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Fair Trade and its Value in Today's Globalized Economy

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Fair Trade and its Value in Today's Globalized Economy

A Capstone Project Submitted in Partial Fulfillment of the
Requirements of the Renée Crown University Honors Program at
Syracuse University

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May 2018

Honors Capstone Project in Finance

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Date: May 7, 2018

Abstract

My capstone examines how fair trade can operate in today's globalized economy and how it can aid in solving some of the large problems that globalization has created. This paper is structured in the following way. It first examines globalization and the ways that it has advanced the world today. Then, it ventures into the problems that globalization has created and how they can be repaired using fair trade. This paper also looks into how fair trade has been successful in the recent past and how it can be improved in the future. It especially highlights how profitable fair trade can be for businesses, as well as for its workers that are currently being exploited.

Executive Summary

My capstone is on fair trade and its role in today's globalized economy. It analyzes how globalization has affected the economy today, in positive and negative ways, and how fair trade can be used as a positive force alongside globalization today.

To start, globalization is more influential and present today than it ever has been in the world. Globalization is the existence of trade between different nations, with an emphasis on utilizing different countries for natural resources, production facilities, headquarters, and any other needs of a business. Trade openness is correlated with an increase in a country's GDP per capita and the introduction of globalization to the world has resulted in more job opportunities for citizens in countries that were previously lacking in employment opportunities. The problem with globalization, though, is that the jobs that globalization gives way to are not always fair to workers. One of the main reasons behind this is because of how fast globalization has grown in the past few decades, especially in the apparel industry. In the 1960s, 5% of apparel sold in the United States was made overseas. Today, just 50 years later, this number has increased to 97%. This dramatic shift in the economy has lent itself to problems that need to be addressed in globalization.

There are a number of examples of the problems that we can see today with the way that workers are treated in developing countries, but a few examples include insufficient wages, a lack of empowerment in the workplace, unsafe working environments, and other conditions that put these workers in poor situations. These working conditions are a result of a new way of business that globalization has given rise to: fast fashion. Fast fashion is the quick turnover of clothing from the runway to consumers, maximizing efficiency and minimizing cost in the process. In prioritizing these two needs, workers are pushed to their own limits and exploited along the way.

To solve this problem in a way that is productive for everyone along the supply chain, from workers to executives, while also advancing globalization in a positive way, fair trade is the most all-encompassing answer. Fair trade is a social movement that empowers workers and places importance on their well-being. Fair trade corporations adhere to standards in four categories: income sustainability, empowerment, well-being, and environmental stewardship. Income sustainability ensures that workers get appropriate wages and that they are consistently paid for their work. Empowerment allows workers to have a voice in their workplace, as well as take on leadership positions and promotions. Well-being includes a premium, or a large sum of money, that corporations give to an entire group of workers for them to vote on how to use in any way that they choose. This can include bonuses, the creation of a nursery, the institution of a canteen or cafeteria, or anything else that seems fitting for the group. Environmental stewardship is the preservation of the environment in the workplace, ensuring that the surrounding area is not harmed. Companies that are fair trade certified must adhere to specific rules within these standards and Fair Trade USA is audited regularly to ensure that these standards are being upheld.

Fair trade is a viable economic model and has already found a lot of success in the food industry. Many food corporations have found success in fair trade and consumers have been excited to support them. In the apparel industry, fair trade is just getting started. A few companies, most notably Patagonia, are offering fair trade items and profiting from these sales. Fair trade companies can make a large profit off of these goods. On average, fair trade items cost companies about 1-5% of what they are already paying to suppliers. But the average cost of fair trade items is 12.7% higher than regular goods. This means that the profits of fair trade can be even higher than those for regular goods. This, along with growing consumer demand for impact investing, or investing in goods that have humanitarian, environmental, or other

efforts attached to their company, means that fair trade is an option for businesses to thrive in today's globalized economy.

Overall, fair trade is a growing, profitable, and important business model that companies can thrive off of in any industry.

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Fair Trade and its Value in Today's Globalized Economy

Introduction

“Living the examined life is a pain in the ass.” (Patagonia, 2018). This eloquent quote is brought to you by the founder of Patagonia, Yvon Chouinard. Chouinard created Patagonia back in 1973 with this “pain in the ass” thoughtfulness in mind. Today, Patagonia uses only organic cotton, they work with suppliers who provide them with polyester recycled from alternative materials, and several of their lines are fair trade certified. This kind of attention to the environment and workers is not often found in the apparel industry. Actually, it's rarely found. Today, the most booming and exciting clothing companies are also those that reinforce a cycle of fast fashion, where clothing moves from the catwalk to stores quickly and inexpensively. This trend allows people to express creativity and ever-changing styles at the drop of a hat and it is also only possible due to globalization and quick manufacturing in other countries. Creating clothing so cheaply and quickly must sacrifice something along the way and, in the case of fast fashion, that sacrifice is the well-being of employees, specifically those at the beginning of the supply chain (Collins, 2015). These workers are being overworked, underpaid, and are lacking power in the workplace. How large is this problem and how can companies (and consumers!) affect real change in the lives of employees and the environment? This paper is meant to explore these questions and many more associated with fair trade and the apparel industry.

Section 1

Globalization Strengths

The effect of globalization is a highly contested issue, with arguments favoring and criticizing globalization gaining large followings. To start, it is important to define globalization as it will be used in this paper. Globalization is the process that a country, organization, or group goes through to become more connected to the global economy and international relations. Specifically, globalization is related to this process occurring in developing countries and getting assistance from developed countries. “In no society today do women enjoy the same opportunities as men” (Gray, Kittilson, & Sandholtz, 2006). Although this declaration was first found in a Human Development Report in 1995, it still holds true today and is an important consideration in any conversation about the global economy and society as a whole. In order to analyze globalization and fair trade in the most all-encompassing way possible, it is important to specifically focus on the groups of people that are most affected by these two factors in the global economy. The majority of this paper focuses on all workers in the developing world, which is a disadvantaged group that is deeply affected by globalization. To further narrow this conversation, we must now focus on women and the way that globalization affects them differently than their male counterparts. One of the main reasons why it is important to consider a feminist perspective in this conversation is because “gender is one of the few modes of differentiation that has social, cultural, political, and economic implications everywhere in the world” (Gray, Kittilson, & Sandholtz, 2006). Although not all women are treated the same around the world, there are consistently differences between genders everywhere, making it an

important perspective to consider. The alternative to this is assuming that gender is not a factor in the way that globalization affects people, which would be a naive view. Investigating women specifically allows us to understand a disadvantaged group in countries around the whole world, to different extents. Women are affected by events in the world differently than men, so distinguishing between their experience and the experiences of men will help us to understand how to better improve globalization for women.

There are a number of arguments on why globalization is not a productive process and how it ultimately creates a dependency of developing countries on developed ones (Kentor, 2001). Although this argument has validity to it that I will touch upon later in this paper, globalization is ultimately a positive movement for the global economy. The positive effects of globalization are hard to isolate because as trade opens up, so does the use of foreign aid, the accessibility of technology, and other factors that have been linked to the strengthening of the economy. But, setting those other factors aside, it is still clear that globalization and trading internationally have improved economies in both developing and developed countries. "Per capita incomes have risen across virtually all regions for even the poorest segments of population, indicating that the poor are better off in an absolute sense during this phase of globalization" (International Monetary Fund, 2007). Trade globalization, isolated from financial globalization, has also helped contribute to the lessening of income inequality across the globe. The IMF even advised developed countries to "further trade liberalization that boosts agricultural exports from developing countries" in order to make positive and productive changes for these countries (International Monetary Fund, 2007). There is a positive correlation between trade openness and real GDP per capita, according to the IMF, for countries that are both developed and developing. Additionally, although not all countries that have more open trade are successful, "there are no successful cases of fast-growing countries that followed

inward-looking policies” (International Monetary Fund, 2002). Overall, it is clear that globalization is an important factor in today’s modern economy.

Looking at the past, globalization did not always characterize the global economy so powerfully. It has seen a number of eras of waning and waxing over the past century, with a lot of success and growth over the years. The last time that globalization spiked was right after before World War I, when the US was involved in a lot of trading for both imports and exports. World War I halted trading and brought most of the world into a period of protectionism. From there, globalization jumped and retreated in the next few decades, as conflicts continued to define the state of the world. In the last few decades, globalization has been gaining new strength, in part due to the ease of transferring capital, information, resources, and people from nation to nation. This new wave of globalization makes up an even larger share of GDP in comparison to globalization in the 1920s (Ortiz-Ospina & Roser, 2017). This means that, as prominent as globalization has been in the past, it is even more influential now and defines the current economy. Although technology can be considered separate from trade globalization, they are also intertwined in many ways. Technology is a driving force behind the success of globalization. More efficient and powerful technology allows companies to create processes between countries that once needed to be done completely manually and locally. This has resulted in increased efficiency along the entire supply chain. Globalization also has the power to promote international relations and mutually beneficial economic outcomes if used correctly. As a whole, international trade has been a driving force in boosting the economies of wealthier nations, while simultaneously providing poorer nations with more jobs and opportunities. Additionally, globalization has driven prices down by moving production from developed to developing countries. These changes have lowered prices because making products in the United States, in particular, is expensive. This is “because the cost of labor is significantly higher

[in the United States] than in countries like China...and because there's often no infrastructure to produce [in the United States]" (Shapiro, 2017). It can reduce trade barriers, promote global economic growth, drive prices down, and give developing countries the ability to expand and gain wealth. It has introduced new technology, information, and money to different nations all over the world. Globalization is clearly a positive movement and one that brings a lot of benefits along with it.

Although globalization is an important process that must take place in order for the global economy, and individual countries' economies, to grow and be successful, it also has a number of flaws in the way that it is currently working. Continuing to trade internationally and foster these global relationships is important, but there are changes that must be made to the current way that globalization is occurring in order for its benefits to be maximized for all groups of people around the world.

Globalization Weaknesses

The clearest indication of why globalization is still flawed is that there are workers for global companies in developing countries who are unfairly paid, reimbursed, and treated in the workplace. Examples of this kind of treatment have recently been publicized in a few ways, shedding light on the kind of conditions that people work in under globalized corporations. One of the most high profile examples of this is the garment factory collapse in Bangladesh in 2013. To further explain, there was a factory in Bangladesh that collapsed as a result of below-standard construction and a blatant lack of regard for appropriate building codes five years ago. The collapse killed over 1,000 workers, who were previously urged by factory owners to continue coming to the factory even when workers were concerned with the safety of their

workplace. This devastating event brought “the unsafe conditions in the garment industry in Bangladesh” to light for consumers around the world - and for good reason (Yardley, 2013). This factory collapse was a remarkable example of the kind of working conditions that can be seen all over the developing world today. Before diving deeper into these issues, it is important to identify a key term used in this paper. Exploitation will be defined as treating workers worse in some regions (notably the Global South) than in a corporation’s home country, in order to gain as much profit and power from that region as possible. Exploitation varies based on the countries and people involved, but it refers to an overall lack of respect and compensation for people’s work.

In situations of poor working conditions, there are many groups that are to blame. Particularly in this disaster in Bangladesh those groups included the mayor for signing off on inappropriate and destructive construction approvals, owners within the building for urging workers to keep coming back to work even when they felt unsafe, and the clothing companies themselves for not being accountable for all employees in their operation. As consumers, we are obligated to stand up against this kind of unfair treatment of workers, but it is difficult to identify who to target in order to make room for more fair practices to emerge in the apparel market. Certainly, a start to this change is to demand better practices by voting with our dollars for products that are created by workers who are being treated fairly. But how can a consumer find and demand products like this, and do they even exist? The most clear solution is to target one of the parties that is consistently responsible for poor working conditions and urge them to alter their practices. The same culprits to blame are consistent among other similar situations. They can be boiled down to local and national governments, managers, and clothing companies. These entities can be broken down to understand who is the best to target in order to make the most large scale change in the industry.

To begin, the local and national governments are issues in this situation. In the case of Bangladesh, the mayor was accused of “wrongly granting construction approvals” for the factory (Yardley, 2013). These approvals were most likely granted as a result of pressure from corporations pressuring the government to keep costs low. While the factory kept adding heavy machinery to higher-up floors in order to maximize space, the building was being wrongly confirmed to be suited for that kind of exertion. This is one example of when keeping costs low was prioritized over the safety of human beings. Additionally, governments in many countries enforce problematic minimum wage laws that are not sustainable for families to live above the poverty line. Because companies are allowed by the government to set low wages, they do so, and leave workers barely able to live off their salaries. Additionally, there is major governmental oversight in companies not following these already substandard policies. For instance, allowing children to work, unfairly firing employees without the proper benefits, or not relieving workers during long hours working are some examples of persistent problems in developing countries. There are clearly major issues in the structure of these governments, but it is difficult to influence and change international governments as citizens of another country. Along with this, the government is not the most effective target to change in this equation. Additionally, changing governmental policies is not only difficult, but it also moves the problem to a different country, while leaving the original country at a disadvantage. For example, if the government of a developing country, like Vietnam, were to raise minimum wages or urge outside companies to treat their workers in certain ways, there are dozens of other countries that are simultaneously lowering their wages in order to attract new companies. In this scenario, it is not possible for a single country’s government to alter only their standards in order to affect real change in the global apparel industry. Because workers in these developing countries rely on jobs that

outsider companies bring in, they are not at liberty to turn away jobs that their economy, and their citizens, need to survive. In conclusion, this is a problem that exists not just at a local or national level, but at a global level. To create change through local governments in developing countries would be ineffective and lead to different kinds of problems domestically.

Governments are not the targets for necessary change.

The next possible group to influence is local managers. Although these people do have more power in keeping workers safe and giving them more power, they are ultimately at the whim of the larger companies that they are employed by. Further than this, these managers are local and can be underpaid and exploited in some cases, just like the workers that they manage. They are living in similar conditions to workers and have little ability to actually assist those who work for them. These managers are victims in these working situations as well and are not the group that can successfully change their practices in order to help workers. After understanding that it is not efficient to affect change in governments or managers, the only group left to work to change is large, global companies. These corporations have so much power in developing countries, where the job market is so competitive and revolves around limited jobs in factories, fields, or other workplaces governed by outside organizations. Although the conclusion that corporations are to blame will become clear in the context of this paper, it is not so straight-forward for some opposing groups.

“Women face particular disadvantage in global trade” (Hutchens, 2010). This is especially true because out of the 1.3 billion people in the world who live in poverty, women make up 70% of them (Hutchens, 2010). This large percentage of impoverished women can be linked to gender inequality that exists all over the globe in various amounts. So, to start, it is clear that women are already more likely to be living in poverty than men, and are therefore more susceptible to other difficulties in their lives. This inequality serves as an important

disclaimer to the analyzation of how women are affected by fair trade. Women are already overexposed to poverty, making any efforts to assist them that much more challenging.

Both developing and developed countries are seeing an increase in accessibility of the labor force for women and, therefore, an influx of women in the workplace. Looking at the United States, this change is evident. Comparing the workplace from 1948 to 2016, men went from making up 71% of the labor force to 53% (United States Department of Labor, 2018). Suddenly, women are taking up equal space in the the labor force as men in the United States, which is a huge change from just over 60 years earlier. When looking at the situation on a global scale, “women account for more than 40% of the labor force in many countries”, with the main regions that have less than this 40% being the Middle East, North Africa, and India. These changes, although exciting and progressive, are also extremely varied. Take two African countries that neighbor each other, for example. Liberia’s “female share of the labor force” is 50.6%, while Algeria’s is 18.1% (Fetterolf, 2017). These countries are different in a number of ways, including female participation in the formal workplace, so these numbers do not tell the entire story. Demographics, like the one above, are often created with only formal work considered. Yet, a significant amount of work that must be conducted to run a household is informal, as opposed to formal. Informal sectors are places “in which women and men are marginalized under global capitalism” (Nagar, Lawson, McDowell, & Hanson, 2002). Although both men and women are engaged in the informal sector, it is especially prevalent in the lives of women. For example, when examining the labor force in Ghana, it was found that 91% of the female labor force participation in the country is involved in informal work (Abraham, Ohemeng, & Ohemeng, 2017). This informal work is exceedingly important, but is consistently undervalued in the economy. When considering policy changes in terms of social services, the work that was previously subsidized is “most often assumed by women in the feminized spheres of household

and community” (Nagar, Lawson, McDowell, & Hanson, 2002). This work includes anything from providing one’s family with food and housing to the care and education for members of the household. When considering the work of women in this paper, it is important not to discount the value, time, and effort of this type of informal work that often falls on women to complete. This informal work is also extremely valuable and oftentimes “free substitutes for what would otherwise be remunerated market work” (Visvanathan, Duggan, Wiegersma, & Nisonoff, 2011). In this way, it is important to consider informal household work as a productive and necessary part of the economy. The way that the economy is currently viewed is through a traditional thought process: if there is not money involved, don’t bother to measure it (Nash, Who’s Counting? Marilyn Waring on Sex, Lies and Global Economics). This method of measuring and viewing the economy is important because it affects the types of policies that are being created and what kind of work is prioritized. Including informal work by women in the analysis of the economy could change the way that women are viewed and treated in the workplace.

One large change that globalization has created is an increase in the number of employment opportunities for women. Although globalization affects women in very different ways, depending on their country of origin, socioeconomic status, race, or other factors, it is thought that globalization overtime ultimately will “lead to improvements in women’s status and equality” (Gray, Kittilson, & Sandholtz, 2006). The key to this phrasing is that globalization *will lead to improvements*, but has not yet, for many women. That is because, although women are holding a larger role in the labor force today, they are excluded from the “more stable and higher-paying jobs” and are, instead, pushed into the worst-paying jobs available (Gray, Kittilson, & Sandholtz, 2006). Additionally, even when jobs are being created specifically for women, the way that women are viewed for these jobs is detrimental and does not help to advance gender equality. When looking at a particular case of “gendered stereotypes of Asian

women workers”, these women are viewed “as tractable, hard-working, dexterous-and sexy” (Jaggar, 2001). This stereotyping is harmful to women because, although it may allow them to get a job, they are subject to poor working conditions and higher levels of harassment in the workplace. This type of situation is a common theme among women in the developing world under current rapid globalization. The jobs that are available to women are ones with lower wages and poor conditions. This is the same problem that can be seen with globalization on all workers in developing countries, but it is especially prominent for women. Overall, we can see that globalization affects women differently than men in many ways.

Considering “global capitalism through cheapening production in sweatshops”, women are also viewed in a different way than men in certain work environments. In one account of the environment of maquiladoras, or factories in Mexico, women are thought of as a temporary part of the workforce and only “working for lipstick (as opposed to a family wage)” (Nagar, Lawson, McDowell, & Hanson, 2002). This viewpoint is harmful to the experience of women in the workplace because their roles are not taken as seriously as their male counterparts. For example, there is little to no priority in investing in women through raises, promotions in leadership, or education. The idea that women’s incomes are supplemental, as opposed to primary, is oftentimes incorrect. In another account of the maquiladoras, Maria Patricia Fernandez-Kelly describes the factories as employing an overwhelming majority of women, one third of whom “head households and are the sole supporters of their children” (Visvanathan, Duggan, Wiegersma, & Nisonoff, 2011). Although these women must work in order to provide for their family, they are not viewed as such. Instead, one term that Melissa Wright uses to describe them is “disposable women”, which refers to the notion that a woman’s place in the labor force is nothing more than recreational. This term serves as justification for “low wages in the service of global capital accumulation” (Nagar, Lawson, McDowell, & Hanson, 2002). The

lack of care attached to how women are treated in the workplace is not rare, or limited to just maquiladoras. In fact, “the apparel industry hires women whose position in the city makes them especially vulnerable to exploitative labour practices” (Visvanathan, Duggan, Wiegersma, & Nisonoff, 2011). These women are often young, poorly educated, and recent migrants to the area. Because of these vulnerabilities, the women working in the apparel industry as a whole are susceptible to poor treatment under globalization and its power in the economy. Overall, even though globalization is providing women with more job opportunities, they are not taken seriously in the workplace and their work, both informal and formal, is not being accounted for as legitimately as their male counterparts.

Fast Fashion

Corporations are the most influential in terms of making the necessary changes to international trade for it to become more beneficial to workers in developing countries. One of the most influential movements affecting corporations and their actions today is the trend of fast fashion. Fast fashion is a fashion phenomenon that has been sweeping the globe in the last few years. It is characterized by a company’s ability to operate with “constant turnover of on-trend items and ability to give shoppers access to runway styles at cheaper prices” (Hanbury, 2018). Fast fashion has been gaining a lot of popularity among large, global corporations like UNIQLO, Zara, and Forever 21. These companies are gaining a lot of traction, with Zara standing as the “world’s largest fashion retailer” and others like UNIQLO and Gap following closely behind (Hansen, 2012), (2018). For the most part, these companies are targeting 18-34 year olds, which includes largely college students and young professionals, who prioritize fashion statements, low prices, and convenience - which these companies are all giving the consumers. Consumers are now trained to expect low prices, ever-changing inventory, and an abundance of

options. With all of these perks, there comes a lot of stress and pressure on the supply chain, which ends up funneling down and hurting the workers at the very beginning. When a consumer buys a pair of UNIQLO jeans for \$30 that were on the runway a few weeks ago, there has to be some degree of underpayment for workers down the line. In this kind of situation, workers in developing countries are being exploited, but continue to work in these environments because large, global corporations have so much power in these areas. The most prominent industries in these countries are characterized mainly by agriculture and the creation of garments, whereas wealthier countries have industries centered around real estate, finance, or other, more profitable industries. This means that jobs in developing countries are centered around traditionally less profitable industries, whose main customers are in the West. Because of this, workers in these countries have become accustomed to relying on outside corporations as employers, with their alternatives being much less structured and reliable. Large corporations have a lot of power in this relationship, especially because workers' alternatives are very unattractive, so any job that outside corporations offer is seen as attractive and in high demand. This situation is one that makes globalization great on paper: it gives those who may have otherwise had a worse job, or no job at all, an opportunity to work. But in reality, the jobs that these workers have are still in very poor situations, as corporations exploit workers who need jobs and give them jobs that fulfill the bare minimum for workers. While the global economy has grown in so many positive ways, a negative by-product of globalization is its disproportionate increase in wealth for wealthy nations, as compared to a significantly smaller increase in wealth for poorer nations. Overall, "incomes for the relatively well off have increased at a faster pace" than those who are not as well off, which means that globalization is helping certain groups far more than others (International Monetary Fund, 2002). Although this disproportionate growth is supported by similar historical growth rates for both developed and developing countries, it is

still important to note that globalization is currently more beneficial for developed countries than it is for developing countries. This difference in growth is not necessarily a problem in itself, but it does lend itself to a continuation of the large income gap between developed and developing countries. This gap is a consistent source of inequality between the citizens of these countries, so continuing to widen this gap through larger growth in developed countries hurts developing countries. “It is wonderful for managers, owners and investors, but hell on workers and nature” (Collins, 2015). Although this quote is a bit exaggerated, it does describe an important dynamic between how globalization can be wholly positive for those in corporate roles, while being both positive and negative for workers and the environment, as well. Exploitation is a huge problem in the apparel industry and it can be alleviated if companies opt to go above the bare minimum and give workers the support that they earn and deserve. There are a number of ways to start to solve the problem of treatment of workers in developing countries, but, in my research, I have found that the most all-encompassing answer is fair trade.

Fair Trade

So, what is fair trade? Fair trade is a social movement that aims to empower all workers along the supply chain, as well as protect the environment. Fair trade first started in the 1940s, when the organization now known as Ten Thousand Villages started to purchase needlework from Puerto Rico and sell them in the United States. Similar models were cropping up in Europe at the same time, with the same initiatives of allowing people in developing countries to prosper and get paid fair wages. Two decades later, NGOs started to step in because they saw a need for fair trade organizations in the economy. They defined fair trade organization as those “which would provide advice, assistance and support to disadvantaged producers”, with the goal of “greater equity in international trade” (World Fair Trade Organization, 2018). As citizens of

Europe and the United States worked to establish these types of organizations, developing countries were simultaneously promoting their own need for “trade not aid” (World Fair Trade Organization, 2018). This distinction is hugely important in the argument for why fair trade is a more viable principle than giving aid to countries in need. The argument is as simple as the well-known Chinese proverb: “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime”. Sending developing countries a small portion of a company’s benefits and profits forces them to be reliant on that aid and on those corporations. Additionally, it is a counterintuitive way to conduct business. Why make larger profits through exploitation and then send some of that money back to those you exploited when you can pay those workers well in the first place? Not only does this give workers a better and more abundant job options, but it also leaves corporations with less of a liability for the treatment of their employees. Since the beginning roots of fair trade over 70 years ago, fair trade has seen consistent growth and increased awareness among consumers. With this growth, fair trade is no longer a concept or a general idea, but a certification that is regulated by multiple organizations.

Standards

Fair trade brands must adhere to rigorous standards in multiple fields to ensure that they keep their fair trade certification. Because of the recent popularity of fair trade practices, multiple fair trade labels exist all over the world. Some examples of these include Fair for Life, Fair Trade International, and Fair Trade USA. These certifications all feature very similar values and largely do not conflict with each other. For ease of communication, this paper will address Fair Trade Certifications in relation to Fair Trade USA because it has specific standards for different types of goods. This will allow us to specifically look into the apparel industry and the standards that exist there, as opposed to food or cosmetic goods. Fair Trade USA operates using 4 categories

that encompass a variety of standards that brands must meet in order to become certified as fair trade. The categories of the Fair Trade USA standards are as follows: **income sustainability, empowerment, individual and community well-being, and environmental stewardship.**

These categories are individually analyzed below (Fair Trade USA, 2018).

Income sustainability

Income sustainability is an employer's promise that all workers across the total supply chain are paid at least minimum wage of their country or, in cases where minimum wage is not enough, paid enough for workers to cover their basic needs. This standard seems like it is a given for any worker, but underpayment is a problem that these workers face. In times when the market for certain goods is volatile, the workers at the beginning of the supply chain are exposed to a risk of not being paid for their labor because the products that they created are not being sold. Fair trade certifications ensure that workers will be paid consistent wages and will not be penalized for the market's movement. Consistent wages are important for the long-term safety and peace of mind of workers and the families that they support. This standard of fair trade introduces consistency as a given in the lives of employees.

Empowerment

The next category of empowerment is significant in the fair trade certification because it ensures that all workers have a voice in their workplace. This has been seen to make a huge difference in workers' experience at work. One employee for Patagonia said that the fair trade model at her factory gives her the ability to "become a leader, to speak, to express [her]self, to give [her] opinion" (Fair Trade: The First Step). These feelings are reiterated by many other workers in similar situations, who feel valued in fair trade environments. Being able to go into

work and have the power to make changes, advance in their career, and have a voice among their coworkers is an essential part of changing the mentality towards these workers to one that considers them important, empowered people.

Diving briefly into the issues that fair trade faces, empowerment is one that arises in the current fair trade model is related to their empowerment standards. Fair trade emphasizes empowerment as an important part of the formula to give workers the best experience possible. The problem that arises is that the standard for empowerment is governed by the corporation, as opposed to the workers themselves. This situation is one that can be seen in a multitude of charitable organizations: outsiders enter a developing country and impose their own ideals on them from the developed world, treating their own ideals as inherently correct and better than those of the affected country. When “Northern organizations see themselves as agents of empowerment”, they are assuming that their views of the world are the most correct and the best option in all regions (Moore, 2004). In other words, corporations become “too preoccupied with their own agendas to recognize that empowerment is, by definition, not something that can be imposed” (Moore, 2004). This type of superiority complex can be improved by fair trade becoming more flexible based on the region that it is working with. This way, when corporations work with Asian versus South American nations, they can take into considerations the different values and ways of life that exist in different places. Fair trade can only be successful if it is catered to the individuals that it is aiming to empower. One way to alter empowerment is to study the country that a company is sourcing from and ensure that the individual ways in which workers’ voices are heard are catered to the comfort level and values of the individuals in the workplace. Insisting that empowerment comes in one Western way could ultimately hurt workers and put them in situations that are not desirable to them in particular. Overall, what to remember

when traditionally Western corporations establish relationships with developing countries is to take the country that you are working with into account when creating the fair trade model.

Well-Being

Another standard in fair trade certification is individual and community well-being, which refers to the premium that businesses are required to give to the community of workers that they are working with. This premium is an additional sum of money given to workers, on top of their wages. This money is meant to be used as workers wish and gives them the power to use this money in whatever way it is needed. Workers democratically elect a few workers among them to vote on how this premium is used, taking into account the opinions and needs of all workers in the company. This premium can be used in whatever way the workers decide upon. In some instances, this money translates to bonuses or meal vouchers and other times it funds the creation of a daycare or medical check-ups. The freedom to democratically choose how to use this premium allows workers to make decisions about their money, without someone else in a corporate role dictating how best to allocate it for them. This distinction is important because it assumes that the people themselves are better at determining how they need to use their money, rather than the corporation. The idea behind giving workers a premium to use, as opposed to simply paying everyone more, is that having a sum of money set aside to use as a community can be more beneficial as a collective good, as opposed to individual wages. Additionally, if the community is in need of higher wages, the premium can also be used as a bonus, distributed to all workers equally.

Environmental Stewardship

The last condition in the fair trade model is environmental stewardship. Environmental stewardship highlights how important it is to preserve the local environment of factories as well as using inputs that are not harmful to the earth. This last condition is important for the health of the environment in the future and also for the health of current workers and their own living space. In one town just below the United States-Mexico border, a local researcher went undercover as a worker and found poor air conditions in the factory, as well as in the surrounding area where workers often lived (Funari & De La Torre, Maquilapolis). Adherence to these environmental standards improves the quality of life for current workers and the future of the environment as a whole. Additionally, because of how quickly fast fashion companies make clothing, they often sacrifice environmental care for speediness. This lends itself to the use of harmful chemicals and waste. Practicing environmental stewardship shows that fair trade standards go beyond caring for people by prioritizing the environment as well.

Regulation of standards

All of these standards are measured by Fair Trade USA. They are internally, as well as externally, audited on a regular basis. This ensures that Fair Trade USA is not easily subject to bribery and that consumers can trust certified products as legitimate. Because there are multiple fair trade certifications around the world, these certifications are being watched and judged by consumers and would fail if they were not legitimate. Additionally, companies that are fair trade certified must keep up these standards consistently because Fair Trade USA measures them regularly. This ensures that companies practice fair trade standards everyday (Fair Trade USA, 2018).

Section 2

Why Globalization?

To understand why globalization is so present in today's economy, it is important to analyze why businesses benefit from globalization. To start looking at globalization through a business' eyes, we must identify the goals of a business. The first and foremost goal of a business is to make a profit. This statement has been reiterated by experts, consumers, businesspeople, and textbook definitions for ages, and rightfully so. Businesses need to make a profit to continue exist, so their first and foremost goal is, obviously, to stay afloat with profit. In the retail industry, this need to make a profit means that corporations are looking for the lowest cost inputs, in order to make the most money from their outputs to consumers.

Improvements

The United States in particular has locally abundant capital factors and locally scarce labor factors traditionally. Because the apparel industry requires a lot of labor, corporations in the United States outsource most of their labor in order to benefit the most economically (Wee, 2013). Outsourcing has grown in the past few decades, and now it is the most prominent means of production in retail. 97% of apparel sold in the United States is made overseas today. 60 years ago, before globalization was so present and influential in the economy, only 5% of U.S. apparel was made outside of the country (Wee, 2013). This difference, in just over half of a century, indicates a greater shift in the global economy; business is no longer conducted in the

same way. Now that the United States is able to participate in globalization with a variety of different countries, U.S. corporations outsource more of their labor to countries that have labor abundant factors. In theory, this situation is ideal. Free trade allows both nations to benefit: workers in labor abundant nations have more job opportunities, consumers in capital abundant nations have less expensive goods, and corporations have higher profits. These benefits can be seen through a variety of changes in the global economy. One of the most apparent of these changes is globalization spurring technological advancement around the world and spreading new technology to so many countries, both developed and developing. Developing countries' exports are rising as trade integration increases (International Monetary Fund, 2007). Globalization benefits businesses, but is also supported by all of these additional positive effects that benefit the entire economy and developing countries. But there are so many issues underlying these positive outcomes.

Future Improvements

To understand the improvements that need to be made to globalization, it is important to dissect the positive effects. To start, the drop in global unemployment rates can be individually analyzed by country to see how different countries, particularly developing versus developed countries, are affected. Compared to the average global change in unemployment of -8%, Bangladesh had a 1% increase and the United States had a drop of over 25%. This inequality between the effects of globalization for developing versus developed countries is consistent throughout many different arguments. Although a 1% increase in unemployment is not necessarily bad, it is absolutely not as strong as the 25% decrease in the United States ((International Labour Organization, 2017). Improving globalization is not about making it any worse for developed countries, but instead, it is about bringing up developing countries to that

same level. Continuing onto the next beneficial outcome of globalization, technology is spreading. But “technological advances have contributed the most to the recent rise in inequality” (International Monetary Fund, 2007). This is supported by the idea that new technology “increases the premium on skills and substitutes for relatively low-skill inputs...explain[ing] almost all of the increase in inequality from the early 1980s” (International Monetary Fund, 2007). Although technology is often used as a measure of the economic success of a nation, the prominence of technology in a country can be misleading in understanding whether or not that country is actually benefiting from the technology. Additionally, whenever new technology is created, it creates more inequality within a country and among countries. The most important underlying issue behind globalization is the creation of jobs in developing countries. The creation of new jobs in a nation that has many citizens of its own struggling to find employment is beneficial for those citizens. In this way, globalization creates a solution of providing jobs from global corporations to citizens in countries that are in need of jobs. But the jobs that these people are provided with under current globalization are, in a word, unfair. They are unfair in wages, empowerment, mobility, and safety. Corporations from outside countries take advantage of a country’s need for employment by offering them these unfair jobs. Although citizens are given employment opportunities, the opportunities are not of the same caliber as those in the corporation’s home country. Outside corporations can offer workers what the Founder of American Apparel, Dov Charney, calls “slave wages” (Gelinas, 2017). Although this particular wordage is a bit exaggerated, it also has a lot of truth to it. There are thousands of workers who are willing to accept these jobs because their alternative options are even less safe, paid less, and less consistent. Outside corporations can offer workers slightly more than their alternative options and make a large profit off of their highly demanded work. Overall, corporations can get away with the exploitation of workers in these countries

because those citizens rely on the United States and other wealthy countries to import their goods and employ them in order to survive in the global economy. The relationship between these countries is one where capital abundant countries have power over labor rich countries and are able to utilize their resources and workers for much less than they are actually worth. But this is not the way that globalization needs to operate and certainly not the most ideal. Consumers have been instrumental in demanding businesses to operate in a different way.

Consumer Demand

This narrative of corporations working towards a larger profit as their main and only goal is changing. Instead, many consumers are looking at corporations to offer consumers with more innovation and engagement. This movement can be seen by a variety of corporations prioritizing different kinds of standards in their brands. An example of this is Toms, which utilizes a “Buy One, Give One” strategy to donate a pair of shoes to children in need every time a consumer buys a pair of shoes. According to research that they did with Boston Consulting Group, 50% of consumers are “aware of and motivated by the giving element when they buy Toms shoes” (Lebowitz, 2016). Then, when informing those consumers who are unaware of Toms’ mission, they state that they are more likely to buy products in the future. This example of just one company shows us that consumers can be motivated to buy apparel by a model that gives money, goods, or attention to others in need...and that is a great sign! Consumers are motivated to buy products backed by innovative, philanthropic, or environmentally friendly ideals by the amount of exposure that they have to those standards. Not to mention that “impact investing”, or the investment in corporations that have a focus on doing good for humanity has increased by a whopping 76% from 2012 to 2014 (USSIF, 2014). Consumers are becoming increasingly more interested in the information and meaning behind their purchases. More than

this, they are pursuing this interest through the use of their money and investments in corporations that align with their own values. This can be seen in the evolution of food and luxury items markets. These industries are receptive to fair trade options because of the rise in popularity of organic, non-GMO, all-natural, or similarly labeled items in these industries. Although the labels may have started as serving a niche market, they are now very mainstream and continuing to gain popularity. A poll by the New York Times found that 60% of consumers look for the word “natural” in their products (Creswell, 2018). Currently, organic food “represents 5.3% of total retail food sales in the U.S.” and can be found in grocery stores all over the United States (Meyer, 2017).

Success for Fair Trade

A distinction that needs to be made is between apparel and current markets that fair trade is successful in. Currently, fair trade has grown most intensely in the food industry. One significant reason behind this is that consumers have become accustomed to seeing food with a number of different certifications or labels tacked on. Some experts blame this discrepancy on consumers' increased satisfaction when eating organic or natural food, compared to unlabeled goods. In one study, researchers found that “moral satisfaction and sensory pleasure are...intertwined”, meaning that the taste of food depends on other factors (like labeling) as well as the actual taste (McQuaid, 2015). This increased satisfaction of foods labeled in certain ways is not present in the consumption of clothing. Instead, the consumers must feel compelled to buy these products for reasons beyond increasing their enjoyment of the good. In comparison, not nearly as much emphasis has been put on those same labels for clothing. In 2013, “green apparel and accessories” made up less than 2% of the fashion business (El Nasser, 2013). This number is significant, but significantly lagging behind the food industry. When fair trade was first

established, the goods that were produced were mainly crafts made by women. Creating crafts gave women the power to utilize their own unique skill sets and create unique and interesting products. This quickly evolved to include food and beverages like coffee, sugar, tea, and cocoa, because of how straightforward these items are to harvest following fair trade regulations. Most recently, the fair trade industry has been gaining the most strength in a number of luxury items, most notably of these being coffee, chocolate, and cosmetics. Fair trade has found a lot of success in these luxury items, but there is a very limited amount of fair trade products in more mainstream and daily goods, including apparel. One of the main reasons behind this is because of the mindset that many people have when buying these particular luxury items. When purchasing luxury items, price is not the most important consideration in the purchase. Instead, more priority is placed on the quality, packaging, brand, and emotional effect of the product. These considerations all lend themselves to consumer interest in fair trade and other certifications, because of the emphasis on factors aside from price. There are a few organizations that are tackling the apparel industry for fair trade. For this reason, it would be reasonable to assume that the garment industry is not right for fair trade. On the contrary, fair trade is actually an industry that can, and has, thrived in this industry. I believe that fair trade is an ideal method of business for everyone along the supply chain, including global corporations.

Fair Trade Through a Feminist Lense

Although fair trade seems like a clear solution to the problems that we encounter with globalization, we must look at fair trade through a feminist lense, as well. Fair trade specifically affects women in agriculture versus handicraft production differently. Agricultural production is considered a job strictly for men, while subsistence production is normally the responsibility of women. Because subsistence farming is a household level and informal activity, most of the Fair

Trade cash crops are controlled by men, so women are not as specifically benefitted or targeted in Fair Trade agriculture. In fact, because men are specifically controlling these crops, women may actually be put at more of a disadvantage. The reason behind this is because, in general, “men often contribute little of their income to the household” (Rice, 2010). Since men are controlling the flow of money into the household based off of this work, then the households and women in the households may never see or benefit from these profits. On the other hand, women have a much larger role in the creation of handicraft items. But, even though women are much more involved in this type of business, handicraft items are harder to certify as fair trade because of how unique the processes are to create them. So, in this way, there are still many products, crops, processes, and people that are not being affected by fair trade and the introduction of fair trade as an industry. This can help fair trade certifying bodies understand what they are lacking and who they need to target in order to capture the largest market possible when creating fair trade certifications.

When analyzing the progress of fair trade, one place to start is the certifying bodies themselves. Although this paper is mainly focused on Fair Trade USA, this body does not specifically highlight women in their annual report very extensively. This is troubling in itself because, even if Fair Trade USA is benefitting women in many ways, they need to emphasize that progress in their reports and organization as a whole, in order to continue this progress and fix any issues that may be working against women. On the other hand, another certifying body for fair trade is Fairtrade International, which is a large and well-established organization. In their report on the scope and benefits of their organization, they have a section on how women are specifically affected by fair trade. This emphasis on analyzing how women are involved in fair trade is an important start to creating long-term change for women workers in developing nations. The report put out by Fairtrade International brings up a typical scenario for many

women. In many countries, organizations, and industries, women do not have as much access to participation in the workplace. Particular places that this lack of participation by women can be seen include “farmer organizations in Asia and Oceania”, indicating greater gender inequality in these areas. Meanwhile, in other industries or places where women can enter the labor force easier, “women are concentrated in lower-paid jobs” (Fairtrade International, 2014). The result is a double-edged sword. Women are not as exposed to the workplace and its accessibility when compared to men, and if they are able to break into the labor force, they will be met with jobs that are typically at the bottom of the corporation. Overall, a problem that can be seen from fair trade companies is that there is not enough consistent emphasis on women’s empowerment specifically. Although Fairtrade International did an outstanding job at emphasizing the way that their organization affects women, this same level of attention is lacking among all certifying bodies. Fair trade, like anything else, is only as strong as its weakest link, so bringing the rest of these organizations up must be a priority.

In terms of how fair trade actually affects the women that it works with and aims to assist and elevate, the results are still unclear. The main reason behind this is that fair trade is still a relatively small industry, with only a small amount of information to use in order to understand its feminized effects. The information that is available, though, is positive to a certain extent. For the women who were previously working in farms, factories, or other workplaces that brought in fair trade models, they are benefiting from fair trade. This can be seen specifically through empowerment into leadership positions and promotions that were not available previously. Additionally, the premium that fair trade organizations pass on to its workers is usually targeted to help women because women are the majority of workers and, therefore, have the most influence in decisions about the premium. Nurseries and other women’s rights mechanisms allow women to have more access to the workplace and a better experience working.

Additionally, more stable jobs give women who are the sole income earners for their families the ability to rely on a consistent salary and provide their children with more long-term benefits, like a formal education or established home. Fair trade is working for women who in the workplace and is helping to elevate them significantly. Yet, fair trade still has a long way to go in terms of women's empowerment. More specifically, the women who are left out of the fair trade narrative (those in urban environments, agricultural industries, and informal sectors) are not getting the help that they need to enter the workplace. An example of this is that the "majority of the world's population - particularly in less developed countries - now live in urban areas", but fair trade places emphasis on rural producers more than these urban workers (Rice, 2010). Along with this, agricultural products are prioritized over other products for fair trade. Agriculture is culturally associated with men instead of women, so most fair trade policies associated with agriculture are helping and working with men rather than women. This narrative is changing with the increase in fair trade in the apparel industry. This change can be seen occurring gradually in the global economy and, with the help of the rationale from this paper and other sources, should be growing in the coming years.

Overall, it is clear that fair trade is attempting to empower all workers, and in many cases, women in particular. But the women that fair trade is helping are a small percentage of the women that need assistance in developing nations. This progress has been met with criticism, but also cannot be discounted. Empowerment must start somewhere, and fair trade is working to start it in one part of the world. In the future, fair trade organizations should work to specifically expand their offerings to women who are especially in need in certain geographical areas and industries.

Section 3

Success in Food Industry

One reassuring reason why fair trade is likely to have great success in the garment industry is because of its success already in the food industry. In recent years, food has seen a large rise in certifications, labels, and new processes. Consumers have been quick to support all sorts of standards in the food and beverage industry. One study looks into why “the labels of “natural,” “organic,” and “locally sourced” are selling points whose power is growing, despite the added costs” (McQuaid, 2015). These standards all mean very different things and support very different priorities, but they often appear on the same products, so consumers can blend them all together into one. For example, Trader Joe’s sells a cereal that is marketed towards consumers who care a lot about what goes into their food. This cereal is not only made of only organic ingredients, but is also Kosher, gluten-free, and is advertised as a fiber and protein rich food (Trader Joe’s, 2018). If a consumer picks up this cereal to see all of these categories ticked off, they may only be interested in the fiber and gluten-free qualities, but they will still associate all of the offerings together. So, perhaps the next time they pick up a food and see that it is Kosher, they may believe it to have similar beneficial qualities to their fiber-rich favorites and associate that label with goodness or quality. This association helps to make Fair Trade products as successful as they are because consumers are starting to care a lot about what goes into their body. So, if they routinely see organic products they already buy labeled as Fair Trade, then they may seek out Fair Trade items on their own, knowing that some of those qualities are sometimes linked to organic branding. Fair Trade foods have been successful in

the food and beverage industry because consumers are now accustomed to seeing a variety of labels on their food and, even without motivation to support the Fair Trade movement, they may buy Fair Trade items because they associate that certification with other standards that they like.

Although this kind of relationship to other standards is not currently present in the apparel industry, there is no shortage of potential for these kinds of changes. The majority of consumers currently buy apparel just like they bought food twenty years ago: based off of the brand, price, and quality, with little prioritization for the environmental or social impact of their purchases. This lack of interest in where their clothing came from is not due to a lack of moral goodness, but instead a lack of exposure. If consumers are not exposed to the issues that exist in what they buy, then they are not likely to seek out these issues. Fair Trade must be more than just a consumer-based movement. It also has to partially be business-led, through corporations alerting consumers to the problems that are present in the apparel industry today and how their products are solving these issues. As seen through the success of Fair Trade products in the food and beverage industry, consumers are clearly conscious about goods that they buy. Current limited amounts of Fair Trade apparel has been greeted with great success, so if corporations trust their peers' success, they can motivate more consumers to find interest in Fair Trade goods.

Apparel Industry

Fair trade corporations have the potential to thrive in a business environment if they market themselves in the right way. Branding is a key part of any business, no matter what model it exhibits. Popular apparel manufacturers today are characterized by a number of different qualities. ZARA thrives off of a hip array of products that are available for a limited

amount of time: it's in stores for a few weeks and gone just like that. UNIQLO and GAP are both one-stop-shops for basic and classic clothing items, with much less emphasis on reacting quickly to current trends. On the other hand, many other successful clothing companies emphasize quality and services in order to support their higher prices. Nordstrom, for example, has exceptional customer service and prides itself on its knowledgeable and helpful employees. Versace places great importance on the luxury and prestige associated with its brand name, which lends itself to higher prices to reinforce this status. It is clear that there are many different ways to differentiate a corporation, based off of price, quality, or other factors. One reason why fair trade corporations can break into the garment industry is because there are already so many different prices levels for the same items of clothing. As stated above, consumers purchase clothes based off of a number of different considerations, and, if marketed correctly, fair trade can be one of those reasons. The importance of branding stretches to, not only what the product does for the consumer, but also how the product is shaped by the rest of the supply chain. Brands now boast about their "Made in the US" standards, their millennial style workplaces (complete with ping pong tables and tons of snacks), and environmentally conscious packaging (Shapiro, 2017). Because of the overcrowded nature of retail, brands need to find a way to differentiate themselves now more than ever.

This is unlike other industries that traditionally have much more consistent pricing, like the food industry. For example, consumers have a very set and consistent idea of how much some food costs. Consumers are likely to know how much a loaf of bread, a gallon of milk, or a dozen eggs cost. Changing the expectations for these prices has been a major challenge for organic, fair trade, and other specifically certified foods. This same challenge is not as daunting for clothing, where prices are already so varied. This means that breaking into the apparel

industry should be even easier, in theory, than breaking into the food industry, in terms of offering products at higher price points.

Price Appeal

The main reason why clothing companies should be gravitating towards fair trade is because it can earn them more money than what they are already earning. This potential is not largely known or understood by corporations because it seemingly goes against how a fair trade business operates. For many corporations, adding fair trade items into their product mix would add an additional cost that they would have to pay in a premium to workers and in ensuring that all of their processes were up to fair trade standards. These costs, like any additional costs, are unappealing to a business because they would either need to raise prices for consumers or receive less money back in margins. As I mentioned earlier, some of the most popular clothing retailers today use a low-cost model, offering consumers with inexpensive products. Because of this, raising costs to consumers is not a viable option, so they are left with only one alternative: to lower the profit margins that they receive...which is not ideal for any business. But fair trade is an outstanding and profitable option for many corporations, if they choose to expand their brands beyond a low cost model. How is this additional profitability possible?

The reason behind this is that consumers are willing to pay more for fair trade items - and fair trade attracts consumers who may have shopped less or not at all at a particular store. Fair trade is transforming into a household name, with “fifty-nine percent of Americans now recognize the Fair Trade Certified label” (Larson, 2016). Not only is fair trade on the rise and gaining popularity and awareness in recent years, but consumers are also showing tangible interest in paying for these fair trade goods. When conducting an experiment for Stanford University, research found that “people are willing to pay for the [fair trade] label”, which was

proven by their actual purchases in this experiment, as opposed to merely a perceived interest (MacBride, 2015). Because of the increase in popularity of fair trade in the last five years, this number has only increased since. In terms of selling price, fair trade goods are, on average, 12.7% more expensive than their counterparts (Athleta, 2018). Yet, “the total cost to the brands, including third-party factory auditing, worker training and the Fair Trade Premium, is, on average, about 1% to 5% of what brands pay to factories” (Cheng, 2015). **This means that consumers are willing to pay more to companies that are supporting people and causes that they care about - even more than the original cost to companies.** This can be explained by the fact that consumers trust these companies to use their money responsibly and are willing to pay a premium for the peace of mind that their goods are, well, good! Along with this, companies that are not fair trade certified and then add fair trade goods into their selection are successful in integrating these clothes into their regular selections. Patagonia, for example, offered “10 Fair Trade clothing styles” in 2014, which they were successful with. Now, only three years later, they offer 480 different Fair Trade styles (Patagonia, 2018). Fair trade goods are another option for corporations to include in their offerings and can serve as a way to attract new consumers or bring consumers back consistently. Although it is clear, in the setting of this paper, that fair trade is profitable and beneficial to businesses, it has not gained a lot of traction in corporations yet. The reason behind this, in my opinion, is because of a fear of higher costs with no added reward. But, according to evidence highlighted in this paper, fair trade seems like a solid, profitable business decision for everyone along the supply chain, including the corporate level of clothing companies. “Some companies have been marketing goods as fair trade without making the riskier move of raising prices. But if people are willing to pay more for ethically produced goods — and the research is one indication that they will — then there’s a chance that

companies that can charge more will actually pay suppliers more and thus produce real change in the developing world” (MacBride, 2015).

Now more than ever, there is a demand for Fair Trade products and similarly socially conscious missions in companies that consumers are interacting with. A lot of this demand is relatively new and becoming more prominent due to the priorities of millennial consumers. These consumers prioritize corporate social responsibility and favor corporations that have a “clear commitment to give back to society” (Chong, 2017). These beliefs are reinforced with plans of action as well, finding that “more than 9-in-10 millennials would switch brands to one associated with a cause” (Chong, 2017). Even if millennials are the only age group that a Fair Trade product appeals to, that strong of beliefs held by such a large group is powerful in the consumer market.

Conclusion

Globalization is an important part of the economy today, but it is currently being used in a way that takes advantage of workers in the developing world. To improve the way the globalization is implemented in the world today, it is necessary to make changes to large, global corporations. One way to do this that benefits everyone in the supply chain is through fair trade. Fair trade is a way of doing business and certifying products to ensure that workers at the beginning of the supply chain are being treated fairly for the work that they do. Fair trade products cost more money because of the additional money going into the creation of products and assurance of well-being for employees, but consumers are willing to pay even more than this additional cost. This means that companies are actually rewarded for offering fair trade products and can earn even more profit than if they exclusively sell regular products. Fair trade

is just one way to improve globalization in today's economy, but it is the most all-encompassing and beneficial way to do so.

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