

Distributive Justice: The Case of Café Feminino

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1. Background

Fair Trade sometimes gets a bad rap. Though the label is meant to help conscientious consumers avoid supporting exploitive trade relationships with producers in the Global South, the idea of Fair Trade is commonly abused by companies seeking to take advantage of its marketing potential. By selling only a couple of Fair Trade certified products or by creating similar sounding labels, companies can market themselves as ethically minded without taking on the corresponding commitments that Fair Trade is supposed to embody. This phenomenon is frequently referred to as “fair washing”. However, as an examination of coffee production in the Andean foothills of Northern Peru reveals, Fair Trade can sometimes yield significant economic and social benefits.

A number of Fair Trade coffee producers in the above mentioned region of Peru operate under the brand name “Café Feminino”. As the name suggests, producers associated with Café Feminino are committed to improving local Peruvian women’s socio-economic status. Money generated through the sale of their products is used to fund a number of development initiatives, including the creation of community spaces for women, workshops designed to develop women’s leadership abilities, and a respiratory health initiative that targets the improvement of air quality in home kitchens.¹ Furthermore, Café Feminino’s producers impose a unique membership requirement. In order to qualify for membership, producers must themselves be women who officially hold title to their own coffee growing land. This has created a powerful

¹ Café Feminino Foundation. Available at <http://www.coffeecan.org/our-work/peru>

incentive for and trend towards female land ownership along with a corresponding increase in women's economic independence.

Fair Trade coffee in Northern Peru emerged in response to a crisis in the price of and markets for organic coffee in the 1990s. Seeing the potential for increased profits, Peruvian coffee cooperatives organized themselves under the umbrella cooperative CECANOR to gain certification. It is against this background that Café Feminino was created. Convinced that they produced a better product than the male members of CECANOR, the female members created their own separate label in order to differentiate their product.² Though based in Peru, Café Feminino has extended its activities to benefit coffee producers in over 10 other countries through an extensive grants program. Examples include a respiratory health initiative in Columbia similar to the one in Peru, and an income diversification initiative in the Dominican Republic designed to increase women's economic independence.³

There are at least three special features that separate Café Feminino from other Fair Trade coffee labels. One, female land ownership, has already been discussed. A second unique feature is that an extra two cents per pound on top of the standard fair trade premium goes directly to female producers who decide how to use it in their community. This means that, in total, Café Feminino secures 17 cents more per pound of coffee than is typically the case for coffee producers in the Global South. A third unique feature is Café Feminino's commitment to supporting women in the Global North. One of the ways it exercises this concern is by securing an extra two cents per pound to fund women's shelters in the communities where its coffee is sold. Another way is by encouraging its Northern business partners to be more inclusive of

² Organic Products Trading Company. Available at http://www.optco.com/cafe_femenino.htm

³ Café Feminino Foundation. Available at <http://www.coffeecan.org/>

women. In particular, Café Feminino requires that a woman sign the contract between them on behalf of the partner.⁴

2. Analysis

Promoters of fair trade assume that existing trade relations between businesses in the Global North and producers in the Global South are morally problematic, and that the right way to tackle the problem is via a consumer driven approach. Given these assumptions, Café Feminino appears to be an exemplar of a socially responsible brand. Not only do the benefits secured by Café Feminino for its members and other women in the rural communities of Northern Peru far exceed the benefits normally secured through North-South trade, they also exceed the benefits normally secured through Fair Trade as well. What's more, by focusing on a historically disadvantaged group (women in the Andean foothills of Peru), Café Feminino ensures that the benefits it secures impact those who really need them.

The assumption that there is something morally problematic with standard trade relations between businesses in the Global North and producers in the Global South is debatable, however. To fully evaluate this assumption requires reflecting on broader questions and theories of distributive justice, the branch of justice that examines the fair distribution of benefits and burdens. How one responds to cases like Café Feminino depends in part on whether one subscribes to a view of distributive justice that sees transactions in the free market as a just basis for distributing goods, a view that accords government a significant role in regulating the market and redistributing goods to remediate inequalities, or a view that sees current economic

⁴ For a comprehensive description of Café Feminino, see McMurtry, J.J. "Ethical Value Added: Fair Trade and the Case of Café Feminino." *Journal of Business Ethics*, 86, S1, 2009, pp. 27-49 at pp. 38-42.

institutions as instantiating structural injustice based on unequal power relationships between the South and North.

According to most libertarians, economic transactions are only problematic in cases of theft or fraud. So long as the parties to a transaction did not acquire their holdings either directly or indirectly through theft or fraud, and so long as they do not commit theft or fraud against each other, then the outcome of their transaction is allegedly fair. If one holds this sort of view, it arguably follows that benefitting the less well-off by purchasing Fair Trade products is not a requirement of justice. Though it's presumably laudable for consumers in the North to pay more than the market price for Café Feminino's coffee, libertarians of this stripe would consider it a matter of charity: possibly praiseworthy but not morally required.

A second, very different sort of conclusion one might draw is that Fair Trade, even when conducted in accordance with the exceptionally high standards exemplified by Café Feminino, doesn't go nearly far enough. Instead, what's needed is a considerable degree of state level redistribution from those in the Global North to those in the South. There are a number of routes via which this conclusion might be reached. From a libertarian perspective focused on the historical injustices of, say, colonialism, it could be argued that current holdings are tainted by previous unjust transactions: the Global North has its current wealth in part because of past acts of theft and fraud against populations in the Global South. If so, then a considerable amount of redistribution may be needed for the sake of rectifying past injustice.

Redistribution could also be grounded in a liberal egalitarian perspective such as the one argued for by John Rawls. On his view, economic inequalities between citizens of the same society are only just when (a) they are consistent with equality of opportunity, and (b) they maximally benefit those who are worst off. If those with less did not have the same

opportunities to attain wealth as those with more, and if the greater share of those who have more does not work to the benefit of those who have less, e.g., by incentivizing the use of productive talents that raise everyone's absolute position, then the inequality between them is unjust. Though Rawls himself did not extend his view to the global context, philosophers such as Charles Beitz and Thomas Pogge have argued from a Rawlsian perspective that it is clear that these inequalities should also be deemed unjust. The citizens of countries in the Global South do not have the same opportunities to acquire wealth as citizens in the North, and even if there's some sense in which existing inequalities benefit the global poor, it's highly doubtful that the benefit is maximal.

From another perspective, opting for state level redistribution is almost as unsatisfying as settling for Fair Trade. It might be argued that the root problem is not an unequal distribution of wealth, but rather the global capitalist framework within which that inequality is situated. From a socialist viewpoint focused on the means of production, inequality is certainly a bad thing, but addressing it without also addressing the system of property underlying it is like treating the symptoms without providing a cure. A socialist might note that, first, global private ownership of the means of production has led to an unequal distribution of it between the Global North and South. While the North has various means of adding value to raw goods, e.g., advanced manufacturing facilities, the South largely does not. As a result, those in the Global South have no choice but to participate in exploitive trade relationships, as there are few productive options for them to choose from aside from producing and exporting largely unprocessed goods such as coffee or tea.

A second point that someone with a socialist perspective might emphasize is that private ownership of the means of production amongst Southern producers puts them in competition

with each other, thereby creating a race to the bottom. If a producer tries to raise her prices, she'll be undercut by the other producers she's in competition with. Private ownership is thus arguably responsible for sustaining the exploitive trade relations that Fair Trade is a response to.

Our discussion thus far presents a choice between two starkly opposed points of view. On the one hand, a libertarian proponent of the view that voluntary transactions are fair transactions would likely maintain that purchasing Fair Trade products, Café Feminino coffee included, does nothing to increase the amount of justice in the world. On this view, so long as Northern businesses don't defraud Southern producers, then all is fine as far as justice is concerned. In contrast, liberal egalitarians and socialists would likely maintain that Fair Trade falls dramatically short of what justice requires. If justice requires either large transfers of wealth from the better off to the worse off or common ownership of the means of production, then Fair Trade is arguably a distraction that diverts attention away from what we really ought to be concerned with.

Suppose we were to reject the view that voluntary transactions are always fair. However, suppose we also take for granted the background conditions we currently find ourselves in, i.e., conditions characterized by private ownership of the means of production and insufficient political will to implement a substantial international system of redistributive transfers. Though we might prefer either common ownership or a system of redistributive transfers, our moral analysis would be fairly superficial were we to merely lament the fact that this preference hasn't been satisfied. There remains an important, unanswered question about what Northern businesses and consumers owe to Southern producers in our present political and economic circumstances. And if we can agree that we have an obligation to benefit those in the South who are badly off, then we need to ask ourselves whether securing Fair Trade arrangements and

buying Fair Trade products, especially in accordance with the more ambitious standards set by Café Feminio, would help us to fulfill that obligation.

There are at least two sides to this issue. One is whether Fair Trade would tangibly benefit socio-economically disadvantaged groups in the South. In this respect, Fair Trade seems comparatively superior to typical North-South trade relations, and the more ambitious form of Fair Trade exemplified by Café Feminino seems comparatively superior to standard Fair Trade. To fully assess the merits of Café Feminino style Fair Trade, however, we would need to know what other feasible means of benefitting Southern producers are available to Northern businesses and consumers, and whether these means are more or less effective than Fair Trade. For example, does Fair Trade sometimes have negative effects that offset its positive effects? Paying a higher price to Fair Trade producers may disadvantage Southern producers who don't sell Fair Trade products. It may also remove some of the incentive for Southern producers to shift towards more lucrative forms of production. Perhaps it would be better for consumers to donate a portion of their earnings to reliable charities, rather paying Fair Trade prices? Questions like these need to be answered before we can make a comprehensive assessment.⁵

The second side of this issue concerns the relationship between Fair Trade and the relevant background conditions themselves, e.g., ownership of the means of production. How would Fair Trade affect these conditions? Would it affect them in a positive way? These are complicated questions, but there are some things that can tentatively be said in reply. According to J.J. McMurtry, one of the problems with Fair Trade as its normally practiced is that it leaves intact the structural conditions that create the need for Fair Trade in the first place.⁶ For example, a Fair Trade label that increases wages and improves work conditions for female

⁵ Moore, Geoff. 2004. "The Fair Trade Movement: Parameters, Issues and Future Research." *Journal of Business Ethics*, 53, 1/2, pp. 27-49 at p. 76.

⁶ McMurtry, "Ethical Value-Added," pp. 31-2.

factory workers in the clothing industry benefits them, but it does so in a potentially temporary manner if it does not address the circumstances that make them vulnerable to exploitation. If their employers suddenly decided to pay less, these women would not have the economic independence necessary to refuse work. In this respect, however, Café Feminino is an important exception. Since the use of their label by any Peruvian producer is conditional upon female land ownership, Café Feminino has placed an important means of production into the hands of a disadvantaged group, thereby increasing their economic independence. Elevating the socio-economic position of women in this comparatively permanent way gives them a platform upon which to implement improvements on their own. It may also help to ensure that future measures taken to benefit the producers of Northern Peru, e.g., monetary transfers, have a greater chance of benefitting women, and not just those who have traditionally held a position of power in the area.

Though transferring ownership of one means of production to a disadvantaged group is admittedly a far cry from common ownership, it is nonetheless responsive to the socialist worry that lack of access to the means of production is the real issue. What's more, it's responsive to the liberal egalitarian view that the better off have an obligation to benefit the worst off. Across at least some of the perspectives discussed above, then, the sort of Fair Trade exemplified by Café Feminino arguably counts as a significant improvement in justice. Still, it's worth asking whether alternative approaches would bring us closer to that ideal.

3. Discussion Questions

1. Are voluntary transactions always fair? If not, what conditions must they satisfy in order to be fair?

2. Assuming there's an obligation to benefit producers in the Global South, whose obligation is it? Is it a consumer obligation? A corporate obligation? A state obligation? A mixture of all three?
3. Is Fair Trade the best feasible way for consumers to benefit producers in the Global South? What other options are available to them?
4. Are current standards associated with the Fair Trade label high enough? What are the advantages and disadvantages of adopting higher standards?
5. What lessons can we learn from the case of Café Feminino? Should Café Feminino be used as a model by other Fair Trade producers, or are the circumstances of different producers too dissimilar for any single approach to be generally applied?

4. Further Readings

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