of Sasha Craft Services- a craft producers’ collective. Following this, SSA sets up Sasha Enterprise Development Foundation (EDF) to undertake pilot projects and institutionalize capacity building and business development services to its producers. In 2005 Sasha Altacremato (SA) was formed as a unique joint venture to develop and market exclusive designs and lifestyle products through North-South partnership between India and Italy. In 2006 Sasha started to implement enterprise wide computerization for improved supply chain management. Groundwork for micro finance service for producer partners was also initiated during this period (Sasha Annual Report 2005-06).

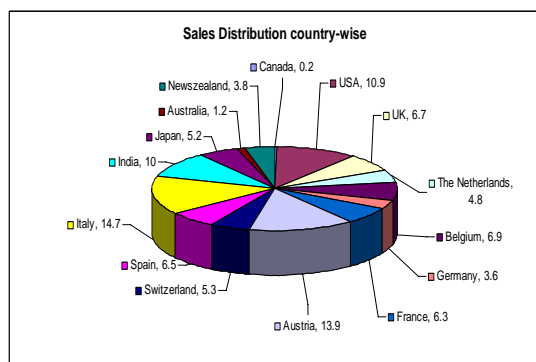


Fig 1: Country-wise Sales Distribution of Sasha in % (Source: Annual Report of Sasha 2005-06)

The above journey shows that Sasha has shifted more towards market oriented principles and has accordingly expanded its organizing ability as well. Sasha sales have grown over the years from 30 million (INR) in the year 2001 to 50 million (INR) in 2006. The Fig shows the export figures for the main countries where Sasha exports currently.

Apart from growth in export and sales Sasha has also taken up certain other market development initiatives. It organized an exhibition of handicrafts, food and herbal cosmetics in November 2005 in Kolkata, with other Fair Trade organizations. It has organized a craft exhibition in New Delhi on January 2006 exclusively for Sasha producer groups. Sasha also participated in Bangkok International Gift Fair which resulted in business contacts; understanding trends, business potential and networking. Sasha also tied up with TATA’s steel junction- a one of its own kind chain store for lifestyle products in Kolkata. Steel Junction hosts a separate space for Sasha products in synergy with its own merchandize. In order to connect to market expectations in a more effective way, consumer research was conducted by AC Nielson ORG-MARG and the findings helped Sasha to re-strategize and streamline retail operations in India.

All the above facts and figures show that Sasha’s main effort in the post IFAT association period has been to expand its market opportunities not only in terms of export but also in terms of domestic sales.

The strategic shifts in Sasha's mode of operation in the Global Market Oriented phase

3.1.2a. Declining Partnership with the Cooperatives

An interview with the Executive Director of Sasha EDF suggested that the aim of Sasha since its inception has been to support the disadvantaged section of the society through encouraging the nurturing of cooperatives. Once the skills of the artisans are identified, Sasha facilitated the formation of the cooperative union and then capacitated the cooperatives so that they can sustain themselves.

Further investigation reveals that this has changed in Sasha today. The recent partnership figures of Sasha shows that at present 45% of Sasha's partners are trade license holders, 41% are NGOs and only 13% are cooperatives. A close look into the data also reveals that Sasha has gone in partnership with the profit-making trade license holders only in the last decade that is after its export have gone up in the global market. Around 66% of the trade license holders have become Sasha's partner only in the late 1990's and 2000. It can be argued that with the rise in global export Sasha has become more strategic in its partnership. Fig 2 gives the trend in Sasha's sales over the last 5 years and Figure 3 shows the changing proportions of different partners.

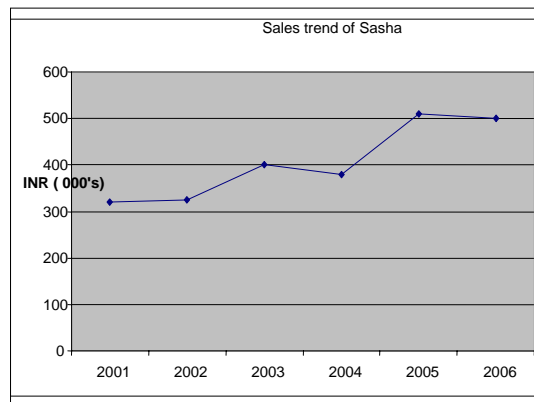


Fig 2: Source annual report of Sasha 2005-06

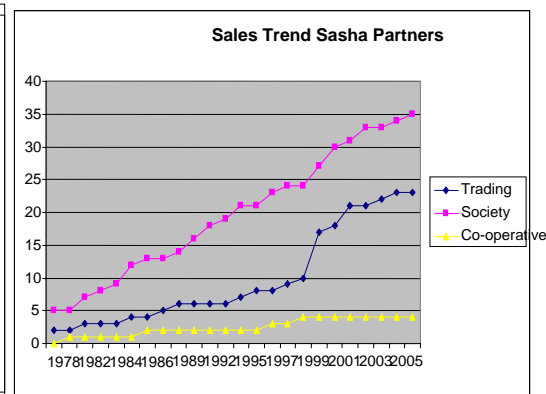


Fig 3: Source annual report of Sasha 2005-06

These illustrate how with the growth of Sasha's sales the partnership pattern has changed. The nurturing of the cooperatives has gone down because of buyer pressure for quality products and time limitation. "The global market is competitive and we have to survive," according to the Executive Director of Sasha EDF. Sasha is increasingly going for partnership with the profit making enterprises who can assure them efficient and quality production because these trade license holders employ only skilled labor. The interviews at the printing unit of the production chain bought out that they employ only those artisans who have a substantial experience in printing in some known unit. According to the interviews Sasha never compromises with the low quality products especially in the case of export production. Both block and screen printing require skill and only trained artisans can deliver that. Sasha partners specially the trade license holders' do not take the risk of employing unskilled labor and training them so that they can access the market on their own.

In the last 5 years it is seen that the turnover of the cooperatives has fallen, while there has been a drastic rise in the turnover in case of trade license holders and NGOs. Fig 4 illustrates the turnover of the cooperative and other partners which shows that there is a sharp gap between the cooperative's turnover and that of the others who are mainly trade license holders and the registered NGOs.

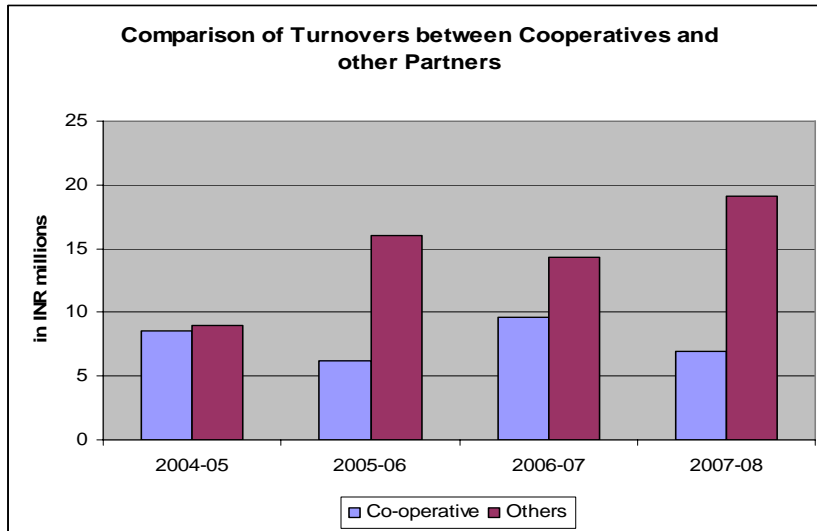


Fig 4: Source Sasha Annual report 2005-06

3.1.2b. Rising partnership with the Non Government Organizations

The second important strategic shift of Sasha is its rising partnership with the NGOs. Fig 3 above shows the increasing partnership with the NGOs from 2005 to 2008. It is interesting to see that this shift towards NGOs has been noted also internationally as most fairtraders now focus on NGOs as the primary agents of development (Fridell 2004: 418). In South Asia the largest NGO from Bangladesh, BRAC serves to illustrate the above concerns (White 1999: 321). BRAC has grown from a small relief operation into an organization globally unsurpassed in the scale of programmes providing to some of the world's poorest people. Among its other programmes, BRAC today has the largest handicraft-marketing arm in the name of Aarong which has found its position in the global market. The creation of Aarong by BRAC was to link poor rural producers with expanding urban markets. Critics say that along with its exponential growth BRAC has also proved to be good at making money. Currently it generates around 70% of its own income through huge array of BRAC branded enterprises (Anne Kelly: The Guardian 2008), Aarong products being one of the major marketed ones. There is today a discussion on whether successful NGO's like BRAC have become corporate entities albeit with some social development goals. Some of the present day NGOs have grown into formidable institutions and their increased size has inevitably meant increased distance from the grassroots, and they are driven by an ethic of professionalism and efficiency. One main reason that Sasha is going for partnership with the NGOs is that these NGOs are skilled enough to comply with the rising demands of Sasha. The registered NGOs are least risk bearing because they act as middlemen and either run their own production unit or outsource the production from reliable sources so that they can meet up to Sasha's quality mark. Most of the partner NGOs of Sasha are quite well known ones who have credibility in export quality production. For example, Amar Kutir Society for Rural Development in Bolpur-Shantiniketan of West Bengal is a prominent NGO which caters to the international buyers as Bolpur-Shantiniketan is a famous touristic place that draws a substantial number of foreign tourists every year. An analysis of Sasha's partnership with the NGOs reveals that around 50% of NGO partners operate at a large scale and are capable of catering to Sasha's varied demand for export quality products.

It could therefore be stated that as Sasha grows it appears to be moving in the same direction as BRAC and this clearly has implications for its adherence to the initial principles of social justice. Cooperatives are being sidelined in favour of organizations that can deliver to market efficiency.

3.1.2c. Business Development: the Sasha Enterprise Development Foundation (EDF)

The third strategic shift of Sasha was within the organization. In 2004 Sasha set up the Enterprise Development Foundation (EDF) to undertake pilot projects and institutionalize capacity building and business development services for the producing partners. This unit is basically to strengthen the market oriented activities of Sasha. The unit was initiated with the vision of expanding, to include more and more business enterprises and to enable and train producers so that they run successful, profitable, and sustainable enterprises through special assistance and mentoring in business development. Some of the broad objectives of EDF are to incubate new and innovative business ideas, to set standards for the best business practices including Total Quality Control Management and to interact with members of Fair Trade Organizations and Buyers of Fair Trade products and Services (Sasha Annual Report 2005-06 and Sasha website).

The unit comprises mainly of professionals with a Business Development background. One main function of the unit is to coordinate with the buyers and understand the nature of the demand and capacitate the producers accordingly. The unit does take some initiative towards social development but that is basically in concert with the major importing agencies. According to one official of Fairtrade Original², it is this unit that works closely with the producers to develop the indicators that are necessary to be maintained in order to remain as a fairtrade organization in the global market. Fairtrade Original does not allow the import from Sasha or any other Fairtrade Organization if certain basic criteria are not full-filled. The fairtrade principles have been limited in order to fulfill the basic export criteria. Absence of child labor in the production process, gender equity (which again meant only participation of women) and environment friendly production are the main principles that need to be followed to fulfill the export conditions of Fairtrade Original. So apart from providing business development support to the producers, EDF also is responsible for maintaining the FT principles in the production chain which is important from the export point of view. These developments raise a concern about the balance between a profit oriented business objective and social justice objectives.

3.2. International Fair Trade Association (IFAT): It's relevance

The journey of Sasha shows that one of its key turning points has been its membership with the IFAT which enhanced its opportunity with the global market. In this context it is imperative to understand the role of IFAT, in facilitating the fairtrade movement worldwide. IFAT was initiated to boost up the credibility of the ATO/FTOs who comprised the Fairtrade Network, in the global mainstream market to explain the fairtrade procedures and maintain public trust and to protect the FTOs from the giant corporate players like Marks and Spencers who also at one point of time started to claim that they are also Fair Trade Organizations. IFAT which started in 1989 currently consists of 148 ATOs from 48 countries in Africa, Asia, Australia, Europe, North America, and South America. To boost up the ATO credibility, IFAT launched a Fair Trade Organization mark in 2003. Members using the mark are

² Fairtrade Original incorporated in 1959, in collaboration with organizations in the Southern countries of Africa, Latin America and Asia, is an effort to ensure that the products made by farmers, craftsmen, and companies with an appropriate social policy gain access to export markets. Fairtrade Original makes every effort to ensure that the products are compatible with the needs of European consumers. For this reason the producers receive information and training courses relating to new trends and developments in food safety, knowledge that would otherwise remain inaccessible to them. Fair Trade Original buys the products under fair trade terms and conditions, and offers the producers support in product development, production methods, logistics, and marketing. Then Fair Trade Original as a wholesaler is selling the products to Worldshops, Fair Trade Shops, supermarkets and other mainstream shops.

expected to meet standards regarding working conditions, wages, child-labor, and the environment with these criteria upheld through self-assessment, mutual review, and external verifications.

The main principles that the members of IFAT and who wants to claim themselves as fairtrade organizations are as follows:

Creating opportunities for economically disadvantaged producers: Fair trade endeavors to provide opportunities for producers who are marginalized in the conventional trading system. It is a strategy to alleviate poverty.

Transparency and accountability: trading partners commit to transparent management and commercial relations.

Capacity building: In fair trade, producers are empowered in the process to ensure sustainability. They are provided with management and marketing skills and access to new markets.

Payment of a fair price: A fair price is agreed upon by the producers and traders based on the cost of production, social cost and environmental costs.

Gender equality: Aside from getting paid for their contributions in the production process, women are empowered as valued members of the organization and community. They are given equal rights on participation, access to information, management and decision making.

Safe working conditions: safe and healthy working conditions are made available to workers and producers. The participation of children in the workforce is also sanctioned by the UN Convention Rights of the Child as well as international labor laws.

Environmental protection: environmentally sound methods of production are observed, by taking into account factors such as the maximum utilization of raw materials, efficiency in energy consumption and pollution costs.

(Source: www.fairtrade.net)

The main functions of the IFAT are linking the FTO members of the network with the international buyers and market development. IFAT encourages the development of the fairtrade market, to help increase the opportunities for marginalised small-scale producers. IFAT actively encourages links between Fair Trade Organizations to the business support services offered by members or other specialist providers and facilitates a network through which members can build on each others' marketing experience and expertise. The international and regional conferences organized by IFAT are the forum in which members share experiences, attend seminars, deliver feedback to trading partners, and develop their knowledge. IFAT on one hand creates market opportunities for the FTOs and on the other hand is responsible for the monitoring of the member organizations so that they follow the fairtrade criteria along the production. The main IFAT monitoring process is a three-step one which includes self-assessment against the Standards for FTOs, peer review between trading partners and external verification. The members are supposed to carry out a self assessment and submit a report to IFAT once a year. IFAT officials once in a while do make field visits. IFAT also has some advocacy role through which it tries to condemn the injustices of the world trade system. IFAT does this by organizing the world fair trade day once a year.

According to the Executive Director of Fairtrade Forum India (The Asian Chapter of IFAT), the role of IFAT is two-fold, educating the mainstream northern buyers on fairtrade practices and facilitating a process that the FTOs meet up with the fairtrade principles so that their products can get an outlet in the Northern mainstream market. The core of the IFAT formation remains to channel out the fairtrade products in the global market. *(Courtesy: IFAT website www.ifat.org and a detailed interview with the Executive Director of Fairtrade Forum, India which is the South Asian Chapter of IFAT in New Delhi).*

From the above information it is clear that IFAT *do not act as a regulatory body* to establish rules so that the FTOs follow the fairtrade practices, rather it is an institutional mechanism that provides protection to the FTOs so that they get a secured mainstream market. The monitoring mechanism of IFAT is also not very stringent. The self assessment and peer review system can easily be internally arranged. What remained unclear is that whether IFAT rules protect the lower producers of the fair trade movement if there is any exploitation at that level. Although the Executive Director of IFAT insisted that they address the exploitation issues of the lower end producers through their monitoring system, but remained silent about the non-stringent monitoring practices. The subsequent chapters will elaborate on how the producers are affected due to the rising sales of Sasha.

CHAPTER 4

Production Politics: Implementation of Direct Social Justice to Producers



This chapter elaborates a production chain analysis for a particular textile based handicraft of Sasha (given in the picture) whose production chain has been traced. The producers' chain was broken into the following components; weaving, printing/dyeing, tailoring and embroidery. In the earlier chapter I have argued that the principles of fairtrade are quite fuzzy and the FTOs can veil themselves with the fuzzyness of these principles and carry out an exploitation of the lower end producers. The limitations of the principles from a social justice perspective made it necessary to use the ILO's notion of decent work to understand whether the artisans who are engaged in the core production have been truly benefitted from the fairtrade movement or not. The section below gives the following information: about the inception of the production unit; nature of work undertaken by it; turnover rate; association with Sasha; number of workers/artisans involved with the unit; job security; timing of their work; wages; other social security benefits while they are employed.

4.1. The Weaving Unit

The weaving unit was started by a philanthroper during the 1970s. Currently it is a NGO registered under the societies registration act. The unit survives primarily on Sasha's orders from 1990 onwards. Though in terms of turnover during the last year it was 60 million INR (40 million INR from Sasha's orders) but currently they are facing the problem of reduced amount of work provided by Sasha. The unit has around 10 to 12 male weavers who can be sustained when there is a peak production period. At times during the lean season the unit sometimes sustains the weavers by paying them in advance but then that is deducted from their payment later when they have work. But most of the times during the lean season these weavers go out and seek for other opportunities. In terms of income during the peak period each weaver can earn Rs. 70 to Rs. 80 per day. This does suffice the minimum wage criteria but then there is work for only 6 months in a year which violates the employment security criteria proposed by ILO's decent work norms. Apart from the piece rate, the weavers do not receive any other benefits like emergency, medical or festival allowance.

4.2. The Printing/Dyeing Unit

The printing unit is a family proprietorship business and was initiated as a small printing unit in the year 1988. From the very beginning this unit was associated with Sasha and most of their orders were from Sasha only. After 1992 the printing unit on Sasha's advice, increased their production capacity. In July 2006, the current printing unit was established with financial help from Sasha. Sasha has provided an amount of 0.2 million INR rupees interest free loan and 0.1million INR against an interest of 12.5% per annum. The loan and the interest are deducted from the order value of the unit. The main productions in this unit are block printing, screen printing and dyeing. According to Sasha's EDF section, this unit is efficient and can cater to Sasha's export demand on time. Turnover of the printing unit during the financial year 2007-07 was 1.35 million (INR) which in the current year that is 2007-08 has gone down to 1.05 million (INR).

When running at full capacity the unit can sustain around 20 artisans though on a piece rate basis and without any proper contract. This unit at present is running at a loss. The proprietor said that it is because Sasha's order has gone down for the last couple of years. The unit currently employs 12 to 13

artisans at piece rate. The orders from Sasha are also very fluctuating, at times there is a heavy load and at times there is a prolonged lean season.

During the peak season each artisan has to work from 8 in the morning till late in the evening. The piece rate of the artisans is also not fixed. Their earning depends on their skill and their ability to work for long hours. During a peak season if an artisan works from early in the morning till late evening, he can earn 200 to 250 INR per day and can manage 2500 to 3000 INR per month.

During the lean season at times the unit sustains the artisans with advance payment which is then adjusted from the salary of the artisans later on, when they earn. Other than salary there are no other benefits like medical, emergency fund or festival allowance. In case of emergency some advance payment is made by the unit against adjustment from the salary.

The interview with the proprietor and some artisans revealed some contentious issues regarding its association with Sasha. The main issue was that the unit has some fixed costs that have to be borne every month like loan repayment, electricity, salary of the staff (a couple of the unit's staff are on a salaried basis) etc. These fixed costs necessitate access to some open market orders for the unit and the owner wants to do this. However this is impossible because the unit has a financial obligation towards Sasha and is obliged to cater to Sasha's demand on a priority basis. At times there is a pressure from Sasha to cater its demands. Also the unit's only association with Sasha has made it capable of producing export quality printed product which has less demand in the local market.

The proprietor mentioned clearly that although Sasha's EDF unit provides business development support to the unit, but not much has been done to address the issue of falling demand. He mentioned clearly that whenever the unit does not receive any order he cuts artisans wages or does not employ them thus transferring the risk onto the artisans.

Though this unit has the relationship of being a captive subcontractor of Sasha, the risks are not borne by Sasha. For instance products are often rejected and mostly from the buyers side. Printing quality during the monsoon times get damaged due to humidity. However, Sasha does not take responsibility for this. Even if the buyer rejects the products due to negligible defect Sasha rejects the order and not only the printing charges but also the fabric charges are deducted from the order value.

There has been no upward revision of the per meter printing rate from Sasha's side for the last 5 years while the costs of printing raw materials have gone up. The unit couldn't do much about this issue due to the fear that they might lose orders from Sasha.

An important issue that relates to the ecological standards of fairtrade was mentioned which is illustrative of the costs and responsibilities for implementing FT principles. Currently the international buyers are finicky about the azo chemical test of the printed products. Azo is a nitrogen contained chemical which is carcinogenic. The buyers are insistent that the producers undertake an azo test of their dyed and printed products. The cost of the azo test, if negative is borne by the buyer and if positive is borne by the producer. According to the printer, if the test is positive it becomes a double loss since the unit has to bear not only the cost of the azo test but also the cost of the fabric.

In the interviews dissatisfaction was expressed over another incident where Sasha has not been supportive to the producers. Once there was an exhibition in Italy and the unit failed to supply the order on time and was losing the opportunity to send its products in an international exhibition. Sasha

arranged to send finished products to the exhibition without letting the unit know the cost of transportation. Within a month the unit received a bill of 25 000 INR which was a heavy burden on it.

“There is nothing fair in this fairtrade, Sasha is completely running in a business mode and there is no compromise when it comes to the quality of the products,” (proprietor of the unit).

4.3. The Tailoring Unit

The third node of the textile product chain is the tailoring unit. This is one of the oldest cooperative partners of Sasha and is associated with them from the late 1970s. It had started as a women’s cooperative with the effort of Mennonite International Development Agency with the objective of providing economic opportunities to the poor women in the peri urban areas of Kolkata. The unit was depending on Sasha’s order from the very beginning as well as from other open market orders. It took the shape of a full size cooperative with a membership base of approximately 50 women. Most of the members of this particular cooperative used to earn 700 INR to 1000 INR per month as early as in 1995 (Hensmen 2001: 4). They also used to receive some social security benefits as well. The workers used to get 10 days of casual leave and 10 days of annual leave paid at the rate of 16 INR per day. There was a provision of medical allowance of 180 INR per annum and they got three months of maternity leave. In case of an accident treatment was free. Bonus was according to profit, and there was an internal Savings Scheme, to which the members contributed 10 % of their wages with a matching contribution from the cooperative and which was made available to the members on retirement. Hensman in her study has mentioned about this unit and had noted that the women had much greater control over their working conditions and remuneration than most of the women workers in the informal sector (Hensmen 2001: 4).

At present the unit is in a dismal condition. The reason given by the members is that Sasha is not giving them sufficient orders for the last few years on which they are heavily dependent. The reason given from Sasha’s side is that Sasha’s order has been falling so they cannot support this unit which is highly in contradiction with Sasha’s global sales figure as it has been shown earlier. This finding goes in line with Sasha’s declining association with the cooperatives. The fig 5. below shows that there was a fall in the turnover of the cooperative from 2006-07 to 2007-08. The members mentioned during the interview that the turnover has gone down drastically during the current financial year that 2008-09 and will be approximately less than a million.

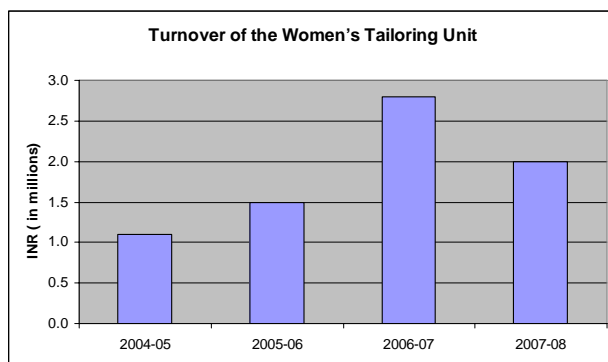


Fig 5: Source: The sales figures of the Tailoring unit

At present there is a prolonged lean period and during that the members get a fixed amount of 20 INR for their presence in the workshop along with a tiffin allowance of 10 INR per day. So there is a fixed

amount of Rs. 30 per day which they earn even if there is no production in the workshop. During the peak season they can earn around 40 to 50 INR per day and around 1500 INR approximately per month, if worked for a full day from morning 8 till 5 in the evening. Sometimes they work extra time also to earn some additional income. The other social security benefits what they used to get earlier have been discontinued for the past 5 years.

The cooperative has some fixed costs that they have to bear every month and their entry into the open market would fetch them some earning to run the unit. The members mentioned that they have constraints to enter the open market for two reasons: They are not capacitated enough to draw the orders from the open market. This is because over the years they have been only catering Sasha and specialized in tailoring the export quality garment products. So entering the open market is presently difficult for them since they also lack marketing skills. The other reason is the same as the captive subcontracting relationship mentioned by the printer. Since they depend on Sasha they have to meet up Sasha's order on a priority basis. So even if they get some open market orders they have to discontinue it whenever there is pressure from Sasha.

Another piece of information shared by them was of serious concern. This unit had a showroom through which they used to sell their products. A few years back, when the unit was running at a loss, Sasha took over the showroom and at present it is Sasha's showroom for international buyers.

4.4. The Embroidery Unit

The embroidery unit is a NGO and has been registered under societies registration act in the year 1993. The objective behind the foundation of this society was economic empowerment of women. The society initially started with open market orders but could not sustain themselves due to two main reasons. According to the founder member of the society the open market is very competitive and they cannot compete with the other players. The other main reason is that sustenance in the open market means that there should be a steady capital in the organization that will give the buyer a credit facility which is not feasible for a small NGO. This unit survives only on Sasha's orders and do not intend to explore the open market. The unit has a membership base of 55 to 60 women.

This unit revealed a very complicated system of piece rate. There is no fixed pattern of piece rate. It varies from thread to thread, the design pattern and mainly on the time one gives to embroider a product. Most of the work is done in a joint effort. So the total wage is divided among the total number of women who have put the effort. Costing is done for each of the product taking into account the material and total time required to make it. Usually the labour cost is computed @ 50 INR per person per day on an average. This labour cost is very volatile. Whenever there is a compromise in the cost of the product it is this labour cost that is cut down. Sometimes depending on the nature of the embroidery work the labour cost varies. Usually it is between 25 to 40 INR per person per day. During a peak season one woman can earn any amount between 1200 to 1500 INR per month. During a lean season this amount goes down to 500 INR per month.

There is a dearth of work throughout the year. With their association with Sasha they are engaged for about 6 months a year. The rest of the year there is no earning for them. The women who are associated with the organization only derive a membership status. There is no other benefit provided to them like medical or festival allowance. This unit has also complained that Sasha's order has gone down over the last couple of years.

Concluding remarks

The interviews with the producers along the production chain show the tensions and the politics of production at the bottom of the production chain. It clearly brings out how both the FT principles and the wider decent work norms of ILO are violated. Considering provision of adequate income as mentioned in ILO and payment of a fair price as mentioned by the fairtrade principle, the producer chain analysis shows that the employment opportunities generated in the fairtrade are all under informal terms with wages being decided on an informal basis and the artisans are denied even the minimum wages as declared by the Government of India standards. The production process, organisational pattern and relations with producers show all the negative characteristics of the informal sector where the wages are not fixed and much below the minimum wage offered by the government. On an average the artisans earn 30 to 40 INR per day which is much less than the minimum wage approved by the Government of India. In September 2007, the national minimum floor level wage was increased to 80 INR per day for all scheduled employments (*Source: GOI Minimum wages in India September 2007*).

The fairtrade principles as I have discussed are limited and only consider the wage as the indicator of economic opportunity and overlook the social security benefits like medical, provident fund, emergency fund, festival allowances etc. In fact the tailoring unit which had all these benefits have discontinued because of decreasing orders from Sasha over the years. Not only in terms of wages, the whole chain revealed employment insecurity with artisans being employed without any formal contract and guarantee of work throughout the year. The workers are not protected against the hazards of arbitrary dismissal due to decline in the demand of the fairtrade products in the international market. All the producers in each node of the chain have admitted that on an average the artisans are employed for 6 months in a year and the rest of the year they have to seek opportunities in the open market. According to Sasha's EDF staffs who coordinates with the producers, *"the artisans would have remained without any work at all had there been no orders from Sasha's side. At least they have work for some period in a year."* On the issue of social security benefits Sasha's Executive Director admitted that there should be medical benefits provided to the artisans and they are working out on the modalities. But not much has not been done in this respect. Sasha has not taken much of an initiative so that their producers initiate such practices within their organizations and enterprises. According to the Executive Director of Sasha, as long as Sasha gets them buyers, it is no longer their responsibility how the producer partners deal with the financial issues within their own organization or enterprises. There is one medical insurance scheme Sasha has initiated but it has not been widely propagated. Another feature that the chain revealed was that there is no skill reproduction for the artisans. To cater to the rising demand on time Sasha's producers employ skilled artisans and there is no scope for the capacity building of the potential artisans. Even though one of the fairtrade principles mentions about capacity building of the artisans, but the analysis of the chain didn't reveal such evidence.

The production chain not only gave evidences of violation of FT principles and ILO's decent work norms but also revealed characteristics of the informal economy, which has expanded in the developing countries during the post globalization era, where there is violation of decent working norms of ILO. The industrial sector became more and more informal based. In the expanded conceptual framework the informal economy is seen as comprised of informal employment (without secure contracts, worker benefits or social protection) which also includes all remunerative work-both self employment and wage employment-that is not recognized, regulated or protected by existing legal or regulatory frameworks and non remunerative work undertaken in an income producing enterprise

(ILO 2002).

The production chain of Sasha revealed the same weaknesses as in the informal economy. The whole chain showed the importance of extending FT principles to the ILO's decent work norms since the broad principles veil the issues of shifting wages, social security benefits and employment insecurity.

CHAPTER 5

Social Justice for Women Producers: Gender equality at the bottom of the production chain

In this chapter more detailed analysis is presented of the gender dimensions of the changes in the production process and relations with Sasha. Some critical gender issues emerged which raise concern about gender equality principles in the fairtrade network in the era of liberalization and neoliberal globalization.

5.1. Replacement of women by men; a reverse trend in fairtrade production

Rehana Jhabvala in her study has shown that in the post liberalization period employment has grown at a fast pace in the crafts sector, including for women. The proportion of women employed in different handicrafts varied from a low of 40 percent to a high nearly 80 to 90 percent. Women artisans dominate in trades like decoration of cloth (embroidery and lace making), coir work, cane and bamboo craft, dying and bleaching of textiles, earthenware, reed mat making, artistic leatherware, weaving and paper mache. However, over the years, women have also started entering those craft areas traditionally considered to be male bastions, namely, stone carving, metal work, wood work and brassware (Jhabvala and Sinha, 2002: 2039). In contrast to this, the data from the case study of handicrafts shows that women are being replaced in some of the nodes of the production chain. For eg. the women's tailoring unit which had remained a vibrant cooperative in earlier days (discussed in chapter 4) is now increasingly being replaced by a men's tailoring unit. The following Fig 6 shows how the sales figure of the men's tailoring unit is increasing over the period than the women's cooperative. In an interview with the women at the cooperative revealed that they are running at a loss and their future is under threat.

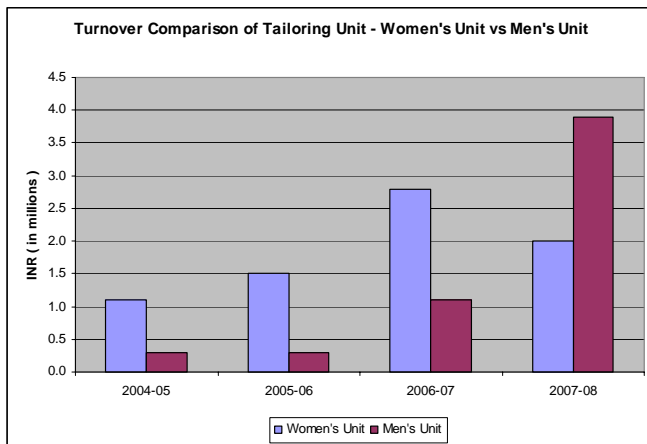


Fig 6: Source Sasha Annual Report 2005-06

The main reasons that Sasha currently is giving the major tailoring orders to the male dominated tailoring unit is that this unit is a trade license holder enterprise and operates under business mode. It employs all male tailors who are perceived as extremely efficient and have developed their skills from Delhi, which is the centre for garments. All the employees are young tailors who are proficient in running the pedal machine faster than the women. Not only that they can also stay back late in the

night whenever there is a big order for Sasha. The proprietor of the unit admitted that these are the two main reasons that they do not employ women.

5.2. Reinforcing Gender Segmentation and Stereotypes of Feminine Labor

The production chain analysis revealed firstly that women are engaged in the typical female based work. Women are engaged in tailoring and embroidery work and there has been no effort neither from the producers nor Sasha to build the capacity of women so that even they can be associated with the other male dominated nodes of the production chain like weaving, printing/dyeing. In these two nodes i.e weaving and printing women are engaged in precarious forms of labor. In the weaving unit women are involved in the peripheral work like cleaning the yarn, fixing up the thread in the loom or helping the weaver with the threads and loom. In the printing unit as well women are associated mostly with cleaning the fabric and sometimes with some stitching work. These peripheral activities earn them less income and there has never been any effort to train them for the core job so that they can increase their earning. The head of both the printing and the weaving unit gave the same reason for not engaging women in the core activities. Women are more comfortable to have home-based work as they have to manage the reproductive activities. According to them engaging women in workshop based work is not feasible as women cannot give time whenever there is the need for overtime work during a big order. This gender segmentation in the production process is characteristic of women's employment in general. As observed by Barrientos in the horticultural industry, women tend to be crowded into a narrow range of seasonal occupations characterized by long hours and few opportunities for meeting domestic responsibilities (due to insufficient childcare, social provision and maternity leave) (Barrientos et al 2003: 8). As a result women form the core of the temporary, seasonal and casual workforce, while men tend to be concentrated in the fewer permanent jobs ([Barrientos et al 2003]: Dolan and Tewari: 2001). Informal female employment is accompanied by job insecurity, risk and lack of employment or social protection (Barrientos et al 2003: 8).

Another aspect is the reinforcement of the 'feminine stereotype'. This has been noted in the study of Wilkinson-Weber on the chikan industry of Lucknow in India which showed the convergence of a particular form of home-based production for wages with a female workforce, and gendered notions of value and skill. The study shows that this phenomenon is hardly confined to chikan industry and is illustrated highly in the crafts sector as well. According to Wilkinson-Weber in handicrafts literature, the default artisan is typically male, and women's work is often overlooked. Women are often described as "helpers" of male artisans in crafts monographs and are mostly engaged in mixing clay, drawing water, rubbing and polishing pots, and painting them, as a form of assistance. Albeit the crafts sector has always accommodated women but women in this sector are characterized as 'part-time' workers, occupying their leisure hours on domestic pastimes such as spinning, quilting, and doll making, or making jewellery and weaving palm leaves.

Defining female crafts workers as dependant home makers conceals the fact that they are not just wage laborers, but wage labourers whose exploitation is rooted in patriarchal relations and misplaced ideals of domesticity. If wives are dependent upon wage-earning husbands, their own work is invariably considered secondary, petty, and optional. Where crafts production is household based, women are more likely to be relegated to 'ancillary' jobs while men monopolize the 'crucial' jobs. The relegation of women to support roles in production, no matter how cogently the division of labor is expressed, represents their exclusion from forms of knowledge that are monopolized (along with their position of artistic centrality) by men (Wilkinson and Weber 2004: 294-297).

What has been observed in the chikan industry in the Weber's article is also seen in the handicraft production chain linked to Sasha. Women are intensely involved only in the embroidery work which can mostly be done as a home-based work along with their reproductive work. The main advantage of home-based work is that even during the time of high orders women can comply with it because they can operate from home. Excepting the embroidery women are engaged mostly into ancillary jobs along the production chain.

The production chain analysis shows that women are confined in certain types of nodes because of their reproductive burden in the household.

5.3. Issue of Reproductive/Care work

The above two sections have shown that the main reason behind the substitution of women by men in handicraft production and reinforcement of stereotypes of feminine labor, is the perception by the production units that women are engaged in reproductive/care work within the households and cannot be employed in full time production process and thus they remain in the lower end of the production chain. Neither the fairtrade principles nor ILO's decent work of labor address the dual burden of productive and reproductive work women have to undertake. The concern has perennially remained confined amongst the feminist organizations who have always remained critical about the conventional idea that paid employment is productive work. The feminist critique has been that subsistence production, unpaid care work and domestic labor and voluntary community work have never been recognized as far as policy formulations are concerned (Chhachhi 4205 Lecture Notes 2008). Although in Sasha the extent the extent of women's participation in the production process is 70% but there has been no effort from the producers organizations nor Sasha to consider the care work that women have to perform within the household sphere.

The in-depth interviews with the women involved in the embroidery and tailoring work brought out the double burden. In both the units women said that they cannot give full time to their wage work and they combine it with their reproductive work at the house hold level, which cannot be compromised. Their day starts at 5 in the morning with household activities mainly cooking, cleaning, and preparing the children for school. Around 10 they come to the unit's workshop if there is a joint embroidery work. Around 1 pm they go back home for lunch and around 2 they are back to the workshop and are there till 5 in the evening. Their day finishes settling the household chores. None of the units which employ women are sensitive enough to understand the dual burden that women undertake. This was also the reason given by the units that do not employ women. They stated that since women are engaged in household work they cannot give their full time to the workshop based work and hence cannot be considered as efficient producers. Specially the trade license holders find it enough of a reason to do away with female labor. This hinders the opportunity for the women in certain nodes of the production chain.

This also connects with the issue of skill training. Women are often perceived as representing a higher risk for skill investments by employers as they are seen as dropping out of the labor force for child bearing and the care of children. A majority of women being engaged in an informal and unskilled job where the provisions for career development are low with poor training facilities.

Throughout the production chain the above perception is very clearly evident. Sasha along with their producers discourage women's participation in certain production nodes because according to them training men has greater returns than training women. Sasha website clearly mentions the following

'Aari craftsmen begin training very young - from when they are 10 years old, and become fully qualified when they are around 30. They also believe that women cannot do this kind of work because it takes so much training, and women would only get married and take their skill away with them.' (Sasha Website). The producers that employ men predominantly strongly has to say that they cannot train and employ women because the younger ones are highly prone to get married and leave the work and the elder married ones cannot spend full time in the workshop based work.

Concluding remarks

The production chain analysis revealed some key gender issues. There remains gender bias in the employment of women in the fairtrade production chain. The data shows that there is no challenge to gender segmentation and in fact a reinforcement of the feminine stereotype.

While the fairtrade principles have not been implemented it should also be noted that both the FT principles and the decent work norms are inherently limited in one crucial sense. They have been blind towards the care economy that is predominantly run by the women. The absence of women in particular nodes of production is largely due to their involvement within the household sphere and responsibility of the care work. The interviews revealed low wages and absence of security benefits. It is obvious from the above evidences that the main reason behind the displacement and reinforcement of feminine labor have been women's dual burden of both productive and reproductive work. There are no provisions of maternity leave and child care provisions which are most crucial needs for the women workers. As in the case of the informal sector, social security still eludes most workers, and the problem is more acute for women workers as they pay a triple role of a worker, a housewife and a mother. As mentioned by Jhabvala and Sinha, in their study, the most productive years of a women's life are also the reproductive years of her life. In the absence of any provision for maternity leave and child care, a woman worker often has to leave her job to have a child and take care of the infant (Jhabvala and Sinha, 2002). The fairtrade movement remained insensitive in the same way as the informal sector remained towards women workers when it came to provisioning of the security benefits to the women. Analyzing from the angle of Barrientos's gender pyramid, the nodes where women are employed showed that the entitlements related to the formal, informal and social issues are not satisfied in case of the women despite their association with the fairtrade movement.

CHAPTER 6

Conclusion: Fair Trade Organizations Caught between Distributive Social Justice and Market Driven Social Justice?

The rapid growth of Fairtrade network has fuelled heated debates particularly over the certification schemes which paved the entry of FT products into the mainstream market. While some argue that fairtrade's recent growth demonstrates its ability to transform wage labor as well as small enterprises and broaden the distribution of benefits, others assert that this process is fuelling the integration of fundamentally unjust operations into Fairtrade Networks and reinforcing North/South inequalities (Raynolds and Murray 2000: 227). The evidence from this study illustrates the latter argument.

This study brought out the strategic shifts in the orientation of the FTO which show that the FTO is shifting away from its social justice principles. Fewer cooperatives are nurtured at present which implies that there is no creation of trading opportunities for the disadvantaged artisans or for democratic control which was implicit in the formation of producer cooperatives. Evidence from other studies show that this is occurring in other FTO's as well. The recent growth of fairtrade has involved an expansion of in the range of commodities, complexity of production arrangements, and types of enterprises entering the fairtrade system. Fairtrade has incorporated increasingly large production units to meet rising quality and quantity demands as well as increased sub-contracting. These large scale enterprises do not allow producers to retain democratic control (Raynolds and Murray 2000:227).

The production chain analysis clearly revealed violation of the FT principles and the ILO Decent work norms. Alongside there is new concept of market driven social justice along liberal lines that is emerging. *"The greatest gift to a producer is to draw a buyer for their products"*, said the Senior Executive of Sasha. According to her giving the producer a sustained market is more imperative rather than looking into the social security benefits of the producers. *"As long as they earn money we have nothing to say how they spend it"*, was her response on the issue of whether the engagement in the production is empowering the women producers to control their own income. This shows that as the Fairtrade Network is mainstreaming with the market, the notions of social justice are also drifting away from the people centric notion to more market oriented principles of social justice. In fact, the evidence from this study shows that the fairtrade producers are as exploited in the fair trade link as they would have been by a link with a mainstream marketing organization. The organizational structure and production relations of the handicraft chain investigated showed that in fact the FTOs are functioning basically as middlemen using subcontracting principles to transfer the risk down the production chain.

While the fairtrade movement had made promises to bring gender equity however in this case study this does not mean anything more than employing women in the production process today. This is in contrast with the solidarity phase of the organization when the formation of women's cooperatives did involve skill training and provision of social security benefits etc. The displacement of female labor, reinforcement of feminine labor and overlooking the care work of women which emerged from the data are issues which are the same as in the informal sector, and neither the organization nor the FT principles have not addressed these issues.

The study started with an assumption that the IFAT through its certification system is instituting new social technologies of knowledge and power i.e. "governmentality" on the FTOs and hence on the producers. However the findings showed that even though the regulations of IFAT are supposed to be

transferred till the production chain but the self monitoring and the peer review system are not so stringent. IFAT was formed by the FTOs only so that there is a standardization of the fairness and the FTOs are protected against the corporate giants in the mainstream global market. Thus IFAT only protects the FTOs and not the lower end producers at the moment. Rather than the *certification process* imposing a form of governmentality as noted by Hughes in this case it was the FTOs who were succumbing to the broader imperatives of neo-liberal governmentality under market pressure and reconstruction of the notion of 'fairness'.

Kruger and Toit have discussed the political process of reconstruction of fairness by the Southern movements, which requires a particular analysis of power and agency. They state that it is a challenge for the southern small scale producers to come with a set of workable regulations that can be reconciled with the concept of fairness which includes compromise between divergent national and sectoral interests, technical requirements and realities, commercial imperatives and civic norms. At the Fairtrade Network level the data from this study suggests that southern FTOs and the IFAT are applying the notion of 'fairness' in relation to the global market and IFAT is an institution of protectionism against Northern corporations. However 'fairness' for the lower end artisans is now redefined in free market terms- i.e. the market driven concept of social justice limits itself to sales and profits only and not other social values.

Though the Fairtrade Network had tried to promote an alternative trading pattern which places grassroots producers at the centre and thereby challenge globalization, this case study shows that in fact the backstage production process of the FTO has informal economy characteristics, which is of sheer exploitation. The data showed how producers are captive subcontractors and most of the employed lower end artisans are unaware that they produce for fairtrade. Over time it is possible that IFAT will play a more interventionist role and new social technologies will be applied along the production chain. There is clearly a move towards neoliberal governmentality but further intensive research is required to identify its detailed mechanisms in this case.

Can producers take on the challenge and redefine market driven social justice back to the original principles? A study done by Kruger and Toit on South African horticulture says that influencing the FLO certification is a challenge for the impoverished and marginalized farmers who do not have a "voice". They always have to depend on representatives who are mostly the FTOs or the exporters. They also state that the small scale producers need to organize in order to understand the often hidden workings of the disregarded mechanisms that underpin the process of building fairness (Kruger and Toit 2000). In line with the above, my study also confirms that the lower end producers always require some form of mediation to bring up their issues on who they are dependent. In fact according to the Executive Director of Fairtrade Forum, there is no mechanism that the artisans can use to take up issues of exploitation. It is only Sasha who will act as the mediator. Further research is needed to see what possibilities exist for a redefinition of 'fairness' from the perspective of direct producers.

The FT movement always had an inherent contradiction- it worked with and against the market (Barrat Brown 1993). Against the seemingly overwhelming tide of neoliberal structural adjustments and free market dogma, the fairtrade moral economy attempts to assert the principle of people's basic rights to live a life free from hunger and poverty taking priority over the allegedly natural flows of supply and demand. Yet the risk of remaining an island of justice in a sea of exploitation-or worse, being swallowed up by the sea is ever present (Fridell 2003: 7). As the study shows FTOs hence make certain compromises to their social justice principles. While onstage FTO's use the principle of

'fairness' and particularly in relation to Northern Corporations, this notion of fairness is not extended to the lower end producers through which they are expanding in the global market.

Annex

The study has used IFAT's version of fairtrade principles which is widely used among the Fairtrade Network. The FINE network (which is the network formed by Fairtrade Labelling Organization (FLO), The International Federation of Alternative Trade (IFAT), the Network of European Worldshops (NEWS) and the European Fairtrade Association (EFTA)) has a joint statement of their goals.

1. To improve the livelihoods and well-being of producers by improving market access, strengthening producer organizations, paying a better price, and providing continuity in the trading relationship
2. To promote development opportunities for disadvantaged producers, especially women and indigenous people and to protect children from exploitation in the production process
3. To raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively
4. To set an example of partnership in trade through dialogue, transparency, and respect
5. To campaign for changes in the rules and practice of conventional international trade
6. To protect human rights by promoting social justice, sound environmental practices, and economic security

The above goals are ambitious yet straightforward but are not widely used among the members of the Fairtrade Network.

(Murray and Raynolds 2000: 4-5)

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