Balancing Act:
Local fair trade in Kitchener-Waterloo

by

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A thesis
presented to the University of Waterloo
in fulfillment of the
thesis requirement for the degree of
Master of Arts
in
Planning

Waterloo, Ontario, Canada, 2003

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I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

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Abstract

This research has investigated local fair trade in Kitchener-Waterloo, seeking to determine its extent, the supports and obstacles it experiences, and the reasons people engage in it. Local fair trade combines localism with the ethical principles of fair trade, and is defined as "any business for which profit-making is a means to achievement of social goals through local action".

Twenty-eight key informant interviews were conducted with local practitioners of fair trade, and with experts knowledgeable about fair trade, business, and Kitchener-Waterloo. Five follow-up interviews with practitioners added to the data on people's motivations for working in local fair trade businesses and organizations.

The research revealed that many local fair trade businesses exist in Kitchener-Waterloo, but these businesses do not see themselves as connected with one another in the practice of local fair trade. No formal or informal network exists among them.

The research findings indicated numerous major supports for local fair trade including: funding, volunteers, public awareness, a focus on business management, connections between producers and consumers, support from community and individuals, and action for change on multiple levels. Interestingly, the major obstacles to local fair trade were all associated with major supports. Obstacles included financial issues (high costs, low income), need for funding, difficulties with business operations, and a lack of public support, awareness, and understanding.

People were motivated to work in local fair trade by a sense that what they did was "good" or "right", by a desire to work towards increasing people's economic security and human development, and because they wanted to promote sustainability, human health, and a healthy environment.

The findings suggested that business issues are an ongoing source of challenge for many local fair trade businesses and organizations. They also suggested that local fair trade involves a difficult balancing act between business goals and social goals. The research highlighted a perceived need for greater public awareness and support for the goals of local fair trade, as well as, contradictorily, a sense that local fair trade would be more successful if it could reach "mainstream" consumers through good business practice (rather than shared values).

The research concluded that local fair trade, while present in Kitchener-Waterloo, needs better support and promotion for existing businesses to represent a serious alternative to conventional economics. Promotion must occur on various levels, from the education of individuals to advocacy at the international level, in order to promote fair trading rules and the rights of localities to make decisions in favour of localization and of environmental protection. Promotion should also include making information on local fair trade available to prospective and current business-people, investigating a long-term solution to the problem of funding, and developing a network for local fair trade business and organizations.

Acknowledgements

Thank you very much to everyone who helped me to complete this thesis.

Thank you to my supervisor, Susan Wismer, for the patience she exercised with me, and for her determination that I would complete this thesis. Thanks also to my first advisor, Larry Martin, who supported me in my aspiration to work overseas before returning to work on my thesis.

Thank you to my readers, Ed Bennett and Robert Shipley, who took a genuine interest in local fair trade and how to promote it, and made my defense interesting and almost enjoyable.

Thank you to my parents, both of whom read drafts and offered editorial suggestions. Thanks, Da, for so much thoughtful editing, for driving, and for the binder. Thanks, Ma, for your support, and your unfailing confidence in me. Thanks to Joni for inspiring me with sticker and song tactics. Thanks to Pam for helping me through hard times with wisdom and clever organizational strategies. And thanks especially to Robbie - without your cooking, computer skills, patience, support, sense of humour, and threatening remarks about deadlines, I might never have finished.

Another special thank you goes to those who made remarkably sincere offers to help me that I couldn't accept: Jodi on holiday in Bulgaria, Lizbeth – new to Canada and the English language, and Cara on Day 2 of motherhood. Your moral support helped keep me going.

Gypsy the cat also deserves thanks for moral support. She didn't even know I was writing this thesis – she only knew there was a lap available more often than she had ever dared hope before.

Thank you to all those who advised me about content along the way – particularly John Cummings, who helped prepare me for my interviews, and Steve Breyman, who offered reading suggestions and took a keen interest from the beginnings of the idea.

Thank you also to all my family and friends who are not already mentioned here, for their support and encouragement, and for forgiving me for being out of touch as I worked to finish this project.

Finally, this research could not have been done without the willingness of my participants to share their time, and their ideas, concerns, and hopes for fair trade and local fair trade. A very sincere thanks to all of you. I hope this research will prove useful in at least some small way at promoting what we all believe in – a way of doing business that promotes social justice and nurtures community.

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Chapter 1
Introduction

> "Consumer society is a booby trap. Those at the controls feign ignorance, but anybody with eyes in his head can see that the great majority of people necessarily must consume not much, very little, or nothing at all in order to save the bit of nature we have left. Social injustice is not an error to be corrected, nor is it a defect to be overcome; it is an essential requirement of the system. No natural world is capable of supporting a mall the size of the planet."
>
> -Eduardo Galeano. (2001, p. 267)

The injustices of poverty and environmental destruction are widespread. Some elements of the prevailing economic system, such as a failure to measure social and environmental costs, a constant demand for growth, and the doctrine of free trade, are seen as at least partially responsible for these problems. These are agreed by many prominent theorists to be both directly and indirectly responsible for increasing global inequity and destruction of the environment (Schumacher, 1973, Daly & Cobb, 1989, Cavanagh et al, 2002).

It is an assumption of this research that it is worth striving for a world that is fair and has a healthy environment. The thesis presents **local fair trade** as a just and environmentally sound approach to business that avoids many of the problems of prevailing economic approaches. Local fair trade holds promise not only as a model for business, but as a model for a sustainable and therefore more humane economic system.

Local fair trade is a type of business that ranks the achievement of social goals above the making of profit. Local fair trade is not a new idea, but rather a business form that already exists. The thesis discusses the main areas of thought that explain and justify this approach to business, and presents the results of an investigation of the critical conditions for its success in Kitchener-Waterloo, a pair of mid-sized cities in Ontario, Canada.

1.1 Background

The links among problems of global inequality, environmental destruction, and over-consumption have been widely discussed for over three decades, and the problems are seen by a number of prominent theorists to be closely associated with the world's dominant economic system of free

market industrial capitalism (see, for example, Schumacher, 1973, Galtung, 1980, Ekins, 1986 & 1992, Daly & Cobb, 1989, Henderson, 1995, Douthwaite, 1996, Wackernagel & Rees, 1996, Fotopolous, 1997, Milani, 2000). In addition, corporate globalization is seen to have an important role in determining the direction of national economies take (Klein, 1999, Korten, 2001, Cavanagh et al, 2002, Danaher & Mark, 2003). The present economic system is referred to hereafter simply as "conventional economics".

Continuous expansion of the economic system is considered necessary for a healthy economy and a better world according to most mainstream views (for example, see Brundtland, 1987). Such growth requires constant input from the natural world, and in return, produces environmental degradation and a stream of waste. Yet, the environmental and social costs of this use of nature are ignored in contemporary, mainstream accounting processes (Waring, 1988, Brandt, 1995). From an environment and social justice perspective, there is significant concern that although the expanding system appears to be healthy, in reality it is destroying the Earth upon which we depend (Redclift, 1987, Hawken, 1993, Milani, 2000).

Businesses in the conventional economic system tend to give precedence to profit over other goals. An introductory textbook on microeconomics illustrates the purpose of the typical firm or business:

> If you asked a group of entrepreneurs what their objectives were, you'd get lots of different answers. Some would talk about making a quality product, others about business growth, others about market share, and others about work force satisfaction. All of these objectives might be pursued, but they are not the fundamental objective. They are a means to a deeper objective, which is achieving the largest possible profit – profit maximization. (Parkin & Bade, 1997, p. 211)

A persistent alternative stream of thought suggests, however, that business that has the objective of balancing economic viability with social justice and environmental integrity is possible and desirable (Sachs, 1999). There have even been calls for a new system of economics altogether (Robertson, 1999, Milani, 2000). While some may argue that alternatives to the present system are purely visionary, existing examples of local fair trade demonstrate that several of the building blocks for an alternative approach are already in place.

1.2 Local Fair Trade

Ransom describes his view of what has happened throughout the world in response to corporate control of workers and to globalization:

> …people have been making their own flexible international network of associations, trade unions and co-operatives, consumer and environmental organizations – a self-propelled 'swarm' that is finally beginning to have an impact on world events. Fair trade is, or will become, just one physical expression of these networks. (2001, p.128)

Local fair trade may be another such expression; a distinct type of business with a deeper objective, which is not based on profit maximization, but rather on *the achievement of social goals*. The idea of local fair trade draws on several areas of thought and action; primarily from the fair trade movement and the localization movement. Theoretical concepts related to green economics, self-reliance, sustainability, and globalization are also useful for understanding local fair trade. The relationships between these concepts and local fair trade are shown in the conceptual framework in Fig. 3.1.

International "fair trade" is defined by the International Federation for Alternative Trade as "a trading partnership based on dialogue, transparency and respect, that seeks greater equity in international trade" (http://www.ifat.org/dwr/index.html, retrieved June 15, 2003). Although certification based on ethical principles has been available for international fair trade for fifteen years,[1] a widely recognized ethical equivalent at the local level does not yet exist (http://www.ifat.org/dwr/resource3.html, retrieved Sept. 16, 03). What does exist is a movement for localization; locally-based networks have emerged in a number of communities in many different countries, designed to strengthen and promote independent local businesses and help develop strong, more self-reliant local economies (Shuman, 1998).

For example, in Boulder, Colorado, local businesses have worked together to develop a network of local independent businesses and a campaign to encourage community members to shop at these stores rather than at large chains, citing many benefits for the community of "buying local" (Mitchell, 2002). Perhaps the best-known such network in North America is Briarpatch in San Francisco, whose primary purposes are to promote Right Livelihood, defined by them as "figuring out what creative socially responsible things you want to accomplish in life, then finding a way to support

[1] Though the principle of fair trade has been employed in trade since the 1940s and probably before, the first certification agency was Max Haavelar in the Netherlands, which began certifying fair trade coffee in 1988 (http://www.ifat.org/dwr/resource3.html, retrieved Sept. 16, 03),

yourself by doing it," mutual support, and socializing, through a "loose 'personal' network" (http://www.briarpatch.net, retrieved Dec. 22, 2003).

For the present research, I focused on businesses that combine localization's emphasis on the *local,* with the *ethical* principles of fair trade; namely, local fair trade. The idea is not completely new – some organizations have developed related concepts. For example, Co-op America and Global Exchange in the United States promote a network of "green businesses", which they define as businesses that operate "in ways that solve – rather than cause – environmental and social problems" (www.sweatshops.org/buy/ngp_faq.html retrieved Sept. 10, 2003).

In detail, local fair trade can be defined thus: *Trade* refers to some kind of exchange, usually of goods or services for money or other goods or services. *Local* means that the trade includes a connection as direct as possible between producers and consumers within the smallest possible defined physical area (Hines, 2000). *Fair* means that this local trade has the intention of carrying out business in a way that fulfills explicitly social and environmental goals. Moreover, the key feature that distinguishes local fair trade from any friendly local family business, or from social enterprise[2], is its approach to economics. Local fair trade's commitment to a green economic approach is consistent with a goal of sustainability, and places it within the realm of an "other" economics, a set of alternatives which are sustainable and successful, and which belie conventional theories of economics and market relations.

In brief, local fair trade can be defined as ***any business for which profit-making is a means to the achievement of social goals through local action.***

1.3 Research Questions and Objectives

The research was designed to assess the nature and extent of local fair trade in Kitchener-Waterloo, and to determine critical conditions for its success. The research also sought an understanding of people's motives for engaging in local fair trade, as practitioners and as customers. The primary research questions were:

1. What supports exist for local fair trade in Kitchener-Waterloo?
2. What obstacles does local fair trade face in Kitchener-Waterloo?

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[2]Social enterprise is defined by the Social Enterprise Alliance as "any earned-income business or strategy undertaken by a nonprofit to generate revenue in support of its charitable mission" (www.se-alliance.org, retrieved Jan 4, 2004).

3. What motivates people to engage in local fair trade?

The research also sought to explore the following supporting questions:

4. How can local fair trade be defined for the purposes of this research?
5. What self-identified local fair trade initiatives exist in Kitchener-Waterloo?
6. What connections or networks exist between people and organizations practicing local fair trade?

1.4 The Research Design

The research was a qualitative case-study in Kitchener-Waterloo, based largely on key informant interviews. It relied heavily on Strauss and Corbin's grounded theory approach to data collection and analysis (1998). Twenty-eight key informants discussed local fair trade with me, and provided insight into local fair trade in general, and specifically in Kitchener-Waterloo.

The interviews were conducted over a period of nine months, from May 2002, to January 2003, with the majority between August and October of 2002. Twenty practitioners of local fair trade were consulted, primarily in Kitchener-Waterloo, with one located in nearby Cambridge, and one in Lucknow, about 100km away. Eight experts were also consulted, to provide a broader conceptual perspective. These people were not necessarily personally engaged in local fair trade at the time of their interviews, but had considerable knowledge and experience in areas relevant to the study. For a list of local practitioners, see Appendix E, and for a description of the local fair trade businesses and experts included in the study, see Tables 2.1 and 2.2 in Chapter 2.

1.5 Assumptions of the Research

The assumptions behind my research are worthy of note. This research begins with the assumption that conventional economics is not sustainable, and that a new paradigm is needed. It also assumes that a change is actually possible. My belief that it is important and worthwhile to strive for human relations (including trade) that are fair and for an environment that is healthy is also reflected here.

As a researcher, I am also a member of the community I have chosen to study, and am a member, supporter, or customer of many of the businesses and organizations included in the study. I care about the economic health of the community and about the way businesses is carried out here. This attitude is reflected in the research; in the starting points for research (people and places I was

familiar with), and in my generally supportive attitude to the work done by these organizations. While I have made every effort to take a balanced approach to the research, it is inevitable that these assumptions will affect my approach to data collection and analysis, and the conclusions I draw. Although this exploratory investigation focuses on Kitchener-Waterloo, one further assumption of the research is that its findings may have applicability to local fair trade elsewhere.

1.6 Chapter Summary

This research investigates local fair trade in Kitchener-Waterloo. Local fair trade is a type of business that could be part of a new system of economics, yet already exists within the current system. The concept of local fair trade seems promising because it represents an *ideal* business type, yet, as evidenced by many existing examples, it appears to function within the very system it aims to replace. The research considers the supports and obstacles local fair trade faces, and people's motivations for engaging in it.

1.7 Thesis Structure

Chapter 1 was designed to introduce the reader to the basic concepts behind local fair trade, providing some justification for the choice of research topic. Chapter 2 contains a detailed description of the research methods and key informants. Chapter 3 is a review of the literature. Chapter 4 is a descriptive case study of local fair trade in the Kitchener-Waterloo area, designed to orient the reader to the city and its history, and describe the context for local fair trade here. Chapter 5 presents the findings from the interview research and their analysis; supports for and obstacles to local fair trade are described, along with what motivates people to engage in local fair trade. Chapter 6 is a discussion of the research findings and their implications, and Chapter 7 contains conclusions drawn from the research, and suggestions for further study.

Chapter 2
Methodology and Research Design

> A grounded theory is one that is inductively derived from the study of the phenomenon it represents ... One does not begin with a theory, then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge.
>
> -Strauss and Corbin (1998, p.23)

2.1 Introduction

This chapter introduces the methodological framework employed in this research, a qualitative case study using a grounded theory approach as described by Strauss and Corbin (1998). The chapter describes the methods used in data collection and analysis, and includes a section on possible limitations of the study.

2.2 Methodological Approach

2.2.1 Qualitative Research

Silverman suggests that many qualitative researchers have a preference for inductive, hypothesis-generating research rather than for hypothesis testing (Silverman, 2000). The origins of this study do not lie in a testable hypothesis about fair trade at the local level that could be proved or disproved. Instead the study began with the observation that businesses with explicitly social goals do exist, and sought further information and ideas about these businesses. Strauss and Corbin suggest that qualitative methods should be used "to explore substantive areas about which little is known" (1998, p.11). The gap in the literature around local fair trade, and the absence of clear variables to investigate made a qualitative method appropriate for this research.

Strauss and Corbin (1998) also suggest that qualitative analysis is appropriate for, among other things, research about organizational functioning, social movements, and cultural phenomena (1998) – all of which apply to local fair trade. Qualitative analysis is carried out, they say, "for the purpose of discovering concepts and relationships in raw data and then organizing these into a theoretical explanatory scheme" (1998, p.11). The concept of local fair trade also meets one of the criteria for qualitative study suggested by Morse (1991); that is, being "'immature', as evidenced by a conspicuous lack of theory and previous research" (cited in Creswell, 1994, p.146).

Merriam (1988) mentions six assumptions of qualitative research designs (cited in Creswell, 1994, p.145):

- concerned primarily with process, not outcomes
- researcher is interested in meaning
- researcher is primary instrument for data collection and analysis
- fieldwork involved
- descriptive
- inductive process: Researcher builds abstractions, concepts, hypotheses, and theories from details

The nature of the present study conforms to these assumptions, in particular in its investigation of motivations, and its exploration of the meaning of local fair trade.

Experience, information, and opinions about how local level fair trade works in Kitchener-Waterloo have not been documented prior to this research. The vast majority of this information resides with individuals (and to some extent, organizations), and access to it can be obtained only through communication with these people and their organizations. The decision to conduct a qualitative, investigative study, using interviews as the primary source of data, was based on my belief that personal communication would be the most effective way to gather detailed, relevant, and interesting information.

In addition, several of the organizations are young (see Table 2.1); their founders are still working with them and are available to share first-hand their experiences, hopes, motivations, and knowledge about how their organization or project works.

Researcher's Role

Cresswell states that the biases, judgment, and values of the researcher must "become stated explicitly in the research report" (1994, p.147). This openness is considered useful and positive (Locke, Spirduso, and Silverman, 1987). Rather than attempting to adopt a neutral stance, the qualitative researcher embraces the subjectivity of the qualitative approach, and attempts to understand his or her role (Tolman and Brydon-Miller, 2001, p.5). Qualitative researchers emphasize the value-laden nature of inquiry. (Rabinowitz and Weseen, as cited in Denzin and Lincoln, 4, 1994b). In this case, I chose the topic because I was interested in fair trade and local economics. My support for the type of business in this research is explicit and fundamental to the direction the research has taken.

2.2.2 Grounded Theory

The research was guided by the approach of grounded theory development (Strauss and Corbin, 1998). According to this approach, research should begin with an area of study, and allow the theory to emerge from the data obtained in this area (1998). Strauss and Corbin's method involves the repetition of several distinct processes in order to draw the greatest possible amount of information from the data. The three main steps of this process are as follows:

1. Conceptualize, reduce
2. Elaborate categories
3. Relate them.

Throughout the process Strauss and Corbin advocate making comparisons between ideas and concepts to stimulate thorough thought about each developing concept, asking questions, and keeping memos and diagrams to record the thought process (1998).

2.2.3 The Case Study Approach

In a case study, the researcher explores a single phenomenon or case bounded by time and activity, and collects detailed information, using a variety of methods, during a sustained period of time (Merriam, 1988, in Cresswell, 1994, Yin, 1989). Yin (1984) defines a case study as doing three things. It:

> "[1]investigates a contemporary phenomenon within its real-life context; [2] when the boundaries between phenomenon and context are not clearly evident; and [3] in which multiple sources of evidence are used." (1984, p.23).

This study met all three of Yin's defining criteria, as it investigated local fair trade businesses in one community, using information from many practitioners, outside experts, local documents, and the academic literature. As Denzin and Lincoln point out, the purpose of a case study is to increase understanding of that particular case, not necessarily to develop generalizable understandings (2000). Although I did hope to arrive at some understandings that would be generalizable, the primary purpose of this research was to increase understanding of the critical conditions for the success of local fair trade in Kitchener-Waterloo. Discussion of local businesses in Kitchener-Waterloo must naturally be situated in the context of this community, and so a case study approach was appropriate for this research.

2.3 Methods Used

A variety of methods was used to complete the research. Key informant interviews constituted the primary data source. Secondary sources of data included a review of the publications and websites of organizations studied, and of other local and international fair trade initiatives, a review of planning documents for K-W, a review of local newspaper and popular media, informal discussions, and a survey of the academic literature. A research journal was kept throughout the research process.

2.3.1 Site Selection

Kitchener-Waterloo is a pair of mid-sized cities in Southern Ontario (see Figure 4.1), with a number of vibrant community initiatives already underway. As the research was conducted as part of a Masters degree in Planning, a practical discipline, it made sense to conduct it in the place where I live and expect to continue living afterwards, to try to apply what was learned in the thesis or to continue the research.

Kitchener-Waterloo has some characteristics that may make it unique in terms of local fair trade. Characteristics of the region include the prominent role of the Mennonite Central Committee and of Mennonites in the KW area, the presence of the Working Centre, a centre for self-help and social justice organizing for over 20 years, and the presence of large student and academic populations from Conestoga College, Wilfred Laurier University, and the University of Waterloo. In addition, the area is notable as the home of three vibrant farmers' markets – places where local trade has been happening regularly for decades. These and other factors are discussed further in Chapter 4.

2.3.2 Literature Review

The academic literature was reviewed to provide background and context for the study, and to reveal existing information and thought related to local fair trade in other fields. The primary areas considered were international fair trade, localization (often also known as localism), green (or "alternative") economics, and self-reliance. Other areas reviewed included: Social enterprise, sustainable communities, responses to globalization, and corporate power. See Chapter 3 for elaboration on these areas.

2.3.3 Documents Analysis

To enhance my awareness of ongoing local issues related to local fair trade business, I consulted local periodicals and newsletters, including The Kitchener-Waterloo Record, Blind Spot, and Good Work

News. I also reviewed print and online documents related to government and non-profit initiatives such as the Healthy Communities Coalition.

In addition, because the topics of fair trade and local fair trade are rarely covered in the academic literature, many of my ideas about the topics mentioned in Section 2.3.2 were developed through the reading of non-academic periodicals, and of the websites and newsletters of independent organizations. For example, I found useful discussion of ideas in the UTNE Reader, the New Internationalist magazine, and the Guardian Weekly, and spent time reviewing the websites and research of the Institute for Local Self Reliance (ILSR), the Fairtrade Labelling Organizations (FLO), and the New Economics Foundation (NEF).

2.3.4 The Snowball Approach to Key Informant Selection

Key informants were selected using the "snowball" approach (Strauss & Corbin, 1998, p.281). The research began with a few organizations or individuals I knew, or that friends or colleagues had recommended. Each person interviewed was asked to suggest names of other people who might have valuable experience or ideas about local fair trade or fair trade in general. I then sought out people and organizations that had been mentioned frequently, and invited them to participate in the study. All but one of the people contacted agreed to participate.

2.3.5 Key Informant Interviews

The key informant interviews served two purposes – to provide a picture of local fair trade in Kitchener-Waterloo, and to address broader practical and theoretical issues underlying the idea of local fair trade. To serve the first purpose, 23 practitioners and organizers of local fair trade were consulted. For the second, 5 expert informants were consulted. These people had extensive knowledge or experience in areas particularly important for understanding local fair trade (e.g. international fair trade, local community development, business enterprise development), and were not necessarily based in Kitchener-Waterloo. Key informants were interviewed over the course of about nine months, from May 2002, to Jan 2003. Upon further consideration, 3 participants whose interviews had focused on international and theoretical issues were moved from the "practitioner" to the "expert" category, resulting in 20 local practitioners and 8 experts.

Semi-structured interviews were chosen as a means of covering common topics and issues and addressing the research questions in all interviews, while retaining an openness and conversational style that allowed participants the freedom of direct conversation. A list of themes was

prepared, and these were addressed according to the flow of conversation with each person. Interview questions differed according to the individuals interviewed, but in general, information and respondents' perspectives were sought in 4 main areas:

1. Description of business (including social goals, fair trade elements)
2. Supports and obstacles that affect the business
3. Reasons for involvement in business (own and others')
4. Networking

A list of possible interview questions, sorted by theme, can be found in Appendix A. Other documents related to the key informant interviews can be found in Appendices B through D. Interview content was altered slightly from interview to interview, but always with the goal of receiving responses to the research questions (listed in Section 1.3). As recommended by Strauss and Corbin (1998), interview transcription and analysis began early, to inform and guide further data collection. Interviews were recorded on cassette and transcribed using a word processor.

Group Names

The key informants were referred to as "practitioners" and "experts", but these titles should in no way suggest that the practitioners are not expert at what they do, nor that the experts lack practical experience. The terms are used here solely to distinguish between the roles the people in these two groups assumed with respect to this study. Generally the experts were asked to address the research questions at a broader and more theoretical level than the local level practitioners.

2.3.5.1 Local Practitioners

Of the 20 local practitioners, 17 operated primarily in Kitchener-Waterloo. One was located in nearby Cambridge, and the other two were engaged in organic farming businesses outside the city, although they had close ties with Kitchener-Waterloo. All three from outside the region had been strongly recommended in the snowball process of key informant selection explained in Section 2.3.4 above.

The 20 businesses and organizations represented by the local practitioners are listed alphabetically in Table 2.1, with brief descriptions.

Table 2.1: Local Fair Trade Businesses and Organizations Included in the Study

Name	Description	opened	Type of Org.
Barterworks	A local exchange and trading system (LETS)	1995	LETS
Buy Local Group	A working group of Foodlink Waterloo Region, promoting direct farm purchases	2000	Non-profit organization
Cambridge Self-Help Food Bank	A food co-operative which meets ongoing food needs	1985	Charitable org: Co-operative
Central Ontario Co-op Housing Federation	Represents and supports housing co-operatives in the region.	1992	Co-operative Organization
Community Food Enterprises	Small business start-up support project	(1 year)	No longer in operation.
Ebytown Food Co-operative	A food co-op selling bulk, organic food; local when possible.	1971	Co-operative organization
Fair Share Harvest CSA	A CSA (Community Shared Agriculture) that offers organic food baskets grown by local Mennonite farmers.	1995	CSA
Focus for Ethnic Women: Design for Focus	A sewing business that trains immigrant women to sew adaptive-wear for women seniors living in care facilities.	1987	Non-profit organization
Waterloo Generations Thrift Store	Project of the Mennonite Central Committee. Sells and recycles donated items; proceeds for development work in Canada and overseas.	1998	Charitable organization: Thrift store
Global Youth Network	Part of Youth With A Mission, a Christian humanitarian organization; emphasizes fair trade in fundraising & projects.	1995	Non-profit organization
Habitat for Humanity; ReStore	Builds homes to end the cycle of poverty. The ReStore resells donated building materials to contribute to Habitat's operating costs	1993	Charitable organization
Kitchener Farmers' Market	The only publicly-run market in the Region.	~1870	Public market
KOR Galleries	A studio, training grounds, and gallery for local artists to promote art as a career	1994	Charitable organization
May Court Nearly New Store	A consignment store run entirely by volunteers, with all profits donated to charity	1972	Charitable organization
Meeting Place Organic Farm	An organic family farm run on the principle of fair exchange.	1973	Private business
Mennonite Savings and Credit Union	Credit Unions for members of Mennonite, Amish and Brethren in Christ churches	1961	Non-profit/Co-op credit union
Morning Glory Café	A café/bakery run by Ray of Hope (Christian organization), to train people who need employment experience. With Ontario Works.	2000	Charitable org. with provincial government
Muses Café	Vegetarian café; organic&local when possible; sells fair trade coffee, promotes local artists.	2000	For-profit business
People's Car Co-op	A car co-operative that promotes car-sharing in place of private ownership.	1998	Non-profit co-op organization
The Working Centre	A center for producerism and self-reliance in	1982	Charitable

	Kitchener-Waterloo; houses many groups & projects, like Recycle Cycles, Paperkräf, etc.		organization

2.3.5.2 Experts

In addition to the local practitioners, eight people with specialized knowledge in at least one of several areas (including fair trade, localization, self-reliance, non-traditional approaches to economics, and business in Kitchener-Waterloo) were consulted for this research. The experts were consulted in order to gain a broader perspective on the practice of intentionally "fair" or ethical business, and to inform the discussion of Kitchener-Waterloo's local fair trade.

The experts were consulted primarily for their knowledge of international fair trade or other areas useful for developing a deeper or broader understanding of local fair trade. In general, these experts addressed more theoretical or philosophical issues, whereas local practitioners discussed their individual experiences working in local fair trade businesses and organizations in Kitchener-Waterloo.

The experts were aware of the research questions, and generally addressed them quite directly in the interviews; specifically, all discussed the factors that help and hinder fair trade (internationally, locally, or both, according to their areas of expertise), and the reasons or motivations that exist for engaging in it. Most also addressed how they thought local fair trade could or should be defined. Because of the broader, more theoretical level at which the experts were addressing the questions, their responses often suggested theme areas that helped with organization of the answers provided by the local level fair trade practitioners. Experts were also able to contribute generalizations in their answers more often than the local level practitioners. For example, they might simply suggest that "funding" could be a support, and "undercapitalization" a barrier, whereas local participants were asked for details.

Three people who were originally considered as local practitioners were transferred to the "expert" category because their responses were found to contribute best to the "expert" informant category. They are marked with an asterisk (*) in Table 2.2.

2.3.6 Data Collection and Analysis

Consistent with standards for qualitative approaches (Strauss and Corbin, 1998), data analysis and interpretation were conducted simultaneously with data collection. The analysis was based on data "reduction" and "interpretation" (Marshall & Rossman, 1989, p.114, cited in Cresswell, p.154). Throughout the investigation, I was categorizing, classifying, and organizing information, in an effort

to discover emerging patterns and themes. This constant analysis facilitated the use of an emergent questioning methodology (Strauss & Corbin, 1998). With this approach, researchers refine their interview process and questions continually throughout the research, which allows them to concentrate on different issues in the interviews as the focus becomes clearer over the course of the research.

Table 2.2 – Experts on Local Fair Trade Included in the Study

Name	Business or Organization (Current or Former)	Information about Activities
Bill Barrett	Planet Bean, Global Community Centre, Guelph, OH	Global educator; founding member of several co-operatives in Guelph, including Beadazzled and Planet Bean.
*Paul Born	Opportunities 2000, Tamarack Institute, Waterloo, ON	Specialist in social enterprise; President, Tamarack Institute, an institute for community engagement.
Steve Breyman	Rensselaer Polytechnic Institute, Troy, N.Y.	Associate Professor; Co-founder, Capital Region Alliance for Fair Trade; Activist
Tracey Clarke	Bridgehead Coffee Houses, Ottawa, ON	Manager, Bridgehead Coffee Houses, selling fair trade coffee and other local and fairly traded items (operated as for-profit business)
Jeff Moore	JustUs! Coffee Roasters Wolfville, N.S.	Founding Member, JustUs! – worker co-op; fair trade coffee roaster and seller
*Marty Shreiter	Kitchener Downtown Business Association, Kitchener, ON	Executive Director of the KDBA. The KDBA represents the Business Improvement Area (BIA) for the downtown area of Kitchener.
*Rosie Steinmann	Ten Thousand Villages, Waterloo, ON	Manager of Waterloo's Ten Thousand Villages store, a project of the Mennonite Central Committee.
Caroline Whitby	Transfair Canada, Ottawa, ON	Executive Director, Transfair Canada, Canadian certifier of fair trade

*Informants were reassigned from the "practitioners" group of informants to the "expert" group.

Follow-up Data Collection

Preliminary analysis showed that comparatively little information about motivations had arisen in the first set of interviews; in particular, very little about people's personal reasons for doing local fair trade. In follow-up research, five practitioners answered further questions about their own reasons for

involvement in local fair trade. For analysis, these results were combined with data collected in the original interviews.

2.3.7 Interview Analysis

In a discussion of dominant modes of data analysis in case study research, Yin (1989, cited in Creswell, p.156) mentions the search for "patterns", done by comparing results with patterns predicted from theory or the literature, and "explanation-building", done by seeking causal links and exploring explanations, in the attempt to build an explanation for the case. Both of these modes of analysis were used in this study.

Analysis of the interviews was an iterative process. Throughout the period of data collection and analysis, I was constantly alert for important themes and ideas arising from the data. The information was sifted in various ways over the course of the analysis. It was represented in matrices and circle-line diagrams to assist with finding and experimenting with relationships between categories of data. A research journal was also kept throughout the study, and used heavily during analysis as a way of organizing and re-organizing ideas, and identifying themes that arose from the interviews. A scrapbook of non-academic pamphlets, flyers, articles, and advertisements was accumulated and annotated. Notes and ideas arising here were also recorded in the research journal.

Categories were suggested when a topic was mentioned frequently but different elements of it were addressed (e.g. "cash donations", "in-kind donations", and "donations of things to be sold" were all separate concepts that fitted into the theme of "donations"). Sometimes, an idea that had arisen from my experience (like "mainstreaming") or the interview discussions led to the creation of a new category. The categories were arranged and re-arranged until they fit into a framework.

Sorting Participant Responses

Supports and obstacles can be articulated at many levels. For example, one support for local fair trade could be "a solid customer base", because a fair trade business, like any other, cannot survive if it has no customers. At another level, a support for local fair trade could be "information that gets people interested in supporting fair trade", because people who know about a fair trade business and choose to support it will become part of a solid customer base.

For this research, which was introductory and exploratory, I aimed for the development of a meaningful framework for the results rather than the complete theory development Strauss and

Corbin describe (1998). This was an exploratory study, and development of a complete theory is a task for future research.

2.4 Limitations

This research had several limitations. First, I interviewed just one individual from each organization. Although this made sense in terms of time and precedent, it provided one-sided perspectives on the issues faced by each organization. When I interviewed someone from an organization in which I was involved, I was aware that responses were very different from those I would have given to the same questions. This alerted me to the differing approaches, opinions, and understandings that two members of the same organization can have. This study did obtain relevant information about each organization, but clearly could not cover the complete diversity of opinions that must exist.

During the interviews, there was rarely a distinction made between barriers and challenges. During analysis, however, I found that it would have been useful for me to know more about the *degree* to which certain situations were barriers for each business. If practitioners felt events had been real impediments, that hurt business, this would be distinct from events that had merely caused some difficulty for the business, but little difference in profits. Indeed, challenges, although they can be barriers to a business, were talked about by some as being "what *any* business would face", and not considered real barriers; whereas others described the same things as barriers to their success. As a general rule, I have used the word "obstacles" to include all comments that were provided, across the full range of intensity.

2.5 Conclusion

This chapter described the qualitative approach used in this research. Strauss and Corbin's grounded theory approach, which was used as a guide for data collection and analysis, was introduced. The local practitioners and expert informants included in the study were listed, and some limitations of the research were described.

Chapter 3
Literature Review

> "It is hardly an exaggeration to say that, with increasing affluence, economics has moved into the very centre of public concern, and economic performance, economic growth, economic expansion, and so forth have become the abiding interest, if not the obsession, of all modern societies."
>
> "Anything that is found to be an impediment to economic growth is [seen as] a shameful thing, and if people cling to it, they are thought of as either saboteurs or fools. Call a thing immoral or ugly, soul-destroying or a degradation of man, a peril to the peace of the world or to the well-being of future generations; as long as you have not shown it to be 'uneconomic' you have not really questioned its right to exist, grow, and prosper."
>
> -E.F. Shumacher (1973, p.34)

3.1 Introduction

The literature review is structured around investigation of the three main ideas that underlie local fair trade. Many of the strongest conceptual arguments for local fair trade are based on the literature in three areas: green economics, fair trade, and localization (including an important related idea, self-reliance). While the literature does not address local fair trade as such, it does address the social, economic, and environmental benefits of local economic activity and self-reliance, and the efficacy of fair trade more generally. The chapter begins with a discussion of conventional economics, to justify the need for an alternative approach. The chapter continues with a brief discussion of the conceptual framework for the research, and the definition of local fair trade advanced in this research. It then moves to the key literature areas, addressing the ways in which each is relevant to developing an understanding of local fair trade. The next section covers some of the literature about business models relevant to an understanding of local fair trade; conventional small business, LETS, co-operatives, community corporations, and social enterprise. A final section addresses the way that local fair trade fits into Planning. The conclusion reviews the concept of local fair trade and sums up the chapter.

3.2 Conventional Economics

It is widely accepted that there is a "growing chasm between rich and poor" (Ransom, 2001, p.124) in the world, and that climate change and ecological destruction are putting the earth and its inhabitants at risk (Suzuki, 1997, Kovel, 2002). Many advances in human rights, democracy, medicine, and other areas have been made under the very same economic system which is now held responsible by many for failing to alleviate – or indeed, for fueling – inequality and ecological destruction (see, for example, Polanyi, 1944, Schumacher, 1973, Daly & Cobb, 1989, Suzuki, 1997, Kovel, 2002, Cavanagh et al., 2002). These theorists have developed a literature that documents and analyses alternatives to this dominant system of market capitalism.

This dominant economic system has been blamed by many for the human and environmental problems on the Earth today (e.g., Schumacher, 1973, Daly, 1996, Sachs, 1999, Foster, 2002, Kovel, 2002, etc.). Serious flaws that have been identified include its focus on narrow quantitative criteria (Henderson, 1996), the widespread exclusion of qualitative criteria from measurement within the system (Waring, 1988), dependence on the rapid use of non-renewable resources, and rapid creation of waste (Redclift, 1996). In addition, the system requires constant growth (Kovel, 2002), causes poverty and injustice on a massive scale (Cavangh et al, 2002), and is not democratic (Korten, 2001, Cavanagh et al, 2002).

Although it has been referred to as "traditional market economics", the system of conventional economics is not in fact very traditional – it has developed relatively recently (Sachs, 1999). Prior to that, in most communities in northern Europe a market was a physical location where exchanges happened; travel was difficult and slow; local production was practical and normal. People fended more or less for themselves, farming a little, and relying on local specialists to provide specialty goods. This was economics – derived, as Waring (1988) points out, from the Greek root, *oikos*, meaning "home" – the care and maintenance of the home area. In the interim, however, free market capitalism has become the norm in Europe and North America, and increasingly throughout the world. As Keough puts it, "[t]he ideological matrix within which the Global Economy operates is the free market, capitalist system" (1994, p.213). According to this doctrine, if each individual acts in his or her own interest, the greatest good will come to society as a whole.

The growth imperative and corporate globalization

The global economy exists in a self-regulating market system which has existed since around the 1820s (Polanyi, 1944, in Keough, 1994). Keough describes the system as "characterized by a fixation

on economic growth. The economy is fueled by ever increasing levels of consumption of resources and material outputs…" (1994, p.212). He explains how this system promotes cultural homogeneity on a global scale, and ultimately serves primarily multi-national corporations, which are both products and beneficiaries of the system. Some of the negative outcomes of this economic system are, he claims, "the concentration of unaccountable economic power, the homogenization of culture and the denigration of spirituality" (1994, p.213). Suzuki (1997) points to the role of the media:

> "The media mantra, repeated over and over, is that the real bottom line must be the market-place, free trade and the global economy. When the media are dominated by wealth and large corporate interests, this economic faith is like religious dogma and is seldom challenged" (p.6).

Others point to the unprecedented power of multi-national corporations in a globalized economy, compared to the diminishing power of democratically elected governments to affect people's lives (Klein, 1999, Korten, 2001).

Noting a problem with expectation of continued growth, Daly points out the absurdity of a system within which limits to growth are recognized in microeconomics, but nonetheless it is expected that "[a]ll problems are to be solved, or at least ameliorated, by an ever growing GNP" (1996, p.27). Economists Brandt and Waring both point out that nature, when left alone, contributes little or nothing to GDP, GNP, or other measures of growth and progress. When nature is chopped down, dug up, or otherwise converted into a product, however, it acquires a value. (Waring, 1988, Brandt, 1996). Continuous growth places serious pressure on natural systems because of the constant depletion of nature and production of waste and pollutants (Redclift, 1987).

Mis-measurement and environmental destruction

In 1978, Henderson wrote scathingly of mainstream economists, who she felt did not address reality in their calculations: "Their obsolete conceptual models now map a vanished system, monitor the wrong variables, generating many statistical illusions" (p.27). Illich holds that "[e]conomists have no effective means of including in their calculations the society-wide loss of a kind of satisfaction that has no market equivalent" (1969, p.11). Henderson draws our attention to the fact that conventional views of economics "have … begun to obscure social and moral choices and prevent a vital, new, national debate about what is valuable" (p.34). Almost 20 years later, Barbara Brandt presented a similar critique. Brandt wrote that people are concerned that "those activities considered most successful according to conventional economic standards are at the same time harming our mental

and physical health, destroying the natural environment, running counter to out deepest values, and actually may be undermining our economic viability" (1995, p.2). Redclift also suggests that conventional economics does not incorporate human values. In the neoclassical economic model, he says, "social interaction is only instrumental" (1996, p.137). It doesn't have value in its own right because, according to that model, human behaviour has no intrinsic value independent of the needs people express in the market.

In the 1980s, Waring began studying and writing about the role of women's work in economic measurements, drawing attention to the fact that women's work is "undervalued", in both the South and the developed North[3], and often not measured in the formal economic system. Much of the work that typically falls to women – preparing food, caring for and educating children, assisting the ill and the elderly, etc. – is essential for the functioning if a society; yet it tends to be performed in the informal economy – at home or in the community, without payment or employer – and thus is not accounted for in economic measures such as GNP or GDP. Work more typically performed by men is more likely to be in the formal economic sector, is therefore recognized, remunerated, measured, taxed, and valued (Waring, 1988). Similarly, Fainstein, a planning theorist, discusses the inherent bias in most planning enterprises, which are dedicated to "economic growth and efficiency, defined by a system of accounting that recognizes women's productive and reproductive work only to the extent to which it is recompensed monetarily (1996, p.457).

Critics decry both the nature of economic measurement and the inappropriateness of its application to the human and natural world. Naess, a Deep Ecologist, states that "[e]conomic growth registers mainly growth in marketable values, not in values generally, including ecological values" (1989).

Sustainable development

Over the 15 years since the publication of the Brundtland Report in 1987, the term "sustainable development" has been a theme for academics, development officials, governments, and others (for discussion of the debate around the term, see Blauert & Zadek, 1998, Redclift, 1987). Sustainable development, initially hailed as a solution to the world's problems of inequality and environmental destruction, has not succeeded in this sense. As Redclift points out, "Sustainable Development, if it is to be an alternative to unsustainable development, should imply a break with the linear model of

growth and accumulation that ultimately serves to undermine the planet's life support systems" (1987, p.4). Instead, the Brundtland Commission's definition, "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1985) has commonly resulted in an interpretation closer to "sustained development".

Need for change

In the face of so many problems with conventional approaches to economics, many theorists have worked on developing alternatives that make more sense for people and nature. Redclift advocates increased international justice and resolution of environmental problems (1996). He identifies three major problems – environmental destruction, highly unequal distribution of resources, and rapid population increase, and proceeds to set out a "transitional programme"(p.149) to address these issues. He recommends that the North limit consumption and increase efficiency, and that the South improve quality of life for most people, without damage to the environment or threat to sustainability. Solutions, Redclift says, will require a combination of local and global action, much of which will be difficult to measure (1987, 1996).

Foster claims that there is a need for fundamental social change if a sustainable human relation to the environment is ever going to be possible (2002, p.7). Because a shift in economic life and thought will involve so many interconnections, relationships, and interactions at many different levels and in many different sectors, Robertson says "[t]he need, then, is not just to tackle a multitude of separate economic problems, but to change the way the economic system works as a whole" (1999, p.19). Proposed new ways of approaching economics are discussed in section 3.5, Green Economics. First, however, a conceptual framework is presented, which shows the relationships between green economics and other conceptual areas covered in this chapter.

3.3 Conceptual Framework

A conceptual framework, depicted in Figure 3.1, shows how local fair trade relates to other types of business. It also shows some other practical and conceptual areas relevant for understanding and applying the concept of local fair trade.

The conceptual framework shows 2 axes, the x axis representing the zone of production, distribution, and consumption, from global to increasingly local, and the y axis representing fairness,

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[3] North and South will be used in this thesis to refer to the parts of the world also known as First and Third World, developed and less developed countries; minority and majority world, etc.

that is, the extent to which a business concerns itself with reducing inequity (social, economic, and environmental) at local and global levels. As x and y values increase, "greenness" of economic approach also increases. Local fair trade fits in the top right of the diagram – high on the local scale, and high on the fair scale.

Main conceptual areas include globalization, localism, self-reliance, green economics, sustainability, and fair trade. These are pictured in the area where they best fit.

Figure 3.1 – A conceptual framework for local fair trade. Words in ovals represent major conceptual areas.

Several practical areas are also particularly useful for informing an understanding of critical conditions for local fair trade. These areas are not included on the conceptual framework, but are covered in the chapter. These include community corporations, social enterprise, small businesses, Local Exchange and Trading Systems (LETS), and co-operatives.

3.4 Local fair trade

Local fair trade is a means of exchange – a way of doing business – that has characteristics of both fair trade and local trade. It functions within the current economic paradigm, but also fits within a green economic paradigm, and should be seen as a step towards such a paradigm.

As Table 3.1 shows, four criteria have been developed to assist in determining what constitutes local fair trade. They were developed initially through a review of relevant literature (summarized below), and were subsequently modified, based on analysis of interviews. It is important to note that these criteria are relative, and may be met to greater or lesser degrees; businesses may be compared by the degree to which they match criteria; not simply judged as meeting them or not. A business or organization must meet each of these criteria to some degree to be classified as local fair trade.

In fair trade, practitioners seek to pay fair wages, avoid exploitation (human and environmental), and ensure that trade relationships promote improvement in the lives of everyone involved; particularly for poor producers (see, for example, Barratt Brown, 1988, Zadek & Tiffen, 1996, Thompson, 1999, European Fair Trade Association, 2001, etc.). Although the principle of fair exchange has been applied internationally in fair trade for decades (Ransom, 2001), equivalents at the local level are not nearly as prominent. Local trade in general, however, has flourished for centuries. In local trade, consumers, producers, and manufacturers exchange with others in their immediate communities, extending further only as necessary (Galtung, 1980). With the shift to an industrial,

Table 3.1: Criteria for Defining Local Fair Trade.

Green Economics	The business is characterized by "green" economic relationships and approaches, explicitly addressing the social and environmental consequences of conventional economics.
Local	The business takes place within a defined geographic area, striving for the shortest possible travel distance for products, materials, and people.
Fair	There are some explicitly social goals, such as advancement of equality, or living wages for producers. These have priority over profit-making (within the limits required for continued existence).
Trade[4]	Business (trade, service, financial services, etc.) is performed or promoted in some way.

globalized economy, however, this local trade and its accompanying self-reliance have been diminished significantly. New movements for a return to local trade have developed in response. This idea and its practice are referred to here as "localization".

As mentioned in Chapter 1, local fair trade combines the concepts of fair trade and localization, bringing together a philosophy of equity and social justice in trade with an emphasis on communities ensuring their own economic health through the promotion of local buying and local economic control. These concepts and the issues that surround them are explored in this chapter.

3.5 Green Economics

> The need, then, is not just to tackle a multitude of separate economic problems, but to change the way the economic system works as a whole (Robertson, 1999, p.19).

Recommendations by critics of conventional economics cover a wide range - from the employment of different systems altogether, to making alterations within the present system (see Redclift, 1987 for a discussion of a range of alternative approaches).

"Green economics" encompasses a wide range of approaches to economic theory and policy that value and account for things that are difficult to measure in money terms, the most obvious being the environment. The term can also refer, however, to recognition of human rights, quality of life, and other factors largely disregarded by conventional economic theory. Many theorists have discussed and described new, green economic approaches (for example, Ekins, 1986, Robertson, 1999, Daly & Cobb, 1990, Henderson, 1996, Waring, 1988, Kovel, 2002, Sachs, 1998, etc.). Several specific approaches to economics and business fall within the scope of green economics. For example, fair trade, self-reliance, and localism are among the ways people have found of putting green economic theory into practice.

Hawken states that "[t]o create an enduring society, we will need a system of commerce and production where each and every act is inherently sustainable and restorative. Business will need to integrate economic, biologic, and human systems to create a sustainable method of commerce" (1993,

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[4] I chose to use the word "trade" here, rather than the more direct alternative, "business", in order to illustrate the conceptual link between local fair trade and the more familiar concept of "fair trade".

p.xiv), Hawken also believes that it is necessary to honour market principles in any plan to reverse environmental degradation (1993).

Kovel prefers to divide proponents of green economics into four groups:

- The Ecological Economists - aim to fit the natural world in to the calculations of conventional economics;
- The Neo-Smithians - emphasize small business, rooted in place;
- The Community-based Economists - similar to the Neo-Smithians but emphasize mutualism as a defense against the forces of modernity and gigantism; have their roots in anarchism. This group includes E.F. Schumacher, (1973) and members are hostile to public ownership of the means of production; and, finally,
- The cooperative movement. Kovel suggests that this movement has important implications for the organization of labour and the advance of democracy. Because producers are the owners in a producer co-op, the structure challenges basic capital social relations, and holds promise for creating real alternatives to capitalist economics. Kovel is quick to emphasize, however, that not all co-ops necessarily challenge capitalism – in fact, without clear goals and strategies about how to make social and economic change, co-ops can co-exist with capitalism without posing any threat at all. Kovel feels that this model holds more potential for making a real change in the way business is done (2002, pp.160-164).

In a green economic paradigm, the economic system must be "sustainable". For this research, a sustainable economic system has been defined as one that ***does not depend exclusively on international markets or growth; that places value on that which cannot be measured in terms of money, and that internalizes costs and factors related to environmental destruction and social injustice (usually disregarded as "externalities" in today's predominant market capitalist system)*** (Daly & Cobb, 1989).

3.6 International Fair Trade

It is widely argued that conventional trade, especially internationally, is based on exploitation of inequalities, and frequently has the effect of gradually impoverishing producers (see, for example, Bryant, 1970, Barratt Brown, 1988, Coote 1992, Daly, 1994, Klein, 1999, Waridel, 2002). Colonial trade relationships were structured so that colonies exported raw materials (at a low price) and imported finished goods (with added value and corresponding high price) (Ransom, 2001). This

ingenious system of wealth transfer continues to flourish worldwide, with the countries of the South being the ones most likely to export goods with little or no added value, such as raw materials and basic agricultural products (see, for example, Madely, 1993, Goldsmith & Mander (Eds.), 2001). In fact, for many of the commodities exported from poor countries, world prices may be lower than the cost of production (Waridel, 2002).

Fair trade, on the other hand, is designed specifically to eliminate and reverse these inequalities, and is, as Ransom says, "not just a theoretical option but a practical alternative that's already in place" (2001, p.134). According to the Fair Trade Federation, a co-ordinating organization for North American importers of fair trade artisan products, the goal of fair trade organizations is "to benefit the artisans they work with, not maximize profits" (Fairtrade Federation, 2003). As an example, the fair trade coffee company Equal Exchange states that it was founded "to create a new approach to trade, one that includes informed consumers, honest and fair trade relationships and cooperative principles" (Grounds for Action, 2003). Such approaches create a stark contrast to conventional business, where a strict attendance to the bottom line often pushes human and environmental concerns out of the scope of a business endeavour.

As Littrell and Dickson point out, there is a dramatic difference between fair trade and mainstream business: an ideological focus on paying as much, rather than as little, as possible to producers (1999). The values and objectives of fair trade put the well-being of people and the preservation of the natural environment ahead of the pursuit of profit, according to the International Fair Trade Association (IFAT, 2003).

Several definitions exist for fair trade. According to the International Fair Trade Association:

> 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, marginalized producers and workers - especially in the South (IFAT, 2003).

The Fair Trade Federation (FTF) website provides a more detailed explanation, stating that

> ‘fair trade’ means that trading partnerships are based on reciprocal benefits and mutual respect; that prices paid to producers reflect the work they do; that workers have the right to organize; that national health, safety, and wage laws are enforced; and that products are environmentally sustainable and conserve natural resources (Fairtrade Federation, 2003).

The criteria for fair trade certification agreed on at the International Fairtrade Labelling Organization (FLO) are complicated: Criteria for independently organized workers are different from those for factories or plantations that employ workers; criteria differ depending on the type of product (e.g. coffee, cocoa, oranges, or handicrafts, the latter not yet having clearly defined criteria), and criteria for producers of fair trade products are different from those for their northern partners (importers, roasters, and wholesalers).

Using the example of coffee, the following tables show fair trade criteria as set out by The Fairtrade Labeling Organzation. The six criteria for growers are presented first, followed by the 4 criteria for their northern partners (importers, roasters, and wholesalers).

Table 3.2 – FLO’s Fair Trade Criteria for Coffee Producers

Fair Trade Criteria for Coffee Producers		
1.	Small Scale Production	Group members must be producers, and must rely primarily on family for labour
2.	Democratic	Members must be directly involved in the decision-making process of the group
3.	Transparency	A board of directors, elected by members, must ensure transparent operations to minimize the risk of fraud
4.	Solidarity	There must be no political, racial, religious, or sexual discrimination and the organization must be open to new members
5.	Political Independence	The organization cannot be the instrument of a political party or interest
6.	Sustainable	E.g. Members must conserve natural resources, prevent and eliminate the use of chemicals, improve production techniques and diversify production, promote social development by improving living conditions of members and of community as a whole & improve production quality to enhance access to conventional market

Sources: FLO, 2003, Equal Exchange, 2003, Waridel, 2002.

While these rules apply to producers, a different set of eligibility criteria apply to northern partners in fair trade.

Table 3.3 – FLO's Fair Trade Criteria for Northern Partners of Fair Trade Coffee Producers

Fair trade Criteria for Northern Partners		
1	Direct Trade	Coffee beans must be bought directly from a co-operative listed in FLO-International's Registry of Coffee Growers
2	A Long-term Relationship	A promise must be made to maintain a relationship that is at least one harvest cycle in length; rights of both parties mutually respected
3	Pay a fair price	Higher-than-market prices must be paid for the beans, according to detailed criteria set out by FLO-International
4	Provide Access to Credit	At the seller's request, the importer must make a line of credit available – up to 60% of the original contract. The interest rate must not be higher than the rate in Europe (which will be much lower than that in Africa or Latin America)

Sources: FLO, 2003, Equal Exchange, 2003, Waridel, 2002.

Retailers of fair trade coffee, however, do not need to meet any criteria unless they are also importers. The details of fair trade depend on each case in which it is put into practice. A simplified definition of fair trade, based on a combination of the definitions above will be used for the purposes of this research:

Fair trade is a trading partnership that seeks greater equity in international trade, emphasizing the rights of producers and workers.

The terms "fair trade" and "alternative trade" are often used interchangeably to refer to this kind of trade (see, for example Littrell and Dickson, 1999). Both of these will be referred to hereafter as fair trade, or international fair trade when it is necessary to make a distinction from local fair trade.

The Fair Trade movement is said to have begun as early as 1946, when a Christian group began importing cloth from developing countries as part of a small "trade, not aid" project within their church. The Mennonite Central Committee (then known as the Mennonite Economic Development Association, or MEDA) opened the first fair trade store in Canada, Self Help Crafts, in Kitchener. Meanwhile, other groups in other countries, such as Denmark, England, and Japan, were

also beginning to find ways to trade support poor producers through equitable trade (Ransom, 2001). Since the 1970s, aid agencies, beginning with Bridgehead and Oxfam, have been working with craftspeople and farmers in developing countries on similar projects (Barratt Brown, 1993, Ransom, 2001). Producers, and the companies or development agencies that work with them, participate in a sustainable approach to trade, and the market is provided by northern consumers who want to be sure that products they purchase are manufactured under good conditions.

As the idea of fair trade grew, certification agencies came into being. These agencies act as independent monitors, and as such can provide a reliable guarantee of a product's fair production, for retailers and purchasers alike, and can provide producers with a structure that guarantees continued support through a functional fair trade system. The central fair trade promotional body is IFAT, the International Fair Trade Association, which is based in Britian. The Fair Trade Federation performs a similar promotional function for North America. The main coordinator of certification is FLO, the International Fairtrade Labeling Organizations, based in Germany. Transfair is the Canadian certifying agency.

Much of the research on fair trade has been practical, and conducted with a view to improving fair trade in practice. Almost all research and practice in fair trade has investigated organizational structure, sales data and statistics, benefits to producers, and consumer attitudes (see, for example, Madely, 1992, Zadek & Tiffen, 1996, Littrell & Dickson, 1999, Thompson, 1999, Rice, 2001, Tallontire, 2000 & 2002).

3.6.1 Reasons people engage in fair trade

If producers in poor countries cannot obtain a price for their goods that is significantly higher than the cost of production, not only do they find that they have toiled for an entire growing season only to go into debt, but their very lives and futures are endangered (Ransom, 2001). In Ransom's words, "[t]he cumulative effect of all this continuing year after year, and of having to submit your life entirely to the whims of world coffee prices, is what powerlessness really means" (2001, p.46). Through fair trade, consumers in the north can provide a fair return to producers for their work, allowing them the opportunity to pay for things like education, health care, and subsistence farming start-up costs. The chance to offer producers a fair return motivates many fair trade organizations (IFAT, 2004).

Littrell and Dickson point out that many artisan producers in poor countries have lost their local markets since the introduction of cheaper, machine-produced alternatives that have flooded the market (1999). If they wish to continue making a living from their production, they need new markets

where people are willing to pay the real cost of artisan production. Fair trade provides this market by educating consumers.

In the case of coffee, the world price is highly unpredictable, and frequently sinks below the cost of production (Ransom, 2001). There are so many links in the supply chain from coffee farm to coffee cup that coffee producers obtain very little income for their produce - likely about 0.5% of the price that coffee is sold at in a café (Ransom, 2001). Over time, the fraction of the retail price that is returned to producing countries (to intermediaries as well as producers) is generally decreasing, while the retail price of coffee in the North actually increases (Waridel, 2002).

3.6.2 Challenges for fair trade

Fair trade models faces challenges, such as the fact that there are more producers than there are consumers for fair trade products. Fair trade organizations are constantly working to develop new markets and fair trade criteria for new products so that more producers may participate (FLO, 2003). Some critics (and supporters) of fair trade also point to its dependence on northern consumerism and the possibility that it doesn't pay sufficient attention to the need for fundamental changes in economic and trading systems (Johnston, 2002). These arguments are countered by some who point out that if international trade occurs anyway, it might as well be fair. As Redclift describes, "[w]ithin the context of a global trading system that places little emphasis on social justice or environmental sustainability, 'fair trade' represents a small but vital attempt to address the global problem" (1996, p.156). In other words, the present fair trade model is better than nothing at all. In order to recover our power over consumption, Redclift argues, we must restructure trade relations, "replacing so-called 'free-trade' with fairer trade, and assuming new global priorities in the process" (p.159).

Partly because of the variety of fair trade businesses, and partly because of the variety of fair trade producers and their community situations, it has proven difficult to agree on the criteria for defining something as fairly traded (workshop discussions and personal conversations, Fair Trade Federation Conference, April 2002). This makes certification a contentious issue. Although it provides consistency and credibility to fair trade marketing (Fairtrade Foundation UK), certification adds another link to the already long chain of intermediaries between producer and consumer, something fair trade normally seeks to reduce.

Fair Trade certification is not currently available for every product sold as a fair trade product. Certification, is currently available for coffee, tea, cocoa, dried fruits, bananas, orange juice,

and growing numbers of other edible products. But whereas these products are produced in relatively predictable ways and their producers are often already organized, or willing to organize as co-ops to work with certifiers and producers, the production process for other items may be more varied and more difficult to standardize. As a result, certification is not yet available for crafts or clothing (Littrel and Dickson, 1999).

In the case of coffee, the northern market, though growing, is not yet large enough to accommodate all the producers who wish to produce under a fair trade agreement (E1). Certifying agencies are presently refusing to certify producing co-ops in the south, until such time as a market for their fairly traded coffee becomes available (E1). Thus, one of the main tasks of those who wish to support fair trade is to find ways to increase the market for fair trade products in the North.

Johnston acknowledges that fair trade is powered by good intentions, and that it can make a positive difference in the lives of producers. It also has potential to educate northern consumers, and some of its advocates do use it as a tool for counter-hegemony. But most fair trade purchases, Johnston points out, are not necessities (thus not replacing other regular purchases); rather, they are luxuries, and "do not challenge the practices, or relative power of the high-consumption lifestyle" (p.46). In addition, fair trade draws heavily on the "discourse of individual responsibility" (p.48) that is also common in green consumerism: The focus is on individual changes (but not reductions) in personal purchasing habits, drawing attention away from systemic injustice and from dealing with problems collectively or in the political sphere. Johnston points out that while this focus on the individual is sensible as a marketing tactic, "it tends to concomitantly minimize the accountability of the state and corporations for the public good" (p.48). Without governments and corporations aiming for the same goals as fair trade, alone it will have difficultly creating justice on anything like the required scale.

3.7 Localization

Localization involves a shift toward increased local economic activity. According to the International Forum on Globalization, "[l]ocalization attempts to reverse the trend toward the global by discriminating actively in favor of the local in all policies" (Cavanagh et al, 2002, p.109, Hines & Lang, in Mander & Goldsmith, 2001). According to Hines, depending on the context, "local" may be used to describe any level, from a single community, to a nation-state, to regional groupings of

nation-states (2000). For the purposes of this research, however, "local" is used on the smallest end of the spectrum; to refer to a community and its surrounding region.

"Localization", then, refers to the move toward a local economy. Norberg-Hodge and Mayo, in Douthwaite, 1996, suggest that localization means "creating a better balance between local, regional, national and international markets. …[C]orporations should have less control, and communities more, over what is produced, where, when and how; and ... trading should be fair and to the benefit of both parties" (p.ix). Mander sees localization in economic terms, as "a diversity of loosely linked, community-based economies"(2001, p.297). He envisions small companies, which cater above all, although not exclusively, to local or regional markets (Mander and Goldsmith, 2001). At its heart, conclude Hines and Lang, localization is "a rejection of today's environmentally and socially damaging subservience to the shibboleth of 'international competitiveness'" (2001, p.290, in Goldsmith & Mander). Localization can thus be seen as a response and an alternative to globalization. Shuman points out that "[t]he closer those affected by decisions are to the decisionmakers [sic], the more likely the decisions will be efficient, fair, democratic, sensitive, creative, and disaster-proof" (1998, p.125). In summary, localization is the process that occurs when communities and their surrounding regions develop greater independence from the international economic system. Localization involves a community strengthening and diversifying its local business in order to gain control over the local economy.

Addressing the principle of subsidiarity discussed by Schumacher (1973), Lang & Hines (1993), and Cavanagh et al (2002), Pearce (2001) suggests that if the principle of subsidiarity were applied, a fundamental shift would be required in viewing the economy: Economic policy would favour small business, taxation systems would be reformed so that small companies' profits were taxed at lower rates than those of large companies, and, "[I]n short, inverse economies of scale should prevail" (p.83). Changes such as these would address many of the financial difficulties faced by small, local, and fair trade businesses.

One valuable element of localization is known as the economic multiplier effect. A study in Austin, Texas, showed that money spent at local businesses can create more than three times the local economic activity as money spent at a chain store. There were three reasons local businesses had this benefit for their communities:

1. A local business has more local staff; employing people in jobs like accounting, and buying, rather than these jobs being held at a central headquarters (usually in some other city), as they usually are in chain stores.
2. More local purchases are made by local businesses.
3. More of the profits from locally owned businesses are recirculated in the community.

(Liveable City, 2003)

These local benefits all together are sometimes known as the "economic multiplier effect" When a community is dependent on companies based elsewhere, it loses the economic benefits of producing for itself: As Shuman points out, "[a] community that chooses not to generate its own electricity, not to grow its own food, not to process its own lumber, and so on, winds up losing the jobs and income that might have come from these commercial ventures" (1998, p.53). In other words, in addition to lacking independence, a community loses the opportunity to take advantage of the "local economic multiplier", the fact that money kept local gets spent again and again within a place, supporting jobs and other productive work in that community. When company profits instead leave town for the pockets of business executives and shareholders, that wealth does not benefit the community where it was generated. Compared with chain stores, locally owned businesses return, or "recycle", much more of their profits and revenue to the local economy (Shuman, 1998, Mitchell, 2002).

There are more than just economic benefits to doing business locally. Mitchell points out that local businesses "are owned by people who live in the community and are invested in its future"(2002, p.47). These people have a vested interest in continued improvement to the social and environmental health of their communities as well, and are seen as more likely than distant executives to make business decisions that reflect this. In addition, says one local business owner in Boulder, Colorado, "[b]y doing business with our neighbours, we build a web of personal and economic relationships that are essential to a strong community"(2002, p.47).

Many networks of local business exist in cities throughout North America, with varying degrees of commitment to the principles of localization as described here. These include Briarpatch in San Francisco, Toronto the Better, and AMIBA in San Francisco. BALLE, the Business Alliance for Local Living Economics is a network of such groups across North America, all of whom are working to revitalize their own local economies (Long, 2003).

Localization has many environmental benefits. One of its goals is "to reduce unnecessary transport while encouraging changes that would strengthen and diversify economies at both the

community and national levels" (Norberg-Hodge, p.242). Jones claims that trade-related transportation accounts for an estimated eighth of world oil consumption, and presents an environmental argument for applying the "proximity principle" – in which "products are sourced as near as possible to the consumer" (2002, p.40). He argues that the unsustainable nature of the current world food system could be reversed by re-establishing local and regional food supplies, and suggests that farmers should support and favour local sales. Through the creation of good jobs, with worker, or at least local, ownership, local trade supports local self-reliance (Shuman, 1998).

Social Justice Arguments for Localization

Localization also has a role in reducing global inequities. As Norberg-Hodge and Mayo point out, "[i]n the North, being responsible for our own needs means allowing the South to produce for itself, rather than for us" (2001, p.ix). But they caution that isolation from other communities or cultures is not the purpose of localization; rather, localization creates a "new, sustainable and equitable basis on which they can interact" (ix, cited in Douthwaite, 1996). According to Hines and Lang (2001), the increased control that communities and nations have over localized economies results in many social benefits. These include:

- reduced poverty and inequality
- increased social cohesion
- improved livelihoods
- social infrastructure and environmental protection
- enhanced sense of security

Achieving Localization

When people have control, it is argued, they make decisions that benefit their communities (Shuman, 1998). People often desire things, however, that cannot be produced locally. Although the average local community could probably meet most of its basic needs for food and shelter, in most places, items from far away will be desired or needed, and will ensure that international trade remains wanted and even necessary. For example, in North America no coffee or cocoa grows; no French or Chilean wines are produced; few computers or bicycles are manufactured. These items, or others from just as far away, are still desired. Because people generally want access to more than just the means of meeting their basic needs, they must have ways of trading for them that are socially, environmentally, and economically sustainable. Hines suggests that, in a localized economy, whatever cannot be

produced locally should be imported, but from as nearby as possible and through a process of fair trade (2000). Most of fair trade at present deals in commodities (FLO, 2003), and there is very little fair trade in manufactured items. Thus, increasing fair trade in manufactured goods must accompany the promotion of localization.

Shuman sees major problems in North American communities: increasing poverty and dependence, decreasing sense of community, and mobile capital. He proposes 3 solutions, all related to localization:

1. Communities should stop trying to "accommodate mobile corporations, and should instead nurture community corporations that are dedicated to raising the quality of local life".
2. Communities should "stop trying to expand economic activity through exports, and instead strive to eliminate these dangerous dependencies by creating "new import-replacing businesses that meet people's basic needs".
3. Instead of seeking federal funding, they must "insist on the legal and political power necessary to create a rich soil for homegrown enterprises" (1998, p.27).

The International Forum on Globalization (IFG) has developed a list of nine points that they think will be required in order to allow and promote localization. These require action at various different levels, and are listed in Table 3.4.

Table 3.4 – Steps for Promoting Localization

1	Re-introduce safeguards that were traditionally used to protect domestic (local) economies
2	Change subsidy policy – to favor local, small-scale enterprises rather than mega-development and large-scale infrastructure
3	Put new controls on corporate activity
4	Ground capital and investment in the community
5	Make major changes in taxation policy – increase taxes on resource use and on pollution
6	Increase direct public participation in policymaking
7	Reorient international aid and trade rules
8	Institute new competition policies
9	Encourage social cohesion and local economic renewal

Sources: Cavanagh et al (2002) Shuman (2002), Hines (2000), and Norberg-Hodge (2001)

Who makes localization happen? The IFG sees the concept of subsidiarity, that is, "favouring the local whenever a choice exists" as the operating principle for a change to localization (Cavanagh et al, 2002, p.107). According to this principle, decisions should be made "at the lowest level of governing authority competent to deal with them" (p.107). Thus, the driving force behind localization can come from various levels. Local governments and planners have an important role to play in their constituencies. As Shuman points out, there are many ways that local politicians can promote localism. For example, instead of fighting to attract Toyota plants or Walmart stores to their communities, they can promote increased local self-reliance (1998, p.193).

Cavanagh et al. hold that economic globalization results in disempowerment and de-localization of communities and local economies. They believe that this trend should be reversed, with new structures created that consciously favour "the local" (2001, p.9)

Many organizations around the world, particularly in Europe and North America, promote self-reliance and localization. Research organizations include Co-op America (www.coopamerica.org), the Institute for Local Self-Reliance (ILSR) (www.ilsr.org), which promotes policies that build strong, sustainable local economies, the New Economics Foundation (www.neweconomics.org) in England, and the Center for a New American Dream, based in Washington, D.C. (www.newdream.org). Organizations that support and promote independent businesses exist in many different cities, and although they are not uniform in their goals, all recognize the economic and other benefits of strong local economies. Some, like the Briarpatch Network of San Francisco (www.brpatch.org), have been in existence for decades, and others, like Toronto the Better (www.torontothebetter.net), have formed only in recent years.

Business in a Localized Economy

Hawken (1993) offers six criteria for sustainable businesses:

1. Replace nationally and internationally produced items with products created locally and regionally
2. Take responsibility for the effects they have on the natural world
3. Do not require exotic sources of capital in order to develop and grow
4. Engage in production processes that are human, worthy, dignified, and intrinsically satisfying
5. Create objects of durability and long-term utility whose ultimate use or disposition will not be harmful to future generations
6. Change consumers to customers through education (1993, p.144)

Local fair trade meets all of these criteria. Because of its local nature, local fair trade meets the first criterion and the third, and is likely to meet the second. The "fair" criterion for local fair trade requires adherence to criteria 4 and 5. Finally, its emphasis on educating the public and raising awareness makes local fair trade meet criterion 6.

Ekins and Newby (1998) argue for a holistic approach to economic development, which they call "sustainable local economic development", or SLED. They hold that:

> If any agenda for local economic development is to gain political support, it must be able to demonstrate not only a rich and positive impact on quality of life, but a significant impact in terms of job creation … a broad agenda for SLED must combine quality and quantity, and address both how to make existing economic activity more sustainable, and how to generate new enterprises and opportunities (Ekins and Newby, 1998, p.868, cited in Gibbs, 2002).

Local fair trade also meets Ekins' and Newby's criteria for SLED. Working in a local fair trade business enhances quality of life on an individual level for some people. On a broader level, the environmental benefits, and consequences of local control also contribute to enhanced quality of life (see, for example, Shuman, 1998).

3.8 Self-Reliance

3.8.1 What is Self-Reliance?

The 1974 Cocoyoc Declaration defines self-reliance as "reliance primarily on one's own resources, human and natural, and the capacity of autonomous goal-setting and decision-making" (Fotopolous, 1997, p.24). Fotopolous cautions that although self-reliance means a greatly increased dependence on one's own region, it does not mean total separation from the rest of the world, nor independence from other communities.

Self reliance is a way for people and communities to regain the means and ability to provide for themselves, and attain greater independence from a highly unstable world economic situation which is not under their control. It does not mean "walling off the outside world" (Shuman, 2002). Instead, it means "going local"; i.e. nurturing locally owned businesses which use local resources sustainably, employ local workers at decent wages, and serve primarily local consumers. It means becoming more able to meet needs locally, and less dependent on imports. "Control", Shuman

describes, “moves from the boardrooms of distant corporations and back to the community, where it belongs” (1998, p.6).

Self-sufficiency may be distinguished from self-reliance. Self-sufficiency is usually used to refer to a state in which there is no interaction with outside communities, whereas self-reliance is not so extreme; local production is emphasized, but trade with the outside is also incorporated (Foutopolous, 1997). Because self-reliance does not mean complete self-sufficiency, a significant amount of resources will have to be imported from other communities.

Another definition for self-reliance is provided by Shuman, who writes, “[i]t means expanding the economic base to produce necessities for residents and to focus existing resources on more value-added industries. It means an economy better insulated from sudden shifts in the prices and supply of imports. It means striving to keep a growing share of the economic multiplier at home” (1998, p.188).

3.8.2 Long-term Vision

Trainer states that “[n]o long-term vision of a sustainable world order can make sense if it does not focus on the people in a small region producing for themselves most of the things they need, from the land, labour, talent and capital of the region, and taking control over their local economic, social, community, political, cultural and ecological development” (1995, p.57). Trainer’s vision is, as he says, “the complete reverse of the present rush towards a single integrated global economy”, where regions compete against each other and all depend on the international market.

Sachs proposes a model of economic security in which

> wealth is not derived from specializing in export for distant markets and sending the earned money to distant producers in order to import a large percentage of food, energy, materials, insurance, health care, but rather from reducing people’s involvement in the national and international economy and providing more locally (1985, p.29).

Sachs explains that local self-reliance requires places to “delink” from compulsory world market competition (1985, p.30). Hines and Lang, who also recognize localized trade as more desirable, recommend that any remaining long-distance trade take place under the rules of the ‘fair trade’ movement, “giving preference to goods supplied in a way that is of benefit to workers, the local community and the environment” (2001, p.290).

Fotopoulos points to the effects of a gradually decreasing self-reliance over the course of history, since the formation of nation-states, and accelerating rapidly in recent years. This decrease,

he asserts, has had adverse implications at the levels of macro-economics, culture, environment, and society. In macro-economics, market forces have condemned people to unemployment, poverty, starvation, dependence on outside centers for the organization of production and work, social services, etc. In culture and community, values of solidarity and co-operation have been replaced by the market values of competitiveness and individualism. In the environmental sphere, the present system relies on goods and people being transported huge distances for its everyday functioning. Finally, he claims, evidence of the damage to society includes de-skilling, vulnerability, and economic dependence as a result of the division of labour, free trade, and other problems (1997).

Fotopoulos claims that "self-reliant communities constitute today the only way to reverse the process of overproduction and overconsumption that is the main effect of the 'growth economy' as well as the main cause of the ecological threat" (1997, p.242). Those who write about sustainable, livable communities, from Ebenezer Howard to Kirkpatrick Sale, almost exclusively mention the necessity of localism and self-reliance; of producing, consuming, and living primarily within one's one town, region, watershed, bioregion, or whatever area each person worked with.

Critiques of localization and self-reliance

A major critique of localization is that it wants to close out trade. In fact, this is not a requirement of self-reliance. In the age of globalization, working towards community self-reliance is something people can do at the local level to feel empowered. If they wish their local activities to be not only acts of self-protection, but also acts for a better world for all, Shuman recommends "inter-local" action (1998). Inter-local communities are selective about which other communities they will trade and do business with. They can support other communities with goals similar to their own, engaging in fair trade with people in other parts of the world whose communities are still straining to meet their basic needs. Several municipalities in Britain have recently institutionalized this idea, officially declaring themselves "fair trade cities", and committing to a certain amount of fair trade purchasing in the city (http://www.fairtradehull.org.uk/pages/welcome.htm).

3.9 Related Business Models

Many existing business models are similar to local fair trade in some ways, or overlap in some of their features. The following sections address some of these.

Conventional Small Business

Local fair trade businesses are often small businesses, and despite their social goals, share many features with conventional small businesses. Thus, some information about small business successes and failures is pertinent. McGuckin (2001) lists 10 main mistakes in growing a business:

1. No growth plan
2. Wrong business, wrong location
3. Lack of technical skills
4. Lack of sales and marketing skills
5. Lack of financial skills
6. Undefined financial resources.
7. Lack of market research
8. Investing in trendy business
9. Over-projecting sales; under-projecting marketing costs
10. Professionals are not consulted

Fattal suggests that when small businesses fail, poor management is usually the primary cause (1989, p.7). He cites various areas where administration is often poor, including:

- planning and control of finances
- cash management (and lack of lender/investor confidence)
- credit management
- inventory control
- suppliers / payables
- balancing the "tripod of activities: Marketing, operations, and administration

(adapted from Fattal, 1989, pp.9-10)

Other business models exists which are similar to or related to local fair trade. Some of these are outlined here:

Community Corporations

Shuman (1998) advocates a new type of business structure, the community corporation, which is owned and controlled locally by local shareholders. The community corporation is run like any

private corporation, but ownership must remain local, so the interests of the company match the interests of the community where it operates. This kind of business, he argues, will keep dollars local. It will contribute to an economics of place, which will help to shift city and town development policies "to a new goal: community self-reliance" (1998, p.28). Shuman is concerned with three features of self-reliance: producing locally to meet local needs, local ownership of business, and local recycling of finance.

Local Exchange & Trading Systems

One way to keep wealth in a community is to use a currency that only has value in that place. To achieve this, people have started Local Exchange and Trading Systems (LETS) in many cities and towns worldwide. LETSystems are barter networks, with or without physical units of exchange, which encourage people to exchange goods and services with others in their community, building connections as they go. Redclift (1996) points out that Local Exchange Trading Systems (LETS) projects can encourage self-reliance by "de-coupling the local economy from the national, or international one." (p.152). LETS are free from some of the power dimensions that permeate the market economy. Greco (1994), who has argued that LETS are a form of social leaning, describes LETS the way some have described fair trade, as "providing members with both a practice, and a vision, of an alternative society (cited in Redclift, 1996, p.152).

The Co-operative Movement

Fair trade is by no means the first modern effort to create a sustainable and caring business model. In the co-operative movement, which has been active in Canada since the first half of the twentieth century (Craig, 1993), alternative approaches to business structure and human relations have been developed with considerable success. A co-operative is one existing model of a business that places value on community in its operations, not simply the accumulation of profits. The structure of a co-operative is democratic (Canadian Co-operative Association, 2003).

Several different types of co-operative exist: Consumer co-ops exist so that their members can purchase things together, typically at more affordable prices. Examples include many small food co-operatives, and the well-known Canadian store, Mountain Equipment Co-op. Worker co-ops are owned by their employees, who are empowered to make management decisions, about how their workplace should be run and how profits should be distributed, among other things. Producer co-ops are most commonly organizations of farmers, who work together to share knowledge and resources

and work together to ensure fair prices for their produce. Housing co-ops are among the best-known form of co-operatives, providing affordable and accessible housing through a co-operative model. The co-operative principles may be followed to different degrees depending on the organization. Although they have many benefits as a business model, co-operatives have not provided a perfect model for ethical businesses. Once a co-op grows enough to enter the mainstream market, for example, it can be difficult to maintain the integrity of the co-operative values. Even advocates of the co-operatives model agree that a co-operative structure is not always the most appropriate (Craig, 1993), but it is certainly difference from conventional business in an important way.

Social Enterprise

A wealth of literature exists about the tendency, beginning in the 1990s, for non-profits and charities to begin conducting businesses to make up for decreased government funding. (See, for example, bibliography of Zimmerman and Dart, 1998). What helped these sorts of business survive, and what tended to lead to failure is well-documented, although one certainty, according to Zimmerman and Dart, is that every non-profit-supporting business is different and requires originality to succeed (1998). The challenges and opportunities faced by these businesses may shed light on what helps and hinders "local fair trade" businesses as well. How-to guides, what-not-to-do recommendations, etc. abound, (see, for example, www.se-alliance.org) and it is noted that successes are often based on a "magical" mix of personalities, ideas, good timing, and good fortune.

3.10 Planning and Local Fair Trade

This section addresses the connection between planning and local fair trade. Planning is considered both an art and a science (CIP, 2003). The Statement of Values of the Canadian Institute of Planners makes some claims about Planning that support local fair trade:

> "Planning includes a concern for health, aesthetics, equity and efficiency. As well, planning respects the land as a community resource. It contributes to the conservation of natural and cultural heritage, and promotes healthy communities and improvements to quality of life."
>
> -Canadian Institute of Planners, Statement of Values (2003)

This kind of approach has been present since the beginnings of the modern Planning traditions. From Ebenezer Howard's Garden City model of 1898 (Howard, 1902), to today's Smart

Growth approach, planners have supported ideas of localism and fairness. Howard, for example, wanted people in his Garden Cities to be self-governing and relatively self-sufficient (Hall, 2002). Smart Growth, a buzzword in planning today, is seen by the American Planning Association as valuing "long-range, regional considerations of sustainability over short term incremental geographically isolated actions; and promot[ing] public health and healthy communities" (American Planning Association, 2004). Smart Growth involves an attempt to limit urban sprawl by enforcing limits on city growth, and encouraging development within city limits. It emphasizes the equitable distribution of the costs and benefits of development, and should "promote fairness in rebuilding inner city and inner suburban areas" (American Planning Association, 2004)

The idea of regional planning, first credited to Patrick Geddes (Hall, 2002), offered early support among planners for ideas of localization, emphasizing the importance of including the region around the city in planning for that city. Since then, the concepts of bioregionalism and watershed planning have also offered planners a framework within which they may focus on promoting economic activity within a local area (Sale, 1990).

One tool that planners have at their disposal is land use planning. They can use zoning bylaws to direct the way land will be used in their communities, favouring small businesses. They do need the support of the Ontario Municipal Board (OMB), however, as this board has the power to overrule municipal decisions. According to Mitchell, "[t]o ensure the long-term survival of community-based enterprises we'll have to rewrite public policy, particularly planning and zoning ordinances, so that they support local businesses, not large corporations" (2002, p.29). Because most local fair trade is small and locally-owned, (either independent, or associated with other organizations), planning actions that support small or locally-owned business can support local fair trade businesses as well.

The Healthy Communities model, adopted by communities across Canada, is another tool that planners can use to promote local fair trade. Ontario's Healthy Communities Coalition "seeks to achieve social, environmental, and economic health and well-being for individuals, communities and local governments" (http://www.healthycommunities.on.ca /ohcc.htmm, retrieved Jan 4, 2004). This model facilitates planning by citizens and communities, not just by planners. Using this model, planners can help communities develop guidelines for decision-making that support local businesses.

Friedmann (1987) sees a new role for public planners in light of their apparently diminishing power and importance in market society. Instead of giving in to interminable growth as a matter of course, he points out that "the materialism of the consumer society has very little to do with the good

life, which is rather about the quality of human relationships," and advocates that planners work on assisting with the "reemergence of civil society as a collective actor in the construction of our cities and regions, in search of the good life" (1987, p.21). In local fair trade, civil society and business come together as an actor in the positive reconstruction of an economic system that strives for the "good life" for all people in a community.

Planners have a long tradition of interest in and concern for the public good, and of a support for community control (Hall, 2002). Local fair trade can be used to build on this tradition

3.11 Conclusions

This chapter has described international fair trade and localization, the two areas that combine to make local fair trade. It has also reviewed major ideas about the theoretical underpinnings of local fair trade, which are found in the literature on fair trade, localization, self-reliance, and green economics.

Chapter 4
Case Context – Kitchener-Waterloo

4.1 Introduction

The research for this thesis took place primarily in Kitchener-Waterloo, Ontario, Canada. Kitchener-Waterloo (K-W) is situated between Lakes Erie, Huron, and Ontario, approximately 100km south-west of Toronto. This chapter begins by looking briefly at the study area's geography and population. A section on the history of Kitchener-Waterloo covers the area's shift from its homegrown industrial roots to greater dependence on the global economy. Finally, local initiatives related to promoting localization, trade, and fair trade are outlined, and a description of the local fair trade found here during the research is provided.

4.2 Geography and Population

Kitchener-Waterloo consists of two midsize, connected cities located in Southern Ontario, with a combined population of approximately 439,000 in 2001 (Statistics Canada, 2001 census[5]). The cities are part of the Region of Waterloo, which consists of three municipalities – Kitchener, Waterloo, and Cambridge – and four rural townships –Wellesley, Wilmot, Woolwich, and North Dumfries (see Fig. 4.1). The cities have a strong industrial history, whereas the townships have generally supported agricultural activity, and presently represent 2.35% of farms in Ontario (1996 Census of Agriculture, OMAF).

4.3 Historical Context – Business and Industry in Waterloo Region

The area now known as Kitchener-Waterloo has a long history of local business and industry. The area was first settled in the late 18th century (City of Kitchener, 2003). Mennonites from Pennsylvania were first attracted to its remote setting and excellent farmland and continued to settle throughout the century. Later, German immigrants from all parts of Germany began to settle in the area. The settlers in the area were unified by their common language and pride in their crafts. They were noted for their "sense of individuality and initiative in their attitudes toward commercial and industrial development" (English, 1996, p.25).

[5] http://www.on.hrdc-drhc.gc.ca/english/offices/kitchener/lmi/content/community-info/census/pop_watregion_e.shtml, retrieved Dec. 5, 2003.

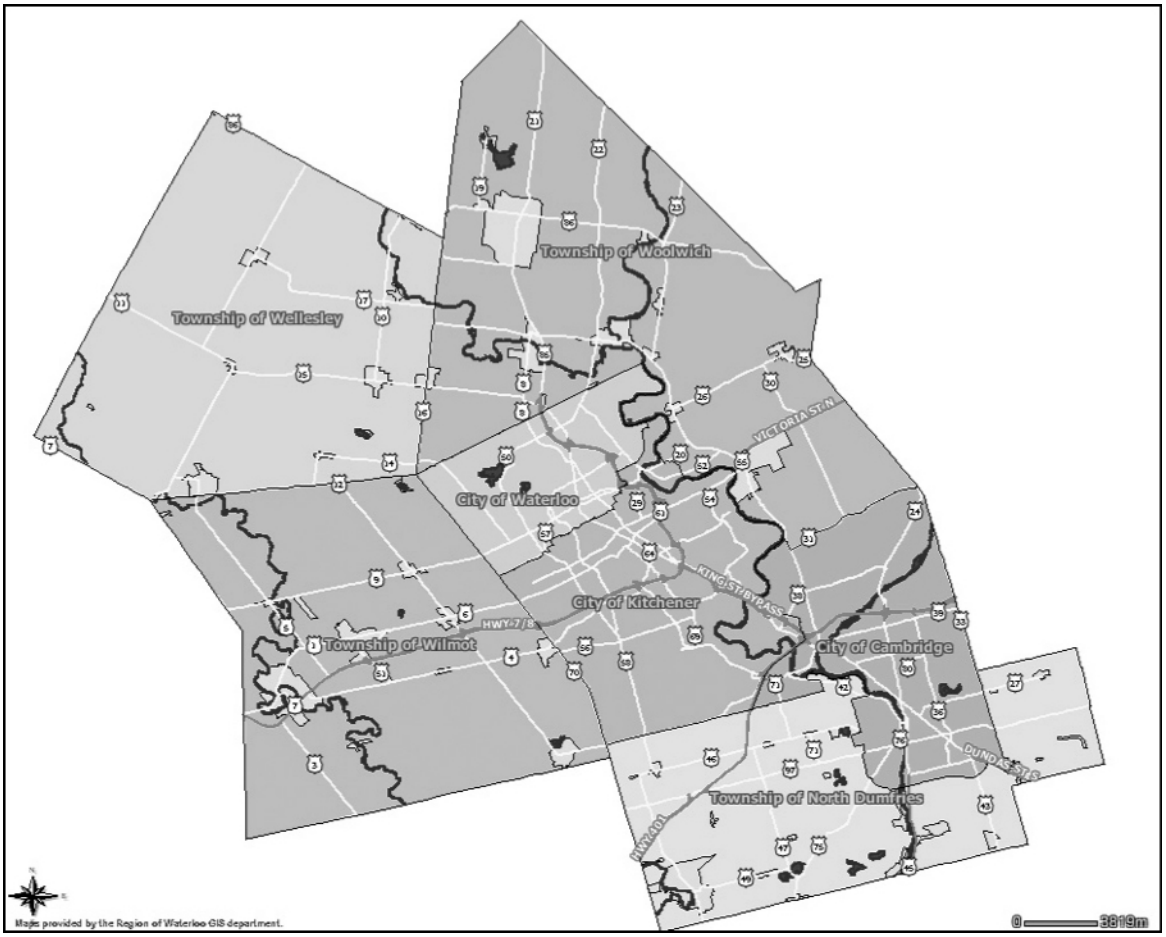

Figure 4.1 The Regional Municipality of Waterloo. Source: http://locator.region.waterloo.on.ca /locator.htm. Retrieved January 4, 2004.

The industriousness of the German immigrants, as well as their "skill, perseverance, and frugality (English, 1996 p.67)" were seen as explanations for the success the K-W area was to see in establishing markets for its goods in Canada, and in maintaining an identity as a "thriving centre of manufacturing and commerce" (English, 1996, p.67).

Waterloo and Kitchener (Berlin) have developed since the early 19th century in tandem, even if in different industries. By 1835, for example, Waterloo had three breweries meeting the demand for high-quality beer for Germans in the area. In 1857, the Granite Mills and Waterloo Distillery (which later became the Joseph Seagram Flour Mill and Distilling Company of Canadian rye whiskey fame) was constructed (Gary Will, 2003). 1886 saw the establishment of the Ontario Mutual Life Assurance

Company (which became Clarica, now owned by Sun Life), which was the first of many large insurance companies presently based in Waterloo.

Meanwhile, by the 1880s, Berlin had more than its fair share of factories for a city of its size (English, 1996, p.66). By 1912, a comment on a map of "Busy Berlin" indicated the confidence people had in Berlin, as well as the breadth of its success:

> "Berlin is admittedly the centre of
> the following industries:
> Furniture, Rubber, Button, Tanning
> Felt, Shirt and Collar, Trunk and Bag."
>
> -The MAP Company, Toronto, Canada, 1912.

In the following decades, when jobs began to be in short supply, a Toronto newspaper observed that, whereas people without jobs in Toronto moved to other cities in search of work, in Kitchener[6], people seemed able to create their own city around their population (English, 1996, p.67).

After about 1945, local ownership and management remained strong, but Kitchener-Waterloo industry was increasingly affected by damaging outside influences such as international consolidation (Walker, 1987). Factory closures began in the second part of the 20th century, as international pressures and competition began to affect the market for goods produced in Kitchener. By 1960, Kitchener's downtown had already lost its role as the shopping district for the region, central schools began to close, and the city began to lose some of its vibrancy (Mills, 2002).

The growing Universities, University of Waterloo and Wilfred Laurier University, are presently some of the region's largest employers (Regional Municipality of Waterloo, 2004). Along with Conestoga College, the universities have led the development of KW's image as a high tech centre. In 1987, the cities, along with Cambridge and Guelph, formed the "Technology Triangle" In 1992, the Chambers of Commerce of Waterloo and Kitchener combined to form a single organization, the Greater Kitchener-Waterloo Chamber of Commerce.

By the end of the 20th century, much of Kitchener's industrial sector had been all but lost. Factories that had not modernized, and even some that had, were unable to continue production and were forced to close down. NAFTA and the recessions of the 1980s and 1990s were hard on

[6] As a result of anti-German sentiment during World War One, Berlin's name was changed to Kitchener in 1916, amid much controversy (English, 1996).

Kitchener-Waterloo, although not as hard as in many other places in Canada, claims English (1996). New jobs in the service sector and new industries helped to lessen the impact of the factory closures. A Toyota plant in Cambridge provided many jobs, and "more than ever, Kitchener's firms became dependent on export to world markets" (English, 1996, p.203). English notes, however, that the development of new markets brought a sense of opportunity, despite demonstrating a new dependence.

4.4 Local Fair Trade in Context – Kitchener-Waterloo

While there is not at present an explicit movement for local fair trade in Kitchener-Waterloo, local fair trade businesses do exist, and are not without support of one kind or another. There is some support for localization, some for fair trade, and some for business in general. This section briefly mentions each of these areas of possible support, to show the context in which local fair trade businesses operate in Kitchener-Waterloo at present, and to provide background for the later discussion of how to promote local fair trade. Any of the organizations mentioned below could be of use to a local fair trade business.

4.4.1 *Local:* Supports for Localization in Kitchener-Waterloo

The only explicit localization action that was identified in this research was Foodlink, a project of the Waterloo Community Health Department. This project attempts to promote food localism, connecting local farmers with local consumers. (Foodlink Waterloo Region, 2004). One of Foodlink's working groups is the Buy Local group, which has produced and distributed a map of local farmers to facilitate direct farm purchases by consumers. In addition, The Working Centre, a venture that "seeks to give individuals and groups access to tools and opportunities to become involved in the building of community," (The Working Centre, 2004) facilitates Barterworks, a local exchange and trading system (LETS). The area attracts both tourists and local buyers with its three large markets, where local farmers, many of them of Mennonite background, sell their produce. The Waterloo and St. Jacob's markets, in the summer, boast over 600 vendors, and the publicly-owned Kitchener Farmers' Market hosts about 100 vendors every Saturday throughout the year (St. Jacobs Country Tourism, 2004). These markets are a particularly important venue for local farmers to sell their fruits, vegetables, honey, and maple syrup. They also serve as an important place for connections to develop between the residents of the K-W area and the local farmers.

4.4.2 *Fair:* Supports for Fair Trade in Kitchener-Waterloo

Kitchener-Waterloo has several organizations that actively promote fair trade, and many that sell fairly traded coffee. Kitchener is home to the headquarters of the Mennonite Central Committee of Ontario (MCC), a relief, service, and peace agency of the North American Mennonite and Brethren in Christ churches (Mennonite Central Committee, 2003). MCC coordinates projects for social justice both in Canada and overseas, including the Ten Thousand Villages stores, which carry only fairly traded goods. The Waterloo store is in a prominent location in the Uptown area. There are also local groups that address and promote fair trade, including a student group at Wilfred Laurier University, the Global Youth Network, and sometimes working groups of the Waterloo Public Interest Research Group (WPIRG). Several local cafés (Muses, The City Café, and the Raintree Café, among others) offer fair trade coffee exclusively, while others offer it along with conventional coffee. Fair trade coffee beans are sold through many churches.

Co-operatives

As explained in Chapter 3, co-operatives as a business structure aim to be fair to their members, and are directed by a process of "one person, one vote", not "one share, one vote" – thus ensuring equitable decision-making. In addition to this fair aspect of co-operative business, co-ops also promote local development, according to the Canadian Co-operatives Association: "Co-operatives and credit unions are directed locally and invested in locally. Surplus profits are returned to the members and, therefore, remain with the community" (Canadian Co-operative Association, 2003). According to the Canadian Worker Co-op Federation, a co-op is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." (2004). The Region of Waterloo has 58 co-ops in total, boasting a membership of approximately 46,000, assets totaling more than $600 million, and total annual revenues of nearly $220 million (Waterloo Region Co-op Council, 2004). Kitchener-Waterloo has numerous co-operatives, including approximately 20 housing co-ops, a car co-op, a food co-op, several credit unions, and at least one childcare co-op, among others (Canadian Worker Co-op Federation, 2003). Furthermore, these coops are linked and supported by organizations such as the Central Ontario Co-operative Housing Federation (COCHF) and the Waterloo Region Co-op Council (Waterloo Regional Co-op Council, 2004).

4.4.3 *Trade:* Supports for Business in Kitchener-Waterloo

There are many supports for business in general in Kitchener-Waterloo. While none of these is aimed specifically at localism efforts or fair trade, businesses with such goals could still make use of the business services provided. The Business Enterprise Centre (www.bizenterprisecentre.com) offers support to any businesses starting up or already operating. It focuses on small businesses, offering workshops, seminars, and computer resources. The Kitchener-Waterloo Chamber of Commerce exists to promote the area and its member businesses. Any business in the area may join by paying a fee, and it will be promoted by the Chamber. Although the Chamber of Commerce historically has not supported free trade, in recent decades it has lent explicit support to the notions of free trade and the free market economy (Greater Kitchener-Waterloo Chamber of Commerce, 2003), which are contradictory to local fair trade. This attitude is unlikely to appeal to a local fair trade proprietor, but short term assistance could theoretically be obtained from the Chamber.

Other initiatives that support businesses in Kitchener-Waterloo are the Business Improvement Areas (BIAs), which improve, beautify, and maintain public lands within their boundaries, and promote the area as a business and shopping area (Government of Ontario, 2001). In Kitchener-Waterloo, there are two BIAs, the UpTown Waterloo BIA, and the Kitchener Downtown Business Association (KDBA). The KDBA has supported a "downtown dollar" to encourage shopping in downtown stores, and now supports a downtown discount program to encourage shopping in the downtown core. Several other organizations that promote local economic development and job creation, such as Lutherwood Community Opportunities Development Association (CODA), also provide support for local business.

Official Plans in the region contain some supports for business. The Waterloo Regional Official Policy Plan (1998), and the City plans of Kitchener (2000) and Waterloo (1994) all have sections on economic development, with goals of finding ways to promote business that takes place locally. There has been some effort to limit the presence of 'big box' stores, but in general the support for business is designed to promote business activity regardless of ownership or ethical intentions.

Compass Kitchener was a visioning project designed to help Kitchener become a "Healthy Community." The community vision, shared values, and directions to move in were adopted by city council in June 2000 (City of Kitchener, 2003). One participant in this research noted that Kitchener's vision could support local fair trade. Waterloo Region subscribes to the Healthy Communities model, an approach which recognizes the key role of local government in creating healthy communities (http://www.healthycommunities.on.ca/ohcc.htm, retrieved Dec 19, 2003). A healthy community has

many qualities; among them "responsible use of resources to ensure long term sustainability, peace, equity and social justice, and protection of the natural environment" (Regional Municipality of Waterloo, 2003). Explicit support for this model in the Region of Waterloo suggests openness to the ideas and goals of local fair trade.

4.5 Local fair trade investigated in this study

Each of the 20 organizations and businesses included in the study as an example of "local fair trade" is described briefly in Table 2.1. There were other interesting local fair trade-related projects in Kitchener-Waterloo region that could have been included in the study. They were not included because saturation was reached in response to the research questions, and because the time frame for data collection ended.

4.6 Conclusion

Kitchener-Waterloo has a long and proud history of locally controlled industry and business, but has become less independent and more interconnected to the global economy in recent decades. The Region's decision to be a Healthy Community, however, provides support, both practical and philosophical, for local fair trade. Within Kitchener-Waterloo, people and organizations are working towards localization, fair trade, and strong, local business. Drawing on the many available resources could offer much support for local fair trade, even though not all the resources are specifically designed for that purpose. In addition, all the businesses showcased as part of this research exist here as local fair trade businesses already, making Kitchener-Waterloo an interesting and appropriate place for the study of this new and important business concept.

Chapter 5
Findings and Analysis: Supports, Obstacles, and Motivations for Local Fair Trade

> "Co-ops and ethical businesses should provide people with choices so they can think about how things are made and where they come from and how people are treated. And they have the choice to participate – to be involved means they have thought about the way society works"
>
> -P18[7]

5.1 Introduction

A wealth of information was generated in relation to the major research questions;

1. What supports exist for local fair trade in Kitchener-Waterloo?
2. What obstacles does local fair trade face in Kitchener-Waterloo?
3. What motivates people to engage in local fair trade?

In relation to the first question, local practitioners were asked, "What are the supports for your business?", and offered over 400 responses. In relation to the second question, practitioners were asked "What are the obstacles to your business?" and offered over 200 responses. Finally, about 150 responses were received to the question "What motivates you (or other people) to do local fair trade?" Responses to these three major questions are presented in summary form in this chapter, with findings from local practitioners followed by findings from expert informants. Each section of findings is followed by a section containing an analysis of those findings.

The supports, obstacles, and motivations have been grouped according to themes that arose within them. Each theme consists of several different but related ideas. To give a general impression of the frequency with which each idea was mentioned and how widespread it was, the frequency of ideas mentioned is shown in a table at the beginning of each section. Although they give an indication

[7] The following shorthand is used throughout the remainder of this thesis: Practitioners are referred to with a P, and an assigned number from 1 to 22, as in P18 in this quotation. Experts are referred to similarly, with an E, and an assigned number from 1 to 8. (As explained in Chapter Two, three practitioners were transferred to the "expert" category – these were P2, P11, and P23. Other practitioners have retained their original numbering).

of the importance of the ideas among participants, the numbers in these tables have not alone been used to determine the importance of ideas. Rather, they are used to give a general impression, as one of several factors. A high number of mentions for an idea could mean either that it was widely recognized (e.g. mentioned 10 times in total; once each by 10 different people), or that it was seen as very significant by only one or a few people (e.g. mentioned 10 times in total; but by only two people, each of whom said it 5 times). Thus, the number of different people who mentioned an idea is included in the table as well.

Although there was a lot of overlap between the experts' comments and those of the local practitioners, the businesses familiar to the experts were generally more focused on international fair trade than those of the practitioners. This may explain some of the differences between the ideas that people from the two groups offered. In general, however, the main difference is that experts were encouraged to draw on wider experience; often speaking in general terms, rather than about one business in particular.

Because experts were much fewer in number than practitioners (8, as opposed to 20), and because they were consulted primarily so they could contribute ideas and deeper understanding, not data, numbers are considered even less relevant in the presentation of experts' comments, although they may be interesting when all or many of the few experts have the same comments. Nonetheless, numbers are included for consistency when expert results are summarized in a table and grouped according to themes, as with practitioner responses. Every expert's comments bear weight on the outcome of the study, because they have been used to inform the discussion of ideas.

5.2 Findings – Practitioner Supports

Numerous supports were mentioned in the interviews, with local practitioners naming an average of about twenty supports each. One practitioner said matter-of-factly when I asked about supports for his organization[8], "there's hundreds of factors that support [us]!" (P8) All the supporting factors practitioners mentioned were classified into fifteen major sections, several of which fit together into themes. These supports are presented in Table 5.1 below, grouped by theme.

[8] Although this is a study of local fair trade *business*, the word *organization* has been used throughout the writing as well. In several cases, the entity studied is not solely a business, but rather an organization that has a business as *one of* its activities. Sometimes I interviewed a person responsible for the business alone, and sometimes a person involved in the organization more generally, so sometimes comments were specifically about the business and sometimes they were more general.

Table 5.1 – Supports for Local Fair Trade in Kitchener-Waterloo According to Practitioners

Theme	Support	Total Mentions[9]	Number of People[10]
1. Keeping the cost of business low	Running a low-cost business	9	5
	Volunteers	11	8
	Funding and other donated money	25	13
	In-kind supports	14	12
	Organizational support (more than just funding)	28	14
2. "Their way"	Their own style: ways of operating that have worked	31	12
	Actions they take or have taken	27	12
3. Connections	Personal relationships and trust between producers and consumers	10	8
	Making links within the community	13	10
	Business support groups	5	5
4. People	Staff, Members/Customers, Volunteers, Leaders, Boards of Directors, etc.	55	15
5. Other Supports	Community support and awareness	20	11
	Shared values	12	2
	People like both the product and the mission of the organization	6	6
	Situations that are good for business	10	7

Each of the supports is described below.

5.2.1 Keeping the cost of business low

Keeping the cost of business low was considered a support by almost all the practitioners consulted in this study. There are numerous ways to run a business at lower cost. Some, like selling second-hand items, are accessible to conventional businesses as well; others, like being awarded non-profit status, are not. Below are the main ways that practitioners said their businesses were supported by keeping costs low.

[9] Total number of times an idea was mentioned explicitly as a support
[10] Number of different people who mentioned the idea 1 *or more* times each

Running a low-cost business

Having low costs, and finding ways to lower costs that aren't already low were seen as supports. Several people noted that the nature of their local fair trade business simply means they often have lower costs than a similar, conventional business. Stores that sell only donated merchandise are one example. They have no costs (or very low ones) associated with obtaining their merchandise: "[S]ince it's all donated, and most of the people at the stores are volunteer ...[that helps] to get people cheap stuff" (P19).

Several organizations had non-profit status, which resulted in different taxation and lower costs, and others had charitable status, making it easy to accept donations. Said one practitioner, "It's a charity, and so that also keeps our cost down" (P19). Finally, running a business in which the members or customers have a strong sense of ownership and community can also result in lower costs. One practitioner suggests that there is "something [about] the nature of [this type of business] – people have ownership ... – they don't walk away from the obligations" (P21).

Volunteers

About three quarters of the organizations included involved volunteers, and of these, 11 people mentioned them as supports. One of the ways that volunteers supported local fair trade business was by saving them money. In most cases, core staff responsibilities were paid positions, and volunteers supplemented these. "[I]t's predominantly run by volunteers. It's rarely had paid staff," said one practitioner (P14). "[M]ost of the people at the stores are volunteer" said another (P19). A third says, "[w]e have over 100 volunteers in the shop, so we're not paying" (P20). "We are staffed mainly by volunteers," said one practitioner (P2); "we rely quite a bit on volunteers," said another (P15).

One business was "blessed with people that were willing to donate their time, and that helped keep it going" (P16), and the manager pointed out that the staff's willingness to do unpaid work helped: "we're not really a drain on the business .... we have a bit more staffing than we would normally – for say another young entrepreneur who has to devote their entire time..." (P16). In one case where a major renovation was done, major support was felt to come from all the volunteers "and their families coming and helping with whatever they could – either monetary donations, or the physical labour … – we personally did the work" (P20). This business depended almost entirely on volunteers, filling all key positions with volunteers, and paying only 2 part-time weekend cashiers. In one case, a practitioner explained, "luckily I've been a stay-at-home mum for the last 10 years, so

I've been able to take on tons of volunteer projects" (P7).

Funding and other donated money

Funding was a major source of support for more than half of the businesses included in the study. When asked how one organization made its programs affordable, the practitioner said, "Well, mostly through funding" (P15). One said simply that "getting grants" (P13) was a support. Funding helped one organization to get started: "eventually we started something with a grant" (P8).

Funding for the local fair trade businesses studied came from various foundations, levels of government, and other organizations, including Lutherwood-CODA, the United Way, The Cities of Kitchener and Waterloo, Trillium, Canada Mortgage and Housing Corporation (CMHC), the Kitchener Downtown Business Association (KDBA) Human Resources Development Canada (HRDC), the Mennonite Central Committee (MCC), and private companies and individuals. The Ontario Trillium Foundation supported several organizations - "we got a Trillium Foundation grant," said one (P13); "I'm employed for a year through a grant from the Trillium Foundation," (P15) said another.

One practitioner mentioned that her organization "went to the community for funding" (P20) when they planned a business improvement. Another expressed gratitude to "some tremendously generous donors," (P6) who were private individuals. "We get a lot of donations from people," pointed out another. "We get a lot of donations from people. A lot of the private people have ... given money ... from way back, from when the idea first started," said another (P15). One organization said that they "got a huge grant and [that] sort of brought auxiliary grants to go with it, and [we] got the funding to have an almost full-time person" (P13). Although it was a loan, not a grant, it was interesting to note that after all the banks had refused to offer support, one organization's loan was finally obtained from a credit union (P16).

In-kind supports

These supports were non-cash support, such as donated goods or services. Supports mentioned by practitioners included donated goods for the business itself or for resale, and donated services and labour like renovations. Regular, long-term volunteer work is considered separately from short-term donations of labour or services. One practitioner said, "[w]e do have some companies that … clean stuff out, on a semi-regular basis – and send it to us. Which is wonderful" (P22). In-kind donations sometimes came from outside organizations and individuals, or from those associated with the

organization as staff, as volunteers. For the construction of their store, one practitioner said, "[w]e had people donate their services too … construction, the interior decorator … did this [indicates], and people did the cabinets … and just donated all kinds of stuff" (P6). "[A] lot of people just donate … items," echoed another practitioner (P20).

Organizational support (more than just funding)

Organizational supports that people listed included things like training programs, small business supports, resource-sharing with other groups, help from "parent" or supporting organizations, and mutual support groups.

The most commonly mentioned organizational supports came from partnerships and relationships with other programs (5x by 5 people). For example, the Opportunities 2000 (OP2000) project (an initiative to reduce poverty in Waterloo region), Lutherwood CODA, the Volunteer Action Centre, and a church group had all given support. Companies participating in Opportunities 2000, for example, also offered practical support to one practitioner's organization, by allowing staff to be seconded to work at the organization for a set period, but continuing to pay their salaries. When organizational support was offered, funding or in-kind support was sometimes offered as well, so there is some overlap between organizational supports and funding.

One practitioner showed how a partnership led to funding opportunities: "through our partnership with OP2000 we got our first grant with HRDC … that started the ball rolling, then a lot of private funders and foundations kind of joined on, until we [reached the goal] to do the program" (P6).

Finally, small business support was noted as useful for starting and continuing a business. One practitioner pointed out that there are "lots of supports for small business development in our area that aren't available in other regions" (P5).

5.2.2 "Their way"

Some of the supports people mentioned for their businesses were not outside programs or circumstances, but completely under their control: actions they had chosen to take, and philosophies they espoused. These are presented here. The distinction between style and actions was made like this: "Their own style" meant an ongoing approach or philosophy, like, for example, "we really emphasize networking with other groups, and believe that networking is of high priority", whereas "Actions" meant one-time or ongoing actions that they take, and which help them, like "we network

through a business support group".

Their own style: ways of operating that have worked

Many practitioners described particular ways of approaching their business that they felt had been effective. These ranged from philosophy about how to interact with others, "seeking mutually transformative relationships, (P19)" to ways of running the business: "[D]on't just operate like a charity" (P6). Two approaches people listed as supportive were being flexible and open in structure and thinking, and being determined. One practitioner illustrated how her organization's determination is embodied: "just really being out here slogging (P22)".

Actions they take or have taken[11]

There were so many actions that had helped the businesses included in this study that it was difficult to group them into categories. Some of the decisions and actions taken by practitioners which were seen to help included creating their own business niche, having a storefront, asserting themselves regularly and over the long term so that political opponents recognized them as an important force, providing skills development and lifestyle change information for participants, and fitting in to downtown revitalization plans. There were many more, all different, in accordance with the unique natures of the organizations that carried them out.

Having their own source of income helped one organization because they could use all donations for program work, which donors liked: "the money [from the business the organization runs] supports pretty well all of our overhead, fundraising, and admin costs, so that it … the fundraising we do outside, then issues to [the program work]" (P22). At one business that chose a prime location, the practitioner said "having a storefront makes a big difference" (P16).

5.2.3 Connections

Personal relationships and trust between producers and consumers

The personal connections formed between the people involved in business interactions was seen as a support for several reasons. They were seen as facilitating a positive trade relationship for both parties, the seller receiving positive feedback or suggestions and feeling valued, and the buyer able to

[11] In the case of some of the actions listed as supports, things had just "turned out" a certain way that was later found to be a support. I included these circumstances in "Actions", because, in an active effort to start a local fair trade business, this action could be taken intentionally and might be considered a support.

make requests and see where purchases come from. As one practitioner put it, "there's a real relationship that develops between the vendor and the consumer…. They get to know each other on a personal basis, and there's a real element of trust that develops between them" (P3).

These positive trade relationships were described as making people feel "really good" (P7) about what they are doing. Some producers "get an incredible sort of satisfaction from knowing the people that they're selling it too, getting to meet the families" (P7).

Several practitioners valued personal relationships in a slightly different way, noting that personal connections were the way they began their relationships with customers or clients, so these trust relationships were a necessary prerequisite to their business relationships (P3 and P16).

Making links within the community

Networking and making links with other groups within the community was seen as quite useful by several practitioners. These kinds of links included introducing unrelated groups to the project or program to encourage members to join or become customers, and organizing community events.

Business support groups

Five of the practitioners mentioned membership in business-related peer groups as a support. The advantages of business groups differ depending on the type of group. One practitioner said that the main advantage of the group his business is part of is that "[w]e can carry over customers, …but (for) practical advice on how to run a business – it doesn't quite carry through. But it helps" (P16). Another described the association he's part of as "a helpful resource group," pointing out that [t]here's a lot of co-operation" among businesses of the same type as his (P21). One business was a member of the Chamber of Commerce, as well as another business organization, and the practitioner said, "you know, those are traditional corporate kinds of networks, rather than the social service networks, but we have a lot in common with both of those" (P22). Two other practitioners were from organizations that belong to the same business organization, and both found it useful – 'people get together, share information, have a lending library, etc' (P4). "From the beginning that's been their whole goal," said one, "… to share how to do it with other people" (P7).

5.2.4 People

Staff, Members/Customers, Volunteers, Leaders, Boards of Directors, etc.

Every organization and business is run by people. Nearly all the practitioners spoke about the people who make their organization successful. Depending on the business in question, these people might include staff, members, volunteers, customers, leaders, Boards of Directors, staff of other organizations, or others. Some of the more common groups of people who supported local fair trade businesses are described below.

Staff

Characteristics of staff who were described as supports for the organization included their "social conscience" (P10), and having business experience in that particular area of business. One participant felt she was effective in her work because of having "worked in both the business world, and … in the non-profit" (P22). Another practitioner said that the organization's staff were very committed to its values, and that "if we put out something that was misleading, we'd hear about it from staff, first" (P21). Supportive staff were also described as "people that go the extra mile (P21)".

Members/Customers

Depending on the type of organization, its major constituents could be customers (of stores), members (of co-operatives), or participants (in business promotion programs), and these labels could overlap, with the same people also being staff or volunteers. The customers, members, and participants in the businesses studied here were seen as supports by several practitioners. Simply "having individuals who participate" (P1) was sometimes seen as a support. Some of the personal characteristics of supportive customers were cited as supports, such as "strong, loyal, supportive" (P16), having a "feeling of accountability" (P21), "bringing in a lot from their own cultures" (P10), and "not [being] resigned" (P7).

Volunteers

Volunteers were of vital importance to many of the businesses and organizations included in the study, filling many different roles. Comments about volunteers were presented in section 5.2.1.2.

Leaders

Six people mentioned as supports strong leaders, or even "visionaries" (P6, P9), either from within

the organization or from outside, who inspired or guided the business. One leader was cited as a support because he "has incredible faith, and was able to dream big … his enthusiasm was so infectious (P6)". Another was described as "a mover and a shaker," (P13) who was really committed, and galvanized others into action.

Board of Directors

Five practitioners mentioned the support of a good Board of Directors. Useful characteristics included committed, well-connected, capable, well-constructed, from relevant areas, and from all walks of life.

5.2.5 Other Supports

Other supports that practitioners mentioned that did not fit into any themes are included here.

Community Support

Seeing that the community likes their projects, feeling appreciated, and feeling that people are enthusiastic about the project were all listed as supports. This kind of support improves morale for staff and volunteers at an organization, and affirms that what they are doing is right. This category is distinct from "Making links with the community," because that category emphasizes actively creating and seeking links, whereas this one has more to do with the sense of support felt as a result of such links.

Shared values

Practitioners felt strongly that working and collaborating with people who have similar social goals and share similar ideals for business and society offered many supports. For example, mention was made several times of the willingness of organic farmers to share knowledge and expertise with each other, through the Ecological Farmers Association of Ontario, who were described as "very, very open to sharing … because… it's [a]values-driven [activity] (P7)". In another case, one organization that was created to serve the needs of a faith-based community found that the church leadership was very supportive of the organization because it saw the organization as a way of "bonding that faith community. Or rallying them around … a joint effort. A community effort (P21)".

People like both the product and the mission of the organization

Five people said that their business was supported by the fact that customers (or members) have two

distinct reasons to do business with them: the quality of the product or service, *and* a mission or value set that they want to support. Summing up the way a local fair trade business can fulfill many value-based expectations and still function effectively as a business, one person described her organization's business as "a concept that works all the way round" (P22).

Situations that are good for business

Five participants noted that they were "not too worried about competition" (P19), a situation that helped their businesses. A few also noted that their good location helped bring in customers.

5.3 Findings – Expert Supports

Expert informants offered many ideas about supports for local fair trade. Their experiences in fair trade, business, social enterprise, social activism, and other areas informed their responses. All supports mentioned are included here, whether they were related to those people's experiences or to their ideas about local fair trade in general. Table 5.2 shows the support experts mentioned.

5.3.1 Keeping costs low

1. Funding

One fair trade expert mentioned outside funding as a support: "we've received small amounts of CIDA funding over the years, and it was mainly to support our operations" (E1) and noted that the organization relied on that funding less and less. Another had received funding from the organization that had helped start the store she worked at: "Initially, they did provide some funding for us" (E6). The store had since decided to "be a self-sustaining business," however (E6). Another fair trade expert noted that when his organization needed funding to start up, the only lender who would agree to support them "was the co-op system - the credit union, and they're not typically interested in commercial lending, so we were very lucky" (E5).

2. Volunteers

One expert's store was "staffed mainly by volunteers," and the expert noted, "we're very grateful for the time that they share with us. It makes it possible to do what we do" (E6).

5.3.2 Connection between producer and consumer

Three experts with experience in international fair trade emphasized the value of consumers hearing, first-hand, the stories of those who benefit from fair trade. "[T]he most interesting thing that works

Table 5.2: Supports for Fair Trade or Local Fair Trade, According to Experts

Theme	Support	Total mentions[12]	Number of People[13]
1. Keeping costs low	Funding (including a loan)	3	3
	Volunteers	1	1
2. Connection between producer and consumer	Connection between producer and consumer	4	3
3. Nature of the Region of Waterloo	Community characteristics	7	2
	Mennonite influence	4	3
	Healthy Communities Model (Compass Kitchener)	5	1
4. Focus on business	Making good business decisions	6	3
5. People want fair businesses	Desire for fair trade	3	2
	Concerns over accountability of corporations	2	2
6. Scale of action	Taking a multi-level approach	4	2
	Local scale	1	1
7. Other Supports	Overlap with other activist issues	1	1
	Demonstrations of success of fair trade	3	1
	Public support	1	1
	Certification	1	1
	It's fun	1	1
	Helpful circumstances	3	1
	Selling essential products not just luxuries	1	1
	Not being publicly traded (self-determination)	1	1

for me … is having farmers talk about it," says one, adding that "when they talk to people, and they actually say – 'well, this is what's happening, this is how my life has changed, or this is how it *can* change, as a result of fair trade', then it's that personal contact" (E2). Another expert echoes this:

[12] Total number of times an idea was mentioned explicitly as a support
[13] Number of different people who mentioned the idea (1 or more times each)

"[O]ne thing that was a tremendous boost for us too was to have visits from farmers, and go on speaking tours, and do interviews with the media - that was just magical …actually having coffee farmers come and speak for themselves. Say what a difference fair trade has made in their lives" (E5). Another felt that "it's really empowering to hear the stories of what people struggle with and how [we] have been able to make a difference in their lives," adding later, "we find that when we share [the producers'] stories with our customers, they become very loyal customers, and committed to us" (E6).

5.3.3 Nature of the Region of Waterloo

Community characteristics, Mennonite influence, Healthy communities model, Compass Kitchener

Experts from the Kitchener-Waterloo area all mentioned supports that are specific to K-W. "Kitchener-Waterloo folks are innovative – they're some of the best thinkers and doers around social innovation," claimed one expert (E8). All three local experts mentioned the region's Mennonite population as a support. Says one expert, there is "an immediate constituency of all the Menno churches, and there's lots of them here" (P8). Another adds, "[t]he more modern, progressive Mennonite philosophies certainly are very much part of this community … they're very much part of its social infrastructure," (E7). One expert said that Kitchener's Visioning project, Compass Kitchener, was a very useful guide in City and business decisions for Kitchener's downtown. That guide was based on "the Healthy Communities model" (E7), and was seen by that expert as a support for possible local fair trade development in Kitchener-Waterloo.

5.3.4 Focus on Business

1. Making good business decisions

It was decided at one business that in order to survive, it "has to be a self-sustaining business", and "business savvy," (E6) even though it is "mission-driven". One expert whose fair trade business had always had a for-profit structure was adamant that fair trade businesses needed to be *successful businesses first*, pointing out that

> There's always going to be a segment of the population who will want to learn more about you, want to really support fair trade for fair trade's sake, but frankly, that's maybe 10% of the population or less, and for the other amounts of the population, it's: are you close to where they work? Are you close to where they live? Can I get it in a medium? (E4)

The supports for this expert's business were as follows: "[W]e had to choose good locations, we had to train our staff well, we had to make sure the product quality is there and the consistency is there. We have to focus on the service that our customers receive" (E4). She added, "you need to be able to give consumers what they want – you need to make it really easy for them to support you" (E4). Another expert echoes this emphasis on doing business well:

> You can't lose money and do good things here in terms of business, or you'll just be going backwards instead of forwards ... So I don't think there's anything wrong with for-profit business. I think indeed that's probably the only model that's really going to grow fair trade (E5).

5.3.5 People want fair businesses

1. Desire for fair trade

Several experts felt that people wanted to do fair trade. Said one, "there is this kind of deep, societal desire to buy local; to feel like you're connected to the producer" (E8). This expert pointed out also that some people are willing to put up with inferior quality products if they believe social good is achieved by buying them. Another expert pointed to students as a group who, "even though there's not huge economic force behind them, ...are the ones who will come and spend their money here for the moral reasons" (E6).

2. Concerns over accountability of corporations

Two experts perceived unprecedented receptivity among the public to ideas of fair trade because of a developing awareness of problems with conventional business and corporations. As one said,

> Enron is going to destroy the system. Those giant corporate bungles. ... So the capitalists are tearing their own system apart. I mean, middle class is cynical about the capitalists... The impact that the capitalists are having on themselves is so beautiful now – they're just doing themselves in, they're shooting themselves in the foot, and it's becoming clearer and clearer that – how they operate is not sustainable or rational, ethical, all those other things (E2).

Another expert also sees the present as a good time to promote fair trade ideas:

> I think that we have an opportunity now, in Canada, to engage the government in a dialogue on things like fair trade. Because of public concerns over globalization. Because of public concern over the WTO. Because of public concerns over the accountability of corporations, I think that this is a time when, you know, it's a good

> time to raise these issues with the government, and perhaps attempt to garner support within the government, and in an explicit policy for fair trade as a model (E1).

5.3.6 Scale of action

1. Taking a multi-level approach

Several experts saw a need for tackling the problem of unfair trade on many different levels. One suggested the involvement of industry players, consumers, and governments in the North and the South. Summing up, she said, "indeed I think that, in complement to fair trade, which is a voluntary consumer movement, you need to address these questions in a broader way (E1). Another expert added:

> It can't be quietist, it can't be a drop-out thing, it can't be some stereotype commune where we're living some pristine fair trade lives, and it's a kind of isolated island in an otherwise awful sea... Yes, we need o create those islands and outposts and multiply them, and bring them together, but we need to be fighting political battles as well (E3).

This expert added that those who wish to advance fair trade must work at "multiple geographic and human levels ... from local to global ... and everything in between" (E3). Building sustainable local economies is crucial, and must be done, but "we also need to be active citizens and to try to both fight further globalization of markets and trade and all the rest of the IMF, World Bank, WTO agenda, and to try at *those* political levels" (E3).

2. Local scale

Another expert felt that, at least from an advertising and marketing perspective, fair trade and local fair trade should be promoted at a small, local scale, pointing out that "for example, in [my town], it's much more effective for me to get in the local newspaper, and to get stuff on [the local television station] than it is for me to be on CBC, or in the Globe and Mail"(E2).

5.3.7 Others

There were many other supports listed by experts, and these are combined in the section below.

"The public support is key," said one expert, adding also that when fair trade is successful, this shows people "that fair trade is a commercially viable thing, and it shows that consumers can rise to the occasion when they have opportunities to buy products that do guarantee fair wages, or better prices to consumers" (E1). Another pointed out the importance of demonstrating the appeal of fair trade and other movements for change: "[I]f those of us who feel strongly that another world is possible ... can't show that it's fun – and exciting – and liberating, then ... we're not going to make much progress" (E3).

Certification of fair trade products was seen an as essential support by one expert, who described it as the only guarantee consumers have that a product is really fair trade, and that the northern organization is also practicing fair trade, "with [an] arm's-length organization that monitors our activities" (E2). One added that having fair trade products that filled basic needs – and were not just luxuries – was desirable, "because yeah, there's a lot of us who don't want to put more decorative pieces into our homes" (E6).

Helpful circumstances were seen as supports. For example, for one expert's business, significant competition between competing supermarket chains meant that both were "very responsive" to customer requests, and so both began to stock fair trade products (E5). For the same company, the lack of other fair trade sellers in the area meant they received attention from both media and customers. One expert commented on the value of not having shareholders to provide returns to: "We're not a publicly traded company that has to see 20% year to year growth – or try to keep an inflated price earnings" (E4).

5.4 Analysis – Supports

Many of the ideas that were brought up by practitioners were also mentioned by experts, and vice versa. The chart below shows the issues that arose from the findings from both practitioners and experts:

Table 5.3 – Summary: Supports Mentioned by Both Practitioners and Experts

Funding
Volunteers
Connections between producer and consumer
Community (and public) awareness and support
Focus on business matters

Comments about these supports are found below, followed by comments on other points of interest.

5.4.1 Supports Mentioned by Both Practitioners and Experts

Funding and volunteers

Both groups noted support from keeping business costs low, in particular by having volunteers and getting funding. Whereas funding was of major importance to the practitioners, however, it was mentioned just briefly by one of the experts, likely because the experts were part of more established businesses on the whole.

The local practitioners placed a lot of emphasis on the value of organizational (in-kind) and financial supports for their businesses, whereas most experts did not. This may be because five of the experts (of eight) were involved in well-established straightforward businesses, while many of the local practitioners' businesses had more complicated organizational structures; some associated with charities; some existing as part of other organizations; some focused on *promoting* business. It may be the case that the local businesses are at a different stage of development from those of the experts.

As noted above, not all of the organizations that had volunteers mentioned the volunteers as a support. This might indicate that volunteers are not a support in every organization, but it may instead indicate merely that they didn't come to mind during the interview or were so much taken for granted as part of the structure of the organization that they were overlooked for mention. It is worthy of note that no informant mentioned volunteers as an obstacle who did not also mention them as a support.

Connections between producer and consumer

In both groups people noted the value of a connection between producers and consumers. Some experts (all of whom worked in international fair trade) found that the connection was valuable for people's understanding; as one expert put it, learning first-hand from producers "what a difference fair trade has made in their lives" (E5) made consumers more committed. With local practitioners, in contrast, the connection was mostly seen as useful because it created a trusting trade relationship, and was rewarding for producers, who otherwise might not see the final destination of their hard work.

Although the organizations and business included in this study were doing local fair trade, little they said about making connections seemed like something that wouldn't be equally helpful to a conventional business. The major difference is that local fair trade business is more likely, because of its local nature, to initiate a lot of connections in the first place.

Community (and public) awareness and support

It was interesting that some experts, though none of the practitioners, noted concerns over the accountability of corporations, and "people desiring fair trade" as supports. The experts placed value on public opinion and awareness. Perhaps the local businesses are too focused on one particular business, and too familiar with their regular customers to know how they found those customers. One expert felt that the Enron scandal and similar events provide support for fair trade and other alternative approaches to business, by making people skeptical of corporate capitalism (E2). Practitioners mentioned a feeling of success and being valued that came from a sense that the community as a whole supported them.

Focus on business matters

Circumstances that are good for business were mentioned by both practitioners and experts. Practitioners made reference to ways of running a business well throughout their interviews, addressing issues like business efficiencies (e.g. keeping costs low), having staff with business experience, and joining business associations. Experts focused more on the question of how to run a "self-sustaining business" (E6) while trying to achieve social goals. Expert comments covered marketing and ways of taking advantage of "mainstream" business knowledge and customers.

5.4.2 Other points of interest

Action on multiple levels

Experts talked about the value of promoting fair trade (or local fair trade) on many levels. Practitioners generally focused on the supports for one business in one place, whereas experts referred to their experience with marketing to a broader public or consumer base. Among practitioners, the staff, customers, volunteers, and other people involved with the business or organization were mentioned as supports more frequently than anything else, and by more practitioners than any other support. But of all eight experts, only one directly cited the people within an organization as a support, noting that volunteers helped, and that good staff could sell more (E6). Instead, experts seemed more concerned with thinking about customer needs, or about public support and awareness – counting on individuals outside, rather than inside the business.

Some experts addressed broad supports for fair trade in general. Some of these supports were

the overlap of fair trade with other issues of interest to activists, the value of demonstrating that fair trade can really work, and the increased effectiveness of a multi-level approach to promoting fair trade. As one expert pointed out, addressing customers, possible producers, and different levels of government all as part of the same movement will be more effective than just targeting one of these groups.

5.5 Findings – Practitioner Obstacles

About half as many comments were made about obstacles to local fair trade as were made about supports for it, with an average of about ten obstacles mentioned by each practitioner. As with the supports, the obstacles people described have been classified here into major sections, several of which fit together into themes. These are presented in Table 5.4.

5.5.1 Undercapitalization

1. Expensive to run the business

High expenses were seen as an obstacle by about one quarter of the local practitioners. One illustrated the many costs the business faces in addition to producing their product: "we have to fix appointments, we have to go to [the place where we sell our product], so there's the transportation, and we need two people's staff salaries, whether [we] sell or not" (P10). In several cases it was the effort to be fair that cost the business more: As one person who sells fair trade coffee says, "we aren't making near as much of a profit margin as they [i.e. competitors who sell regular, cheaper coffee] are". "It's expensive to rent, (P20)" said another about her organization's space. Another said that although her organization expects to become self-sustaining within three or four years, "until then, we're in debt" (P13). At a place that provides training and work to people who have been out of the work force a long time, one practitioner lamented that they had had to manage their higher costs by reducing the "fair" part of their business – they had stopped selling fair trade coffee, because it was "too many hits against the business to have poor service and do fair trade coffee" (P6).

Table 5.4 – Obstacles to Local Fair Trade in Kitchener-Waterloo According to Practitioners

Theme	Obstacles	Total mentions[14]	Number of People[15]
1.Undercapitalization	Expensive to run the business	10	5
	Need for funding and donations	17	8
	Other problems related to undercapitalization	15	8
2. Tensions between business and social goals	Business problems caused by social goals	17	5
	Pressure to grow vs. challenges of growth (e.g. hard to maintain values)	12	4
	Being outside the mainstream	15	8
3. Problems related to running the business	Regular business constraints	15	12
	Business errors they have made	11	5
4. Lack of widespread support and understanding	Not fitting in to standard ways of doing business	5	4
	Lack of understanding or awareness of issues	20	5
	Lack of support – or outright opposition	13	5
5. Other obstacles	Leadership and participation	14	8
	Location	5	5

2. Need for funding and donations

Put simply by one practitioner, "it's tricky to … get the grants and the money that you need" (P18). Others expressed how seriously they needed the funding: "Your biggest obstacle is if you don't get a grant," said one, adding that "the other obstacle is [that] they won't give you the whole amount" (P15). "So the grant is ending," said another, "… can we break even? … But it is difficult to break even. Think of the expenses…" (P10). Others said, "[w]e still have to fund-raise on top of [the business] because it doesn't bring in enough money" (P6); and "the funding is a huge [obstacle] … the whole finding funding" (P9).

One practitioner from a business that sells donated goods pointed out that depending on

[14] Total number of times an idea was mentioned explicitly as an obstacle
[15] Number of different people who mentioned the idea (1 or more times each)

donations is not necessarily an obstacle, but it does create dependence: "[T]he challenge is always getting good material for the store. We can sell what we get, but we're reliant on donations" (P22). The somewhat desperate financial situation some organizations face was illustrated by one practitioner who was trying to restructure the organization she worked for so that it could sustain itself better: "I've got to hurry up, because my – I'm only here for a year, unless we get more funding" (P15). At the same time, she says, "you know, I haven't got time to do [the work that needs to be done] - I'm busy trying to get funding!" (P15). Says another, " as a business we are now in an obstacle in that we just don't have funds to support the process, and we have to look for them [in donations]" (P10).

3. Other problems related to undercapitalization

Participants mentioned various consequences of a lack of resources in their business. One said, "it's understaffed. There's far too much to do …– we rely quite a bit on volunteers," adding that the lack of continuity was a tremendous obstacle (P15). Another said that people leave for better-paying jobs because the organization doesn't pay very well (P13), and another said that the organization has never been able to get anyone to attend to the "nitpicky" details of their business project because there's no money to pay someone to do this (P12). Because of lack of funds to pay people for important positions, "we don't have a volunteer manager," said one practitioner whose organization uses volunteers (P9). In farming, "people doing organic farming [can] become strained for resources without any kind of government support" (P7), and in one business that required cooking facilities, having to borrow other people's facilities instead of having their own was seen to have "a whole lot of associated problems" (P5). As one practitioner pointed out, "most grassroots, non-profits don't pay well – no benefits, no RRSPs – I'm not sure what Ill do when I get old" (P9).

5.5.2 Tensions between Business and Social Goals

1. Business problems caused by social goals

Those organizations that were registered charities had some difficulty balancing this status with their businesses. As one practitioner said, "charitable status means - is supposed to mean - you can't appear to be commercial in any way. But at the same time you need to make money to sustain yourself" (P15). Another said that the business combined with the charitable status caused "a bit of an issue with Revenue Canada – they have some issues with charities carrying on business. You can carry on

business as a non-profit, but as a registered charity, the restrictions are tight" (P22).

Because the organization hired people who needed work experience and skills, one practitioner said, "one of the things that is a knock against our business is our service – Our service isn't as fast. … And we have change-over in staff – every 6 months, people move on. So that's always going to be a problem for us" (P6). This is seen as "part of the reason we're not a sustainable as quickly as we'd like to be" (P6). In the same organization, it was found that it is "too many hits against the business to have poor service and do fair trade coffee"(P6), so fair trade coffee wasn't sold. When trying to manage the business side of things, "you got to be really careful you don't lose sight of your long term [social] goal," said one practitioner (P14). Within another business, some people "would like [to charge] higher prices, and the reasoning is so that we could make more money for [the organization]" (P19). This approach has created tension in the organization as some people feel that low prices serve an important social goal in the community. One organization had difficulty balancing the cost-efficient running of the business with making sure staff were paid well: "Any adult education we run, we have to pay the teacher – and we want to pay the teacher good money" (P15).

2. Pressure to grow vs. challenges of growth (e.g. hard to maintain values)

One practitioner explained the situation in the organization: "There are pressures on us to become more mainstream – people want us to be all things to all people" (P21). He re-iterated, "as we become larger, there's pressure on us to become more mainstream, and we have to put more effort into reminding people of our objectives" (P21). Another was concerned about the original values of the local fair trade business being lost: "[A]s you get bigger, and you centralize, you deal with fewer players and bigger players, you really have a challenge to keep your value base, to keep all those good things happening" (P7). In trying to expand its stock to meet the needs of a more diverse clientele, one store intentionally stocks items that people are likely want, despite these items not matching its mission. "[T]hat is somewhat controversial," said the interviewee, "... you pretty much have to deal with a large corporation when you get [that kind of] stuff" (P14). The staff member at one organization said it would have to grow considerably to become profitable as a business (P13), but that it values its present small size.

3. Being outside the mainstream

People felt that their organizations suffered in various ways because they were not part of the mainstream. In farming, for instance, regulations and support were seen to favour conventional (i.e.

non-organic) farmers over small-scale and organic farmers (P4). One practitioner whose organization depended on donations said, "[s]ome companies won't [make donations] because you're not part of the [mainstream] organization"(P9).

According to one practitioner, co-ops are not supported enough, either by consumers or by people who could start them instead of regular businesses, because "in our culture, which is basically a competitive economic environment, … the co-op principles are not really part of the mainstream thought," (P17) that is, people sometimes don't even know about co-ops, so they don't start them. One organization found that rather than taking an interest in its locally produced products, many people "want to buy from the Gap, ... recognizable with brand names and stuff like that" (P1). According to the staff person, "some of the things that people want, those businesses, or those individuals will never come in, because those people can't get what they want"(P1).

Despite the conflict that organizations anticipate over maintaining their values if they "go mainstream", they acknowledge that this is sometimes necessary. One business requires an economy of scale to be able to break even, and says a for-profit version of the same project could come along and take over if it chose (P17). Another requires collective buy-in to get credibility, and until then, people won't join, so the organization is too small to be really effective (P1). Finally, one person notes that scale can be a problem: "It's the scale. Co-ops are usually smaller scale – particularly when they start" (P17), and this means that getting services and products can be expensive and difficult.

5.5.3 Problems related to running the business

1. Regular business constraints

Regular business constraints were mentioned as obstacles by over half of the practitioners. For example, for one organization, "right now it's the interest rates" (P21), and for another, "rental is expensive" (P20). At one organization, a past business endeavour had "crashed with the market, 'cause the market crashed" (P8), showing one way that dependence on the broader economy can be an obstacle. Making the best choice about "[h]ow to get the word to the right people for the right cost" (P18) was challenging for another. Also related to cost, one practitioner said of co-ops, "like any small business, you can easily be under-capitalized" (P17), and asked rhetorically, "where do you get the capital?" (P17). Another practitioner cited "difficulties with managing finances, or surpluses, deficits and so on" (P14) as an obstacle. One business had to pay a large "deposit on our hydro bill before we even had our hydro… So, for us to pay [the previous tenant's average] hydro bill didn't make much sense, but we couldn't do anything about it" (P16).

Some businesses take a lot of time: “It’s tricky for farmers to work 7 days a week and then get to the markets as well though to sell their food” (P18), said one practitioner. Another mentioned that it took time to build a customer base (P4). It can take time to build the business, too, as one practitioner pointed out: “the first year was just getting things started” (P10). Another added, “we underestimated the significant staff time it took to work with the participants” (P6).

Competition, or concern about it, was also seen as an obstacle. One practitioner, when asked about obstacles, immediately named “competitive pressures ... the competitors are offering – I suppose one could say – gimmicks” (P21). Another felt that a for-profit version of the business would be a serious competitor for the non-profit where she worked if one were to start up in the area (P17). Another pointed out that her organization’s advertising budget compared unfavourably to those of the competitors: “[T]hey do a lot of advertising.” (P3). In farming, it was also noted that organic farms don’t receive as much financial support as non-organic farms do (P4) and that, in contrast to that done for non-organic farming, “there’s almost no research that’s ever been done, on organic farming methods” (P7).

2. Business errors they have made

Sometimes plans had been made that did not work: “The plan was to use that [building], but it wasn’t really – wasn’t ideal, wasn’t big enough (P15). Regarding their lack of business expertise in an earlier business endeavour, one person said of the organization, “we weren’t sophisticated enough” (P8). The practitioner from an organization that was no longer in existence pointed out various obstacles: “There were so many challenges that this project faced. [I’m] not sure that all were considered when proposal was launched”; there are “[n]ot a lot of loans or bank support for [this kind of] business – there’s fast turnover in that industry, it’s very competitive” (P5). “Eighteen months is a really, really short time to launch a project like this,” she said, “and a short time to start a business” (P5).

5.5.4 Lack of widespread support and understanding

1. Not fitting in to standard ways of doing business

One business found that it was hard to borrow money from the bank, “because we are a non-profit co-operative, with no assets” (P13). This organization also found it difficult to get insurance coverage, as their business structure was unfamiliar to most insurance companies. Another organization, which was different from its “peer” organizations in order to try to be more socially just, found that because

of its difference it was no longer allowed to be part of their joint organization: "[W]e're very unpopular in [those]circles" (P9). It was also unable to receive donations through that organization: "Some companies won't [donate to you] because you're not part of the ... organization" (P9). These ideas were echoed by one of the "expert informants", who felt that "standard operating procedures" were one of the biggest obstacles to local fair trade (E3).

2. Lack of understanding or awareness of issues

As one practitioner says, "in our culture, which is basically a competitive economic environment, …the co-op principles are not really part of the mainstream thought" (P17). Trade issues are also seen as poorly understood: "[C]ertainly one of the things that makes it challenging is working with … a lot of people that are so disconnected from trade issues that they – don't know where the food comes from" (P7). Also, the idea of doing business co-operatively is "not likely to stare you in the face, if you're walking down the street, or if you want to start a business" (P17). According to another practitioner, "we're working in a society where that concept [self-reliance, use of community tools] is completely submerged. There's no understanding of it whatever" (P8). One group working with a certain population was troubled by "the stereotypes ... with the business people, and the politicians" (P6) as they were beginning. As a society, says one practitioner, "we're so disconnected" (P7). This practitioner lamented that "people are used to really cheap, imported stuff that's coming from an industrial model, they don't necessarily understand the differences between [that and] a local fairly traded different kind of quality product" (P7). This practitioner also pointed out that people have "been raised as consumers … there's an incredible amount of propaganda and stuff – and training that we get as we grow up that shows you how to be a consumer … that makes us unaware completely of fair trade stuff" (P7).

3. Lack of support – or outright opposition

The organic farmers found little support from government research, and "are really clearly right now calling for more government support, especially in terms of research" (P7). Non-organic (conventional) farmers, their organizations, and the nearby University of Guelph (which has a strong agricultural program) have been seen as indifferent or even hostile to organics (P4). Co-ops, one practitioner felt, should be learned about in higher education facilities, but "the Education institutions probably don't talk about in terms of what would be the advantages of starting a co-op" (P17). This practitioner also saw it as an obstacle that the government was "not doing more to encourage people

who want to form businesses to form co-ops" (P17).

In addition to the hostility to organic farming, other opposition to the local fair trade projects was felt by one practitioner, whose organization was described as "unpopular" among its peers (P9). Members of the public also often didn't understand the issues well, constantly speaking pejoratively about "those people"(P9), and this practitioner described it as a "hard thing – always having to defend the work, defend the people, defend the institution ..." (P9). There was also a constant need for work to change "the whole assumption" (P9) people have about that type of organization, because many people make harsh judgments. Said the practitioner, "It's hard enough without having [our peers] against us as well" (P9). Said another practitioner, "there has been some flak, too ...there's the typical thing where they say we bring the people [here] by being here" (P6).

5.5.5 Other Obstacles

1. Leadership and Participation

One practitioner pointed out the dangers of having only one key person who guides or leads the organization; "they're practically irreplaceable. Because it's their visions" (P15). This practitioner added that "another obstacle is the fact that this person's vision may not have the right - total right vision, and if you try to alter it, they're not too happy about it" (P15). Another explained that at first in the organization, the organizers "maybe didn't have the social skills… didn't have the charismatic presence or something – to draw that critical mass," (P1) so it didn't develop as fast as it could have done.

Other obstacles related to the participants in an organization. Asked one practitioner, "how committed are people really to working together? 'Cause I think a number of co-ops maybe haven't succeeded because there wasn't that commitment that people were going to work together according to some common goal". Another had some difficulty getting members: "The other thing – the other challenge – is huge. Now while we have strong representation from different age demographics, I think our concern is – I think it's the 18-34 … we know there's a lot of untapped potential out there" (P21). Two practitioners mentioned obstacles related to volunteers. One found that "not everyone is comfortable doing all of the jobs," and that "a lot of [the volunteers] aren't computer-literate, so it's been a very steep learning curve since we became computerized" (P20). The same organization was having some difficulty recruiting new volunteers (P20). One practitioner addressed the organizational requirements of using volunteers: "[T]he fact that we do it with volunteers brings in another whole element, because you've got a whole volunteer recruitment, planning, organizing, piece" (P22).

2. Location

One practitioner complained that the organization's location had "no visibility"(P15). Another was "housed in a basement, off the main street, no natural light, in a parking garage! It's just not the best kind of atmosphere" (P3). Another referred to the "conditions of space"(P14); that is, the out-of-the-way location. One business had had trouble with "the inadequacy of the building," (P16) and said that "[i]t did take us a lot of work because it wasn't in the best repairs. And there have been a lot of things that … we didn't find out about till afterwards" (P16).

5.6 Findings – Expert Obstacles

There was little overlap among the obstacles mentioned by the experts. Only a few obstacles international or local fair trade were mentioned by more than one expert. These obstacles are grouped into three themes, and are described below. Each theme is discussed without breakdown into the distinct obstacles.

5.6.1 Undercapitalization

"[A] lot of times, they're undercapitalized," (E4) said one expert of organizations working on fair trade, in both the north and the south. "one of the barriers that we're encountering is that pretty much all the organizations that are working in FT are under-resourced. So we're really not ...able to ...compete in the market for people's attention" (E1).

Table 5.5: Major Obstacles to Fair Trade, or Local Fair Trade, According to Experts

Theme	Obstacle	Total Mentions[16]	Number of People[17]
1. Undercapitalization	Undercapitalization	5	4
	More expensive to do business fairly	4	2
2. Problems related to running the business	Lack of business skills	4	3
	Normal business constraints	3	2
3. Lack of Widespread Support and Understanding	Government supports agribusiness and mainstream farming	1	1
	Need consumer demand	1	1
	People not interested	2	2
	Lack of awareness & understanding	3	3
	Problems with credibility	1	1
	Limits of possibility in a capitalist political economy	1	1
	Standard Operating Procedures	2	1
	Consumers not savvy	2	1
4. Other Obstacles	"Power Centres" outside town hurt downtown (mostly small) business	1	1
	Self-righteousness of "granola" crowd	1	1
	People don't shop locally	4	1
	Fair trade alone is not enough	1	1
	Problems with the certification system	1	1
	Low quality products	1	1
	Difficult people need most support	2	1
	Activists busy	1	1
	Lack of connection between people	1	1

[16] Total number of times an idea was mentioned explicitly as an obstacle
[17] Number of different people who mentioned the idea (1 or more times each)

5.6.2 Problems related to running the business

Several experts identified poor business skills as an obstacle for fair trade business. Said one, "I guess the first barrier was just business expertise – none of us had any – and there's an awful lot to learn, and, it's amazing we're still around today, because we could have made mistakes that would have really finished us" (E5). Another pointed to lack of skills at the producer end: "maybe not all fair trade growers are as sophisticated … can you get a consistent high quality product?" One expert gave an example of a failure to make the right business decision: "they tend to focus on their message instead of their product" (E4).

Another expert "identified in both of the enterprises that didn't make it … that they don't understand – that the business model is not well understood" (E8). This person felt that the business model for fair trade is different from a traditional model, adding "community involvement" into the profit calculation. At one business that had survived difficult financial problems, the manager pointed out, "we had to learn more business skills and business practices to sustain ourselves" (E6).

Fair trade business have to be just as successful as non-fair-trade businesses: "[T]here's normal business constraints - that have to do with, well, how well capitalized are we?, and how fast can we grow?, and how do we manage our growth? But those are normal business things. I don't think they're constraints to fair trade," said one expert (E4). Another felt that "what maybe hinders the growth of the store is just the general … economic feel" (E6).

5.6.3 Lack of widespread support and understanding

Whereas several practitioners had felt that there was a lack of understanding of the issues justifying local fair trade, experts, on the other hand, didn't mention a lack of understanding (although a few noted a lack of awareness of the related issues). As one expert bluntly puts it, "I don't know that it's so much that people don't grasp fair trade – I mean how difficult does fair trade need to be?" (E4). She suggests instead that people simply aren't very interested, pointing out that "there are people that survey the hot issues of the day, and you know, frankly, the hot issues of the day, I think international development comes like 14th, on the list of issues that people get excited about" (E4).

Another expert notes that fair trade consumers seem somehow to be too disconnected to stand up for clear definitions of fair trade, making a comparison to consumers of organic food, "where, if a supermarket kind of said you know, 'we carry organic produce', and then once you get into the store they're very vague about what's organic and what's not organic, well consumers wouldn't stand for that. Because organic consumers are just a little too savvy to kind of – to not ask questions. But with

fair trade people don't seem to be at that point, or don't have that level of concern for some reason" (E5). This view of consumers contrasts with that of another expert, who, instead, sees consumers as much more savvy, and likely to respond to the kinds of stores that sell some fair trade and some non-fair trade by questioning the concept of fair trade as a whole and becoming cynical about the credibility of fair trade (E2).

5.7 Analysis – Obstacles

The local practitioners and the experts were remarkably similar when they discussed obstacles to fair trade. Both noted undercapitalization as a major obstacle for fair trade producers businesses (because it costs more to do fair trade than to do conventional business). Both practitioners and experts also cited a lack of support and understanding among consumers and the general public as an obstacle. Table 5.6 shows a summary of the obstacles mentioned by both practitioners and experts.

Table 5.6 – Summary: Obstacles Mentioned by Both Practitioners and Experts

Finance Issues	Expensive to Run the Business
	Not Enough Money
Problems Related to Business Operations	Lack of Business Expertise (and Resulting Business Errors)
	Normal Business Constraints
Lack of Public Support, Awareness, and Understanding	

Both groups of informants noted problems related to running a business, pointing out that regular business constraints affect fair trade businesses too. Although most practitioners and experts talked about trying to run a business well in a conventional way, one expert felt strongly that fair trade businesses should not do their accounting conventionally. This expert pointed out the importance of factoring community support and social good into the profit equation. It was interesting that while many felt that achieving solid business performance was an obstacle, not all were agreed on what "solid business performance" might mean, or on how good accounting should be done.

Some of the people whose businesses were expensive to run knew why – for example, if they were selling fair trade coffee, they realized less profit because fair trade coffee is simply costs more – it is the nature of the product. Others stated that their businesses were expensive to run, leaving open

the possibility that the businesses were not being run well. With the reality of high costs, bad luck or poor management can quickly cause business difficulties.

One expert informant with an international fair trade business had also faced difficulties in business, but had overcome them: "[T]he first barrier was just business expertise – none of us had any, and there's an awful lot to learn … [I]t's amazing we're still around today, because we could have made mistakes that would have really finished us" (E5).

Several people initially cited funding as a support, but more cited the lack of it, or the hassle of obtaining it as an obstacle. Other issues were the lack of funding when it's needed, and the dependence that some organizations develop on funding instead of exploring ways to be self-reliant.

Businesses are normally expected to sustain themselves in order to continue to exist. If these organizations are doing business as their main activity, we might expect them to be able to sustain themselves. One expert, for example, was very determined: "[E]ven though we are a non-profit, and … we're mission-driven, ultimately we are a business as well, and we have to be able to take care of ourselves" (E6). In this organization, they decided, "we had to learn more business skills and business practices to sustain ourselves" (E6).

For some of the organizations considered here, the precarious nature of their funding situation means that it is difficult for them to know how long they will last – existence depends on whether funding is awarded for the upcoming year. Or, as one practitioner pointed out, if the community ...is willing to give something every year to help keep the business running, then perhaps the organization can consider itself sustainable. Instead of people giving by buying products that result in profit, some just give directly to the cause (P6).

Business/Social Tensions: Certain organizations felt the tension between business and social goals more strongly than did others, but the tension between business and social goals is almost omnipresent. Acting on values of environment and social justice often seems to result in having to make choices that are not financially the cheapest ones, in part because in conventional business social and environmental costs are not often incorporated into the cost of products or services. When they are incorporated, those products or services are more expensive than comparable ones which haven't internalized those costs. Unfortunately, achieving social goals doesn't ensure businesses' survival, whereas achieving the business goals usually does.

Pressure to grow vs. challenges of growth (e.g. hard to maintain values): Another place that the

tension between business and social goals was visible was in the management of growth. Many people in local fair trade businesses want their businesses to grow, so they can share their philosophy and promote the values of the organization (like training and employing people who need it, or selling organic vegetables). Once they get to a certain size, however, they have to work on a different level, with bigger, more "mainstream" suppliers, competitors, etc., and are at increasing risk of not staying true to their original values.

As a business gets bigger, sticking to the original values of the organization gets more and more difficult. As one practitioner said, “you deal with the bigger players, then you get into that other economic system” (P7).

Mainstreaming: It is interesting that having a “business-like atmosphere” was seen as important by potential members in one local fair trade group – even though the organization existed specifically to provide an alternative to the conventional business-like interaction! The lesson here is to remember that not everything about conventional business is “bad” – in fact, much about it is good, and is satisfying to people on both sides of the business relationship (P1).

Problems related to Running the Business: It was not surprising that regular business constraints, such as high interest rates, a lack of capital, and competition, caused difficulties for the local fair trade business studied here – these would have caused difficulties for any business. If, on one hand, the constraints took the business by surprise, practitioners generally considered them to be obstacles. If, on the other hand, problems were anticipated form the beginning and planned for, they were more likely to be seen as challenges – events to be taken in stride and managed as a matter of course. It seems that when organizers have more business skills and experience, they are less likely to describe their business setbacks as obstacles.

Lack of Widespread Support and Understanding: Some of the difficulties local fair trade businesses had faced would not have come about had they taken a more traditional approach to business. In one case, obtaining insurance coverage was difficult because most insurance companies simply didn’t have a way to offer insurance for that business structure (P13).

People: Only two practitioners mentioned problems with volunteers. This does not necessarily mean that there are never problems associated with having volunteers; rather, it might be that the benefits

volunteers offer are more important than any problems they cause. One practitioner mentioned a number of obstacles related to volunteers – however, the business was quite successful. If the volunteer issues were the biggest obstacle the practitioner could think of, other things must have generally been going well.

5.8 Findings – Practitioner Motivations

The fact that some people want to do local fair trade is an important support for local fair trade. If nobody wants to work at or buy from a business doing local fair trade, it has no chance of success. Thus, it was important to investigate what made people want to do local fair trade. The answers to the main research question on motivations, "what motivates you to do this kind of work," are presented in this section. A summary is presented in Table 5.7. There are many categories of motivations, and not all are sorted into themes. Motivations are presented here by theme, if there is one, or individually when they don't fit into themes.

5.8.1 Practical Motivations

1. The job is good for reasons unrelated to local fair trade

When asked about their motivations for doing the work, a few people mentioned that they really enjoyed having jobs that were "challenging with a variety of tasks," (P13) or "interesting" (P1). One enjoyed feeling "effective and useful," (P1) and the other said, "this particular job is a good fit for me as I support the aims of the [organization] and am able to exercise most of the required skills for the position" (P13). This practitioner also appreciated being able to "work part time to be able to spend more time with my daughter while she is still little" (P13).

2. Doing things this way makes good economic and business sense

Others were motivated to do business the way they did simply because it made good economic and business sense to them. Said one practitioner, "because we're non-government, we have no stable funding, so this [i.e. the business they run] provides us some stability" (P9). One pointed out that there were economic reasons to do organic farming, although this was a recent development (P4). One described their business's local buying policy as "due to necessity in some cases, due to the fact the market's downtown and it's so easy to get our products in there as opposed to us, not having transportation, going to buy it elsewhere, or having it delivered and paying a much larger charge for it" (P16). Another pointed out that a local market for farmers was desirable because "they'll get better

prices for their food than selling to some big conglomerate" (P17).

Table 5.7 – Motivations for Doing Local Fair Trade in Kitchener-Waterloo, According to Practitioners

Theme	Motivation	Total mentions[18]	Number of People[19]
1. Practical motivations	The job is good for reasons unrelated to local fair trade	4	2
	Doing things this way makes good economic and business sense	6	5
2. Local development	To be a positive part of the Kitchener downtown	4	4
	To promote "the local" (local business and jobs)	8	5
	To promote or increase self-reliance and economic independence	4	3
3. Community	Community development and sense of community	14	7
	To create and develop connections and relationships between people	16	8
	To practice mutual support or mutual aid	7	4
	Environmental concerns	9	6
	Health concerns (own and others')	6	4
	Fairness and social justice	9	4
	To act in accordance with faith	12	7
	To share values and beliefs with those you work with	5	4
	Human development	9	6
	Value non-conventional ways of approaching economics and doing business	9	4
	Want to live simply	3	2
	Economic security	18	10
	Personal values	17	6
	To raise money for charity	3	3
	Other motivations	18	11

5.8.2 Local Development

1. Kitchener Downtown Development

A few practitioners specifically mentioned goals of improving Kitchener's downtown. One wanted to be "a positive part of the Kitchener downtown", adding that the organization "has roots in" downtown development (P1). Another said, "[t]hat's another one of our goals: ...to be a positive part of what's happening downtown" (P6). Another said, "I think first and foremost we're here to serve the people

[18] Total number of times an idea was mentioned explicitly as a motivation
[19] Number of different people who mentioned the idea (1 or more times each)

of the city of Kitchener. … [W]e're here to serve the population" (P3).

2. To promote "the local" (local business and jobs)

Others wanted to promote "the local" more generally. "[You] support a lot more people that way, when you're supporting local jobs, said one practitioner (P17). One practitioner said the idea behind her work is "not looking at development that's bringing in big outside corporations, but growing local-based stuff that's using local skills, local resources; where the money's recycled into the local economy" (P7). "[T]he primary – the original goal was economic development - local economic development," (P7) this practitioner added. One organization was described as "...about encouraging people who have …talent to stick at that and become professional," (P15) as a way to make it possible for those people to make a living while staying in Kitchener.

"[W]e have always attempted to go organic, go local, so a lot of our product comes from local farmers," said the manager of one business (P16). Another wanted to be "helping local farmers, local production" (P7). A third said his organization aims to "increase the economic activity on a local level" (P1).

3. To promote or increase self-reliance and economic independence

A few people also mentioned a desire to promote economic independence. If "we can increase the economic activity on a local level, we're more resilient and better able to provide jobs, or …work," pointed out one practitioner (P1). Another described different types of co-operatives as examples of "people getting together who didn't want to be at the mercy of the banks [or] …at the mercy of some large business" (P18). According to another practitioner, people "...don't want to see themselves working in a situation where they have no control over what they do" (P14). "[R]educing your reliance on outside" (P1) was also seen as a motivation for this kind of work.

5.8.3 Community

1. Community Development

Wanting to see the community develop motivated about a third of the organizations or practitioners. "You can see people grow," said one practitioner. "The benefits to individuals and community are measurable" (P18). One practitioner explained that "...in the past, we did business with our neighbours, and trusted them not to cheat us." His organization is "...partly about rebuilding that sense of community, which, while not geographic, still sets bounds, and gives a group to work

within" (P1). This practitioner felt that his organization "...increases sense of place and sense of community", and "increases the capacity of the community" (P1). Another practitioner says her organization mixes "the community development part" with other parts of their philosophy (P6).

One practitioner felt that people were motivated to form his organization because "they don't like dealing with companies that engage in activities which they find reprehensible in a community sense, in terms of community values" (P14). "Most people … seek community. It sustains them", said another (P1). One practitioner felt motivated by knowing that her business is, "active in local social concerns" (P19). Another said her organization exists "to provide, not only a place for that economic activity to happen … but we're also here to serve sort of a social purpose as well … That's one of the attractions … It is a social event as well as an economic event" (P3).

A few also mentioned the sense of community as a motivator. One said that in addition to liking the values where she works, 'it's also a mini-community there, which is nice' (P19). Another said "I work for great people – that is probably my primary motivation, the social contact" (P13). One felt the business was "a gathering place" (P3).

2. To create and develop connections and relationships between people

Many supports were listed by practitioners – more supports than obstacles and motivations panting to create and develop connections between people motivated almost half of the practitioners. Said one, "one thing we try to do is break down walls, where people who don't normally get together DO get together" (P19). "[Y]ou're stetting up social links between people who wouldn't normally meet," (P17) said another. With a different model, points out one practitioner, "you'd not ever meet people on that level. … This model - gets to know people on a different level … You get involved in people's lives" (P9).

One practitioner pointed out that "trades are relationships". One practitioner says it's important to be "[u]nderstanding and building relationships where people are real" (P8), and another wants "a friendly and open relationship with our customers recognizing our mutual dependence" (P4). One business mentioned earlier is trying to provide "a gathering place" (P3), and one practitioner enjoys his work because it's "something that brings people together," pointing out that '[t]here's something about being connected to the person who does service X for you' (P1).

Some people talked about the value of making direct connections between producers and consumers. One says that farmers "want to have the story sold with the food - who they are, what they're doing, how they're growing the food, how they're nurturing the food, why their food is better

than other food, that sort of thing.. (P17). The organization also "makes it easier for farmers to get known locally" (P17). One person states that the organization makes "a direct connection between the farmers and the consumers" (P7). Another practitioner feels positive about "that level of personal service, trust, and communication between the two. And it's an immediate exchange. Compared to … how removed … they are in the rest of the retail world" (P3). Another noted the value of positive relationships. 'If you don't start from a position of trust, people assume that you'll rip them off in everything,' he said. This motivated him to be part of his organization, '[a]s a way to be part of a networked group … with a higher degree of trust (P1).

3. To practice mutual support or mutual aid

One practitioner felt motivated by the spirit of "compassion – people helping people, or mutual aid. Charitable support" (P21). Another said the organization existed to "provide a form of mutual support for people that would otherwise depend on, either having a lot of money, or … on social services," adding that "a co-op system is really based on the idea of mutual aid – mutual support" (P14). In another business they had decided that "[w]e want mutually supportive relationships with our neighbours…" (P4). One practitioner pointed out that buying what people produce is a "way of valuing the work that they've done … but at the same time, you're building a relationship between yourself and them" (P1).

5.8.4 Environmental concerns

Some practitioners felt motivated by the environmental achievements of the businesses they were involved with. For example, one mentioned that the business "has environmental goals" (P22), and another explained, more specifically, "[w]e want the environment around us to be free of pollutants and aesthetically pleasing with diverse habitats and living creatures" (P4). This practitioner also valued the land being "managed in a sustainable fashion" (P4). Said one person, "if you get people more supporting the local, there's generally more people committed to the healthy living of the local environment" (P17).

One practitioner was "proud of the 'green' nature of the co-op and the fact that it is grassroots and non-profit" (P13). Another pointed out that the business "gives people a place to donate stuff that they … might throw it away. So it's a place to re-use and we do some recycling too (P19). One person said that 'environment, ecology, energy, and long-term sustainability' (P4) were among the concerns that motivated him to grow organically. Another felt that people wanted to avoid "poor

ecological practices – overuse of energy, or resources - or waste ...” (P14).

5.8.5 Health concerns (own and others')

Some people were motivated to do business this way by concerns about personal health – both their own and that of others. One valued “a more holistic approach to healthy living” (P17). Another wanted to manage the health concerns of clients, another simply didn't want to handle the chemicals required by conventional farming (P4). One group's “...mandate is to provide food that is as healthy as possible” (P14).

5.8.6 For Fairness and Social Justice

One person said, “I'm just interested in fair trade and the concept of it,” (P12) and described the organization she volunteered with as wanting “to be able to blend - spirituality …with concepts of our responsibility to social justice” (P12). One practitioner's value statement said “[w]e want to help create a more economically and socially just world (we value justice in our personal lives and larger society)” (P4). This practitioner also told of a “souring” experience with unfair trade encountered early in his business solidified the business's underlying 'principle/goal of fair exchange' (P4). Another practitioner described the type of business done in his organization as “more honest”, and “provid[ing] fair value,” partly as a result of the relationships between producer and consumer.

5.8.7 Faith

About a third of the people interviewed were motivated by a desire to act in accordance with their faith. (Most were working at organizations that were expressly rooted in faith-based values, although a few were not.) Said one practitioner, “[t]he principles of what we do are based in Christian faith – helping your neighbour, making a difference in your community, taking your faith out of a church and putting it into action” (P22). One practitioner said she had a strong faith and was “living out my faith” (P9), but emphasized the personal nature of the role of faith in the work: “for some of us, it is part of our faith. But for others it is giving back to the community” (P9). Another person felt that her 'liberal Mennonite background,' with its teachings of 'peace, justice, and social concerns,' had helped to form the values that made her believe in the work she was doing (P19). Another felt that a fair price, or fair trade, was a characteristic of his denomination (P4). Another said her group had a “focus on social justice” and was “… a Christian based organization, but it's inclusive of everybody” (P12).

One organization was described as being designed “to meet the needs of our members in a way that's consistent with their faith-based values. So it means being a viable … institution so we can

provide services to our members for the long term. …we can be competitive, and be relevant, but also be compassionate" (P21). "God calls each of us to a life of love in just and non-violent relationships," says one of that organization's documents (2001 Annual Report, P21). One practitioner said of her organization, "as a Christian agency, our goal is to talk to people about God, and about Jesus. We believe that believing in God makes changes in people's lives. And that is our foundation. We also have a desire to help people with everyday needs" (P6). She added, "part of what informs our philosophy as an organization - is our Christian tradition and the faith aspect, so there's that to be integrated with the community development part" (P6).

5.8.8 To share values and beliefs with those you work with

Sharing with others who share our values was something that kept several people motivated to be part of local fair trade organizations. One enjoyed working "with like-minded people - same politics" (P18). Another said people liked to "share in the process of purchasing ... That's kept people going" (P14). One felt her primary motivation was probably "the social contact" with "great people" (P13). Another felt that it was motivating to be "part of a networked group, with a common interest" (P1).

5.8.9 Human development

People wanted to promote individual and general human development. One practitioner likes being part of an organization that "teaches [people] real practical skills," and "builds pride of ownership, and respect for their property" (P22). Another practitioner is motivated by his organization "building people up and giving people opportunities" (P19). One practitioner pointed out that "people are often far more open to saying 'I go to the co-op' than 'I use [charity]'" (P19). Another enjoys the work because "[y]ou can see people grow. The benefits to individuals and community are measurable" (P14). At one business, they "want to live and work together with love and respect" (P4). One organization wants "to educate the community…," and encourage "people who have …talent to stick at that and become professional" (P15). At one organization, as well as achieving its primary function, the practitioner also hopes "that you can help them look at …some of the other issues, and deal with [them]" (P9).

5.8.10 Value non-conventional ways of approaching economics and doing business

Some people were motivated by a desire to avoid conventional ways of approaching economics and business. One states this affirmatively: "I am … proud of the 'green' nature of the co-op and the fact that it is grassroots and non-profit" (P13).

Other practitioners articulate their motivations differently: “I don't have to work in private industry or in the civil service,” says one (P18). “[P]eople have set up fair trade activities because they don’t like the alternative, what the current choices are,” says another. “They don’t like dealing with large corporations” (P14). People “don’t want to see themselves working in a situation where they have no control over what they do, where the quality of the work is … subordinate to the economic values of the people who own and run the place,” (P14) he adds. The organization he is involved in is “democratically run, it’s consciously structured to not have private ownership,” and to prevent “authoritarian structure” (P14).

5.8.11 Want to live simply

One practitioner explained that she tries ‘to live as simply as possible,’ (P19) and that her work fits with this ethic. Another ‘wanted to avoid work that created unnecessary wants and needs, and being economically and socially destructive’ (P4).

5.8.12 Economic Security:

About half the people interviewed were motivated by wanting to promote economic security. This was done by addressing and reducing poverty, and providing good incomes and low prices. Half of the practitioners (or their organizations) were motivated by goals or desires related to promoting economic security. This was attempted through general efforts to address and reduce poverty, providing good income, and making prices affordable.

One organization’s “overarching goal is to try to break the cycle of poverty for low income working poor families” (P22). One practitioner described her organization as being “mostly [a] poverty reduction strategy” (P5). At another organization, the goal was to “be helping other unfortunate women and children in the community” (20). Another organization helps “specially people in difficult economic situations” (P10). One practitioner was motivated by “working with people in poverty, which was the goal of my studies” (P6). At her organization, “we want to not just provide the basic needs of people in poverty … [w]e said we want to see people get out of poverty” (P6). One practitioner had many hopes associated with her work, including: “wanting families to have food, clothing, recreation; children to not have to look after their mothers, and to have a chance to be kids” (P9). One practitioner said her program “hopefully also improved some skills that are transferable – that was a main goal too” (P5).

Providing a good income was also a motivator in some of the businesses. Local farmers were

said to want a local market "'cause they'll get better prices for their food than selling to some big conglomerate," (P17) and another practitioner said, "we wanted this to be a project that was assistance to farmers in terms of their income" (P7). In addition, two practitioners mentioned the value to customers of "cheap stuff" (P19), and the "opportunity for people to buy things at a cheaper rate" (P22).

5.8.13 Personal values

Some people were motivated by love of their work. Said one, of her initial desire to work where she does, "I was so sure I was supposed to work here." "[T]his is where my heart is," she added later. Another said that she "originally came to social justice work through a customer at [a previous job] who was looking for volunteers to work with street involved youth; he encouraged me to try it and I loved it!" (P13) One practitioner was motivated by "the sense of feeling really good about what you're doing - supporting something important; helping local farmers, local production, something with a value-base that's tied to it (P7).

Some practitioners described the work as a good fit with their personal values and lifestyle choices. One wants to have "integrity, which means walking the walk if you talk the talk" (P19). This practitioner "has always had helping jobs, so this has been a natural direction for her" (P19) Another is doing work he believes is important, and says, "not doing it at work would give me time to do it as a volunteer" (P1). One practitioner has a "personal philosophy on giving back," saying that this "is a great opportunity now for me to give back for what people have given me" (P9). "I couldn't work for people that I don't respect," said one practitioner. "I prefer to work with organizations that fit with my personal values" (P13). One practitioner felt that people are willing to accept less money for these kinds of jobs because "[w]ork related to their values is so important" (P1).

5.8.14 Other

To Raise Money for Charity

One practitioner's organization offered "[c]haritable support," (P21) and another said "our basic reason for being is to raise money for [the parent organization]" (P19). Another organization also existed for the purpose of collecting funds for charity (P20).

Other Motivations

People were motivated to do the work that they do in their organizations and businesses for many

more reasons. A few notable ones are included here. One practitioner tries to avoid dependence on oil, because he grew up during the Vietnam War, and has seen the effects of other wars, "all of which can be seen as related to seeking oil control" (P4). Another practitioner felt that being "compassionate" was an important goal of his business (P21). "Educating the community" and "the public" (P15) was another motivation. One practitioner appreciated his local fair trade job because "[t]he politics are different - not always pleasant, but less ruthless," and noted, "I can hang onto my idealism" (P18). A final practitioner explained that her job provided a lot of personal satisfaction – enough to balance its low pay: "I'm obviously not here for the big bucks," she said (P19).

5.9 Findings – Expert Motivations

One of the experts did not discuss the motivations for doing local fair trade, so results from a total of 7 experts are presented in Table 5.8:

Table 5.8: Motivations for Doing Fair Trade or Local Fair Trade, According to Experts

Theme	Motivation	Total mentions[20]	Number of People[21]
1. To do "good"	To do "good", "right", "better"	9	5
2. Economic Justice	To share wealth more fairly	9	5
	To provide employment and basic income	7	5
3. To promote fair trade	To educate selves and others	6	3
	To be a model	6	3
4. To empower people	To empower northerners	4	2
	To empower producers	1	1
5. Other Motivations	Want an economics that improves people's lives	2	3
	For environment and health reasons	2	2
	People like connections with producers	4	1
	To be sustainable	2	2
	It's important to have a system for fair trade	1	1
	Visions of grandeur	1	1

[20] Total number of times an idea was mentioned explicitly as a motivation
[21] Number of different people who mentioned the idea (1 or more times each)

Results are presented by theme, divided into categories when appropriate.

5.9.1 To do "good"

When explaining the reasons for engaging in fair trade, four of the experts made value statements using "good", "better", or "right" to describe doing things more fairly. "[I]t's a right way of doing business," said one (E4). "I think that on an immediate level it does a tremendous amount of good," said one practitioner of his work in fair trade (E2). "[T]he general motivation comes down to a desire for people to do good. And … because good is subjective, then the reason for people's involvement is subjective," said another (E8). "Fair trade is both means and end …it's part of that vision for a better society, and it's also I think a means of getting there" (E3). In the same spirit, but with the opposite approach, one expert says, "we would like to see people, you know really confront ... their national trade rules that are really wrong-minded and destructive" (E5).

5.9.2 Economic Justice

1. To share wealth more fairly

To share wealth more fairly was part of the goal for many experts doing fair trade. One of the problems for small agricultural commodity producers is "the unequal distribution of the revenue related to those products," and farmers "really have, very little bargaining power in terms of getting adequate prices for their commodities" (E1). One expert even hoped to begin sending money back to coffee farmers - "at some point being able to get back to growers a stream of profits from the sale of profits in the cup was important" (E4). "[W]hile sales and profits of coffee go up," explained the expert, "producers are being kind of shut out of them." (E4).

2. To provide employment and basic income

According to one expert, everyone "benefit[s] from the success of the business, and … it's structured in such a way that it creates employment. It's end goal isn't just shareholder value increase, but rather, increasing employment as well as providing a reasonable return for people's work, and organized democratically as well." (E2) One expert feels that consumers have "[a] desire that things not be produced in an exploitative way" (E8). Another approves of fair trade because "[i]n international fair trade – producers receive what's considered a living wage in local terms, which is enough for them to make a real living – meet their needs, and perhaps even thrive to an extent" (E3).

Another explains that we in the north should do this "[b]ecause we have the power of money, and we can assume risks on behalf of the people who can't afford to" (E6).

"If people don't have decent income from their main livelihood they can't carry forward the development process," (E1) points out one expert who sees fair trade as a way to ensure a basic income to producers. Another hopes her business will "provide most basic of income, for food, education, housing, health care" (E1).

5.9.3 To promote fair trade

1. To educate selves and others

"An important role of fair trade is to bring public attention to these issues," said one expert (E1). Another added that at a broader level in Canada international fair trade can be used as "a means of talking about economics – talking about this issue around what's rational – what makes sense" (E2). One expert admits that his business began because of these social goals:

> [W]e didn't get into business because we wanted to become business people. Our interest was the whole idea of fair trade and educating people about trade issues. And coffee, and now tea and chocolate, are just a vehicle to do that (E5).

2. To be a model and raise the bar for other businesses

Two experts were adamant that fair trade could be used as a demonstration of what is possible and as a way to push for improvements in conventional business. As one says:

> Well the main reason to do it ... is primarily symbolic... it's a question mark for international trade, and how we, as consumers in the industrial world, just kind of take a lot of things for granted and don't kind of question where they come from or under what kind of conditions they're produced (E5).

Fair trade "raises the bar for other companies," says one expert (E1). Another points out that it is useful "[t]o be a symbol, pushing things just a little further" (E5). It would we great, this expert says, "to be able to create some kind of model that other communities could use..." (E5). The public attention that is raised through education about fair trade can be used, says one expert, as "a lever ... in bringing coffee companies and other [large] companies to address the issues of ...producer prices in their industries" (E1).

5.9.4 To empower people

1. To empower northerners

One expert says that fair trade campaigns "provide an empowering outlet for northern citizens' energies that is actually positive (in the face of local/national work that is endless and rarely successful because of the powerful adversaries, like the WTO, or IMF, or World Bank" (E3). Another points out that fair trade "provides a good opportunity for people to make global connections, and to …act positively in response to things that we hear on the news for instance… gives people an opportunity to feel empowered" (E6).

2. To empower southerners

As one expert said, the producer groups whose work is sold in the store "really take on a sense of price and have really developed savvy business practices, and really make good decisions for themselves, which is really exciting to see, and ultimately that's what we want (E6).

5.9.5 Others

There were several other reasons experts cited for doing fair trade or local fair trade. One felt that economics should be improving people's lives. He describes one large cooperative that sells fair trade coffee: They've been "diversifying their economy ... it's just unbelievable what they've got, so when you look at that ... from a micro perspective – how it can change people's lives – people who never in a million years would have had an opportunity to change their life in that kind of way – it's... incredible!" (E2). Another put it more simply: "You just can't have farmers living the insecurity of not knowing what they're going to get for their produce" (E5).

The environmental problems associated with conventional business also motivate some people to do fair trade:

> [M]ost of the economic relationships that exist in the formal economic sector ...from an ecological perspective [create] unsustainable practices that are damaging to ecological systems ...So fair trade attempts to create a more rational economic relationship within the context of an advanced capitalism economy. It certainly isn't the answer. But I think it's a – flashlight in a really dark closet". (E2)

Fair trade is also seen here as an improvement – perhaps not the ultimate solution, but certainly an improvement over conventional approaches to trade. Another expert points to the "clear,

documented biodiversity benefits" of organic coffee growing, and the "local environmental benefits of running an agricultural operation ...on an organic basis" (E3). In addition, the health benefits of organic growing, both for producers and consumers, are a motivator.

Two experts comment on the importance of "somehow being good community members" (E5). One says that it is important to do fair trade locally as well as internationally:

> We're not just fair traders – we ...have a broader mandate around corporate social responsibility ...It's not just fair trade. ...[M]y view of it is that if you're going to do fair trade, you'd better not ignore issues at home. (E4)

People like to have connection to others, one expert said, and are motivated to participate in fair trade, or local fair trade, because of these connections. "[T]here is this kind of deep, societal desire to buy local; to feel like you're connected to the producer," he said (E8). This expert also thought that "if people can feel – get a sense that they've met the person that made this – there's something special about that," and that "we can create sort of a spiritual connection to each other, and that local production is a part of that spiritual connection" (E8).

5.10 Analysis – Motivations

The organizations selected for this research were ones that were filling a special place in the community; doing or promoting business of some sort while trying to achieve goals of social justice. The businesses' goals ranged widely, as did the different ways of achieving them. Nor were the areas in which social justice was being promoted consistent; they ranged from teaching people how to make a living as artists if that is what they love, to promoting local buying, to farming sustainably, to being part of a co-operative. Thus, when people discussed their motivations for doing their work, they were not all talking about the same kind of work; therefore, many different motivations came up. Although there were so many different specific motivations among the people doing local fair trade, there was a strong focus on human and community development as goals and motivators for people doing local fair trade. The motivations mentioned by both practitioners and experts are presented in Table 5.9.

Table 5.9 – Motivations for Doing Local Fair Trade Mentioned by Both Practitioners and Experts

Want to do "good"; the work feels "right"
Want to increase people's economic security
Want to use business to increase human development and empowerment
Want to promote sustainability, and human and environmental health
Want to create/develop relationships and connections between people

In some people's answers to questions about motivations, they sometimes referred to their own reasons for participating; other times, they referred to the reasons they felt others chose to participate. The distinctions were often blurred. All of these ideas were included in this section. Future research might make more effort to keep these ideas separate; and, in particular, to assess whether practitioners' perceptions of why people support their businesses are the same as customers' and other supporters' own explanations.

The experts seemed willing to make broad statements about why fair trade should be practiced. Five of them (out of seven who commented on motivations) said that they felt fair trade was a "good", "right", or a "better" way to do business; one described it as a "right way of doing business" (E4). While the practitioners seemed to share this view, they were not so explicit.

Both practitioners and experts were motivated by wanting to reduce poverty by providing employment and basic income. The experts spoke at much greater length about the associated benefits and complexities of poverty reduction. People from both groups also spoke of their strong desire to ensure that trading relationships are fair. Experts talked about the unfair distribution of wealth in the world and the need to ensure that producers stop losing money. Practitioners and experts also both offered environmental and health reasons for support fair trade.

The local practitioners talked about community development and sense of community, whereas the experts didn't mention this – likely because of their international fair trade focus.

One of the experts took a hard-nosed approach to business management, running the fair trade business in a manner intentionally more similar to conventional business than to any charity. Many local practitioners were also comfortable with a conventional business approach, having even joined the local (pro-free trade) Chamber of Commerce. This approach has resulted in some very

successful businesses, which are able to achieve their social goals. Among both experts and practitioners, however, there were people who have felt at odds with this approach to doing business. To what extent does this approach help to make long-term change to economic systems? Whether they mention it or not, many of the businesses of people interviewed for this study walk a very fine (and intriguing) line between business and social goals. People from both groups of informants saw fair trade as a way to realize their visions of a better world.

Several of the practitioners mentioned that they enjoyed their jobs for simple reasons like good hours, reasonable pay, and a good work environment. In the original interviews, where the focus was primarily on the local and fair aspects of the work, nobody mentioned that, quite aside from the underlying values, the job was simply a good, satisfying job. During the follow-up stage, however, when asked specifically about why they did this work and what kept them going, two people out of five did bring up simple motivations like having a job that was interesting and challenging. This may have been important for other informants, but they might have needed to be asked more directly about it for it to have emerged.

5.11 Conclusion

Local fair trade is a complex business idea that challenges those who undertake to achieve it. While striving to contribute to a social justice cause, these businesspeople must also operate successful, independent businesses. This chapter has revealed the conditions that support and obstruct the successful implementation of local fair trade, and has shed light on some of the motives that explain peoples' rationales for working within this business model.

The next chapter will discuss the interesting findings that have been presented here and will begin to develop recommendations to guide the local fair trade movement to further development and expansion in the Kitchener-Waterloo region.

Chapter 6
Discussion

> Most grassroots non-profits don't pay well – no benefits, no RRSPs – I'm not sure what I'll do when I get old" (P9).

The purpose of this study was to investigate the local fair trade existing in Kitchener-Waterloo and develop an understanding of the factors that support and hinder it. In this chapter, the major findings of the research are summarized, then discussed and explored. Questions raised by the research are considered, and finally, opportunities for the development of local fair trade are discussed.

6.1 Summary of Findings

The findings associated with each of the research questions presented in Section 1.3 are summarized here. The major research questions are numbers 1 through 3, and the supporting questions are numbers 4 through 6.

Major Research Questions

1. What supports exist for local fair trade in Kitchener-Waterloo?

Practitioners and experts alike agreed that keeping costs low was a major support for local fair trade and fair trade businesses. Many people noted that donations, funding, volunteers, support from an outside organization, and other ways of reducing the costs of running a local fair trade business were significant supports.

Contact & connection between producers & consumers were also named as supports by both practitioners and experts, because they make the work meaningful, adding satisfaction and positive feelings. Business and community connections were also seen as useful, providing business assistance and advice, new customers, and a chance to advertise their business through word of mouth.

The people involved in the organization – customers, volunteers, staff, and board members – were also seen as an important support by many informants, and were praised for their skills, commitment, and contribution to their organizations.

Focusing on solid business practice was seen as important, as was making good business decisions. Having both a product and a mission that customers could appreciate was also seen as a

support, because customers appreciated both. Commitment to ethical principles was similarly seen as supportive, and often included putting "people before profit".

Kitchener-Waterloo's particular situation was also seen as a support; in particular the presence of a community visioning plan, and the influence of "progressive, modern Mennonite philosophies" (E7) in the region.

2. What obstacles does local fair trade face in Kitchener-Waterloo?

The obstacle mentioned most by key informants was undercapitalization – or not enough money – largely seen as being due to the fact that doing local fair trade costs more money, but also associated with various other financial difficulties. Businesses may be under-staffed, volunteers relied on too heavily, or excellent staff lost to higher-paying jobs. Undercapitalization is usually dealt with by seeking funding, donations, volunteers, etc.; which, although clearly useful and appreciated, were also perceived by some as causing a certain degree of dependence, and lack of autonomy.

Regular business constraints, like managing growth, establishing clientele, and lacking an economy of scale when small were also seen as obstacles for local fair trade businesses.

Many people mentioned a difficulty caused by the general population not knowing about or understanding the issues their organization tried to address, such as the reasons for reducing consumption or supporting local business. Several also cited not being part of the "mainstream" as an obstacle, as this was seen to result in low membership or support, and difficulty expanding. While many organizations felt that being accepted into the mainstream would support their business and their cause, it was also felt that this very "mainstreaming" was an obstacle for them, because it, and the growth necessary for achieving it, could threaten the core values of the organization. This illustrates the final and perhaps most pervasive obstacle: tensions between social goals and business goals.

3. What motivates people to engage in local fair trade?

People are motivated by wanting to do "good", or feeling that the work they do was "right", for them or for society in general. Many informants are also motivated by a desire to increase other people's ability to provide for themselves; their economic security. In a similar vein, people also say they want to empower others and help them make other improvements to their human development. Practitioners of local fair trade want to promote human and environmental health in their work. They also want to create and develop relationships and connections between people.

Supporting Research Questions

The findings resulting from the supporting research questions are also summarized here. Although information leading to these findings was not systematically extracted from key informants, it did arise to some degree in most interview discussions, as well as from the literature.

4. How can local fair trade be defined for the purposes of this research?

The definition for local fair trade used in the research is that *local fair trade is any business for which profit-making is a means to the achievement of social goals through local action*. This can be qualified with several criteria for "local" and "fair", which are shown in Table 6.1.

5. What self-identified local fair trade initiatives exist in K-W?

The local fair trade businesses that were included in the study are listed in Table 2.1. Although none of them used the term "local fair trade" themselves, nobody objected to being described this way.

6. What connections or networks exist between people and organizations doing local fair trade?

The research yielded the unexpected finding that the local fair trade businesses in Kitchener-Waterloo did not identify strongly with one another, nor have any network that united them. Among the individuals who participated in the study as local practitioners, however, there was usually some awareness of at least some of the other organizations included in the study, and people generally made supportive or sympathetic comments about these, indicating some sense of personal connection. Businesses did do some networking, but this was according to their business type, and did not involve other local fair trade businesses. One exception were the co-operatives (including credit unions), and the businesses associated with organic farming, which do have networks, particularly between co-operatives of the same type.

6.2 Discussion of Findings

Many interesting ideas arose as a result of the research. Ideas are explored here in relation to the six research questions. Next, areas for further exploration and questions for further study are presented and discussed. Recommendations are offered throughout the chapter.

6.2.1 Question 1 – What supports exist for local fair trade in Kitchener-Waterloo?

There were many supports for local fair trade. A few are discussed here: key individuals, funding, volunteerism, a focus on business, and the characteristics of Kitchener-Waterloo.

1. Key Individuals

When people were asked about key individuals that help the organization, either by getting it started, or by helping to keep it going, many quickly thought of someone. These people were often considered assets to the organization, and were described as motivated employees, helping to find donors, keeping networking going, promoting the organization on a city-wide level, or "dreaming big". In some cases, it seemed likely to the researcher that the people interviewed were themselves key figures in the organization, but (perhaps in the nature of good leaders) none mentioned themselves in response to this prompt. At the same time as being an asset, however, these key individuals can be a problem for long-term sustainability, because they are almost irreplaceable, and their sudden departure may spell disaster for their organization.

2. Funding

The importance of funding to local fair trade organizations has arisen in several areas of the discussion. Problems with funding have interesting implications. When it is in place, funding is an excellent support for local fair trade businesses, but some local fair trade practitioners felt that they needed to be able to rely on something under their own control to be successful in the long run (P9, P15). At one organization, the decision had been made that if funding came from the community, the organization would consider it a sustainable source, on the grounds that a community *ought to be* supporting local programs that improve it (P6), but the perception that funding was dangerously unreliable was much more common.

There are foundations, individuals, and organizations with money available for social causes, and it could be argued that there is no reason local fair trade businesses should not seek some of this money. Ideally, however, local fair trade should not need to be *dependent* on funding. Despite its more complicated goals, it *is* business. In the conventional economic system, however, local fair trade is at a disadvantage compared to conventional business, because it internalizes many costs ignored in conventional economics. As a result, it cannot compete fairly with comparable businesses that do not share all its social goals. This may explain why low salaries, need for funding, dependence on volunteers, and other common but contentious features of local fair trade are required at present.

Hawken suggests that "what hurts the transition to sustainable and restorative businesses more than any other single factor is artificially low prices that do not fully incorporate the true costs of a product or service, especially when those low prices are the result of cost internalization, subsidies, or tax breaks" (1993, p.138). This suggests that one way to support local fair trade would be reforms to pricing systems so that internalized of costs into prices were consistently required, and changing government systems that favour larger businesses in the provision of subsidies and tax breaks.

3. Volunteerism

Quite a few of the businesses included in the study were supported by having volunteer employees, some to the point of dependence on these volunteers. In the short term, it is difficult to argue against the benefits to both volunteers and the organizations they work at. Volunteers support an organization by doing work at very little financial cost, and many organizations include volunteers as an integral part of their functioning. At the same time, however, it has been countered that "[i]n our capitalism economies, volunteerism is being exploited to pick up the slack for undermined public sectors" (2000, p.165). Relying on volunteers means not paying people for the work they do, which is particularly troubling when many people (likely including volunteers) are unemployed. In addition, the work of volunteers, as Brandt notes, is often, ironically, the very work that deals "with pressing economic, social, and environmental problems which cannot be solved by, and are often caused by, the visible economy" (1995, p.109). Although it may not be ideal that these problems be solved by unpaid people, volunteerism is useful precisely because it does what Brandt says – picking up slack when the money economy cannot achieve something. It is also rewarding for those who participate (or most of them wouldn't choose to do it), and it does allow community organizations to exist that otherwise couldn't.

Local fair trade, in promoting the creation of good local jobs, seeks to find a way to pay people for their contributions to the community.

4. Focus on Business

Although it often operates with some different goals, local fair trade *is* business, and does have to survive, just as any other business would. Solid business knowledge and skills were seen as important in local fair trade, as was support from business start-up organizations. Being accepted by "mainstream" customers was also noted as important by many people, as a way of reaching a wide

market. Ransom suggests about fair-traders that "[i]n some ways their 'entryism' is more subversive than staying forever on the outside looking in" (pp.108-9). But he points out that it is important that they maintain their values as they join conventional business. Some concern was identified by key informants over the difficulties of growing "while… maintaining values" (P7), as growing is typically considered desirable for a healthy business. Overall, informants felt that having strong business skills and being able to make wise business decisions were very important for running a successful local fair trade business.

5. Characteristics of Kitchener-Waterloo

Participants felt that efforts to promote local fair trade in Kitchener-Waterloo were supported by a number of factors. The Healthy Communities model, the role of "progressive Mennonite philosophies", and the entrepreneurial spirit were all noted. As part of "Canada's Technology Triangle," Kitchener-Waterloo also has strong small business support programs, which can help any business starting up in the area. It is interesting to note, however, the Business Enterprise Centre in downtown Kitchener, which was seen as very useful for businesses throughout the region as a small business support center, has no information available on co-operative business structures.

6.2.2 Question 2 – What obstacles does local fair trade face in Kitchener-Waterloo?

There was overlap in the obstacles mentioned by practitioners and experts in the research. Money and business issues were commonly mentioned, and the other main area of obstacles was in the lack of support and understanding perceived among members of the public. Commonly mentioned obstacles are listed here:

- it's expensive to run the business
- not enough money (local practitioners need funding)
- normal business constraints
- lack of business expertise (and resulting business errors)
- lack of public support, awareness, and understanding

Other obstacles that were not mentioned so often were also of interest. The difficulty of balancing different goals was an important obstacle, as was finding the right organizational structure.

1. Business and Financial Issues

The first four obstacles – finance issues, and problems related to running the business, are not surprising for small businesses, as they are frequently mentioned in the small business literature (Bottomley, 1977, Delaney, 1984, Fattal 1989, McGuckin, 2001). The lack of business expertise mentioned by practitioners and experts alike made them prone to these and other business problems. Fattal points out that, in small business failure, poor management is usually the primary cause (1989).

As discussed above, practitioners cited funding as a support, but some also felt that their businesses or organizations existed under constant threat of not receiving the operating funding they needed. Thus, while the funding itself was useful, the organizational structure under which groups re-applying every year or two or three for funding left people in the organizations feeling insecure, and, in the case of not being awarded funding, suddenly in the position of not being able to offer their program. The experts did not note the same problems, commenting instead that a for-profit model was very helpful to business. International fair trade generally works without funding. While the organizations that promote it generally depended on funding for their start-up, then fair trade system now pays for itself, with a set percentage of each fair trade sale returning to the groups that certify and promote it.

2. Balancing growth with values

One major obstacle for people trying to do local fair trade is the challenge of balancing growth with maintaining their original values. Small size was seen to mean a lack of access to an economy of scale, and to limit opportunities to expand the social goals of the business. But expansion is not necessarily desirable – some practitioners talked about the risks involved in growth – noting that growth implies dealing with bigger, conventional players, which often means making concessions in terms of values. One practitioner involved with farming noted the difficulties of dealing with other businesses that do operate traditionally. When a farm operation gets big enough, it becomes possible to sell to larger processors, or when an organic business grows enough, it may become possible to sell to an organics brand name. But the changes in scale and business practice that come along with these changes may affect the essential nature of the farm, threatening the philosophical foundation upon which it was built. So important questions for fair traders to be able to answer are how mainstream are they willing to go, and how mainstream can they get without needing to compromise their values?

3. Differing approaches to the values of local fair trade

One expert mentioned an unusual obstacle – a "crusty, granola crowd, that are very self-righteous about what they're doing ... that's not helpful… I just don't want them to condemn [my values] ... When I'm trying to do good as well" (E8). This comment draws attention to the variety of approaches and attitudes to ethical business, and the tension that can arise between people who don't share the same ones. This expert felt there was an exclusivity on the part of some supporters of fair trade, local trade, and other social goals, that interfered with their ability to reach a wider crowd or recognize that progress was being made (albeit in a different or more gradual way) by others as well. Although only on person commented this way, the comment provides an important reminder about successful mainstreaming of concepts like local fair trade, and a connection to the concerns about lack of public support voiced by several practitioners.

3. Difficulties with Organizational Structure

I was surprised to discover that legal problems arose when the parent organization of a local fair trade business was a charity. Being a charity but conducting a for-profit business caused a few organizations difficulties with taxation. The fact that so many of the local fair trade businesses I found for this research had unique or unusual organizational structures like this (and that some of them were encountering problems, with taxation, or the right to receive donations) suggests that it would be useful to know more about which organizational structures are most practical for local fair trade business.

Some experts suggested that for-profit models are the best way to ensure that a business is being run properly and will be able to achieve its social goals. Local practitioners, however, seemed to be operating not-for-profit businesses, or businesses associated with other organizations, including charities, with relative success, besides the taxation problems. If this kind of structure is just as effective as a for-profit business, then pushing for a way to formalize a fair taxation structure for such business might be worthwhile. If not, then civic, municipal, or organizational energies might be better spent developing ways to convert non-profit local fair trade businesses into for-profit enterprises. In any case, further research could investigate the types of business and organizational structure that work well for local fair trade, and pinpoint any that consistently pose problems.

6.2.3 Question 3 – What motivates people to engage in local fair trade?

1. Connections Between Producer and Consumer

In international fair trade, connections between producer and consumer are considered a desirable part of the business, both for their educational value, and for their effect in committing consumers to buying fairly traded products (Fairtrade Federation, 2003). At the local level, the practitioners found connections with consumers useful because they felt good about knowing who benefited from their hard work, and because they could get feedback. Wendell Berry says, about the complex connections that join people, land, and community, "[t]he industrial economy breaks them down by oversimplifying them and in the process raises obstacles that make it hard for us to see what the connections are or ought to be" (1981, p.143). We need to see these connections in order to make decisions that will lead to or be part of a sustainable society.

People had both practical and more personal motivations for seeing connections as desirable. Based on what practitioners and experts said, producers enjoy direct connections with consumers because:

- they can sell at good price (direct, no middle-people)
- they can get feedback from end-consumers
- they enjoy the social interaction
- they enjoy the sense of community and connectedness
- it is rewarding to see the whole process from start to sale
- personal connection adds meaning to the work

Similarly, consumers enjoy direct connections with producers because:

- they can buy at good price (direct, no middle-people)
- they can make requests and give feedback for improvements
- they enjoy the social interaction
- they enjoy the sense of community and connectedness
- it feels good to support producer directly, knowing there are no middle-people

Once there is a connection established, both parties are more likely to make decisions that are good for both: Sellers are more likely to maintain fair prices; buyers less likely to buy slightly cheaper, but imported or less local products. This is similar to Mitchell's (2002) claim that when a business is locally owned and operated, rather than operated from distant head offices, it is less likely

to pollute or cut jobs, or pay unfairly low wages, because the people who work at the business are members of the community and have ownership of the place where the business happens. It is also related to the problem of lack of awareness, which was raised by both practitioners and experts. When people don't know, for example, that an item is made in a sweatshop, they have no reason not to buy it. As experts in fair trade pointed out, one of the very effective ways to increase supporter numbers is to have people hear from coffee farmers who come here from their countries to talk about their struggles and the glimmer of hope that fair trade represents for them. A human connection is seen as helping people to understand the issues on a deeper level.

Both practitioners and experts noted that once people have seen or understood the connection between a person and the product the person produces, there is greater hope that they will make choices specifically to benefit that person. Making connections with other people seems to be considered a catalyst for socially and environmentally responsible behaviour, as well as being rewarding in itself. As a result, approaching the issue of local fair trade from various angles may be necessary. To actively support fair trade, people need to know about it – they need to be shown connections between producer and product, but they also need local, fair alternatives to be readily available, preferably of high quality and at comparable cost.

2. Motivations of business operators

Local fair trade requires business-people who are willing to accept lower profit margins: One business that sold fair trade coffee explained that, as sellers of fair trade coffee, they don't make as much profit on coffee as many other places (P16). They still make some profit, but compare unfavourably to a coffee shop chain in terms of profit margin. The local fair trade system would not presently work if there were not people like this, who prioritize something other than pure profit-making, because, as they illustrate, local fair trade is clearly not the most lucrative type of business to be in. It is personally rewarding, and fills a perceived need in society, but it is not completely satisfactory until it can provide a sufficient way of life for its practitioners. Especially compared with widespread societal expectations of income and security for working people, the incomes of people working in local fair trade were very low. Two local practitioners expressed concerns about their futures – one saying "I don't know what I'll do when I'm old" (P22), because she did not earn enough money to save for retirement.

Not everyone was doing local fair trade simply because of their values. In some cases, more practical concerns were also motivators (P3, P16). For example, buying from the Kitchener Farmers'

Market was seen to make sense for one downtown Kitchener business because the market was the closest source of vegetables. They were aware of the benefits to the downtown of their local shopping, and glad to be able to shop there, but this was not their main reason for behaving in this way. Another appreciated the flexibility of her job, which allowed her to have time to spend with her daughter.

These ideas about motivations lead to several questions:

- What factors make people willing to accept lesser profits for greater (perceived) social good?
- What kind of people want to do local fair trade?
- Are there enough people who are both idealistic enough to want to engage in local fair trade, and yet knowledgeable and capable enough in business to make it succeed?

3. Price and Motivations for Local Fair Trade Consumers

If, as one expert claimed, only 10% of consumers buy fair trade products because they are fairly traded (E4), and the rest simply choose whatever is most convenient, then in order to promote fair trade, both international and local, in the mainstream, it will be necessary to do as Hawken advocates, and design a system where doing good for the environment and people is "as easy as falling off a log" (1993, p.xiv). Field and Oleweiler provide further support for the idea, noting that a solution to environmental or social problems cannot wait until people *care*: "there are problems with relying on moral reawakening as our main approach to combating pollution. People don't necessarily have readily available moral buttons to push and environmental problems are too important to wait for a long process of moral rebuilding" (1994, p.4). Others add that expecting people to pay more to save the environment (or ensure better conditions for producers) also isn't reasonable (Hawken, 1993).

At present, however, fair trade products do cost more, and people do buy them (Ransom, 2001), but many consumers say that they would buy such products if the products were of comparable quality and price (Rice, 2001). If they really would, then there is a strong case for finding ways to lower the price of local fair trade so that it will be more widely supported. Until prices are comparable, however, it is important to understand consumer motivations in order to increase fair trade sales. It would also be valuable to know for certain whether similar ethical consumer behaviour would apply to sales of local fair trade products as to international fair trade products.

6.2.4 Question 4 - How can Local Fair Trade be defined?

It was very difficult to define local fair trade. The balance between local and international goals, the need to be flexible contributed to this difficulty. Local fair trade needed to be distinct from similar ideas, such as social enterprise.

Because a definition of local fair trade was not well-established in the literature, determining what should be considered local fair trade for the study was initially a subjective process. I was interested in those projects and organizations that I perceived as just, ethical, and hopeful, rather than resigned, in taking action on the social issues they were trying to address. Some study participants articulated a similar vague perception of the nature of local fair trade: One described fair trade as "a *right* way to do business". Another described one local fair trade business as "a concept that works all the way around".

The criteria that define local fair trade are reviewed here. To be considered local fair trade, a business must meet several criteria (See Table 6.1):

Table 6.1 – Criteria for defining local fair trade.

Local	• as direct as possible a connection between producers and consumers • production, distribution, and sales take place within the smallest possible defined physical area (e.g. Hines, 2000)
Fair	• has explicit intention of carrying out business in a way that fulfils social goals (particularly to do with equity and economic security) (e.g. FLO, 2003) • has explicit intention of carrying out business in a way that fulfils environmental goals (e.g. FLO, 2003)
Trade	• exchange of goods or services for money or other goods or service; OR • promotion of such exchange

Initially, I considered that one of the aims of local fair trade should also be to create a green economic system to replace the present market capitalist system. While three of the local fair trade practitioners did indicate at least some dissatisfaction with the present economic system (P1, P3, P14), to my surprise, no others actually made direct reference to the broader economic system, despite their sometimes radical departure, in practice, from conventional economic assumptions. I have assumed, in the end, that broad economic change will require a gradual transition, and thus, determined that it is not important when classifying local fair trade whether a business has an explicit

goal of changing the economic system or not. More important is that its way of doing business *be consistent with* a movement toward a green economic system. A business that emphasizes local production and promotes social justice *is* part of a movement toward a green economic system, and if it meets the other criteria, can be considered local fair trade, regardless of its intent as regards global economic systems.

Sliding Scale

It can be difficult to draw a clear line between businesses that qualify as local fair trade and those that do not, because the criteria "local" and "fair" both exist on continua ranging from *less* to *more* local or fair (see Figure 3.1). Both words also have had additional meanings beyond their dictionary definitions. For example, although the word "fair" has a specific dictionary meaning, its usage in fair trade encompasses much more detail, including sustainable environmental practices and co-operative organizational structure.

Also, the criteria for fair trade labels have typically applied only to international (i.e. non-local) trade (FLO, 2003). Only in recent years has fair trade labeling been developing for products produced and sold in the same area been developed or begun (under development in Britain since 2002 (FTF, 2002), and in practice in Mexico since 2001 (Comercio Justo Mexico, 2004). Because local fair trade is not widespread, and may be locally defined, it seems useful to have a relatively flexible definition at present, which can be clarified in each location where the term is applied.

6.2.5 Question 5 - What self-identified local fair trade initiatives exist in Kitchener-Waterloo?

This research identified twenty local fair trade businesses were found, existing on a continuum from less to more local fair trade. I learned of still others after the data collection phase of the project was completed. This research could serve as a starting point for an attempt to document all the local fair trade businesses in Kitchener-Waterloo.

6.2.6 Question 6 – What connections or networks exist between people and organizations doing local fair trade?

It was surprising to find that most businesses included in the study did not think of themselves as part of a distinct group, and did not necessarily identify with others included in the study. There was some awareness among staff of the other businesses – they sometimes made use of other local fair trade

businesses in their personal lives – but connections between the businesses were very limited. It is an assumption of the research that local fair trade is valuable to a community and worth promoting, but it is not necessarily assumed that a business network is the best way to do this. Local, independent business networks in other places have seemed to succeed, but practitioners here did not articulate a sense that a network was *lacking* here. An investigation of the possible benefits of a network of local fair trade business, and of the possible role for such a network in the promotion of local fair trade in Kitchener-Waterloo would be useful.

Co-operatives in the region, however, are linked by their membership in the Waterloo Regional Co-op Council, and housing co-ops network through the Central Ontario Co-operative Housing Federation. Credit Unions also work together, and organic farmers network and support each other through the Ecological Farmers' Association of Ontario (EFAO). These organizations, however, are not linked with any local fair trade businesses outside of their own sectors.

6.3 Key Issues Raised by the Research

The research revealed several key findings. These are the main issues that characterize local fair trade and that need to be addressed in order to promote it better. The key issues are addressed in order in the following sections.

1. Local fair trade includes a great diversity of business types.
2. There is no network to unite local fair trade businesses *across sectors*.
3. Local fair trade businesses tend not to have much profit, and sometimes have trouble with a lack of economic security.
4. Can local fair trade really be a genuine alternative to conventional economics?
5. Local fair trade needs to be supported by the "mainstream", not just a small group of consumers.
6. There is a constant balancing act between business and social goals.

6.3.1 Local fair trade includes a great diversity of business types.

Many different businesses models could be found among local fair trade businesses, including a conventional, for-profit model, non-profits, charities, co-operatives both for-profit and not-for-profit (including a credit union).

6.3.2 There is no network to unite local fair trade businesses *across sectors.*

As noted above, the sixth research question revealed that there was little or no cross-sectoral networking amongst local fair trade businesses. While credit unions, co-operatives, and organic farmers were connected by networks, local fair trade businesses in general were not. Networking across sectors, instead of just within them, could tie local fair trade businesses together in a productive way.

6.3.3 Local fair trade businesses tend not to have much profit, and sometimes have trouble with a lack of economic security.

One of the important social goals of local fair trade businesses people working in them was to provide economic security for people who otherwise wouldn't have any. Yet ironically, these very people are themselves sometimes lacking economic security. These are people who are willing to be paid a low salary because they are committed to certain values and find their work rewarding in ways that are more important to them than financial compensation. Yet surely no business, even a local fair trade one that is achieving social goals, can be considered either fair or sustainable if its staff are constantly under economic pressure in their personal lives as a consequence of their work. If local fair trade is to grow, it would be useful to find a way to make it more financially rewarding. Then people might work in local fair trade who at present are unable because they cannot afford to receive a very low salary (e.g. parents with children to support, students with loans, etc.), or are unwilling because they wish to save for retirement or emergencies (e.g. people without existing savings or family to rely on in emergencies).

In one case, a practitioner explained, "luckily I've been a stay-at-home mum for the last 10 years, so I've been able to take on tons of volunteer projects" (P7). At present, local fair trade seems often to rely on this kind of goodwill and volunteer effort. Volunteerism has many benefits, and not all local fair trade businesses have trouble paying their staff well. But as some do, and in some cases people would like to be paid for their work, it could be worth investigating whether local fair trade might be able to gain popularity more quickly if a way could be found to help struggling local fair trade businesses to pay good salaries and offer good benefits without having to compromise other social goals.

One expert noted the problem that the prices we normally pay for things do not necessarily reflect the real costs of making them. "[W]hen we sell maple syrup here, we embed the actual costs in it, but when we buy sugar from the Caribbean, I mean, it's subsidized heavily by blood and sweat"

(E2). This results in prices that don't reflect the true costs, human and environmental, of production. Several participants expressed confidence that you can't expect people to pay more to save the environment (Hawken, 1993 shares this view). If people with limited resources are to be able to afford fair and local products, which ought to be possible if they are really better for the environment and for their producers, their prices would need to be comparable to those of competing products from further away and not produced or traded under fair conditions. When prices do not match real costs of activities, people are unable to make the choices that will be most beneficial to their environment and local community.

6.3.4 Can local fair trade really be a genuine alternative to conventional economics?

The research begs the following question: To what extent is local fair trade representative of a genuine alternative to conventional economics and traditional business practice?

The research suggested that local fair trade is not at present a significant force for change, but that with some support, it could become such a force. Chapter 7 addresses some of the ways that the role of local fair trade as a force for change could be improved and enhanced, and sets out some recommendations for how to achieve this.

While local fair trade businesses individually do not necessarily challenge the broader economic system, they do represent a genuine alternative to that system, and as a group represent a force for change. Local fair trade can begin within today's system, even as it charts a path through a different set of assumptions altogether. Regardless of the extent to which they promote change on a grand scale, at the local level, local fair trade business can play an important role as representatives and symbols, "raising the bar" for other businesses, educating people, and promoting awareness of the issues local fair trade addresses. As well as achieving their own social goals, successful local fair trade businesses also demonstrate, as one expert said, "that fair trade is a commercially viable thing, and it shows that consumers can rise to the occasion when they have opportunities to buy products that do guarantee fair wages or better prices to producers – that they do take that opportunity" (E1). Thus, existing local fair trade businesses promote further development of local fair trade.

Kovel (2002) argues that a co-operative, or, in this case, a local fair trade business, is not necessarily a threat to a traditional economic system, as it may exist quietly within that system, presenting no challenge, indeed, even working to mitigate social and environmental consequences of that system. For individual local fair trade businesses, Kovel's claim may hold true. If, however, such

businesses combine forces and use their collective strength to actively promote local fair trade and the values it represents, they have a much greater chance of posing a serious and long-term threat to the conventional economic system.

6.3.5 Local fair trade needs to be supported by the "mainstream", not just a small group of consumers.

As noted in Section 5.7, even in intentional alternatives to conventional business, it was found that customers often prefer a more "business-like atmosphere" (P1). This draws attention to the fact that some conventional businesses may share many features with local fair trade, such as a small scale, personal connections, or local purchasing. Likewise, supports, such as advertising, or solid business practices, may also be similar for the two types of business. This interesting overlap between local fair trade and conventional business must be studied further to obtain a better understanding of the boundaries of local fair trade.

As one expert claimed:

> There's always going to be a segment of the population who will want to learn more about you, want to really support fair trade for fair trade's sake, but frankly, that's maybe 10% of the population or less, and for the other amounts of the population, it's: are you close to where they work? Are you close to where they live? Can I get it in a medium? (E4)

If this expert's numbers are even close to accurate, there is a need to ensure that fair trade and local fair trade businesses are appealing to people who don't know or don't much care about the social goals of the business. This may be something, as the expert suggested, that can be achieved by choosing good locations, having high quality products, and focusing on customer service. "[Y]ou need to be able to give consumers what they want – you need to make it really easy for them to support you," the expert explained (E4).

6.3.6 There is a constant balancing act between business and social goals.

A balancing act is carried out in several different areas, each of which is discussed below:

1. Social vs. business goals

The practitioners of local fair trade are carrying on a difficult balancing act. Many find themselves managing a constant conflict between their social goals and their business goals. In this situation, too

much emphasis on one or the other may spell disaster for the business. While this is not a crisis situation, it is a source of concern.

To illustrate the need for balance between business and social goals with a simple example, a restaurant serving fair trade coffee has accepted that it will have a smaller profit margin than a restaurant serving conventional coffee, because the cost per cup of fair trade coffee beans is higher, but the selling price is similar. This is favouring a social goal (fair trade) over earning profit. If the restaurant further chooses to use organic, locally produced milk and cream, it will achieve social goals of local purchasing, but this will also cost more. If, in addition, it hopes to send some portion of the business profits to back coffee producers so they may share in the benefit of retail prices, every decrease in profit means less money to send – i.e. less money for achieving this social goal.

This situation demonstrates the additional need for balancing local with international social goals. Local goals may include buying local products, paying good salaries to staff, adding environmental features, or making donations to local organizations. Each of these goals adds to the business' costs, and thus the money it must earn to be able to achieve its social goals. There is a fine line between *just* enough and *not* enough revenue to keep a business operational. The more of its financial resources a business puts toward its social goals, the closer it gets to this line, the crossing of which would jeopardize its long-term survival.

2. Keeping supports supportive

The need for balance is also illustrated by the frequency with which key informants mentioned the same items as both supports and obstacles. Such factors as volunteers, funding, key individuals, and being accepted in the mainstream, can either support an organization or compromise it, depending on several factors. Too much of any of these factors or the development of dependence on them can turn them into obstacles.

For example, funding was seen as a very important support, without which some local fair trade businesses could not operate or achieve their social goals. At the same time, to some practitioners funding represented a dependence on forces outside their control, and thus a lack of certainty that they would be able to continue working toward those goals. In addition, funding was often obtained only after significant staff time and effort had gone into applying for it, rather than into working toward the organization's social goals. Similarly, volunteers were generally seen as a tremendous support, but at the same time, they could be seen as making the business less secure as it came to rely on them.

In another example, one of the most common supports people listed was the low cost of running their business. They listed many ways of keeping expenses low, including funding, donations, and volunteers. On the other hand, an obstacle commonly mentioned by both practitioners and experts was "undercapitalization," or not enough money. Apparently, all the financial supports were not enough to stop the many informants from listing lack of money as an obstacle!

3. Mainstreaming

Although practitioners noted the value of reaching "mainstream" customers as a way to grow the business (see Section 6.3.5), they were also aware that as a business gets bigger, conforming to its original values becomes more and more difficult. As one practitioner said, "you deal with the bigger players, then you get into that other economic system" (P7). This issue needs to be explored if the concept of local fair trade businesses is to be expanded in an appropriate way – how big can a local fair trade business get while still acting according to its original values? Can local fair trade become more "mainstream", or are the two ideas mutually exclusive? Can concepts like local fair trade ever really become "mainstream", or do they only work on the economic fringe?

6.4 Conclusion

This chapter has discussed the research findings, with particular emphasis on the difficult balancing act of local fair trade. Practitioners of local fair trade must balance spending on social goals with profit-making, and local goals with international ones. At the same time, factors that support local fair trade must be carefully managed to ensure that they remain supports. Finally, in order to be a serious force for change to a greener economic system, local fair trade must develop – from a collection of independent businesses, to a network that can act as a movement. Recommendations for how to promote local fair trade and its role as a facilitator of economic change will be presented in the following chapter.

Chapter 7
Conclusions

> ...we could improve our security immediately through our own collective action – by turning to local economies of production and distribution for our food and other necessities, by conserving energy, by turning off the TV and seeking solace from a city or national park or the hummingbird in the backyard instead of a new pair of shoes made in Malaysia. What could be better for our country, including its own economies, than to ease ourselves away from a framework of international profiteering...?
>
> -Barbara Kingsolver, 2002, p. 257

7.1 Introduction

This research investigated a very specific type of business, local fair trade, in practice in the region of Kitchener-Waterloo. Chapter 1 introduced the topic of local fair trade and the context for its study. Chapter 2 described the research methods and approach, and listed the local fair trade businesses in Kitchener-Waterloo that were included in the study, as well as the expert practitioners. Chapter 3 was a review of the literature. It began with a description of the conventional economic system which justified the need for an alternative approach to economics and business, and then discussed the three conceptual areas that underlie local fair trade – green economics, localization, and fair trade. Chapter 4 described Kitchener-Waterloo as a growing area with a vibrant industrial past and history of home-grown business. The presence of a strong social infrastructure indicated that Kitchener-Waterloo was a good place to study local fair trade. Chapter 5 described and analysed the findings of the research, in relation to the research questions. Chapter 6 discussed these findings and raised recommendations for action. Chapter 7 will elaborate on the recommendations, mention some suggestions for further research, and make some broad conclusions about the research.

7.2 Implementation – How to Promote Local Fair Trade

Based on the assumption stated earlier – that local fair trade is beneficial and desirable for individuals, society, and the environment – the thesis now moves to the question of how to promote local fair trade. Arriving at an ideal situation for local fair trade will require, as practitioners and experts pointed out, effort on many levels – from individual to international. Cavanagh emphasizes

that to move in new directions "will require a complete change in society's assumptions and will also require a long time and many steps" (2002, p.110). Where should the process begin?

Shuman (1998), Hines (2000), Norberg-Hodge (2001), and Cavanagh (2002) have all developed some descriptions of the barriers to localization, and the steps required to achieve it. Localization is a key element of local fair trade, and steps toward localization are also steps toward an environment in which local fair trade can flourish. Localization may not be a panacea, but as Cavanagh et al claim, "[w]hat is sure, however, is that globalization offers no opportunity at all for democratic empowerment. We have a better chance with smaller-scale systems" (2002, p.110).

It is interesting that the recommendations suggested by Cavanagh et al (2002) frame the problem in terms of globalization. In proposing localization, they suggest changes at, for the most part, national and international levels. Further suggestions for supporting localization (and thus local fair trade) at the local level have been suggested by Shuman (1998), Hines, (2000), Mitchell (2000), and participant comments.

7.3 Recommendations

This research points to several recommendations for how to promote the development of local fair trade in Kitchener-Waterloo. These recommendations are based on the claim that local fair trade has promise, not just as a model for ethical, local business, but also as a route to a healthy city, and to sustainable local and global economies.

As emphasized in Cavanagh et al (2002), significant change is required in policies, agreements, and approaches at the international and national levels in order to support serious challenges to economic globalization. It is recognized, however, that change at the local level is also essential (Hines, 2000, Cavanagh et al, 2002), and this thesis presents recommendations related to local fair trade that can be addressed at the local level in Kitchener-Waterloo.

As mentioned in section 4.4.3, the Community Health Department of the Region of Waterloo has taken on the task of promoting Healthy Communities in the Region, and has already been engaged in the promotion of food localization. As a result, this department is well-suited to the task of carrying out the recommendations made below.

Recommendation 1: The Community Health Department should support the development of a network to link local fair trade businesses.

The Region of Waterloo has embraced the Healthy Communities model, and as such should be supporting "sustainable business", which local fair trade epitomizes. The development of a network could be spearheaded by the Waterloo Region Community Health Department, with an approach similar to that used in the development of Foodlink. Foodlink is a project to promote local farming and local food buying, and was supported in its initial phases by the department. As local fair trade promotes local business, self-reliance and green economics, it would fit easily within the scope of Community Health and the model of Healthy Communities (Regional Municipality of Waterloo, 2004).

A local fair trade network would have a membership made up of business-people, customers, and interested local organizations, including government. It would give local fair trade practitioners and promoters a forum in which to work together, to decide how best to promote, increase, enhance, and learn more about local fair trade. It would also provide a way for interested consumers to find out which businesses they wanted to support.

The development of a network requires time, energy, and resources that are difficult for struggling local fair trade businesses to supply. As the research showed, many local fair trade businesses manage a somewhat precarious balancing act, and are often already giving as much as they can to community activities. While a network would have clear benefits both for the businesses and for the community, it is not something the local fair trade businesses included in this study would be able to start on their own. Organizational support is required.

Recommendation 2: The Region of Waterloo should find ways to help make local fair trade more affordable.

At the local level, tax incentives could lower the costs for local fair trade business, encouraging it and its community benefits. Lowered costs could help to make products comparable in price to conventional products, and could free up money for providing better salaries to staff. Local fair trade attempts to operate in ways that are good for people and the environment, and this approach is not subsidized in the same way by a system that does not acknowledge true costs and benefits. The Region of Waterloo (and its component cities and townships) should develop ways to support local fair trade financially so that local fair trade gains an advantage appropriate to its nature as community-friendly business (or at least becomes less disadvantaged).

Conventional business does not pay the full cost of its social and environmental effects. Fossil fuel use, for example, is in effect subsidized, because its costs does not include the cost of dealing with degradation of landscape and traditional ways of life where oil is mined, or global warming as a result of burning fossil fuels. Strategies for the development of full-cost accounting are being addressed at other levels, through Canada's National Roundtable on The Environment and Energy, for example (NRTEE, 2004).

The development of a network, as mentioned in Recommendation 1, would have many associated costs, but would likely support local fair trade business in the long run. The Region's contributions to these costs will help to make local fair trade more affordable.

Recommendation 3: The Region of Waterloo Community Health Department can help to develop educational programs to promote an understanding of the benefits of local fair trade.

Public awareness and education to promote local fair trade are needed for people of all ages in the community. The Community Health department can work with elementary schools to develop programs that raise awareness of the benefits of local and fair business, both locally and globally. The department can also work with high schools, colleges and universities to develop appropriate business and community development courses about the foundations of local fair trade and how to manage this type of business.

Recommendation 4: The findings of this research should be shared with planners and the Planning profession. The role of local fair trade in promoting many of the values held by planners who support Smart Growth or Healthy Communities must be emphasized.

As the researcher, my role after completion of the thesis must include sharing the findings of the study with people who can learn from them and help to promote local fair trade. This will begin with sharing the results with participants, in the form of an executive summary, and personal discussions if they are interested.

The wide support among planners for Smart Growth provides an opening for showing the relevance of local fair trade to Planning. As discussed in Chapter 3, Smart Growth is presently a popular approach to planning which emphasizes sustainability and fairness in urban development. Likewise, the Healthy Communities model, which several Canadian cities have adopted, can be

supported by local fair trade. The wide acceptance among planners of these two approaches to planning mean that the idea of local fair trade may be of interest to many planners.[22]

The earlier recommendations place strong emphasis on the Region of Waterloo's Community Health Department and the role it could play in promotion and development of local fair trade. Consequently, it is important that the findings of the research be shared with staff at the Community Health Department, and I should contact people who work there and share the research findings with them.

7.4 Suggestions for Future Research

This thesis led to many ideas for future investigation – an appropriate outcome for exploratory research. Future research could be academic or practical in nature, and could be carried out independently, or by those involve in the promotion of local fair trade. A few ideas for further investigation are presented here:

1. Further research might attempt to make a comprehensive catalogue of exactly what all the local fair trade-type organizations in Kitchener-Waterloo are doing, and publicizing this. This could be useful for providing the local fair trade businesses with a good sense of who else they can work in solidarity with, and could also be useful as a guide for shoppers.
2. It would be interesting and useful to know more about what other cities have done to support local fair trade and how they have dealt with the obstacles discovered in this research.
3. It would be useful to learn what motivates people to participate in local fair trade, both as customers and as staff, and then to find the most effective ways of disseminating information about local fair trade and options related to non-conventional business to these people.
4. A taxation system that supports local fair trade must be developed – how could this be achieved across the various levels of government?
5. Investigation of how to deal with the problem of charities not being allowed to carry on business is needed.
6. Market research should be conducted to determine the best format in which to present this information to consumers, and also to determine consumer motivations for purchasing from local fair trade businesses.

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[22] The Ontario Professional Planners Institute (OPPI) produces a monthly journal in which a column on sustainability has recently been started. This may be a good initial forum for discussion of local fair trade.

7. Follow-up research should track the local fair trade businesses, noting the main supports for those that succeed and the main obstacles for those that do not, to assemble a qualified set of supports and obstacles. It should also investigate the best ways to take advantage of the supports revealed by the research, in order to promote both new and existing local fair trade businesses.

What factors make people willing to accept lesser profits for greater (perceived) social good?

- What kind of people want to do local fair trade?
- Are there enough people who are both idealistic enough to want to engage in local fair trade, and yet knowledgeable and capable enough in business to make it succeed?

7.5 Planning and Local Fair Trade

This section addresses the connection between planning and local fair trade. Planning is considered both an art and a science (CIP, 2003). The Statement of Values of the Canadian Institute of Planners makes some claims about Planning that support local fair trade:

> "Planning includes a concern for health, aesthetics, equity and efficiency. As well, planning respects the land as a community resource. It contributes to the conservation of natural and cultural heritage, and promotes healthy communities and improvements to quality of life."
>
> -Canadian Institute of Planners, Statement of Values (2003)

This kind of approach has been present since the beginnings of the modern Planning traditions. From Ebenezer Howard's Garden City idea of 1898, to today's Smart Growth, planners have supported ideas of localism and fairness. Howard, for example, wanted people in his Garden Cities to be self-governing and relatively self-sufficient (Howard, 1902). Smart Growth, a buzzword in planning today, is seen by the American Planning Association as valuing "long-range, regional considerations of sustainability over short term incremental geographically isolated actions; and promot[ing] public health and healthy communities" (http://www.smartgrowth.org/news/article.asp?art=2648&state=52&res=1280, retrieved Jan 20, 2004).

A major tool that planners have at their disposal is land use planning. They can use zoning bylaws to direct the way land will be used in their communities, favouring small businesses. They do

need the support of the Ontario Municipal Board (OMB), however, as this board has the power to overrule municipal decisions.

The Healthy Communities model, adopted by communities across Canada, is another tool that planners can use to promote local fair trade. Ontario's Healthy Communities Coalition "seeks to achieve social, environmental, and economic health and well-being for individuals, communities and local governments" (http://www.healthycommunities.on.ca/ohcc.htmm, retrieved Jan 4, 2004). This model facilitates planning by citizens and communities, not just by planners. Using this model, planners can help communities develop guidelines for decision-making that support local businesses.

Friedmann (1987) sees a new role for public planners in light of their apparently diminishing power and importance in market society. Instead of giving in to interminable growth as a matter of course, he points out that "the materialism of the consumer society has very little to do with the good life, which is rather about the quality of human relationships," and advocates that planners work on assisting with the "reemergence of civil society as a collective actor in the construction of our cities and regions, in search of the good life" (1987, p.21). In local fair trade, civil society and business come together as an actor in the positive reconstruction of an economic system that strives for the "good life" for all people in a community.

According to Mitchell, "[t]o ensure the long-term survival of community-based enterprises we'll have to rewrite public policy, particularly planning and zoning ordinances, so that they support local businesses, not large corporations" (Mitchell, 2000). Because most local fair trade is small and locally-owned, (either independent, or associated with other organizations), planning actions that support small or locally-owned business will usually support local fair trade businesses as well.

Planners have a long tradition of interest in and concern for the public good, and of a support for community control (Hall, 2002). Local fair trade can be used to build on this tradition. Local fair trade and planning can both benefit from a more powerful local government.

7.6 Conclusions

The purpose of the research presented here has been to learn more about the group of organizations and businesses studied, recognizing that they represent a type of business that has potential to change the way economics works, both locally and globally. This research attempted to map out what local fair trade was being done, to understand what obstacles and supports it faced, and to begin to develop an understanding of how we can make more of it happen.

The next challenges will be to apply this knowledge to the development of more local fair trade businesses, to educate potential proprietors and customers of new local fair trade businesses, and to find a way to illustrate that everyone involved in local fair trade is part of a movement - toward a local economy "as if people and the environment mattered".

The thesis has discussed the major areas of thought that explain and justify this approach to economics, and presented the results of an investigation of the critical conditions for its success in Kitchener-Waterloo. In the face of economic globalization, the approach taken here was not to focus on incremental social or environmental improvement to conventional businesses, but rather to study a way of doing business that is based on completely different assumptions.

Bringing Fair Trade to the Local Level

My initial interest in local fair trade came from noting that fair trade (which was always for internationally traded products) offered an ideal way of doing business that gave a fair deal to producers – but couldn't be a panacea because it required so much transportation that it wasn't environmentally sustainable. Local trade, meanwhile, and localism, the movement that promotes it, emphasized business that was grounded in one locality to the full extent possible. Although there was no guarantee of fairness, this was desirable from an environmental perspective. My response was to investigate local businesses that had social goals similar to those of international fair trade, trying to understand them in terms of a combination of fair trade and localism, and learning what supported and hindered them.

As this research was being conducted, the Fairtrade Foundation in articulated a growing awareness in Britain of the need for a way to make international fair trade criteria (usually only applicable to products produced in the global south and sold in the global north) apply to agricultural products produced and sold in Britain. In a statement on January 13, 2003, the Fairtrade Foundation of Britain said:

> Over the past two years, many consumers have contacted the Fairtrade Foundation to ask why the FAIRTRADE Mark is only available on produce from developing countries and not on foods grown and produced in this country. Most of these comments acknowledge that people in developing countries are the hardest hit by the injustices of the international trading system, but also recognize that similar problems are increasingly being faced by small-scale and independent farmers in countries like Britain. (http://www.fairtrade.org.uk/press_releases/pr030103.htm, retrieved Oct.3, 2003)

The Fairtrade Foundation points out the need for claims of "fair trade [to be] backed by effective guarantees of clear standards. The FAIRTRADE Mark is presently backed by the international standards of the Fairtrade Labelling Organizations (FLO), which is the only such source of independent consumer guarantee". The Foundation warns of "clear risks" (2003, p.2) of other labels being introduced whose standards are not clear and could easily confuse consumers. They value co-operation with other organizations that share their vision of more sustainable and equitable forms of trade, in order to "avoid a proliferation of labels and ensure that standards genuinely address the issues that concern consumers and producers around the world" (2003, pp.2-3).

In addition to the Fairtrade Foundation's initiative, there is also a group of cafés in Mexico that sell fairly traded coffee from Mexico itself. The development of such local standards for fair trade in agricultural products may help lead to local standards for other products as well. In fact, some local independent business organizations already use a similar idea. Some, like Amiba, in Boulder, Colorado, and the Union Paysanne, in Quebec, have labels or stickers that can be used to identify their small scale, independent members (Union Paysanne, 2003).

This research yielded no evidence of existing networks between the businesses identified as local fair trade. In other cities, however, networks of local businesses seem to have used their collective clout to influence decisions that benefit themselves, and thereby, their communities (Mitchell, 2000). This indicates the possibility that a network would be similarly useful in Kitchener-Waterloo as well. The local fair trade businesses found in this research represent burgeoning potential for a network in Kitchener-Waterloo that could help to promote and develop local fair trade, with benefits for the environment and local community.

Many features of the present situation in Kitchener-Waterloo are conducive to the development of such a network:

- numerous businesses and organizations doing local fair trade,
- local commitment to Healthy Communities model
- regional government know-how: Waterloo Region Community Health Department has supported a similar project (Foodlink) which has a Buy-Local working group for idea sharing
- local universities – Planning or other departments may have students to do research projects
- Community-University Research Alliance provides funding for local research

Local fair trade in Kitchener-Waterloo is a small yet significant force of gradual change to the conventional economic system. This research has demonstrated that there are important supports already in place for local fair trade, and with effort and persistence from local fair trade business operators, support from the municipal governments in the area, and the development of a local fair trade network, there are exciting opportunities for further development of the meaning and potential of local fair trade in Kitchener-Waterloo.

Appendix A

Interview Themes and Questions for Key Informants

Local Fair Trade in Kitchener-Waterloo – Interview Themes/Questions

Questions may be altered, skipped or added

What does the person do?

What is their version of "fair trade"/"trade with social motives"/"social enterprise"?

1. Could you tell me a little about the projects that you are or have been involved in related to local fair trade?

Defining

2. How do you define local fair trade [or what you do]? What are the primary goals of this undertaking?

3. What are the main connections you see between social enterprise and fair trade? Do you consider what you do here to be significantly different from other forms of business/trade? b) (if yes, what are the key differences?)

4. How significant is "local" in local fair trade – is all lft locally based? What does "fair" mean to you?

Why does the organization do what it does? (justification, motivation)

5. Why do the organizations support local fair trade? (just because; intentionally alternative; political values, connection to other movements, etc..) (what are the reasons for doing this kind of business?)

6. Why is it important to do this kind of work in K-W (or anywhere?)

What conditions or mechanisms (social, physical, political, community-related) have facilitated or hindered the development and continued existence of "trade with social motives" in K-W?
Supports and Obstacles

7. What factors (social, physical, political, community-related, etc.) do you think have been supports for your business, (or for "trade with social motives" in K-W)?

-support…	-organizations	-individuals	-social
-political	-community	-physical	-financial

8. What kinds of obstacles are faced by developing local fair trade businesses (especially in K-W)?

Networking / Sense of Community amongst (Local) Fair Traders

10. Do you identify with others that I have "designated" as Fair Trade organizations (businesses/projects)? -similarities/ differences]
11. Do you know of any other projects with similar goals in K-W that I haven't covered?
12. Do you identify yourself (or your organization) as part of a movement? (or anything similar?)
13. Could you tell me about **business** organizations specifically designed for local fair trade?

14. What kind of organization for mutual support (if any) exists for people doing this kind of thing in K-W? (social fabric)
16. How relevant is the Fair Trade Foundation or any other fair trade organization to work on local fair trade?

Snowball Questions

17. Do you know of any other groups, organizations, or individuals that you think I should talk to in order to find out more about fair trade at the local level in Kitchener-Waterloo?

18. Is there anything else you could recommend to me that might be a valuable source of information about fair trade? (books, organizations, websites)

Appendix B

Information Letter for Key Informants

School of Planning
University of Waterloo
date, 2002.

Dear ,

This letter is an invitation to consider participating in a study I am conducting as part of my Master's degree in the School or Planning in the Department of Environmental Studies at the University of Waterloo, under the supervision of Professor Susan Wismer.

The purpose of this study is to investigate the origins and nature of "fair trade" in this region. In *international* fair trade, poor producers from the "less developed" countries of the South sell coffee, crafts, and some other items to Northern consumers for a guaranteed fair wage. *Local* fair trade involves similar principles, such as the assumption that trade should be a positive part of community development, but it occurs within a smaller geographic area. Local fair trade can include such things as farmers' markets, craft sales, and community shared agriculture (CSAs) as long as there are social as well as economic motives.

The present study will consider fair trade that happens at the local level, specifically within Kitchener-Waterloo. Through the study, I hope to develop an understanding of the conditions under which fair local trade can best be promoted and supported in Kitchener-Waterloo or other mid-sized cities.

I would like to interview you as part of this study. Because of your role in local trade/business with social motives in Kitchener-Waterloo, I believe that you could contribute significantly to an understanding of the context in which local-level fair trade is carried out in Kitchener-Waterloo.

Participation in this study is voluntary. It will involve an interview of approximately 30 minutes, which will take place in a mutually convenient location. You may decline to answer any of the interview questions if you so wish. If you consent, the interview will be tape-recorded and later transcribed for analysis.

Transcriptions and other raw data are considered confidential. A list of participants will be included in the thesis, and aggregate data from the study may be shared with interested groups or individuals. If you consent, anonymous quotations may also be used in my thesis and/or in published articles.

Data collected during this study will be retained for 3 years in a filing cabinet to which only I have access. There are no known or anticipated risks to you as a participant in this study.

You may withdraw from this study at any time by advising the researcher.

If you have any questions regarding this study or would like additional information to assist you in reaching a decision about participation, please contact me at (519) 884-8091 or by email at

amclegg@yahoo.com. You may also contact my supervisor, Professor Susan Wismer (519) 888-4567, ext. 5795 or by email at skwismer@fes.uwaterloo.ca.

This project has been reviewed by, and received ethics clearance from the Office of Research Ethics at the University of Waterloo. If you have any comments or concerns resulting from your participation in this study, please contact Dr. Susan Sykes at this office at (519) 888-4567, ext. 6005.

Thank you for assistance with this project. I very much look forward to speaking with you.

Yours Sincerely,

Alison Clegg
Masters Candidate
School of Planning, University of Waterloo

Appendix C
Interview Consent Forms

I agree to participate in a study being conducted by Alison Clegg of the School of Planning, Faculty of Environmental Studies, University of Waterloo, who is working under the supervision of Professor Susan Wismer. I have made this decision based on the information I have read in the Information Letter, and have had the opportunity to receive any additional details I wanted about the study. If I agree, the interview will be audiotaped.

I understand that I may decline to answer any question that I prefer not to answer.

I understand that I may withdraw my consent to participate at any time, without penalty, by informing the researcher.

I also understand that this project has been reviewed by, and received ethics clearance from the Office of Research Ethics at the University of Waterloo, and that I may contact Dr. Susan Sykes there at (519) 888-4567, ext. 6005, if I have any concerns or comments regarding my involvement in the study.

Participant Name: _____
Participant Signature: _____
Date: _____

Witness Name: _____
Witness Signature: _____
Date: _____

- -

CONSENT FORM FOR THE USE OF ANONYMOUS QUOTATIONS

I agree that excerpts from the audiotaped interview may be included in the thesis and/or in any publications that arise from this study, with the understanding that the quotations will be anonymous.

Participant Name: _____

Participant Signature: _____

Date: _____

Witness Name: _____

Witness Signature: _____

Date: _____

Appendix D
Feedback Letter for Key Informants

School of Planning
University of Waterloo

date, 2002.

Dear ,

Thank you very much for your involvement in this study on local level fair trade in Kitchener-Waterloo. If you are interested in receiving a summary of the research findings, or would like any further information, please feel free to contact me at the email address or phone number below. Once my thesis is completed, it will be publicly accessible through the University of Waterloo.

In case you are interested in learning more about Fair Trade, I can recommend The No-Nonsense Guide to Fair Trade by David Ransom, or the web site of the Fair Trade Resource Network, at www.fairtraderesource.org/resources.html.

This project has been reviewed by, and has received ethics clearance through, the Office of Research Ethics at the University of Waterloo. In the event that you have any comments or concerns resulting from your participation in this study, please contact Dr. Susan Sykes at (519) 888-4567, ext. 6005.

Thank you again for your participation.

Sincerely,
Alison Clegg
M.A. Candidate, School of Planning, University of Waterloo
(519) 884-8091
amclegg@yahoo.com

Appendix E

List of Local Practitioners

Barterworks	Greg Roberts
Buy Local Group	Katharina Von Hugo
Cambridge Self-Help Food Bank Co-operative Store	Pat Singleton
Central Ontario Co-operative Housing Federation	Mark Paul
Community Food Enterprises	Bethany Mazereeuw
Ebytown Food Co-operative	Steve Izma
Fair Share Harvest CSA	Diane Heise Bennett
Focus for Ethnic Women Sewing Project	Ari Ariarathnam
Global Youth Network, Laurier Fair Trade Club	Anna Haanstra
Habitat for Humanity & ReStore	Pat McClean
Kitchener Farmers' Market	Stephanie Massell
KOR Galleries	Podi Lawrence
May Court Nearly New Store	JoAnn Malhotra
Meeting Place Organic Farm	Tony McQuail
Mennonite Savings and Credit Union	Karl Braun
Morning Gory Café (Ray of Hope)	Sandra Reimer
Muses Café	Dave Bell
People's Car Co-op	Kate Busse
The Working Centre	Joe Mancini
Waterloo Generations	Bert Flaming

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Democracy and Nature. www.democracynature.org

Equal Exchange. http://www.equalexchange.com/

Fair Trade Federation. http://www.fairtradefederation.org

Fairtrade Labeling Organizations International (FLO). http://www.fairtrade.net

Federation of Canadian Municipalities. http://www.fcm.ca/newfcm/Java/frame.htm

Good Work News. http://www.theworkingcentre.org/gwnews.html

Institute for Local Self-Reliance. http://www.ilsr.org

International Federation for Alternative Trade. www.ifat.org

New Economics Foundation. http://www.neweconomics.org/

Tamarack Institute. http://www.tamarackcommunity.ca/

The Regional Municipality of Waterloo. http://www.region.waterloo.on.ca.

The Roberts Foundation – The Roberts Enterprise Development Fund. http://www.redf.org/index2.htm

Ten Thousand Villages. http://www.tenthousandvillages.com

TransFair Canada. http://www.transfair.ca/news/oxfam_report.html.

TransFair USA. www.transfairusa.org

The Working Centre. http://www.theworkingcentre.org/