Fair trade is better than aid, to combat forced and child labour. Discuss.

This topic challenges the concepts of ‘fair trade’ and ‘aid’. They are two development models that both aim to reduce poverty. The aim of this debate is to challenge the two concepts as tools for tackling forced and child labour.

Preparing your position

Consider the following questions:
1. What is meant by the term ‘fair trade’?
2. What are the benefits and challenges of the fair trade system?
3. How does the fair trade system help address forced and child labour?
4. Consider the differences between the ‘fair trade’ model and the ethical-certification of products by organisations such as Fairtrade, Rainforest Alliance and UTZ Certified.
5. What is ‘Official Development Assistance’ or ‘aid’?
6. What impact does aid have on forced and child labour?
7. What are the benefits and challenges of giving and receiving ‘aid’?
8. What strengths and weaknesses does each of the concepts have that set it apart from the other?
9. Which do you think is more sustainable – an ‘aid’ system or a system of ‘ethical certification’?
10. Is supporting the development of ethically certified farms a type of ‘aid’?
11. How effective has each model been at addressing forced and child labour? Can you find examples?

Fair trade

In an increasingly globalised world our lives are becoming more interwoven with people around the world, through the way we do business, the products we buy and the holidays we take. Yet a huge gulf of social and economic inequalities still exists. Many people are left without access to basic necessities – food, water, housing, education and health care.

Global trade – and more specifically, the system of ‘free trade’ – can have negative impacts on smallholder farmers, who cannot compete with larger companies and global monopolies. This can result in farmers having to sell their products for a very low cost. This can mean many people are forced into poor working conditions, low pay, unsafe working conditions and exploitative practices, as they have little choice.

‘Fair trade’ is an alternative market-based approach to trade that counteracts the ‘free trade’ system. It is a system of economic development that aims to give producers (especially in developing
countries) a living wage and enable them to make better trading conditions and promote sustainability.

Ethical certification (through organisations such as Fairtrade, Rainforest Alliance and UTZ Certified) is a process by which assurances can be made that products are traded fairly.

There are many demonstrated examples of farmers and farming communities receiving higher, more sustainable incomes as a result of the ‘fair trade’ system. However ‘fair trade’ is not without criticism. For example, some claim that the cost of establishing community-based co-operatives is too high for many farming communities to become involved and therefore they are even further isolated from the market.

Aid
Official Development Assistance – more commonly known as ‘international aid’ or ‘development aid’ or simply ‘aid’ – is the voluntary transfer of funds or resources from one country to another. Most developed countries now give aid to a number of developing countries. These funds are then available for a wide variety of humanitarian projects. This can include projects specifically targeted at combating forced and child labour, or other issues that underpin an individual’s vulnerability to exploitation, such as access to education.

Aid tends to be delivered in a number of forms, including:

**Bilateral aid** – when one government gives money directly to another government. They will work together to design a programme that aims to reflect both the country’s development needs and the donor country’s capacity to provide technical or financial assistance.

**Multilateral aid** – when the donor government gives money through international agencies, such as the World Bank, World Health Organisation or World Food Programme. This allows donor countries to contribute to large-scale projects and can provide technical expertise beyond individual government’s capacity.

**Humanitarian emergency relief** – provides emergency assistance in a disaster or conflict situation, and helps vulnerable countries prepare for future emergency situations.

**NGO partnership support** – when donor countries provide funds to NGOs, such as World Vision, to deliver community level programs.

**Technical support and community involvement** – when the donor government provides funds for expert volunteers to work in developing countries, to build the skills and capacities of partner governments and organisations; or to develop education programs for the Australian public.

While aid is often driven by humanitarian agendas to support those who have less, aid receives criticism too. Donor government’s are criticised for protecting national interests and prioritising aid to countries of strategic political value to them. Some say aid also creates a culture of dependency for poor nations.
Further reading and resources include:

**News**
Afghan Child Labour fears grow as aid dries up
www.reuters.com/article/2012/02/07/us-afghanistan-children-idUSTRE81611020120207

**Reports and Papers**
World Vision’s Kochore Area Development Programme:

World Vision’s Effective Aid: Helping Millions (2011):

**Video**
Overseas aid: an Australian view:  www.youtube.com/watch?v=wftbo3RxGvs

One Just World Forum: Are we fixing world poverty? (Filter past forums for Aid Effectiveness to watch Kevin Rudd’s presentation): www.onejustworld.com.au

Aid or Trade - Development meets business in Africa: www.youtube.com/watch?v=g9b-Syl2nmw

Is aid killing Africa? Damisa Moyo talks about Dead Aid on ABC: www.youtube.com/watch?v=HIPvlQOCfAQ

Make Poverty History - A video interviewing Fairtrade certified producers


**Websites**

Fair Trade Association - An ethical certification scheme: www.fta.org.au

ISEAL Alliance – A standardization body for ethical certification schemes: www.isealalliance.org

Rainforest Alliance - An ethical certification scheme: www.rainforest-alliance.org

UTZ Certified - An ethical certification scheme: www.utzcertified.org
World Vision’s opinion

World Vision believes that in order to fully address the complex issues of forced and child labour, there is a need for a multi-faceted response that challenges the systems and structures that underpin forced and child labour. This includes, but is not limited to, economic development and humanitarian support through fair trade, and Overseas Development Assistance.

Poverty is one of the factors that make people vulnerable to exploitation. Discriminatory practices, a lack of money and limited access to employment opportunities, education and life-skills are all factors that contribute to pushing people into situations where they are at risk of exploitation. Official Development Assistance can help break the link between poverty and exploitation. Aid alone will not solve all problems, but equally, aid has been a critical driver of many global successes. It provides additional resources to low income countries and countries in crisis, and focuses on the poorest and most marginalised groups who are often vulnerable to forced or child labour.

Ethical certification, which relies on independent and transparent third part auditing, is the most credible assurance that a product is not made using forced and child labour. Ethical certification schemes offer a safeguard against abuses and exploitation of workers, for example in regards to minimum wages and safe working conditions. They promote transparency of a company’s practices when engaging with community-based workers, and reassure the public that the company is socially responsible.

Trade that is fair to all, that gives local producers a fair chance of economic sustainability rather than competing against global monopolies, has multiple social and economic benefits. Increasing worker’s skills and knowledge enables them to cut out middle men in the production and selling of their product; reduce crop loss through wastage and subsequently vastly increase profits. It means workers and communities can sustainably manage the development of their own product and business, based on the skills gained. In World Vision’s experience, farmers involved in fair trade projects experience better standards of living than they had done previously.

Empowering people to lift themselves out of poverty, to create opportunities for themselves and to be educated about and to advocate for their rights, is a crucial part in reducing people’s vulnerability to forced and child labour. Aid donations can fund projects that support this work.
Take Action

1. Share World Vision Australia’s video *Overseas aid: An Australian View*

Teach others about the importance of overseas aid and share this video via social media and screen it at events.
www.youtube.com/watch?v=wftbo3RxGvs

2. Vote with your dollar! Buy ethically certified products and encourage others in your community to do the same.

Understand your role as a consumer, as an investor, as a voter or as an influencer. This factsheet shows how you can make a difference.

Use the Ethical Consumer Guide to help you decide which products to buy.
www.ethical.org.au

Consider the gift that keeps on giving and purchase from World Vision’s Gift Catalogue.

Note: This document has been prepared as an aid/prompt to debate preparation and not all opinions in this document are the views of World Vision Australia. Reference to different organisations are not an endorsement.