

## FAIR TRADE: A CHRISTIAN ETHICAL PERSPECTIVE

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### 1. Introduction

#### 1.1 Introduction and Definitions

In this paper I look at the Christian ethical credentials of fair trade and ask how far it is valid as an expression of Christian mission. Fair trade is described in the strap line of the current standard work on the subject<sup>1</sup> as ‘market-driven ethical consumption’. This combination raises several Christian ethical and missiological questions.

- How far can the nature of a Creator God of justice, love and freedom be reflected in a market system driven by self-interest, offering abundant scope for selfishness, greed and exploitation? How can economic activity reflect fundamental theistic values?

- Is fair trade a coherent Christian response to a global economic system that produces gross extremes of riches and poverty between and within regions? What others are there, and is fair trade consistent with them? Can they be viewed as Christian mission?

The ‘official’ definition of fair trade is as follows:

“Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South.”<sup>2</sup>

“The aim of Fair Trade is to offer the most disadvantaged producers in developing countries an opportunity to move out of extreme poverty through creating market access (typically to Northern consumers) under beneficial rather than exploitative terms. The objective is to empower producers to develop their own businesses and wider communities through international trade.”<sup>3</sup>

It is noticeable that these definitions of fair trade refer to its goals rather than its methods or characteristics. In the same vein Judith Sugden writes:

“Fair trade is not a general theory of trade...Fair trade is...a pragmatic response to unsatisfactory outcomes of the market by changing the nature of trading relationships...The fact that there is no theory (of fair trade) indicates the essential pragmatism of fair trade.”<sup>4</sup>

#### 1.2 Ethical responses to globalization

Concerned observers, Christians and others, have long felt that the world economy as such posed an ethical problem. Its outlines are familiar.<sup>5</sup> In particular, it is widely perceived that the global economic system, notably the trading system overseen by the IMF and WTO, is rigged, favouring

<sup>1</sup> A Nicholls and C Opal, *Fair Trade: Market-Driven Ethical Consumption*, London: SAGE, 2004

<sup>2</sup> Fairtrade Foundation Annual Report for 2006, at [www.fairtrade.org.uk](http://www.fairtrade.org.uk). The definition was agreed by FINE, a working group of the four international Fair Trade networks.

<sup>3</sup> A Nicholls and C Opal, *Fair Trade: Market-Driven Ethical Consumption*, p.6

<sup>4</sup> Judith Sugden, quoted in Johnson and Sugden, *Markets, Fair Trade and the Kingdom of God*, Oxford: Regnum and Carlisle: Paternoster, 2001, p.9

<sup>5</sup> For a good introduction, see ch 1 of David Held & Anthony McGrew, *The Global Transformations Reader*, Cambridge: Polity Press, 2003

both rich nations against the poor, and the interests of transnational corporations (TNCs) against citizens and even against governments. Many poor nations have been systematically excluded from markets in the global North by tariff and non-tariff barriers.<sup>6</sup>

The fair trade movement is one practical response to these ethical problems. It has two ethical springs: a passionate desire to give practical expression to principles of justice and love in international trade;<sup>7</sup> and the urge to alleviate world poverty, which is an affront to civilised standards. Neither of these springs are exclusively Christian; it will be a major concern to ask what distinctive insights the Christian – or more properly, the Judaeo-Christian - tradition can bring to fair trade.

The distinctive feature of fair trade is that it uses the decentralised market decisions of consumers as a means of relieving world poverty. Other responses to global economic injustice have been more in the nature of campaigns, notably the Jubilee 2000 campaign for the remission by creditor nations and multilateral agencies of unrepayable third world debt.

Closest to fair trade is the trade justice movement. The distinction between fair trade and trade justice is not about ends, rather about means and scale of operation. The Trade Justice Movement campaigns for the removal of tariffs and other trade measures which exclude third world nations' exports from First World markets. It also campaigns against the 'dumping' in third world markets of goods from well-resourced and often subsidized rich-world producers.<sup>8</sup>

## 2. Theologies of Economic Life

Christian ethics is theological ethics, seeking to reflect the nature of God. It is worthwhile to consider the various attributes of God, as the Christian tradition has drawn them from the Scriptural witness, in relation to economic life in general.

### 2.1 God the Creator

Belief in God the Creator has four components relevant to economic life. The scriptural basis is above all the creation stories in Genesis, supplemented from the Psalms and elsewhere:

- Human beings are created in the image of God;
- Human beings are called to subdue (or have dominion over) the earth;
- The creation is made perfect;
- The creation is a loving gift of God for all human beings.<sup>9</sup>

Because human beings are created in the image of God, they have dignity, and so they have human and economic rights, to employment, rest, and freedom from poverty. God the Trinity is an exemplar of family/ community. So being created in the image of God means being in community, and community makes humanity responsible for the needs of others.

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<sup>6</sup> On these questions see the globalization literature in the bibliography, e.g. Held & McGrew (2003), ch 1. On institutional failings see especially Stiglitz (2003).

<sup>7</sup> P Johnson and C Sugden, *Markets, Fair Trade and the Kingdom of God*, Oxford: Regnum and Carlisle: Paternoster, 2001, p. ix

<sup>8</sup> Christian Aid, *Trade Justice: a response to global poverty*, 2004, p.41

<sup>9</sup> A van den Berg, *God and the Economy: Analysis and Typology of Roman Catholic, Protestant, Orthodox, Ecumenical, and Evangelical Documents on the Economy, 1979-1992*, Delft: Eburon Publishers, 1998. Part 1, ch. 1

The idea of being created for dominion over the earth suggests that human beings are called to work and to develop the earth. It has of course also been misused to justify the reckless exploitation of natural resources as if they were ‘free goods’. God is seen as the owner of creation: “The earth is the Lord’s.”<sup>10</sup> Human beings are then his stewards or managers, whose access to resources is responsible and conditional.

## 2.2 The God of Justice

The Biblical basis for the idea of God as a God of justice is rich and complex, and can be found spread over both Testaments. From the **Old Testament** history we can see the pattern:

### 2.2.1 *God makes covenants with people*

God undertakes to remain faithful to human beings, despite the fact that they have sinned. Only rarely – but particularly in the Noachic covenant – is this seen as a covenant between God and the whole of creation.

### 2.2.2 *God makes covenant rules*

In economic terms, three covenant themes can be discerned: the community, the poor and the environment. Many modern writers discern in God’s dealings a preferential option for the poor or a priority to the poor. Under the Torah all economic activity - cultivating, collecting, buying and selling - shall be conducted in the context of covenantal obligations to God. The Torah focuses on the needs and rights of those who have no standing in the community: the poor, the stranger, the sojourner, the widow and orphan. The Jubilee Year provisions of Leviticus 25 provide for the return to the family of sold agricultural land and the cancellation of debts.

### 2.2.3 *God sends prophets*

The prophetic movement has been seen as a covenantal protest against the ‘royal consciousness’ that began with Solomon. This produced affluence for an elite, made possible by an oppressive social policy and the establishment of a controlled, static religion. For the prophets (as for Moses) God’s justice was part of God’s freedom.<sup>11</sup> Amos, Hosea, Micah, Isaiah and Jeremiah in particular can be called prophets of economic justice. The Babylonian Exile was widely seen at the time as a divine judgement on the degradation of the nation’s life, which included economic injustice.<sup>12 13</sup>

**2.2.4** The **New Testament** witness to a God of economic justice begins with his incarnation in Jesus as one who was born in humility. Jesus rejected power and prestige and chose a life of poverty. Jesus denounced attachment to wealth, whether greed or superabundance. Accumulation of wealth can be a barrier to God, and riches must be shared with the poor. The element in Jesus’ life and teaching of concern for economic justice can be seen in all four gospels, but especially strongly in Luke.<sup>14</sup> The Lukan Beatitudes suggest that the poor are especially open to God and receptive to God’s love.<sup>15</sup> Many of Jesus’ sayings and parables show how God is concerned about the economy, and there is no clear borderline between religion and economics.

<sup>10</sup> Psalm 24.1

<sup>11</sup> See W. Brueggemann, *The Prophetic Imagination*, London: SCM, 1992, ch. 2

<sup>12</sup> See e.g. PR Ackroyd, *Exile and Restoration*, London: SCM, 1968, pp.43-48

<sup>13</sup> A. Van den Berg, *God and the Economy*, Part 1, ch. 2

<sup>14</sup> H Moxnes, *The Economy of the Kingdom: Social Conflict and Economic Relations in Luke’s Gospel*, Philadelphia: Fortress Press, 1988

<sup>15</sup> Luke 6.20-26

We must also recognise the strikingly new message of God as a God of grace, whose mercy and generosity in his dealings with us go far beyond mere justice. See particularly the parable of the labourers in the vineyard.<sup>16</sup> The implication would seem to be that we should show grace and mercy in our dealings with others - see the parable of the unmerciful servant.<sup>17</sup>

### 2.3 The God of Liberation

God's activity as Liberator is seen in two of the seminal events of the Old Testament: the liberation of God's people from the bondage of slavery in Egypt, and the 'second liberation' from exile in Babylon. The work of Jesus is also a work of liberation. The sermon he preached at the outset of his ministry is presented by Luke (4.18-19) as a 'manifesto' in which Jesus quotes from a post-exilic prophet and invokes both the God of Justice and the God of Liberation:

'The Spirit of the Lord is upon me;  
because he has anointed me to preach good news to the poor.  
He has sent me to proclaim freedom for the prisoners  
...to release the oppressed, to proclaim the year of the Lord's favour.'<sup>18</sup>

In the context of explaining how the fairtrade company Traidcraft expresses its Christian mission, Chris Sugden asks, what then is the good news to the poor? He answers:

"God has established his Kingdom of righteousness and peace through the incarnation, ministry, atoning death and resurrection of his Son Jesus Christ. The Kingdom fulfils God's purpose in creation by bringing wholeness to humanity and the whole creation. In the Kingdom, people receive by grace alone a new status before God and people, a new dignity and worth as his daughters and sons, and empowerment by his Spirit to be stewards of creation and servants of one another in a new community. The Kingdom will come in its fullness in a new heaven and earth only when Jesus returns."<sup>19</sup>

### 2.4 The God of Love

The idea of a God of love is not easy to apply directly to a discussion of economics. It becomes relevant when one looks at the compatibility, or harmonizing, of self-love and neighbour-love. Several of the ethical aspects of love - solidarity, dignity, partnership - are applicable to economic life, but notable by their absence from the ethos of modern globalised capitalism.

## 3. The Fair Trade Supply Chain

### 3.1 Ethical problems in global trade

Four problems may be identified in contemporary patterns of trade between the global North and South:

- Producers will be paid below subsistence prices if the market will tolerate it
- Producer/ manufacturer working conditions are not the responsibility of the ultimate buyer (particularly under conditions of sub-contracting)

<sup>16</sup> Matthew 20.1-16

<sup>17</sup> Matthew 18.21-35

<sup>18</sup> Luke 4.18-19, quoting from Isaiah 61.1-3 and Is. 58.6

<sup>19</sup> Chris Sugden in ed. P Johnson & C Sugden, *Markets, Fair Trade and the Kingdom of God*, Oxford: Regnum, 2001, pp 4-5, quoting the Report of the Social Concern Track of Lausanne II at Manila, 1989.

- Labour rights enforcement is the responsibility of the local legal system, which may be weak, open to corruption or unduly influenced by transnational interests
- Short-term contracts are more efficient than long-term commitments.

Many of the pioneering efforts to tackle these problems along lines that have come to be known as ‘fair trade’ were religiously motivated and seen by the pioneers as a form of Christian mission. Tearcraft and Traidcraft sprang from TEAR Fund in the UK; The Mennonite Church in the USA founded ‘Ten Thousand Villages’. Oxfam and the European ‘world shops’ have a strong ethical motivation.

**3.2** Fair trade works according to five basic operating principles:

**3.2.1 *Direct purchasing from producers***

Fair trade organisations (FTOs) work wherever possible directly with producers, whether farming co-operatives, plantations or small-scale craft manufacturers, and producers are encouraged to form co-operatives.

Microeconomic market failures harming producers which are addressed by the co-operatives requirement include: Rural producers’ lack of access to markets, laying them open to exploitation by middlemen; producers’ lack of information about prices, quality and industry requirements; their lack of access to financial markets and commodity exchanges. Single small producers cannot easily respond to market forces. A subsistence farmer is very risk-averse, and co-operatives can improve knowledge transfer and combat deep cultural conservatism. Weak legal systems mean that wage and benefits laws are often not enforced in LDCs. Abuses include use of child labour and dangerous working conditions. Fairtrade Labelling Organization (FLO) standards require regular inspections.

**3.2.1 *Transparent and long-term trading partnerships***

Long term relationships make producers’ income flow smoother and more predictable, and encourage information exchanges. They are a requirement in principle but difficult to enforce. Most fairtrade standards only require 6 month-1year contracts. The broadening of the range of fairtrade market participants may dilute the original ‘Christian’ ethos and lower standards in this area. In addition, fairtrade importers may be ‘squeezed’ by powerful supermarkets.

**3.2.2 *The agreed minimum or floor price***

For almost all fairtrade certified products, the producer is required to be paid a minimum price, regardless of how low the market price goes. The floor price is loosely structured using the following formula:

Fair trade floor price = cost of production + cost of living + cost of complying with fair trade standards.

It is equivalent to a minimum wage.<sup>20</sup>

Standard economic analysis would suggest that providing a price floor for any commodity will lead to excess supply and wasted product<sup>21</sup>. In agriculture, this would be the case where there was a bumper harvest. However, fairtrade products account for a maximum of 1% of trade in their particular markets, so fair trade cannot be ‘price-setting’. As fair trade gains market share, some changes in the price floor system will be needed. In this sense, it must be admitted that the floor price is not ‘universalizable’. However, economists have also suggested that classical supply and demand curves do not effectively explain behaviour in developing country agriculture.

<sup>20</sup> Nicholls & Opal, *Fair Trade*, p.41

<sup>21</sup> See the supply/demand diagram at Figure 1 – derived from Nicholls & Opal, p.42

### 3.2.4 *The social premium*

A social premium is required to be paid to the co-operative or farm worker organization to be spent on social development projects in the community and chosen by them. “This social premium is a fundamental aspect of fairtrade pricing and is the essence of using fairtrade as a business-oriented development strategy.”<sup>22</sup>

The premium is added whether the floor price is above the open-market price or not. This could be criticised as being contrary to the free-market system. It is defended as helping to maintain long-term relationships with producers.

### 3.2.5 *Pre-financing for the producer*

Up to 60% of the invoice amount is advanced ‘up front’. All small-scale farmers in the South face severe problems of access to the finance they need. Co-operatives selling on fairtrade terms have certain advantages; but the change needed is systemic, and so beyond the fairtrade sector’s power to deliver.<sup>23</sup>

### 3.2.6 *External benefits of fair trade*

The social premium is not only of direct benefit to the grower community, but also empowering to it, as it decides on its own priorities rather than having them determined by e.g. an aid agency. Such decision is a key function of small farmers’ co-operatives. Where workers are employed rather than organised into co-operatives, worker representatives and management form a ‘joint body’ to decide how to spend the fairtrade social premium. This route to leadership and empowerment addresses the problem of ‘paternalism’, undue dependence of workers on plantation owners. Empowerment is both a fairtrade development goal and an expression of mission as liberation. Research studies of fairtrade coffee producers suggest that these more subtle benefits via producer empowerment and organizational capacity building may be more significant than the income effects.

## 4. **Fundamental Values underlying Fair Trade**

“In an age that is said to distrust metanarratives, the market has been described as “the true metanarrative of our age.”<sup>24</sup> In certain neo-liberal circles, the market has been elevated to a quasi-religious status. For Christian, indeed for ethical people, economic life needs to reflect not just self-interest or a narrow definition of efficiency, but fundamental values. I follow Stückelberger’s helpful identification of eleven fundamental values underlying the ethics of trade, but add a category of my own.<sup>25</sup>

First comes **preservation of life**, a prerequisite for the achievement of any of the other values, and implying “a poverty-oriented development and economic strategy”.<sup>26</sup> Fair trade has three interlinked aims: to alleviate extreme poverty through trade; to empower smallholder farmers and farm workers to use trade relationships as a means of enhancing their social capital; and to support the wider campaign for global trade reform and trade justice.<sup>27</sup>

<sup>22</sup> Nicholls & Opal, *Fair Trade*, p.45

<sup>23</sup> Nicholls & Opal, *Fair Trade*, ch. 5

<sup>24</sup> Timothy Gorringer, *Furthering Humanity: a Theology of Culture*, Aldershot: Ashgate, 2004, p.173

<sup>25</sup> C Stückelberger, *Global Trade Ethics: an illustrated Overview*, Geneva, WCC, 2002, ch.3. All references and quotations in this section are derived from the same source.

<sup>26</sup> C Stückelberger, *Global Trade Ethics: an illustrated Overview*, p.45

<sup>27</sup> Nicholls and Opal, *Fair Trade*, p. 25

Next comes **justice** – ‘fairness in trade’ – which can be viewed under ten aspects. These include: performance-related justice, meaning that every person involved in the production, trade, sale or disposal of a product must be given their due on the basis of performance; needs-related justice, meaning that a fair exchange of goods must consider human need, i.e. the subsistence minimum and a dignified life; and distributive justice. “The shares of countries and continents in world trade are far apart and are growing even further apart; this distribution is an urgent problem of justice.” Fairtrade participants know that fair-trade principles alone, even if widely adopted and practised by first-world retailers, can make only a dent in this huge problem. For this reason, Traidcraft and Oxfam also function as charities: as researchers, advocates and lobbyists for trade justice.

Justice as equal treatment (among other things, with respect to gender) allows for equality of opportunity. In many countries where fairly-traded goods are sourced, women are very far from equal in economic life. Participatory justice means the fair, appropriate participation in decision-making of all involved in an economic process. Ecological justice means a sustainable use and fair distribution of resources, as well as a reduction in and a fair distribution of ecological burdens. Allocation-related justice means, in terms of business ethics, the fair placement and weighting of production factors, with the other nine aspects of justice taken into due account. “The allocation of the production factors land/natural resources, labour and capital... is one of the economy’s major tasks. Trade... plays a major role in this... In a market economy, allocation is primarily carried out through pricing. This is why in market-economic conditions, fair prices are crucial for allocation to be fair.”<sup>28</sup> “The globalized economy results not only in a rapidly increasing mobility of goods, but also of people and of relations between trading partners. ‘Loyalty’ to a producer, or of consumers to a brand or firm, is rapidly decreasing.” Two fair-trade principles are direct trade with producers and long-term trading relationships. Procedural justice means calculable, constitutional, (publicly and privately) regulated, transparent, corruption-free and thus fair procedures in trade relations.

Of the other values, economic **freedom** means the scope of action in production, trade, sales and the disposal of goods, ideas and services, and the free choice of an economic system. However, the freedom of the Western consumer to enjoy at low prices a wide range of goods whose raw materials are sourced in many countries has historically been at the cost of infringing the primary producer’s freedom to enjoy a reliable living wage. Fair trade is a small-scale practical attempt to move beyond this problem.

“**Sustainable development** enables the present generation to live a life in dignity without endangering the life in dignity of future generations or the non-human environment.”<sup>29</sup> The Fairtrade Labelling Organization (FLO) lays down standards for environmental protection and ecological sustainability, as part of care for the sustainable development of producer communities. FTOs such as Traidcraft recognise the religious and cultural dimensions of sustainability and respect them in their trading and producer support practice.

**Peace** as a value underlying fair trade should be understood in the comprehensive meaning evoked in the Judaeo-Christian tradition by the word shalom: peace as fair economic competition, i.e. economic activity based on equal opportunity; peace as the just distribution of natural resources; and peace as social equality or partnership. The other values are solidarity, dignity, partnership, trust, power/responsibility, forgiveness and honesty.

<sup>28</sup> C Stückelberger, *Global Trade Ethics*, p.48

<sup>29</sup> C Stückelberger, *Global Trade Ethics*, p.53 quoting from 1992 UNCED Conference in Rio

## 5. Ethical Consumerism and Fair Trade in the UK

Ethical consumerism has been a recognized force over the past 30 years in the UK and elsewhere. It is a broad expression embracing everything from ethical investment to the buying of fairtrade products, and from consumer boycotts to corporate environmental purchasing policies. “The one thing [ethical purchasers] have in common is [concern] with the effects that a purchasing choice has, not only on themselves, but...on the external world around them.”<sup>30</sup> Fairtrade food (£195m in 2005) is only a small component (3.6%) of ethical food purchasing and a very small part (0.67%) of ethical consumerism, which was reckoned at £29,268m. in 2005. Fair trade is, however, one of the fastest-growing.

**Table 1 UK sales of fairtrade-labelled goods, 1998-2006 (retail value in £m)<sup>31</sup>**

<i>Product</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Coffee	13.7	15.0	15.5	18.6	23.1	34.3	49.3	65.8	94.3
Tea	2.0	4.5	5.1	5.9	7.2	9.5	12.9	16.6	24.3
Chocolate/cocoa	1.0	2.3	3.6	6.0	7.0	10.9	16.5	21.9	29.8
Honey	n/a	<0.1	0.9	3.3	4.9	6.1	3.4	3.5	3.5
Bananas	n/a	n/a	7.8	14.6	17.3	24.3	30.6	47.7	65.4
Other <sup>32</sup>	n/a	n/a	n/a	2.2	3.5	7.2	27.4	39.5	75.7
<b>Total</b>	<b>16.7</b>	<b>21.8</b>	<b>32.9</b>	<b>50.5</b>	<b>63.0</b>	<b>92.3</b>	<b>140.8</b>	<b>195.0</b>	<b>293</b>

Sales growth over the period was at an annual rate of 40-45%, achieved by both sustained sales growth in existing ranges and rapid growth of new products

The history of fair trade in the UK can be seen as a series of ‘waves’.<sup>33</sup> The first began after WW2 when charities such as Oxfam began sourcing crafts in the Third World for sale in charity shops, then in catalogues and world shops. The second wave saw the emergence of alternative trading organizations (ATOs) like Traidcraft, with products largely focused on the producer rather than consumer demands. In the third wave, ATOs were obliged by big losses to evolve into FTOs and bring fair trade into the mainstream. Traidcraft and others launched Cafedirect in 1991, and the Fair Trade Mark was launched in 1994. The fourth wave since about 2000 has seen rapid growth in sales due to the entry of more traditional players such as supermarkets stocking both branded and own-brand fairtrade goods, and coffee shops. The development of supermarket own-branding has allowed for budget-priced as well as premium-priced fairtrade products to be offered, and thereby begun to ‘democratize’ fair-trade.

Traidcraft, founded in 1979, is the main exponent in the UK of Christian mission as fair trade. It is unique in being both a limited company, Traidcraft plc, and a development charity, Traidcraft Exchange, specialising in making trade work for the poor. It states that it fights poverty through

<sup>30</sup> Ed. Harrison, Newholm, Shaw, *The Ethical Consumer*, London etc.: SAGE, 2005, p.2

<sup>31</sup> Source: Fairtrade Foundation reports for 2004 and 2006, available at [www.fairtrade.org.uk](http://www.fairtrade.org.uk). Retail value assumes a margin of 40% for retailers (30% for bananas)

<sup>32</sup> The ‘other’ category includes other fresh fruits, dried fruit, fruit juices, sugar, flowers, wine and the fast-growing new product range of cotton goods.

<sup>33</sup> The analysis is that of Nicholls and Opal, *Fair Trade*, pp.19-20



three key means: trade; support – helping people develop the skills needed to run their own businesses or to train others to do so; and influence.

## **6. Is Fair Trade Valid as Christian Mission?**

I would argue that fair trade's validity as an expression of Christian mission depends on two factors:

1. Whether it is, and can continue to be, ethical (in the sense of according with the values derivable from the Christian witness to the nature of God) in its methods and outcomes;
2. Whether, and to what extent, it is effective in helping the world's poor.

**6.1** The fair trade supply chain is described at 3.2 above. It is thoroughly ethical in the sense that it works for justice and combats perceived abuses with a view both to increasing producer incomes and to improving health and safety in production. At the retail end of the chain fair trade has had to 'go mainstream', move from a producer to a consumer focus, work with major supermarket chains, employ market research etc. whilst maintaining strict standards. This may compromise it in the eyes of 'alternative trade' purists, but the move was essential to its continued viability and as a basis for the rapid growth rate of recent years. To suggest that mainstream retailers may have mixed motives for promoting fair trade does not negate its value. Some Christian pioneers such as Traidcraft are also finding themselves squeezed.

**6.2** Fair trade is growing rapidly: worldwide retail sales in 2006 were £1.1bn, up 42% on the year before. There is scope for more, as other consumer sectors which have a large 'Southern' raw material or labour component are brought in. The wider application of fair trade to clothing would be very desirable, as the labour force is badly exploited. However, probable consumer resistance to paying higher prices will always set a limit to its expansion, in clothing and elsewhere.

Economists and ethicists could both argue that fair trade is flawed because not universalisable: not all the output of a commodity could be supported in price as fairtrade prices are. Two answers may be offered: Firstly, fair trade represents only a tiny fraction of world retail volumes. Moreover, it is hard to see how fair trade could be applied to the capital goods market. Secondly, best practice is not just to buy the product from the producer, but to combat dependence on fair trade by helping the producer to be more competitive.

Fair trade, naturally, helps primarily those who produce directly for the fair trade market. Beyond its direct effect, it acts an example of what can be achieved and a beacon of best practice. But the struggle for trade justice is a much wider one, and it remains an essential element of a Christian response to world poverty.

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