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Connecting the Dots: Synergies Among Grassroots Tools for Authentic Sustainable Development

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CONNECTING THE DOTS: SYNERGIES AMONG GRASSROOTS TOOLS FOR AUTHENTIC SUSTAINABLE DEVELOPMENT

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INTRODUCTION

As the world becomes increasingly interconnected, we need a new paradigm for business development based on respect for human beings, other sentient beings, and the Earth.¹ We live in the midst of on-going assaults on human beings and the Earth resulting from unsustainable practices in business and agriculture. Citizens are shocked by reports of the April 2013 disaster in a garment factory in Bangladesh killing at least 1,127 people,² and other reports of

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1. *See infra* text accompanying notes 185, 199–202 (describing how the premise of this article is reinforced by the work of Jeremy Rifkin and others who assert that Internet technology and renewable energy are merging to create a Third Industrial Revolution).

2. Sohel Uddin, *Bangladesh Factory Collapse: Why Women Endure Danger to Make Clothes for the West*, NBC NEWS (May 26, 2013, 1:43 AM), http://worldnews.nbcnews.com/_news/2013/05/26/18447688-bangladesh-factory-collapse-why-women-endure-danger-to-make-clothes-for-the-west?lite. This discovery was shocking in light of the number of people killed, but there have been numerous similar disasters. In November of 2012, at least 112 people were killed and 200 were injured in a garment factory fire near Bangladesh's capital city. Two days later, another incident occurred in an apparel factory where employees were trapped inside a burning building because managers had locked windows and gates and there were no fire escapes. Emily Jane Fox, *The Cost of Cheap Clothes at*

children working under slave labor conditions on West African cocoa plantations.³ They do not know what to believe when confronted with conflicting assertions regarding potential threats from genetically modified (GM) foods⁴ and chemicals used in production of food and consumer goods. The U.S. middle class is shrinking as manufacturing jobs go to countries where people work for pennies per hour. As a result, citizens feel betrayed by government and large corporations. Concurrently, an increasing number of U.S. citizens work for low wages without health and other social benefits.⁵ In short, consumers, workers, and many business leaders are realizing that our

Walmart, Sears, CNN MONEY (Nov. 30, 2012, 5:26 AM), <http://money.cnn.com/2012/11/30/news/companies/walmart-bangladesh-factory-fire/index.html?iid=EL>.

3. *Slavery in the Chocolate Industry*, FOOD EMPOWERMENT PROJECT, <http://www.foodispower.org/slavery-in-the-chocolate-industry> (last visited Feb. 2, 2014). Over sixty percent of the world's cocoa is produced in Ghana and the Ivory Coast. *Tracing the Bitter Truth of Chocolate and Child Labour*, BBC NEWS, http://news.bbc.co.uk/panorama/hi/front_page/newsid_8583000/8583499.stm (last updated Mar. 24, 2010).

4. Over 150 farmers, food businesses, and organizations are calling for the U.S. Department of Agriculture (USDA) to increase its oversight of trials on genetically modified crops. Carey Gillam, *U.S. Farm, Food Groups Want Better Oversight of GMO Field Trials*, REUTERS (Aug. 21, 2013, 3:55 PM), <http://www.reuters.com/article/2013/08/21/us-usa-food-gmos-idUSBRE97K14A20130821>. Some writers insist that fear of effects of GMOs is unfounded. See *Fight the GM Food Scare*, SCI. AM., Sept. 2013, at 10. It is important to consider, however, that “[f]unding, much of it from the companies that sell [Genetically Modified] seeds, heavily favors researchers who are exploring ways to further the use of genetic modification in agriculture.” David H. Freedman, *Are Engineered Foods Evil?*, SCI. AM., Sept. 2013, at 80, 82 (2013).

5. For exploration of the costs to individuals and society of our quest for ever-cheaper goods, see generally ELLEN RUPPEL SHELL, *CHEAP: THE HIGH COST OF DISCOUNT CULTURE* (2009). Regarding the widening gap between rich and poor in the United States, see Anna Bernasek, *Income Gap Grows Wider (and Faster)*, N.Y. TIMES, Aug. 31, 2013, <http://www.nytimes.com/2013/09/01/business/income-gap-grows-wider-and-faster.html>. IBM is removing its retirees from company-sponsored health plan, and it is giving each employee a lump sum to buy coverage on a health insurance exchange. Spencer E. Ante, *IBM to Move Retirees Off Health Plan*, WALL ST. J., Sept. 7, 2013, <http://online.wsj.com/article/SB10001424127887323893004579059393251153348.html>. In a similar move, UPS is removing 15,000 spouses from employee health care if that spouse is employed elsewhere. *UPS to Drop Health Insurance for 15,000 Spouses of Employees*, NJ.COM (Aug. 21, 2013, 11:31 PM), http://www.nj.com/business/index.ssf/2013/08/ups_to_drop_health_insurance_f.html.

conventional trade practices are unsustainable because they are harmful to the Earth and all her beings.

In response, hundreds of companies are shifting toward business practices designed to promote sustainable development. Action and leadership by major companies, a “top-down” approach, is essential to sustainable development. In light of our myriad problems, more action is needed and that action must come from many directions. Therefore, individual citizens, non-governmental organizations, and small to medium sized businesses are also seeking more sustainable ways of doing business based on grassroots, “ground-up” tools.⁶ These grassroots tools include Fair Trade (and programs that share its goals), cooperatives, microfinance, organics, and local purchasing. When viewed through the lens of a Triple Bottom Line comprised of economy, social equity, and environment, the grassroots tools play an important role in sustainable development. Moreover, the grassroots tools are particularly effective because they intertwine, nurture, and support each other.

The late Steve Jobs, former majority owner of Apple and Pixar, said, “You can’t connect the dots looking forward; you can only connect them looking backwards.”⁷ One commentator explains, “Connecting the dots means to understand one’s past, and to know how to put past decisions into context.”⁸ This article is about connecting the dots among the various grassroots tools. It describes the attributes of each tool and explores their shared traits and synergies. Part I provides context, exploring the concept of sustainability as defined by the Triple Bottom Line of economy, social equity, and environment. It also discusses development of the sustainability movement and how it has been led by companies that incorporate sustainable action as part of Corporate Social Responsibility. Leadership comes through use of grassroots tools, which are the subject of this article. Part II defines and examines the

6. Grassroots is defined as, “1. People at a local level rather than at the center of major political activity. Often used with *the*. 2. The groundwork or source of something.” THE AMERICAN HERITAGE DICTIONARY (4th ed. 2009), available at <http://www.thefreedictionary.com/grass+roots>.

7. Maximilian Majewski, *The Lessons of Steve Jobs: Connecting the Dots*, LOCKER GNOME (Aug. 7, 2012), <http://www.lockergnome.com/news/2012/08/07/the-lessons-of-steve-jobs-connecting-the-dots>.

8. *Id.*

attributes of grassroots tools including Fair Trade and similar programs; organics; local production and purchasing; microfinance, and cooperatives. It also identifies attributes of grassroots tools including transparency, community, long-term perspectives, cooperative working relationships, community education, and informed decision-making. Part III explores the shared attributes of grassroots organizations and how they promote sustainable development. Part IV introduces the question: what role, if any, should government and law play as the grassroots tools develop and become more integral to doing business in the twenty-first century? In light of the exploratory nature of this article and the depth of discussion needed for each of the grassroots tools, this section and this article cannot make detailed recommendations. It does, however, set out the path for further research. Part V briefly explores the limitations of grassroots tools, emphasizing that, while they are not “the solution” to multiple problems, they are significant among the multiple tools needed to move society toward a new paradigm based on sustainability.

I. BACKGROUND: SUSTAINABLE DEVELOPMENT IS INTEGRAL TO CORPORATE SOCIAL RESPONSIBILITY

This section introduces the overlap between Corporate Social Responsibility (CSR) and sustainable development. It also explains the Triple Bottom Line approach to identifying actions by corporations that may promote or deter sustainable development.

A. *Corporate Social Responsibility*

In recent decades, increasing numbers of U.S. and multinational corporations have embraced, or at least presented themselves as embracing CSR, which one writer defines as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”⁹ As Professor Steven Ferrey notes, “[c]orporate social responsibility is a

9. *Corporate Social Responsibility (CSR)*, WORD BUS. COUNCIL FOR SUSTAINABLE DEV., <http://www.wbcd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx> (last visited Mar. 20, 2014).

somewhat amorphous and evolving concept.”¹⁰ Companies’ initiatives vary widely, depending on the industry involved. For example, an energy company’s CSR efforts will involve a company’s investment in renewable energy as well as efforts to minimize its contribution to climate change by reducing its carbon emissions.¹¹

Much of what companies do in the area of CSR is rooted in voluntary programs¹² such as the ISO 14000 International Environmental Standards,¹³ the Global Reporting Initiative,¹⁴ and the Dow Jones Sustainability Indices.¹⁵ Additionally, the movement has been advanced by a United Nations project designed to identify the human rights responsibilities of multinational companies which resulted in a “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy Framework,’” which was endorsed by the United Nations Human Rights Council.¹⁶

B. Sustainable Development and the Triple Bottom Line

Sustainability has been at the center of international discussions related to trade and development for several decades. In 1987, the United Nations World Commission on Environment and Development (World Commission) provided a (now) widely used definition which states that sustainability is the ability of society to

10. See Steven Ferrey, *Corporate Energy Responsibility: International and Domestic Perspectives on Supply and Demand in the New Millennium*, 25 FORDHAM ENVTL. L. REV. 83, 83 (2013).

11. *Id.* at 85.

12. For in-depth discussion, see Margaret M. Blair et al., *The New Role for Assurance Services in Global Commerce*, 33 J. CORP. L. 325 (2008).

13. For in-depth discussion, see Paulette L. Stenzel, *Can the ISO 14000 Series Environmental Management Standards Provide a Viable Alternative to Government Regulation?*, 37 AM. BUS. L.J. 237 (2000).

14. *Dive into the Information Hub*, GLOBAL REPORTING INITIATIVE, <https://www.globalreporting.org/information/Pages/default.aspx> (last visited Jan. 31, 2014).

15. *Dow Jones Sustainable Indices: Overview*, S&P DOW JONES INDICES, <http://www.djindexes.com/sustainability> (last visited Jan. 30, 2014).

16. SPECIAL REPRESENTATIVE OF THE SEC’Y-GEN., GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS: IMPLEMENTING THE UNITED NATIONS “PROTECT, RESPECT AND REMEDY” FRAMEWORK (2011), http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

“[meet] the needs of the present without compromising the ability of future generations to meet their own needs.”¹⁷ This focus on future generations is longstanding among indigenous people of the Western Hemisphere. The Great Law of the Iroquois says:

[L]ook and listen for the welfare of the whole people and have always in view not only the present but also the coming generations, even those whose faces are yet beneath the surface of the ground—the unborn of the future Nation.¹⁸

Many people assume that sustainability is synonymous with environmental protection, but its focus has been shifting to the Triple Bottom Line, which looks at economy, environment, and social equity. Researchers emphasize that sustainability “is about the interdependence of living organisms and communities (both human and nonhuman) over the long haul Each has an impact on and consequences for the others.”¹⁹ Many businesses today are approaching the corollary realization that sustainability ensures a firm’s long-term viability.

Peter Senge is a leader in the sustainability movement. In *The Fifth Discipline: The Art and Practice of the Learning Organization*, he sets out plans for customer and employee relations that focus on sustainability, and he explains how to deal with conflicts between environmental and business interests.²⁰ In *Natural Capitalism: Creating the Next Industrial Revolution*, Paul Hawken, Amory

17. See U.N. World Comm’n on Env’t and Dev., *Our Common Future*, U.N. Doc A/42/427 Annex, ch. 2, para. 1 (1987), available at <http://www.un-documents.net/our-common-future.pdf>.

18. THE CONSTITUTION OF THE IROQUOIS NATIONS: THE GREAT BINDING LAW, GAYANASHAGOWA art. 28, available at <http://www.indigenouspeople.net/iroqcon.htm>. This is sometimes paraphrased as: “In our every deliberation, we must consider the impact of our decisions on the next seven generations.” See, e.g., Jeffrey Hollender, *Profits with Purpose: Seventh Generation*, FAST COMPANY, Feb. 11, 2008, <http://www.fastcompany.com/social/2008/profiles/seventh-generation.html>.

19. Linda Chapel Jackson, *Foreword*, ENGAGED SCHOLAR, Summer 2009, at 1, available at <http://engagedscholar.msu.edu/magazine/volume4/foreword.aspx>.

20. See generally PETER M. SENGE, *THE FIFTH DISCIPLINE: THE ART AND PRACTICE OF THE LEARNING ORGANIZATION* (2006).

Lovins, and L. Hunter Lovins encourage businesses to focus on “natural capital,” leading to a future in which businesses simultaneously meet customers’ needs, increase profits, and protect the environment.²¹

Ray C. Anderson, founder and CEO of the global corporation Interface Carpets, was a leader in the sustainability movement.²² In *Confessions of a Radical Industrialist: Profits, People Purpose-Doing Business by Respecting the Earth*, Anderson described how his company pioneered a sustainable management in an industry that is highly dependent on petroleum and traditionally has contributed heavily to waste streams. He cut his company’s dependence on fossil fuels, reduced waste, and created new contracts pursuant to which customers lease carpet and later return it for reprocessing. Simultaneously, he and his managers were and are highly transparent with employees, customers, and other businesses.²³ Anderson’s work goes on through his company and through the Ray C. Anderson Foundation, created in Anderson’s honor. The foundation promotes a sustainable society by funding projects that promote change toward sustainable manufacturing cycles. Its goals include educating the public and business leaders in meaningful ways to help propel a revolution in the way we produce and consume products.²⁴

The World Commission’s definition of sustainability is helpful conceptually but lacks specificity. The Triple Bottom Line provides a starting point for developing specific ways to identify and monitor actions that contribute to the economy, social equity, and the environment. Working with the United Nations Environmental Programme (UNEP), the non-profit organization Ceres developed a program called the Global Reporting Initiative (GRI).²⁵ The GRI

21. PAUL HAWKEN ET AL., *NATURAL CAPITALISM: THE NEXT INDUSTRIAL REVOLUTION* (10th anniversary ed. 2010). The authors say, “*Natural capital* includes all the familiar resources used by humankind . . . [b]ut it also encompasses living systems, which include grasslands, savannas, wetlands, estuaries, oceans, coral reefs, riparian corridors, tundras, and rainforests.” *Id.* at 2.

22. Anderson passed on in 2011. *About the Foundation*, RAY C. ANDERSON FOUND., <http://www.raycandersonfoundation.org/about> (last visited Jan. 31, 2014).

23. RAY C. ANDERSON WITH ROBIN WHITE, *CONFESSIONS OF A RADICAL INDUSTRIALIST: PROFITS, PEOPLE, PURPOSE—DOING BUSINESS BY RESPECTING THE EARTH* 151 (2009).

24. *About the Foundation*, *supra* note 22.

25. *Dive into the Information Hub*, *supra* note 14.

provides criteria to examine a company's behavior in light of each leg of the Triple Bottom Line. In 2000, under the first Sustainability Reporting Guidelines released by Ceres, fifty organizations released sustainability reports. Globally, the number of GRI reports increased 30.3% from 2009 to 2010 and by 11.5% from 2010 to 2011.²⁶ The GRI reports that ninety-five percent of the 250 biggest companies in the world report on their sustainability performance, and eighty percent of them use the GRI guidelines.²⁷

The GRI system is modeled after generally accepted accounting principles (GAAP), which are designed to simplify and unify conflicting accounting methodologies. The GRI puts Triple Bottom Line reporting into a format designed to promote "clarity, accuracy, usefulness, comparability, and influence"²⁸ "The GRI guidelines help an organization manage its overall impact on the [Triple Bottom Line], as it can improve the quality and transparency of sustainability reporting and provide a reasonable and balanced presentation of performance."²⁹

The GRI program has become a benchmark around the world for measuring, monitoring, and reporting corporate sustainability efforts. It is based on a set of reporting principles that are implemented through the use of specific indicators designed to identify practices related to the Triple Bottom Line.³⁰ Economic indicators cover, for example, sales, profits, return on investment, taxes paid, and jobs created.³¹ The social equity criteria include labor practices,

26. GLOBAL REPORTING INITIATIVE, ANNUAL REPORT 2011/12, at 20 (2012), <https://www.globalreporting.org/resourcelibrary/GRI-Annual-Report-2011-2012.pdf>.

27. *Id.*

28. ANDREW W. SAVITZ WITH KARL WEBER, THE TRIPLE BOTTOM LINE 212 (2006).

29. Dennis M. Gawlik, *A Common Language*, INSIDE SUPPLY MGMT. MAG., June 2009, at 34, 35.

30. The GRI has revised its guidelines several times. As of December 31, 2013, all companies reporting under the GRI must comply with the G4 guidelines. *G3.1 and G3 Guidelines*, GLOBAL REPORTING INITIATIVE, <https://www.globalreporting.org/reporting/G3andG3-1/Pages/default.aspx> (last visited Jan. 31, 2014).

31. *Indicator Protocols Set: Economic (EC)*, GLOBAL REPORTING INITIATIVE 4 (version 3.1, 2011), <https://www.globalreporting.org/resourcelibrary/G3.1-Economic-Indicator-Protocols.pdf>.

community impact, human rights, and product responsibility.³² The environmental leg is examined using criteria including water quality, air quality, energy use, and waste production.³³ The reporting system and publicly available reports allow citizens to examine claims of sustainability in light of actual practices. It is important to note that reporting under the GRI is about transparency, giving the public access to information. Participation in the system, however, does not mean that the company's actions are sustainable.

In summary, the fact that increasing numbers of businesses emphasize social welfare and the environment through their CSR programs demonstrates the solid convergence of CSR with the social and environmental legs of the Triple Bottom Line.³⁴ In short, sustainability is integral to CSR, and the contributions of major corporations to sustainability are essential.

Yet, in light of the multiple, massive challenges we face on Earth in the twenty-first century, initiatives must come from multiple perspectives. Mission-oriented businesses and non-profit organizations are making major contributions to the movement. Initiatives also come from individual consumers, workers, human rights advocates, and environmentalists. They work through businesses and educational organizations devoted to Fair Trade, Direct Trade, and similar programs; organics; local production and purchasing; microfinance; and cooperatives. The remainder of this article focuses on these tools.

II. GROUND-UP TOOLS OF SUSTAINABLE DEVELOPMENT: ATTRIBUTES AND SYNERGIES

The ground-up tools of sustainable development share common attributes. Moreover, grassroots organizations work closely with each other. This section has two parts. First, it introduces various grassroots tools for sustainable development. Then, examples of

32. *Indicator Protocols Set: Society (SO)*, GLOBAL REPORTING INITIATIVE 2 (version 3.1, 2011), <https://www.globalreporting.org/resourcelibrary/G3.1-Society-Indicator-Protocol.pdf>.

33. *Indicator Protocols Set: Environment (EN)*, GLOBAL REPORTING INITIATIVE 3 (version 3.1, 2011), <https://www.globalreporting.org/resourcelibrary/G3.1-Society-Indicator-Protocol.pdf>.

34. Ferrey, *supra* note 10.

interactions among them are presented, as well as a discussion of synergies created through those interactions.

A. Ground-up Tools that Support Sustainable Development

This section introduces each of the five major grassroots tools of sustainable development. They include Fair Trade, Direct Trade, and similar programs; organics; local production and purchasing; microfinance; and cooperatives.

1. Fair Trade, Direct Trade, and Similar Programs

a. Fair Trade and the Triple Bottom Line

Fair Trade is a significant tool for the pursuit of sustainable development. Its ten principles and practices include fair wages and prices, transparency and accountability, fair trading practices, payment of fair price, no children labor in forced labor, non-discrimination, safe working conditions, capacity building, promoting Fair Trade, and respect for the environment.³⁵ Currently, two types of organizations set standards for Fair Trade goods and sellers. One certifies Fair Trade goods. The Max Havelaar Foundation launched the first Fair Trade certification program for coffee in 1988.³⁶ Since then, the Fair Trade Labeling Organization (FLO), which launched an international Fair Trade certification mark in 2002, has become the leading certifier worldwide.³⁷ The program's certifying program is run by a separate company called FLO-CERT.³⁸ (FLO's counterpart in the United States is Fair Trade USA, formerly Transfair.)³⁹ The Institute for Marketecology (IMO) introduced another third-party certification system in 2006 that is

35. *10 Principles of Fair Trade*, WORLD FAIR TRADE ORG. (Oct. 28, 2013), http://www.wfto.com/index.php?option=com_content&task=view&id=2&Itemid=11.

36. JAQUELINE DECARLO, *FAIR TRADE* 80 (2007).

37. *History of Fairtrade*, FAIRTRADE INT'L, <http://www.fairtrade.net/history-of-fairtrade.html> (last visited Jan. 31, 2014).

38. *Certifying Fairtrade*, FAIRTRADE INT'L, <http://www.fairtrade.net/certifying-fairtrade.html> (last visited Jan. 31, 2014).

39. FAIR TRADE USA, <http://www.fairtradeusa.org> (last visited Jan. 31, 2014).

being used by increasing numbers of producers.⁴⁰ The Small Producers' Seal (SPS) was finally launched in 2010 by a group of small coffee producers from Latin America and the Caribbean as a means of serving small producers and increasing their visibility in the Fair Trade marketplace.⁴¹

The other type of organization, led by the World Fair Trade Organization (WFTO), establishes principles and standards for Fair Trade operations, and evaluates Fair Trade groups to verify their compliance with these principles and standards.⁴² The WFTO and its U.S.-based counterpart, the Fair Trade Federation (FTF), work together closely.⁴³

The Fair Trade movement, which began in the aftermath of World War II, has expanded across the world. FLO reported in its 2012–2013 annual report that, as compared to 2011, Fair Trade's overall sales growth was sixteen percent.⁴⁴

Consumer sales increased significantly in key markets, including: Germany ([thirty-three] percent), the Netherlands ([twenty-six] percent), Sweden ([twenty-eight] percent), Switzerland ([fifteen] percent), and the [United Kingdom] ([sixteen] percent). Last year's growth nearly completely offset the drop in total 2012 sales caused by Fair Trade USA's withdrawal from the international system at the end of 2011. Excluding the USA, average sales in all

40. INST. FOR MARKETECOLOGY, http://www.imo.ch/logicio/pmws/indexDOM.php?client_id=imo&page_id=home&lang_iso639=en (last visited Jan. 31, 2014).

41. Jeremy Pruijn, *Small Producers Organizations at the Forefront of Fair Trade*, FAIR WORLD PROJECT, <http://fairworldproject.org/voices-of-fair-trade/small-producers-organizations-at-the-forefront-of-fair-trade> (last visited Jan. 31, 2014).

42. WORLD FAIR TRADE ORG., <http://www.wfto.com> (last visited Jan. 31, 2014).

43. FAIR TRADE FED'N, <http://www.fairtradefederation.org> (last visited Jan. 31, 2014).

44. *Fairtrade International Releases Annual Report on "Unlocking the Power"*, FAIRTRADE INT'L (Sept. 3, 2013), <http://www.fairtrade.net/single-view+M5ea61c32635.html>.

other Fairtrade markets increased by over [twenty] percent compared to 2011.⁴⁵

In 2011, Fair Trade sales were up by eleven percent comparing the first quarter of that year to the last quarter.⁴⁶

Many people associate Fair Trade with coffee, Fair Trade's top selling product. Since 2003, U.S.-based Dunkin' Donuts has served all of its espresso-based drinks with 100% Fair Trade certified coffee and has purchased over twenty million pounds of Fair Trade coffee from small-scale coffee farmers.⁴⁷ In 2009, in response to consumers' demands, Starbucks began to serve all Fair Trade coffee in its espresso-based beverages in England and Ireland, and expanded the policy to include all of Europe in March 2010.⁴⁸ In the United States, Starbucks' Fair Trade offerings are more limited, but in October of that year, Starbucks introduced whole-bean Fair Trade coffee in over 2,300 stores in response to public demonstrations across the country.⁴⁹

Cocoa is a major commodity with about fifty million people depending on it for their livelihood, with most of the cocoa coming from the Cote d'Ivoire and Ghana.⁵⁰ About 3.5 million tons of cocoa beans are produced each year and demand is expected to increase to over 4.5 tons by 2020.⁵¹ In October 2009, Cadbury converted its Dairy Milk chocolate bar to Fair Trade certified in England and

45. *Id.*

46. *Sales of Fair Trade Certified™ Products Up 75 Percent in 2011*, FAIR TRADE USA (Mar. 6, 2012), http://fairtradeusa.org/press-room/press_release/sales-fair-trade-certified-products-75-percent-2011.

47. Dunkin' Donuts sells 100% percent Fair Trade certified espresso, cappuccino, and lattes. *The Espresso Story*, DUNKIN' DONUTS, <http://www.dunkindonuts.com/content/dunkindonuts/en/coffee/esspressostory.html> (last visited Jan. 31, 2014).

48. *Starbucks Campaign*, GLOBAL EXCHANGE, <http://www.globalexchange.org/fairtrade/coffee/starbucks> (last visited Jan. 31, 2014).

49. *Id.*

50. FAIRTRADE FOUND., FAIRTRADE AND COCOA 2 (2011), http://www.fairtrade.org.uk/includes/documents/cm_docs/2011/C/Cocoa%20Briefing%20FINAL%208Sept11.pdf; WORLD COCOA FOUND., COCOA MARKET UPDATE (2012), <http://worldcocoafoundation.org/wp-content/uploads/Cocoa-Market-Update-as-of-3.20.2012.pdf>

51. FAIRTRADE FOUND., *supra* note 50, at 2.

Ireland. Since January 2010, all KitKat bars sold in the United Kingdom and Ireland by Nestlé UK have been FLO-certified.⁵²

Fair Trade has also entered the textile and clothing industries. In 2009, Transfair introduced a special Fair Trade certification for textiles requiring that producers prove that all stages of their supply chains comply with FLO's Fair Trade standards.⁵³ Clothing brands such as TK Maxx have introduced major fashion lines using only Fair Trade cotton.⁵⁴ People Tree, a major UK brand, uses only Fair Trade cotton and is committed to the principles of Fair Trade throughout its company.⁵⁵ Recently, Global Style Network, a prestigious fashion research company, bestowed its Most Sustainable Fashion Brand award on People Tree.⁵⁶ While the fashion industry struggled in 2009, in 2009–2010, People Tree saw a seventeen percent increase in sales as compared to 2007–2008.⁵⁷ Further proof of the company's visibility in popular culture is its addition of Emma Watson as the face of its brand.⁵⁸

52. Nestlé owns and controls the KitKat brand throughout the world, and Hershey's licenses it in the United States. Nilay Patel, *Android KitKat: The Story Behind a Delicious Partnership*, THE VERGE (Sept. 3, 2013, 4:39 PM), <http://www.theverge.com/2013/9/3/4691040/android-kitkat-the-story-behind-a-delicious-partnership>.

53. *Transfair USA Is Changing the Face of Fashion and Textiles in the US*, FAIR TRADE USA (Nov. 18, 2009, 5:29 PM), <http://www.fairtradeusa.org/blog/transfair-usa-changing-face-fashion-and-textiles-us>.

54. For Red Nose Day on March 18, 2011, TK Maxx created a line of t-shirts made from 100% Fair Trade certified organic cotton from Mali, West Africa. The shirts are wholly manufactured in Africa. *Fairtrade Organic Cotton*, TK MAXX, <http://www.tkmaxx.com/fairtrade-organic-cotton/page/fairtrade> (last visited Jan. 31, 2014).

55. *About People Tree*, PEOPLE TREE, <http://www.peopletree.co.uk/about-us> (last visited Feb. 24, 2014).

56. *WGSN Global Style Awards—People Tree Wins Most Sustainable Brand*, PEOPLE TREE MAG. (Nov. 12, 2010), <http://www.peopletreemagazine.co.uk/safias-blog/7352/wgsn-global-style-awards-people-tree-wins-most-sustainable-brand.html>.

57. *People Tree 2009–2010: Sixth Biennial Social Review*, PEOPLE TREE (2010), http://www.peopletree.co.uk/Configuration/PeopleTree/Downloads/documents/social_review_10.pdf.

58. Emma Watson, who gained fame as a star in the Harry Potter movies, has been featured on the cover of women's fashion magazines including *Vogue*, *Glamour*, *Elle*, *Style*, *Marie Claire*, and even men's fashion magazine, *British GQ*. She is often found in *People* magazine's *Style Watch* feature. See, e.g., *Emma*

Major U.S. companies have responded to consumers' demands for Fair Trade. Even Walmart has joined the movement, launching six Fair Trade coffee lines in 2008. In February 2010, ice cream retailer Ben and Jerry's Homemade announced that it would use only Fair Trade certified ingredients in its ice creams by 2011 in the European Union⁵⁹ and 2013 in the United States.⁶⁰ But, it had to modify its goals for both markets upon the realization that some of the two hundred ingredients for its nearly ninety flavors are not available as Fair Trade. Consequently, the company switched from a goal of having all Fair Trade ingredients to offering "all Fair Trade flavors." That means the major commodities that go into the base mixes and all chunks and swirls will be Fair Trade.⁶¹ Ben & Jerry's achieved this modified goal in the European Union in 2011, and by 2013 the company was set to achieve "all Fair Trade flavors" in the United States.⁶²

Much of the Fair Trade movement's current success can be attributed to increased public awareness of the unsustainable practices of conventional trade. When consumers see the consequences of their purchases and business leaders understand their complicity in harm to the Earth and other human beings, many want to know how to make better choices. Fair Trade groups include education as an integral part of their programs, and such education will continue to promote mainstreaming of Fair Trade.

Fair Trade is sorely needed in the chocolate industry. Only about five percent of the world's cocoa supply is Fair Trade certified.⁶³ As

Watson in W: 'I've Never Been in a Terrible Rush to Be Seen as a 'Woman', PEOPLE (May 16, 2013, 8:00 AM), <http://stylenews.peoplestylewatch.com/2013/05/16/emma-watson-w-cover>.

59. In the European Union as of 2011, Ben & Jerry's was using all Fairtrade sugar, cocoa, coffee, and vanilla in its product. *Fairtrade Ben & Jerry's*, UNILEVER, <http://www.unilever.com/sustainable-living/sustainable-sourcing/fairtrade> (last visited Mar. 19, 2014).

60. *Id.*

61. *Ben & Jerry's: Overview*, UNILEVER, <http://www.unilever.com/brands-in-action/detail/ben-and-jerrys/291995/?WT.contenttype=view%20brands> (last visited Jan. 31, 2014).

62. *Id.*

63. Ron Todt, *Hershey's to Use Certified Cocoa Only by 2020*, HUFFINGTON POST (Oct. 3, 2012, 7:13 PM), http://www.huffingtonpost.com/2012/10/04/hersheys-certified-cocoa-2020_n_1938741.html.

an example of the low level of participation by major chocolate-producing companies, Hershey's, which controls fifty-two percent of the chocolate industry in the United States, uses Fair Trade chocolate in only a small percentage of its products.⁶⁴ Hershey's purchases the majority of its chocolate from areas of Western Africa known for poor working conditions and abusive child labor.⁶⁵ The good news is that, in response to public pressure, Hershey's has reversed its course. It has committed to ten percent Fair Trade chocolate in its products by the end of 2013 and all Fair Trade chocolate by 2020.⁶⁶

Sometimes consumers are faced with goods labeled "fair trade,"⁶⁷ Direct Trade,⁶⁸ or with similar words, yet the product is neither certified nor is the seller a member of the FTF or World Fair Trade Federation (WFTF). In the absence of certified products or verified membership, the consumer faces a complicated decision-making task. He or she must become familiar with the principles and practices of Fair Trade, and identify those that are important to him or her. Then, the consumer must find information about a product to decide whether the product was produced in conformity with those principles.

The following are characteristics that an informed consumer is likely to use to recognize Fair Trade goods. Most of these characteristics come from a list published by the World Fair Trade Organization with an added explanation. I have added others based on criteria identified by other Fair Trade organizations. With each criterion, I include a brief reference to how it promotes the Triple Bottom Line.

- First: Fair Trade creates opportunities for economically disadvantaged producers by paying fair wages for

64. *Id.*

65. *Id.*

66. For discussion, see *infra* notes 260–61 and accompanying text.

67. I use this term without capitalization and with quotation marks to distinguish use of the term "Fair Trade" from common usage of "fair trade" without reference to certification or membership in the FTF or WFTF.

68. See *infra* text accompanying notes 85–87 (discussion of Direct Trade). Some Direct Trade programs are extremely effective in their goals, which parallel and overlap in multiple ways with the goals of Fair Trade.

workers⁶⁹ and fair prices for producers. Fair wages and prices are determined within the context of the producer's country and region. (Promotes social equity and economic fairness.)⁷⁰

- Second: Fair Trade emphasizes transparency by providing extensive information about sourcing, working conditions, and how every penny received from the consumer is distributed to those in the supply chain. (Promotes social and economic equity.)⁷¹
- Third: Fair Trade recognizes traditional skills and protects cultural identity.⁷²
- Fourth: Fair Trade goods are often produced by worker owned cooperatives or collectives. Democratic governance is integral to such organizations. (Promotes social equity.)⁷³
- Fifth: Fair Trade prohibits inappropriate use of child labor or forced labor. (Promotes social equity.)⁷⁴
- Sixth: Fair Trade promotes non-discrimination and gender equity in the work force, and workers have the right to form a union. Fair Trade guarantees workers the right to collectively organize and form trade unions. (Promotes social and economic equity.)⁷⁵

69. During most of the history of Fair Trade, producers and producer-cooperatives have been the sellers. The reference to workers is necessary because Fair Trade USA is now certifying plantations. Many Fair Trade advocates are enraged by this action and other changes being instituted by Fair Trade USA. In fact, because of this new practice, many Fair Trade sellers have turned to other Fair Trade certifiers, leaving Fair Trade USA. William Neuman, *A Question of Fairness*, N.Y. TIMES, Nov. 23, 2011, <http://www.nytimes.com/2011/11/24/business/as-fair-trade-movement-grows-a-dispute-over-its-direction.html>.

70. *10 Principles of Fair Trade*, *supra* note 35.

71. *Id.*

72. *Id.*

73. As noted, many of the items on this list come from a list of principles published by Fair Trade USA. *Id.* Others, including this one and numbers eight, nine, eleven, and twelve, are ones that I have gathered from my years of study of Fair Trade. Just Coffee, for example, emphasizes this point. See JUST COFFEE COOP., <http://justcoffee.coop> (last visited Mar. 19, 2014).

74. *10 Principles of Fair Trade*, *supra* note 35.

75. *Id.*

- Seventh: Fair Trade emphasizes safe and fair working conditions. (Promotes social equity.)⁷⁶
- Eighth: Fair Trade requires that benefits be shared democratically, thus promoting “fairness.” One way that this is accomplished is through payment of social premiums in addition to the price of products. For example, the social premium for coffee is typically twenty cents per pound. Workers’ associations, often cooperatives, determine how the premiums are to be used. They often go to health centers, schools, or water treatment projects. (Promotes social and economic equity.)⁷⁷
- Ninth: Fair Trade facilitates access to credit for producers. This includes small loans for producers as well as pre-financing for producers of seasonal crops. (Promotes economic equity.)⁷⁸
- Tenth: Fair Trade promotes environmental stewardship by encouraging minimal or no use of harmful chemicals on foods or in the production of goods, careful use of water and other resources, and care for the earth through integrated pest management, erosion control, and similar measures. (Promotes environmental equity.)⁷⁹
- Eleventh: Fair Trade emphasizes long-term relationships between producers and buyers. This helps stabilize communities and families. (Promotes social equity.)⁸⁰
- Twelfth: Fair Trade eliminates or reduces the number of intermediaries in the supply chain. This is a way to ensure that as much as possible of the purchase price is actually paid to the producer. (Promotes economic equity.)⁸¹

76. *Id.*

77. *Just Coffee* emphasizes this. See JUST COFFEE COOP., *supra* note 73.

78. *Id.*

79. *Id.*

80. *Id.*

81. “Fair-trade products aim to eliminate the middlemen and let the farmers deal directly with buyers.” Elizabeth Weise, *Fair Trade Sweetens Pot*, USA TODAY (Feb. 9, 2005, 11:26 PM), http://usatoday30.usatoday.com/life/lifestyle/2005-02-08-chocolate_x.htm. This reference to Fair Trade USA’s decision to certify

Because of the complexity and length of this list, some Fair Trade organizations choose to focus on a few of them in communication with the public. For example, Just Coffee, a worker-owned coffee roaster in Madison, Wisconsin emphasizes five characteristics.⁸² They are: democratic organization of worker groups; Fair Trade pricing; long-term, direct relationships with producers; pre-financing for producers; and environmental stewardship. Just Coffee prints those characteristics, with explanation, on its coffee bags, website, and elsewhere as a way to continue to educate the public.⁸³ In short, certified Fair Trade products, and those that meet the criteria of certification, and those criteria promote the three legs of the Triple Bottom Line.⁸⁴

plantations instead of cooperatives creates the need for this reference to worker. Many Fair Trade groups and advocates oppose this move because certification of the plantation creates another middle person. For a discussion, see Paulette L. Stenzel, *Mainstreaming Fair Trade and Resulting Turmoil: Where Should the Movement Go from Here?*, 37 WM. & MARY ENVTL. L. & POL'Y REV. 617, 650–52 (2013).

82. JUST COFFEE COOP., *supra* note 73.

83. Here is a more detailed explanation. First, look for democratic organization. This means that the producers are organized through cooperatives or similar associations that are transparent in their operations and democratically controlled. For example, transparency includes open sharing of information with owners and non-owner workers, labeling, and postings on websites. Second, the producer is paid at or above required Fair Trade prices as set by Fair Trade certifying organizations. Coffee falls within this category. If the item is not one for which certification is available and, therefore, there is no set price for the product, the producer is paid a “living wage” as determined by economic conditions in his or her own country. Third, importers establish direct, long-term relationships with producers, and they avoid purchasing from middlepersons. The long-term relationship is essential for economic and social stability within producers’ communities. Fourth, importers provide pre-financing to assist growers or producers with expenses leading to harvest or completion of products. Just Coffee, for example, pays up to sixty percent of the purchase price to coffee farmers before or during the harvest. Fifth, the growers engage in “environmental stewardship.” In the case of coffee, this includes, for example, integrated pest management, use of a variety of trees in the shade canopy, erosion control, and other ecologically sustainable practices. *Id.*

84. For an in-depth exploration of how Fair Trade promotes sustainable development, see Paulette L. Stenzel, *The Pursuit of Equilibrium as the Eagle Meets the Condor: Supporting Sustainable Development Through Fair Trade*, 49 AM. BUS. L.J. 557 (2012). See various issues of the U.S.-based magazine dedicated

b. Direct Trade and Other Programs that Share Fair Trade's Goals

In increasing numbers, products are labeled with words that are similar to Fair Trade, such as Direct Trade or Direct Fair Trade. The term Direct Trade is used by an increasing number of organizations that share similar goals to those of Fair Trade as well as the practices of Fair Trade.⁸⁵ A central objective of Direct Trade is to ensure that as much of the price of a product as possible goes to the producer, not to middle people.⁸⁶ Direct Trade organizations are particularly concerned about insufficient Fair Trade premiums for coffee farmers. They also assert that, comparing the price of Fair Trade-certified coffee to conventional coffee, the marginal price differences are insufficient. Therefore, some Direct Trade organizations eschew certification altogether, while others offer their own certification program.⁸⁷

c. Common Objectives: Fair Trade, Direct Trade, and Similar Programs

These programs share common objectives including connecting the consumer to the producer, developing personal relationships, respecting producers and the Earth, and building community. Studies of Fair Trade reveal its multiple benefits in terms of the Triple Bottom Line. Economic benefits include: Fair Trade minimum prices to producers, Fair Trade premiums allow producer organizations to improve their communities, pre-financing extended to producers, long term contracts allow long-term economic planning, and

to exploration of Issues and Challenges in Fair Trade. Dana Geffner, *Challenges of Certification for Fair Trade Crafts: Part 2*, FAIR WORLD PROJECT, <http://www.fairworldproject.org/voices-of-fair-trade/challenges-of-certification.-for-fair-trade-crafts-part-2> (last visited Feb. 25, 2014). See also the Canadian publication, *Fair Trade Magazine*, for an exploration of current issues in fair trade. Current issues and past issues are available at *Magazine*, CANADIAN FAIR TRADE NETWORK, <http://cftn.ca/fair-trade-magazine-july-2013> (last visited Feb. 25, 2014).

85. Stenzel, *supra* note 81, at 650–52.

86. *Id.* This is a goal of Fair Trade, too. See, e.g., *10 Principles of Fair Trade*, *supra* note 35.

87. For an in-depth discussion, see Stenzel, *supra* 81.

increased access to export markets.⁸⁸ In terms of social equity, small farmers benefit from non-discriminatory, democratic organizations and transparency within the organization. In instances in which plantations are certified (a controversial practice by Fair Trade USA), Fair Trade ensures no child or forced labor, non-discriminatory hiring practices, access to collective bargaining, and workplace health and safety protections.⁸⁹ Environmentally, Fair Trade minimizes or eliminates use of agrochemicals, requires safe management of waste, maintains soil fertility and conserves water, prohibits use of GMOs, and requires organizations to assess their environmental impact and develop plans to minimize that impact.⁹⁰

2. Organics

In this section, organics are introduced and defined. Then the histories of the organics movement and organics certification are discussed. Finally, current issues in organics certification are examined, and I discuss how organics promote each leg of the Triple Bottom Line.”

a. Definition and Importance

The term “organic” is related to a movement toward unprocessed and unaltered foods. According to the U.S. Department of Agriculture (USDA), the term organic is used in the labeling of food and other agricultural products that have been produced with approved methods that “integrate cultural, biological, and mechanical practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.”⁹¹ The USDA prohibits the use of synthetic fertilizers, sewage sludge, irradiation, and genetic engineering in the production of organic goods.⁹²

88. VALERIE NELSON & BARRY POUND, NATURAL RES. INST., A REVIEW OF THE IMPACT OF FAIRTRADE OVER THE LAST TEN YEARS 2 (2010), http://www.fairtrade.org.uk/includes/documents/cm_docs/2011/ft_lit_review_briefing_paper_final.pdf.

89. *Id.* at 4.

90. *Id.* at 5.

91. *National Organic Program*, AGRIC. MKTG. SERV., <http://www.ams.usda.gov/AMSV1.0/nop> (last visited Jan. 31, 2014).

92. *Id.*

The size of the U.S. organics movement makes it a significant tool. In 2011, the United States reached \$29.22 billion USD in food and beverages with all organics totaling \$31.5 billion USD in sales in 2011, representing a 9.5% increase as compared to 2010.⁹³ This compares with just \$1 billion USD in organic food and beverage sales in 1990.⁹⁴ As of 2011, the sales of organics food represented 4.2% of all United States food sales, up from four percent in 2010.⁹⁵

b. History of Organic Certification in the United States

The organics movement in the United States began in response to the introduction of synthetic pesticides and herbicides in agricultural production during the 1940s.⁹⁶ As an alternative, J.I. Rodale, the founder of the Rodale Research Institute and *Organic Farming and Gardening Magazine*, offered information about non-chemical farming methods, and his ideas became the foundation for the organic farming movement.⁹⁷ Rodale drew many ideas from British scientist Sir Albert Howard, who studied traditional agriculture in India. Howard believed that agriculture systems must return crop residues and wastes to soil, and he advocated the use of deep rooted crops to draw nutrients from the soil.⁹⁸

By the 1970s, the organics movement was growing in response to increased environmental awareness among consumers. There was no central governing body for certifying organics, and many states and nongovernmental certifying organizations were setting their own standards based on the practices and issues common to their region or

93. *United States: Organic Market Surpasses 31 Billion US Dollars in 2011*, ORGANIC WORLD (Apr. 5, 2012), http://www.organic-world.net/news-organic-world.html?&L=0&tx_ttnews%5Btt_news%5D=692&cHash=1238d560543ac0435f8a404608ce2a65.

94. *Industry Statistics and Projected Growth*, ORGANIC TRADE ASS'N (June 2011), <http://www.ota.com/organic/mt/business.html>.

95. *United States: Organic Market Surpasses 31 Billion US Dollars in 2011*, *supra* note 93.

96. *History of Organic Farming in the United States*, SUSTAINABLE AGRIC. RESEARCH & EDUC., <http://www.sare.org/Learning-Center/Bulletins/Transitioning-to-Organic-Production/Text-Version/History-of-Organic-Farming-in-the-United-States> (last visited Jan. 31, 2014).

97. *Id.*

98. *Id.*

agricultural product. The organics movement in the 1970s and 1980s came to represent a wide range of philosophies that included those which used no synthetic chemicals whatsoever and those which were more flexible—accepting the use of small amounts of agricultural chemicals.⁹⁹

Therefore, during the 1980s, U.S. organics producers called for a centralized set of standards. After much debate and discussion, in 1990 the U.S. Congress passed the Organic Foods Production Act (OFPA) as part of the Food, Agriculture, Conservation, and Trade Act.¹⁰⁰ The Act created a public-private partnership for organics certification. The public portion was run by the USDA, which was charged with developing a national standard for organic food and fiber production. The OFPA also created the National Organic Standards Board (NOSB) comprised of representatives including farmers, handlers and processors, retailers, consumers, environmentalists, scientists, and certifying agents. The NOSB recommended which substances should be allowed in the production and handling of organic goods.¹⁰¹ In turn, those recommendations led to the formation of the National Organic Program (NOP), overseen by the USDA Agricultural Marketing Service. The NOP developed national organic standards and launched the USDA organic certification program.

Following a decade of debate and revision, final rules were issued in 2002, which give the USDA the power to regulate organics.¹⁰² Currently, the USDA National Organic Program accredits agencies that certify organics.¹⁰³ As of 2013, there are forty-nine domestic USDA-certified agencies and thirty-five foreign-based agencies.¹⁰⁴

99. GEORGE KUEPPER, KERR CTR. FOR SUSTAINABLE AGRIC., A BRIEF OVERVIEW OF THE HISTORY AND PHILOSOPHY OF ORGANIC AGRICULTURE 10 (2010), <http://www.kerrcenter.com/publications/organic-philosophy-report.pdf>.

100. *History of Organic Farming in the United States*, *supra* note 96.

101. *USDA Oversight of Organic Products*, AGRIC. MKTG. SERV. (Nov. 2012), <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3004443&acct=nopgeninfo>.

102. KUEPPER, *supra* note 99, at 12.

103. *USDA Oversight of Organic Products*, *supra* note 101.

104. *USDA Accredited Certifying Agents*, AGRIC. MKTG. SERV., <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateJ&navID=NationalOrganicProgram&leftNav=NationalOrganicProgram&page=NOPACAs&description=USDA%20Accredited%20Certifying%20Agents> (last

The OFPA allows private certification as an alternative to, or in addition to, USDA certification, so long as specified requirements are met.¹⁰⁵ Moreover, private certifiers are allowed to impose more stringent requirements as compared to those of the USDA.¹⁰⁶ Well-known private certifiers include California Certified Organic Farmers (CCOF)¹⁰⁷ and the Organic Crop Improvement Association (OCIA).¹⁰⁸

c. International Dimensions of Organics Certification

Agents from other countries can certify their country's goods for sale in the United States so long as the agent is accredited by the USDA. Also, if the USDA determines that a foreign government's accreditation process for agents meets NOP requirements, the goods certified by those agents can be sold in the United States as USDA Organic.¹⁰⁹

In contrast, the European Union relies on the private sector for organics regulation.¹¹⁰ The International Federation of Organic Agriculture Movements (IFOAM), founded in 1972, represents the private sector.¹¹¹ It includes 750 member organizations in 116 countries. Its goal is "worldwide adoption of ecologically, socially,

updated Apr. 23, 2013). This website refers to "agents," but the USDA list linked to this website is a list of agencies.

105. *Organic Foods Production Act Backgrounder*, ORGANIC TRADE ASS'N, <http://www.ota.com/pp/legislation/backgrounder.html> (last updated Jan. 25, 2013).

106. *Id.*

107. *Who Is CCOF?*, CAL. CERTIFIED ORGANIC FARMERS, <http://www.ccof.org/ccof> (last visited Jan. 31, 2014).

108. *About OCIA*, OCIA INT'L, <http://www.ocia.org/about-ocia> (last visited Jan. 31, 2014).

109. *Certifying Agent Accreditation and Agreements with Foreign Governments*, AGRIC. MKTG. SERV. (Aug. 2010), <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3004444&acct=nopgeninfo>.

110. Found. Ecology & Agric. & Research Inst. of Organic Agric., *Organic Farming in Europe: Recent Developments and Future Prospects*, ENVIROWINDOWS (July 2002), http://ew.eea.europa.eu/Agriculture/organic/Europe/of_in_europe.

111. *See id.*

and economically sound systems that are based on the principles of organic agriculture.”¹¹²

The first EU-wide standardized regulations on organic farming were published in 1991.¹¹³ In 2007, the regulations were updated, providing the basis for sustainable development of organic production in the European Union.¹¹⁴ The 2007 regulations lay out overall principals of organic production and processing, and list principles and rules applicable to farming, processing of organic food, and processing of organic feed.¹¹⁵

The European Union allows producers and handlers to be certified by both public and private sector organizations.¹¹⁶ Each EU member state is allowed to designate public authorities, private bodies, or both, to do inspections.¹¹⁷ Private inspection bodies must be accredited under the European Union’s requirements and are subject to operational inspections. Whenever the EU organics logo is used on a product, it is accompanied by the code number of the operator who carried out the production or preparation.¹¹⁸

European Union processes are similar to those of the United States. Foreign countries can market their organic products in EU member states. In addition, the European Union recognizes a number of countries as having certification standards that are sufficiently rigorous that their products may be sold as organic in the EU member states.¹¹⁹

112. *About Us*, INT’L FED’N OF ORGANIC AGRIC. MOVEMENTS, <http://www.ifoam.org/en/about-us-1> (last visited Jan. 31, 2014).

113. Found. Ecology & Agric. & Research Inst. of Organic Agric., *supra* note 110, at 7.

114. *EU Legislation*, EUROPEAN COMM’N, AGRIC. & RURAL DEV., http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en (last visited Jan. 31, 2014).

115. *See id.*; Council Regulation 834/2007, 2007 O.J. (L 189) 1 (EC), *available at* <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2007R0834:20081010:EN:PDF>; *Organic Certification*, EUROPEAN COMM’N, AGRIC. & RURAL DEV., http://ec.europa.eu/agriculture/organic/organic-farming/what-is-organic-farming/organic-certification/index_en.htm (last visited Mar. 19, 2014).

116. *Organic Certification*, *supra* note 115.

117. *See id.*

118. *See id.*

119. The countries are Argentina, Australia, Costa Rica, India, Israel, Japan, New Zealand, and Tunisia. *European Union (EU)*, GLOBAL ORGANIC MKT.

d. *Current Issues in Organics Regulation*

The U.S. organics movement is highly controversial. Some say that USDA certification is a positive force. Michael Sligh, founding director of the USDA/National Organics Standards Board, supports the USDA program.¹²⁰ Nevertheless, he acknowledges that:

The governmental definition was narrower than the community definition and specifically left out the fairness to farmers and workers, research, promotion and energy efficiency. What we had hoped to be the “floor” under standards also became for practical purposes the “ceiling” and driving up standards is very slow and difficult and is not pro-active in signaling market directions.¹²¹

Others criticize the USDA program for a variety of reasons. First, some believe that USDA certification standards were watered down in response to industry lobbying and that USDA certification is of limited use because its standards are low.¹²² Second, the fact that private regulatory schemes co-exist with USDA regulation leads to confusion among consumers. Third, many small farmers and processors complain that costs of certification are prohibitively high and the amount of paperwork required is overwhelming.¹²³ Additionally, many sustainability-oriented consumers lament the fact that major corporations own most of the organic brands sold in North America.¹²⁴ The consolidation of organics in the hands of major

ACCESS (July 1, 2011), <http://www.goma-organic.org/equivalence-tracker/european-union-eu>.

120. Michael Sligh, *Fair Trade at the Crossroads—Lessons from the Organic Movement*, FAIR WORLD PROJECT (Fall 2012), <http://fairworldproject.org/voices-of-fair-trade/fair-trade-at-the-crossroads-lessons-from-the-organic-movement>.

121. *Id.*

122. *Comparison of EU and US Standards*, ORGANIC TRADE ASS’N (July 2002), http://www.ota.com/standards/other/eu_us.html.

123. Alice Varon, *Certified Naturally Grown*, ORGANIC PRODUCER (Nov./Dec. 2006), http://www.organicproducermag.com/index.cfm?fuseaction=feature.display&feature_id=73.

124. For a chart revealing the organic brands with ties to the top one hundred food processors in North America, see *Who Owns Organic*, CORNUCOPIA INST. (Feb. 2014), <http://www.cornucopia.org/who-owns-organic>.

conventional (non-organic) sellers that have added organics as a sideline detracts from the message of companies that are mission-oriented in their production of organics. This is because the distinction between conventional production and organics can become blurred in the minds of consumers.

e. Organics and the Triple Bottom Line

In spite of controversy related to the U.S. organics movement, organics are an important tool for sustainability. Organics production promotes social equity in that workers are not subjected to the risks of illness and death resulting from exposure to toxic chemicals. Similarly, their families and neighbors avoid living amid chemicals. There is an economic benefit when people stay healthy: medical costs go down and workers don't lose wages due to illness. Additionally, organics production avoids chemical contamination of the land, air, and groundwater.

3. Local Production and Purchasing

Local production and purchasing also promote sustainable development. Local purchasing can take various forms. For food, it may be through a local food cooperative or independent food store. For example, East Lansing, Michigan is served by the East Lansing Food Cooperative (ELFCO), a member-owned grocery.¹²⁵ ELFCO emphasizes "Shop Local! Shop Michigan!," and it purchases from a long list of local suppliers.¹²⁶ The community is also served by Foods for Living, an employee-owned, independent store that emphasizes health, by offering organic and specialty foods as well as nutritional and body care products.¹²⁷

The Internet helps consumers find locally produced foods and other goods. For example, the website eatlocalgrown.com helps

125. E. LANSING FOOD CO-OP, <http://elfco.coop/wp> (last visited Jan. 31, 2014).

126. *Our Local Suppliers*, E. LANSING FOOD CO-OP, <http://elfco.coop/wp/good-food/our-local-suppliers> (last visited Jan. 31, 2014).

127. *About Us*, FOODS FOR LIVING, http://www.foodsforliving.com/retailer/store_templates/ret_about_us.asp?storeID=F491B142FA784F2CBDF1E053A643A6A7 (last visited Aug. 28, 2013).

consumers find farms, farm markets, cooperatives, restaurants, and more near their homes in the United States and across the world.¹²⁸

Community supported agriculture (CSA) is another grassroots tool that is growing in popularity. A CSA share entitles a customer to shares of food each week for an entire agricultural season. Many CSAs are for the primary growing season from about June through October,¹²⁹ but others are year-round and offer root vegetables and greens raised in greenhouses (hoop houses) during the cold season.¹³⁰ A CSA member pays for a season of produce “up front.” This payment allows the farmer to plan for the season, purchase seeds, and purchase and repair equipment. Currently, USDA estimates that there are about 2,500 CSAs in the United States.¹³¹

The New Economics Foundation of London, England studied the effects of purchasing at a supermarket as compared to purchasing through a CSA program or a farmers’ market, and reported that, with local purchasing as compared to conventional supermarkets, twice the money stays in the local economy.¹³² Local purchasing has other effects related to sustainability. Transportation costs (an economic benefit) as compared to goods shipped from across the United States or even outside the United States are lower and less fuel is used. This is an environmental benefit. Moreover, the food is fresher, resulting in health benefits to the consumer.¹³³ One problem is that there is no

128. EAT LOCAL GROWN, <http://eatlocalgrown.com> (last visited Jan. 31, 2014).

129. *What Is CSA?*, JUST FOOD, <http://www.justfood.org/csa> (last visited Jan. 31, 2014).

130. For example, the Michigan State Student Organic Farm operates a year-round CSA with three sessions of sixteen weeks each. A share, that is designed to serve four people, costs \$540 per session. *CSA: MSU Student Organic Farm*, LOCAL HARVEST, <http://www.localharvest.org/csa/M5405> (last visited Jan. 31, 2014).

131. STEVE MARTINEZ ET AL., U.S. DEP’T OF AGRIC., ECON. RESEARCH REPORT NO. 97, LOCAL FOOD SYSTEMS: CONCEPTS, IMPACTS, AND ISSUES (2010), http://www.ers.usda.gov/ersDownloadHandler.ashx?file=/media/122868/err97_1_.pdf.

132. Judith D. Schwartz, *Buying Local: How It Boosts the Economy*, TIME, June 11, 2009, <http://content.time.com/time/business/article/0,8599,1903632,00.html>.

133. For discussion of the health and nutritional benefits of local, sustainably produced fruits and vegetables, see *Local & Community Food Systems*, GRACE COMMS. FOUND., <http://www.sustainabletable.org/254/local-regional-food-systems> (last visited Jan. 31, 2014). This article asserts that some producers take advantage of consumers. Some food marketed as “local” may be “industrial food” in disguise.

standard definition of “local,” and consumers are left to make their own choices.¹³⁴

4. Microfinance

Through microfinance lending, individuals or small groups gain access to capital they need to escape from unemployment or poorly paid jobs. The ongoing relationship between microfinance institutions and the poor demonstrates that microfinance is a sustainable, long-term tool for alleviating poverty. It enables small entrepreneurs to increase their productivity and participate in local and regional economies and even the global economy.

a. History of Microfinance

In the past, microfinance existed in the shadows of formal financial systems.¹³⁵ Credit unions, the predecessors to microfinance institutions (MFIs), were started in 1846 in Germany as cooperative credit organizations that helped local farmers purchase livestock, seeds, and equipment. The credit union’s reach was limited to developed countries, however, and hundreds of millions of people around the world continued to be excluded from the formal financial sector.¹³⁶

Over the past four decades, microfinance has risen globally as a tool to provide formal financial services to the poor.¹³⁷ In 1974, Professor Muhammad Yunus visited the poverty stricken village of Jobra, Bangladesh and lent twenty-seven dollars to forty-two basket weavers.¹³⁸ Professor Yunus was so inspired by his experience that in 1983 he established one of the world’s first MFIs: the Grameen Bank. The bank extends banking services to men and women, seeks

134. *Consumer Understanding of Buying Local*, HARTMAN GROUP (Feb. 26, 2008), <http://www.hartman-group.com/hartbeat/consumer-understanding-of-buying-local>.

135. James C. Brau & Gary M. Woller, *Microfinance: A Comprehensive Review of the Existing Literature*, 9 J. ENTREPRENEURIAL FIN. 1, 3 (2004), <https://www.econstor.eu/dspace/bitstream/10419/55971/1/662522133.pdf>.

136. *The History of Microfinance*, GLOBAL ENVISION (Apr. 14, 2006), <http://www.globalenvision.org/library/4/1051>.

137. Brau & Woller, *supra* note 135, at 3.

138. MUHAMMAD YUNUS, *BANKER TO THE POOR: MICRO-LENDING AND THE BATTLE AGAINST WORLD POVERTY* 45–50 (2007).

to end exploitation of the poor by money lenders, and seeks to empower the disadvantaged, particularly women from the poorest households.¹³⁹

The Grameen Bank and Professor Yunus were awarded the Nobel Peace Prize in 2006 for “their efforts to create economic and social development from below.”¹⁴⁰ The Grameen Bank has been highly successful in empowering the poor and sustaining itself. Its success paved the way for an expanding microfinance industry. ACCION International of Latin America,¹⁴¹ Shri Mahila Sewa Sahakair Bank Ltd. of India (also known as Self Employed Women’s Association or SEWA) has also been influential in the growth of microfinance in that region.¹⁴² In 1992, ACCION helped establish PRODEM (*Fondo Financiero Privado*—Private Financial Fund) in Bolivia as a non-governmental organization (NGO).¹⁴³ PRODEM became *BancoSol*, the first commercial MFI.¹⁴⁴ Other NGOs followed PRODEM by converting to for-profit businesses. More recently, microfinance investment funds have been created to finance the increasing number of MFIs.¹⁴⁵ “What began as a grass-roots ‘movement’ motivated largely by a development paradigm is evolving into a global industry informed by a commercial/finance paradigm.”¹⁴⁶

b. *How Microfinance Operates*

Through microfinance, small entrepreneurs who have little or no physical collateral borrow small sums of money over short periods. Microfinance institutions provide a diverse array of financial services

139. *Id.*

140. *Awards & Recognition*, GRAMEEN FOUND., <http://www.grameenfoundation.org/about/awards-recognition> (last visited Jan. 31, 2014).

141. *What We Do*, ACCION, <http://www.accion.org/what-we-do> (last visited Jan. 31, 2014).

142. *About Us*, SHRI MAHILA SEWA SAHAKAIR BANK LTD., <http://www.sewabank.com/introduction.html> (last visited Jan. 31, 2014).

143. *BancoSol*, CGAP MICROFINANCE GATEWAY, <http://www.microfinancegateway.org/p/site/m/template.rc/1.11.46992> (last visited Jan. 31, 2014).

144. *Id.*

145. *About Microfinance Investment Funds*, LUMINIS, <https://www.luminismicrofinance.com/microfinanceinvestment> (last visited Jan. 31, 2014).

146. Brau & Woller, *supra* note 135, at 3.

including microcredit, micro-savings, micro-insurance, and handling of remittances.¹⁴⁷ These financial services help the poor to create and expand businesses, save money securely, preserve financial stability in times of crisis, and transfer money reliably.

By serving the poor, microfinance serves people who are not served through conventional financial services. The three billion-person market for microfinance is comprised of economically active entrepreneurs who have the capacity to repay small denomination loans but have been excluded from traditional financial markets.¹⁴⁸ The fact that the poor do not have assets to offer as financial collateral was a barrier to lenders prior to the microfinance movement. The Grameen Bank overcame that obstacle by creating the notion of group lending.¹⁴⁹ It loans money to groups of individuals who agree to be held jointly liable for any individual's default on his or her own loan. Repayment rates to the Grameen Bank for group loans have been remarkably high, currently at ninety-seven percent.¹⁵⁰ Group lending, designed for the poorest borrower, has proven to be a successful lending tool.

MFIs also provide loans to individuals. The MFIs gather information on borrowers through home visits and character references. They monitor loans closely, require frequent repayments, and usually require collateral. When microfinance began, it was not seen as a profitable endeavor, because its supply of capital is limited to the funds contributed by NGOs and private donors. Some MFIs have been established as commercial institutions, and their available capital depends on generating profits. If investors view an MFI as a profitable investment, the MFI can gain access to greater capital and

147. *What Is Microfinance?*, CGAP MICROFINANCE GATEWAY, <http://www.microfinancegateway.org/p/site/m/template.rc/1.26.12263> (last visited Jan. 31, 2014).

148. *Id.*

149. YUNUS, *supra* note 138, at 62–63, 65–66; Rebecca Farrer, *Exploring the Human Rights Implications of Microfinance Initiatives*, 36 INT'L J. LEGAL INFO. 447, 448 (2008).

150. For a report on current outstanding loans and recovery rates, see *2014-02 Issue 410 USD*, GRAMEEN BANK (Mar. 5, 2014), http://www.grameen-info.org/index.php?option=com_content&task=view&id=453&Itemid=422. Through a housing loan program extending a total of \$190 million U.S. dollars, more than 560,000 houses were built in Bangladesh, and the repayment rate was nearly perfect. YUNUS, *supra* note 138, at 130.

reach increasing numbers of poor people. Consistent profits earned by MFIs demonstrate the worthiness of investing in microfinance. One hurdle faced by MFIs is that microfinance has not been considered a viable investment option for debt and equity investors, in part because investors say MFIs lack transparency. To increase transparency in the sector, the MicroFinance Transparency organization was established in 2008 by Muhammad Yunus and Chick Waterfield, a professor at Colombia University.

c. The Role of Microfinance in Today's World

By the end of 2010, MFIs were extending loans to over 200 million borrowers.¹⁵¹ The vast market potential and profitability of the sector has already started to attract large-scale investors, including traditional commercial banks, private-equity shops, and pension funds. Simultaneously, microfinance investment managers are helping to bridge gaps between investors and MFIs. For example, BlueOrchard, a limited liability company based in Switzerland, works with over 260 MFIs around the world to help them connect with capital markets.¹⁵² Commercialization of the industry has helped fulfill two of the three legs of the Triple Bottom Line. Profits contribute to the economic leg, and assistance to families contributes to social equity.

In summary, microfinance is a sustainable tool that helps alleviate poverty, which is part of the pursuit of social equity, and promote economic development. MFIs started with and continue to operate through nonprofit organizations, but their ranks have now extended to major financial institutions. These institutions work in partnership with the poor, helping them to improve their lives and those of their families and become active members of our economic system.¹⁵³

151. *Microfinance in Evolution*, DEUTSCHE BANK RES. (Sept. 13, 2012), http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000294314.pdf?kid=dbr.inter_ghpen.headline.

152. BLUE ORCHARD, <http://www.blueorchard.org> (last visited Jan. 31, 2014).

153. For a review of the literature on microfinance, see Brau & Woller, *supra* note 135.

5. Cooperatives—“Capitalism for the Long Run”

The first business recognized as a cooperative in the United States was a mutual fire insurance company founded by Benjamin Franklin in 1752, and cooperatives have played an important role in the United States since then.¹⁵⁴ Cooperatives have been dubbed, “Capitalism for the Long Run” and play an important role in the U.S. and world economies.¹⁵⁵ The International Cooperative Alliance (ICA) provides the following definition: “A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.”¹⁵⁶

Cooperatives are growing in the United States and around the world, and their increasing importance is highlighted by the fact that the United Nations designated 2012 as the International Year of Cooperatives.¹⁵⁷ United Nations Secretary-General Ban Ki-moon points out the importance of cooperatives with respect to both the economic and social equity legs of the Triple Bottom Line with his words, “Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility.”¹⁵⁸

a. Ownership

Cooperatives can be classified according to ownership as well as purpose. There are many well-known companies, as listed below, that are cooperatives even though the customers using their services may not realize that they are dealing with a cooperative.

First, the most common type of cooperative in the United States is the consumer cooperative. Many member-owned food cooperatives

154. For history, see *Cooperatives in the U.S.*, UNIV. OF WIS.-MADISON CTR. FOR COOPS., <http://www.uwcc.wisc.edu/whatisacoop/History> (last visited Jan. 31, 2014).

155. E.G. NADEAU, *THE COOPERATIVE SOLUTION: HOW THE UNITED STATES CAN TAME RECESSIONS, REDUCE INEQUALITY, AND PROTECT THE ENVIRONMENT* 4 (2012).

156. *Id.* at 4.

157. *International Year of Cooperatives 2012*, UNITED NATIONS, <http://social.un.org/coopsyear> (last visited Jan. 31, 2014).

158. *Id.*

give members the opportunity to purchase Fair Trade, local, and organic products as well as conventional products. An example is the East Lansing Food Cooperative (ELFCO).¹⁵⁹ Its website includes an extensive list of local suppliers for produce, dairy products and cheese; meat, poultry, and seafood; wine and beer; bulk foods; deli products, other grocery items; and wellness products.¹⁶⁰ Another example is REI, a consumer co-op that operates stores throughout the United States and offers outdoor equipment, apparel, and gear as well as outdoor travel programs to its members.¹⁶¹ The credit union is a member-owned cooperative that is familiar to many in the United States.¹⁶² Additionally, State Farm, the world's largest property and casualty insurance company, is a cooperative owned by its policyholders.¹⁶³

Second, producer cooperatives are owned by independent business people, such as farmers, artists, or craftspeople, who market their products cooperatively. This kind of cooperative is prevalent in Fair Trade. For example, over five hundred small farmers of the Maya Vinic Cooperative¹⁶⁴ of Chiapas, Mexico sell their coffee to Cooperative Coffees in the United States.¹⁶⁵ In the United States there are many agricultural cooperatives whose names and products are familiar to consumers. Ocean Spray is a cooperative of over six hundred families that raise cranberries.¹⁶⁶ Land O'Lakes, Inc., is the

159. See, e.g., *About ELFCO*, E. LANSING FOOD CO-OP, <http://elfco.coop/wp/about> (last visited Jan. 31, 2014).

160. *Our Local Suppliers*, *supra* note 126.

161. *REI Overview*, REI, <http://www.rei.com/about-rei/business.html> (last visited Jan. 31, 2014).

162. Credit unions in the United States are non-profit corporations that exist to serve their members, unlike a bank, which exists to pursue profits for its shareholders. *How Is a Credit Union Different than a Bank?*, NAT'L CREDIT UNION ADMIN., <http://www.mycreditunion.gov/about-credit-unions/Pages/How-is-a-Credit-Union-Different-than-a-Bank.aspx> (last visited Jan. 31, 2014).

163. NADEAU, *supra* note 155, at 7.

164. For a history and description of this cooperative and its operations, see *Maya Vinic—Mexico*, COOP. COFFEES, <http://coopcoffees.com/what/trading-partners/maya-vinic-mexico> (last visited Jan. 31, 2014).

165. *Id.*

166. *Who We Are*, OCEAN SPRAY, <http://www.oceanspray.com/Who-We-Are.aspx> (last visited Jan. 31, 2014).

second largest U.S. cooperative and a producer of dairy products.¹⁶⁷ A third example is Blue Diamond, the world's largest grower and processor of almonds.¹⁶⁸

A third kind of cooperative purchases and sells goods or services through non-profit organizations or groups of cooperatives.¹⁶⁹ Cooperative Coffees is owned by twenty-three coffee roasters in the United States and Canada that promote transparent Fair Trade with coffee farmers, the farmers' cooperatives, and their families and communities.¹⁷⁰ In conventional markets, Ace Hardware is a retailer-owned cooperative with more than 400 locations in sixty countries.¹⁷¹ Its stores are independently owned, and its members set their own operating standards and business processes.¹⁷²

Fourth, employee-owned cooperatives are owned by those who work for the company.¹⁷³ Equal Exchange is a salient example in the world of Fair Trade. The company has purchased Fair Trade food products from small-scale farmers and their cooperatives for over twenty-five years. Currently, its products include coffee, cocoa and chocolate, tea, and bananas. It is expanding its Fair Trade food line to include olive oil, almonds, cashews, and snack bars.¹⁷⁴

Fifth, there are multi-stakeholder cooperatives that are comprised of more than one type of member-owner. For example, a grocery cooperative might be owned by consumers and employees, or a

167. LAND O'LAKES, LAND O'LAKES INTERNATIONAL DEVELOPMENT: AN OVERVIEW, http://www.idd.landolakes.com/stellent/groups/public/documents/web_content/ecmp2-0175043.pdf (last visited Mar. 19, 2014).

168. The company was founded in 1910 and members of the cooperative produce over eighty percent of the world's almond supply. Their products are sold in the United States and more than ninety other countries. *Blue Diamond Growers*, BLUE DIAMOND ALMONDS, <http://www.bluediamond.com/?navid=12> (last visited Jan. 31, 2014).

169. NADEAU, *supra* note 155, at 37.

170. *Welcome to Cooperative Coffees*, COOP. COFFEES, <http://coopcoffees.com> (last visited Jan. 31, 2014).

171. MY ACE HARDWARE, <http://www.myace.com> (last visited Jan. 31, 2014).

172. *Frequently Asked Questions*, ACE, <http://www.acehardware.com/corp/index.jsp?page=faq> (last visited Jan. 31, 2014).

173. NADEAU, *supra* note 155, at 37.

174. *Products*, EQUAL EXCHANGE, <http://equalexchange.coop/products> (last visited Jan. 31, 2014).

purchasing cooperative might include organizational as well as individual owners.¹⁷⁵

b. Rochdale Principles of Operation

Cooperatives that belong to the ICA unanimously approved a set of seven principles for membership called the Rochdale Principles.¹⁷⁶ They are as follows:

- **Voluntary, open membership.** Membership is voluntary and open without discrimination based on gender, race, or political or religious affiliation.
- **Democratic control by members.** Cooperatives are controlled by members, each of whom has one vote.
- **Economic participation by members.** Members contribute capital equitably and control that capital democratically. Members receive limited compensation, if any. Surplus funds go to member-approved projects, reserves, or developing the cooperative.
- **Autonomy and independence.** Cooperatives train members, managers, and employees, and they educate the public about cooperatives.
- **Education, training, and information.** Cooperatives educate and train members, managers, and employees, and inform the general public about the benefits of cooperatives.
- **Cooperation among cooperatives.** Cooperatives work together locally, nationally, and internationally.
- **Concern for community.** Cooperatives work toward sustainable development through policies approved by members.¹⁷⁷

These principles support the Triple Bottom Line of economy, social equity, and environment.¹⁷⁸

175. NADEAU, *supra* note 155, at 37.

176. *The Rochdale Principles*, ROCHDALE PIONEERS MUSEUM, <http://www.rochdalepioneersmuseum.coop/about-us/the-rochdale-principles> (last visited Jan. 31, 2014).

177. *Id.*; see also NADEAU, *supra* note 155, at 5.

III. ATTRIBUTES OF GRASSROOTS TOOLS AND THEIR SYNERGIES.

This section explores attributes of grassroots tools that promote sustainable actions. Their attributes include transparency, fostering of community development, long-term perspectives, nurturing long-term relationships, cooperative working relationships, and education. Then it explores the synergies among the various grassroots tools.

A. *Attributes*

1. Transparency

Transparency is crucial to the grassroots tools of sustainability; lack of transparency is one of many contributing factors leading to fatal disasters in factories in developing countries. On April 24th, 2013, the Rana Plaza factory building collapsed in Savar, Bangladesh. The collapse killed over 1,100 people, and many surviving factory workers have become ill, likely due to poor drinking water and food in the area of the collapse.¹⁷⁹ After inspection, it was revealed that the building had been built with inferior materials on top of unsuitable land.¹⁸⁰ The collapse caused global outcry as it exemplified poor working conditions, insufficient wages, and subpar safety standards in factories in Bangladesh and Southeast Asia.

It appears that about a dozen apparel retailers were using the factory for production. They include J.C. Penny, Mango, Benetton, The Children's Place, Bonmarche, Primark, Joe Fresh, Walmart, Dress Barn, Cato Fashions, and The Walt Disney Company. Some of them denied that they were producing clothing there, despite the fact that their brands were found in the debris.¹⁸¹ Others have

178. For further research on cooperatives, see ASS'N OF COOP. EDUCATORS, <http://www.ace.coop> (last visited Jan. 31, 2014); UNIV. OF WIS.-MADISON CTR. FOR COOPS., <http://www.uwcc.wisc.edu> (last visited Jan. 31, 2014).

179. Mahfuz Sadique, *Dhaka Factory Collapse: Three Months On*, BBC NEWS (July 24, 2013, 5:41 AM), <http://www.bbc.co.uk/news/business-23415560>.

180. *Bangladesh Factory Collapse Probe Uncovers Abuses*, BBC NEWS (May 23, 2013, 7:28 AM), <http://www.bbc.co.uk/news/world-asia-22635409>.

181. Photos were published showing that some clothing sold at Walmart had been made at that factory. Fox, *supra* note 2. Walmart countered by saying that it had since ended its relationship with the vendor. Walmart also emphasized that it

acknowledged responsibility and are committed to launching a safety plan.¹⁸²

Denial and lack of transparency shown by major apparel manufacturers and retailers contrasts sharply with the transparency practiced by mission-oriented grassroots organizations. They use the Internet extensively, sharing volumes of information at no cost or minimal cost.¹⁸³ For example, Cooperative Coffees provides complete information for every one of its bags of coffee about costs, who receives payment, Fair Trade and organic certifications, and more.¹⁸⁴ Similarly, many microfinance organizations go to extensive efforts to reveal all aspects of their financial operations to the public.

had conducted 9,737 audits in 8,713 factories in 2011. The problem is that the reports are neither published online nor are they shown to factory workers. Victor Luckerson, *Bangladesh Factory Collapse: Is There Blood on Your Shirt?*, TIME BUS. & MONEY, May 2, 2013, <http://business.time.com/2013/05/02/bangladesh-factory-collapse-is-there-blood-on-your-shirt>.

182. Luckerson, *supra* note 181. The biggest American retailers have started their own safety initiative as part of The Alliance for Bangladesh Worker Safety. The plan is designed to provide “tangible safety improvements and benefits to Bangladeshi garment workers, especially to the women who make up approximately eighty percent of the garment workforce, and their families,” and to provide “rapid implementation, worker empowerment, and the long-term support necessary to advance sustainable change.” George J. Mitchell & Olympia Snowe, *The Alliance for Bangladesh Worker Safety: Action Plan Overview*, http://az204679.vo.msecnd.net/media/documents/bangladesh-alliance-action-plan_130179348580139248.PDF (last visited Feb. 26, 2014). Companies committed to this include Walmart, Gap, J.C. Penny, Target, Sears, and Macy’s. However, they have been criticized because they have chosen not to join the Accord on Fire and Building Safety in Bangladesh, which many thought should be an industry wide pact. The plan designed by the U.S. companies has been a “pale imitation” of Accord by IndustriALL, the global union that supports the Accord. IndustriALL asserts that the plan backed by U.S.-based companies will not prevent them from repeating the past. *Walmart/Gap Bangladesh Safety Plan: Pale Imitation of Accord*, INDUSTRIALL GLOBAL UNION (Oct. 7, 2013), <http://www.industriall-union.org/walmart-gap-bangladesh-safety-plan-pale-imitation-of-accord>.

183. Reporting under the GRI is also an option, but the GRI is primarily used by larger, conventional businesses.

184. Many AGAIG loans to coffee farmers, artisans, and textile producers last for thirteen months. The interest rate is five percent to be paid in the lende’s product, be it coffee, textiles, or other products. Longer-term loans to coffee farmers for land are usually for a period of five years and are repaid in product. Similarly, land loans, which have a five-year term, pay interest in coffee. *Small*

2. Fostering Relationships between Producers and Consumers

Personal relationships that build community are integral to the grassroots tools of sustainable development. This section describes how relationships and community are fostered through face-to-face as well as long-distance interactions. The long-distance interactions become personal through use of the Internet. Additionally, this section describes how the personal relationships fostered by grassroots tools confirm the predictions of economist Jeremy Rifkin. Rifkin is internationally known for his assertion that we are entering a “Third Industrial Revolution” that is based on a collaborative societal model.¹⁸⁵

a. Face-to-Face Relationships Build Community

Traditionally, community has been built on face-to-face contacts between retailers, such as butchers, bakers, grocers, and the customer. Similarly, farm markets provide face-to-face contact. “Unlike grocery stores, where the goal is to get in and out as quickly as possible, farmers markets are a place to browse the tables, sample the food, ask questions, and interact with your neighbors.”¹⁸⁶ Moreover, direct interaction among local producers and consumers helps producers understand and respond to their customers’ needs and desires.¹⁸⁷

Fair Trade stores also emphasize interaction with the customer, and initial contacts emphasize education. For example, Kirabo, a Fair Trade store in East Lansing, Michigan, educates all employees about the producers and origins of each product, and each customer is greeted with an offer to share such information.¹⁸⁸ The same is true at

Loan Contribution, AS GREEN AS IT GETS, <http://www.asgreenasitgets.org/donate/small-loan-contribution> (last visited Jan. 31, 2014).

185. See *infra* text accompanying notes 200–02.

186. Jim Ford, *Farmers Markets at the Center of Social Interaction*, EXAMINER.COM (Aug. 10, 2012), <http://www.examiner.com/article/farmers-markets-at-the-center-of-social-interaction>.

187. Alexandra Link & Chris Ling, *Farmers’ Markets and Local Food Systems*, CRC RES. (June 18, 2007), <http://crcresearch.org/case-studies/crc-case-studies/farmers-markets-and-local-food-systems>.

188. KIRABO, <http://kirabofairtrade.com> (last visited Jan. 31, 2014).

the eight Ten Thousand Villages stores across the United States and Canada.¹⁸⁹

b. Building Personal Relationships and Community across the Globe

Spartan Global Development Fund (SGDF), a student organization at Michigan State University that disburses interest-free microloans throughout the developing world, emphasizes relationships that are built while “[w]orking together worlds apart.”¹⁹⁰ SGDF’s activities also illustrate another way to facilitate personal relationships: through information and stories conveyed by a trusted individual who has personal experience with individuals living across the world. SGDF makes interest free loans to artisans in Nicaragua, and stories of those artisans are available to the public on the group’s website and through the group’s magazine “The Spartan Global.”¹⁹¹ I have done research on Fair Trade, Direct Trade, and microfinance in Nicaragua and Guatemala. Based on my personal interactions with managers and producers of *Esperanza en Acción* (a Fair Trade organization in Nicaragua) and As Green as it Gets (AGAIG—a Direct Trade organization in Guatemala), I tell the stories of both groups and verify their trustworthiness. As a result of my contributions, telephone conversations with managers via Skype, and detailed information available on each group’s website, SGDF has entered contracts with each organization and is making loans to their producers. Thus, *Esperanza* and AGAIG are “field partners,” providing a direct link between the producer and SGDF. Additionally, the AGAIG directors have a trusted contact person “on the ground” at each of the organizations who can always answer questions and who reports on the borrowers’ progress.

The Internet is serving other organizations as well. A farmer or craftsperson can set up a table at a farm market for a small fee and

189. TEN THOUSAND VILLAGES, <http://www.tenthousandvillages.com> (last visited Jan. 31, 2014).

190. SPARTAN GLOBAL DEV. FUND, <http://www.spartanglobalfund.org> (last visited Jan. 31, 2014).

191. *Spartan Global Stories*, SPARTAN GLOBAL DEV. FUND, <http://www.spartanglobalfund.org/gallery.html> (last visited Jan. 31, 2014); see Dan Zaharia & Josh Lieto, *Working Together, Worlds Apart* (May 29, 2013), <http://spartanshelpingspartans.com/2013/05/29/working-together-worlds-apart>.

sell fresh produce or handmade products.¹⁹² The Internet takes the small entrepreneur on the big leap from that little table as a platform to worldwide commerce. Etsy is an on-line marketplace for handmade and vintage goods allowing small entrepreneurs to market to the world with essentially no start-up costs.¹⁹³ Buyers can converse with makers and other shoppers. Thus, there is personal contact with producers and other consumers even though it is not face-to-face.

The Internet also connects small entrepreneurs to individual investors. This “crowd-funding” is done through groups such as Artist Share,¹⁹⁴ Indiegogo,¹⁹⁵ and Kickstarter.¹⁹⁶ There is also “crowd-sourcing,” soliciting information or services from a large group of people, commonly through the Internet. Wikipedia is an example.¹⁹⁷ In the area of local food production, *eatlocalgrown* is a crowd-sourced tool to help people find, rate, and share information about farms, farmers’ markets, restaurants, grocery stores and cooperatives, as well as artisans.¹⁹⁸

This vision of personal relationships through face-to-face contact as well as contact facilitated by the Internet is compatible with and supportive of the predictions and observations of economic and

192. The daily cost for a vendor to rent a table at a farmer’s market varies according to location. In Haines, Alaska, it is five dollars per day, in Orlando, Florida, it costs twenty-five dollars, and in Saginaw, Michigan, the price is thirty dollars per day. See *Vendor Application*, HAINES ALASKA FARMERS MKT., <http://www.hainesfarmersmarket.org/vendor-application> (last visited Jan. 31, 2014); *Winter Garden Farmers Market Agreement*, WINTER GARDENS FARMERS MKT., http://wintergardenfarmersmarket.com/files/WinterGarden_App_Updated_2012.pdf (last visited Jan. 31, 2014); *2012 Market Season: Guidelines, Definitions, Rules, and Regulations*, DOWNTOWN SAGINAW FARMERS’ MKT., http://www.saginawfarmersmarket.org/uploads/9/3/8/1/9381222/2012_dsfm_rules_regulations.pdf (last visited Jan. 31, 2014).

193. *About*, ETSY, <http://www.etsy.com/about> (last visited Jan. 31, 2014).

194. *About Us*, ARTIST SHARE, <http://www.artistshare.net/v4/About> (last visited Jan. 31, 2014).

195. For example, one entrepreneur is using Indiegogo to raise funds for sustainable hostels for travelers that will be organized as a cooperative. *The Future: High-tech Hostel and Community*, INDIEGOGO, <http://www.indiegogo.com/projects/the-future-high-tech-hostel-and-community> (last visited Jan. 31, 2014).

196. KICKSTARTER, <https://www.kickstarter.com> (last visited Mar. 20, 2014).

197. WIKIPEDIA, <http://www.wikipedia.org> (last visited Jan. 31, 2014).

198. *How It Works*, EATLOCALGROWN, <http://eatlocalgrown.com/how-it-works.html> (last visited Jan. 31, 2014).

social theorist Jeremy Rifkin.¹⁹⁹ Rifkin describes a “Third Industrial Revolution” through which we will become a local, ground up society. He speaks of hundreds of millions of people producing their own green energy in their homes, offices, and factories. Each building will function as a “power cell” and share through an “energy internet” paralleling the way we share information on-line.²⁰⁰ Rifkin envisions a reordering of human relationships moving away from reliance on hierarchy toward a society based on collaboration and distribution. He asserts and demonstrates that the European Union has begun this transformation to a new economic paradigm.²⁰¹ Further, he emphasizes the collaborative nature of this transformation. It is coming together through a political realignment in Europe through the “unlikely coalition of businesses, labor organizations, cooperatives, and consumer associations.”²⁰² In short, personal relationships in today’s world on two kinds of personal interaction: face-to-face interaction as well as connections across the globe that are facilitated by the Internet.

3. Long-term Perspective, Looking Ahead for Seven Generations

Long-term perspectives are essential in Fair Trade (and Direct Trade), microfinance, local production and purchasing, and cooperatives. All are about relationships between and among human beings. Instead of the short-term pursuit of profits that are the focus of most conventional businesses, organizations using the grassroots tools adopt practices that reflect long-term perspectives and look ahead to the welfare of coming generations.

199. For information about his career, books, lectures, and activities, see generally *Jeremy Rifkin*, THE OFFICE OF JEREMY RIFKIN: THE FOUND. OF ECON. TRENDS, <http://www.foet.org/JeremyRifkin.htm> (last visited Jan. 31, 2014).

200. JEREMY RIFKIN, THE THIRD INDUSTRIAL REVOLUTION: HOW LATERAL POWER IS TRANSFORMING ENERGY, THE ECONOMY, AND THE WORLD 43–63 (2011).

201. In May of 2007, the European Parliament issued a declaration endorsing the Third Industrial Revolution, and this revolution is being implemented by various EU agencies and member states. *Id.* at 3.

202. *Id.* at 152.

4. Cooperative Working Relationships

Grassroots tools depend on cooperative working relationships at various levels. Cooperation among owners is at the heart of the cooperative as a business organization. The synergies among the various grassroots tools are also a reflection of the spirit of cooperation.

5. Education

Education, as a companion to transparency, enables consumers to make well-informed decisions. Those who lead grassroots organizations in Fair Trade, Direct Trade, Microfinance (to some degree), and cooperatives emphasize education of workers as well as the general public.

The Fair Trade community is particularly strong in education. The Fair Trade Resource Network is an “information hub” designed to educate the public and facilitate the growth of the Fair Trade movement.²⁰³ The Fair World Project provides a forum for discussion of current issues in Fair Trade and publishes *For a Better World*, a magazine that is available free of charge to the public both on-line and in hard copy through retailers, many of which are cooperatives.²⁰⁴ The Canadian Fair Trade Network’s *Fair Trade Magazine* provides information for consumers and Fair Trade industry stakeholders. It is distributed across Canada through retailers and partner organizations as well as on-line, and is designed to reach consumers.²⁰⁵ Additionally, the major Fair Trade certifiers including FLO, Fair Trade USA, and Fair For Life maintain extensive websites with information about their organizations as well as reports and news releases related to current issues in Fair Trade. Educational institutions at various levels are including education about the grassroots tools at levels ranging from elementary school through

203. FAIR TRADE RESOURCES NETWORK, <http://www.fairtraderesource.org> (last visited Jan. 31, 2014).

204. FAIR WORLD PROJECT, <http://fairworldproject.org> (last visited Jan. 31, 2014).

205. See, e.g., FAIR TRADE MAGAZINE, July 2013, available at <http://cftn.ca/fair-trade-magazine-july-2013>.

universities. The following are examples of university-level education on microfinance in Europe and the United States.²⁰⁶

The “University Meets Microfinance” is a European program that links university students in Europe with microfinance practitioners to promote microfinance research, education, and exchange of information. The program offers microfinance courses, hosts seminars, runs a mentorship program, and grants scholarships. Additionally, it publishes master’s and Ph.D. theses, as well as case studies.²⁰⁷ U.S. universities that offer courses in microfinance include University of Michigan and Northwestern University.²⁰⁸ University of Maryland offers, “Doing Business in Bolivia,” which includes meetings with microfinance organizations.²⁰⁹ University of Denver offers an elective in social entrepreneurship and microfinance, and students visit a developing country during their spring break where they meet with officials in microfinance lending institutions.²¹⁰

Student groups at other U.S. universities lead the way with microfinance education and service. The University of Chicago Microfinance Initiative (USCMI) is a student-run non-profit organization that provides consulting and funds microloans.²¹¹ It partners with major microfinance organizations such as Accion Chicago, the Grameen Bank, Opportunity International, and the Microfinance Alliance.²¹² The group also partners with Chicago Booth, Polsky Center for Entrepreneurship and Innovations for Poverty Action (IPA), which support the USCMI’s vision.²¹³ At Michigan State University, the Spartan Global Development Fund educates students and the Lansing, Michigan area community about

206. Discussion of educational efforts for each of the grassroots tools is beyond the scope of this article. For discussion of educational tools in Fair Trade, see Stenzel, *supra* note 84, at 624–625, 630–634.

207. UNIV. MEETS MICROFIN., <http://www.universitymeetsmicrofinance.eu/site/home.html> (last visited Sept. 25, 2013).

208. Giselle Weybrecht, *Teaching Students about Microfinance*, PRIMETIME (Feb. 20, 2012), <http://primetime.unprme.org/tag/university-of-michigan>.

209. *Id.*

210. *Id.*

211. U. CHI. MICROFINANCE INITIATIVE, <http://www.ucmicrofinance.com> (last visited Sept. 25, 2013).

212. *Our Partnerships*, U. CHI. MICROFINANCE INITIATIVE, <http://www.ucmicrofinance.com/about-ucmi/partnerships> (last visited Sept. 25, 2013).

213. *Id.*

microfinance, raises funds for microloans, and makes those loans through partnerships with KIVA as well as Fair Trade and Direct Trade organizations.²¹⁴

B. Multiple Grassroots Tools and their Synergies

The grassroots tools discussed above support each other and, often, one organization works with others or uses two or more of the tools. This section gives examples of the relationships between and among the various grassroots tools, and how several may be used concurrently to promote sustainable development.

1. Fair Trade, Direct Trade, and Organics

Fair Trade certification requires attention to sound environmental stewardship. Therefore, producers of a significant percentage of Fair Trade-certified foods, obtain organics certifications for their products, especially for coffee.²¹⁵ As of 2010, sixty-two percent of Fair Trade-certified coffee was also certified organic.²¹⁶ Companies offering Fair Trade include Newman's Own,²¹⁷ Peace Coffee,²¹⁸ Batdorf and Bronson,²¹⁹ The Roasterie,²²⁰ Gorilla Coffee, and DOMA.²²¹ Forty-eight percent of all Fair trade cocoa imported to Europe and ninety percent of all Fair Trade cocoa imported to North America is also certified organic.²²² Companies offering Fair Trade, organic chocolate include Lake Champlain Chocolates, Newman's

214. SPARTAN GLOBAL DEV. FUND, *supra* note 190.

215. *See, e.g., Welcome to Cooperative Coffees, supra* note 170.

216. *US Fair Trade Certified Product Sales Surge*, SUSTAINABLE BUS. (May 6, 2011, 1:43 PM), <http://www.sustainablebusiness.com/index.cfm/go/news.display/id/22361>.

217. *Coffee*, NEWMAN'S OWN ORGANIC, http://www.newmansownorganics.com/food_coffee.html (last visited Mar. 19, 2014).

218. PEACE COFFEE, <https://www.peacecoffee.com> (last visited Mar. 19, 2014).

219. *About Us*, BATDORF & BRONSON COFFEE ROASTERS, <http://www.batdorfcoffee.com/index.php/about> (last visited Mar. 19, 2014).

220. *Fair Trade Organic*, THE ROASTERIE, <http://www.theroasterie.com/coffee/fair-trade-organic> (last visited Mar. 19, 2014).

221. *Buying Practices*, DOMA, <http://domacoffee.com/learn/buying-practices> (last visited Mar. 19, 2014).

222. *About Organic Chocolate*, ECOLE CHOCOLAT, <http://www.ecolechocolat.com/organic-fair-trade-chocolate.php> (last visited Jan. 31, 2014).

Own, Earth's Sweet Pleasures, Ithaca Fine Chocolates, Divine Chocolate, and Rapunzel Chocolate.²²³

2. Cooperatives and the Fair Trade and Direct Trade Supply Chain

Cooperatives play an important role at various points in the supply chains of grassroots, sustainably-oriented companies. This section describes their relationship to Fair Trade and Direct Trade programs.

Cooperatives are at the heart of mission-based Fair Trade and Direct Trade organizations. Fair Trade has its roots in the Western Hemisphere. In the early 1980s, the Unión de Comunidades Indígenas de la Región del Istmo (Union of Indigenous Communities of the Isthmus Region) (UCIRI), a cooperative of small coffee producers in the state of Oaxaca, Mexico, made the first efforts to create a Fair Trade label.²²⁴ Today, Fair Trade coffee producer cooperatives often sell to a distributor that is a cooperative, and, in turn, the distributor sells to a roaster that is organized as a cooperative. For example, Maya Vinic Cooperative of Chiapas Mexico sells its coffee to Cooperative Coffees. Cooperative Coffees, in turn, then distributes to roasters in the United States and Canada, many of which are also cooperatives.²²⁵ The mission-based Fair Trade Coffee company Just Coffee, another roaster that is part of Cooperative Coffees, relies on cooperatives throughout its supply chain. Here is the diagram Cooperative Coffees includes on each bag of its coffee:

223. Katherine Loeck & Aubrey Vaughn, *Chocolate! The Best of the Best Organic, Fair Trade Chocolates*, MOTHER EARTH NEWS (Feb. 26, 2009), <http://www.motherearthnews.com/real-food/chocolate-organic-fair-trade.aspx>.

224. DECARLO, *supra* note 36, at 79–80.

225. For links to each of the members, with a short description of each company's origins, mission, and operations, see *Members*, COOP. COFFEES, <http://www.coopcoffees.com/who/members-of-cc/members> (last visited Jan. 31, 2014).

Farmer → Farmer Cooperative → Importing Cooperative →
 Roasting Cooperative → Consumer²²⁶

Within that supply chain, the Importing Cooperative imports green coffee for twenty-three coffee roasters in the United States and Canada. Each of those cooperatives is committed to sustainable trade relationships through Fair Trade, and many of them are organized as cooperatives, also.²²⁷

Fair Trade USA has recently started to certify coffee plantations. This has caused a rift with small producers and those who support small producers. It goes back to the philosophy of traditional Fair Trade advocates (also called transformers), who focus on linking farmers and craftspeople to consumers. Small producers' organizations (SPOs) are upset with the way mainstreaming of Fair Trade, especially as led by Fair Trade USA, is shifting the focus of Fair Trade away from small coffee producers, who were founders of coffee certification programs in the 1980s.²²⁸ As a result, at least two members of Cooperative Coffees, Higher Grounds and Just Coffee, have parted from Fair Trade USA.

4. Microfinance Lending Institutions Organized as Cooperatives

A synergistic relationship between microfinance and cooperatives goes to the origins of cooperatives. The Grameen Bank, for example, is organized as a cooperative and all of its funds come from deposits.²²⁹ The social investor Oikocredit is a worldwide cooperative. It provides funding for microloans through microfinance organizations. Additionally, it provides funding to small and medium size businesses through Fair Trade organizations and cooperatives.²³⁰

226. Publicity sticker from Just Coffees, on file with the author. For a more detailed flow chart showing the supply chain from farmer to consumer, see JUST COFFEE COOP., *supra* note 73. This chart also breaks down where the funds go for coffee that retails for between \$9.00 USD and \$13.00 USD per pound.

227. *Welcome to Cooperative Coffees*, COOP. COFFEES, <http://coopcoffees.com> (last visited Mar. 19, 2014).

228. Jeronimo Pruijn, *Small Producers Organizations at the Forefront of Fair Trade*, FAIR WORLD PROJECT, <http://fairworldproject.org/voices-of-fair-trade/small-producers-organizations-at-the-forefront-of-fair-trade> (last visited Jan. 31, 2014).

229. YUNUS, *supra* note 138, at x–xi.

230. OIKOCREDIT, <http://www.oikocredit.coop> (last visited Jan. 31, 2014).

The Bukonzo Joint Cooperative Micro-Finance Society is a Ugandan microfinance organization that is organized as a cooperative. The majority of their loans go to coffee farmers, many of whom sell organic coffee.²³¹

5. Cooperatives Making Microloans for Organic, Local Produce

Food cooperatives in the United States focus on local and organic products, and usually include Fair Trade items in their product lines. A microloan extended through a cooperative often ties together four of the grassroots tools: cooperatives, microfinance, organics, and local production. For example, the East Lansing Food Cooperative (ELFCO) works with family farms to support local farms and recently made a loan to Monroe Family Organics in Ingham County, Michigan. The loan is being used to build two hoop houses to extend the farm's growing season and yield. ELFCO has the first choice in buying the produce, and Monroe Family Farm will donate a portion of their product to the Lansing Food Bank instead of paying interest on the loan.²³²

6. Fair Trade and Direct Trade Groups Making Microloans to Producers

Fair Trade and Direct Trade organizations develop close relationships with their producers. Seeing their producers' needs for capital for their small businesses, many Fair Trade and Direct Trade organizations have started to extend microloans to their producers.

Incofin Investment Management, Fair Trade International, and the Grameen Foundation are partnering to create the Fairtrade Access Fund, an investment fund to make long-term loans to smallholder farmers' cooperatives. The Starbucks Corporation has committed \$1.3 million to the fund.²³³ The fund will provide farmer cooperatives

231. *Capacity Building Services for Our Farmers*, BUKONZO JOINT COOP. UNION, <http://bukonzojointcoffee.com/what-we-do/financial-services> (last visited Mar. 19, 2014).

232. *Community Partnerships*, E. LANSING FOOD CO-OP, <http://elfco.coop/wp/our-community/community-partnerships> (last visited Jan. 31, 2014).

233. *Fairtrade Access Fund to Provide Long-Term Loans to Smallholder Farmers*, GRAMEEN FOUND., (Apr. 24, 2012), <http://www.grameenfoundation.org/press-releases/fairtrade-access-fund-provide-long-term-loans-smallholder-farmers>.

and associations with funds for new technologies and equipment.²³⁴ Launched in Latin America, in its second phase the fund will expand to help farmers in Africa and Asia.²³⁵

Smaller Direct Trade and Fair Trade organizations are also starting microloan programs to assist their producers. The Direct Trade organization AGAIG, based in San Miguel Escobar, Guatemala makes a variety of types of loans to its producers. Most of the borrowers are coffee farmers, and the terms of loans are tailored to meet the producers' needs.²³⁶ For example, loans fund the purchase of land and production equipment such as a coffee roaster. The Fair Trade organization *Esperanza en Acción* also makes loans to its producers.²³⁷ Its loans, for example, have been used to purchase an oven and a kiln for a ceramicist.

7. Microlending Institutions Make Loans to Fair Trade and Direct Trade Producers

Microlending is sometimes based on a direct relationship between a microlending institution and a Fair Trade or Direct Trade organization. As described earlier, Michigan State University's students microlend through the non-profit corporation Spartan Global Development Fund. Currently, their loans go to producers with the Direct Trade organization AGAIG and *Esperanza en Acción*.

Agrofine, a French organization was established in 2005 as part of the European Microfinance Program to improve the flow of Fair Trade throughout the world.²³⁸ CERISE is a network established in 1998 to facilitate the sharing of ideas and synergies in the field of microfinance worldwide.²³⁹ Agrofine and CERISE have joined forces to study the synergies between Fair Trade and microfinance.

234. *Id.*

235. *Id.*

236. *See supra* note 184 discussing AGAIG's innovative structure for loans and payment of interest.

237. *See supra* text accompanying notes 191–92 (describing how Michigan State University students are partnering with AGAIG and *Esperanza en Acción* to fund additional micro-loans for producers that are part of each of those organizations).

238. *Agrofine*, EUROPEAN MICROFINANCE PLATFORM, <http://www.e-mfp.eu/user/12> (last visited Jan. 31, 2014).

239. CERISE, http://www.cerise-microfinance.org/spip.php?page=article&id_article=263 (last visited Jan. 31, 2014).

They published a report finding that Fair Trade decreases risks to agricultural production. Fair Trade's social premiums can be invested to build capacity and make supply chains more competitive. The report looks to microfinance as a way to reassure importers that Fair Trade organizations will be well managed. They suggest that combining microfinance with Fair Trade will encourage innovation and attract investment in the agricultural sector. Therefore, Agrofine and CERISE are running a three to five year pilot project to create funding through microloans dedicated to Fair Trade.²⁴⁰

IV. TWO ESSENTIAL PRACTICES THAT GRASSROOTS PROGRAMS MUST CONTINUE TO NURTURE

A. Generate Trust

Grassroots initiatives rely on trust and respect generated among their participants. This includes borrowers and lenders in microfinance. Similarly, Fair Trade organizations depend on trust generated along the supply chain from producer to buyer, to retailer, and to consumer. Trust arises from direct interaction between producers and consumers or lenders. Sales of items produced locally depend on trust generated through regular face-to-face interaction with consumers, whether those sales are through a store, farm market, or CSA.²⁴¹

Trust can also be established through a relationship with a trusted intermediary. A few people have the privilege of travel that exposes them to the conditions in developing countries among disadvantaged populations within the United States. Upon seeing conditions and meeting the people who produce their goods or people who are in need of capital to enable their entrepreneurial efforts, people understand the need for grassroots tools such as Fair Trade, Direct Trade and microfinance.

Those people, in turn, carry stories about grassroots work to their friends, family, students, and others. Through personal relationships, the value of a grassroots tool such as microfinance or a Fair Trade

240. AGROFINE & CERISE, BUILDING PARTNERSHIPS BETWEEN FAIR TRADE AND RURAL MICROFINANCE 9 (2007), <http://www.cerise-microfinance.org/IMG/pdf/Concept-note-CE-MF-En.pdf>

241. *See supra* text accompanying notes 192–202.

program is no longer an abstraction based on something read in a book or newspaper. My research on the grassroots tools in Mexico, Ecuador, Nicaragua, and Guatemala enables me to share the stories of people who benefit from those tools with students and in public presentations.²⁴² The trust my students, friends, and others have in me enables them to feel connected to the people in those countries. The products they produce become more meaningful as compared to a product randomly chosen from a retailer's shelf.²⁴³

It is interesting to make note of another grassroots trend in our society based on trust supported by the Internet. Airbnb is a network through which anyone can rent a spare room in their home, making contact through an Internet site.²⁴⁴ The company has now grown to the size of a major global hotel chain.²⁴⁵ It has led the way to a new trend called the "sharing economy" and operates based on trust.²⁴⁶ Trust is generated or destroyed through comments posted by those who use Airbnb's services. Airbnb verifies identification of guests and hosts by connection to social networks and scanning official identification documents. It also provides detailed profiles and confirmed reviews of guests and hosts.²⁴⁷

B. Practice Transparency Regarding Products and Business Organizations

When grassroots initiatives are related to products, transparency is essential. Tools include labeling, information on websites, and even use of Quick Response (QR) codes to provide links to information.

242. My indigenous friends of Ecuador who have helped me learn about Fair Trade and microfinance initiatives have called me a "*puente*," meaning "bridge."

243. See *supra* text accompanying notes 241–43 (describing how my research in Guatemala and Ecuador with Fair Trade and Direct Trade groups has led to the Spartan Global Development Fund's loans to producers served by those two organizations).

244. *About Us*, AIRBNB, <https://www.airbnb.com/about/about-us> (last visited Jan. 31, 2014).

245. Thomas L. Friedman, *Welcome to the "Sharing Economy"*, N.Y. TIMES, July 20, 2013, <http://www.nytimes.com/2013/07/21/opinion/sunday/friedman-welcome-to-the-sharing-economy.html?pagewanted=all>.

246. *Id.*

247. *Trust*, AIRBNB, <https://www.airbnb.com/trust> (last visited Jan. 31, 2014).

Labeling includes symbols to indicate certifications, such as for Fair Trade or organics. Even a few Direct Trade non-profits provide certification. More informally, mission-based Fair Trade stores make a practice of labeling goods in their stores to include names and locations of producers and some information about that producer.

Websites provided by retail stores, distributors, and producers also contribute to transparency. Members of Cooperative Coffees are dedicated to complete transparency in their operations. On a website called “Fair Trade Proof,” each shipment of coffee is documented regarding origins, price, and certifications such as for Fair Trade and organic production.²⁴⁸

Similarly Fair Trade and Direct Trade businesses maintain websites that provide detailed information about their products and their producers. For example, Ten Thousand Villages is a nonprofit, charitable organization that purchases handicrafts from disadvantage producers in thirty-eight countries.²⁴⁹ The organization publishes its annual report on its website and uses any surplus revenue to increase purchases from producers and to expand the Ten Thousand Villages network of stores.²⁵⁰ Ten Thousand Villages shares stories about its producers’ lives and their products on its website.²⁵¹ In the stores, employees and volunteers emphasize consumer education and offer stories about the producers and their products to all who visit their stores.

Distributors of Fair Trade products also maintain websites with detailed information about their product lines. Equal Exchange, a Fair Trade cooperative with over 100 worker owners, maintains a website with detailed information about its small farmer-producers and their products which include coffee, chocolate, cocoa, tea, bananas and other “Fair Foods.”²⁵²

The QR code is a tool that facilitates quick access to websites. The QR is a type of bar code that can be scanned using a mobile phone’s

248. *Who We Are*, COOP. COFFEES, <http://www.coopcoffees.com/who> (last visited Jan. 31, 2014).

249. *About Us*, TEN THOUSAND VILLAGES, <http://www.tenthousandvillages.com/about-us> (last visited Jan. 31, 2014).

250. *Id.*

251. *Meet the Artisans around the World*, TEN THOUSAND VILLAGES, <http://www.tenthousandvillages.com/find-artisan> (last visited Jan. 31, 2014).

252. *Products*, *supra* note 174.

camera and smartphone application. QR codes can be found on products and on advertisements (e.g., on signs and in magazines and newspapers). Some Fair Trade companies are beginning to use QR codes to make it easy for consumers to learn about their supply chain and producers of their products.²⁵³ UK-based supermarket chain Sainsbury's, the world's largest Fair Trade retailer, has a program that allows customers to scan QR codes, which connect customers to information about businesses and communities around the world that supply Fair Trade products to Sainsbury's. Judith Batchelar, a brands manager for Sainsbury's, says, "As the world's largest retailer of Fairtrade products, Sainsbury's knows just how important Fairtrade premiums are to the farmers and communities that they supporting."²⁵⁴ She continues, "By introducing QR code technology to our Fairtrade packaging, we want to help our customers to understand the huge difference Fairtrade products make in helping to improve people's lives in developing countries around the world."²⁵⁵

V. THE LIMITATIONS OF THE GRASSROOTS TOOLS

The grassroots tools of sustainable development are part of the solution to our economic, social, and environmental needs, but they cannot solve all of our problems in those areas. Much work is needed to change the perspectives and values of consumers and the practices of businesses.

A. The Paradigm Shift Is a Major Challenge for Consumers

The shift to greater reliance on grassroots tools for sustainability requires a paradigm shift. For example, some citizens devoted to Fair Trade, whether as consumers, producers, or retailers, are making their own personal shifts. But, Fair Trade is still only a tiny portion of our markets. Moreover, the paradigm shift is not easy for even those individuals committed to social justice. In August of 2013, I spoke at

253. For example, Just Coffee is in the process of converting from use of a code on its package directing consumers to its website to use of a QR code. Interview with Matt Earley, Co-Founder, Just Coffee, in Madison, Wis. (May 14, 2013).

254. *Sainsbury's Using QR Codes*, RETAIL CUSTOMER EXPERIENCE (Feb. 27, 2012), <http://www.retailcustomerexperience.com/article/190948/Sainsbury-s-using-QR-codes>.

255. *Id.*

Edgewood United Church of Christ in East Lansing, Michigan on “Fair Trade as the Practice of *Ahimsa* (Non-Violence).”²⁵⁶ The presentation was part of a series of talks and discussions on Peace and Justice, and those in attendance were people wanting to explore how they can make a difference. One elderly gentleman spoke with profound words as each of us reflected in closing our discussion, saying:

This would require a major psychological transformation [even for me]. I have always had a Marxist/Socialist approach to the economy. Yet I grew up in the Great Depression and I have always purchased the cheapest items from places such as Walmart. As a result of our exploration of Fair Trade, I realize that I am as guilty as those I criticize in our capitalistic society, in that I am perpetuating the system by always buying the cheapest items available.²⁵⁷

Others in attendance remarked that they would now be looking more carefully at the origins of each product they purchase. That is at the essence of Fair Trade: linking consumers to the producer to promote caring and respectful relationships among human beings.

B. Markets and Supply Chains Need Time to Meet New Demands

Another challenge lies in the fact that markets cannot be transformed immediately from conventional offerings to Fair Trade offerings. A few Fair Trade products, such as coffee and chocolate, are becoming readily visible to the public, but they still represent a small portion of the market for that product. Fair Trade coffee sales grew steadily from 76,059 pounds in 1998 to 109,795,363 pounds in 2009, but they still constituted only about four percent of a \$14

256. Paulette L. Stenzel, Professor, Michigan State Univ., Speech at the Edgewood United Church of Christ Peace and Justice Discussion Series: Fair Trade as the Practice of *Ahimsa* (Non-Violence) (Aug. 21, 2013).

257. Unknown Commenter, Remarks at the Speech by Paulette L. Stenzel, Professor, Michigan State Univ., at the Edgewood United Church of Christ Peace and Justice Discussion Series: Fair Trade as the Practice of *Ahimsa* (Non-Violence) (Aug. 21, 2013) (notes on file with author).

billion dollar market.²⁵⁸ In 2010, sixty-two percent of Fair Trade coffee was also organic.²⁵⁹

Chocolate is another Fair Trade product that is becoming more readily visible and available to the public, but it is still in its infancy. Supplies are limited, and the market is faced with a major challenge highlighted by the fact that Hershey's has pledged to go to all Fair Trade chocolate by the year 2020.²⁶⁰ Its plans for doing so are vague, however, and there are questions about the ability of producers to provide sufficient quantities of Fair Trade chocolate as well as Hershey's commitment to its promise.²⁶¹

C. Special Challenges within the Apparel Industry

Products made in ways that harm human beings and the Earth dominate our marketplace. The apparel industry is an example of the worst practices economically, socially, and environmentally. "Ethically made clothes make up a tiny fraction of one percent of the overall \$1 trillion USD global fashion industry. And with a few exceptions, such as the 250-store clothing chain American Apparel Inc., most aren't national brands."²⁶² As Annie Leonard observes, "Even 'ethical consumerism' is generally limited to choosing the most responsible item on the menu, which often leaves us choosing between the lesser of two evils."²⁶³

258. Colleen Haight, *The Problem with Fair Trade Coffee*, STAN. SOC. INNOVATION REV., Summer 2011, http://www.ssireview.org/articles/entry/the_problem_with_fair_trade_coffee.

259. *US Fair Trade Certified Product Sales Surge*, *supra* note 216, at 28.

260. Oliver Nieburg, *Hershey Stuns Critics with Commitment to Source 100% Certified Cocoa by 2020*, CONFECTIONARY NEWS (Oct. 4, 2012), <http://www.confectionarynews.com/Markets/Hershey-stuns-critics-with-commitment-to-source-100-certified-cocoa-by-2020>.

261. Antonie Fountain, director of Stop the Traffik, observed, "I hadn't expected them to do this. Until this year, Hershey seemed to be impervious to public pressure. It's a good first step. The question is; how are they going to do it?" *Id.*

262. Anne D'Innocenzio, *Shoppers Face Hurdles Finding Ethical Clothing*, ASSOCIATED PRESS (Apr. 30, 2013, 10:37 PM), <http://bigstory.ap.org/article/shoppers-face-hurdles-finding-ethical-clothing>.

263. Annie Leonard, *How to Be More Than a Mindful Consumer*, YES! (Aug. 22, 2013), <http://www.yesmagazine.org/issues/the-human-cost-of-stuff/annie-leonard-more-than-a-mindful-consumer>.

Unsafe working conditions in the garment industry are among myriad problems that make our conventional (non-Fair Trade and non-local) apparel production systems unsustainable. U.S. labor and worker health and safety laws do not apply outside of U.S. borders, and most clothing manufacturing is in developing countries that offer few or no new protections for their workers.

Conventional production under “free trade” agreements such as the North American Free Trade Agreement (NAFTA)²⁶⁴ has taken jobs from the United States and moved them to countries where people work for poverty-level wages. Workers here and abroad suffer the economic impacts. Statistics on this shift are sobering. In 1980, there were 1.2 million workers in the U.S. apparel industry. Since NAFTA took effect on January 1, 1994, job losses have accelerated, and today there are 160,000 workers in this country’s apparel industry. Currently, yearly pay for sewing machine operators in the United States is \$20,000. In Honduras it is \$2,948, and in Bangladesh it is \$456.²⁶⁵ This is unsustainable in multiple directions. First, wages in all three countries are not sufficient for workers to support themselves and their families. Moreover, those wages are grossly inequitable, especially in light of salaries paid to executives leading the companies. Second, production of nearly all of our apparel overseas means that we are using energy to ship goods from across the world to U.S. consumers. This is unsustainable as we deplete our petroleum and coal reserves. Third, the production of clothing in sweatshops in other countries goes in tandem with displacement of people, moving them from their land to cities where they work in unhealthy conditions.

Haiti is one example. In that country, competition from cheaper U.S.-produced rice has destroyed the livelihoods of small Haitian farmers and pushed people to move to urban areas. In those urban areas, they work under horrible conditions for inadequate wages, and live in slums with little electricity that may even lack running water.²⁶⁶ Moreover, this pattern is linked to multiple environmental

264. North American Free Trade Agreement, Dec. 17, 1992, 32 I.L.M. 289 (1993).

265. Doub Pibel & Katrina Rabeler, *Infographic: Your Stuff’s Not as Cheap as You Think It Is, YES!* (Aug. 1, 2013), <http://www.yesmagazine.org/issues/the-human-cost-of-stuff/the-myth-of-cheap-stuff>.

266. Leonard, *supra* note 263, at 18, 20.

problems. For example, cotton growing is water intensive, and conventional (non-organic) cotton is grown using more hazardous insecticides than any other major commodity.²⁶⁷ Drying and bleaching raw cotton for cloth uses large amounts of known carcinogens including formaldehyde and heavy metals. Those chemicals get into groundwater near the cotton mills, workers are exposed while handling the fabric, and consumers wear the residues next to their skin.²⁶⁸

Research released in 2012 by professors from the Massachusetts Institute of Technology and Harvard College shows that increasingly customers are demanding to know about where and how goods are produced. Moreover, it reveals that some consumers are willing to, and actually do, pay more for clothing accompanied by information about fair-labor practices.²⁶⁹ In response, some retailers and apparel manufacturers are beginning to reveal the cost breakdowns and information about production of their products. For example, Everlane, an on-line boutique, reveals cost breakdowns for its clothing and provides photographs of its factories as well as information about production practices.²⁷⁰

Fair Trade production of clothing can currently reduce and, in the future, eliminate unsafe working conditions that lead to disasters such as the one in May 2013 in Bangladesh. However, Fair Trade-certified clothing supplies are limited, because certification of Fair Trade clothing is a recent program as compared to the long established systems for certification of coffee and other foods.

The challenges are even greater in light of the fact that ninety-eight percent of all clothing items sold in the United States are made outside of U.S. borders. Bangladesh is the third largest exporter of clothing to the United States after China and Vietnam.²⁷¹ And, it is

267. *Id.*

268. *Id.*

269. Stephanie Clifford, *Some Retailers Say More About Their Clothing's Origins*, N.Y. TIMES, May 8, 2013, <http://www.nytimes.com/2013/05/09/business/global/fair-trade-movement-extends-to-clothing.html?pagewanted=all>.

270. *Id.*; see also *About*, EVERLANE, <https://www.everlane.com/about> (last visited Jan. 31, 2014).

271. Emily Jane Fox, *Shoppers Face Tough Choices over Bangladesh*, CNN MONEY (May 1, 2013, 9:23 AM), <http://money.cnn.com/2013/05/01/news/companies/bangladesh-garment-factory/index.html>.

predicted that by 2020 Bangladesh will become the largest supplier of apparel in the world.²⁷² Consider a list of some of the major companies that get clothing from Bangladesh: Gap, H&M, Walmart, J.C. Penny, Sears, Benetton, The Children's Place, and Joe Fresh.²⁷³ It would be unusual to find a U.S. citizen who does not own one or more pieces of clothing from these companies. Moreover, with plans for the Transpacific Partnership, our remaining U.S.-based apparel manufacturing facilities are likely to suffer.²⁷⁴

The challenges in changing the apparel system are overwhelming, but that is not a reason to give up. Fair Trade provides principles and practices that can lead the way to apparel production that adheres to the Triple Bottom Line of economy, social equity, and environment. Conventional, large corporations may be adding Fair Trade lines in response to market demands instead of out of commitment to the mission of Fair Trade. It is not the ideal of a mission-based, 100% Fair Trade company, but adding product lines is a step in a good direction.

D. Grassroots Tools Respond to the Challenges

In summary, the grassroots tools of sustainable development represent a growing movement. Like all growing movements, they need time to develop further. Nevertheless, they are important tools that are already helping move our society toward a new paradigm that is built through personal relationships, trust, and community and is based on pursuit of the Triple Bottom Line: economy, social equity, and environment.

272. *Id.*

273. *See* Fox, *supra* note 2.

274. *See* Natalie Pompilio, *The TPP Is Another Job-Killing Trade Deal—So Why Are Both Parties Supporting It?*, YES! (Aug. 28, 2013), http://www.yesmagazine.org/issues/the-human-cost-of-stuff/tpp-is-another-job-killing-trade-deal-so-why-are-both-parties-supporting-it?utm_source=ytw20130830&utm_medium=email, for a discussion of the planned Trans-Pacific Partnership and the likelihood that its implementation will hurt remaining small manufacturing facilities in the United States.

VI. FOR FUTURE RESEARCH: SEEKING WAYS THROUGH WHICH LAW
AND POLICY CAN SUPPORT GRASSROOTS TOOLS

In this article, I provide a review of various grassroots tools and describe their synergies. The synergies should be cultivated through action by various parties: consumers, workers, businesses, non-governmental organizations, and lawmakers. Each of the grassroots tools deserves full exploration. This section introduces the need for further research on how the law and public policy can be used to facilitate the grassroots tools of sustainable development. In light of the complexity of each of them, however, in-depth exploration of possible directions for law and policy is beyond the scope of this article.

A. Fair Trade, Direct Trade, and Similar Programs

I have written about the current challenges facing Fair Trade certification programs. There is a proliferation of competing certification programs and labels. This stems, at least in part, from the decision of Fair Trade USA to discontinue its affiliation with FLO. Independently, however, other certification programs are being developed. In another direction, Direct Trade and other programs address the same goals as Fair Trade with some variations in practice. In two in-depth articles, I have written about the challenges inherent in Fair Trade's movement into mainstream commerce. I conclude that, at the present, the government's role should be limited to funding research and educational programs and government procurement of Fair Trade and Direct Trade goods.²⁷⁵ A primary reason for my recommendation is that government regulation often sets a low bar, as has happened with USDA regulation of organics.²⁷⁶ Moreover, Fair Trade and Direct Trade are still developing, and regulations would lock the movement into place, stifling progress.²⁷⁷

275. See Stenzel *supra* note 84, and Stenzel, *supra* note 81, for in-depth discussions of the current status of Fair Trade, challenges it faces, and my recommendations.

276. Sligh, *supra* note 120.

277. Stenzel, *supra* note 81, at 670–71.

B. Organics

Organics are controversial among scientists, producers, and consumers. The spectrum of perspectives ranges from those who believe that it would be feasible to produce all of the world's food through organic methods, to those who assert that it is not feasible. Some skeptics assert that organics production reduces crop yields for some agricultural products by one third to one half.²⁷⁸ Up to date research refutes the findings of those who argue that a return to organics is not feasible:

There are actually myriad studies from around the world showing that organic farms can produce about as much, and in some settings much more, than conventional farms. Where there is a yield gap, it tends to be widest in wealthy nations, where farmers use copious amounts of synthetic fertilizers and pesticides in a perennial attempt to maximize yields. It is true that farmers converting to organic production often encounter lower yields in the first few years, as the soil and surrounding biodiversity recover from years of assault with chemicals.²⁷⁹

A related perspective is that of the small farm-holder raising organics. Although major agricultural firms assert that organic farming on a small scale is not financially feasible, there is evidence to the contrary. One source reports that, in Russia, small farmers of organics are growing ninety-two percent of Russia's potatoes, seventy-seven percent of her vegetables, and eighty-seven percent of her fruit.²⁸⁰

From a local, U.S.-based perspective, Ivan Witt, co-owner of the only certified organic farm in Otsego County Michigan, adds a local

278. *Can Organic Farming Feed Us All?*, WORLD WATCH MAG., May/June 2006, available at <http://www.worldwatch.org/node/4060>.

279. *Id.*

280. Christina Sarich, *The Russians Prove Small Scale Organic Farming CAN Feed the World*, ALEX JONES' INFOWARS (May 30, 2013), <http://www.infowars.com/the-russians-prove-small-scale-organic-can-feed-the-world>.

U.S.-based perspective.²⁸¹ In an interview, he reported that he cultivated one-quarter acre in 2013, and from that plot he sold \$1,025 in produce at the local Gaylord, Michigan farm market on August 10, 2013. He and his wife, also his co-owner, can clear about \$20,000 in a year, on which they gross \$30,000. This is not enough to support a family, but, in tight economic times, it can be a significant supplement. Moreover, Witt points out that his family could increase its income by preserving more of their produce for consumption during the winter. During mid-summer, his small farm produces more tomatoes and other produce than can be sold and consumed at harvest time.²⁸² Witt says that if he could process more products for sale during the winter months, he could extend his marketing throughout the year. Thus, there would be less food waste and families would have access to local produce throughout the year.

C. Local Production

The term “local production” is vague, and it is left up to the consumer to seek information about the origins of a product labeled as regional. The U.S. Department of Agriculture’s definition is broad. The 2008 Food, Conservation and Energy Act (2008 Farm Act), defines a local agricultural product as being produced within 400 miles of the origin or within the state in which it is produced.²⁸³ Yet, a 2008 study found that half of consumers expect local foods to be grown within 100 miles of their home, and thirty seven percent said described local as “made in my state.”²⁸⁴

I recommend that the U.S. Congress adopt a definition of local that uses standardized language and coincides with consumers’ impressions. Congress should mandate that producers and processors label goods with their geographical origin. Additionally, any retailer who wants to label goods as local should be required to include specific information about the product’s geographical origins vis-à-vis the point of sale. For example, the retailer would be required to

281. Otsego County is located in the Northern part of Michigan’s lower peninsula. The winters are long and the growing season is short.

282. Interview with Ivan Witt, Co-Owner, Witt’s Organic Garden, in Vanderbilt, Mich. (Aug. 17–18, 2013) (notes on file with author).

283. MARTINEZ ET AL., *supra* note 131, at iii.

284. *Consumer Understanding of Buying Local*, *supra* note 134.

state “produced within 100 miles,” or “within 400 miles” of this point of sale, or “within this state.” Thus, consumers will be able to choose products that conform to their own concept of local. This is basic transparency, conveying relevant and important information to consumers and avoiding vague labels.

D. Microfinance

Microfinance has helped the poor gain access to capital for decades. Yet, it has met criticism in recent years because of some failures related to the pressures of repaying microloans as well as unfair treatment of borrowers by unscrupulous institutions.²⁸⁵ In India, for example, some borrowers who could not repay loans committed suicide in recent years. Some say that profit-motives encourage the poor to take on more debt than they can afford. Many say that this has resulted from greed by private companies in countries such as India where those companies make huge profits that are higher than profits made by banks.²⁸⁶ On the other hand, microfinance, on the whole, has been a huge success.²⁸⁷ It has improved the lives of the poor, especially women and their families. What is needed is further exploration of how to modify the current system to make it even more efficient. Some suggestions include creating more markets for the products of borrowers,²⁸⁸ increasing group borrowing,²⁸⁹ and restructuring loan payments.²⁹⁰

There are new opportunities for using microfinance to promote sustainability, too. Small entrepreneurs in the United States need access to capital through microloans. Ivan Witt explains challenges he faces running his small organic farm. First, the work of the year is concentrated in the summer months. If he could process some of his fresh produce, such as by canning tomatoes and making them into sauce, he could offer organic foods in local markets year-round. The next logical step is to do such processing, but he and his wife, who

285. Soutik Biswas, *Crisis Hits India's Small Loans Industry*, BBC NEWS (Dec. 21, 2010), <http://www.bbc.co.uk/news/world-south-asia-12035909>.

286. *Id.*

287. Jesse Fishman, *Microfinance—Is There a Solution?: A Survey on the Use of MFIs to Alleviate Poverty in India*, 40 DENV. J. INT'L L. & POL'Y 588, 609 (2012).

288. *Id.* at 610.

289. *Id.* at 612–13.

290. *Id.* at 613–14.

run their farm without outside help, do not have time for that. He suggests that the U.S. government make small loans available to entrepreneurs who want to start a micro-processing facility. This would provide jobs, meet the needs of small farmers like the Witts, and make locally grown and processed foods available in their local communities.²⁹¹ I echo his words. The program could be modeled on Michigan's laws permitting community kitchens. For example, Eastern Market Corporation in Detroit, Michigan recently obtained a \$1 million grant to renovate space at Detroit's Eastern Market and support a new community kitchen. Funding is from the Michigan Community Revitalization Program, which provides grants or loans to revitalize urban areas and promote mixed use and sustainable development.²⁹² Similarly, grants or loans are needed to help small farmers who share the challenges facing the Witts.

In summary, the microfinance industry has had much success in alleviating poverty. The fact that some profit-oriented organizations have taken advantage of the poor is not a reason to abandon this important grassroots tool. Rather, around the world and in the United States, researchers and practitioners must continue to seek ways to continue the effective microfinance programs, weed out the unscrupulous, and find new ways to use microfinance to make even greater impacts in the United States and around the world.

E. Cooperatives

Various experts in the cooperative movement have discussed the need for changes in U.S. law and policy. E.G. Nadeau, a leading expert on cooperatives observes:

Co-ops and small businesses cannot decentralize and democratize the economy themselves. Federal and state regulation, tax reform, and lobbying reform are also pre-

291. Interview with Ivan Witt, *supra* note 282.

292. Sherri Welch, *Eastern Market Gets \$1 million Grant for Community Kitchen, Renovations*, CRAIN'S DETROIT BUS. (June 20, 2013, 1:20 PM), <http://www.craindetroit.com/article/20130613/NEWS/130619919/eastern-market-gets-1-million-grant-for-community-kitchen-renovations>.

requisites to increasing economic democracy in the United States.²⁹³

Exploration of that broad statement and the many needs in the cooperative movement, however, is beyond the scope of this article. Nadeau's book, *The Cooperative Solution: How the United States Can Tame Recessions, Reduce Inequality, and Protect the Environment* will be a strong starting point for such research.²⁹⁴

F. Future Research on Each of These Should Consider Synergies

Each of these grassroots tools, independently, deserves in-depth research and exploration to build on what has already been conducted. Additionally, research and writing on their synergies is needed, and that need will become even more pressing as use of each of the tools expands around the world.

VII. CONCLUSION

This article has explored the grassroots tools of sustainable development and their synergies. The grassroots tools include Fair Trade and Direct Trade; organics; local production and purchasing; microfinance; and cooperatives. These community-based tools for sustainable development have arisen from mission-oriented individuals or organizations. Yet, conventional businesses are adopting these tools in various ways in response to consumer demand for more sustainably-produced products. Therefore, it is increasingly important to study the tools.

The grassroots tools work separately and in combination to help change the paradigm of trade and promote the three legs of the Triple Bottom Line of sustainability: economy, social equity, and environment. This article has provided multiple examples of those synergies. We witness unsustainable nature of production and trade around the world. Unsustainable practices allow us to purchase inexpensive goods, but those goods are produced through practices that harm human beings and the Earth. This article began with listing

293. NADEAU, *supra* note 155, at 3.

294. *Id.*

of several disasters and area of deep concern in today's world. Here are some responses to those concerns, as discussed in this article.

Fair Trade and Direct Trade standards and practices in the apparel industry lead to safer working conditions and fair wages for workers. As a society, we must not tolerate more accidents caused by neglect and cost cutting such as the factory collapse in Bangladesh in April of 2013.²⁹⁵

Abuse of children under slave-like conditions in the production of cocoa can be eliminated by cooperatives operating through Fair Trade and Direct Trade. For example, the cooperative Kuapa Kokoo (meaning good cocoa growers) of Uganda is an exception to the pattern of abuse in that country.²⁹⁶ This provides a model for other cocoa-producing countries.

Step-by-step, the grassroots tools are beginning to address the problem of unequal distribution of wealth in the United States and around the world. Microfinance gives small entrepreneurs access to capital that is otherwise unavailable to them. Fair Trade and Direct Trade bring fair wages and fair prices to workers and producers. In turn, spending by producers and their families stimulates local economies.

Fair Trade and Direct Trade work hand-in-hand with organics to reduce use of toxic chemicals. Consumers and workers are protected from potential illness or death. Fewer chemicals are released onto land and into the Earth's land and waters. Moreover, organics avoid the use of genetically modified organisms, which are of concern to many consumers.

In summary, this article is about connecting the dots among grassroots tools for sustainable development. It points the way toward future research on how law and policy can support development of the grassroots tools. Increasing numbers of people realize that we need a new paradigm for production, distribution, and consumption of goods. The grassroots tools provide consumers with sustainable options. Those tools operate independently as well as synergistically. Fair Trade and Direct Trade, organics, local production and purchasing, microfinance, and cooperatives are

295. See *supra* note 2 and accompanying text, for discussion of Bangladesh.

296. *Divine Story*, DIVINE CHOCOLATE, <http://www.divinechocolate.com/us/about-us/divine-story> (last visited Jan. 31, 2014).

expanding around the world, and that expansion represents significant progress toward a new paradigm that promotes sustainability from the ground up.