



# Change Beyond Charity

## Creating a more equitable global economy

Paul Rice  
President and CEO, Fair Trade USA

*Since launching Fair Trade USA in 1998 (in a one-room converted warehouse in Oakland, California), Paul Rice has helped build a vibrant global movement to change the way goods are produced, traded and consumed. We spoke with him about his early steps with Fair Trade USA and his goals for the future.*

### **Why is there a need for Fair Trade products?**

First, we need to take a step back and look at the bigger picture. Globalization is already happening. The lowering of trade barriers over the last 20 or 30 years has led to a dramatic increase of trade, and with that, economic growth. Unfortunately, the benefits of globalization are not trickling down to the world's poorest people. Literally billions of people are being left behind.

### **How does Fair Trade help with that?**

In addition to creating rigorous social, environmental and economic standards to improve working conditions and protect the environment, we're using a market-based approach that uses the power of companies and consumers to create sustainable solutions to some really challenging problems.

### **How did you get started in Fair Trade?**

I got started fresh out of college. I wanted to be involved in international development, so in 1983, I bought a one-way ticket to Nicaragua to work with farmers. I worked on several well-intentioned projects funded by international aid that aimed to alleviate poverty. All of them failed. I developed a belief that they failed because we didn't figure out how to develop the farmers' own capacity to solve their own problems. The farmers didn't want our charity. They just wanted a decent return for all their hard work.

### **What was your "light bulb" moment?**

I was pretty disillusioned with charity work and was about to bail and head back to the U.S. Then around 1990, I heard about these crazy people in Europe called "Fair Traders." They were offering a dramatically higher price if we could just get our coffee farmers organized and sell directly to them. It was such a simple, powerful concept based on trade, not aid, and a fair price for a great product. I got 24 brave souls to sign up. We went from getting 10 cents to \$1.26 for a pound of coffee.

### **Can you explain how Fair Trade works?**

For every Fair Trade Certified™ product sold, the company pays an additional premium that goes directly into a worker-managed account. The workers decide how to spend every dollar, based on what their greatest needs are. It could be scholarships, community projects or medical care. They can also vote to take the premium as a cash bonus.

### **When did you start offering Fair Trade certification in the apparel industry?**

We spent several years developing a certification model specific to the apparel industry, and then officially launched in 2010. Even though the factory program is different from our roots in agriculture, the basic premise remains the same: If you buy a Fair Trade product, you can reach halfway across the world and help a family create a better life for themselves and their community.

### **Where do you think all of this is heading?**

I see a new model of globalization that's emerging and growing very rapidly. Fair Trade proves that you can eliminate the conflict between profitability and sustainability. If we can combine this idea of doing the right thing and supporting company profitability, then we've hitched ourselves to the most powerful force around.

*Photos left to right: Tim Davis, Keri Oberly, Paul Rice Collection*