

# ***The Key Role of Co-operatives in Scaling the Social & Solidarity Economy: The Case of Fairtrade***

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# The Argument

- **The Notion of the SSE and the Need for Scaling**
- **The Potential of FT (Co-ops) for Scaling the SSE**
- **The Limits of FT for Scaling the SSE**
- **Conclusion**

# What does it mean to scale the SSE?

# Defining the SSE

- **No one definition**
- **Some broad points agreed upon**
  - Economic activity oriented towards people not profit
  - Some contribution to promoting social justice
  - A diversity of practice (including co-ops)
- **Some important questions**
  - Inherent or instrumental value
  - Its role in the larger economy
    - Ameliorative (poverty reduction)
    - Transformative (alternative economy)

# The Need for Scaling (Growth)

- **Horizontal**

- The need to bring more people into the SSE

- **Vertical**

- The need to increase capacity of SSE organizations
  - To produce more effectively
  - To move up the value chain (capture more value added)

- **Transveral**

- The need to link the SSE across sectors so that they mutually reinforce
  - Links between finance, production, intermediaries, retail
  - Need to diversity production into different sectors
  - Need to develop (social, physical) infrastructure

# Features of Fairtrade that May Promote Scaling

- **Production**
- **Exchange**
- **Advocacy**
- **Regulation**
- **Mobilization**

# Different Type of Actors in Fair Trade

- **SSE Actors and Relationship**
- **Non-SSE Actors and Relationship**

# Some Historical Notes on Fairtrade

- **Fairtrade as Production**

- Originally only by Small Producer Co-ops
- Later production on large estates is allowed
- Different forms of production in Fairtrade

- **Fairtrade as Trade (Exchange)**

- Originally based upon solidarity between SSE actors
- Later corporations enter, based on minimum stds required
- Different forms of value chains in Fairtrade

- **Fairtrade as Non-state Regulation**

- Fairtrade Int'l (FLO) – 2 sets of norms – values, min. stds
- Small Producers own (SSE) label
- Different forms of regulation in Fairtrade

- **Fair Trade as Advocacy**

- CLAC (Latin America) – includes only small producer coops
- In Asian and Africa estate owners are involved
- Different forms of producer association in Fairtrade



# **SSE, Heterogenous and non-SSE Practice**

<b>Area</b>	<b>SSE (Coop) Bodies</b>	<b>Heterogenous and Non-SSE Bodies</b>
<b>1. Production</b>	<b>Small Producer Co-ops</b>	<b>Private Estates</b>
<b>2. Exchange</b>	<b>SSE Value Chain</b>	<b>Chains dominated by Corp. Retailers</b>
<b>3. Advocacy (Producer Organization)</b>	<b>CLAC (Latin Am)</b>	<b>NAP (Asian) FTA (Africa)</b>
<b>4. Regulatory Body</b>	<b>CLAC's Small Producer Label</b>	<b>FLO's Certified FT Label</b>
<b>5. Mobilization</b>	<b>RIPESS</b>	<b>Global Exchange,</b>

# Fair Trade Value Chains



FAIRTRADE  
INTERNATIONAL

<div>Role</div> <div>Value Chain</div>	Production	Inter- mediaries	Retail
1) 100% SSE			
2) SSE dominant			
3) non-SSE dominant			
4) 100% non- SSE			

# Question

- **How do different types of actors**
  - (SSE vs non-SSE)
- **contribute to the scaling of FT through different forms of participation:**
  - Production
  - Exchange
  - Advocacy
  - Regulation
  - Mobilization
- **in different ways**
  - qualitatively (horizontally, vertically, transversally)
  - quantitatively (participants, sales, value added, etc.)

# The Potential of FT for Scaling

# 5 Features of FT as a SSE practice

- **Fairtrade as SSE Production**
  - horizontal (+)
- **Fairtrade as SSE Exchange**
  - vertical (+), transversal (+)
- **Fairtrade as SSE Advocacy**
  - horizontal (+), vertical (+), transversal (+)
- **Fairtrade as SSE Regulation**
- **Fairtrade as SSE Mobilization**

# **The Limits of Fairtrade in Scaling the Social and Solidarity Economy**

# 5 Features of FT as Heterogenous and Non-SSE Practice

- **Fairtrade as Heterogenous/Non-SSE Production**
- **Fairtrade as Heterogenous/Non-SSE Exchange**
- **Fairtrade as Heterogenous/Non-SSE Advocacy**
- **Fairtrade as Heterogenous/Non-SSE Regulation**
- **Fairtrade as Heterogenous/Non-SSE Mobilization**

# 5 Features of FT as as Heterogenous and Non-SSE Practice

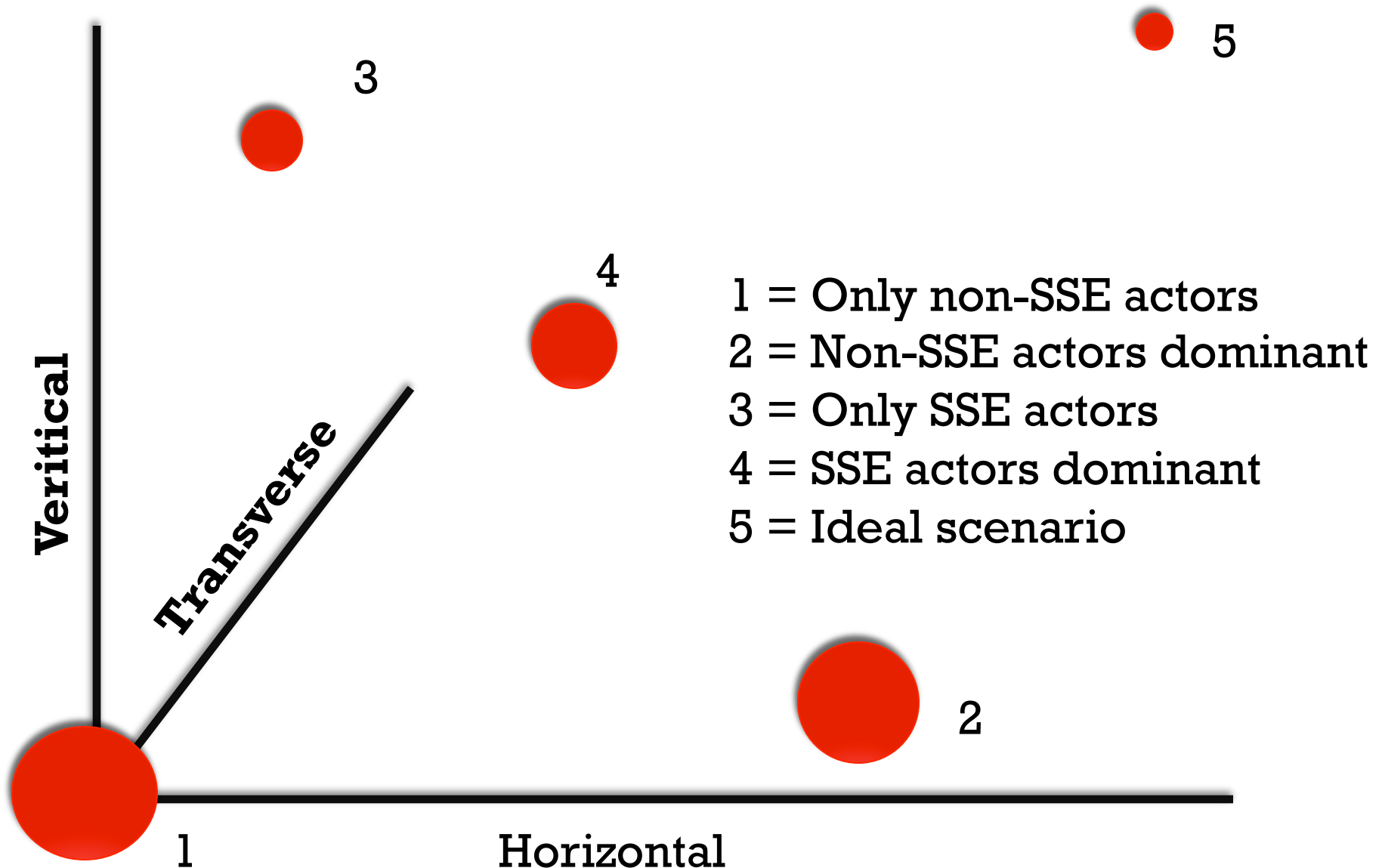
- **Fairtrade as non-SSE Production**
- **Fairtrade as Exchange**
- **Fairtrade as Heterogenous Advocacy**
- **Fairtrade as Heterogenous Regulation**
- **Fairtrade as Heterogenous Mobilization**



# Impact of Fair Trade on Scaling

Practice Activity	SSE Practice	Hetero/Non-SSE
1) Production	Horizontal (+)	Horizontal (-)
2) Exchange	Horizontal (+) Vertical (+) Transversal (+)	Horizontal (+) (-) Vertical (-)
3) Regulation	Horizontal (+) Vertical (+) Transversal (+)	Horizontal (-) (+) Vertical (-) Transversal (-)
4) Advocacy	Horizontal (+) Vertical (+) Transversal (+)	Horizontal (-) Vertical (-) Transversal (-)
5) Mobilization	Horizontal (+) Vertical (+) Transversal (+)	Horizontal (+) (-) Vertical (-) Transversal (-)

# Scenarios of SSE Scaling



# Conclusions?

# Some Lessons?

- **There are major trade-offs in working with non-SSE actors**
  - Non-SSE actors may help extend the SSE horizontally
  - Non-SSE actors will generally inhibit the growth of the SSE vertically, transversally
  - It is not possible to determine in advance which trade-offs are best
- **SSE actors need to decide on trade-offs they want to make**
  - Need to organize among themselves first (bottom up)
  - Need to have engage with non-SSE actors on the basis of negotiations, not through “democratic” decision-making

