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Mainstreaming and its Discontents: Fair Trade, Socially Responsible Investing, and Industry Trajectories

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Abstract

Over time, according to popular and academic accounts, alternative trade initiatives [such as fair trade, organics, forest certification, and socially responsible investing (SRI)] almost invariably lose their oppositional stance and go mainstream. That is, they lose their alternative, usually peripheral, and often contrarian character. In this paper, I argue that this is not always the case and that the path to going mainstream is not always an unproblematic one. I observe that while scholars have documented various aspects of specific alternative trade initiatives, little comparative work has been done

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SRI movement. I articulate these hypotheses and evaluate their merits.

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Notes

1. Fair Trade USA is not the only labeling initiative. Others include Rainforest Alliance,

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Organizations International [2010](#)) but not without controversy. One of FLO's responsibilities is to establish the minimum price per pound of coffee, which it first did in 1988 (Jaffee [2012](#)). Some complain that its pricing structure has failed to keep pace with producers' needs. (The floor price it initially established—\$1.26 for washed Arabica, \$1.41 for certified organic—was not tied to inflation and did not change for nearly two decades, eroding much of its initial significance. At the time of writing, the FLO and Fair Trade USA minimum prices were \$1.60 for Arabica and \$1.90 for certified organic.) Other debates center on how fair trade should be defined and whether small farmers have a substantial enough say in FLO operations (Reed [2009](#); Reed et al. [2010](#)).

2. Although I focus primarily on the mutual fund industry as one window into the movement, mutual funds are only one type of actor within the broader movement. Other participants include insurance companies, banks, pension plans, and others in the financial sector (Nicholls [2010](#); Richardson

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manifest in the way that many practitioners in alternative trade initiatives are deeply committed to the justice-oriented ideals of the movement. For example, paying higher than market value for bags of coffee, or choosing to work only with cooperative farming groups, is value-rational when a roaster does so because she feels it is the ethically right thing to do. The fact that trading exclusively in fair trade may ultimately hurt her business and may not have a measurable difference in farming communities is secondary to the fact that she feels compelled to act in accordance with her values.

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