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*A study of the sustainable development
pattern in modern globalization*

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Introduction

The current crisis has brought western economy to its knees: this proves that the existing neo-liberal economic pattern presents huge limitations and needs to be reformed.

Actually experts realized a few decades ago that our system would be unsustainable in the long run. In 1987 the UN Brundtland Commission published a Report on the state of the world. In this Document the Commission denounced that mankind was in jeopardy: the environment was so damaged and poverty was so widespread that the welfare of the whole Planet was in danger in the present and in the future. Furthermore the Brundtland Report presents an innovative concept the Commission formulated the same year: sustainable development.

This theory implies social and environmental sustainability: such a prosperity would necessarily close the economic gap between the South and the North of the world and restore equilibrium to the natural ecosystems. I will explain how these two aspects (the social-economic and the environmental) constitute a vicious cycle Southern countries are trapped in: their poverty (augmented by their foreign debt) is, at the same time, the cause and the effect of the environmental destruction the Northern multinational corporations in particular bring about in the South. It is a form of Western ecological imperialism that can be considered as the contemporary variant of past European colonialism.

The current situation is alarming and the analysis of several researchers pointed out the present economic system is responsible. Therefore urgent changes are necessary. The present production pattern based on profit and mass consumption must be revised, financial transactions founded on speculation and tax havens must be controlled and it is also necessary to rethink the inefficient policies of development in the South (the North is usually interested in its geopolitical agenda) and to overtake anachronistic welfare indicators such as the GDP.

This thesis presents a few important theories scholars have proposed in the last

decades like sobriety, degrowth and sustainable development, it studies the advantages of the new welfare parameters (among them, the Ecological Footprint and the Human Development Index stand out) and it describes the positive repercussions of fair trade. Now not only researchers (economists, sociologists and ecologists) study alternative ways to solve the current crisis, but more and more citizens are informed and thus become aware that their commitment and efforts are fundamental to build a sustainable future.

Part 1.

From globalization to the earth democracy

1. Globalization: the pros and the cons

1.1. Preliminary remarks

This first chapter outlines the existing economic system in its salient features: I focus on various aspects of the globalization process, which characterizes the second half of the XX century and the XXI century. The presentation, built on the analysis of the pros and the cons, is functional to understanding the reason why nowadays a firm belief is increasingly gaining ground: the current economic integration can bring humankind to unsustainable living conditions. According to distinguished scholars and to a large part of the public there is a need for a more sustainable economic system: a system that promotes an equal distribution of wealth and resources, guarantees the quality of human life and does not damage the environment. The analysis I intend to perform starts with a study of the concept of globalization.

1.2. The term 'globalization'

The birth of the word 'globalization' dates back to the years after the Second World War. «The word was coined by *The Economist* in 1962 but still in 1997 the *Microsoft Word* application did not recognize it» (Bonaglia, Goldstein, 2003: 10). Ulrich Beck in his work *What is globalization?* states: «Globalization has certainly been the most widely used- and misused- keyword in disputes of recent years and will be of the coming years too, but it is also one of the most rarely defined, the most nebulous and misunderstood, as well as the most politically effective» (Beck, 1999: 37).

An initial definition of the globalization process was formulated in the 90's by sociologist Anthony Giddens. According to this scholar, «globalization can thus be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa» (Giddens, 1991: 64).

Ulrich Beck, too, proposes his definition: «Globalization means that borders become markedly less relevant to everyday behaviour in the various dimensions of economics, information, ecology, technology, cross-cultural conflict and civil society.....Money, technologies, commodities, information and toxins cross frontiers as if they did not exist» (Beck, 1999: 39).

Giddens' and Beck's interpretations of globalization complement each other.

In 2002 Stiglitz proposed his own definition of globalization: it condenses the previous two explanations. He defines the phenomenon of globalization as «the closer integration of the countries and peoples of the world which has been brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flow of goods, services, capital, knowledge and (to a lesser extent) people across borders» (Stiglitz, 2002: 9).

Nowadays globalization presents itself as Beck defined above, as a multi-form procedure. The goal of this chapter is to examine the economic aspects, the social implications and the environmental repercussions of the globalization process.

1.3. The historical phases of globalization

The beginning of the phenomenon we nowadays call 'globalization' coincides with the start of the XIX century. It continues to expand until the beginning of the Great War when it comes to a sudden standstill. A second globalization surge starts in the 50's and 60's with the so called economic boom to the present days. The history of the globalization process can be subdivided into four phases:

- Phase I: the year 1820

This date is symbolically considered as the cut-off point between the end of the mercantilism policy and the beginning of the liberal policy by Bordo, Taylor and Williamson (2003). The spread of this new policy caused the beginning of a first process of globalization.

- Phase II: 1820-1914

This historical period corresponds to the first surge of globalization. In the XIX century the industrial revolution and the development of the transport system carried the seed of the first process of integration: production increased substantially and the commodities could be transported toward the consumption centers more easily. The construction of an extended railway network and the creation of bigger refrigerated ships represented one of the most revolutionary innovations of that period.

Furthermore there was a considerable increase in emigration toward the production areas: it is estimated that 10% of the world population migrated from their poor hometowns to industrialized countries between 1870 and 1914 (Bonaglia, Goldstein, 2003). The first destination of this mass emigration was North America, where job opportunities were abundant.

- Phase III: 1914-1945

In this historical period the globalization process slowed down. The year 1914 is the turning point from which globalization turned back to protectionism and autarchy that occupied the first half of the XX century.

- Phase IV: 1945-nowadays

The second globalization spur started. The end of the Second World War coincided with the beginning of a new phase of globalization, which continues today. Four main aspects represent its hallmarks.

First aspect: the progressive «transformation of the national state into a transnational state» (Beck, 1999: 30). Ulrich Beck explains that the nation-state is a territorial state that is linked to a specific place, a *locus*, while globalization is not connected to any place: global means trans-local. Professor Beck concludes that the capitalistic global society implies the simultaneous presence of the national disintegration and the transnational integration.

Second aspect: the formation of a global financial market. «The growth of the financial markets is a typical phenomenon of the economic evolution of the last two decades» (Zamagni, 1995: 21). This process entails a huge rise in the number of financial transactions. It involves two main consequences in Zamagni's opinion (1995):

- the dematerialization of the economy: the financial structure of the economy assumes growing importance compared to the production of commodities and services (real economy).
- «the national authorities' power in the sphere of financial relations is markedly diminished compared to the past»: this is due to the increasing free flow of capital.

Third aspect: the migration. In the introduction to their research work *Globalization in historical perspective* (2003), Bordo, Taylor and Williamson claim that the globalization process and the migration drift are strictly interconnected. The globalization process of the second half of XX century sees a change in the emigration direction: migrants are no longer Europeans but African, Asian or South American people who look for a better life in that Europe which was once a source of emigration and now is the destination for mass immigration. According to Bonaglia and Goldstein, immigration in the European Union moves from 200 thousand people a year in the 80's to more than one million within 10 years. Moreover: «Up-to-date United Nations data indicate that the incidence of the foreign population on the European population is almost doubled between 1985 and 2005 (from 5% to 9%)» (Bonaglia, Goldstein, 2003: 26).

Fourth aspect: the emergence of new powers on the global economic scene. Countries such as China, India and Brazil prove to have caught up, in the last decade, with industrialized countries as regards to their development stage. Nowadays they represent «the clearest example of how globalization can rhyme with economic development» (Bonaglia, Goldstein, 2003: 26). Nevertheless the economic growth carried by the development process does not restore stability, but it seems to increase the social and economic imbalance according to Bonaglia and Goldstein (2003). In point of fact the considerable growth that swept the People's Republic of China in the last decade did not affect the poorest Chinese people, who did not enjoy the benefits derived from this recent development.

So the global citizen lives in a complex reality. A more attentive analysis leads us to realize the existence of advantages and risks common to the majority of the countries involved in the globalized context. In the following pages the positive aspects of the globalized world and the risks connected to nowadays neoliberal economy are investigated; particular attention is given to the topic of the equity.

1.4. The main positive aspects of globalization

1.4.1. A single global market

The concept of globalization implies that the whole world is a single big market where goods, services, money and labour move freely and fast. So the most evident advantage of the globalized world is that the commodities are sold on a global scale market. Every kind of product is accessible to everyone in the world. The result is the feeling we all belong to a single large community. According to Ulrich Beck globalization is worthy of praise because it cancels distances. Transports and communications are faster and cheaper, so they are facilitated. According to Bonaglia and Goldstein (2003), the wider mobility of commodities, services, capitals and workers offers huge potential opportunities of development to deprived countries. But yet, as Rodrik (2011) claims, there is a need for these countries to develop public institutions and craftsmanship or skilled labour in order to increase the possibility of economic growth and development. We also must take into account that «globalization on its own does not generate these capabilities; it simply allows nations to leverage better those that they already possess». (Rodrik, 2011: 182).

1.4.2. The globalization of culture and information

Another advantage of the global village is the free flow of information and culture. According to Calzone (2004), nowadays news and images travel across the world and they show what happens worldwide in real time. This way the cultures of different countries come into contact and become easily comparable: it is like «a face-to-face that globalization supporters believe to be revolutionary and challenging» (Calzone, 2004: 127). The consequence of this process of comparison is, on several occasions, the possibility to get over the cultural barriers and prejudices that come between the citizens of the global village. Nevertheless, in accordance with Calzone's opinion (2004), the cultural globalization presents a risk that turns out to be obvious on a more thorough scrutiny: the risk of homologation.

1.5. Critical aspects of globalization

1.5.1. The 'McDonaldization'

Many aspects in the global citizen's everyday life are centered around a single model: an Indian boy drinking Coca-Cola no longer appears strange. Homologation means just that: millions of people worldwide conform to a *globalized culture* conditioning their existence. Cultural globalization means more and more «the confluence of cultural symbols and ways of life» (Beck, 1999: 63). The trend is the progressive standardization of lifestyles and behaviour. Ritzer coined the expression McDonaldization in order to label this worldwide-ranging process. This term refers to «the process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as of the rest of the world» (Ritzer, 1996: 1). Mc Donald serves as the paradigm of the phenomena he calls McDonaldization. The scholar specifies that «Mc Donaldization affects not only the restaurant business but also education, works, health care, travel leisure, dieting, politics, the family, and virtually every other aspect of society» (Ritzer, 1996: 1). In 1996 in his book entitled *The McDonaldization of society* Ritzer explains the risks of a standardized reality. The major risk is the progressive replacement of human beings with non human technologies in the processes of everyday life. According to Ritzer, McDonaldization implies that «people are forced to deny their humanity and to act like robots» (Ritzer, 1996: 26). Ritzer explains the three factors driving McDonaldization (1996: 144):

First factor: higher profits at lower costs (rationalization and efficiency)

Second factor: «Mc Donald's proclaims itself as a part of the rich traditions of the United States rather than, as many people believe, a threat to it» (Ritzer, 1996: 145).

Third factor: «the fast-food model thrives in a society that emphasizes mobility (people on the move seem to like the idea that even though they are in a different part of the country they can still go to a familiar fast-food restaurant to eat the same food they enjoy at home)» (Ritzer, 1996: 146).

The expression McDonaldization is used with a negative connotation: it «comes to dominate ever more sectors of society and it will become ever less possible to

escape from it» (Ritzer, 1996: 143). Therefore the author labels McDonaldization as an *iron cage* people get trapped into (Ritzer, 1996: 143).

The expression McDonaldization, briefly summarized in this paragraph, is nowadays well-known and is an essential hub of cultural globalization studies.

1.5.2. *The system of the multinational corporations*

❖ The blame for unfairness

Multinational corporations, the most tangible, economic expression of globalization, are the main target of the critics to the globalization process itself. The biggest objection that globo-phobics lay against globalization is that the existing economic system, which is founded on multinational corporations' reality, is unfair, according to what Bonaglia and Goldstein, among others, report. «Free trade is not fair because it involves nations at a different development stage and it sees one of them to be ahead of the others. For this reason we have to redress the balance by means of corrective measures. This is the origin of the contraposition free trade-fair trade» (Bonaglia, Goldstein, 2003: 30).

Globalization supporters assert that economic integration can help poor countries out of poverty and it can facilitate their development and their growth. «Globalization promises to give everyone access to markets, capitals and technology, and foster good governance. In other words, globalization has the potential to remove all of the deficiencies that create and sustain poverty» (Rodrik, 2011: 137). The multinational company system offer, without a doubt, great work chances to the people of disadvantaged countries: these enterprises delocalize their production centers to underdeveloped or developing countries and in doing so create jobs overseas.

But W. Sachs (1999: 135) states that multinational corporations do not act by noble reasons, such as assuring work to the inhabitants of underdeveloped countries; instead, their action is determined by their aim to profit from this. Sachs refers to the hiring of cheap labour and the very lax environmental laws present in developing countries where production is transferred. Delocalizing production centers in these regions of the world means high profits with minimum costs.

So this delocalization creates unfairness, producing benefits for the multinational corporations and misery to the host country population. At the same time the

multinational company system makes its own economic success and is responsible for the damages at human, social and environmental level caused above all to the countries of the southern hemisphere: this topic will be now briefly investigated.

❖ Human, social and environmental limits

According to numerous experts, the multinational corporation system is not only unfair, but it is also unsustainable because of its human and social implications.

The corporations place their production centers in countries where the minimum wage is very low, usually lower than the minimum fixed by international laws and sometimes insufficient to cover basic human needs. Human and employee rights are not respected: working hours exceed guidelines, working conditions are often unhealthy, employees are not allowed to take any vacation or week-end break, maternity leave does not exist and, finally, joining trade unions is forbidden.

The subject of human and social living conditions is not the only main concern in the globalization process studies. Sachs states, together with several other distinguished experts, that «the environmental issue is nowadays among the priorities in the political agenda and in the cultural debate» (Sachs, 2002: 7).

Multinational corporations operate in countries where the laws for safeguarding the environment are not very strict. Pesticide abuse (harmful to humans and the environment) and the combustion of huge quantities of fossil fuel are only two examples of the pollution caused by the action of multinational corporations. But we also have to consider the deforestation of huge areas in order to create extended fields of monoculture plantations. These processes (oil and coal abuse and deforestation) increase the percentage of carbon dioxide (CO₂) in the atmosphere causing an increase in global warming (everybody knows the *greenhouse effect* and its negative implications on the climate).

❖ Monoculture plantations and the loss of the biodiversity

Another aspect revealing the unsustainability of the multinational corporations' exploits is the monoculture practice. Large amounts of acres of land are converted into monoculture plantations: these areas were originally huge forests or fields belonging to private landowners. Converting forests and farmland destined to nourishment into monoculture plantations, leaves the population without sufficient

land to cultivate for their basic needs. The people concerned live mainly in Third World countries and they do not have the economic strength and the legal instruments to oppose this injustice. In Sachs' opinion the misery these people suffer from is the result of the destruction of fields, which in turn create a mass of pariahs crushed by this new form of 'expansionist development' (Sachs, 1999: 86). Furthermore, according to Indian physicist Shiva, «monocultures lead to malnutrition –for those who are underfed as well as those who are overfed» (Shiva, 2008: 122).

In addition, we must add the damages monoculture plantations cause to the environment. Shiva (2008: 121) states that the practice of monoculture plantation (directed both to the production of biofuel and food) threatens the Planet because it reduces the biodiversity and its advantages. Biodiversity represents an ecological and economic enrichment for the Planet. Marcello Buiatti in his work about biodiversity (2007) links this precious resource to the stability of Earth's ecosystem. Shiva (2008: 110) asserts that «biodiversity offers resilience to recover from climate disasters» and that, instead, monoculture plantations (that multinational corporations are imposing all over the world) are more at risk from weather changes, diseases and parasites. An agricultural system based on monoculture creates barren land while a soil cultivated with different crops and without abuse of pesticides will remain fertile.

1.6. Interconnection between ecological and social crises

This first chapter leads us to a deduction: everyone can see the social and human injustices and the ecological damages that the existing economic system has caused to the global village . Only fearful people refuse to see this reality.

The Brundtland Commission stated in 1987: «Inequality is the Earth's most important environmental problem as well as its most important development problem». According to the Commission, «many forms of development erode the environmental resources upon which they must be based, and environmental degradation can undermine economic development. Poverty is a major cause and

effect of global environmental problems». The poor and weak economy of developing countries causes them to overexploit their natural resources. In chapter 3 I will explain in detail how the mounting misery drives several governments in the southern hemisphere to accept compromises with the western world on environmental issues. «It is therefore futile to attempt to deal with environmental problems without a broader perspective that encompasses the factors underlying world poverty and international inequality» (Brundtland Commission, 1987).

1.7. Final remarks

Stiglitz wrote in his book *Globalization and its discontents*: «Globalization itself is neither good nor bad. It has the power to do enormous good, and for the countries of East Asia, who have embraced globalization under their own terms, at their own pace, it has been an enormous benefit, in spite of the setback of the 1997 crisis. But in much of the world it has not brought comparable benefits» (Stiglitz, 2002: 20). Many people and numerous distinguished experts believe that the globalizing process has been failing in his declared mission: to promote long lasting prosperity all over the world. The general claim is that globalization determines the coexistence between few rich people and too many poor people around the world. «Liberalization has thus, too often, not been followed by the promised growth, but by increased misery» (Stiglitz, 2002: 17).

In the following chapter I will explain the origin of this economic imbalance and I will analyze the instruments used by international organizations and by the institutions of Bretton Woods to try to solve inequality, focusing on their effectiveness in the short-term and the long-term.

2. *The global economic inequality*

2.1. *The North and the South of the world*

In the last decades the economic gap between the inhabitants of the northern hemisphere (corresponding to Europe, North America, Russia and Japan) and the inhabitants living around the Equator and in the southern hemisphere (excluding Australia and New Zealand) has become more and more evident. So «a huge and increasing inequality in the possibility of having access to resources and wealth divides populations» (Masullo, 2008: 69).

Nowadays the terms 'North' and 'South' of the world are commonly used to indicate the imbalance in wealth distribution: the earth community is split between the rich North and the poor South. «North and South are therefore less and less geographical categories but rather socio-economic ones» (Sachs, 1999: 74).

The Report of the 2002 World Summit on Sustainable Development held in Johannesburg, in South Africa, reads (page 2): «The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security and stability».

2.2. *Some data*

I proposes hereafter some data coming from the United Nation Organization:

- More than 2.8 billion people, close to half the world's population, live on less than the equivalent of \$2 a day. More than 1.2 billion people, or about 20 per cent of the world population, live on less than the equivalent of \$1 a day.
- South Asia has the largest number of poor people (522 million of whom live on less than the equivalent of \$1 a day).
- Sub-Saharan Africa has the highest proportion of people who are poor, with poverty affecting 46.3 per cent or close to half of the regions' population.
- Nearly 1 billion people are illiterate; more than 1 billion people do not have

access to safe water; some 840 million people go hungry or face food insecurity; about one-third of all children under five suffer from malnutrition.

- The estimated cost of providing universal access to basic social services and transfers to alleviate income poverty is \$80 billion, which is less than 0.5 per cent of global income.
- The top fifth (20 per cent) of the world's people who live in the highest income countries have access to 86 per cent of world gross domestic product (GDP). The bottom fifth, in the poorest countries, has about one per cent.
- The assets of the world's three richest men exceed the combined Gross Domestic Products of the world's 48 poorest countries.
- In 1998, for every \$1 that the developing world received in grants, it spent \$13 on debt repayment.

2.3. Historical origins of the existing economic imbalance

The present economic and social human condition has its roots in the historical events of the past centuries. We need to take a step back and remember briefly the relation between Europe and the rest of the world.

According to Calzone (2004) the historical period of colonialism is the cause for today's exploitation of natural and human resources implemented by multinational companies in the globalization process. Calzone associates the colonizing countries with the modern states, home to powerful transnational societies. Just like once the resources of the colonies were used to raise the wealth of European states, nowadays the economies of the ex-colonies yield high profits to Northern multinational corporations.

Between the beginning of the XIX century and the first half of the XX century the most of the European colonies achieved independence. Unable to suddenly build secure and stable governments, they were still run under European supervision. Calzone (2004) explains that the economies of the ex-colonies were entrusted to

European, Japanese or North-American societies, aiming to extend their influence over these nations. In this way the big societies of the North of the world, the multinational corporations, kept control over the economy of these newborn states exactly like the European states had ruled the colonies before their independence.

This is called 'neocolonialism': an economic and social situation where «it is like if independence and progress have never arrived» (Calzone, 2004: 113).

To sum up, the reason why the economic and social progress does not manifest itself to the same extent everywhere in the world has its roots in the colonial historical period that led to the evolution of colonizing countries and the stagnation, and sometimes the deterioration, of entire colonized continents.

2.4. Official development assistance

Seemingly aware of the seriousness of the economic and social situation in the South of the world, rich countries began, in the second half of the XX century, to earmark funds for the development of poor nations.

«The interest for the economic development in the Third World countries is a relatively new element in international relations history» (Tosi and Tosone, 2006: VII). Already in the 30's, studies by the League of Nations and by the International Labour Office (ILO) showed the worrying proportions of poverty and hunger in the world. Nevertheless the birth of what is nowadays called *International Development Cooperation* dates back to the end of the 40's according to Tosi and Tosone (2006: IX).

The nature of the official development assistance has changed over the decades. Its evolution can be subdivided into four phases according to Bonaglia and de Luca's work (2006):

Phase I: the 1950's and the 1960's

The old theory of the official development assistance dates back to this historical period. It was proposed by US president Truman. In January 1949, in his opening address to the Congress, he defined poor countries as *underdeveloped areas*: the term *underdevelopment* appeared for the first time. In fact the US president reckoned that «a humanitarian support of the rich countries to the poor ones needed to be offered them, in order to help the poor countries to mount to the rich

ones' level» (Sachs, Morosini, 2011: 109). «Facing the gap that separates the rich from the poor, developmentalists perceive this gap in the first place as a deficit of the powerless and not as a fault of the powerful» (Sachs, 1999: 172). Therefore the goal of this theory is improving living conditions of poor people to rich people standards.

Tosi and Tosone (2006: IX) claim that, in the 50's, research carried out by development economists had a huge influence on western government policies and on the international organizations decision-making.

Economists believed that development in underdeveloped countries depended on their economic growth. In this phase «the goal of the development coincides with the mere income growth» (Bonaglia and De Luca, 2006: 15). The income growth in underdeveloped countries was expected to influence positively on their economies. According to the experts a higher productivity in poor countries was needed, aiming at improving people standards of lives. This would have entailed the redistribution of wealth to poorest segments of the population. The result of this process would have enabled underdeveloped countries to gradually develop.

According to Truman's theory, influenced by these economists' ideas, the key role in assuring the economic growth of poor countries was up to the industrial sector. Entrepreneurs had to increase the volume of their investments in underdeveloped countries in order to facilitate the accumulation of capital in these nations and consequently generating economic growth.

According to Tosi and Tosone (2006: X) in the 50's and 60's governments have a fundamental role in the industrialization process of underdeveloped countries: they have to make up for the inefficiencies of markets by allocating resources to emerging enterprises.

The theory inspiring the official development assistance policy in the 50's was that poor countries are caught in the so-called *poverty trap*. They need a big push, represented by official development assistance, aimed at helping their industries take off. In this way they could reach a self-sustaining growth that would no longer need any assistance.

Development aid policies in the 60's brought about two fundamental changes:

- the agricultural sector, neglected in the previous decade, is re-evaluated as the base of economy.

- «Important institutions aiming at managing the flow of capitals towards developing countries were born» (Tosi and Tosone, 2006: XI). In 1960 the International Development Association (IDA) was set up with a view to finance underdeveloped countries.

There isn't only one reason why the rich North provided financial support to underdeveloped countries during the first phase of aids. There are mainly two reasons: an economic reason and a political and ideological one, as Bonaglia and De Luca (2006) explain. The economic reason is the attempt to accumulate capital in developing countries. The political and ideological aim is to prevent communism. This second aspect is a typical phenomenon during cold war: USA distributed a considerable amount of financial aid to 'friend' countries regardless of the necessity and aiming at expanding their sphere of influence.

With the passing of time, the awareness that planet resources were -and still are- limited became stronger, and spreading the northern development pattern to southern hemisphere was no longer an option. Traditional development theory lost credibility and was put aside.

Phase II: the 1970's

Human dimension, disregarded in the previous phase, occupies a central role in the new development phase: improving the quality of life in underdeveloped countries is its major purpose. The new approach is defined *Basic Human Needs Approach*. It was elaborated by the ILO: this organization believed that satisfying these needs enhance development possibilities. «Income growth is believed to be insufficient to cut down poverty rates. Official development assistance has to focus on down-to-earth results» (Bonaglia and de Luca, 2006: 18).

The ILO believes basic human needs to be «nourishment, a decent house, schooling, health, access to adequate sanitation and to drinkable water, but also the right to work and to be politically involved» (Tosi and Tosone, 2006: XII).

During this second phase, Non Governative Organizations (NGOs) were born: these organizations begin to finance official development assistance programmes especially in the rural sphere.

According to Tosi and Tosone (2006: XIII), in the 70's, the debate about the role of international trade in the Third World development gains vigour: many experts

considered the type of trading existing between the North and the South of the world as asymmetrical. They believed it to be a disadvantage to underdeveloped countries. Poor countries based their economies on poorly paid raw material exportation and too expensive commodities importation: this would have been a cause of the underdevelopment and it would have increased the inequality between industrialized countries and the Third World. Experts proposed to solve this situation with a change in the economy. The solution could be to substitute the economy based on importation with a type of economy enhancing newborn industries.

Tosi and Tosone (2006: XV) point out the important changes in the global economic system of that time and they claim that these changes had important repercussions on the condition of underdeveloped countries. The oil crisis in 1973 upset the economies of both the industrialized countries (where growth fell down dramatically) and the underdeveloped countries (non-exporting oil). These last ones suffered a rapid decline in their exportation volume and they encountered increased difficulties in liquidating previously contracted debts. Many countries were forced further into debt: the debt crisis began in the 80's.

Official development assistance policies embraced in the 70's proved to be ineffective: policy makers had to abandon the Basic Human Needs Approach.

Phase III: the 1980's

In the 80's the economic inequality between developed and underdeveloped countries increased dramatically. Official development assistance policies are continually disappointing: the '80s are called the *Lost Development Decade*.

As a new board of economists, liberalistic in their approach, come to power, the *Structural Adjustment Program* (SAP) phase starts. This policy is proposed by the World Bank and the IMF (International Monetary Fund) and aims at reducing the financial imbalance between poor and rich countries. The new programme provides some *conditions* to be satisfied by the above countries to obtain new funding by the WB and the IMF or lower interest rates. Using these adjustment programs the IMF and the WB implement free trade policies, including privatization and deregulation policies in developing countries and a lowering in the trading barriers. «The menu of reforms a country has to accept in order to get to the funding provided by the WB

and the IMF is resumed in what J. Williamson defined *Washington Consensus* to indicate the fundamental role of the WB and the IMF, based in Washington, in its elaboration» (Bonaglia and de Luca, 2006: 21).

According to Bonaglia and de Luca (2006: 20) SAP proposes the centrality of the market with the aim to eradicate poverty in underdeveloped countries.

This is why the Structural Adjustment Programme is soon criticized: according to Tosi and Tosone (2006: XVII) adjustment policies prove to be socially damaging; they cause stagnation, increase unemployment and reduce welfare, followed by mounting poverty. Official development assistance in the 80's had the unique role to ease the social costs of the Adjustment Programme: to liquidate previous debts and to balance financial systems.

1987 is a fundamental year in the evolution of Official Development Assistance. The *Brundtland Report* was drawn up that same year. It reforms the Official Development Assistance plan: «social and environmental sustainability in development processes becomes essential in cooperation debates» (Bonaglia and de Luca, 2006: 22). The novelty in this approach is the belief that there exists a link between environment and development: «ecological sustainability cannot be assured without a substantial reduction in poverty rates, because poverty and the unequal wealth distribution are two main causes of environmental degradation» (Bonaglia and de Luca, 2006: 23). Sustainability is dealt with in chapter 4.

Phase IV: the 90's

According to Bonaglia and de Luca (2006) Structural Adjustment experience and the 70's and 80's financial crisis, stressed the importance of qualified people working in poor countries institutions and assuring the successful implementation of Official Development Assistance programmes. Key word in cooperation programmes in the 90's is *ownership* «indicating the appropriation of the decisional process by local players: it must be realized by means of participation of the stakeholders » (Bonaglia and de Luca, 2006: 24). During this phase Structural Adjustment Programmes are accompanied by specific documents drawn up by local authorities and donors and aiming at reducing poverty rates.

2.5. The millennium development goals

In the second half of the 90's the nature of Official Development Assistance policies changes. The political reasons (the need to control communism, for example) to finance underdeveloped countries were put aside.

The persistent economic gap between industrialized and less advanced countries pushes international communities to call the *Washington Consensus* into question. The Washington Consensus focuses on a neoliberal view of development «identifying the cause of backwardness not in the particularity of underdeveloped countries societies and economies, but in the interference of state institutions in the economic sphere» (Bonaglia and de Luca, 2006: 78). It causes the necessity of Adjustment policies to be implemented (liberalization and privatization) aiming at facilitating development and stabilizing economies. The 80's Adjustment Programs began a transformation toward market economy in the countries where there was an excessive presence of state institutions. That way they caused social damages in the most vulnerable sectors.

At the end of the 90's Joseph Stiglitz believes in the necessity to overtake Washington Consensus. He reckons that « the net effect of the policies set by the Washington Consensus has all too often been to benefit the few at the expense of the many, the well-off at the expense of the poor». (Stiglitz, 2002: 20). In his opinion, «what is needed are policies for sustainable, equitable and democratic growth. This is the reason for development» (Stiglitz, 2002: 251). Stiglitz (2002: 251) believes development needs a social transformation, it must assure disadvantaged people have access to basic services (education and health). Stiglitz states that the goal of development policies to poor people's benefit is to give them a chance to achieve their potential. He asks for international communities to acknowledge poor people's needs and their right to choose autonomously the policies to be implemented in their countries. The expert emphasizes the necessity that everyone in poor countries, both government members and common people, take part in the assessment process aimed at favouring their development. «Making sure that democratic decisions are made means ensuring that a broad range of economists, officials and experts from developing countries are actively involved in the debate. It also means that there must be broad participation that goes well beyond the experts and politicians» (Stiglitz, 2002: 252). Therefore a wide involvement of society

is needed in order to elaborate a development strategy benefiting the whole population. In Stiglitz' development theory, state institutions acquire an important role: the state defines strategies aiming at reducing poverty and promotes the wider stakeholders' participation (Stiglitz, 2002: 241). He believes that «the free market ideology should be replaced with analyses based on economic science» (Stiglitz, 2002: 250). According to this scholar, economic science, in fact, has a more balanced view in assessing the state's capacity in regulating markets and in assuring economic growth and stability.

In the last few years, the subject of development in disadvantaged countries has not been dealt with from an humanitarian or ethical point of view, but as a global issue concerning both the South and the North of the world. During the 90's Amartya Sen introduces the concept of *global equity*. The theory of economic and social justice becomes increasingly more important for the purpose of closing the gap between rich and poor countries on a global scale. The need to moderate wealth of the rich in order to assure a decent life to poorest people reveals to be the hub of development strategy. This point is stressed by W. Sachs in his work *Planet dialectics* (1999: 170): without a moderation in wealthiness there could not be a moderation in poverty. Therefore firstly the North must adapt its lifestyle to the resources finiteness with the aim to assure the South the same access to natural resources.

The evolution of the debate about development leads in 2000 to the adoption of the *Millennium Declaration*. It was proposed by the UN (United Nation) Assembly. For the first time, the development objective is converted into quantitative goals to be achieved by 2015. In 2001 the UN General Secretary presented the Plan to implement the Declaration. Important governing bodies of the UN, WB, IMF, and OECD signed the document containing the 8 *Millennium Development Goals* (MDG). Hereafter they are listed:

1. eradicate extreme poverty and hunger
2. achieve universal primary education
3. promote gender equality and empower women
4. reduce child mortality
5. improve maternal health
6. combat HIV/AIDS, malaria and other diseases

7. ensure environmental sustainability
8. develop a global partnership for development

Once the goals were fixed, the international community had to find a way to mobilize the resources required in order to achieve these goals. As the UN conference, held in Monterrey in March 2002, ended, a resolution called *Monterrey Consensus* was adopted. It focused on the engagement of the stakeholders in the Millennium Development Goals. The Monterrey Consensus declared the pressing necessity of a new partnership between industrialized and developing countries. Heads of state found globalization useful to development processes and to eradicate poverty. Nevertheless they believed poor countries find it hard to benefit from globalization advantages. Governments were expected to adopt virtuous economic policies facilitating poverty eradication. To this end the importance of the institutions efficiency is evident: fighting corruption seems to be an essential step in this process.

In 2001 an important World Trade Organization (WTO) Ministerial Conference was held in Doha (Qatar). The Declaration finally proposed underlines the key role of international trade in promoting development and eradicating poverty. The final goal is to facilitate the economic integration of marginalized countries into the international trading system. The following pages provide an example of Official Development Assistance policies, focused on trade as instrumental for the underdeveloped countries growth. It is the *Aid for trade* and it is analyzed in his positive and negative aspects.

2.6. An example: 'Aid for trade'

2.6.1. Origins and objectives

A well-known tool the North of the World implemented for the purpose of helping economies in the South is the *Aid for Trade* policy. It is a system of grants used to promote exportations from developing countries with the final aim of increasing the wealth in these countries. «The 2001 Doha WTO Ministerial Declaration put developing countries' priorities at the centre of the agenda» (OECD, 2006: 3).

After the G8 in Gleneagles and before the 2005 WTO Ministerial Conference in Hong Kong, the World Bank and the IMF put an Aid for Trade framework forward

as the OECD document reports (2006: 24). «The September 2005 meeting of the Development Committee endorsed the proposals for an enhanced Integrated Framework» (OECD, 2006: 24). «The Hong Kong Ministerial Declaration agreed that Aid for trade should aim to help developing countries, particularly least developed countries, to build the supply-side capacities and trade-related infrastructures that they needed to assist them to implement and benefit from WTO agreements and more broadly to expand their trade» (OECD, 2006: 24). The WTO declared objective in regards to the Aid for Trade programme is to steer developing and underdeveloped countries in the new trading multilateral system and to help them enjoy the opportunities globalization offers.

First and foremost disadvantaged countries have to acknowledge the wide range of internal obstacles keeping them distant from the aforesaid goal. These obstacles are called supply-side constraints. «Generally, supply side constraints refer to impediments to the capacity to produce goods and services competitively and the ability to get them to markets at a reasonable costs» (OECD, 2006: 27). Building supply-side capacities means investing resources on education, health and the environment: they are essential elements in shaping a country's competitiveness. The Aid for Trade programme aims to remove these supply-side constraints and to build the supply-side capacities. «The foremost objective should be to improve recipient countries' institutional capacity. This is necessary to ensure that recipient countries implement effective government interventions that result in improved trade capacity» (OECD, 2006: 52). Improving government capacities and building infrastructures in the countries requiring these interventions, must be associated with a policy opening their markets to international trade. Aid for Trade provides for «making openness to trade an integral part of its strategy to sustain rapid economic growth and alleviate poverty» (OECD, 2006: 60).

This goal can be achieved by adhering to three priorities (OECD, 2006: 57):

- 1 Establishing a dialogue among stakeholders
- 2 Steering trade into national development strategies
- 3 Aligning Aid for Trade with aid effectiveness principles

Priority n.1: it serves to assure the process sustainability. It aims at making national players agree with external ones about the strategies to follow in order to make the programme more effective.

Priority n.2: its objective is to eradicate the incoherences existing between trading policy and the other aims of politics and economy in the recipient countries.

Priority n.3: the purpose is to adapt the donor's strategies to the recipient country's features in order to build a specific programme.

The achievement of these three objectives seems to be difficult in numerous ways. According to the OECD 2006 document mentioned previously, it is sure that «when state will is weak, projects aimed at building capacity in private sector and civil society might perform better. Adapting initiatives to work directly with local authorities or the private sector can increase tangibly the benefits from trade» (OECD, 2006: 63). Briefly the Aid for Trade programme proposes to underdeveloped countries to make trade the hub of their weak economies with the aim of strengthening them and making them competitive on a global scale.

We can state that the Aid for Trade programme is wholly included in neoliberal United States of America policies. Aid for Trade has a serious and praiseworthy goal: eradicating poverty in disadvantaged countries. Nevertheless we cannot say the same about the methods donors adopt to implement the strategy. Hereafter the risks Aid for trade recipient countries run into are explained.

2.6.2. Risks, according to the fair trade international movement

The fair trade movement pointed out the risks involved in pursuing the Aid for Trade programme. The main risk is, according to the Fair Trade Movement, that developing countries, benefitting from it, become dependent on exportation; moreover it creates fears that funding does not close the gap between countries and that money is diverted towards less important sectors.

Fair Trade International Movement welcomes Aid for Trade as a tool to use trade effectively for the purpose to win over poverty in developing countries but it actually believes the Aid for Trade programme does not put development as its final goal, rather it aims to tailor trading policies of recipient countries to the global trading system. It should be the opposite: development strategies should be attentively defined in order to respond to local needs and trade should be a tool to meet these requirements. This should be the procedure to wipe out poverty. If this procedure is not followed, Aid for Trade will not eradicate poverty, but it will rather widen the gap between rich and poor countries.

The Fair Trade Movement firmly believes that trade contributes to a country's development only if it is handled equitably and responsibly. But evidence shows us that rules existing in the international trading system do not contribute to reduce poverty. Small producers do not benefit from trade liberalization, rather they are damaged. There is the risk that Aid for Trade is used as an instrument to get developing countries to sign trading agreements proposed by the WTO, even though these agreements would damage their economic, social and environmental development. So according to the International Fair Trade Movement Aid for Trade programme presents many problems:

- it does not recognize the central role of small producers for the development of poor countries.
- it proposes no solutions on how to pay a fair price to producers in order to let them live a sustainable life.
- it proposes no solutions on how to reduce poverty through trade.
- it does not recognize any monitoring role

It seems that not even Aid for Trade is an efficient tool to reduce poverty or to guarantee the sustainable development for poor countries. Every program depends on its objective. Apparently the intrinsic aim of the Aid for Trade program is not the one largely advertised by propaganda (the reduction of poverty). Aid for trade is an economic tool assuring development aid to underdeveloped countries in exchange for their opening to international markets. By opening their own market poor countries are less protected economically and they are more exposed to international laws. Aid for trade is proposed as an economic support but actually it causes underdeveloped Nations to contract heavy debts with rich States.

2.7. Does official development assistance work ?

Official development assistance policies hardly ever solve the problems in Southern countries, actually in most cases the situation gets worse. According to Milanovic: «both poverty and inequality in the recipient countries are only incidental objectives in rich countries decisions on bilateral aid. That is, the objective of bilateral aid is not to achieve maximum poverty reduction in the world. International aid responds more to political and economic objectives in donor countries than to the pure global welfare considerations» (Milanovic, 2005: 152). Milanovic states that the

consequence is that countries with strong geopolitical interests are less efficient in assigning aids.

These loans in fact are a double-edged sword: on one hand they give the possibility to invest great amounts of money to poor countries, but on the other hand they put these countries in the chain of the repayment of lent money and interests. Actually these loans do not improve the economic conditions of the recipient countries but rather these countries must pay the high interests of these loans and in order to do this they contract new debts at even higher rates.

In the following chapter the foreign debt issue is investigated. Moreover, the reason why this debt is strictly connected to another type of debt (the ecological debt) is explained.

3. Foreign and ecological debt

3.1. Foreign debt in the South of the world

3.1.1. Its origins

The history of the relations between the North and the South of the world has all along been characterized by the foreign debt issue. Hereafter I will try to explain the origins of the Southern foreign debt.

Following the decolonization process, new independent countries found it difficult to create stable and secure states; this process induced the North of the world to support countries in the Southern Hemisphere by means of the official development assistance programs we wrote about in the previous chapter. Occasionally, these aids have been successful in filling the economic gap between South and North, but very often they failed: poor countries have contracted increasing debts and this plunged them into the vicious circle of higher and higher interest repayments.

Foreign debt is a 'curse' that ruins development potentialities in debtor countries. It does not allow them to use their human and natural resources to improve their life conditions, all the energy is required to liquidate debts and interests. In fact «nowadays people do not ask themselves anymore whether these financial aids work or not, but rather why they do not work?» (de Blasio and Dalmazzo, 2006: 12). The reasons why official development assistance is generally ineffective are mainly two.

Firstly, many rich countries lend huge amounts of money to underdeveloped countries for political reasons. As de Blasio and Dalmazzo (2006) explain to us, the bilateral funding system mainly involves ex-colonies enjoying good relations with their original homeland and it sets aside countries without a colonial past. This mechanism does not take into account quality institutions and, as a consequence,

it hampers growth and development, instead of facilitating them. The same principle is applied to official development assistance fostered by IMF and WB: these two international institutions reward countries following their policies (liberalization, privatization and austerity) and they penalize countries that do not follow these policies. Therefore Bretton Woods institutions as well as the single donor states, do not lend money to the most worthy underdeveloped country: the most needy and virtuous are often not considered as potential recipient countries.

Secondly, many poor countries receiving funding very often do not use this money properly. A great many of these countries in need are governed by dictators using these loans to buy arms and not to build useful infrastructures. Their power is often based on military force and maintaining a strong and efficient army is onerous. To invest in arms is unproductive for the country: it does not create new jobs, it does not facilitate any venture, it does not build anything, for the present nor for the future. In the best case scenario, the lent money is used to improve roads, factories, mines, cultivations and other minor changes but poor countries have to address Northern multinational corporations to bring these about. Therefore the capital available in the South goes back to Northern countries banks that «with one hand give funding to poor countries and with the other hand own huge interest in the societies earning a lot of money in those countries» (Calzone, 2004: 119).

De Blasio and Dalmazzo (2006: 26) state «Official development assistance carries on the germs nullifying its benefits». This funding is ineffective because it is often not given to really poor countries and, even if they are given to countries in need, they are not invested properly by the recipients.

A heavy consequence of the ineffectiveness of official development assistance is the mounting debt of recipient countries: this situation does not give them the opportunity to cope with growth and development processes and, thus, to have the capital required to pay the loans back. We will now discuss the motive for the debt forgiveness.

3.1.2. The motive for the debt forgiveness

«Foreign debt is an old problem and the history of the efforts to solve it is old too» (De Blasio and Dalmazzo, 2006: 9).

During the last few years, poor countries debt issue has captured the interest of global public opinion and a serious awareness campaign for poor countries foreign debt forgiveness was promoted. The motive for its writing-off is that «a debt is morally unfair» (De Blasio and Dalmazzo, 2006: 7). The unfairness that lies heavy on foreign debt is: the supremacy of Northern countries on Southern ones during the colonial period comes back, nowadays, in the form of economic submission.

According to De Blasio and Dalmazzo (2006), debt reduction would bring about more growth opportunities for debtor countries and thus a greater possibility to liquidate the debt itself. Moreover many economists believe that to write-off or to reduce foreign debt would be more efficient than giving new funding as it would lead to greater economic difficulties.

An essential element of foreign debt, as regards to the possibility countries manage in liquidating it, is the concept of sustainability. According to economics, debt in countries of the Southern Hemisphere had sustainable levels until the first half of the 70's: during this period interest rates were lower. Oil crisis in 1973 and in 1979 changed the circumstances: interest rates mounted and liquidating foreign debt became impossible for the South. Economic strategies for poor countries needed to be redefined. Reducing or even writing-off foreign debt proved to be the only possible solution.

Nevertheless some economists ascribe difficulties in economic growth in many poor countries not to their excessive debt but rather to endemic weakness of their institutions. Therefore Northern development policies have to provide underdeveloped countries with adequate infrastructures and to seek capable rulers able to foster development and growth. According to De Blasio and Dalmazzo, the successful strategy is «to relaunch official development assistance» (de Blasio and Dalmazzo, 2006: 51). This theory focuses on the following concept: debt forgiveness would leave huge monetary resources to national authorities, but these rulers lack the capacity to make capital gain benefits to their countries. They would most certainly use them improperly. Official development assistance could, instead, finance specific development projects, under international community supervision. So official development assistance would be more helpful than debt forgiveness.

This theory is undoubtedly convincing, nevertheless plausible reasons exist for supporting forgiveness in countries where foreign debt makes growth impossible.

Calzone states: «Southern countries debt is a major threat to global peace» (Calzone, 2004: 121). Foreign debt entails the economic subjection of debtor countries to donor countries; so it increases the hostility of poor countries toward rich and it spreads international terrorism.

Debt unsustainability in many countries of the South of the world drives the latter to accept situations leading the deterioration of their beautiful environment with the aim of liquidating the debt itself. This mechanism causes a heavy ecological debt of the North toward the South. I shall now investigate this matter.

3.2. Ecological debt

Susan George (1989: 155) states that the environment is a victim of the Third World debt crisis. According to Cerdà and Russi (2003: 69) international creditors demand repayment causing poor nations to implement environmental damaging actions: underdeveloped countries sell their own natural resources below cost to rich countries or they accept industrialized countries to dispense of their waste (often harmful to humans and the environment) on their virgin lands to liquidate the debt.

Extreme poverty in Third World countries together with their economic subjection to the North of the world (caused by foreign debt) forces poor countries to accept the will of more powerful countries. This mechanism causes not only environmental deterioration in the Third World but also causes the bad use of the money the North pays: as a matter of fact very often the money ends up in the hands of corrupted politicians whose only interest is buying arms to maintain their power; no modernization in favour of the population is implemented with this money.

Poor countries are faced with ever greater difficulties. A further obstacle is the fact that poor countries, caught in this mechanism, find it difficult to ask for adequate compensation for the damage on their environment.

Heavy foreign debt forces these countries to adopt a policy of dependence on the decisions of rich and powerful countries. Economic subjection of the South to the North of the world hampers any opposition poor countries may have. Underdeveloped countries are aware they are not responsible for the deterioration

of their environment, but they have to face its negative aspects in their everyday life.

«The South asks for the North to accept the leader role in tackling global environmental matters and to take charge of the major portion of the costs, as developed countries are the main responsible of the deterioration of the environment and, at the same time, the main beneficiaries of natural resources exploitation » (Lizza, 2011: 226).

Geographical distribution of consequences and responsibilities is extremely unbalanced between the North and the South of the world: nowadays pollution in poor countries is due mainly to industrialized countries daily activities. «This difference in contributing to global environmental crisis originates the concept of *ecological imperialism*» (Cerdà and Russi, 2003: 14).

«Acción Ecológica, an Ecuador-based organization that is leading the ecological debt campaign, defines ecological debt as the debt accumulated by Northern, industrial countries toward Third World countries on account of resource plundering, environmental damages and the free occupation of environmental space to deposit wastes, such as greenhouse gases, from the industrial countries» (Foster, Clark, 2004: 193).

Ecological debt consists of at least four different forms (Cerdà and Russi, 2003: 16):

1. Carbon debt. Huge amounts of polluting gases are produced by the industrial activities of developed countries. These gases increase the Earth's temperature and enlarge the hole in the ozone layer.
2. Biopiracy. It is the irregular appropriation of intellectual knowledge of seed and medicinal plants, rooted in the traditions of native populations. This knowledge is then exploited in the laboratories of developed countries and in modern agricultural industry.
3. Poorly paid exportation of raw materials (such as oil, coal and natural resources) from underdeveloped countries.
4. Exportation of toxic waste produced in developed countries.

Ecological debt and its four forms belong to the wider phenomenon Forster and Clark call ecological imperialism. It consists of (Foster and Clark, 2004: 196):

- pillage of the resources of some countries by others and the transformation of whole ecosystems upon which states and nations depend

- massive movements of population and labour that are interconnected with the extraction and transfer of resources
- the exploitation of ecological vulnerabilities of societies to promote imperialist control
- the disposal of ecological waste in ways that widen the gap between centre and periphery

Foster and Clark specify that «the full extent of the damage caused by ecological imperialism is indeed unaccounted» (Foster and Clark, 2004: 196). It is therefore important to answer to the question ‘who owes whom?’ and to act accordingly.

3.3. *Who owes whom*

As I explained previously, foreign and ecological debts are strictly interconnected: «the obligation to liquidate foreign debt and its interests forces (poor countries) to produce a surplus of money that partly derives from natural gains in productivity, but is partly caused by impoverishment of debtor countries people or by nature abuse» (Cerdà and Russi, 2003: 16). Besides, it must be said that «the annual ecological debt of the North, owed to the South, without even looking at the cumulative impact, is thus calculated to be at least three times the financial debt that the South currently owes to the North» (Foster e Clarks, 2004:196).

«Although nowadays liquidating foreign debt is insistently demanded, ecological debt is still ignored» (Cerdà and Russi, 2003: 17). Cerdà and Russi remind us that political and economic communities acknowledge foreign debts while ecological debt is claimed mainly by organizations and groups of citizens.

The two experts argue that monetizing ecological debt is unthinkable because of its magnitude and because the damage it causes is irreversible. Nevertheless the first step is to admit the pressing necessity to solve this matter.

Actually, if the future follows past and present political and economical patterns, our descendents will live in an inhospitable planet. Natural resources regenerate at a slower rate than the pace required to maintain the growth rate the North has imposed on a global scale. Foreign debt repayment follows the same logic and therefore accelerates the exploitation of natural resources at an unsustainable pace. This is not the only reason to call into question the legitimacy of foreign debt

liquidation. Fairness is a fundamental principle: all humans have the right to benefit from Earth's resources. The fact that rich and powerful countries keep exploiting nature to the disadvantage of poorer and weaker countries is immoral and alien to natural law.

Forster and Clark reintroduce a fundamental theory called 'contraction and convergence theory'. This theory provides for (Foster and Clark, 2004:196) rich nations to reduce their noxious emissions to an appropriate level to meet international recommendations (contraction), while poor nations of the South should be allowed to increase their emissions gradually aiming at social and economic development. The nations of the world would thus converge toward equal and low emissions (convergence).

The way Cerdà and Russi propose to face foreign and ecological debt matters consists of four steps:

First step: responsible countries should acknowledge the damages they cause to the environment.

Second step: responsible countries should refund ecological debt and deal with the damage.

Third step: foreign debt should be annulled.

Fourth step: excessive flow of natural resources from the South to the North of the world should be slowed down so as to avoid an increase in ecological debt.

Professor Simms working for the New Economics Foundation (UK) states in his speech which took place at the World Summit on Sustainable Development in September 2001: «A new mood of humility on the part of rich countries needs to characterize their negotiations with less developed countries».

4. Back to the soil

4.1. An unsustainable growth rate

In the first three chapters I analyzed the present global economic pattern: its advantages, the disadvantages North and South peoples cope with and the risks humanity and the Earth can incur.

My study outlines that consequences of current economic policies on the Earth inhabitants are many, wide-ranging and unequally distributed in the two hemispheres: generally, peoples of the Northern hemisphere enjoy the benefits while peoples of the Southern hemisphere suffer the negative effects. The effects of present international economic policies are devastating in underdeveloped countries both for humans and for the environment.

Scientific and economic research about this topic presents a clear result: the growth rate that a minority (rich North people) has imposed to the world has become unsustainable, both for humanity and the Earth. Local choices affect more and more the entire globe both in their positive and negative effects. So nowadays decisions taken locally must deal with their global implications. This interdependence makes the present economic, social and environmental reality more complex and it makes it difficult to find a solution all people can agree with and of rapid implementation. Rapidity is fundamental nowadays: the Earth and its inhabitants cannot wait anymore.

Distinguished scholars call on a radical and rapid change in people behaviour. The second part of this thesis will propose some solutions for a sustainable future.

In this chapter, however, I will explain the meaning of the word *sustainability* and I will try to explain the reason why this word is used more and more often not only in official debates but also in everyday discussion.

4.2. Sustainable development

Nowadays the concept of sustainability is often associated to a kind of development that assures the quality of human life and safeguards the environment for the

present and the future. *Sustainable development* is the widespread word that results from this association. It was coined in 1987 during UN Brundtland Commission examining economic, social and environmental realities and proposing an alternative way for the future.

In the opening speech of the Brundtland Commission final Report, better known as *Our common future*, it emerges that the future of humanity and of the Earth is in great danger. The Commission claims the worst obstacles to the wellbeing of both are the unfair access to the Earth resources and the widespread destruction of the environment that is caused by human activities.

The Commission states: «We recognize that poverty, environmental degradation and population growth are inextricably related and that none of these fundamental problems can be successfully addressed in isolation». They believe that economic and environmental difficulties of nowadays reality are caused by the kind of growth the West has imposed everywhere on Earth. Unlimited growth shows its negative effects especially on the Third World, which «suffers the vicious cycle of poverty leading to environmental degradation, which leads in turn to even greater poverty». The Brundtland Commission deduces that preventing global disasters is first and foremost determined by the kind of development global leaders implement: sustainability must be the main goal. The Commission solution to Western development laws is the *sustainable development* program. Brundtland Commission defines sustainable development as a «development that meets the needs of the present without compromising the ability of future generations to meet their own needs». This definition contains two essential concepts:

- the concept of *needs* indicating those basic necessities Earth inhabitants require to live
- the idea of *limitations* that the Planet expects to be respected to assure the steady supply of its natural resources.

Gro Harlem Brundtland, the Commission president, and her colleagues state that the purpose of the capitalistic society (maximizing profit) should be scaled down by the *ecological imperative* (Wackernagel and Rees, 1996: 32) of safeguarding the environment and by the social imperative to assure the quality of human life. For the first time environment and development have the same goal.

Another fundamental event for human and social development and environment safeguard was United Nations Conference on Environment and Development (UNCED) that took place in Rio de Janeiro in June 1992. During this global summit the awareness that « it is necessary to cope, on a world scale, with the big social and ecological issues troubling the Planet» was made manifest (Masullo, 2008: 75). The aim was to work out a strategy to lead all countries to sustainable development. *Agenda 21* is the finished document of this important conference and it is widely known. It proposes a solution both to poor and to rich countries. The document suggests that poor countries should choose a development path leading them out of poverty but, at the same time, should safeguard their environment. The rich countries should revise production and consumption patterns and should re-examine official development assistance to the Third World.

Ten years later, in 2002, the sustainable development issue calls again global attention. This time experts intend to update the data about global economics and ecology and to propose more efficacious strategies to finally slow down unlimited growth. That year delegates from several countries met in Johannesburg. At the end of the Johannesburg World Summit a Sustainable Development Charter was endorsed. This document recalls and reasserts the principles of the 1992 Rio Conference about sustainable development; it also asks for renewed efforts on a national and global scale to implement economic, social and environmental developments in accordance with sustainability principles.

The key goals Johannesburg Conference stressed are (UNO, 2002: 8):

- to eradicate poverty
- to change unsustainable production and consumption patterns
- to safeguard environment

Therefore implementing a sustainable development pattern means to follow this rule: to live within the possibilities nature offers and to fairly distribute its resources.

4.3. Welfare and wellbeing indexes

4.3.1. Gross domestic product index and its limits

Several experts believe sustainable development to be insufficient to solve economic, social and environmental global crisis: they argue that the concept of development has to be overcome (Masullo, 2008: 77). Traditional development pattern implies that there are no limits to economic growth, but Earth natural resources are limited: «an indefinite growth is impossible in a finite environment» (Masullo, 2008: 79). Growth and development are both economic ones, therefore the traditional parameter fit for measuring the welfare of a nation is merely a quantitative one, known as the GDP (Gross Domestic Product).

«GDP is the market value of final goods and services that are produced within the country within a year » (Campiglio, 2012: 32). Countries compete against each other for a higher GDP. Its fluctuation between a year and the next causes a change in the economic trend of a country: countries with an increasing GDP see a rapid growth in their economies.

Data resulting from this competition creates a place list: the highest ranked countries have a high-GDP. These countries are also considered to implement the best economic policies. This logic points out that low or negative national economic growth rates indicate instable political systems (Campiglio, 2012: 33). So economic growth is responsible for a country stability: it means more production, lower unemployment and increased consumption.

Nevertheless, as I explained previously, unlimited growth is unsustainable both for a society and for the environment. The consequence is that the index measuring a country's growth presents some limits. GDP does not consider:

- the quality of life
- the wealth distribution.
- the environment

In fact, according to Campiglio, growth is an essential step to lift economies but it presents huge side effects (Campiglio, 2012: 34) reaching alarming proportions because of their repercussions on a global scale. Campiglio draws a distinction between two different danger areas: an environmental area and a social area.

First and foremost unlimited economic growth has led to a stage where natural resources are depleting and the deterioration of the environment is increasing. «Earth ecosystems offer a wide range of benefits» (Campiglio, 2012: 36). These benefits are useful to humankind (oxygen, stability in carbon dioxide concentration,

the water cycle, biodiversity, climate control etc) but humans themselves seem take them for granted: GDP does not include these benefits. What matters in national welfare accounting is only how much the country produces. A country can have a beautiful natural, cultural and social heritage «but unless it is used to earn an income the country will be considered poor» (Alternatives Économiques, march 2011: 7).

Besides effects on the environment, economic growth has heavy repercussions on social capital and on people's wellbeing. Campiglio (2012: 38) states that the economic system does not offer solutions to existing social matters, rather it creates new problems: modern society is richer than in the past, but is not as happy. People wellbeing and relational goods are not included in GDP index. GDP does not even account for national income distribution.

I can conclude that GDP is not a valuable index to measure a country progress: if I claim the opposite it will mean that a society progresses when it produces more. Production boost is a limiting factor to value existing countries development.

Campiglio (2012: 43) states that GDP does not take into account important variables such as social and environmental capital while it includes other variables requiring a more attentive scrutiny because of their negative implications. In fact, this indicator does not distinguish between beneficial and harmful production. Campiglio proposes an example: «a polluted river, for GDP, is doubly positive, firstly because of the polluting production and secondly because of the restoration activities» (Campiglio, 2012: 43).

So GDP is a useful index to measure economic activity but it is inadequate to value the wide range of positive aspects assuring countries' wellbeing: «GDP is indifferent to wealth distribution, to inequalities, to poverty and to economic security» (Alternatives Économiques, march 2011, 24).

Moreover, GDP reflects the historical period of western hegemony, the belief in unlimited growth and mass consumption: nowadays this base falters and GDP is becoming anachronistic and insufficient. There exists the need to devise alternative indexes.

4.3.2. Some alternative indexes

The most known index as an alternative to GDP is the Human Development Index (HDI). It was devised in 1990 by the UN and it was inspired by Nobel prizewinner Amartya Sen. In fact the HDI is founded on his development conception: the Indian economist theory includes not only a growth of material availabilities, but also an expansion of people capabilities as Campiglio explains (2008: 48). For capabilities he means all the opportunities people have to live a decorous life, to eat healthily and to improve their abilities in their own community. HDI index aims at providing a more truthful measure of wellbeing of peoples. It takes into account three variables:

- per capita income
- life expectation at birth
- the education level (literacy and schooling)

Every year the UNDP (United Nations' Development Program) publishes the Human Development Report printing each country data.

HDI index completes and substitutes GDP index in measuring nations wellbeing. Other indexes exist that «intend instead to correct GDP index integrating it with some essential variables and leaving out what some other (experts) believe not to be contributing to progress» (Campiglio, 2012: 49). Among these correcting indexes there is the Index of Sustainable Economic Welfare (ISEW). This last index is not the most known in sustainability scope. As far as environmental sustainability is concerned, the most familiar index is the Ecological Footprint.

4.3.3. Ecological footprint

The word *ecological footprint* was coined by Professor Rees and his pupil Mathis Wackernagel, both members of the Task Force on Planning Healthy and Sustainable Communities at the University of British Columbia. The Ecological Footprint is a tool that measures the impact human activity has on the environment. This impact is determined by the biologically productive land a population requires to maintain its lifestyle.

Since the year 2000 Ecological Footprint index is included in the Living Planet Report WWF divulges every two years working together with UN World Conservation Monitoring Center.

Reflecting upon the concept of ecological footprint a few questions stand out: how much of the natural world have we at our disposal? and how much of it can we

use? Are the natural resources at our disposal sufficient for all? To answer to these crucial questions I introduce the concept of *biological productivity* and I compare it with the Ecological Footprint.

Rees and Wackernagel (1996: 158) define biological productivity as nature's capability to reproduce and regenerate. It is expressed in global hectares per person. So biological productivity represents how many natural resources are at the disposal of humans, while Ecological Footprint measures the actual consumption of these resources. A quick calculation provides the average available biological productivity per person: 1,8 global hectares. But if we take into account the actual use of natural resources and the production of waste on Earth, it is a 2,2 global hectares per person. This can be considered the average Ecological Footprint. Now I can answer the first question I asked: on average, humanity uses 0,4 global hectares per person more than Earth can guarantee to each human being.

I can conclude that «we are overexploiting (Earth) system» (Mercalli, 2011: 32). Humans use too much natural capital compared to how quickly the Earth can regenerate itself. Masullo (2008: 84) states that during the last twenty years humanity has used more resources than Earth has produced.

Nevertheless Ecological Footprint is a statistical measure and it does not provide information about the ecosystems' dynamism: it does not include ecosystems' capacity or incapacity to absorb the damage humans have caused nor their ability to recover (this ability is called *resiliency* by experts).

In spite of differing opinions, I consider the Ecological Footprint index to be a good tool to increase knowledge and the awareness of public opinion concerning existing economic and environmental problems. This index is important because it aroused the interest of several researchers in environmental sustainability which became a major issue in 1987 with the Brundtland Report.

The Ecological Footprint changes according to the area under consideration and depends on local production and consumption. The following table shows the Ecological Footprint, biocapacity and ecological deficit of different countries (Wackernagel and Rees, 2004).

COUNTRY	ECOLOGICAL FOOTPRINT	BIOCAPACITY	ECOLOGICAL DEFICIT
U.S.A.	9.5	4.9	4.7
HOLLAND	4.7	0.8	4.0
GERMANY	4.8	1.9	2.9
AUSTRALIA	7.7	19.2	11.5
CHINA	1.5	0.8	0.8
INDIA	0.8	0.4	0.4
FRANCE	5.8	3.1	2.8

Table 1: Ecological Footprint, biocapacity and ecological deficit of different countries (Wackernagel and Rees, 2004)

It is interesting to note that the average Ecological Footprint of a US inhabitant (9,5 global hectares) is definitely higher than the share of land he is entitled to (1,8 global hectares). If everybody lived like a US citizen, the Earth could not guarantee life to existing population and according to Rees and Wackernagel (1996: 15) humanity would need two additional Planets.

If we include the underdeveloped countries in this research, it is evident that a huge gap exists between the low Ecological Footprint of the latter and high one of the industrialized countries.

To summerise, humanity uses more natural resources than Earth's *carrying capacity* and a part of humanity is more responsible than the rest for this overcharge. Rees and Wackernagel (1996: 22) state there is a pressing necessity to close the *sustainability gap*, which is the excess of human demand towards nature. A sustainable lifestyle guarantees a better life to everybody. Taking into account the concept of sustainability, the Ecological Footprint research helps humanity to plan a better global present and future. This logic is based on one of the fundamental principles, fairness.

Rees and Wackernagel conclude that «there may be greater ecological, community and personal merit in learning to live more simply so others can live at all» (Rees and Wackernagel, 1996: 156).

4.3.4. Most recent studies

Finally, I mention one last wellbeing indicator: the Happy Planet Index. It was defined by the London New Economics Foundation and it measures efficiency in using resources. This index «is part of the effort to combine a widespread prosperity with an environmentally sustainable economic system » (Campiglio, 2012: 51).

In addition to previously mentioned indicators, there are several more providing information GDP excludes. I will now deal with the most recent studies on this issue, especially the 2008 work by the known Stiglitz Commission. In February 2008 the then French president Nicholas Sarkozy formed a Commission with 25 experts headed by Joseph Stiglitz, Amartya Sen and Jean Paul Fitoussi. There was a lot at stake: the mandate the Commission was entrusted with was to determine the limits of GDP as a progress indicator and to work out alternative indexes in accordance with sustainability principles. In September 2009 a final Stiglitz Commission Report was delivered. It included recommendations to policy makers and to researchers regarding the way to correct GDP calculation.

The Report focuses on this concept: GDP, as an exclusively monetary indicator, is an insufficient tool to measure the progress and wellbeing of nations. A complete indicator includes according to the Stiglitz Report:

- economic welfare
- people's health
- people's education level
- participation in political and social life
- environmental quality

The Stiglitz Commission Report represents an essential step in the evolution of recent studies regarding wellbeing indexes. Italian researcher Enrico Giovannini, member of the Stiglitz Commission, began in 2010 to work on a project to measure the fair and sustainable wellbeing of Italy. He listed 12 variables of wellbeing: some were proposed by the Stiglitz Commission and the others were suggested by the

working group Giovannini was in charge of and were specific for Italy. The 12 variables are:

1. Environment
2. Health
3. Economic welfare
4. Education
5. Work and conciliation of life times
6. Social relations
7. Security
8. Individual wellbeing
9. Landscape and cultural heritage
10. Research and innovation
11. Quality of services
12. Politics and institutions

Campiglio states in his book that Giovannini's Report is expected to be published in autumn 2012. An up-to date report will also be published yearly.

4.4. Soil: a guarantee for the future

There is a pressing need to solve global economic and environmental matters. The growing gap between the rich and powerful North and the poor and powerless South demands solutions that should be globally implemented as soon as possible. These solutions need to be alternative to the existing policy industrialized countries have imposed on the South, which aim at maximizing profit.

Pierre Rabhi (2011: 140) states that «the majority of solutions to crisis already exist as prototypes in civil society»; new technologies, new production, distribution and consumption procedures, new communication and exchange methods, new decisional processes, new housing, new schooling methods, and so on, have already been developed. These new methods should be implemented on a larger scale and by more people than an élite of scientists experimenting alternative strategies in a laboratory. In fact scholars believe a global revolution is necessary to achieve good ecological and social solutions able to reach every social class worldwide.

In part one of my work I explained how globalization aims to solve the global crisis: it plans to build a world where everyone gains access to Earth's resources, in Rodrik's opinion (2011). The evidence has shown that such a world would never come about by the globalization process. The available data, as shown in chapter 2, underline the fact that basic human needs are not fairly met everywhere in the world. Even people are graded according to their place of birth, the rich North or the poor South. Instead a global world should be a world where «equal rights of all beings to ecological space» are respected (Shiva, 2008: 46).

The concept of fair access to natural resources is condensed in Shiva's expression *Earth Democracy*. In her opinion, it should facilitate human life. The starting point of this simple and widely shared principle is the belief that all men are equal. This means that every human being, coming from a metropolis center, from its periphery or from a small village has equal right to Planet resources. Equality is a fundamental principle since the French Revolution in 1789. It is the foundation of democracy. Shiva re-qualifies the ancient social/political term 'democracy' applying it in agricultural and energy field. She recommends that humans should go back to cultivating the soil as their forefathers did. Natural agricultural methods would cut the harmful effects of industrial agriculture which does not take into consideration the natural environment. Earth Democracy «offers real solutions to resource exhaustion, peak oil, climate change, disposability of people, and the erosion of democracy» (Shiva, 2008: 47).

Shiva emphasizes that Earth Democracy is a helpful alternative to *eco-imperialism*. This word refers to the existing infinite growth-based industrial economy. The eco-imperialist pattern «grabs the remaining resources of the planet, closes the remaining spaces of freedom, and uses the worst form of militarized violence to exterminate people's rights and people themselves when they get in the way of an insatiable economy's resource appropriation, driven by the insatiable greed of corporations» (Shiva, 2008: 45).

The emergency to combine human needs with the Earth regeneration rate is also underlined by Pierre Rabhi in his recent work entitled *Manifeste pour la Terre et pour l'Humanisme*. He is an Algerian-born farmer living in France. He draws attention on the Earth's condition and on the relationship between humanity and the Earth itself. Moreover, he underlines the necessity for everyone on the Planet to

unite their efforts in order to turn back from the dead end the current economic system has lead us into.

He also argues that modern agriculture is harmful to nature and humanity: « An agriculture that cannot produce without destroying carries the germs of its own destruction» (Rabhi, 2011: 86).

Pierre Rabhi invites all humans to become fully aware so as to restore the natural equilibrium between human beings and the environment. His solution to climate, energy and food global crisis is an *agro-ecology*, that is an agriculture based on the rational use of the soil and on the respect of nature's regeneration cycle.

Agro-ecology and Earth Democracy are two complementary concepts; they represent a challenge for humanity to improve Earth's living conditions both in the present and for the future. They are an alternative pattern to a globalization process unable to fulfill its promise to solve global matters.

What Earth and humanity need is, in Rodrik' words, :« a healthy, sustainable world economy that leaves room for democracies to determine their own futures» (Rodrik, 2011: 280).

Part 2.

A good economy

5. *The consumer's role*

5.1. *Consuming responsibly*

As I explained in the first part, the paradigm of infinite growth ruling existing economic system has led to a deep economic and environmental crisis. The economic gap dividing Earth's inhabitants and the environmental disasters affecting various areas of the world are no longer acceptable.

This unsustainable economic pattern draws the attention of several experts. Every year they update their data about the world as a whole and they often reissue their appeal for building a new world founded on the awareness of natural and human limitations. Andrea Segrè, in his work *Basta il giusto*, writes: « we must claim the right share for all today and for future generations, respecting our Planet and other people» (Segrè, 2011: 104).

Nowadays, unsustainable patterns require what Segrè calls an *homo civicus* living in accordance with sustainable principles and replacing the neo-liberal *homo economicus*. I will clarify what I mean with the expression 'sustainable lifestyle' and how people can change from a modern lifestyle to a more sustainable one.

In this chapter I will explain how consumption is a basic step towards a sustainable lifestyle. This entails to substitute mass consumption and consumerism with responsible consumption.

To understand responsible consumption these are the requirements:

- set out mass consumption birth in the right historical period
- and describe consumerism.

Through this it will become easier to understand alternatives proposed by experts aimed at making the Planet livable for present and future generations.

5.2. *From consumption to mass consumption to consumerism*

5.2.1. *The birth of a consumerist society*

Currently we live in a society of consumers. The transition from an industrial-centric reality toward post industrial and consumerist one begins at the end of the XIX century, gradually at first and then, after the Second World War, a real consumption boom started.

With the advent of industrialization in the late XIX century, the raise of the urban population and the increase of wages (and therefore wealth) transformed the way people consumed. Before, mainly essential goods were consumed and purchase main purpose was livelihood (wages were very low and they prevented people to buy needless products). As wages mounted and wealthiness exploded consuming rate increased too. But it was not until after the Second World War and the economic boom, that people started to buy secondary goods such as televisions, domestic appliances, cars and so on, which represent commodities the consumer cannot do without. The standard of life improved considerably and consuming became a democratic phenomenon: the same products were offered to farmers, labourers, clerks and industrialists.

According to the experts the origin of the consumer society dates back to the 1929 overproduction crisis and the birth of advertising. The need to enlarge the numbers of consumers caused the creation of advertising in order to compel people to buy this abundance of goods. The latter also created within the consumer induced needs in order to sell off all products, whether useful or not. Therefore the overproduction crisis and advertising are strictly interconnected.

Goods were no longer just essential, they also became a commodity. They began to develop another value, an index of social status and a tool for social integration (people who did not buy and consume as others became social outcasts). The economic boom of the 50's carried Europe in the mass consumption phase: goods became affordable to all social classes which was the base of economic growth and democracy. Consumer society is one where people are induced by advertising to buy more and more goods: consumption becomes then the purpose of human existence.

5.2.2. Consumerism and the goods transience

During his evolution, the economic system develops different conception of goods. In the industrial and production society (the XIX century) the quality of goods was based on its durability: the longer it lasted, the better the product was. Its purpose was to meet the

consumer's needs as best as possible. According to Bauman (2007: 29) this society was steered towards certainty: goods were not intended to deteriorate, on the contrary they were meant to last. «In the solid modern era of the society of producers, gratification seemed indeed to reside primarily in the promise of long-term security, not in the immediate enjoyment of pleasures» (Bauman, 2007: 30).

On the other hand, today's consumer society is marked by transitory goods. Most goods nowadays consists in throwaway products. In the consumerism era goods are considered obsolete after just one use: this is to provide new replacements. In fact the consumer society aims to meet people's needs without satisfying them. This postponement lasts forever:« Consumer society thrives as long as it manages to render the *non-satisfaction* of its members *perpetual*» (Bauman, 2007: 47). Consumerism strives to achieve consumer's happiness by meeting their needs and to continue this process by rapidly producing new and better goods. Bauman states that:« the advent of consumerism marks the beginning of the era of 'inbuilt obsolescence' of goods offered on the market» (Bauman, 2007: 31).

5.2.3. Zygmunt Bauman: the liquid modern society

Bauman defines contemporary society as a liquid society: everything changes rapidly and novelty is the hub of individual and collective interest. Bauman contrasts the liquidity of the consumer's society with the solidity of the production society.

In consumer society the consumer's sovereignty is challenged: the potential consumer is no longer in control of his choice, but rather he is induced by advertising to buy promoted articles and to consume more. What seems to be a privilege (the availability of every kind of product) is instead a «a *duty* disguised as a privilege» (Bauman, 2007: 100).

According to Bauman, consumerism causes uneasiness in contemporary society: uncontrolled consumption makes people unhappy. As an example, the relentless consumer is always driven to buy new goods, without ever being satisfied. The interruption in the constant flow of novelties represents a risk for the consumer, causing boredom and unhappiness. Consumerism is a real labyrinth of social risks. Moreover consumption economy is founded on excess and waste: the attention is moved from production to consumption and to disposal of goods in as short a time as possible. Often goods are produced and sold even though they are superfluous: what is important is to produce more goods to consume. This keeps market alive. Bauman (2007) states that people who watch their spending are practically useless

in consumerism society and they are considered outcasts. «The poor of the society of consumers are totally useless» (Bauman, 2007: 126).

Another classic tool of consumerist culture is the credit card. It allows people to buy goods even if they do not have the money to do it. «Credit cards make people free to obtain things whenever they want them and not when they can afford them» (Bauman, 2009: 8).

Bauman paints an unflattering portrait of contemporary society; his opinion is shared by many other experts. They state that consumerism is a regression rather than a progression because of its harmful consequences on society (homologation and alienation of humans from reality) and on environment (excess of waste to dispose).

5.3. *Ethical consumption*

5.3.1. *Critical and responsible consumption*

The above subchapter demonstrates how the existing production-consumption system has reached a dead end. Francesco Gesualdi, in his *Guida al consumo critico*, proposes a change in the current economic pattern and he sees consumption as one of the best ways to influence enterprises. He states that consumption is not private, but rather an activity that concerns the whole of humanity (Gesualdi, 2000: 11). Gesualdi argues that «we shall find new tools to regulate firms in order to induce them to behave in accordance with Southern countries needs and respecting the environment» (Gesualdi, 2000: 11).

Moreover he explains how choosing a product means not only to consider price and quality, but it should also take into account «the history the goods themselves have and the behaviour of firms offering them» (Gesualdi, 2000: 21). This is called *critical consumption*. It aims at turning enterprises towards a production respecting humanity and the environment. It is interesting that critical consumption, also known as *responsible consumption*, tries to change the behaviour of multinational corporations using their own supply and demand system (Gesualdi, 2000: 21). The purchase of a product represents a signal for companies: buying a product means approval of raw materials and production methods, while deciding not to buy it

suggests a rejection of the same product. In this way the consumer supports some productions and hampers others: purchase is like a gold star on a firm activity. This should be the logic working behind consumer's mind when purchasing. Gesualdi concludes: «definitely, consuming in a critical way is like voting while shopping» (Gesualdi, 2000: 21). The final purpose of critical consumption is avoiding to be an accomplice in firms' abuse of humans and environment. Existing consumption rate is unsustainable; therefore critical consumption needs to extend out of its supporters' élite to involve the global community.

Gesualdi (2000: 21) states that critical consumption examines two things:

- the product
- and the company

The first informs the consumer about the origin of the raw materials, the second gives information about the production process and business conduct while producing the product (working conditions, the way the firm runs in the South of the world, respect of the environment and transparency). In Gesualdi's opinion consumers should know both.

The *Movimento Gocce di Giustizia* in its *Mini guida al consumo critico e al boicottaggio* (2005:12) sets a few guidelines on how to buy wisely:

1. before buying a product, determine whether it is useful or not
2. read carefully its label and choose products with more information
3. buy products that are produced respecting the environment and saving fuel
4. ask about whether the production exploits people or children
5. opt for local products and handicrafts

Following these simple rules should help 'ethical' firms to increase their importance in the economic system. I labeled responsible consumption as 'ethical consumption' because it is a tool at consumer' disposal to make companies follow common sense and respect workers and environment.

5.3.2.Sustainable happiness

According to scholars, the consumption in the North of the world, following, as it does, irresponsible logic, contributes to the exploitation of Southern people and to the deterioration of the environment.

Reconciling the needs of the consumer with the respect for human and worker's rights as well as environmental protection is not easy in a society like the present one aimed exclusively at profit. Enjoying what Becchetti calls *sustainable happiness* is possible but it involves everybody (firms, citizens, institutions) implementing this reconciliation.

An initial step is to try and reorient the current economic system «from the intermediate and binding objective of growth to the final goal of happiness» (Becchetti, 2005: 48). A change of the system requires first of all a profound change in the choices the citizens make. Becchetti focuses on lifestyle (Becchetti, 2005: 49); it should be in accordance with ecological and social sustainability. Living a sustainable life assures basic human needs being met without compromising underdeveloped countries and safeguarding the environment. In Becchetti's opinion (2005: 217) promoting citizens' participation is a fundamental step to fully implement *economic democracy*. By everyday choices, citizens become protagonists in the South countries' emancipation: sustainable choices rectify market choices which are «often unable to tally individual and collective wellbeing» (Becchetti, 2005: 16).

Therefore, for instance, critical consumption of goods that are sold on the market assures sustainability and at the same time wellbeing. I would say that critical and responsible consumption leads to sustainable happiness.

5.4. Other expressions of protest at consumer's disposal

5.4.1. Boycott

Another tool consumers have at their disposal to reorient firms' behaviour is to boycott. Gesualdi (2010: 36) explains that it means that an organized group of people stops buying products of a specific enterprise. The word *boycott* comes from the name of an Irish landowner : Charles Cunningham Boycott. In 1880 he decided to drastically cut his workers wages and consequently his dependents stopped working for him. A journalist then invented the word *boycott* to label «an act of social ostracism» (Dubuisson-Quellier, 2009: 39). Only after, the word 'boycott' will tag an act of economic defection.

Gesualdi (2010: 41) argues that boycott is a powerful tool to influence firms because a small percentage of adhesions is sufficient to curb the firm's gain. He proposes that the first step of active consumption is threat. To threaten a firm means to give the firm a warning: if the company accepts the request the consumer wants to achieve, the matter is settled, otherwise boycott begins.

I now present a list of rules for a good boycott the *Centro Nuovo Modello di Sviluppo* has developed (Gesualdi, 2010: 43):

1. Do not improvise. It is important to sensitize public awareness about the issue at hand
2. Have one clear purpose
3. Create a slogan
4. Operate selectively: one specific firm and one specific product
5. Organize your action in detail
6. Capture mass media attention
7. Find a way to dialogue with the entrepreneurs

Gesualdi explains consumer's goal by boycotting firms is: causing them economic harm and damaging their image to make them stop behaving improperly.

5.4.2. *Protest marches*

Boycott represents one of the main tools of consumer's protest, but it is not the only one. Protest marches may also be used. *No-global* movements use both strategies to fight against the existing neo-liberal economic system. These protest movements are peaceful. Besides promoting pacifism, the participants try to lead a sustainable life and practice critical consumption.

The word no-global was coined by the press following the Third WTO Global Conference held in Seattle in 1999. At that time 50,000 people protested against the WTO and, more generally, against the policies of the international institutions (FMI, BM, WTO). Stefano de Luca states that «it was a collective protest without record».

Pacific protests became less popular because of the violent actions of *black blocks* (small groups of anarchists dressed in black); among other things, they broke shop

windows of known multinational corporations. Nowadays people still refers to this event as 'the battle of Seattle'.

Seattle represented the climax of the protests which began in the 80's when the neoliberal project of economic globalization began. Little by little economic and political issues became global matters and, consequently, protest movements began to organize themselves better and better and they created the anti-summit. «They are organized coincidentally with official summits of governments and of international institutions and they tackle the same problems but with a critical view on the policies of firms and governments. The goal of these anti-summits is to propose alternative solutions to global problems too» de Luca.

The first anti-summit was organized in Porto Alegre (Brazil), 25 to 30 January 2001 (*Forum Social Mundial*) in answer to the Economic Global Forum held in Davos at the same time. Here is the definition of the Charter of Principles, the leading document of the Social Forum: «the World Social Forum is an open meeting place where social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism come together to pursue their thinking, to debate ideas democratically, to formulate proposals, share their experiences freely and network for effective action». The slogan participants devised in Porto Alegre was 'Another world is possible' which is now widely known. A similar meeting to the one held in Porto Alegre in 2001 takes place every year.

With the passing of the years the nature and the objectives of social protest marches have changed. In the 60's and 70's social movements aimed at changing the system from a state-based perspective. In the 80's they focused on global issues like peace and ecology and they stressed the fact that adequate supranational institutions were missing. Since the 90's new consumer organizations protested against supranational agreements (Nafta, Gatt, Wto) accused of cutting services to citizens in the name of free trade. De Luca recalls the Ong action regarding development. They actually increased aids for Third World Countries and brought poor countries foreign debt down to a sustainable level. Since Seattle protest marches present a novelty: they became cosmopolitan movements. Participants came from several different countries and especially from the developed world. Moreover nowadays we have *internet* which is a very useful tool to gather people

and to organize protest marches. It allows more and more people to know the projects and to rally to the cause even from far away. De Luca states that the protest in Seattle was labeled the first big online organized protest. Even though global movements tend to gather groups different kinds and with differing objectives, they all have a common enemy (neo-liberal globalization). Nevertheless they do not propose the same solutions as De Luca says. The heterogeneity of the new protest marches is exemplified in the Charter of Principles endorsed in Porto Alegre in 2001: « the World Social Forum will always be a forum open to pluralism and to the diversity of activities and ways of engaging of the organizations and movements that decide to participate in it».

5.5. Final words

The assumption this chapter is based on is that irresponsible consumption is no longer bearable because it does not bring about the well-being of humanity and does not protect the environment. The fact is consumption must proceed in accordance with the biophysical limitations of the Planet.

The consumer represents an essential element in the economic system: his choices cause a product to be a success or a failure. Therefore the consumer has a specific role: he should practice responsible consumption in order to satisfy his basic needs (avoiding excess and wastage). In this way if one consumer gives the right example, others will follow these good practices.

Only if everybody limits their consumption will it be possible to produce less and better, as overexploitation of raw materials is no longer advisable. A more controlled use of the Planet's resources means assuring a fair access to everybody to resources themselves, implementing a genuine Democracy of the Earth just as Shiva proposes.

Moreover a good use of nature brings about an equilibrium in the various ecosystems.

The above explains how consumption is a fundamental factor in the economic cycle (production-distribution-consumption).

6. Another world could be possible

6.1. The way of sobriety and sufficiency

6.1.1. Francesco Gesualdi's proposal

There exists a further tool at consumer's disposal to make the Earth livable for the present and future generations. It goes beyond consumption and it embraces all aspects of everyday life: it is sobriety. Francesco Gesualdi's proposal is a sober life, in order to firstly allow underprivileged populations to get rid of poverty and secondly to ensure our descendents an untroubled life. The sobriety movement proposes «an original way to reduce wastage and diseconomies» (Segrè, 2010: 101). The sobriety pattern provides for a slower and more parsimonious, personal and collective lifestyle that is in accordance with a natural rhythm and that distinguishes between real and induced needs. Sobriety is not poverty, but rather it wants to eradicate poverty and assures every human a comfortable life. It is what Gesualdi calls well-living economy: «a fair, sustainable and solidier life, capable of ensuring everybody a decent life respecting the Planet» (Gesualdi, 2009: 7).

Respect and efficiency are the two pillars sober life is based on: respect for ourselves and for the Planet, efficiency in everyday activities to avoid exploiting the Earth and over abusing it with waste. A sober life is nothing else than the life wise peoples lead, in Gesualdi' opinion. Sobriety consists of simple everyday choices everyone can do. Gesualdi summarizes them in his short but full manual (Gesualdi, 2009: 29):

- avoid disposable objects
- avoid useless products
- prefer second-hand objects
- consume slag-free
- self-produce
- consume local and biological products
- consume collectively
- repair and recycle
- cut energy consumption

The *Centro Nuovo Modello di Sviluppo* (Gesualdi is its founder) says that the transition toward sobriety entails producing and consuming less and even better. Leading a sober life means «to meet our needs cutting to the minimum resources exploitation and waste production» (Gesualdi, 2009: 25).

Gesualdi states that sobriety leans on four imperatives all beginning with the letter 'R':

1. Reduce
2. Rescue
3. Repair
4. Respect

The first rule (reduce) means that only basic human needs are worthy to be met. Choosing the essential implies being able to distinguish between real needs and induced needs. This choice consists of a selection on the basis of quality and quantity. Many products are harmful or useless, so consumers must avoid buying them, even producers must avoid producing them; production and consumption of useful products should be limited to the needed quantity.

The second rule (rescue) infers to use the same objects until their condition has deteriorated too much. It also means recycling and it increases the value of second-hand objects.

Repairing damaged objects is a requirement to prolong their life.

Finally, Gesualdi believes that respecting other people's work and respecting the commodities we all use is the key people need to live together peacefully.

Gesualdi acknowledges that the fear to embrace a sober life is widespread: people living in the rich North of the world «are sunk into prosperity and the idea to be less rich frightens them» (Gesualdi, 2000: 19). Nevertheless leading a sober life is «a choice that is not only possible but even necessary» (Gesualdi, 2009: 20). Continuing to live according to existing production and consumption patterns is no longer an option: the Planet and its inhabitants require a change.

6.1.2. *The 'society of sufficiency' by Andrea Segrè*

Sobriety is founded on the sensation of sufficiency. Segrè believes that a sober life requires to regain possession of the *being enough*. He argues: «in sufficiency

societies, production and consumption quantity should diminish where abundant and increase where deficient, and quality should improve for everybody» (Segrè, 2011: 93). It is evident that the concept of sufficiency provides a replacement for the word limitations with the terms insufficiency and abundance.

Professor Segrè elaborated the formula $-WASTE + ECOLOGY = SUFFICIENCY$. He believes reducing wastage and molding a collective ecological awareness to be necessary to create the society of sufficiency. He says: «There should be as much as is needed for all» (Segrè, 2011: 95).

Embracing the value of sufficiency should not be seen as a sacrifice or a second best, it should be a conscious choice.

Moreover in the society of sufficiency material consumption must be limited, or rather made sufficient, however there is no limit to spiritual consumption. Segrè supports several experts' idea to augment *relational capital* (Segrè, 2011: 92). In fact, in his opinion, relationship has been neglected in the capitalistic system and it will represent, if people want it, the future capital. The point of this idea is to reduce the importance of profit and placing relations at the top. In this way market and economy will have a human face. Segrè believes that rediscovering the values of gratuity, sharing and conviviality is a must. A new society based on voluntary service and on mutual trust is what humanity needs to get rid of an individualistic and economic convenience-based society.

Supporters of the sufficiency society are still a scattered multitude. The same purpose is differently labeled (degrowth, sobriety, frugality, simplicity); they all refer to the awareness of limitations, of the *being enough*. According to Segrè there exists the necessity to preserve diversity and unify fragmentation. To reach critical mass is fundamental to change present society and economy.

6.2. Degrowth

6.2.1. Degrowth: a must

In the present globalized system where growth is essential for economic success and the welfare of society, the proposal to implement degrowth seems to be out of place. «For most people, who deeply believe growth is essential to modern economies, it seems to be a recipe for economic and societal collapse» (Worldwatch Institute, 2012: 22).

Actually, the existing environmental crisis is facilitated exactly by economic systems based on unlimited growth as I explained previously. Commission Brundtland proposal about sustainable development is, according to theorists of the degrowth, disadvantageous for the society and the environment. Sustainable development supporters propose modifying present growth rate within limits of sustainability; their scope is a new economy that is precisely called sustainable. Degrowth theorists instead believe that the existing economy is an anti-economy: it over-exploits the biosphere and it consumes irreversibly natural capital. It is about an economy «that makes society poorer rather than richer» Sachs and Morosini (2011: 91). Therefore degrowth is an alternative to a growth economy.

Latouche, a distinguished Professor of Economy at Orsay University, proposes the way of 'chosen degrowth' as a possible alternative to the unsustainable existing economic system. He believes that degrowth is not a possibility, «degrowth is essential and will need to be pursued as quickly as possible» (Worldwatch Institute, 2012: 22).

6.2.2. *Georgescu-Roegen, the father of the degrowth*

Often people mention Georgescu-Roegen, distinguished Romanian economist, as the founder of degrowth theory; actually the term *degrowth* is not used in his works. Latouche says (2011: 104) that the word *degrowth* was used in French as the title of a collection of essays by Georgescu-Roegen himself. Anyway this scholar laid the foundations for the future elaboration of the concept of degrowth.

Bioeconomics theory by Georgescu-Roegen has its roots in the *entropy law*, the second thermodynamic law. The economist shows the entropic limitations the process of economic development is subject to: all economic activities degrade towards stages of lower available and usable energy and matter.

According to this theory, the roots of insufficiency of available resources for economic activities derives not only from the finiteness of nature but also from the irreversible entropic degradation. Georgescu-Roegen deduces that infinite growth in a finite world is impossible. Moreover he believes that bio-economics is a necessity, the economy needs to be applied within a working biosphere. This causes him to propose a reduction in production. In fact according to this scholar there exists the necessity to reach the higher possible wellbeing for society with the minimum

impact on the ecosystems: his theory aims at a new economy, ecologically and socially sustainable.

In detail, the economist argues the necessity to shift the production from traditional high-environment-impact commodities to relational commodities. In fact the production of relational commodities entails degradation of very modest quantity of matter and energy. Therefore a balanced use of natural resources and an equal wealth distribution in the world would be the consequence.

Nevertheless a drastic reduction in material consumption would lead to a tragic decline in global demand and supply process and, consequently, unemployment rate would increase. If the western world sharply changes his way toward an ecologically sustainable consumption, ecosystems would benefit from this change but it would represent an economic and job fall. There exists the famous expression: «When capitalism bicycle does not move forward, it falls down and it is a catastrophe» (Latouche and Harpages, 2010: 36).

Latouche uses a funny anecdote explaining ironically how the capitalistic system works. The anecdote of the shaver says: «shave yourself more quickly as you have more time to work in elaborating an instrument shaving still more quickly». (Latouche, 2010: 28). The rhythm of capitalistic society is extremely demanding. The work, the time and the money are a single entity that is monetized, people even squander it. Holidays are cancelled and people are forced to work on Sundays and during the night (Latouche, 2010: 54). Time becomes the hub of economics (Latouche, 2010: 27) until an *economization* of the time itself happens.

In Roegenian theory, the finiteness of ecosystems implies that closing the global gap between rich and poor people means reducing the wellbeing level of the rich in order to assure a better living standard of the poor. The scholar concludes that «growth should remain the goal of underdeveloped countries only and continue until a modest lifestyle is reached» (Georgescu-Roegen, 2003: 126).

6.2.3. 'Chosen degrowth': a Latouche's theory

Latouche, the biggest living expert of degrowth in the world, through Roegen's ideas, he gives his precious contribution to develop the concept of 'degrowth'. Latouche proposes the way of *chosen degrowth*. He specifies that the chosen degrowth is different from the forced degrowth: «the project of a degrowth society is

radically different from a negative growth. The first one is comparable to an austerity treatment voluntarily undertaken in order to improve a person's wellbeing when over-consumption threatens him of obesity, while the second one is the forced diet leading to starvation» (Latouche and Harpagès, 2010: 38).

Latouche focuses on keeping a sense of proportion: degrowth entails moderation, moderation in eating, in producing, in working (the two experts argues: «working less to live better» (Latouche and Harpagès, 2010: 94)), in exploiting natural resources.

There exists the pressing need to lead a life in harmony with nature. In fact degrowth would entail a cutting of the ecological footprint down to an acceptable level (Latouche and Harpagès, 2010: 21).

«Degrowth is the intentional redirection of economies away from the perpetual pursuit of growth» (Worldwatch Institute, 2012: 23). In economies that do not respect ecosystems limitations, degrowth provides a controlled economic contraction for the purpose of coming back to produce and consume in accordance to the Planet's needs.

Latouche believes that, implementing degrowth, people can reach the happiness that growth society does not bring. The French scholar redefines happiness as *frugal abundance* (Latouche, 2012: 13): degrowth provides humans happiness to be reached by the auto-limitation. (Latouche, 2012: 21) specifies that this is not the austerity required during financial crisis, but rather a system of production and consumption that rationally uses its environment resources. Therefore frugal abundance leads out of consumerism (Latouche, 2012: 23).

Generally speaking, degrowth indicates a breaking-off with a growth-based society (Latouche, 2011: 45). According to this expert, breaking off with it does not mean that a better growth or a better economy will develop, but rather that it will expand, from the growth and from the economic system themselves, to extend to the social and political spheres (Latouche, 2011: 46). For that reason, the first step needed is a *decolonization of the imaginary* (Latouche, 2011: 46) that is a replacement of the concept of growth and development with the concept of degrowth, in the collective ideology. In fact Latouche argues that «the launching of the slogan 'degrowth' was required exactly to come out from the deception of sustainable development» (Latouche, 2011: 47).

6.2.4. *The 'happy degrowth' in Italy: Maurizio Pallante*

Degrowth is not only a French proposal; there is a movement promoting degrowth in Italy also. It is the *Movimento per la decrescita felice* that was founded by Maurizio Pallante.

This movement wants to compare the experiences of people consuming less and their everyday effort to reduce the ecological footprint (by avoiding energy abuse and diminishing waste). Pallante's movement informs public administration, state institution and international bodies about these issues and it prods them into acting in order to improve the existing economic conditions.

In detail, it promotes (Pallante, 2011: 21):

1. the biggest possible increase of industrially-produced goods replaced by self-produced goods
2. the free execution of generally expensive services (principle of mutuality).

Pallante argues that the *Movimento per la Decrescita Felice* works differently, if not exactly in opposite, to the sustainable development system (Pallante, 2011: 20). He says that sustainable development proposes to correct the mechanism of economic growth, while the Italian movement for degrowth tries to go a way that is alternative to growth and development themselves.

Pallante specifies: «in the crucial energy sector, sustainable development, taking into account that fossil based resources are no longer able to sustain a prolonged growth and a global extension, proposes a replacement with alternative energy sources. The *Movimento per la Decrescita Felice* believes instead that this replacement should take place by cutting energy consumption down» (Pallante, 2011: 20).

6.3. *The global citizen*

The fundamental ideal of global citizenship is to guarantee the right to all humanity to have full access to the planet's natural resources and all the man-made products while safeguarding the environment. A global citizen is increasingly a person who tries to build a world where social justice and environment respect are complementary. Sachs says «if the North cannot reach an environmental agreement that the South considers to be fair, there will not be sustainability. Without justice,

no ecology». Moreover: «justice cannot work for the safeguard of the environment if it is not looked for in a sustainable development pattern. Therefore the opposite is also true: without ecology, no justice» (Sachs, 2002: 48).

To build a world where fairness is combined to the respect of the biosphere is not easy. Nevertheless the way 'to make the world better' (this expression is often used by Francisco Van der Hoff, the father of fair trade) implies two steps:

1. Indignation
2. Effort

It is not by accident that I borrowed the two words used by Stephane Hessel' as titles of his 2010 and 2011 works.

The first step (indignation) implies the raising of awareness about the serious economic, social and environmental reality humanity is faced with. Hessel argues that everyone should become indignant about the social injustices and the environmental disasters the socio-economic system of the last two centuries has created. According to Hessel awakening consciousness is a fundamental step in a globalized world where the western consumer is less and less master of his consumption and he does not realize his power as the final but essential ring of the production-consumption chain: demand causes supply.

Hessel addresses his appeal to youth. The author of *Engagez-vous* exhorts young people to build a better world founded on a development pattern conciliating basic human needs with natural limitations. According to Hessel indignation alone is not enough. Effort is the second step in Hessel's way toward a sustainable world.

Hessel points the reader's attention back to the *Universal Declaration of Human Rights*. Article n. 25 defends the right every person has to nourishment. This right is not respected worldwide: nowadays agricultural systems in underdeveloped countries are ruled by Northern multinational corporations and its products are mostly exported. This mechanism destroys the environment and people's lives: «it did not help in eradicating underfeeding, what's more it favoured the import of agricultural products coming from the industrialized world that competes with and destroys local farmers' production. It should be reformed» (Hessel, 2011: 32). Hessel reminds the reader that one of the eight millennium goals is reducing poverty and undernourishment in the world by 2015: this goal is still out of reach, he argues (Hessel, 2011: 32). Therefore everyone's effort is required in order to put an end to

global hunger and the other pressing matters. The global citizen follows this path and he invites other people to follow his example.

7. *An alternative economy*

7.1. *Many names, a single goal*

«What is important in the western world nowadays is no longer an increase in material possibilities, but rather an improvement in quality leading people to live a healthy, free and prosperous life» (Campiglio, 2012: 28). What the Planet needs is a new economy, alternative to the existing one. In fact evidently it is necessary to rethink the present economic system in accordance to the principles of stability, fair sharing of resources and environmental protection.

The transition towards what Campiglio defines *good economy* happens if everybody, from the single citizens to the enterprises and institutions apply themselves to implement it. According to Campiglio (2012: 25), the transition towards this new economy means that the progressive interruption of quantitative growth needs to combine with a flourishing development of individuals and societies. «A big transition like this not only seems necessary because of the mounting pressure on the environmental limitations, but it can be desirable too» (Campiglio, 2012: 28).

The reconversion of the economy suggests the radical transformation of the production and consumption system. «It is advisable to rethink our production and consumption pattern from the point of view of a bigger sustainability» (Segrè, 2011: 57). This transformation aims at creating an economy at the service of the Planet and of people living on it.

The alternative economy has several different names and each name indicates one or more aspects: *solidarity economy*, *social economy*, *green economy*, *sustainable economy*, *ecological economy*. Campiglio sums up the required strategy with this label: *riteritorialization* (Campiglio, 2012: 129). According to this expert, the process is not a return to local economies that are closed to the exchanges and to the interactions with the external world. His theory focuses on *glocalization*: the rules of international economy must adhere to each region in accordance to its own features (Campiglio, 2012: 131).

In order to increase local value the *Gruppi di acquisto solidale* were born.

7.2. The 'Gruppi di acquisto solidale'

The GAS (Gruppo di acquisto solidale) is an excellent alternative to the critical consumption for people who cannot afford it. Some products are guaranteed against social and environmental damages but they are much too expensive for many citizens. For people finding it difficult to practice the critical consumption, the possibility to consume in respect of other people and nature still exists: a good solution is joining a *Gruppo di acquisto solidale*.

A GAS is a group of people coming to an agreement about the purchase of currently used products in order to redistribute them among the members belonging to the group itself. Products are bought directly from the producer, reducing their price compared to the normal trade chain: distribution's costs are cut down.

Solidarity is the leading criteria in choosing the goods:

- fair trade is promoted: the amount of work producers implement is recognized and rewarded
- the protection of the environment is promoted (energy wastage and long-distance transport polluting the air are reduced)
- local production is preferred.

The GAS are characterized by different motives and features, but they share some principles. They deeply criticize the prevailing production and consumption pattern and they try to find a rapidly feasible alternative way. Their goals are:

1. To buy healthy products
2. To pay attention to ethnicity when buying
3. To save money
4. To buy directly from the producer

These criteria are followed by every GAS and, as Gesualdi states (2000: 36), they assure advantages to the members of the GAS itself (biological products at a reasonable price), to the local community (to support employment and to enhance traditions) and even to the global community (to reduce pollution).

The first GAS was born in Italy (Fidenza, near Parma): fifty families organized themselves to buy biological products with a solidarity and reciprocal advantage aim. Based on this example other Gruppi di acquisto solidale were born and

decided to form a network to exchange information and experiences. The national GAS coordinator in Italy is the association known as CoCoRiCò.

7.3. The microcredit and the Grameen Bank

Microcredit is an asset that becomes valuable when building new alternative economies.

The idea came to Muhammad Yunus, a Professor of economics in the United States coming from eastern Bengal, later known as the State of Bangladesh. In 1983 he opened the *Grameen Bank*, a bank still lending money to deprived people and especially to destitute women in Bangladesh in order to help them to start a business assuring them an income.

In Bengali the word 'Grameen' means 'village', in fact the Grameen Bank is a bank differing from traditional banks which lend money exclusively to people who have funds. Grameen is a bank lending money to poor people in villages. Muhammad Yunus' project wants to give poor families the tools they need to get out of poverty. «The Grameen Bank does not distribute money or aids, it lends money to people who must pay it back by the gains of their work» (Yunus, 2010: 69). The 'poor people's banker', as Muhammad Yunus likes to be called, argues that the repayment with interests method is what makes the Grameen Bank a self-sufficient initiative.

While the conventional bank aims at material accumulation, the Grameen Bank handles with humans and their basic needs. «Microcredit was born exactly to protect people from usurers» (Yunus, 2010: 82). In fact the microcredit is a system of giving loans without an economic guaranty, capable of ensuring businesses a chance to take hold in order to assure poor people a sufficient income to get rid of poverty.

The Grameen Bank is not only a simple bank, it is also a strong social platform: the people that borrow money belong to a network which stands as a support and an encouragement and a practical aid when difficulties present themselves. Its aim is to deal together with all the steps from the starting of the business and its development, to the repayment of the loan.

Moreover, it is within the Grameen Bank program that the ‘sixteen decisions’ have been developed, a list of social and ethical engagements every adherent has to fulfill. These are:

1. Follow Grameen Bank’s principles (discipline, unity, courage and hard work)
2. Make your own family self sufficient
3. Repair your own houses
4. Grow and harvest food for sustenance and selling
5. Sow as much as possible when it is sowing time
6. Save and keep yourself healthy
7. Bring up your children and make them work to pay for their own education
8. Keep your children and your house clean
9. Build and use restrooms with a cesspit
10. Purify the water
11. Do not support the practice of the dowry in marriages
12. Do not do or put up with injustices
13. Invest better and in group
14. Help one another and help people in difficulties
15. Keep order
16. Participate together to social activities

Muhammad Yunus labeled the Grameen Bank initiative as a social business: economy in the service of society.

With the passing of time, the Grameen Bank developed and it adapted to the new generations’ needs. Microcredit has already reached 80% of the poor families in Bangladesh. This idea was born in the village of Jobra in Bangladesh and it is now spread worldwide: every nation has developed a program inspired to the microcredit initiative. Nevertheless the Grameen Bank operates only in Bangladesh, it does not have branches abroad. However there is a forum, the *Microcredit Summit Campaign*, where experts of microcredit from everywhere in the world exchange information, experiences and advice.

7.4. *The ethical finance*

Big northern credit institutions have spread and expanded worldwide. Their interests often do not integrate well with the interests of the productive reality in which they enter, because they prefer to invest in speculative operations without national borders.

An example is the so-called *tax haven*: firms adopting this practice are allowed to avoid paying income tax. Andrea Baranes (2009: 12) explains that these jurisdictions (among which are the Cayman isles) assure entrepreneurs the banking secrecy and the lack of transparency, allowing tax evasion and money recycling. This expert denounces offshore tax havens, stating they make the North of the world control global economy and trading. Therefore they «play an important part in the existing financial instability and in the financial crisis following one another and destabilizing the southern economies with clear advantages for ours» (Baranes, 2009: 13).

According to Campiglio (2012: 86) people have to reject speculative finance and invest in ethics and transparency. He proposes two ways that are complementary:

1. Spend one's savings within local finance (it is integrated in the productive reality of one's area)
2. Entrust one's savings to institutions investing in ethically or socially worthy activities

The Italian MAG is a positive example of institution developing the local area using savings and investments. «They are cooperative societies whose purpose is to accumulate social capital and using it to give loans» (Campiglio, 2012: 84). The MAGs finance initiatives belonging to the solidarity and sustainable economy. They intend to make the territory they are part of produce to the best of its ability and create a network of cooperation between companies, associations and consumers focused on mutual trust. The MAGs are often the only solidarity financial cooperatives disposed to invest in innovative and risky enterprises that are, in any case, potentially successful because of their yield and their social and environmental advantages.

An even more important example of financing institution based on a transparency and ethical creed is Banca Etica. It was founded in Italy in 1999 with the MAG's

contribution. This bank concedes loans to enterprises operating the following ideals: social cooperation, international cooperation, environment, culture and civil society. Every request of financial support is weighed upon the basis of the working conditions, the environment safeguard, the employment of disadvantaged workers and other non-economic variables (Campiglio, 2012: 87). Transparency leads every credit procedure. So what makes Banca Etica different from every other bank are these two principles: transparency and ethics.

A great step towards a bigger use of ethics in finance was taken with the Tobin Tax. This word comes from the name of James Tobin, Nobel prizewinner for economics, who, at the beginning of the 70's, proposed a tax for financial transactions. In the 90's this idea was reconsidered and it was spread by the no-global movement that did not tolerate uncurbed speculation. The Tobin Tax is important to stop ventures that do not work in accordance to ethical and transparency principles, and to prevent tax havens.

7.5. The responsible tourism

Tourism is very often lead irresponsibly, it destroying the environment and causing damage to the local populations. The supporters of the alternative economy can choose to travel responsibly. The responsible tourism presents a gamble, where the North and the South of the world need to collaborate, to create a partnership based on genuine relationships and on the responsibility of both parts. It is a form of tourism that is implemented in accordance to the principles of social and economic justice and safeguarding the environment and the local cultures. Responsible travelling acknowledges the key role of the host community and its right to be protagonist of the touristic sustainable development of its own territory.

Responsible tourism, also called sustainable tourism, privileges the human and cultural exchange with the local population. The experience of meeting and creation of fair and equal economic and decisional relations with local partners favour a revitalization of the host countries economies. In fact, the local populations take part actively to the planning and the organization of the journey; for that reason they feel protagonists of their touristic sector and they grow professionally and socially.

Local community participation is the hub of responsible tourism. Sustainable tourism addresses poor local communities living in regions of cultural or natural interest. These populations are quickly converted to promote alternative tourism and as a result they offer to tourists a good service and they show off their natural and cultural heritage. Locals require some (economic, social and environmental) conditions tourists must respect to visit their lands. Actually the exchange has to be advantageous for both partners: the visitors find a hospitable land and population and locals gain a material and human benefit. Moreover the environment is safeguarded. Therefore the responsible tourism is based on respect: respect for people and for the environment.

7.6. The green economy and the local economy

Nowadays the attention is more and more drawn on the green sector. The worldwide purpose is to free current economic systems from the non-renewable resources dependence, to control the shocks derived from a sharp change and to create jobs (Campiglio, 2012: 140).

The so-called *green economy* intends «to reorient the economic activity of the nations towards those sectors leading to an increase in the environmental and social sustainability of the system» (Campiglio, 2012: 143). The point is to transform the production and consumption system towards a sustainable one: the transition towards an energy system based on renewable sources and on a more efficient use of non-renewable resources is required.

According to Campiglio (2012: 142) the implementation of a green economy is useful for employment. Jobs would be relocated towards those sectors safeguarding the environment and the worker rights, while the sectors most polluting and highly consuming resources should reduce, or better cancel their activities. Thus, new jobs would be created and people, having lost their previous jobs, could find a new employment.

Green economy means, first and foremost, to invest in the renewable resources in the sectors of transports and agriculture. It is indispensable to promote less consuming and polluting means of transportation (such as public transport and the bicycle). In addition, more and more often people share their car or bicycle with

other people: this practice is called *car sharing* or *bike sharing*. As far as agriculture is concerned, huge quantities of water and energy are usually consumed, thus more efficient technologies need to be used and agricultural practices safeguarding the environment must be implemented.

Campiglio (2012: 148) states that energy is a vital issue to make the system more stable: the Green Economy responds to these needs as it employs renewable energy resources such as the Sun, the wind, the waves, the geothermic heat and the biomasses.

An alternative energy policy safeguarding the Planet's resources presents several common elements with the new food policy *Slow Food* supports. Carlo Petrini, the founder of Slow Food, argues that «the food policy must be based on the concept that the main life energy is food. If food is energy we must take note of the fact that the existing food production system is a failure» (Petrini, 2010: 190). According to the expert there exists the need to de-industrialize the food production (Petrini, 2010: 130). It means to keep food away from the industrial production system, which reduces it to a good, and to return it to farmers. Then, local communities need to be sustained. In Petrini's opinion to reintroduce the equilibrium in the relationship between humans and the nature implies to restore the *food sovereignty* (Petrini, 2010: 139). More specifically to ensure «the local economy turns the consumption into an active choice and it makes the consumers become co-producers» (Petrini, 2010: 142). The co-producers together with the producers defend local territory and they become the protagonists of the food policies.

The local economy is a sustainable economy too. In fact the production avoids using chemical substances (biological food) and intensively cultivating the soil and the products are transported for short distances and at a low carbon dioxide emission. Furthermore, the local economy safeguards the biodiversity: «the local production chooses first and foremost to cultivate plants and to breed animals indigenous to the area, where possible» (Petrini, 2010: 137), otherwise there is a chance for these plants and animals to become extinct. These species, adapted to the specific environmental conditions, are more resistant and they do not need an abuse of chemical substances to make them flourish.

7.7 A good economy

The green economy and the local economy, the GAS, the ethical finance and the microcredit, the responsible tourism are all different forms of an economy that is alternative to the existing economic pattern leading to a planetary imbalance.

The transition towards a *good economy* (Campiglio 2012) implies:

- a gradual change in order to reallocate the human resources towards the new jobs; a sharp transformation would be risky for the security of employment and, as a result, for social stability
- an expansion of awareness and participation of the public with the aim of implementing a mindful and radical change towards a more balanced lifestyle
- the transition from oil to soil concerning economy, politics and culture (Shiva, 2008: 6): it is the conversion of a globalized economy based on the fossil fuel into a network of local economies, rooted in soil and founded on renewable energy sources
- a change in the global market's rules towards a greater justice and consideration of the weakest.

A down to earth alternative to the unfair ruling economic system is the Fair Trade.

Part 3.

The experience of the fair trade

8. The history, the definition, and the principles

8.1. The need for a fair trade

An alarming conclusion emerges from the analysis of the current global economic system I conducted in the previous chapters: this system is unable to close the worldwide gap and, especially, is not capable to improve the life in the South of the world, rather it makes poor people's existence worse.

In this third part I will focus on the history of the fair trade movement, I will define its principles, I will analyze the players involved in the fair trade chain and, finally, I will explain in depth why, in the present day, the fair trade achieves the goal conventional market failed to reach.

According to Pedregal (2007: 89) the birth of the fair trade is based on four assumptions:

1. the Northern Official Development Assistance to the South is inefficient and it is often harmful
2. the current international trade works in accordance to neo-liberalism and it favours the rich countries
3. a global trade can potentially be a catalyst for the development of the South
4. responsible consumption will bring about a positive economic and social change

I will now examine each of the above premises.

Firstly, Pedregal rejects the Northern programs of assistance to the South because they address only poor countries that affect rich countries' geo-political or economic agendas and these aids do not meet the poor states' real needs. According to this sociologist, the Official Development Assistance would make recipient countries passive and dependent on the North. Pedregal (2007: 92) concludes that the South should be left free to choose its own development way. Fair trade represents an efficient alternative to the Official Development Assistance, because it overcomes the relation of dependence of the South on the North and institutes an equal human and trading partnership between the two.

Secondly, Pedregal (2007: 95) denounces the neo-liberalism ruling the global markets because it damages poor and weak countries. The current international

trading system concentrates profits in the rich North while offering few or no development opportunities to the Third World (as I explained in depth in chapter 1). The third premise fair trade is founded on is that international trade in itself can potentially benefit both the North and the South of the world. Pedregal (2007: 99) affirms that «a well run international trade could represent a real opportunity of economic growth for the Third World». According to the author, the fair trade movement itself supports the thesis that global trade can help underdeveloped states to rapidly develop (fair trade is based on export of products from the South to the North of the world). Actually fair trade proves to be a solution built exactly in accordance with the Southern needs: it protects the local people, safeguards the environment and defends human and workers rights. Fair trade follows two principles (Pedregal):

- effectiveness: it is shaped in accordance to Southern local needs
- fairness: it assures social justice and improves the wellbeing of the poorest and marginalized people.

The fourth and final premise concerns consumption. Responsible consumption requires not just simple consumers, but rather active consumers. They refuse conventional trade products and buy fair trade ones, thus they contribute to improve the life and work conditions of the producers. «The responsible consumption issue is omnipresent in the fair trade world» (Pedregal, 2007: 102).

To sum up: fair trade represents a real support to the South (as opposed to the Official Development Assistance), it assures an even economic and human benefit both to the South and to the North of the world, putting free market to good use (unlike the existing trading system). Finally, fair trade makes consumers in the North protagonist of the progress of the South. Here are the reasons why fair trade represents a good solution for closing the global economic gap between the rich North and the poor South.

8.2. The origin and the development of the concept

8.2.1. The religious roots: a solidarity trade

The term *fair trade* appeared in the recent past (Pedregal, 2007: 104). The origin of fair trade dates back to the years immediately following World War II.

The first impulse came from some U.S.A. catholic and protestant organizations in the second half of the 1940's. These organizations intended to build a human-faced economy and to assure ethical exchanges (Viganò, 2008: 31). In 1946 U.S.A. Mennonites founded *Ten Thousand Villages*, an organization importing embroidered fabrics directly from Puerto Rico. In 1958 they opened the first point of sale.

«Fair trade presented the idea, revolutionary at that time, to combine solidarity and trade, the worlds of international cooperation and lucrative enterprise. This is then called fair trade» (Pedregal, 2007: 105). At that same time the U.S.A. president Truman started the Marshall Plan for the post-war reconstruction of Europe and he coined the word *development*. Since its birth fair trade is connected to the U.S.A. development issue (Pedregal, 2007: 105).

Soon fair trade spread overseas with the aim of supporting development in the Third World. It occurred in the 1950's. The first European states promoting initiatives in southern producers' favour were Holland, Great Britain, Switzerland and Germany.

Holland was the first country to promote fair trade in Europe. In 1957, in Kerkrade, a juvenile group of the Dutch catholic party founded *SOS Wereldhandel* importing products from the Third World in order to sell them to the Northern consumers.

In 1984 the English humanitarian organization *Oxfam* (Oxford Committee for Famine Relief) started selling manufactured articles by Chinese refugees. Oxfam was inspired by religious aims: it meant to help disadvantaged people. «At that time the matter of justice in trade was deeply connected to the Christian morality» (Pedregal, 2007: 106).

8.2.2 *Third Worldism: an alternative trade*

In the 1960's the Third Worldism movement, which was born during the Afro-Asian conference in Bandung in 1955, took up a relevant role for the development of fair trade. According to Pedregal this movement has Christian and Marxist roots: its idea of equality of all humans in front of God who moves the strongest to help the weakest derives from Christianity, while its struggle against the exploitation of the poorest is close to the Marxist spirit.

Third Worldism condemns the imbalanced relation between the South and the North of the world and the marginalization of poor countries. Taking inspiration

from Third Worldism, «fair trade becomes politicized in the mid 1960's» (Pedregal, 2007: 108). Fair trade is no longer just assistance to poor people, now it represents the attempt to build a better world, economy and society out of capitalism. In the beginning it was called solidarity, in the 1960's it was renamed *alternative trade* (Pedregal, 2007: 108). In fact fair trade at that time goes parallel to liberal trade.

In 1964 Oxfam starts the first Alternative Trade Organization (ATO) that sells directly products coming from the South. That same year, at the UNCTAD (United Nation Conference on Trade and Development) conference in Geneva, underdeveloped countries denounce «the basically unfair nature of international trade for southern people» (Pedregal, 2007: 108). The slogan '*trade, not aid*' which was launched in that occasion, suggests that disadvantaged countries needed a support useful to open their local markets to international trade and they no longer required charity from industrialized countries. Alternative trade becomes a political act: it criticizes the 'charity business' (represented by the ineffective aids for development) and it aims to restore fairness between the North and the South of the world through trade. «The standpoint of alternative trade is no longer just to build an ethical trade, but also to fit in a fair world» (Pedregal, 2007: 108). According to Viganò (2008: 32) religion and Third Worldism caused the first import station and world-shops to be created in Europe. In 1967, in Holland, a *Fair Trade Organisatie*, used to import products, is established and in 1969 the first European World Shop is opened in Brekelen. Within the next two years 120 World Shops opened in Europe.

Pedregal (2007: 109) argues that the fair trade vision and practice spread later in Christian tradition countries. Christianity slows down its development because this religion hardly conciliates ethics and profit, unlike protestant culture that is more open and flexible in this sense. Therefore fair trade develops more rapidly in protestant countries like Holland, Switzerland, Great Britain, Germany and the U.S.A., while catholic nations adopt it much later; for example in France alternative trade starts only in 1974 when the first French World Shop opens in Paris. I shall stress that alternative trade at that time struggles politically to find a market for the producers that international trade marginalizes and only in the following decades it promotes the economic wellbeing of the producers themselves (Pedregal,

2007: 110). Until the 1980 fair trade is confined to a narrow market niche and few items are sold.

8.2.3. *A fair and certified trade*

In the 1980's fair trade products were officially certified for the first time. 1988 is the year when the trademark Max Havelaar is created in Holland. First and foremost Max Havelaar certifies one product: coffee (in fact the idea was devised in a cooperative of coffee producers in Mexico); afterwards other products such as tea, cocoa, sugar, honey, rice, pineapple, banana and mango were audited and certified. The certification process assures producers in the South and consumers in the North about the respect of some basic ethical principles (I will deal with them in section 8.5.). The new certified trade involves an increasing number of consumers: the purpose is to «popularize fair trade» (Pedregal, 2007: 112).

Fair trade is no longer a system living parallel to traditional trade, but it intends to rectify liberal trade while modifying it from the inside. In fact fair trade does not present an anti-liberal view, but rather its promoters believe that «responsible trade can create a fairer world» (Pedregal, 2007: 115).

During this phase the fair trade movement remains engaged in the social and political sphere bolstering «the hope that a development, a capitalism and a globalization everyone can benefit from are possible» (Pedregal, 2007: 113). The birth of the certification mark Max Havelaar and the subsequent beginning of fair trade are linked to the elaboration of the concept of sustainable development. This word appears in the fair trade official definition *Fine*, the global organization gathering all the fair trade organizations, formulated in 2001 (see section 8.4.).

Viganò (2008: 33) affirms that the legitimacy and institutionalization of fair trade occurred in the 1980's when the Brundtland Commission defined the sustainable development. The fair trade serves to promote a production and consumption pattern combining economic growth and the safeguard of the social and environmental equilibrium (that is exactly what the sustainable development pattern affirms). In this phase fair trade proves to be more and more attentive to assure the quality of the products and to improve the producers' ability to compete on the market (Viganò, 2008: 33). «The concept of sustainable development enables a connection among the following three dimensions to create a single issue:

economic efficiency, social equity and sustainable ecology» (Pedregal, 2007: 113). The public opinion is captured by the new paradigm of sustainable development and, as a consequence, fair trade becomes more and more popular and even more articles are sold.

To sum up: fair trade was born in a humanitarian and religious context with the moral aim of helping disadvantaged populations (1950's, solidarity trade); afterwards it endorses the Third Worldism' vision struggling against the capitalistic and liberal pattern and thus fair trade turns into a political movement (1960's and 1970's, alternative trade). Finally, the 80's inaugurate the current fair trade global movement aimed to support producers in the South of the world and their communities into the international trading system they are usually excluded from.

8.3. What is fair trade nowadays?

Fair trade, fundamentally, is a response to the failure of conventional trade to deliver sustainable livelihoods and development opportunities to people in the poorest countries of the world. «Poverty and hardship limit people's choices while the market tends to further marginalize and exclude them» (Wfto, 2012).

The fair trade movement intends to develop the potentialities of marginalized producers and to enter these same producers in the traditional market itself in accordance to fair trade principles. The main purpose is to guarantee the technical and financial support disadvantaged producers need to start and run their activities through an alternative approach to trade. The point is no longer buying goods produced in the South for charity, as in missionary fairs, but rather deliberately choosing products coming from a different trade and more respectful of producers than conventional trade.

Fair trade aims to introduce fairness into the international trading system: it promotes a market based on justice and sustainable development; these elements make people working in the fair trade chain live a decorous life. «The fair trade movement believes that trade can be a fundamental driver of poverty reduction» (Wfto, 2012). It connects the South of the world (where commodities are produced) to the North (where these goods are delivered, sold and consumed) in order to build a market and a world made of justice and dignity.

Many definitions of fair trade have been proposed. In 2001 all the international organizations of fair trade agreed on a new definition (Fine, 2001):

«Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South.

Fair Trade organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade».

In Italy the *Carta Italiana dei Criteri del Commercio Equo e Solidale*, written by the Assemblea Generale Italiana di Commercio equo e solidale (AGICES) defines fair trade as (Agices, 2005)

«an alternative to the conventional trade approach; it promotes social and economic justice, sustainable development, respect for people and the environment through trade, the growth of the awareness of consumers, education, information and political action. Fair Trade is an equal relation among all the people involved in the trading chain: from producers to consumers».

From a brief comparison between the above two definitions we can say that (Viganò, 2008: 13):

- both definitions point out the trading sphere
- the goal of equity (Fine) and justice (Agices) are evident in both the explanations
- the contribution of fair trade to sustainable development is clear in both cases
- both the definitions focus on the economic and cultural integration between

- the North (responsible consumers) and the South of the world (producers)
- the relationship between all the players involved in the chain is based on fairness ('a partnership based on dialogue, transparency and respect' in the definition by Fine and 'an equal relation' according to Agices)
- the two definitions stress the importance of the double role of fair trade organizations: their economic function ('trading partnership' in Fine's definition and 'alternative to conventional trade approach' and 'trading chain' in Carta Italiana dei Criteri) and political function ('Fair Trade organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade' in Fine's definition and 'promotes the growth of the awareness of consumers, education, information and political action' in Agices' definition).

8.4. The ten Wfto principles

Wfto (World Fair Trade Organization) elaborated 10 principles fair trade Organizations worldwide must follow and it watches that all these rules are respected through its own monitoring system. The principles of fair trade are (Wfto, 2011):

1. creating opportunities for economically disadvantaged producers

Poverty reduction achieved through trade is one of the main purposes of WFTO. The organization seeks to enable poor people to move from income insecurity to economic self-sufficiency and ownership.

2. transparency and accountability

WFTO is transparent in its management and commercial relations. It is also accountable to all its stakeholders and respects the confidentiality of the commercial information supplied. The organization involves its employees, members and producers in its decision-making processes and it ensures that relevant information is provided to all its trading partners.

3. fair trading practices

The organization trades with concern for the social, economic and environmental well-being of marginalized small producers and does not maximize profit at their expense. Suppliers respect contracts and deliver products on time and to the desired quality. Fair trade buyers, recognizing the financial disadvantages producers and suppliers face, give a pre-payment of at least 50% if requested. Buyers consult with suppliers before canceling orders. When orders are canceled through no fault of producers or suppliers, adequate compensation is guaranteed for work already done. Suppliers and producers discuss with buyers if there is a problem with delivery, and they ensure compensation is provided when delivered quality and quantities do not match those invoiced. The organization maintains long term relationships based on solidarity, trust and mutual respect. WFTO maintains excellent communication with its trading partners. The organization works cooperatively with the other Fair Trade organizations (Efta, News! and so on) and it avoids unfair competition. It also avoids duplicating the designs of patterns of other organizations without permission. Fair trade recognizes, promotes and protects the cultural identity and traditional skills of small producers as reflected in their craft designs, food products and other related services.

4. Payment at a Fair Price

A fair price for the goods is one that has been mutually agreed on by producers and buyers through dialogue and participation. It provides a fair pay to producers (a recompense accepted by producers themselves and by the ILO) and it is sustainable on the market. Where fair trade pricing structures exist, these are used as a minimum. A fair pay takes into account the principle of equal pay for equal work by women and men.

5. Ensuring no Child Labor nor Forced Labor

WFTO follows ILO laws for workers' rights. Any involvement of children in the

production of fair trade products is always monitored and it does not compromise the children's well-being, security, education and need for play.

6. Commitment to Non Discrimination, Gender Equity and Freedom of Association

The WFTO does not discriminate against people in the workplace. The organization provides equal job opportunities for women and men and it actively promotes applications from women for leadership positions in the organization. The organization respects the right of all employees to form and join trade unions and it enables means of independent and free association where they are restricted by the law or by politics.

7. Ensuring Good Working Conditions

The organization provides a safe and healthy workplace. Working hours and conditions for workers respect ILO conventions. WFTO seeks to raise awareness of health and safety issues in producers.

8. Providing Capacity Building

The organization develops the skills and capabilities of its workers or members. Organizations working directly with small producers help them to improve their management skills, production capabilities and access to markets. Organizations which buy fair trade products through fair trade intermediaries in the South assist them in supporting the small producers they work with.

9. Promoting Fair Trade

The organization raises awareness of the aim of fair trade: to introduce a greater justice in the world's trading system. WFTO provides its customers with information about itself, the products it markets, and the producers that harvest or make the products. Honest advertising and marketing techniques are always used.

10. Respect for the Environment

Organizations which produce fair trade products maximize the use of raw materials from sustainably managed sources. They buy locally when possible. They use production technologies that seek to reduce energy consumption and they employ renewable energy. Producers minimize the impact of their waste on the environment and they seek to avoid using pesticides in agriculture. A great amount of the food comes from organic farming and is always labeled as organic food. Buyers and importers of fair trade products prefer buying goods made or products cultivated in that way. All organizations use recycled or easily biodegradable materials for packaging, where possible.

9. The fair and responsible chain

9.1. A short chain

The fair trade chain is a short chain. This means that there is a direct connection between producers and consumers and that middlemen are reduced as far as possible. The complete absence of traditional intermediaries, or their presence in a context of fairness and solidarity, guarantees several advantages to marginalized producers, such as fair prices for products and an equal trading relationship with the distributors. This does not occur in the conventional system where producers are subject to multinational corporations whose decisions are often disadvantageous to small-scale producers.

The direct importation of goods guarantees traceability and transparency and also represents «a renewed interest in the roots of the fair trade being first and foremost a source of relations» (Viganò, 2008: 57).

In some cases direct importation occurs between producers and world-shops: these are personally responsible for the purchase of goods from the producers of the South and sell these products in their own points of sale. Moreover importer world-shops advise producers on the quality of the goods and consumers' preferences and they provide the technical support and the knowledge producers need to improve their production. Therefore the world-shops in the North of the world establish not just trading relations but also human and cooperative relationships with the producers living and working in the South (Viganò, 2008: 59). Furthermore personal relations enable a direct knowledge of the dynamics typical of the local communities of producers and they expand the contacts between these southern cultures and the northern consumers' ones. According to Viganò (2008: 59) these initiatives consolidate the active role of the involved world-shops in correcting the mechanism ruling the trading exchange between the North and the South of the world. Finally many world-shops start trading

relationships with countries and producers whose import stations cannot match their requests: they are small-scale producers who in some cases cannot provide the required quantity of goods, guarantee regular supplies and respect quality standards.

9.2. The players involved in the chain

9.2.1. The producers

The conventional market focuses on the market itself and on profit, on the contrary the heart of fair trade is the small and medium scale disadvantaged producer and his community (Di Sisto, 2011: 60). In fact the first of the ten principles WFTO established concerns marginalized producers and offers them opportunities of advancement. Generally the producers involved in the fair trade chain live and work in the South of the world: mainly in Africa, Latin America and Asia. During the last few years, the traditional distinction between producers from the poor South and importers of the rich North became of little significance because fair trading relationships have started both in the North (for example many western countries import goods produced in eastern Europe) and among countries of the South of the world (Viganò, 2008: 79).

Foodstuff is generally obtained in more developed productive realities such as in Latin America and to a lesser extent in Africa and Asia (rice, tea). Handcrafts comes mainly from Asia. To produce in Africa is very difficult, usually because the majority of the producers are small-scale and work in badly organized groups that do not have sufficient technological and trading knowledge; but these countries are doing their best to improve production in a fair and sustainable context (Viganò, 2008: 84).

Producers are small farmers or artisans associated in collective organizations and employees working for enterprises or farms in disadvantaged areas. Through fair trade they succeed in entering the international markets, they are paid a fair price for the goods they sell and very often importers anticipate payments (this avoids opportunity of a better future for their descendants. Producers commit themselves to rule their activities in a participative, democratic and transparent manner.

9.2.2. The traders

The traders are the second ring of the fair trade chain. They are importers or exporters handling the transfer of the goods from producer countries to consumer ones. Importers consists mainly of import stations. Generally, they are cooperatives that evolved in time becoming ever more professional and committed to economic, political and social activities (Viganò 2008: 85).

Some of them import single products, specific types of goods or products coming from a particular geographic area. On the other hand, the biggest stations import a wide range of goods produced worldwide. Fair chain products are usually sold in world-shops but more and more often these goods are also delivered through the traditional supermarkets or small conventional shops; moreover, nowadays, fair trade uses mail order selling or internet selling.

As regards to the kind of products, Viganò (2008) affirms that the range has become wider compared to the past. In the food sector, sellers sold only groceries (coffee, tea, cocoa, cane sugar) in the past, while today new products such as rice, legumes, dried mushrooms, are imported and sold. Moreover, nowadays, transformed products are traded too: the ingredients cultivated responding to the fair trade principles, come from the South and they are used in the North in order to prepare everyday food like pasta, biscuits, chocolate and so on. Sometimes this food is transformed in the South itself: for example Karkadè and camomile tea in Kenya and a few kinds of jam in Ecuador. The present fair trade chain also supplies fresh fruit (pineapple, banana). In the no-food sector, traditional handcrafts are sold as well as natural cosmetics and industrial goods (T-shirts, tablecloth, sheets); they are often completely produced in the South.

Import stations were born in the 1980's and now about 200 exist in Europe (Viganò, 2008: 87). A European historic import station (it was born in 1975) is the German *Gepa* whose sales are above any other European import station (49 million euros in the period 2006-2007) and represents the biggest European fair trade organization (these workers contracting debts to users) and finally they are taught the techniques indispensable for better production. This cooperation between the North and South of the world results in an improved lifestyle for

producers, their families and the local community they live in and last but not least, the

9.2.3. *The dealers*

The dealers are the organizations selling fair chain's products to consumers in the North of the world. In the beginning, these products were only sold in world-shops, nowadays they can also be found in supermarkets, small traditional shops and automatic and institutional catering.

In the 1970's the first world-shops opened with the aim of spreading fair trade products and principles; today there are about 2800 in Europe.

A world-shop is a place specialized in selling fair trade products and ruled by a non-profit organization. Actually world-shops are not only points of sale but also meeting points and places where people working in the fair trading system or just interested in it exchange information, experiences, advices. Alessandra Parravicini, a world-shop keeper and the president of *Il Chicco* in Pisa argued, in a interview in 2004, that «a world-shop is a fundamental place because it represents a public place of action (a political place) where people work to create new languages, where projects of political action are elaborated and where democratic decision processes are tested. The world-shop is a typically political subject because it fills the empty space current society imposes on people and it creates a new web of relationships, a precondition required for the political action». World-shops often took the juridical form of associations, although, with the passing of time, a transformation has occurred: many of them have become cooperatives. This change is a sign of the passage from a phase of commitment on social issues to a trading phase when selling products becomes more important (Viganò, 2008: 95).

World-shops are places ruled by volunteers and workers persuaded that fair trade contributes to build a fairer world and an economy based on transparency and equity. An element all world-shops share is the fundamental presence of voluntary service.

9.2.4. Consum'actors

Consumers of the products coming from the fair trade chain have an essential role in its survival and its expansion. Moreover the purchase of fair trade products turns a simple and everyday gesture into an act of responsibility. For a long time people chose food, textiles and materials without noxious substances just to safeguard their own health. Nowadays the awareness that keen-witted purchases are a good way to improve the global economic system is rapidly growing: ever more citizens inquire and consume responsibly (Sachs, Morosini, 2011: 396). In fact today many consumers know that firms are not the only ones responsible for damaging the environment and people' s health, on the contrary consumers themselves have much power and responsibility. Consumers can decide if and to what extent social and ecological harm is maintained or eliminated by choosing to buy or not to buy a product, and thus, consumers, together, can make a firm succeed or fail. People who are able to choose wisely contribute in safeguarding the Planet and promoting solidarity towards the most disadvantaged people (Sachs, Morosini, 2011: 395). Citizens who are attentive to equity and ecology are usually well-off people that have the financial means to buy products presenting a higher price (such as fair trade goods) compared to the price of similar goods on show in conventional supermarkets. Nevertheless many simple and traditionalist people live according to a frugal and sustainable lifestyle without explicitly declaring a will to do so. In both cases a 'strategic' consumption is practiced; it is useful to the consumer's welfare, indispensable to promote social justice and equity towards producers and it safeguards the Earth. Buying products with a Fairtrade certification is an initial step towards a sustainable consumption.

9.3. The certification system

At present we find two kinds of certifications in the Fair Trade context:

1. certification of the product
2. certification of the system

Certification marks of fair trade products were born in the late 1980's to make sales increase through conventional supermarkets (Viganò, 2008: 101). The first mark was created in Holland from the joint effort of the Dutch priest and farmer Francisco Van Der Hoff (committed to struggle against poverty together with coffee producers in Mexico) and Nico Rozen, a member of *Solidaridad*, the organization working for the development of South America. Van Der Hoff lived and worked close to Mexican farmers and very soon he realized that they were penalized by the international trading laws (the coffee they produced was underpaid) and led a very hard life. He saw the need to adopt a new method or system in order to guarantee coffee producers a decorous life and decent working conditions. Together with Rozen, Van Der Hoff created the mark *Max Havelaar* in 1988 (Viganò, 2008: 102).

Max Havelaar is the name of a character of a famous novel by the writer and officer of the Dutch government of the XIX century Eduard Douwes Dekker; he denounced the exploitation of Indonesian coffee producers during colonialism. So the trademark is an evident reference to the struggle Van Der Hoff and Rozen conducted to build a fair trade assuring dignity and justice to marginalized producers. The coffee produced in the *Uciri* Mexican cooperative where Francisco worked was the first product to be certified Max Havelaar. This coffee was imported by the Dutch organization *Van Weely* and it was sold in world-shops. As the mark Max Havelaar established itself firstly in Switzerland (where it entered the traditional supermarkets Coop and Migro) and then in Belgium, Denmark, France and Norway, the range of certified products available on the market widened (tea, chocolate, cocoa). After Max Havelaar, other non-profit organizations, having national certification marks for fair trade products, developed in Europe and North America. Later the various national marks were grouped together in the single mark *Fairtrade* to facilitate consumers in identifying fair trade products (Viganò, 2008: 102). In 1997 FLO was created: it is an organization which consists of 23 sub-organizations in 58 countries of the world and which deals with the certification of fair trade products. It especially:

- develops and checks the international standards for products
- assists producers during the certification process

- gives “ microcredit”

Nowadays national certification systems allow organizations which enter the fair trade chain and which respect the criteria Flo fixed, to use the trade mark. Actually the certification process is brought about by an independent society, *Flo-cert*, promoted by Fairtrade International. Flo-cert receives the applications, it audits the organizations’ activity and controls that the applicants respect the standards. People who are authorized to use the Fairtrade mark on finished products are called license holders.

Anyway, not all fair trade products have the mark Fairtrade on their label because many importers do not use the Flo certification system. Many fair trade organizations simply adhere to WFTO (World Fair Trade Organization). Here is the certification of the system: WFTO fixed the criteria (the 10 principles I showed in chapter 8) these organizations must respect to be members of the WFTO itself. This federation, later, also checks the conduct of the certified subjects. WFTO members are involved in the technical assistance to producers and in campaigns to raise public and institutions awareness intent on changing the current trading system (Di Sisto, 2011: 125).

9.4. International organizations of fair trade

The various cooperatives and associations involved in the fair trade chain are supported by some international and European organizations which coordinate them and back them in their activities and in their relationships with the institutions and society. In the 1990’s four organizations committed to doing this were born. They are:

EFTA

NEWS!

IFAT

FLO

I will take them into consideration one by one.

EFTA (European Fair Trade Association) is the European federation of fair trade; it was established in 1990 and nowadays its head office is in Maastricht. It coordinates the biggest fair chain importers in Europe. It consists of 12 import stations in 9 European countries (Pedregal, 2007: 157). Its functions are:

- to facilitate the communication among its members through a network of relationships and information
- to assist producers in their work and to organize the *Fairdata*, a database that contains information concerning producers and their products
- to inspect the organizations that do not have the WFTO certification and to check that they respect the general fair trading standards
- to campaign to make European institutions aware of the ever more pressing need of a sustainable development

NEWS! (Network of European World-shops) was established in 1994 in Mainz (Germany) and it coordinates the national associations of world-shops (more than 2500 world-shops) in 11 European countries, it facilitates the exchanges among its members and writes informative leaflets that are then available in world-shops both for volunteers and consumers. To this end *NEWS!* spreads periodically a letter of information about the current initiatives: the *NEWSletter*. Finally it organizes the yearly conference of European world-shops (*European World-shops Day*) celebrated since 1996 and aimed to draw consumers' attention to issues concerning fair trade.

IFAT (International Federation for Alternative Trade) was born in 1989 and it is the only organization which brings together producers, coordination organizations in Europe, North America and Japan, and importers. Today it consists of 270 members worldwide. «Ifat is a democratic organization where each person has a right to vote» (Viganò, 2008: 107). Moreover its main feature is that two thirds of its members are producers of the Third World (Pedregal, 2007: 158); in fact the first purpose of Ifat is to foster a dialogue based on equality between the North and the South of the world and to encourage the active role of countries other international organizations marginalize because of their economic weakness (This is what happens in the WTO). «Ifat is the only one federation of fair trade organizations representing the fair trade itself both in the North and in

the South» (Pedregal, 2007: 158). In the specific instance Ifat carries out the following functions:

- it defines the international standards for the fair trading organizations and gives them the trade mark FTO
- it provides professional advice to producers; moreover it introduces them to the markets and facilitates trading relations among them and with importers
- it is a platform used to promote the knowledge of fair trading principles on a global scale
- it presents data and information about the progress of the fair trade system in the international markets
- it puts goods on show online
- it organizes yearly the *World Fair Trade Day* and it launched the *Global Journey* in 2004 in Mumbai during the World Social Forum (this event ended in 2007 in Brussels; during these 3 years various initiatives were promoted in 47 countries of the Third World by local politicians and members of the fair trade movement and aimed at spreading alternative trading principles).

EFTA and NEWS! belongs to IFAT.

FLO was founded in 1997 in Bonn and it carries out the certification of fair trade products as I explained in the sub-chapter 9.3.

The international organizations Efta, News!, Ifat and Flo are all grouped in the bigger organization FINE. «Fine aims to gather fair trade players on a global scale harmonizing the standards for products certification, coordinating the mechanism of support and control over southern organizations and establishing the right actions with governments» (Pedregal, 2007: 159). Within Fine, Flo is the most powerful organization: it always has direct information about the conditions of consumption in the North of the world.

10. Fair trade in Europe.

Italy and France: a brief comparison

10.1. Premise

Each national fair trade reality has its specific features even though all of them respect the fundamental criteria fixed by the World Fair Trade Organization.

Moreover, as regards to Europe, fair trade activities started earlier in central and Northern countries than in the Mediterranean states. This probably depended on their different cultures and religions: Protestantism (spread in the North) is more open to novelties while Catholicism (typical of the South) is rooted in traditions. In fact in Italy where the Catholic Church is firmly established and is still the residence of the Pope, fair trade movements developed later (in the 80's) compared to other European countries (in the 60's in Holland and in the 70's in France).

10.2 Common origins: the trading relation with Bangladesh

As I explained above, fair trade spread earlier in France and then, a few years later, in Italy; in both countries this experience was rooted in solidarity initiatives towards the population of Bangladesh.

In the *Hexagon* the fair trade movement was born through the action of the *Union des Comités de Jumelage Coopération* bringing aid to the victims of a terrible flood that occurred in Bangladesh in the beginning of the 70's. This French organization answered the call launched by Abbè Pierre for this country and began to sell handcrafts made by the Bengali people. In 1974 the first *Boutique Artisans du Monde* was opened in Paris selling these products (Pedregal, 2007: 110).

In Italy it was the cooperative Sir John in Morbegno (Sondrio) that started the

first activity following the current fair trade principles. Missionaries ruling the cooperative since 1976 began, in 1979, selling juta handcrafts made in Bangladesh; but the first Italian real world shop opened a year later in Bressanone and it was named *Dritte Welt Länden*; at first it sold products stored in the Austrian import station *EZA* (Di Sisto, 2011: 52).

The first French import station (1984) and the Italian one (1988) were born within a few years of each other. I shall explain how this happened through a brief overview on both cases.

In 1981 the local associations of *Artisans du Monde* which were to be found everywhere in France united in the *Fédération Artisans du Monde*. In the beginning, each world-shop developed personal trading relationships with the producers; as exchanges increased, the need to open an import station of the federation became stronger: *Solidar'monde* was founded in 1984.

In 1988 the first Italian import station of fair trade products was born in the North of Italy, in Bolzano: it is *CTM (Cooperativa terzo mondo)*. It is currently named *Ctm Altromercato*. Nowadays this consortium represents the biggest Italian import station and the second on the global scale (Viganò, 2008: 89).

10.3. Specialization and certification

10.3.1 The two fair trade trends

The global fair trade movement presents two big trends: specialization and certification. The first sphere is formed by the players importing and selling products: import stations and world shops. They promote an alternative trade parallel to the conventional one. The operators of the certification sphere on the other hand work with *for profit*-companies, such as supermarkets, where fair trade goods are sold. Certification bodies define the standards these products should respect. These organizations intend to control, or rather reform, conventional markets (Pedregal, 2007: 120).

Specialization is the original form of fair trade and the trading relationships it established between the South and the North of the world are simpler (they are founded on trust and self-assessment). The certification trend was born later, in the 80's, and it provides more advanced relationships (based on contracts and a

rigorous control system). Furthermore the specialization sphere promotes fair trade as a social and political movement leading to the development of the South of the world, while auditors are technicians operating in the economic sphere in order to increase the selling of fair trade goods.

Since the year 2000 the dichotomy strengthened in Europe where:

- the North and centre developed the certification sphere,
- the specialization sphere spread in the Mediterranean countries.

For example nowadays in France, considered a central European country, selling certified products in the big distribution is preferred while Italy, a typical Mediterranean country, is still bound to world shops.

10.3.2. Artisans du monde and Max Havelaar France

Actually France is an example of a country where both trends coexist and each of them has a strong identity, thus this coexistence is often animated by lively debates (for example about selling fair trade products in world shops only or in supermarkets too).

In France the specialization sphere is mainly represented by the *Fédération Artisans du Monde*, the certification one by *Max Havelaar France*.

The *Fédération Artisans du Monde* sells fair trade goods and it promotes the movement in alternative shops, that is in French world shops: the *Magasins du monde*. Political effort is another typical feature of this organization. The federation does lobbying on international trading organizations (such as the WTO) and on governments in order to encourage the economic development of poor and marginalized countries. Moreover it is fighting for the right of UNCTAD (United Nations Conference on Trade and Development) to regulate North-South relationships. The federation «wants the latter not to be considered exclusively an organization pro-poor states, whereas decisions are taken by the WTO, by and in favour of the richest countries» (Pedregal, 2007: 122).

A further strength of the *Fédération Artisans du monde* is the high number of volunteers working for it: «it is animated mainly by volunteers, most of them are

well-off people and they prove to be sympathetic to the catholic principles founding the organization» (Pedregal, 2007: 124).

Max Havelaar France was created in 1992 and it is the national organization certifying fair trade products sold in France. Therefore it applies a trading strategy whose purpose is to increase sales especially in supermarkets and to change the multinational corporations system. Mounting sales is not an end in itself, it also has a wide influence on political institutions (Pedregal, 2007: 131). The French certification process is under the authority of the international organization *FLO*, like all other national guarantee systems, the Italian one included. Fair trade products that are sold in France and certified by Flo present the logo *Max Havelaar France*. In Italy the certification system provides the trademark *Fairtrade Transfair*. Max Havelaar France is the French branch of Max Havelaar founded in Holland in 1988. Max Havelaar neither buys nor sells products, but, rather, it certifies fair trade goods that are successively sold especially in the great distribution, thus it creates new opportunity for producers in the South of the world.

Generally, people working for Max Havelaar France are young salaried employees who are not necessarily fair trade activists. Volunteers are present too but they are a minority (Pedregal, 2007: 132). People working in the certification sphere believe that their action is compatible with the specialization players' one. The latter do not share the same belief. According to the *Fédération Artisans du monde* fair trade goods should be sold in world shops only.

10.3.3. Italian fair trade players

The main players involved in the Italian fair trade chain are:

- Agices
- Assobdm
- Ctm Altromercato
- Fairtrade Transfair Italia

I shall describe these organizations one by one.

Agices (Assemblea Generale Italiana di Commercio Equosolidale) is the association of Italian fair trade organizations; it is the official representative of its members in the country: they are *not-for profit* organizations and world-shops promoting products and principles of a fair economy.

In 1999 the *Carta Italiana dei Criteri del Commercio Equo e Solidale* was published: it defines the Italian fair trade movement and regulates the action of the players involved in it. *Agices* was born in 2003 and it is the depositary of this document. This organization controls that its members respect the principles written in the *Carta dei Criteri*. Moreover the association has a register including all the organizations following these criteria. «*Agices* offers its members a guarantee system that has no equal in the world: different organizations (world-shops and importers) gave themselves a protection system so as to guarantee that the criteria contained in the *Carta dei Criteri* are respected» (*Agices*). In 2009, the *Agices* guarantee system received the certification of conformity by ICEA (Istituto di Certificazione Etica e Ambientale).

Under the 2012 *Agices* Report, the organization consists of 90 members in 15 Italian regions; its world-shops are 247.

Assobdm (Associazione botteghe del mondo) was born in 1991 in Reggio Emilia and «it intends to coordinate already existing fair trade cooperatives, world-shops and associations and favour the birth of new ones» (*Assobdm*, 2006) . This association wants to expand the awareness on matters concerning the relation North-South. Moreover it «safeguards the specificity of world-shops as preferred channels to spread fair trade patterns» (*Assobdm*, 2006).

In addition to world-shops, *Assobdm* focuses its efforts on information and educational activities on fair trade (for example it organizes the international camp *Tuttunaltrocampo* and the travelling fair *Tuttunaltracosa*). *Assobdm* consists of 60 non-profit organizations, including 150 world-shops.

The consortium *Ctm Altromercato* is the biggest Italian fair trade organization. It deals with the promotion of the fair trade movement to guarantee that a greater fairness lead international economic relationships, rules and practices (*Altromercato*). Nowadays 124 organizations are its associates and they rule 300 *altromercato* world shops in Italy and 3 abroad. About 100 people work in the consortium head offices in Bolzano and Verona, 400 people are the employees in

the world-shops and about 6000 volunteers work there (Altromercato).

Fairtrade Italia is a non-lucrative consortium made up of organizations operating in these fields: international cooperation, solidarity, ethical finance, protection of the environment and fair trade (Fairtrade Italia). This consortium issues a license allowing the use of the trademark Fairtrade on products to Italian organizations applying for it and respecting the fair trade principles. Once the license is obtained, these societies are authorized to put the Fairtrade logo on the products they sell. Moreover Fairtrade Italia controls that contracts are respected. It also organizes awareness and information campaigns. Fairtrade Italia belongs to *Fairtrade Labelling Organization International*, the international federation defining the standards that are successively certified by Flo-cert, an independent body. «The consortium Fairtrade deals exclusively with product certification, not with selling or distribution» (Fairtrade Italia). It guarantees a fair and steady price to producers for their goods (Fairtrade Minimum Price) and a monetary premium to invest in local self-development projects (Fairtrade Premium).

10.4. *Fair trade' numbers*

In 2009 in Italy (the data are taken from Di Sisto, 2011: 31):

- 100 million euros of sale
- more than 500 world-shops (270 Agices' associates and 350 Ctm Altromercato' members)
- 1 upon 3 Italians bought fair trade products
- 150 organizations of the South Ctm had trading relationships with them
- about 1000 employees and 5000 volunteers

In 2008 in France (Artisans du monde):

- 300 million euros of sale
- 2/3 of the sales occurred in the great distribution

- more than 160 world-shops are members of the *Fédération Artisans du Monde*
- 98 % of the French people know about Fair Trade
- 124 producer organizations in 43 countries trades with the federation (2007)
- 85 employees and about 5000 volunteers work in this network (2007)

10.5. An Italian world-shop and a French one

A typical Italian world-shop and a French one are different in some features, even though they both promote fair trade. I now present an overview of how they appear to visitors.

An Italian interested customer of fair trade, entering a French world-shop is soon impressed by the restricted assortment of foodstuffs on show: for example he finds few types of coffee, chocolate bars and biscuits. The same visitor will be fascinated by the wide range of costume jewellery and articles of clothing displayed in the shop windows. This is probably due to the following reason: *Solidar'monde*, the main French import station, prefers handcrafts and clothing (Pedegal, 2007: 123).

On the contrary an Italian world-shop presents a wide variety of foodstuffs (many different types of coffee, tea, jam, honey and chocolate). The famous Italian 'coffee culture' contributes to make this drink available in a large range of differing qualities which exist in the Italian fair trade chain too. Clothing shelves are generally less stocked: there are few articles, perhaps only a few coloured T-shirts. A common element to both these realities is the presence of traditional handcrafts like vases, statuettes, crockery and textiles (tablecloths, sheets and curtains).

Finally a wide selection of books and informative materials about fair trade, critical consumption and North-South relations is present in French world-shops. This is confirmed by the data the *Fédération Artisans du monde* presents: almost 100% of the French people has heard about fair trade.

11. What is at stake?

11.1. WTO and WFTO

In a globalized world, like the one we all live in, there is a need for the international trading system to operate for the common good. Unfortunately this does not happen. The organization fixing the laws to regulate transnational trades (it is the WTO since 1995) is not able to guarantee the rule of fairness in global economy. Moreover the WTO lays down the laws in fields other than the economic one, such as human and workers rights and environmental protection (Crbm/Manitese, 2006: 23); this organization is now well-known as a promoter of economic strategies benefitting rich and powerful countries at the risk of the global environment and society (Wallach and Sforza, 2000: 16).

According to Sachs and Morosini (2011: 352), Northern countries, such as USA, Europe and Japan, adopt a “2 weights, 2 measures” trading policy: these states want poor countries’ trade to be a free trade while they implement protectionism at home; and «they promise, with a certain hypocrisy, opportunities of development and welfare for all and less poverty». The free trade strategy of the WTO assures subjects offering lower prices to impose themselves on the market and, as a consequence, weaker producers are deprived of their trading opportunities and condemned to starve; «This trend is evident in agricultural products trade. In several countries of the South, low-price importation of foodstuffs has cancelled national agricultural and livestock productions leading many farmers into ruin» (Sachs and Morosini, 2011: 353).

In the WTO another questionable rule exists. It is the rule of the “like products” which means that products of the same type produced with different production processes cannot be discriminated; this entails, for example, that goods made by children are traded as well as others which were produced respecting human

rights. Therefore if WTO rules are not changed, companies will tend to move the production more and more often in countries where raw materials, prices, wages, environmental, social and health standards are very low. In addition, the global market ruled by the WTO allows both economically powerful and weaker countries to trade following the same rules; WTO rules benefit rich and strong states because it is they who decide which are the right rules.

Marginalized countries should, at the start, be treated in a special way as regards to their trading system, allowing them to catch up with the more powerful states to allow fair trading competition; now the same rules are applied to every country (Sachs and Morosini, 2011: 357). Implementing policies aiming at fairness is required in order to close the gap existing between the North and the South of the World.

Finally, the WTO lacks transparency and democracy. In fact, decisions are usually taken behind closed doors and favour more powerful countries disregarding the interests of others. According to Sachs and Morosini (2011: 368) society is not informed enough on the effects of the trading strategies WTO implements and does not have a say in it. In some cases the weakest suffer the harmful consequences of the WTO agreements and, at the same time, the strongest benefit from the advantages. The WTO decision processes should become more transparent and easy to understand for all of society (Bosio, 2001: 46); moreover they should be more democratic in order to allow people who are potentially involved in the projects to express their opinions; finally these opinions should be attentively considered.

The international movement of fair trade gives a valuable lesson to the WTO. In fact the WFTO promotes a fair, transparent, democratic and sustainable chain of production-distribution-sale and at the same time it supplies quality goods at a fair price.

11.2. A fairer and ecological global trade

From the above, it appears that the WTO does not possess the necessary requisites to be the regulator of the global trading system. The criteria it is based on should be revised or, more simply, the WTO should give its place to a new

organization capable of promoting the global common good through trade (Sachs, Morosini, 2011: 358). A fair, equitable and ecological global trade organization should have these priorities:

-to respect human rights ruled by the UN

-to safeguard labour laws of the ILO

-to follow environmental standards fixed by international agreements

Moreover, «in a closely related world all foreign economic policies should turn into one global economic policy» (Sachs, Morosini, 2011: 364). In fact, as I explained in chapter 1, globalization implies that local events influence the entire world, and as a consequence, decisions that are taken locally should consider their global repercussions. This regards especially the international trading system. The WTO implements policies that do not follow fairness and ecologic standards on a global scale. It does this in the name of free trade carried to extremes: international trade has to yield profits ever higher to the North at the expense of the quality of life in the South, WTO implements one-sided policies.

A sustainable economy should blend the income growth with respect of social and environmental global standards. This could happen through the intervention of political institutions in the market and the economy itself. Several experts claim that politics, as guardian of the common good, should control economic operations and, if needed, should also regulate a distorted economy. Latouche (2003: 205) states that «we shall always seek a fair exchange, that is economies and markets ruled by the social and political spheres». Unfortunately political institutions do not often manage to solve problems the current economic system has created. For example politics and international organizations failed in several states of the South: funds supplied were not used to build the infrastructures these countries needed nor to improve the capabilities of local leaders. If the official development assistance worked properly, undeveloped countries could benefit from the advantages globalization offers them.

When conventional markets and political systems fail, fair trade can be an excellent solution to implement a socially and environmentally sustainable development. According to Viganò (2008: 73) fair trade is a corrector, that is: «it is capable to prove the possibility to build sustainable alternatives both in an

economic and social perspectives»; in fact fair trade shares the benefits derived from the exchanges in a fairer way compared to conventional markets and it has positive economic but also social repercussions, especially on producers. In fact producers are paid a fair price, able to satisfy their needs and to meet the requirements of new production processes. On the contrary within the conventional market system the wages of people working for multinational corporations are lower than the minimum fixed by the ILO. Besides fair price, fair trading system provides the Fair Trade Premium. It is a fixed amount of money producers receive by traders. There are obligations: it cannot be distributed among the producers, but it must be used for shared projects of local self-development. Producers decide democratically which projects to carry out. Therefore fair trade transfers a surplus of wealth to producers of the South; in this way they can start a sustainable self-development the traditional cooperation cannot guarantee them (Viganò, 2008: 75). Finally, in the fair trade chain environmental laws are respected; moreover biological productions are preferred. So fair trade guarantees a more sustainable market: fairness and ecology are its hallmarks.

11.3. Strengths and critical points

The current fair trade movement presents many virtues but also a few critical points. I will now examine them by a swift observation of fair trade as it is today. Here are some data that clarify the reach of fair trade in the world at present (Di Sisto, 2011: 31):

- 1 million people working for it
- more than 3,000 production organizations
- 50 countries of the South involved (in Africa, Asia and Latin America)
- 4 billion euros is the estimated sale in 2009; 3,4 billion euros of sale of products certified by Flo that same year
- 7 million people benefit indirectly from fair trade

Despite these big numbers fair trade represents 1% of global trade. So we have a long way to go to guarantee fairness in the market.

Nevertheless, nowadays, many countries of the South produce goods within the fair trade chain and these same products are sold in several countries in the North. This widespread distribution of the fair trade movement in the world depends on its main features which are:

- a fair price paid to producers
- lasting, democratic and transparent relationships between importers of the North and producers of the South
- it combines trade and social justice

First and foremost fair trade represents a tangible alternative for sustainable development, especially of the South. The challenge it aims to win is to change the market from within using the mechanisms of the market itself. Price, working conditions and relations are the pivots of the market fair trade movement intends to set right in accordance to these two principles: justice and dignity. By offering just payment to producers the fair trading system guarantees the opportunity to participate in international markets: being paid a fair wage allows them to produce in a continuing way over the years and, as a consequence, to gain enough money to build the structures and to buy the machines required in order to increase production and compete on international markets. Moreover the fair trading relations the North started with the South guarantee these producers a kind of protection from the disadvantageous rules imposed by the WTO and its extreme liberalization. In fact fair trade re-conciliates the trading practice with the principle of social justice both in theory and in practice.

A further strength of the fair trade movement is that it operates in both the economic and the social fields so as to build a fairer market. Both dimensions, the economic one and the social one, have to be present and work together. «To acquire professional skills and to pay attention to the market's dynamics does not necessarily mean bending to its logic» (Di Sisto, 2011: 129). Nevertheless according to Viganò, Glorio, Villa (2008: 41) «fair trade organizations are progressively opening towards market oriented strategies», that is they tend to put on the market goods that meet consumers' demands (as regards to utility and

quality). So the fair trade chain initiatives aimed at improving the quality of products are increasing. The risk the fair trade movement is facing, is becoming too much of a market and not enough of a social movement. Anyway these words by Donata Frigerio, the secretary of Assobdm (the Italian world-shops association) reassures us. She states: «we want to preserve the global fair trade message intact, so that it is not reduced to a commercial enterprise and it keeps the original idea of social justice for everybody» (Di Sisto, 2011: 106). Therefore the clearest contradiction of the fair trade movement (to combine trade and solidarity) is also its strength. The positive outcomes fair trade has reached in the South up until now (as regards to improvement of the quality of life and work) makes us understand how fair trade is capable of overcoming the paradox even an inexperienced person can perceive at a glance.

Another strength the global fair trade movement presents is the activity of advocacy in town squares, schools and world-shops and the lobbying with the political institutions its operators are busy with worldwide. This social-cultural effort can clearly be seen in the initiatives of information and on the efforts bent on awakening the public on fair trade and matters close to it (such as peace, human rights, safeguard of the environment); these initiatives consist of festivals and shows or lessons in schools taught by expert educators.

In addition, there exists a specific form of advocacy within the movement itself and it aims to increase the awakening of operators in the North and producers in the South upon issues like development, sustainability and certification marks (Viganò, Glorio, Villa, 2008: 52); training and guidance courses are also used for this purpose. To promote fair trade and the issues related to it implies to write and spread informative leaflets in world-shops too.

«Lobbying with public authorities to acknowledge fair trade as a form of cooperation to increase and spread development, is fundamental at present» (Viganò, 2008: 130). The advocacy addressed towards political institutions contributed in the last few years to get fair trade known as a tool to implement a sustainable development and to assign it a basic role in increasing the awareness of consumers on the existing relations between the North and the South. In Europe the following results were achieved (Viganò, 2008: 130):

- Resolution A3-0373/1993 of January 19, 1994. The European Parliament asked the European Community and its members to consider fair trade as form of cooperation to development and to finance fair trade organizations
- Resolution A4-198/ 1998 of July 2, 1998. It welcomes initiatives related to fair trade certification marks
- European Paper on fair trade (1999). It defines fair trade (as trading relations and practices contributing to close the gap between developed countries and developing ones and facilitating the entry of these last in the global economy), points out its basic principles and devises policies aimed at integrating fair trade in UE development policies.
- Resolution of July 7, 2006. The European Parliament invites the European Union institutions to promote fair trade as an efficient tool to achieve the Millennium Development Goals and to increase consumers awareness as regards to sustainable and ethical trading relations between the North and the South of the world.

In 2004 a special fair trade office was opened in Brussels: here advocacy and lobbying actions are prepared.

A further strength of the fair trade movement is that it is the expression of society (Viganò, 2008: 53). In fact consumers have a pivotal role in the chain: just by buying fair trade goods they contribute to the sustainable development of the South. From this analysis of the problems fair trade is facing we can see that this movement finds it difficult to get expert volunteers. Several people that are available to work in world-shops as volunteers often do not know the dynamics regulating activities in world-shops themselves. In other cases the participation of volunteers is not constant and when a world-shop meeting is organized many volunteers are absent, even if it represents the only opportunity for all the people working in the world-shop to meet. Nevertheless it would be economically difficult to pay more workers; furthermore the global fair trade movement is founded on volunteer service and on the contribution of people moved by solidarity rather than profit.

11.4. Future challenges and prospects

Data by Fairtrade International record a growth in the participation of producers, in the numbers of people working in the fair trade movement and in the sales (Fairtrade Italia, July/August 2012: 12). On the whole fair trade enjoys good health, in spite of the heavy current crisis of western economy. Nevertheless fair trade shall face several more challenges in order to really establish itself globally and drive out the traditional economy that is responsible, in its extreme trends, of much damage to society and the environment we see all around us. This is what is at stake, now it is necessary to find the best way to achieve the set goals. The main challenge global fair trade needs to overcome to fill as soon as possible the gaps hampering its growth are:

- ❖ to train volunteers and to give them a minimum compensation for their service
- ❖ to aim at political support and manage to bring about practical results in favour of fair trade
- ❖ to guarantee a bigger financial stability to fair trade organizations
- ❖ to deepen trading and human South-South relations
- ❖ to strengthen the spread of cultures and the practice of cultivations that are environmentally sustainable (this is a guarantee of a liveable future on Earth).

The first challenge requires the fair trade movement to educate volunteers with knowledge about fair trade, its principles, how it works on a global scale, but especially about the specific organization these people work in and its real needs. Through an increase in knowledge and specialization on particular competences, volunteers could be more useful than they already are to promote fair trade. In this way volunteers would also be more motivated in their work; as a consequence they could easily conciliate their readiness to help with the requirements of the world-shop they work in. Several interviews prove that a motivated volunteer

works better and very enthusiastically leading other volunteers to commit on a similar level.

During the current economic crisis many people do not choose volunteer work, they prefer exhausting jobs they are not suitable for in return for minimum wages. So I think a symbolic compensation for their service is a necessity. This concern responds to social justice, a basic principle of fair trade: to pay a fair price to producers in the South implies that volunteers operating in the North for poor countries' development are remunerated. Anyway volunteers feel a great satisfaction in their work and the personal human, social and professional growth, in a sense, compensates the absence of wages world-shops cannot guarantee them.

Secondly the fair trade movement should involve the institutions as much as possible with their concerns. Through a real cooperation between a responsible economy and political systems it could be possible to introduce laws enabling fair and just trading relationships among countries. Fair trade should do its best to open the niche it created, to spread ever more and progressively to replace the unfair conventional trade. In this process the political system would be the arbitrator: prof. Becchetti states that «a market without game rules does not exist» (Fairtrade Italia, July/August 2012: 9). Through down-to-earth actions (such as public spending in accordance with sustainability, automatic and institutional catering with fair trade products) the political system could influence citizens in their purchases.

The third challenge fair trade should rise to at the present is to consolidate the financial stability of many small and medium-scale organizations that are at risk of closing down (as it happened in 2009 to Commercio Alternativo in Ferrara and Roba dell'Altro Mondo in Rapallo, Italy). Finance is very important to expand both trading and promotional activities.

Therefore fair trade will have to strengthen existing solidarity networks and create new ones among countries of the South. The frontier of a fair trade South-South shall move forward to guarantee the self-development fair trade intends to achieve in underdeveloped countries. Through selling the products coming from the South in local points of sale it could be easy to develop a subsistence economy in the South. In this way poor populations would become self-sufficient

and they could choose whether to export surplus produce abroad or store it in case of an emergency caused by extreme natural events or financial crisis. Veronique Venderlain, a Belgian woman working for a Fairtrade projects in Nairobi states: «a long-term growth in Africa can be achieved only if a sustainable local consumption is present everywhere in this continent» (Fairtrade Italia, July/August 2012: 13).

Now, a last but very important difficulty is challenging fair trade: to spread agricultural theories and practices aimed at safeguarding, rather than destroying, the environment. To defend workers rights especially in the Third World and guarantee them a decorous present and future implies also to struggle against climate change (Fairtrade Italia, July/August 2012: 10). Employees' well-being depends on the well-being of the ecosystems they work in. For this reason fair trade's basic principles should include the protection of the environment.

In the South of the world workers face several difficulties, especially the climate: floods and drought affect tropical or equatorial countries. The climate is changing increasingly rapidly because of industrial and everyday activities in the North (for example these activities cause huge amounts of carbon dioxide to concentrate in the atmosphere and this produces the *greenhouse effect* and consequently Earth's super-heating) and people living in the South are its main victims. According to Andrea Barolini (Fairtrade Italia, July/August 2012: 10) farmers' revenues could collapse in the next decades because of climate changes. And this problem will have repercussions worldwide being that the climate crosses every kind of artificial frontier and natural boundary. A falling in food production would imply world famine to increase; so a global food crisis could be imminent if climate changes do not stop. Therefore people have to boost the practice of sustainable farming, and understand the importance of food requirements too: this is fundamental for human survival on Earth.

Fair trade promotes an organic agriculture, thus it moves in the right direction. Dutch theologian and economist Francisco Van Der Hoff affirms that in the fair trade chain: «small scale farmers are helped in trying to find new techniques and plants able to better resist climate changes, and in using drip irrigation systems in case of drought, and terracing in order to avoid landslides in case of rain» (Fairtrade Italia, July/August 2012: 11).

In conclusion, fair trade proves to be an excellent solution to implement an environmentally sustainable development. Moreover it supports social justice and dignity, especially in the South. Now, it should aim at cooperating with other movements fostering a durable prosperity (such as Attac, Lilliput Network, Slow Food), in order to bring about a present and a future worthy of human intelligence. Humanity's survival is at stake.

Conclusion

We began this thesis with two observations:

1. the policies the most powerful international economic organizations (WTO, WB and IMF) implement are based on the imperative of infinite growth. Several experts (like Stiglitz, Shiva and Rodrik) object to this attitude because it clashes against the planet's actual possibilities.
2. neo-liberal economy does not operate for a global common good, but favours developed countries at the expense of developing or underdeveloped ones

From these two premises, I conducted a study on alternative economy in its main forms: fair trade, gruppi di acquisto solidale, microcredit and ethical finance, green economy. The goal of alternative economy, through its different expressions, is to overcome the logic of maximization of profits, responsible for the over-exploitation of the biosphere, and bring about a sustainable development.

Over the last few years the theory the U.S.A. president Truman proposed in the 1940's (underdeveloped countries should close the gap separating them from advanced nations by developing at greater speed) is outdated and nowadays experts believe that rich countries should moderate their wealth so as to allow citizens of the South of the world to live a decent existence.

The Right Livelihood Award winner Vandana Shiva proposes the concept of the *Earth Democracy* based on equal rights of all beings to ecological space, in order to assure a durable prosperity to all the inhabitants of the Earth.

According to the experts (Campiglio, Van der Hoff and Stiglitz) the quickest way to build a widespread sustainable development is a joint effort of governments, banks, international organizations and citizens. Macro-players should implement economic policies aimed at bringing about a fairly distributed social progress

(Campiglio, 2012: 6) able to safeguard the global environment, on the other hand citizens have to behave responsibly (critical consumption, energy conservation, recycling). Their effort implies a real revolution from below.

In this work I focused on critical consumption: to buy a product means to approve the way it was produced and, as a consequence, to support the enterprise that produced it (Gesualdi). An example of wise consumer is a person who buys fair trade products. This consumer, living probably in the North of the world, is endowed with a global awareness leading him to contribute in the implementation of a just economy that protects the environment, in the South as well as in the North. In fact the fair trade movement's goal is to bring about sustainable development, especially that one of producers the conventional international market excludes.

The experience of fair trade has already spread in several countries and many local communities benefit from it. Now it is fundamental to consolidate this movement so that it is no longer just a niche alternative to conventional trade, but represents The trade, *par excellence*. This means that trading practices must coexist with ethics. Therefore I believe it is necessary to establish a global government representing all economies, a political body able to regulate markets and prevent them from operating at the expense of the weakest and of nature itself. There already is a world trading institution, the WTO, but, as I explained, it does not always operate democratically and transparently and it often favours the most powerful countries to the detriment of the others; it is one of the three strongest economical organizations in the world (the other two are the WB and the IMF). A powerful institution should turn its strength into actions aimed at global well-being; if it acts differently it should be reformed or replaced. This good sense rule should be applied to the WTO too.

Therefore it is now more urgent than ever to revise the way trade and economy in general are ruled. Three changes are indispensable:

- the regulation of the market rather than its liberalization
- the reappraisal of national agricultural sectors (with incentives to local production)
- the reorganization of the international trading exchange system

In this way the countries of the South of the world could become less dependent on the export of their raw materials and the importation of finished products coming from the North: this mechanism is clearly paradoxical. Thus, the right to food sovereignty would be guaranteed to everybody and the risk of a planetary food crisis could probably be mitigated.

Sintesi

Obiettivo e struttura

La mia tesi si propone di:

- a. analizzare il sistema economico attuale nei suoi tratti fondamentali, positivi e negativi e approfondire lo studio delle criticità
- b. presentare le principali teorie dell'economia alternativa e spiegare come esse rappresentino delle valide soluzioni all'insostenibilità del modello economico dominante oggi
- c. riassumere i principi fondanti del commercio equo e solidale, alternativa concreta al commercio convenzionale, con particolare riguardo al caso italiano e francese

Le suddette questioni vengono affrontate ciascuna in una delle tre parte di cui si compone questo lavoro.

- Nella prima parte (capitoli 1[^], 2[^], 3[^] e 4[^]) viene affrontato il tema della globalizzazione attuale, vengono evidenziati i vantaggi che garantisce (la libera circolazione di merci, servizi, capitale, lavoro e informazioni) ma anche le sue ripercussioni negative (standardizzazione culturale, debito estero ed ecologico) che, nel lungo periodo, rendono questo modello insostenibile sia sul piano sociale che ambientale. L'attenzione è focalizzata sulle società multinazionali, responsabili, secondo molti studiosi, di trarre profitti smisurati con costi minimi e conseguenti effetti dannosi sulla vita umana e sugli ecosistemi. Inoltre è condotta una riflessione sull'evoluzione delle politiche dell'aiuto allo sviluppo implementate a livello bilaterale e multilaterale dagli anni 1940 ad oggi: la conclusione a cui si giunge è la loro generale inefficacia e la necessità che il Nord pratichi vie alternative per sostenere i paesi del Sud del mondo. Una soluzione viene elaborata nel 1987 dalla Commissione ONU presieduta da Go Harlem Brundtland: si tratta della teoria dello *sviluppo sostenibile*. Attraverso lo studio

di questo concetto fondamentale per il benessere delle generazioni presenti e future sulla Terra, sono resi evidenti i limiti del principale parametro che oggi misura la ricchezza di ogni paese sul Pianeta: il PIL. In seguito vengono presentati i più importanti indicatori del benessere alternativi che sono stati proposti negli ultimi anni (tra i quali spicca l'*Impronta Ecologica*) adatti a valutare il reale stato di salute di ogni paese. La parte prima si conclude con la presentazione della teoria della *Democrazia della Terra* elaborata dal Premio Nobel Vandana Shiva.

- La seconda parte del lavoro (che comprende i capitoli 5[^], 6[^] e 7[^]) consiste in una esposizione di quelle che ci sono sembrate le più caratteristiche correnti dell'economia alternativa (il *consumo critico*, la *sobrietà* e la *sufficienza*, la *decrescita*) e di alcune forme in cui essa si esprime quali i gruppi di acquisto solidale, la finanza etica e il microcredito, la *green economy*, il turismo responsabile. Esse sono tutte espressioni dell'economia *altra* rispetto al modello economico imperante che ha portato allo squilibrio planetario. La presentazione intende spiegare come queste teorie risultino essere delle soluzioni reali al problema.
- Nei capitoli 8[^], 9[^] e 10[^], la parte terza di questa trattazione, il commercio equo e solidale è definito come un movimento che costruisce relazioni commerciali eque, paritarie e trasparenti tra il Nord e il Sud del mondo offrendo l'opportunità concreta di uno sviluppo sostenibile a livello globale. Vengono esaminati i principi fondanti del movimento, i suoi punti di forza e le sue debolezze; infine viene elaborata la scommessa che gli attori del commercio equo e solidale dovranno vincere: diffondere la cultura e la pratica del commercio equo e solidale stesso e far in modo che esso sostituisca le inique relazioni commerciali globali regolate dal WTO.

La tesi che si intende dimostrare è: lo stile di vita che il Nord del mondo conduce, dettato dal modello economico neo-liberista, causa l'incremento dell'ineguaglianza a livello globale e distrugge l'ambiente. La situazione è insostenibile: il sistema attuale sta portando la Terra alla crisi generale (ambientale, climatica, energetica) e la prima conseguenza sull'umanità sarà una crisi alimentare di proporzioni planetarie. Se il *trend* economico non cambia nel minor tempo possibile, la sopravvivenza stessa dell'uomo sulla Terra è in serio pericolo.

Perché il sistema attuale non funziona?

Il lavoro parte dall'analisi del concetto di globalizzazione utile a spiegare come il villaggio globale presenti dei vantaggi ma anche molti svantaggi (capitolo 1). Viene presa in considerazione la fase attuale di globalizzazione, cioè il periodo storico che segue la fine della Seconda Guerra Mondiale e prosegue tutt'oggi. Il termine globalizzazione è oggi ricorrente ma non prevede una definizione universalmente accettata, dal momento che esso comprende le più svariate questioni, ne menzioniamo solo le principali: la finanza globale, i rapporti tra Sud e Nord del mondo, le tecnologie dell'informazione, il contatto tra culture, lo sviluppo, i diritti umani, l'inquinamento e la salvaguardia ambientale, i flussi migratori, il terrorismo internazionale. Tuttavia molti studiosi (come Giddens, Beck, Stiglitz) propongono le loro definizioni di globalizzazione che si concentrano tutte sulla cancellazione delle distanze a livello globale, l'intensificazione e la maggiore facilità e rapidità degli scambi. Queste caratteristiche implicano senza dubbio dei vantaggi ma esse comportano anche ripercussioni negative.

Innanzitutto il processo globalizzante garantisce la libera circolazione di informazione e cultura, sebbene con alcune eccezioni (una evidente è il caso cinese). Ciò dà l'opportunità di disporre delle notizie spesso in tempo reale, favorisce il confronto tra culture e abbatte i 'muri di pregiudizi' tra i popoli. Nonostante i vantaggi, esiste il rischio della standardizzazione culturale e in particolar modo che il mondo si omogeneizzi all'*american way of life* di cui McDonald's e Coca-Cola sono i simboli. Ormai questo rischio si è tramutato in una realtà tanto che Ritzer ha formulato il termine *McDonaldizzazione* in cui secondo lo studioso la maggior parte dell'umanità è intrappolata. Lo stesso stile di consumo che è oggi diffuso in tutto il Nord del mondo ricalca il modello statunitense consumista per antonomasia. La cultura dell'usa e getta è ormai alla base dell'agire quotidiano almeno nei paesi industrializzati e lo sta diventando anche nelle nuove potenze emergenti (come Cina, India e Brasile).

In secondo luogo la globalizzazione economica e finanziaria ha dato vita ad un unico grande mercato di merci, capitali, servizi e lavoro a livello globale cosicché tutti gli abitanti del Pianeta hanno potenzialmente accesso ai prodotti venduti sul

mercato e ai capitali che le banche prestano. In realtà il sistema non funziona così bene: più di metà degli abitanti della Terra (il cosiddetto Sud del mondo) vive in estrema povertà e non ha accesso alle risorse naturali che gli spetterebbero perché queste sono sovra-sfruttate da alcuni paesi (appartenenti al Nord del mondo) che gestiscono l'economia mondiale nel loro interesse; anche la finanza è regolata dai paesi ricchi e potenti che spesso conducono azioni di speculazione a loro vantaggio e a danno dei paesi più deboli e poveri.

Uno dei maggiori responsabili di queste ingiustizie è l'impresa multinazionale, la forma più tangibile della globalizzazione economica e il principale bersaglio delle critiche che le vengono mosse. Molti autorevoli studiosi oltre ai movimenti *no-global* accusano il sistema delle multinazionali di essere iniquo e agire a danno dell'ambiente. È un dato di fatto che queste aziende de-localizzano la produzione in paesi che prevedono condizioni vantaggiose per le aziende stesse (paga bassa per i lavoratori, leggi ambientali e sanitarie permissive) e da ciò traggono lautissimi profitti anche a scapito del benessere dei loro dipendenti, delle comunità locali e dell'ecosistema circostante (inquinamento da CO₂, deforestazione, abuso di pesticidi). Perciò il sistema economico fondato sulle multinazionali non è più sostenibile; le piantagioni monocultura gestite dalle multinazionali esemplificano bene la situazione: deforestare enormi estensioni verdi ed espropriare la terra ai piccoli contadini è già in sé immorale, se poi questa operazione è finalizzata a produrre ingenti quantità di combustibile o cibo per gli animali, come accade, ciò diventa anche una minaccia per gli equilibri degli ecosistemi naturali. Infatti l'*agro-business* causa la perdita dell'autosufficienza alimentare delle comunità locali e cancella progressivamente la biodiversità. Inoltre in questo processo le diverse identità culturali si impoveriscono.

Dunque la globalizzazione non ha soddisfatto le aspettative di crescita promesse, anzi essa ha inasprito l'ineguaglianza globale tra il Nord e il Sud del mondo che oggi indicano non più zone geografiche, bensì piuttosto aree economiche (il Nord ricco e il Sud povero). Questo lavoro esamina l'evoluzione delle politiche di aiuto allo sviluppo del Nord verso il Sud, dalla loro nascita negli anni 1940 fino ad oggi (capitolo 2). Inizialmente (decenni 1940-60) la politica statunitense prevedeva che i paesi avanzati aiutassero quelli definiti per la prima volta dal presidente Truman *sottosviluppati* a colmare il ritardo che li separava dai primi. Le più innovative

teorie dello sviluppo oggi ritengono invece che sia necessario moderare la ricchezza in modo da garantire un livello di vita dignitoso anche ai più poveri. Il principio è dunque l'opposto nell'immediato dopoguerra ed oggi. La ragione sta nella consapevolezza che non è più possibile estendere lo stile di vita dei paesi industrializzati a tutti gli altri, bisogna cambiare il sistema nel suo complesso.

La tesi si sofferma sull'assistenza allo sviluppo negli anni 1980 e spiega perché questo decennio sia stato definito *lost decade*. I programmi di aggiustamento strutturale implementati dall'amministrazione Reagan e Thatcher offrivano di agevolare gli interessi sul debito estero dei paesi sottosviluppati e in cambio questi stessi paesi dovevano adottare le politiche di liberalizzazione dei mercati messe a punto dalla BM e dal FMI (il cosiddetto *Consenso di Washington*). Le politiche di aggiustamento strutturale hanno comportato pesanti costi sociali (stagnazione, disoccupazione, riduzione del welfare) e per questo il decennio 1980 è considerato una sconfitta nel campo dello sviluppo.

Negli anni 1990 Stiglitz condanna il *Consenso di Washington* e avanza la proposta che una buona strategia per lo sviluppo debba tenere conto dei bisogni essenziali (quali salute, alimentazione, educazione) e che una riforma sociale sia pertanto necessaria. Inoltre, secondo lo studioso, la comunità locale ha il diritto e dovere di scegliere autonomamente le politiche da attuare, attraverso la partecipazione di tutti (non solo dei politici ed esperti) nei processi decisionali; l'istituzione statale ha un ruolo fondamentale nel regolare l'economia e i mercati, sostiene infine Stiglitz. L'evoluzione del dibattito sullo sviluppo conduce nel 2000 all'adozione della Dichiarazione del Millennio: le Nazioni Unite propongono 8 obiettivi (il principale è sradicare l'estrema povertà nel mondo) da raggiungere entro il 2015. Anche se essi rappresentano un passo importante nelle politiche per lo sviluppo, oramai corre l'anno 2012 e la meta è ancora lontana.

La tesi si sofferma successivamente sulla politica dell'*Aid for trade*, uno strumento di aiuto allo sviluppo attraverso il quale i paesi del Nord finanziano quelli sottosviluppati e in cambio richiedono loro una maggiore apertura commerciale. Inoltre il programma prevede che i donatori aiutino il Sud a superare quegli ostacoli interni (attraverso investimenti nell'educazione, salute, ambiente e nelle istituzioni) che gli impediscono di fruire delle opportunità offerte dalla globalizzazione. Secondo l'OECD questi interventi devono essere necessariamente accompagnati da una

politica di libero mercato nei paesi riceventi il finanziamento. Sebbene l'OECD dichiari che l'*Aid for Trade* mira a sradicare la povertà nel Sud del mondo, il Movimento Internazionale del Commercio equo e solidale critica fortemente questo programma. Esso non favorirebbe lo sviluppo di tali paesi, piuttosto intenderebbe piegare le loro politiche alle regole del commercio internazionale. Sarebbe necessario invece definire delle strategie di sviluppo e delle politiche commerciali che rispondano alle reali necessità del Sud. Perciò il programma *Aid for trade* non aiuta i paesi sottosviluppati a uscire dalla povertà, bensì incrementa il loro debito estero.

Concludo che i programmi di aiuto allo sviluppo si rivelano generalmente inefficaci in quanto essi non sostengono i paesi bisognosi, ma finanziano quelli che rientrano negli interessi geo-politici del Nord e delle istituzioni internazionali e qualora siano ben diretti, è molto probabile che il fondo vada impiegato per finanziare le attività militari del regime dittatoriale locale. In ogni caso questi finanziamenti costituiscono dei prestiti che il Nord si aspetta siano restituiti e sui quali pesano alti interessi. Più il paese ricevente rimane insolvente, più prestiti necessita e maggiori interessi deve pagare: si tratta di un circolo vizioso da cui è impossibile uscire senza un intervento esterno. I movimenti della società civile hanno, in più occasioni, rinnovato il loro appello per la cancellazione o almeno la riduzione del debito estero (capitolo 3) dei paesi dove la situazione è diventata insostenibile. Gli stessi paesi del Nord si sono resi conto che un paese in crisi debitoria è una minaccia alla sicurezza internazionale in quanto le insistenti richieste del donatore per la liquidazione del debito generano l'ostilità del paese insolvente.

L'insostenibilità del debito porta molti paesi del Sud ad accettare compromessi con il Nord che danneggiano l'ambiente e li rendono di conseguenza ancora più poveri e indebitati. Questo meccanismo causa il debito ecologico dei paesi industrializzati verso quelli arretrati: questi ultimi svendono le loro risorse naturali e permettono ai paesi ricchi di scaricare i loro rifiuti, spesso tossici, sulle loro terre. Ne consegue un irreparabile danno ambientale nel Sud del mondo che accresce la miseria della popolazione locale. Dunque la crisi socio-economica e quella ambientale sono connesse, anzi di più, esse costituiscono un ciclo vizioso: più povertà determina la distruzione dell'ambiente che a sua volta causa ancora povertà e così via all'infinito. Si tratta dell'imperialismo ecologico a cui fa riferimento Shiva nelle sue opere: il

Nord del mondo impone il suo volere sul Sud in campo ambientale e il Sud stesso, data la sua condizione, non può fare altro che sottostare alle decisioni sul suo futuro prese al posto suo. Questo meccanismo è una forma di neo-colonialismo: il Sud non dispone né dei mezzi finanziari né degli strumenti legali che gli servirebbero per rivendicare il risarcimento del danno subito. Inoltre il debito ecologico è quasi completamente ignorato dalle istituzioni e dalle organizzazioni governative. La via giusta da seguire secondo i due studiosi, Cerdà e Russi, consiste nell'ammissione di responsabilità da parte del Nord che dovrebbe in seguito ripagare il debito ecologico al Sud, condonare il debito estero e infine limitare lo sfruttamento di natura. In breve, dovrebbe essere restaurato l'equilibrio nelle relazioni tra il Nord e il Sud del mondo, in grado di garantire quella che Shiva definisce *Democrazia della Terra* (capitolo 4).

La teoria di Shiva prevede l'eguaglianza di tutti gli esseri umani e il conseguente diritto di ognuno alla stessa quota di risorse naturali. L'idea proposta dalla Premio Nobel indiana è di difficile implementazione in quanto ancora oggi una piccola parte dell'umanità utilizza una porzione di natura eccessiva rispetto a quanto gli spetterebbe a scapito del resto della popolazione terrestre. Questo abuso di natura è indicato con un valore alto di un parametro di misurazione elaborato nel 1996 dallo studioso Rees e dal suo allievo Wackernagel; si tratta dell'*Impronta Ecologica*. Essa valuta l'impatto dell'attività umana sulla Terra, in ettari globali. L'impronta ecologica media pro capite è 2,2 ettari globali, mentre la biocapacità media è 1,8: il deficit ecologico medio pro capite di 0,4 ettari globali indica che l'umanità nel suo complesso sta sfruttando la natura ad un ritmo superiore rispetto alla sua capacità di rigenerazione. Perciò è urgente colmare il cosiddetto *gap di sostenibilità* entro tempi brevi. Ciò significa che ogni essere umano deve condurre uno stile di vita sostenibile, cioè non compromettere le esigenze dei suoi simili nel presente e dei suoi discendenti, nel pieno rispetto anche dell'ambiente. Uno sviluppo in termini di sostenibilità venne elaborato per la prima volta dall'ONU nel 1987. In quell'anno una commissione presieduta da Gro Harlem Brundtland denuncia la minaccia ambientale che grava sul Pianeta e le sue pericolose connessioni con la povertà nel mondo, inoltre essa spiega che il modello occidentale della crescita illimitata è la principale causa della crisi sociale e ambientale. Nel suo rapporto *Our Common Future* la commissione propone lo sviluppo sostenibile come soluzione. Esso

concilia la salvaguardia ambientale con il rispetto della giustizia sociale al fine di garantire la qualità della vita umana a tutti.

Anche altri studiosi hanno analizzato il benessere dei paesi e della loro popolazione. È il caso di Stiglitz che nel 2008 fu incaricato dall'allora presidente francese Sarkozy, di studiare, assieme ad una commissione di 25 membri tra i quali spiccano i nomi di A. Sen e J.P. Fitoussi, i limiti del PIL come indicatore del progresso e proporre delle alternative. Secondo la Commissione Stiglitz il PIL è uno strumento insufficiente a misurare il reale benessere in un paese: esso non considera ad esempio la qualità della vita, la distribuzione della ricchezza e l'ambiente; un indicatore completo del progresso di un paese dovrebbe comprendere, oltre alla crescita economica, la salute, il livello educativo, la partecipazione nella vita sociale e politica e l'ambiente.

Quali sono i rimedi possibili?

Il paradigma della crescita infinita ha condotto alla crisi economica e ambientale generale. Segrè ritiene necessario che l'*homo economicus* dell'era neoliberale si trasformi in un *homo civicus* che viva cioè nel rispetto del principio di sostenibilità; il consumo responsabile è un primo passo verso la *prosperità durevole*.

Oggi viviamo in una società di consumatori. La rivoluzione industriale rappresenta il punto di partenza di una profonda trasformazione nell'ambito del consumo (salari più alti e nuovi prodotti sul mercato), tuttavia solo nel dopoguerra (anni 1950) vi fu un vero *boom* economico e nacque il consumismo. L'industria produce beni, la pubblicità induce al loro acquisto e crea sempre nuovi bisogni nel consumatore che rimane perennemente insoddisfatto. Bauman sostiene che viviamo nell'era dell'*obsolescenza programmata*. Il consumatore non è più sovrano delle sue scelte, bensì è schiavo dei bisogni indotti dalla pubblicità e dalla carta di credito che gli rende disponibile cioè che egli non si può permettere. Infine nella società dei consumi il povero, colui che non può consumare come gli altri, è emarginato. Inoltre l'economia del consumo è fondata sull'accumulo di enormi quantità di rifiuti e sul conseguente problema dello smaltimento. Perciò il consumismo rappresenta un rischio sociale e ambientale. È oggi più che mai indispensabile risvegliare la

coscienza critica dei consumatori che attraverso acquisti oculati (utilità del prodotto, qualità della produzione) possono condizionare i comportamenti delle imprese produttrici e favorire metodi di produzione rispettosi dei diritti dei lavoratori e dell'ambiente (capitolo 5). Il consumatore si riappropria della sua sovranità anche attraverso il boicottaggio e le marce di protesta. La *battaglia di Seattle* (1999) è ricordata come la più partecipata manifestazione dei no-global: 50.000 manifestanti protestarono contro le politiche delle istituzioni economiche internazionali (OMC, BM e FMI), emblema della globalizzazione neoliberale, in occasione della terza Conferenza mondiale dell' Organizzazione Mondiale del Commercio. Nacquero così i primi *anti-summit*, come fu quello del 2001, il famoso *Forum Social Mundial* tenutosi a Porto Alegre in risposta al forum economico istituzionale di Davos.

Un'economia alternativa è fondata sulla sobrietà e sulla sufficienza (capitolo 6) che coinvolgono ogni aspetto della vita quotidiana. Questo modello prevede uno stile di vita parsimonioso, in accordo con i ritmi naturali; anche il consumo critico rientra in esso. La consapevolezza del limite che si deve rispettare, la coscienza del *quanto basta* rientrano anche nella teoria della decrescita di Serge Latouche. Egli propone la via della decrescita scelta come soluzione alle crisi sociale e ambientale attuale. Secondo lo studioso questo processo è ben lontano dalla crescita negativa in quanto significa scegliere consapevolmente di moderarsi nel mangiare, nel produrre, nel lavorare, nello sfruttare le risorse naturali. Si tratta di un modello che contrasta palesemente con il *dictat* capitalista della crescita senza limiti e del profitto. La decrescita prevede inoltre la riduzione dei consumi e di conseguenza dell'impronta ecologica, fino ad un livello accettabile. Latouche crede nella necessità di uscire dall'economia e dal concetto di sviluppo (cioè operare una vera decolonizzazione dell'immaginario collettivo) e di sviluppare altri ambiti: quello politico e quello sociale (valorizzando i beni relazionali). La teoria della decrescita si propone di superare il principio dello sviluppo sostenibile.

Esistono altre forme di economia alternativa (capitolo 7) che consentirebbero, nel caso fossero implementate dalla maggioranza della popolazione terrestre, l'equa ripartizione delle risorse naturali nel rispetto dell'ambiente e di conseguenza la maggiore stabilità del sistema nel suo complesso. La transizione verso quella che Campiglio definisce *economia buona* può avvenire se tutti, dai singoli cittadini alle

imprese, alle istituzioni, si impegnano per metterla in opera. L'economia alternativa prevede, come abbiamo visto, teorie diverse tra loro, tra le quali vi sono anche la green economy e l'economia locale, i gruppi di acquisto solidale, la finanza etica e il microcredito, il turismo responsabile.

Riformulare il modello economico vigente implica ad esempio:

- la 'transizione dal petrolio alla terra' (formulata da Shiva)
- un cambiamento delle regole del mercato globale verso la giustizia sociale

Un'alternativa concreta al sistema economico imperante ingiusto è il commercio equo e solidale. La sua evoluzione comprende tre tappe principali (capitolo 8): negli anni 1950 nasce negli Stati Uniti d'America un commercio solidale animato dallo spirito religioso di assistenza ai popoli svantaggiati; in seguito (anni 1960-1970) si diffonde anche in Europa (con l'apertura della prima Bottega del Mondo in Olanda nel 1969) un commercio alternativo al sistema economico capitalista e liberale ispirato ai nuovi movimenti terzomondisti; all'epoca il commercio è un atto di protesta politica. In un terzo tempo (anni 1980) il commercio da alternativo diviene equo inaugurando l'era attuale di commercio equo e solidale che si propone di sostenere i produttori del Sud del mondo e le loro comunità nell'accesso al mercato internazionale dal quale sono esclusi e garantire loro una vita e un lavoro dignitosi. Inoltre nel 1988 nasce il primo marchio di certificazione dei prodotti equo solidali, il marchio Max Havelaar (capitolo 9), dalla collaborazione tra il religioso e agricoltore olandese Francisco Van der Hoff e Nico Rozen, membro dell'organizzazione olandese *Solidaridad* che operava all'epoca per lo sviluppo dell'America Latina. Tutto ciò parte proprio in America, in Messico, dove lavorava Van der Hoff assieme ai coltivatori di caffè dell'Oaxaca. Il primo prodotto certificato Max Havelaar è stato il loro caffè; in seguito la certificazione venne estesa ad altri generi alimentari (tè, cacao, cioccolata). La garanzia Max Havelaar si è affermata anche in Svizzera, Belgio, Danimarca, Francia e Norvegia e intanto altri marchi di certificazione nazionali di prodotti equo solidali si sono sviluppati in Europa e Nord America. I vari marchi nazionali sono stati poi raggruppati nell'unico marchio Fairtrade gestito dall'organizzazione internazionale Flo che nacque nel 1997. Tuttavia non tutti i prodotti equosolidali sono certificati Fairtrade perché molti importatori non utilizzano il sistema Flo. Spesso le organizzazioni del commercio equo e solidale aderiscono a WFTO. Si tratta della certificazione di sistema: WFTO ha definito

alcuni principi che queste organizzazioni devono rispettare per essere suoi membri e verifica il loro corretto operato.

I principi del commercio equo e solidale definiti dal WFTO sono:

- creare opportunità ai produttori svantaggiati in modo da ridurre la povertà
- trasparenza e responsabilità
- sviluppo delle capacità e formazione dei produttori
- promozione del commercio equo e solidale
- prezzo equo e prefinanziamento
- rispetto dei diritti dei lavoratori e pari opportunità per uomini e donne
- tutela dei diritti dei bambini
- salvaguardia ambientale (ad esempio attraverso l'agricoltura biologica)
- relazioni commerciali stabili e continuative

Attraverso l'applicazione di questi criteri nelle sue organizzazioni, il movimento del commercio equo e solidale connette il Sud (dove avviene la produzione) al Nord del mondo (dove le merci sono distribuite e vendute) nell'intento di costruire un mercato e un mondo fatto di giustizia e dignità. I consumatori di prodotti equosolidali appoggiano il movimento, attraverso i loro acquisti; in questo modo essi diventano protagonisti attivi dello sviluppo sostenibile del Sud del mondo, per questo vengono definiti in gergo *consum'attori*.

Nel mondo globalizzato di oggi risulta necessario che anche la politica commerciale internazionale operi per il bene comune (capitolo 10). Purtroppo questo non avviene. L'Organizzazione mondiale del commercio (l' OMC) è incapace di garantire l'equità nell'economia internazionale e non è democratica né trasparente; inoltre essa promuove strategie che spesso comportano pesanti costi sociali ed ecologici, soprattutto per il Sud del mondo. Il movimento internazionale del commercio equo e solidale impartisce una valida lezione all'OMC. Infatti esso promuove una filiera di produzione-distribuzione-vendita equa, trasparente, democratica e sostenibile dal punto di vista umano, sociale e ambientale e, nello stesso tempo, fornisce prodotti di qualità ad un prezzo giusto.

Perciò l'obiettivo da raggiungere al più presto è consolidare il commercio equo e solidale fino al punto in cui esso non sia solo un'alternativa al sistema commerciale dominante ma divenga l'unico commercio possibile. Oppure servirebbe un'istituzione che guidi l'economia a livello internazionale verso la giustizia sociale e il

rispetto ambientale e la corregga nel caso in cui essa vada alla deriva. L'intervento del potere politico nel mercato è non solo necessario ma anche auspicabile secondo i più illustri studiosi (ad esempio Stiglitz) per evitare i danni che ha provocato la deregulation negli anni 1980 e creare una *globalizzazione sostenibile*.

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