'GOOD' MARKETS AND PUBLIC GOODS:

IMPACTS OF FAIR TRADE IN THE GLOBAL SOUTH[1]

April Linton

Marie Murphy

University of California, San Diego

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Abstract

This paper reports the preliminary results of an effort to create and analyze a comprehensive data set about coffee producer cooperatives operating under Fair Trade terms. We want to know *how and how much* Fair Trade's premiums are contributing to development outcomes in the global South. Our data show that the majority of Fair Trade producer organizations are spending their premiums in ways that benefit their members *and* their communities at large, regardless of where they are located. We propose reasons why this is so and ways to refine our results.

Fair Trade is a market-base approach to making social responsibility integral to global commerce. Coffee is at the center of this movement because it is the world's second largest export commodity (petroleum is first) and because over half of the world's coffee is produced by smallholders in the global South. To the extent that Fair Trade makes coffee production sustainable for these farmers, it benefits them and their families and leads to positive development outcomes in their communities. Because circumstances within the world coffee market are illustrative of current issues involving many commodities on which developing countries rely, outcomes of efforts to make the coffee trade equitable speak to the bigger question of whether trade liberalization can be made to work for poor people in developing countries.

Previous academic work about Fair Trade has focused on its successes and challenges as an international social movement (e.g., Goodman 2004; Levi and Linton 2003; Linton et al. 2004; Renard 1999, 2003; Schrage 2004; Simpson and Rapone 2000; Tarmann 2002). Research about the *outcomes* of Fair Trade coffee initiatives, however, is incomplete. Most studies focus on specific cases within a diverse universe of producing conditions, coffee markets, and national industry regulations (e.g., Aranda and Morales 2002; Bacon, 2005; Boersma 2002; Boot et al. 2003; Cabanas 2002; Garza and Trejo 2002; Lyon 2002; Méndez 2002),[2] or on market trends and consumer attitudes (e.g., Giovannucci 2001, Giovannucci and Koekoek 2003, Lewin et al. 2004, Rice and McLean 1999).

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[2] A notable exception is Taylor's (2002) synthesis of the field reports prepared by members of the Fair Trade Research Group

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This paper uses comprehensive data about coffee producer cooperatives operating under Fair Trade terms to address the questions of *where and how the social and economic benefits of Fair Trade extend (or not) from producer cooperatives to their local and regional communities*. It is organized as follows: First we define Fair Trade. Then, drawing on an interdisciplinary literature about public goods and their provision, we connect the goals of the Fair Trade movement to the larger theme of promoting international public goods such as environmental protection, disease prevention, access to global markets, and democratic decision making. This leads to hypotheses about the role of Fair Trade cooperatives in providing local or regional public goods such as education and health services. We already know that Fair Trade cooperatives are allocating private resources to public goods in ways that fill gaps left by state infrastructures and development aid; here we examine the extent to which this is taking place and how country- or region-specific conditions influence collective decisions to make such contributions. Our data show that the majority of Fair Trade producer organizations are spending their premiums in ways that benefit their members *and* their communities at large, regardless of where they are located.

WHAT IS FAIR TRADE?

Fair Trade emerged in the late 1980s as an outgrowth of the older politically and faith-based alternative trade movement. The Fairtrade Labelling Organisation's (FLO) international criteria for Fair Trade certification are:

1. Coffee is purchased directly from small farmers organized into democratically managed cooperatives.

2. Importers must offer farmers credit.

3. A floor price ($1.21/lb., $1.36 if organic) is guaranteed when market prices are low. Otherwise the Fair Trade price is $0.05 above the market price. Buyers pay an additional $0.05/lb. social premium to selling cooperatives.

4. Labelers work to develop and foster long-term relationships between importers and farmer cooperatives (FLO 2005).

Organized Fair Trade cooperatives produce enough coffee to sell directly to importers. Access to credit allows them to invest in equipment to process their coffee beans and get them to market. By eliminating many middlemen along the route from farm to market, Fair Trade gives farmers the full export price of their coffee.

Importers of Fair Trade Certified coffee pay a minimum price even when the world market price is lower. This provision has been extremely significant since the early 1990s, when overproduction of low-quality 'filler' coffees used in commercial blends led to a crisis that threatens farmers' existence and coffee-producing countries' economies. In 2002, Oxfam reported that 25 million coffee producers were forced to sell their beans for well below production cost. Coffee prices have risen slightly since then, but the crisis continues to be a development disaster with long-term impacts.

The fourth FLO provision relates mostly to non-government organizations (NGOs) such as the Fairtrade Foundation, Max Havelaar, and TransFair. These groups monitor Fair Trade cooperatives and provide the labels that differentiate their products. Their efforts to directly link producers and potential buyers are key to establishing and expanding Fair Trade markets because it is via these relationships that farmers develop practices that yield the coffee qualities importers are interested in. These include taste

characteristics – which are influenced by how coffee cherries are processed (yielding green coffee beans) as well as where they were grown, how they are roasted, and the roasted beans' freshness – and the assurance that a coffee crop was grown under environmental sustainable conditions. Fair Trade Certified coffees often carry additional shade-grown ("bird-friendly") and/or organic certifications.

Though still small (2% of total U.S. coffee sales in 2004; over 3.5% percent in some European countries), the market for Fair Trade Certified coffee has grown steadily over the past five years due to increased consumer demand. U.S. imports of Fair Trade Certified coffee rose from 2.1 million pounds of green beans in 1999 to 9 million pounds in 2002, 18.5 million pounds in 2003 and 32 million pounds in 2004 (TransFair USA 2005). The U.S. lags behind Europe in terms of its Fair Trade market share, but the U.S. imported over 3 billion dollars worth of coffee in 2005 (ICO 2005) – more than any other country or trade block. Two percent equals 60 million dollars worth of Fair Trade coffee exports to the U.S. alone!

Fair Trade certification does not guarantee that members of a cooperative will be able to sell any or all of their coffee under Fair Trade terms. But to the extent that they do, the benefits are noteworthy. For example, members of *Manos Campesinas* in Guatemala use their premiums to improve their homes, finance their children's education, invest in improvements to their farms, and contribute to community projects (Bollen 2003). The Peruvian *Cooperativa Huadquiña* spends its premiums on environmental initiatives. *Oromia* Cooperative Coffee Farmers in Ethiopia are building four new schools (Fairtrade Foundation 2006).

FAIR TRADE AND PUBLIC GOODS

In 1954 Paul Samuelson developed a theory of public goods that generated a large body of literature, from which several interrelated characteristics of public goods have emerged: Public goods engender significant externalities (e.g., law enforcement or the lack thereof). They are to some extent nonrival (one person's use does not subtract from the quantity available for others to use) and nonexcludable. They create opportunities to enhance welfare via collective action but their nonexcludability may also be an incentive to free ride (Ferroni 2004, Institute of Development Studies 2001).

Samuelson's (1954) theory and much of the work that it informed assume that public goods are financed by the treasuries of states with well-functioning infrastructures. States either produce public goods or hire efficient private agents to do so. Public goods are analyzed in comparison to private goods, leading to clear notions of excludability and non-excludability. This reasoning presumes well-defined property rights for private goods and, by extension, for access to public goods (Desai 2003) – assumptions that are problematic in the developing world since public treasuries, efficient state infrastructures, and well-defined property rights are often absent.

Of late the academic discussion of public goods has become more internationally focused to include goods that are regional or global in their reach (see, e.g., Kindleberger 1986, Kanbur et al.1999, Kaul et al.1999, Soros 2001). Their status as public is *socially determined* to the extent that some goods (e.g. public parks, basic education, and clean water) are *made* nonexclusive because they are good for society. Many (but not necessarily all) people need these things, but they have differing abilities to pay (Kaul and Mendoza 2003). Clear examples of potential public goods at regional or global

levels include health programs to contain common diseases, transportation infrastructure,

market access, and rules that govern international banking, environmental protection,

trade, and globalization itself, i.e., access to participation in the processes through which

the rules of global trade are determined (Deininger and Olinto 2000, Ferroni 2004, Moore

2004). All of these things are crucial in the developing world.

Conceptually and in practice, *the rules* of Fair Trade promote international public

goods such as credit, direct access to a global market, and democratic decision-making.

The premiums derived from Fair Trade finance local public goods that are not efficiently

provided by states[3] or the international donor community. But while groups of Fair

Trade farmers may use their privately earned premiums to finance (potential) local public

goods, it is also possible for them to create "club goods" that are accessible only by

members of the cooperative (Buchanan 1965, Cornes and Sandler 1996). For example, a

group might invest directly in the health or education of its members rather than funding

a clinic or school that is available to the entire community.

While it is true that some Fair Trade cooperatives do distribute their premiums in

ways that benefit members only (e.g., paying their children's school fees), many do in

fact prioritize projects with more broadly accessible benefits (e.g., repairing the local

school). Why might this be? Recent experimental research shows that members of

"clubs" willingly tolerate overcrowding (caused by their voluntarily admitting new

members in excess of the club's optimum size) because they do not want to exclude

people they know (Crossen et al. 2004), and that decision-makers are most likely to

cooperate in a public goods dilemma when they perceive themselves as similar to their

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[3] See Keefer and Khemani (2003) and Herbst (2000) for discussions of why it is so difficult for fledgling democracies to provide public goods that need to be maintained, such as law and order, defense, contract enforcement, infrastructure, and health and education services.

interaction partners (Parks et al. 2001). In rural farming communities it is likely that

people know each other and share similar circumstances, regardless of whether or not

they are members of a cooperative.

Other experimental research indicates that people are most likely to contribute to

public goods *when they believe that the distribution of goods is fair* (Van Dijk and Wilke

1995, Wit et al. 1992). Participants defined "fair" as a good's being distributed either

equally or on the basis of need, regardless of ability to pay (Beil et al. 1997, Eek et al.

1998, Eek and Biel 2003).[4] It thus seems unlikely that members of a democratic Fair

Trade cooperative would vote to spend their resources on club goods when an alternative

strategy could serve the cooperative *and* the larger community.

Still other studies suggest that contributions to a public good are more

forthcoming from individuals who feel accountable to others because they are subject to

public scrutiny and want to maintain a good reputation (Gächter and Fehr 1999, Milinski

et al. 2002). Building on these findings, David De Cremer's (2003) experiments lead him

to identify *feeling respected* as the noneconomic motive leading to intentions like having

a good reputation and good relations with others, and feeling included in the group.

Participant observers working in Fair Trade cooperatives similarly connect the

empowerment that stems from selling a socially conscious product at a fair price not only

with economic rewards but also to the dignity (i.e., respect) imparted by these

transactions (Goodman 2004).

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[4] Biel et al. looked at Swedish parents' willingness to contribute to resources for municipal child care. Eek et al. did experiments in which they asked undergrad students "to imagine that in the future they would be living in different communities, described to them in booklets. Different groups of participants were told to that they had an income either above or below the average in their municipality. Similarly, there were differences in personal need and child care. Participants were asked to rate the perceived fairness of three principles, equality, need, and equity, for distributing the quality of child care. The vignettes were framed as step-level public-goods dilemmas. Results of both projects were similar.

Two hypotheses emerge from this discussion:

H$_1$: Fair Trade cooperatives are more likely than not to spend some of their premiums on local or regional public goods.

H$_2$: Net of business reinvestment, Fair Trade cooperatives will favor spending premiums on public goods rather than club goods.

DATA AND VARIABLES

To explore these hypotheses, we have compiled "producer profile" data[5] that is widely available on Fair Trade labelers' (Table 1) websites or from these organizations by request. These profiles include information about cooperatives' location, years of formation and Fair Trade certification, annual production and the proportion thereof that is Certified organic, main markets, and how members choose to spend their premiums. Our units of analysis are Fair Trade cooperatives or groups thereof.[6] The variables (discussed below and described in Table 2) we employ are:

- Region or country where a cooperative exists and per capita GDP (2004, in 2002 dollars)

- Annual production of coffee (metric tons)

- Year formed

- Year Certified by FLO

- Percent or production that is Certified organic

- Premiums reinvested in the business (yes/no)

- Premiums spent on member-specific initiatives (yes/no)

- Premiums spent on community initiatives (yes/no)

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[5] Unless otherwise noted, all cooperative-specific examples come from their producer profiles.
[6] Most cooperatives deal with the export market via a consolidated group, but a few have direct connections – usually mediated by religious organizations.

- Premiums spent on *both* member-specific club goods and community-wide public goods (yes/no).

    o Premiums spent on public goods: education, infrastructure, environmental initiatives, women's initiatives (yes/no).

- Table 1 about here -

Country and GDP

Fair Trade coffee cooperatives exist in ten Latin American countries,[7] at least three African countries,[8] three countries in the Western Pacific region,[9] and Haiti. These countries' per capita GDP ranges from less than $90 to almost $6000 per year. Lacking more specific indicators of government spending on public goods, we consider per capita GDP because the governments of wealthier countries will be more likely to provide some public goods. This would influence the needs and incentives of coffee producers.

Annual Production

Annual production is an indicator of the size of a cooperative group. It is also related to the efficiency of production: yield to land area and the degree to which the processes of pulping, washing, sorting, and drying are mechanized. Larger and more efficient cooperatives might spend their premiums in a more diverse way because (1) their members' preferences are diverse and (2) there are more premiums to disperse. The latter proposition is complicated by the fact that most cooperatives do not sell all of their coffee under Fair Trade terms. Significant relationships between annual production and the way premiums are spent will demand qualitative examination.

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[7] Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, and Nicaragua
[8] Ethiopia, Republic of the Congo, and Tanzania
[9] East Timor, Indonesia, Papua New Guinea

<u>Year Formed and Year Certified by FLO</u>

Some Fair Trade cooperatives were created by land reform or trade initiatives and have histories that predate the Fair Trade movement. For example, the cooperatives that comprise El Salvador's *APECAFÉ* originally organized in 1980 as part of the government's program of agrarian reform (Asencio 2003). All of the Fair Trade groups in Tanzania have roots in government-led efforts to organize farmers, some of which date back to the 1920s. *CENCOOP* in Bolivia and *CSECANOR* in Peru were founded, respectively, in 1967 and 1970 to enable members to export their coffee directly, thus improving their standard of living. To the extent that these older cooperatives have adopted Fair Trade strictly as a business strategy (suggesting a high amount of reinvestment and direct distribution of the remaining premiums to cooperative members), they may be less likely to contribute to public goods. We also note the year when a group obtained Fair Trade certification which, like annual production, could indicate its success and thus its ability to spend on public goods. Longer-certified cooperatives will have had more time to establish relationships with Fair Trade labelers and buyers.[10]

<u>Percent of Production that is Organic</u>

Case studies have shown that individual members of cooperatives that fully or mostly grow coffee organically are more involved in the governance of their organizations and have a deeper understanding of Fair Trade (Boersma 2002, Simpson and Rapone 2003). This is probably because organic farming is a long-term commitment that requires collective learning and frequent, intensive, hands-on involvement. In her study of Guatemalan cooperative *La Voz*, which is in the process of transitioning to organic

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[10] For a few cases, the year certified is imputed as one year after formation or 1988 (the first year that Fair Trade certification was possible), whichever is later.

production, Sarah Lyon (2002) notes that "cooperative members are proud of the fact that they do not contribute to the contamination of the Lake [Atitlán] because they now have an ecological mill and have reduced pesticide run-off through partial conversion to organic production" (p.31). These producers viewed their re-adoption of organic farming methods as a way to rescue their culture, but with more technical knowledge. In the case of the Mexican cooperative *UCIRI*, Franz Boersma (2002) documents farmers' desire to undertake community-based projects as one of the reasons they joined forces with European Fair Trade organizations. Discussing the same cooperative, Charles Simpson and Anita Rapone (2003) note an accumulation of "organizational capital" which is directed toward development projects as well as toward coffee production.

These case studies indicate not only that organized organic producers *are* contributing towards public goods, but that they are proud of what they are doing – a pride that at least in part stems from feeling respected for their work. This could provide an incentive to continue or expand contributions to projects that benefit the entire community.

How Premiums are Spent

Producer profiles reveal what sorts of things Fair Trade cooperatives spend their premiums on but not the amounts of money spent. Our spending variables are thus dichotomous, indicating whether or not premiums are being allocated to reinvestment, members-only benefits, or goods that are accessible to entire communities. Four categories stand out among the latter: education, providing or improving infrastructure, protecting or restoring the environment, and helping women. For example, the *ASASAPNE* cooperative in Guatemala repairs local schools. In Peru the *APARM*

cooperative has built local roads, *CAC Pangoa* has brought electricity to their locale, and

CECANOR has financed highway repairs, started a hillside erosion prevention program,

and extended microcredit to women. In Indonesia, *PPKGO* has used their premiums to

fund a weed cutter program to decrease the use of herbicides, renovated local mosques,

and built homes for Javanese refugees.

- Tables 2 and 3 about here -

ANALYSIS[11]

Tables 2 and 3 report descriptive statistics for the variables described above, all together

and by region/country (Haiti). Table 2 shows support for both of our hypotheses; while

almost all of the cooperatives are directing at least some of their premiums to member-

specific club goods, two-thirds of them are spending on public goods as well. In Table 3,

statistically significant correlations (see Appendix) between a cooperative's region and

another variable are in bold type. Latin American cooperatives are the most likely to

reinvest some of their premiums in their businesses while in Haiti neither of two

cooperatives report reinvestment. Producer profiles indicate that cooperatives in the

poorest places receive more aid from non-government organizations (NGOs) than those

in relatively wealthy Latin American countries. To the extent that aid money is

earmarked for improving a cooperative's productive capacity, a group would not need to

reinvest premiums in their enterprise.

Although African smallholders are not particularly efficient at producing coffee,

the average annual yield of Fair Trade cooperatives in Africa is higher than in other

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[11] This preliminary analysis is descriptive of the data we have collected so far. The finished data set will contain about 250 cases and include Fair Trade producers of bananas, fruit, honey, tea and chocolate as well as coffee.

places. This is because in Africa all of the cooperatives are relatively large organizations, whereas in other parts of the world they vary considerably in size.

Organic production is most prevalent in the Western Pacific, where three cooperatives are 100 percent organic and one grows no organic coffee. It should be noted that almost all Fair Trade cooperatives engage in some organic production and are in the process of transitioning more of their land to it. Of late, the FLO will only extend new Fair Trade certifications to cooperatives that are producing organically (unless a cooperative already has buyers lined up) and labeling organizations and other NGOs are providing support for the transition from "conventional" to organic farming. This is because Fair Trade Certified coffee that is also certified organic has been by far the most successful in European and North American markets (Giovannucci 2001, Taylor 2002).

- Table 4 about here -

Table 4 includes only the cooperatives that spend some of their premiums on public goods. Eighty-four percent of them are supporting infrastructure projects, 53 percent are contributing towards education in a way that is not limited to cooperative members' families, 37 percent are spending on women's initiatives, and 29 percent are helping to improve the environment. But interestingly, there are no significant differences in the allocation of premiums to public goods across regions or by a country's per capita GDP. This result holds when per capita GDPs are considered individually instead of as averages for a region. To illustrate, Figure 1 plots the proportion of a country's Fair Trade cooperatives that spend premiums on public goods by each country's per capita GDP. The pattern is random.

- Figure 1 about here -

Comparing Table 2 and Table 4 (informed by the Appendix of correlations) shows that older cooperatives are less likely to spend premiums on public goods. It appears that cooperatives that formed long before they became Fair Trade Certified are more oriented towards the provision of club goods. This might be because these cooperatives initiated under different rules, or because some of them encompass entire rural communities. In the latter case, the theoretical and empirical distinction between club goods and public goods is much murkier.

The tables also indicate that organic production is unrelated to the way that cooperatives spend their premiums. In light of the case studies discussed above, this is surprising. Yet in recent years, converting to or increasing organic production has become a marketing strategy for Fair Trade cooperatives. It is possible that the socially oriented values associated with organic farming are diminishing (or becoming less generalizable) as more and more producers convert to organic in order to improve their coffee's marketability and receive a higher price.

DISCUSSION

This preliminary analysis of an emerging set of data shows that Fair Trade coffee cooperatives are making substantial contributions to public goods, especially in the realms of infrastructure, education, women, and the environment. But it does not sufficiently identify or explain factors that influence cooperative members' decisions to spend on public goods, or not to do so. Refinements of the data that could shed light on our inquiry include the following, posed as questions with quantifiable answers:

- Is the entity that gains Fair Trade certification and deals in the international market (i.e., the group that labeling organizations profile) a self-standing cooperative or a group of cooperatives? If the latter, what is the cooperatives' geographic proximity?

- To what extent do individual members vote on spending decisions?

- Is the community within which a cooperative is located made up mostly of coffee farmers or is it more economically diverse area? Or does the cooperative comprise an entire community?

- Is a cooperative receiving aid from one or more NGOs? If so, what is the aid money spent on?

- When did a cooperative initiate organic production?

These questions address specific possibilities raised above as well as what Inge Kaul and colleagues (2003) call the "triangle of publicness": decision-making, consumption, and distribution of benefits (p. 92).

CONCLUSION

Before social scientists can debate the merits of globalization or make informed recommendations we must examine empirical data about global transactions, including trade regimes that have been shaped – in part – by social movements such as Fair Trade. This project is producing empirical data about *how and how much* Fair Trade's premiums are contributing to development outcomes in the global South. It will contribute to academic and policy-centered discussions about public goods provision, "trade vs. aid," and the potential and limitations of "good" trade that is regulated by aggregated but

individualist ethics of production and consumption rather than national or international

laws.

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Table 1. Fair Trade Coffee Labelers Worldwide

Country	Labeling Organization	Year Founded
Australia/New Zealand	Fair Trade Association of Australia and New Zealand	2003
Austria	TransFair Austria	1993
Belgium	Max Havelaar Belgium	1991
Canada	TransFair Canada	1994
Denmark	Max Havelaar Denmank	1995
Finland	Reilun kaupan edistämisyditys ry.	1998
France	Max Havelaar France	1992
Germany	TransFair Germany	1992
Ireland	Fairtrade Mark	1995
Italy	TransFair Italy	1999
Japan	TransFair Japan	1993
Luxembourg	TransFair-Minka Luxembourg	1992
Mexico	Comercio Justo México A.C.	1999
Netherlands	Max Havelaar Netherlands	1988
Norway	Max Havelaar Norway	1997
Spain	Sello Comercio Justo	2005
Sweden	Föreningen för Rättvisemärkt	1996
Switzerland	Max Havelaar Switzerland	1992
UK	Fairtrade Foundation	1994
USA	TransFair USA	1996

Table 2. Descriptive Statistics

	Minimum	Maximum	Mean	SD
All Cases (N=58)				
Latin America	0	1	0.83	--
Africa	0	1	0.07	--
Western Pacific	0	1	0.07	--
Haiti	0	1	0.03	--
country's per capita GDP	$89.47	$5,968.00	$2,451.63	$1,930.10
annual production (metric tons)	75	9450	1503.98	2054.93
year formed	1965	2002	1990	9.99
year certified	1988	2004	1997	3.98
percent organic	0	100	43.15	34.45
reinvest in coffee enterprise	0	1	0.84	--
help members	0	1	0.98	--
help community	0	1	0.67	--
help members *and* community	0	1	0.66	--
education	0	1	0.43	--
environmental initiatives	0	1	0.21	--
women's initiatives	0	1	0.31	--
provide infrastructure	0	1	0.60	--

Table 3. Descriptive Statistics by Region

	Minimum	Maximum	Mean	SD
Latin America (N=48)				
country's per capita GDP	$777.80	$5,968.00	$2,862.86	$1,870.92
annual production (metric tons)	75	9450	1426.01	1926.27
year formed	1965	2002	1990	9.98
year certified	1988	2004	1997	3.90
percent organic	0	100	41.57	32.11
reinvest in coffee enterprise	0	1	**0.90**	--
help members	0	1	0.98	--
help community	0	1	0.65	--
help members *and* community	0	1	0.63	--
education	0	1	0.44	--
environmental initiatives	0	1	0.21	--
women's initiatives	0	1	0.33	--
provide infrastructure	0	1	0.56	--
Africa (N=4)				
country's per capita GDP	$89.47	$321.97	$211.60	$127.80
annual production (metric tons)	1050	9000	**3643.68**	3666.14
year formed	1969	1999	1984	12.25
year certified	1988	2000	1993	5.10
percent organic	0	100	46.96	40.98
reinvest in coffee enterprise	0	1	0.75	--
help members	1	1	1.00	--
help community	0	1	0.75	--
help members *and* community	0	1	0.75	--
education	0	1	0.50	--
environmental initiatives	0	1	0.25	--
women's initiatives	0	0	0.00	--
provide infrastructure	0	1	0.75	--
Western Pacific (N=4)				
country's per capita GDP	$621.80	$906.19	$763.95	$164.14
annual production (metric tons)	218	2025	1006.88	892.18
year formed	1981	2000	1994	8.76
year certified	1997	2001	2000	1.89
percent organic	0	100	**75.00**	50.00
reinvest in coffee enterprise	0	1	0.75	--
help members	1	1	1.00	--
help community	1	1	1.00	--
help members *and* community	1	1	1.00	--
education	0	1	0.50	--
environmental initiatives	0	1	0.25	--
women's initiatives	0	1	0.50	--
provide infrastructure	1	1	1.00	--
Haiti (N=2)				
country's per capita GDP	$437.40	$437.40	$437.40	$0.00
annual production (metric tons)	75	105	90.00	21.21
year formed	1997	1998	1998	0.71
year certified	1998	1999	1999	0.71
percent organic	0	20	10.00	14.14
reinvest in coffee enterprise	0	0	**0.00**	--
help members	1	1	1.00	--
help community	0	1	0.50	--
help members *and* community	0	1	0.50	--
education	0	0	0.00	--
environmental initiatives	0	0	0.00	--
women's initiatives	0	0	0.00	--
provide infrastructure	0	1	0.50	--

Table 4. Fair Trade Cooperatives that Contribute to Public Goods (N=38)

	Minimum	Maximum	Mean	SD
country's per capita GDP	$89.47	$5,968.00	$2,221.82	$1,762.63
percent organic	0	100	41.60	33.97
year formed	1965	2002	1988	11.11
year certified	1988	2004	1997	4.08
education	0	1	0.53	--
environmental initiatives	0	1	0.29	--
women's initiatives	0	1	0.37	--
provide infrastructure	0	1	0.82	--

Figure 1. Latin American FT Cooperatives' Contributions to Public Goods
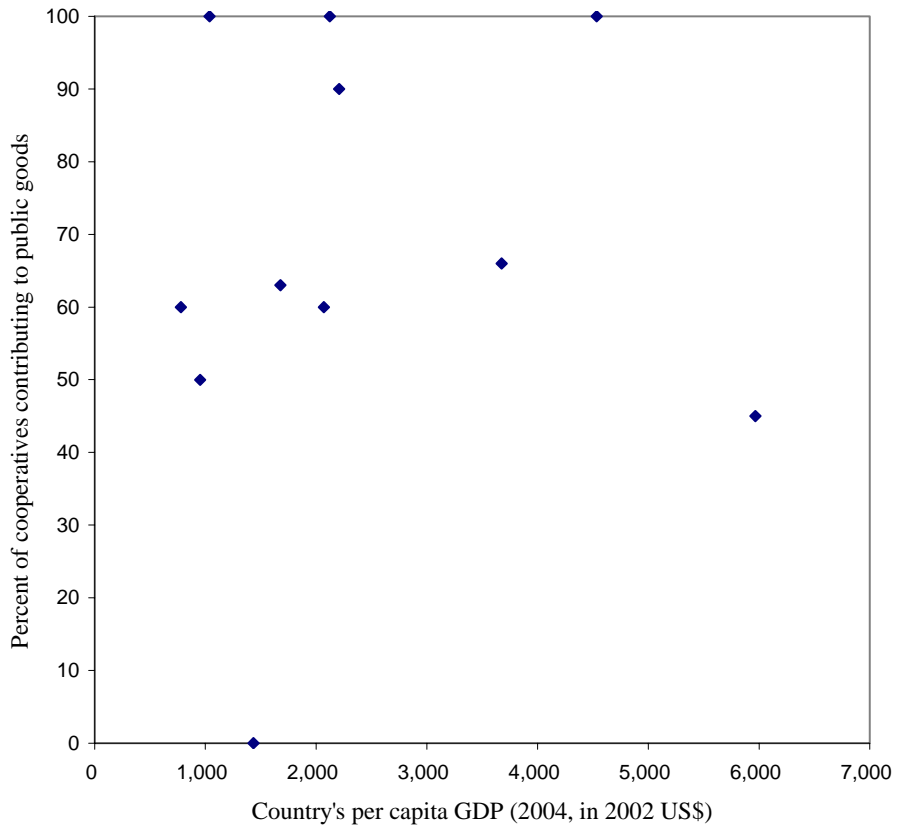
Appendix. Correlations

		Latin America	Africa	W Pacific	Haiti	annual production	year formed	year certified	percent organic	reinvest	help members	help community	education	environmental initiatives
Latin America	Correlation	1	-0.596	-0.596	-0.413	-0.080	-0.045	0.007	-0.093	0.345	0.183	-0.146	0.020	-0.008
	Sig. (2-tailed)		0.000	0.000	0.001	0.556	0.742	0.959	0.490	0.009	0.173	0.279	0.885	0.952
Africa	Correlation	-0.596	1	-0.075	-0.052	0.284	-0.158	-0.267	0.025	-0.087	0.085	0.058	0.044	0.040
	Sig. (2-tailed)	0.000		0.577	0.699	0.032	0.240	0.045	0.856	0.521	0.529	0.668	0.746	0.769
Western Pacific	Correlation	-0.596	-0.075	1	-0.052	-0.069	0.117	0.200	0.251	-0.087	0.085	0.202	0.044	0.040
	Sig. (2-tailed)	0.000	0.577		0.699	0.608	0.384	0.136	0.059	0.521	0.529	0.132	0.746	0.769
Haiti	Correlation	-0.413	-0.052	-0.052	1	-0.134	0.148	0.079	-0.190	-0.472	-0.615	-0.060	-0.163	-0.093
	Sig. (2-tailed)	0.001	0.699	0.699		0.322	0.270	0.560	0.156	0.000	0.000	0.660	0.227	0.490
annual production	Correlation	-0.080	0.284	-0.069	-0.134	1	-0.356	-0.139	-0.260	0.100	0.152	0.089	0.146	0.002
	Sig. (2-tailed)	0.556	0.032	0.608	0.322		0.007	0.303	0.051	0.458	0.258	0.508	0.278	0.987
year formed	Correlation	-0.045	-0.158	0.117	0.148	-0.356	1	0.471	0.057	-0.001	-0.220	-0.266	-0.309	0.026
	Sig. (2-tailed)	0.742	0.240	0.384	0.270	0.007		0.000	0.674	0.997	0.101	0.045	0.019	0.846
year certified	Correlation	0.007	-0.267	0.200	0.079	-0.139	0.471	1	-0.206	0.138	-0.089	-0.026	-0.050	-0.061
	Sig. (2-tailed)	0.959	0.045	0.136	0.560	0.303	0.000		0.124	0.305	0.510	0.848	0.710	0.652
percent organic	Correlation	-0.093	0.025	0.251	-0.190	-0.260	0.057	-0.206	1	0.178	-0.021	-0.047	0.035	0.141
	Sig. (2-tailed)	0.490	0.856	0.059	0.156	0.051	0.674	0.124		0.186	0.878	0.727	0.797	0.294
reinvest in coffee enterprise	Correlation	0.345	-0.087	-0.087	-0.472	0.100	-0.001	0.138	0.178	1	0.232	-0.085	-0.065	-0.058
	Sig. (2-tailed)	0.009	0.521	0.521	0.000	0.458	0.997	0.305	0.186		0.083	0.528	0.633	0.666
help members	Correlation	0.183	0.085	0.085	-0.615	0.152	-0.220	-0.089	-0.021	0.232	1	0.292	0.139	0.152
	Sig. (2-tailed)	0.173	0.529	0.529	0.000	0.258	0.101	0.510	0.878	0.083		0.028	0.303	0.260
help community	Correlation	-0.146	0.058	0.202	-0.060	0.089	-0.266	-0.026	-0.047	-0.085	0.292	1	0.255	0.266
	Sig. (2-tailed)	0.279	0.668	0.132	0.660	0.508	0.045	0.848	0.727	0.528	0.028		0.056	0.045
education	Correlation	0.020	0.044	0.044	-0.163	0.146	-0.309	-0.050	0.035	-0.065	0.139	0.255	1	-0.057
	Sig. (2-tailed)	0.885	0.746	0.746	0.227	0.278	0.019	0.710	0.797	0.633	0.303	0.056		0.674
environmental initiatives	Correlation	-0.008	0.040	0.040	-0.093	0.002	0.026	-0.061	0.141	-0.058	0.152	0.266	-0.057	1
	Sig. (2-tailed)	0.952	0.769	0.769	0.490	0.987	0.846	0.652	0.294	0.666	0.260	0.045	0.674	
women's initiatives	Correlation	0.115	-0.187	0.109	-0.130	-0.016	-0.164	0.186	-0.059	0.166	0.077	0.183	-0.044	0.050
	Sig. (2-tailed)	0.395	0.164	0.420	0.337	0.907	0.223	0.167	0.661	0.218	0.568	0.173	0.744	0.710
provide infrastructure	Correlation	-0.191	0.086	0.226	-0.038	0.219	-0.154	0.088	-0.011	-0.023	0.124	0.594	0.339	0.130
	Sig. (2-tailed)	0.154	0.525	0.091	0.782	0.102	0.251	0.515	0.933	0.862	0.357	0.000	0.010	0.334