

## Fair Trade and Catholic Social Teaching



CRS staff and partners in Nicaragua by M. Frankfurter for CRS.

*“The economy should work for people, and not the other way around.” - Economic Justice for All*

This simple phrase, written 25 years ago by the U.S. Catholic Bishops<sup>1</sup>, conveys succinctly the core insight of Catholic Social Teaching on the economy. Over and over again, during more than 100 years of theological reflection and writing on modern economic issues, the Catholic Church has confirmed that the “constitutive purpose” of the economy is to serve the common good. The market cannot legitimate itself. The economy is legitimate in our Catholic tradition only to the extent that it meets the material needs of every member of our human family and the moral demands of justice and solidarity.

And each of us is called to do our part as consumers to ensure that the economy works for everyone. Pope Benedict XVI reminds us that as consumers we have a specific social responsibility: “It is good for people to realize that purchasing is always a moral—and not simply—economic act. Hence *the consumer has a specific social responsibility*, which goes hand-in-hand with the social responsibility of the enterprise.” (*Caritas in Veritate*, no. 66) He goes on to say that our daily consumer roles “can be exercised with respect for moral principles without diminishing the intrinsic economic rationality of the act of purchasing.”

Fair Trade creates opportunities for us to respond to this call in a small but significant way every day through the choices we make as consumers. When we make the conscious choice to purchase Fair Trade items, we are putting the values of Catholic social teaching into action, and working to realize our vision of economic justice.

This resource explores the connections between Fair Trade and core principles of Catholic social teaching, and explains how you are helping to make the economy work for everyone when you participate in the CRS Fair Trade Program.

“The dignity of the human person, realized in community with others, is the criterion against which all aspects of economic life must be measured.”  
—Economic Justice for All



A member of the Santa Anita, Guatemala community by M. Sheridan/CRS

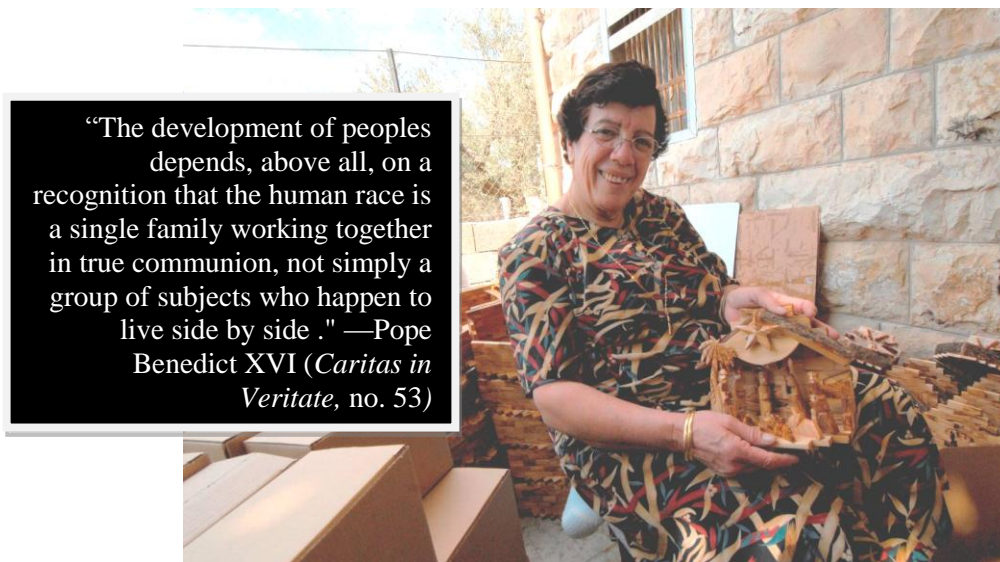
## Human Dignity

The international trading system has not fulfilled its promise in reducing poverty. According to the United Nations, 2.5 billion people in the global South still live on less than \$2 per day<sup>ii</sup>. And the trade is making many of them *more* vulnerable, not less<sup>iii</sup>.

Fair Trade represents an alternative approach to trade that is rooted in a commitment to cherish and uphold the sacredness and dignity of every person. The Fair Trade system is built on principles that reflect this commitment. Fair Trade ensures that artisans and farmers and workers in the Fair Trade system are paid fairly, regardless of what might be happening to their counterparts in the conventional economy. Fair Trade companies purchase Fair Trade items as directly as possible from the people who created them to help ensure they are not exploited by predatory intermediaries. And Fair Trade promotes mutually respectful long-term trading relationships with disadvantaged producers around the world.

Kwabena Ohmeng-Tinyase is the Managing Director of Kuapa Kokoo, the Fair Trade cocoa association in Ghana whose cocoa is used to make Divine chocolate. For him, the relationship between Fair Trade and human dignity is simple:

“We all have to go shopping. Fair Trade is just shopping with respect.”



“The development of peoples depends, above all, on a recognition that the human race is a single family working together in true communion, not simply a group of subjects who happen to live side by side .” —Pope Benedict XVI (*Caritas in Veritate*, no. 53)

An artisan from Shepherd's Field in the Holy Land by D. Hill for CRS

### Common Good

In a global market economy whose defining characteristic is competition, there seems to be little room for the Catholic concept of the common good, which can be achieved only through extensive cooperation among diverse parties. But Fair Trade is based on cooperation and mutual benefit, and is in many ways consistent with the Catholic vision for economic activities that promote the common good.

Pope John Paul II wrote that a business should act not as a “society of capital goods” directed solely toward the attainment of financial goals, but rather as a “society of persons” that serves the common good of *everyone*. He called specifically for economic activities that bring producers, business owners and consumers together in a “progressively expanding chain of solidarity” that not only leads to each party’s fulfillment, but also creates value for society.<sup>iv</sup>

Fair Trade brings disadvantaged artisans and farmers overseas together with socially responsible businesses and ethical consumers in the United States to do precisely this. In the global South, this collaboration creates opportunities for artisans and farmers to improve their skills and trade equitably with the industrialized North. And it supports the creation of producer cooperatives that bring cultural, social and economic benefits to entire communities. In the industrialized North, Fair Trade businesses support the livelihoods of their owners and employees while demonstrating that private profits are wholly compatible with the dignity and fulfillment of everyone in the supply chain. And Fair Trade helps us as Catholics to live our faith more fully by applying its values to the choices we make as consumers.

“As followers of Christ, we are challenged to make a fundamental ‘option for the poor’—to speak for the voiceless, to defend the defenseless, to assess life styles, policies, and social institutions in terms of their impact on the poor...those with the greatest needs require the greatest response.”—Economic Justice for All



Father and son in Ghana. Photo by D. Snyder for CRS

### Preferential Option for the Poor

Our faith calls us to demonstrate special concern for the most vulnerable members of our human family, and take concrete actions on their behalf. Fair Trade allows us to exercise a preference for the poor every day through the choices we make about what we eat, drink and buy.

In today’s international trading system, bigger is most definitely better. The logic of the free market rewards size. Large firms reduce operating costs when they are able to achieve economies of scale. They increase revenues when they extend their distribution networks to the remotest reaches of the planet. And they impose themselves on our culture when they project their brands worldwide through the mass media.

Small-scale farmers and artisans are at an extraordinary disadvantage in this kind of environment, often squeezed onto the sidelines of the global economy by large enterprises that can produce items faster, cheaper, and in larger quantities. Pope Benedict XVI encourages us to remember our responsibility as Christians to help improve such circumstances, stating that “practicing charity in truth helps people to understand that adhering to the values of Christianity is not merely useful but essential for building a good society and for true integral human development” (*Caritas in Veritate*, no. 4). Fair Trade was created to help the most vulnerable producers maintain their livelihoods when mainstream economic structures shut them out. Fair Trade supports the creation of cooperatives and facilitates technical assistance that position artisans and farmers to compete more effectively. It recognizes the dignity of the work performed by traditional artisans and farmers, even in a modern industrialized economy. And it ensures they are fairly compensated for their work. When you participate in the CRS Fair Trade Program, you are taking action—exercising a preferential option—on the behalf of the poor.



“[Solidarity] is not a feeling of vague compassion or shallow distress at the misfortunes of so many people, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good.”—  
Sollicitudo Rei Socialis<sup>1</sup>

Producer and consumer enjoy time together in Nicaragua. Photo by M. Frankfurter for CRS.

### Solidarity

As Pope Benedict XVI reminds us, “solidarity is first and foremost a sense of responsibility on the part of everyone with regard to everyone...” (*Caritas in Veritate*, no. 38). Now more than ever before, the choices we make as consumers here in the United States have a direct impact on the lives of people around the world. Many of the products we buy are created overseas. In some cases, they may be created through complex and globally diffused production systems involving hundreds of people in multiple countries. So we are living in a time of unprecedented economic interdependence, but that does not necessarily mean we are living in solidarity with our brothers and sisters around the world.

Because in this truly global economy, most of us never meet the people who create the things we buy. And few of us know anything about the social and environmental conditions under which they were produced.

Fair Trade tries to change all that. Fair Trade builds direct relationships between us and disadvantaged farmers and artisans overseas. Through the CRS program we can buy our Fair Trade items from Fair Trade companies here in the United States. These companies, in turn, work in mutually respectful and mutually beneficial ways with Fair Trade farmers and artisans in Africa, Asia and Latin America. So when you buy Fair Trade coffee, chocolate or handcrafts, you enter a network of human relationships that you can feel good about—*right relationships* that respect human dignity, promote economic justice, and cultivate global solidarity.



Mexican coffee cherries and beans. Photo: H. Perez for CRS

“The remuneration of work is not something that can be left to the laws of the marketplace; nor should it be a decision left to the will of the more powerful. It must be determined in accordance with justice and equity; which means that workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner.”

—Mater et Magistra<sup>1</sup>

### Just Wage

Today, over two billion people live on less than \$2 per day, and the international trading system is making many of them **more** vulnerable, not less.

Millions of small-scale producers around the world struggle in poverty thanks, in part, to international market forces over which they have no control, like sudden changes in demand for the items they produce. This is an inversion of the Catholic tradition, which holds that the economy exists to serve people, and not the other way around.

Fair Trade sets prices designed to allow producers to cover their costs of production and provide a decent standard of living for their families, regardless of what is happening in the market. A guarantee minimum price helps farmers endure economic downturns as well as plan for their futures.



Coffee processor in Nicaragua. Photo by M. Frankfurter for CRS

“God intended the earth and everything in it for the use of all human beings and peoples. Thus, under the leadership of justice and in the company of charity, created goods should flow fairly to all.

All other rights, whatever they may be, including the rights of property and free trade, are to be subordinated to this principle.” — *Populorum Progressio*<sup>1</sup>

### Distribution of Wealth

In the statement above, Pope Paul VI applies Gospel values to the economy to generate a powerful vision of a just distribution of wealth. Unfortunately, the international trading system is not governed by the Golden Rule of the Gospel but by the “invisible hand” of the market. And the invisible hand has distributed “the earth and everything in it” very unevenly—the wealthiest five percent of the world’s population controls the majority of its wealth, while more than two billion people still live on less than \$2 per day<sup>v</sup>.

Fair Trade moves us toward a more just arrangement. By purchasing directly from small-scale producers, Fair Trade works to ensure that everyone in the production chain receives a fair share of the wealth created through trade.



“It is an injustice...to assign to a greater and higher association what lesser and subordinate organizations can do.” —  
Quadragesimo Anno<sup>1</sup>

Parishioners in the Archdiocese of Los Angeles. Photo by D. Milici for CRS.

### Subsidiarity

The principle of subsidiarity holds that no one should perform any function that can be handled more effectively at a lower level, by people who better understand the issues involved. Unfortunately, the international trading system does not create many incentives subsidiarity in the economic sphere. In fact, some multinational companies do precisely the opposite, absorbing value-added functions that could easily be performed at lower levels, and widening their profit margins at the expense of the weakest and most vulnerable links in their supply chains.

What does economic subsidiarity look like? As it turns out, it looks a lot like Fair Trade, which promotes the participation of producers and workers in the ownership and management of the enterprises of which they form a part. Pope John Paul II identifies worker-ownership a leading form of economic subsidiarity in his encyclical *Laborem Exercens*<sup>vi</sup>: “Each person is fully entitled to consider himself a part-owner of the great workbench where he is working with everyone else. A way towards that goal could be found by associating labor with the ownership of capital.”

Fair Trade moves economic activity closer to this goal by supporting the empowerment of producers through participation in associations and cooperatives. As consumers we also exercise embrace our own power by choosing to be in partnership with producers through Fair Trade.





God's creatures relaxing in Nicaragua  
Photo by M. Frankfurter for CRS.

“People live in the world of nature, not apart from it. . . We can live in greater harmony with our surroundings if we strive to become more aware of our connection to, and responsibility for, the creation that surrounds us.” --- Facing the Wind, What Are the Signs?<sup>1</sup>

### Environmental Stewardship

The global economy is growing to meet the rising demands of a human community that is increasing in size and appetite. Unfortunately, we too often expand our production frontier at the expense of already fragile ecosystems and the people who depend on them. Pope Benedict XVI connects this concern for our world with our Christian faith, saying “the environment is God’s gift to everyone, and in our use of it we have a responsibility towards the poor, towards future generations, and towards humanity as a whole” (*Caritas in Veritate*, no. 48).

Fair Trade demonstrates a dual concern for the environment and the people who rely on it for their livelihoods. It keeps farmers from using certain environmentally hazardous pesticides. It pushes them to adopt integrated pest management systems that provide sustainable alternatives to chemical-intensive farming. It provides technical assistance—and significant financial incentives—for organic farming. And it encourages the adoption of shade-growing techniques that maintain soil quality preserve local habitats.

But Fair Trade does not impose these standards on Fair Trade producers. Rather, it helps them achieve the balance with the environment that they themselves are seeking. Increasingly, Fair Trade farmers are coming to the realization that their own welfare is tied inextricably to the health of the ecosystems in which they live. The case of CRS-supported coffee farmers in Nicaragua provides a perfect example. As part of its Fair Trade Coffee initiative, CRS/Nicaragua is helping farmers learn organic methods. As Rosa Jimenez of La Fem has expressed, “We as women see the added value of producing organically because it protects the environment, and as we look at global warming we are providing our own contribution to the health of our planet.”



- 
- i "Pastoral Letter on Catholic Social Teaching and the US Economy," U.S. Catholic Bishops, 1986
  - ii According to the World Bank, *World Development Report 2003*, p. xiii
  - iii The World Bank, *World Development Report 2003*
  - iv *Centesimus Annus* by Pope John Paul II, 1991
  - v According to the World Bank, *World Development Report 2003*, p. xiii
  - vi Encyclical by Pope John Paul II (1981) written for the ninetieth anniversary of *Rerum Novarum*, which discussed the ethics of human work.