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Episode #049

Fair Trade

May 01, 2020



[00:00:04] Hello, hello, hello and welcome to English Learning for Curious Minds by Leonardo English, the show where you can learn fascinating things about the world and listen to interesting stories at the same time as improving your English.

[00:00:21] I'm Alastair Budge and today we are going to be talking about 'Fairtrade'.

[00:00:29] You are probably familiar with the [term¹](#), and you I'm sure would recognise the [logo²](#), but do you know what it really means, how it works and why some people think it doesn't actually work that well?

[00:00:45] That is what today's episode is all about.

¹ a word or expression used in relation to a particular subject, often to describe something official or technical

² a design or symbol used by a company to advertise its products



Fair Trade

[00:00:48] It has been a really interesting one to make and I can't wait to share it with you.

[00:00:55] Before we get started though, I just wanted to remind you that you can get a copy of the transcript and key vocabulary over on the website, which is [Leonardoenglish.com](http://leonardoenglish.com).

[00:01:07] The transcript means that you can follow along with every word, and the key vocabulary means that you can build up your vocabulary at the same time as listening to the podcast.

[00:01:19] So go and check that out, it is at leonardoenglish.com.

[00:01:25] Okay then let's talk about Fairtrade.

[00:01:29] When you hear the [term](#) Fairtrade, there are probably lots of things that come to mind.

[00:01:36] It might [conjure up](#)³ positive images, happy farmers in countries you might never have been to producing things like bananas, coffee or chocolate.

[00:01:48] And for a lot of people it is a [feel-good](#)⁴ purchase - if you are in a supermarket choosing between two different products and one has that familiar

³ to make a picture or idea appear in someone's mind

⁴ causing happy and positive feelings about life



Fair Trade

Fairtrade [logo](#) on and the other doesn't, well, you might just go for the Fairtrade one because it's not that much more expensive and Fairtrade must be a good thing, right?

[00:02:14] But things aren't always quite as simple as they seem, and Fairtrade isn't without its own [fair share](#)⁵ of [critics](#)⁶.

[00:02:25] Before we talk about some of the criticisms of Fairtrade, it is important to understand what exactly it is, how it came into existence and how it works.

[00:02:38] Let's start with quickly talking about the history of trade and why there was a push towards making it fairer.

[00:02:48] It's quite simple, really.

[00:02:50] History shows us that trade was often very, very unfair.

[00:02:56] From slavery to colonial [exploitation](#)⁷ by European powers, history is unfortunately filled with [instances](#)⁸ of the benefits of work and of farming not being felt by the people who actually do the work.

⁵ a lot, or more than enough, of something bad

⁶ someone who says that they do not approve of someone or something

⁷ the use of something in order to get an advantage from it

⁸ a particular situation, event, or fact, especially an example of something that happens generally



Fair Trade

[00:03:16] Of farmers and producers of the goods not being paid very much at all for what they produce, so that they live a [precarious⁹](#) existence [hovering¹⁰](#) around the poverty line.

[00:03:30] And even into the 20th century when demand for certain goods increased as the world became more global, the price of certain products was very [volatile¹¹](#), it moved up and down dramatically and often.

[00:03:48] When the price was high, things were just about okay.

[00:03:52] But when the price dropped, which it often does with things like coffee, farmers, the people who produced the goods for the world to consume, they [tended¹²](#) to get a pretty bad deal.

[00:04:08] Farmers were paid such small amounts of money that they couldn't lift themselves out of poverty, and they were often [bullied¹³](#) and pressurised by large buyers to accept lower prices because the small farmers had little or no [negotiating¹⁴](#)

⁹ in a dangerous state because of not being safe or not being held in place firmly

¹⁰ to stay in one place in the air, usually by moving the wings quickly; to stay at or near a particular level

¹¹ likely to change suddenly and unexpectedly, especially by getting worse

¹² to be likely to behave in a particular way or have a particular characteristic

¹³ someone who hurts or frightens someone else, often over a period of time, and often forcing them to do something that they do not want to do

¹⁴ to have formal discussions with someone in order to reach an agreement with them



Fair Trade

power, and they weren't really aware of the true value of the goods that they were producing.

[00:04:36] As the world continued to get more and more globalised and people in more developed countries got used to things like coffee, bananas, and chocolate being things that they could buy easily and cheaply, the people who produced these goods got paid less and less.

[00:04:57] And for years it sort of seemed like a [inevitability¹⁵](#) of the economic system - if you want cheap bananas, cheap chocolate, cheap tea, cheap coffee or whatever it was, then it was an unfortunate reality that someone somewhere needed to be paid very little to produce it for you.

[00:05:22] Or worse, actually, people just didn't really think about where these goods came from.

[00:05:29] A banana came from somewhere.

[00:05:31] Chocolate came from somewhere else.

[00:05:33] There wasn't that much thought put towards the people who actually produced these goods.

[00:05:42] But towards the end of the 20th century, things started to change.

¹⁵ the fact of being certain to happen and unable to be avoided or prevented



Fair Trade

[00:05:48] The concept of Fairtrade has been around for quite a while, but the Fairtrade movement only started in 1988 in the Netherlands with a [coffee label¹⁶](#) called Max Havelaar.

[00:06:05] I mention the name because it has quite an interesting story.

[00:06:11] Max Havelaar was the name of an anti-colonial novel from 1860 which described the terrible treatment of the locals in Indonesia [at the hands of¹⁷](#) the Dutch where the local people were forced to produce sugar and coffee for export back to Europe, as opposed to producing food for their families.

[00:06:38] The Dutch [fixed the prices¹⁸](#) and the local farmers were forced to sell their produce to their colonial masters for a [tiny sum¹⁹](#), barely enough to survive.

[00:06:52] All the profits went to the trading company, and the farmers were in effective slavery to their [so-called²⁰](#) trading partners.

[00:07:03] So the first ethical Fairtrade coffee was named after this book, Max Havelaar.

[00:07:10] And it was a huge success, the coffee.

¹⁶ a brand or type of coffee

¹⁷ If you suffer at the hands of someone, they hurt you or treat you badly

¹⁸ controlled the prices

¹⁹ small amount of money

²⁰ used to show that you think a word that is used to describe someone or something is not suitable or not correct



Fair Trade

[00:07:13] Max Havelaar coffee paid its farmers more than the market price, more than the standard price they would get in the market, and importantly, it guaranteed the price.

[00:07:27] This was shown to be very important because the year after Max Havelaar launched coffee prices around the world [crashed](#)²¹.

[00:07:39] Lots of coffee farmers had to sell their coffee for very low prices, too low to make a proper living, and it became clear to the world that a fairer system, similar to the one proposed by Max Havelaar coffee was needed.

[00:07:57] So in the years after this, in the early 1990s various groups came together, uniting around the mission to make trade fairer for farmers across the world.

[00:08:12] To try to ensure that they were paid a fair price for the goods that they were producing and to ensure that the profits from the work that they were doing were going to them, to the farmers, and not to the [middleman](#)²² or large trading companies that bought the products from the farmers and then sold them in the developed world.

²¹ fell quickly

²² a person who buys goods from the company that has produced them and makes a profit by selling them to a shop or a user



Fair Trade

[00:08:38] We aren't going to go into huge detail in this episode about how Fairtrade is structured, but it is now a collection of different organisations that [span²³](#) large parts of the world.

[00:08:53] And since the Fairtrade foundation was established in 1992, it has grown to over 1.7 million farmers in 75 countries producing 30,000 different products, all united around a [common²⁴](#) mission, a [common](#) goal.

[00:09:14] And the mission of Fairtrade is pretty simple.

[00:09:20] In Fairtrade's own words, Fairtrade is about better prices, decent working conditions, local sustainability and fair [terms of trade²⁵](#) for farmers and workers in the developing world.

[00:09:37] How Fairtrade tries to [achieve²⁶](#) its mission is also pretty simple, on one level.

[00:09:46] It is all structured around the economist's favourite [incentive²⁷](#): price.

²³ cover

²⁴ the same in a lot of places or for a lot of people

²⁵ the agreements of trade between two parties

²⁶ to succeed in finishing something or reaching an aim, especially after a lot of work or effort

²⁷ something that encourages a person to do something



Fair Trade

[00:09:53] Firstly, there is a minimum price that a Fairtrade farmer gets, for the products that he or she sells.

[00:10:02] This means that, even in times when the price of something might go very low, that farmer still receives the minimum price for the goods that they sell.

[00:10:16] This means that they can invest for the long-term, and they don't have to constantly worry about [fluctuations](#)²⁸ in the global price for their products, which as we have already mentioned, does happen a lot, there are a lot of [fluctuations](#).

[00:10:33] Secondly, there is something called a Fairtrade [premium](#)²⁹ that is paid to the [cooperative](#)³⁰ that the farmer belongs to, so [premium](#) means an extra price, a higher price.

[00:10:46] The members of the [cooperative](#) can choose how this money is spent, but it has to be invested in business or community projects.

[00:10:58] That might be building a new [well](#)³¹ for water, a school for the children, a hospital or just buying better farming equipment.

²⁸ a change, or the process of changing, especially continuously between one level or thing and another

²⁹ an amount that is more than usual

³⁰ a company owned and managed by the people who work in it

³¹ a deep hole in the ground from which you can get water, oil, or gas



Fair Trade

[00:11:10] What this means is that the farmers who sell through Fairtrade are guaranteed a more [stable](#)³² income and they can invest in their farms, and it gives them a chance to provide a better, more [stable](#) future for them and their family.

[00:11:29] These higher prices for Fairtrade are paid ultimately by consumers, by you, by me, by the people who are choosing the banana, the chocolate bar, the tea, or the coffee with the Fairtrade [logo](#).

[00:11:47] And as you probably know, the price difference between non-Fairtrade and Fairtrade is often not very large.

[00:11:57] So you can pay a little more for your products and feel that you are supporting a farmer and an honourable mission.

[00:12:05] The farmer gets paid fairly, you get to feel that you are making an [ethical](#)³³ purchase and you feel better about yourself, and there is a [stamp](#)³⁴ from Fairtrade, so maybe it even tastes better too.

[00:12:20] Everyone's a winner, right?

[00:12:21] What could possibly be the issue with this?

³² firmly fixed or not likely to move or change

³³ a system of accepted beliefs that control behaviour, especially such a system based on morals

³⁴ a tool for putting a mark on an object either by printing on it or pushing into it, or the mark made in this way



Fair Trade

[00:12:25] Well, it isn't always as [rosy](#)³⁵ as it seems.

[00:12:30] And while I don't think anyone is disagreeing with the fact that farmers should be paid a fair [rate](#)³⁶ for their work and that everyone should have a sustainable future, there are those that say that Fairtrade actually isn't a very effective way to achieve this.

[00:12:50] Firstly, there is the complaint that it doesn't actually help that much.

[00:12:58] There is a cost for the farmers to achieve the Fairtrade [certification](#)³⁷, both a [bureaucratic](#)³⁸ and administrative cost, but also financial.

[00:13:09] For coffee, it's estimated that it costs around 3 cents per pound.

[00:13:16] Now, that might not sound like a lot, but it does add up and for some farmers there is evidence to suggest that there is zero long-term benefit.

[00:13:29] Secondly, there is a [lack](#)³⁹ of transparency around how the Fairtrade premium is spent, how the extra money is spent by the [cooperative](#).

³⁵ If a situation is described as rosy, it gives hope of success or happiness

³⁶ price, fee (for work)

³⁷ the process of earning an official document, or the act of providing an official document, as proof that something has happened or been done

³⁸ relating to a system of controlling or managing a country, company, or organisation that is operated by a large number of officials

³⁹ the fact that something is not available or that there is not enough of it



Fair Trade

[00:13:43] Fairtrade, the organisation, doesn't [monitor](#)⁴⁰ this, doesn't [monitor](#) how the money is spent and even though the funds should be [allocated](#)⁴¹ democratically by the members of the [cooperative](#), they aren't always spent on the things that will have the most impact.

[00:14:03] So from time to time, they are instead spent on buildings and [salaries](#)⁴² as opposed to schools or medical clinics.

[00:14:13] Thirdly, which is one that I think is actually a pretty interesting criticism is that Fairtrade isn't actually a very effective way of transferring money from the people who consume the products to the people who produce them.

[00:14:34] There was an experiment done in San Francisco where they asked people how much more they would be willing to pay for a cup of Fairtrade coffee compared to a normal one.

[00:14:48] The answer?

[00:14:50] The average person was willing to pay an extra 50 cents per cup.

[00:14:56] But the maximum amount of money from that same cup that a Fairtrade farmer would receive is one third of a cent.

⁴⁰ to watch and check a situation carefully for a period of time in order to discover something about it

⁴¹ to give something to someone as their share of a total amount, to use in a particular way

⁴² a fixed amount of money agreed every year as pay for an employee, usually paid directly into his or her bank account every month



Fair Trade

[00:15:06] So people are prepared to pay a lot more for Fairtrade than they actually do, meaning that the Fairtrade farmer is on one level missing out on a large amount of money that consumers are prepared to pay.

[00:15:24] As a result of these kinds of criticisms, people and companies have started looking out for alternatives, other ways of achieving the mission of Fairtrade, but with different methods.

[00:15:40] From a trade point of view, the main alternative is direct trade.

[00:15:47] This just means that companies buy directly from the farmer or [cooperative](#), and they aren't governed by Fairtrade standards that may not be applicable to that farmer or that product.

[00:16:04] The idea behind this is that they can form a long-term relationship, work on more equal terms, and it gets rid of some of the [bureaucracy](#)⁴³, costs and [inefficiencies](#)⁴⁴ and [overheads](#)⁴⁵ that come with Fairtrade.

⁴³ a system for controlling or managing a country, company, or organisation that is operated by a large number of officials employed to follow rules carefully

⁴⁴ a lack of organisation or skill that wastes time, energy, money, etc., or methods or actions that waste time, etc. in this way

⁴⁵ the regular and necessary costs, such as rent and heating, that are involved in operating a business



Fair Trade

[00:16:21] Another interesting development is that [retailers⁴⁶](#) and companies that sell things like coffee, tea, and chocolate have started their own versions of Fairtrade.

[00:16:34] Sainsbury's, which is one of the biggest supermarket chains in the UK, has its own [label⁴⁷](#) now called 'Fairly Traded'.

[00:16:47] McDonald's has its own programme for its coffee.

[00:16:51] Nestle has its own version and Starbucks has its own one and they're all different.

[00:16:58] They are all [supposedly⁴⁸](#) doing this because they have decided that Fairtrade, the organisation, isn't the most effective way of them reaching their sustainability goals and that they can have more of an impact by bringing this activity [in-house⁴⁹](#), by doing it themselves.

[00:17:21] Of course, people are quite [sceptical⁵⁰](#) about this because if there isn't any kind of external organisation that provides [oversight⁵¹](#), that reviews the terms of the

⁴⁶ a person, shop, or business that sells goods to the public

⁴⁷ a piece of paper or other material that gives you information about the object it is attached to

⁴⁸ used to show that you do not believe that something you have been told is true

⁴⁹ Something that is done in-house is done within an organisation or business by its employees rather than by other people

⁵⁰ doubting that something is true or useful

⁵¹ responsibility for a job or activity and for making sure it is being done correctly



Fair Trade

trade between the company and the farmer, then we risk returning to a situation where the trade between the farmer and the buyer really isn't so fair anymore.

[00:17:50] The other risk here is that consumers, so people like me and you, we've got so used to different [terms](#)⁵² being [thrown around](#)⁵³: Fairtrade, organic, biological, fairly treated, ethically [sourced](#)⁵⁴, carbon neutral, and so on that we have become [numb](#)⁵⁵ to what they really mean.

[00:18:14] You might just see a [label](#) or [logo](#) on a chocolate bar or banana or packet of coffee and think, well, that's probably a good thing, and put it in your shopping basket without really knowing anything about what it means.

[00:18:30] And at least with Fairtrade, it is a global body, a global organisation with recognised standards, and you know that it is deeply [aligned](#)⁵⁶ with the farmer's interests.

⁵² words or expressions used in relation to a particular subject, often to describe something official or technical

⁵³ used

⁵⁴ got from a particular place

⁵⁵ If a part of your body is numb, you are unable to feel it, usually for a short time; not able to feel any emotions or to think clearly, because you are so shocked or frightened, et

⁵⁶ to put two or more things into a straight line



Fair Trade

[00:18:47] As we know from [scandals](#)⁵⁷ like the Volkswagen one, when a company is in charge of monitoring its own standards, the [incentives](#)⁵⁸ aren't [aligned](#), and this means the company often doesn't do a very good job, to put it politely, of assessing itself.

[00:19:08] So Fairtrade is coming under quite a bit of pressure from various different market forces and its future is slightly uncertain.

[00:19:19] It needs the buyers, it needs the companies to buy from its [cooperatives](#), otherwise there is no Fairtrade.

[00:19:27] And of course it needs the farmers, but it also needs the consumers to still [opt for](#)⁵⁹ and demand Fairtrade products.

[00:19:37] And if it can't do this, it risks becoming irrelevant.

[00:19:43] Luckily it doesn't seem like that will happen in the very near future, but it is certainly a risk for Fairtrade, for the [collectives](#)⁶⁰ it works with, and for the farmers who have been getting a fair deal through being part of the programme.

⁵⁷ (an action or event that causes) a public feeling of shock and strong moral disapproval

⁵⁸ something that encourages a person to do something

⁵⁹ choose

⁶⁰ see 'cooperative'



Fair Trade

[00:20:01] Whatever happens to Fairtrade in the future, what is [undeniable](#)⁶¹ is that it has been an important force in educating consumers about the global [supply chain](#)⁶², about where their food actually comes from.

[00:20:17] And 'sustainability' has gone from being just a word that a company might mention in a small paragraph in their annual report to something that consumers actually do care about.

[00:20:32] So next time you reach for a banana, a bar of chocolate or your morning cup of coffee, and you see that Fairtrade [label](#) you will at least now know a little bit more about what it actually means.

[00:20:50] Okay then that is it for today's episode.

[00:20:54] As always, I would love to know what you thought of the show.

[00:20:58] We actually have quite a lot of listeners in countries where a lot of Fairtrade products come from.

[00:21:05] Max Havelaar, the Dutch coffee was bought from a [cooperative](#) in Mexico, and I know we have a lot of Mexican listeners.

⁶¹ certainly true

⁶² the system of people and things that are involved in getting a product from the place where it is made to the person who buys it



Fair Trade

[00:21:14] Similarly, countries like Colombia and Brazil, there are a lot of listeners from those places too.

[00:21:20] So if you live in a country where there are a lot of Fairtrade producers, or even if you don't, I would love to know what you thought of the show.

[00:21:30] You can get in touch at hi@leonardoenglish.com.

[00:21:36] And a final point, we have got quite an exciting announcement coming early next week, so keep an eye out for that one.

[00:21:43] And if you haven't already subscribed to the podcast, hit that subscribe or follow button, then make sure you do that to get the next episode zooming into your podcast app of choice.

[00:21:53] You've been listening to English Learning for Curious Minds by Leonardo English.

[00:22:00] I'm Alastair Budge, you stay safe and I'll catch you in the next episode.

[END OF PODCAST]



Key vocabulary

Word	Definition
Term	a word or expression used in relation to a particular subject, often to describe something official or technical
Logo	a design or symbol used by a company to advertise its products
Conjure up	to make a picture or idea appear in someone's mind
Feel-good	causing happy and positive feelings about life
Fair share	a lot, or more than enough, of something bad
Critics	someone who says that they do not approve of someone or something
Exploitation	the use of something in order to get an advantage from it
Instances	a particular situation, event, or fact, especially an example of something that happens generally
Precarious	in a dangerous state because of not being safe or not being held in place firmly
Hovering	to stay in one place in the air, usually by moving the wings quickly; to stay at or near a particular level



Fair Trade

Volatile	likely to change suddenly and unexpectedly, especially by getting worse
Tended	to be likely to behave in a particular way or have a particular characteristic
Bullied	someone who hurts or frightens someone else, often over a period of time, and often forcing them to do something that they do not want to do
Negotiating	to have formal discussions with someone in order to reach an agreement with them
Inevitability	the fact of being certain to happen and unable to be avoided or prevented
Coffee label	a brand or type of coffee
At the hands of	If you suffer at the hands of someone, they hurt you or treat you badly
Fixed the prices	controlled the prices
Tiny sum	small amount of money
So-called	used to show that you think a word that is used to describe someone or something is not suitable or not correct
Crashed	fell quickly
Middleman	a person who buys goods from the company that has produced them and makes a profit by selling them to a shop or a user
Span	cover



Fair Trade

Common	the same in a lot of places or for a lot of people
Terms of trade	the agreements of trade between two parties
Achieve	to succeed in finishing something or reaching an aim, especially after a lot of work or effort
Incentive	something that encourages a person to do something
Fluctuations	a change, or the process of changing, especially continuously between one level or thing and another
Premium	an amount that is more than usual
Cooperative	a company owned and managed by the people who work in it
Well	a deep hole in the ground from which you can get water, oil, or gas
Stable	firmly fixed or not likely to move or change
Ethical	a system of accepted beliefs that control behaviour, especially such a system based on morals
Stamp	a tool for putting a mark on an object either by printing on it or pushing into it, or the mark made in this way
Rosy	If a situation is described as rosy, it gives hope of success or happiness
Rate	price, fee (for work)



Fair Trade

Certification

the process of earning an official document, or the act of providing an official document, as proof that something has happened or been done

Bureaucratic

relating to a system of controlling or managing a country, company, or organisation that is operated by a large number of officials

Lack

the fact that something is not available or that there is not enough of it

Monitor

to watch and check a situation carefully for a period of time in order to discover something about it

Allocated

to give something to someone as their share of a total amount, to use in a particular way

Salaries

a fixed amount of money agreed every year as pay for an employee, usually paid directly into his or her bank account every month

Bureaucracy

a system for controlling or managing a country, company, or organisation that is operated by a large number of officials employed to follow rules carefully

Inefficiencies

a lack of organisation or skill that wastes time, energy, money, etc., or methods or actions that waste time, etc. in this way

Overheads

the regular and necessary costs, such as rent and heating, that are involved in operating a business



Fair Trade

Retailers	a person, shop, or business that sells goods to the public
Label	a piece of paper or other material that gives you information about the object it is attached to
Supposedly	used to show that you do not believe that something you have been told is true
In-house	Something that is done in-house is done within an organisation or business by its employees rather than by other people
Sceptical	doubting that something is true or useful
Oversight	responsibility for a job or activity and for making sure it is being done correctly
Terms	words or expressions used in relation to a particular subject, often to describe something official or technical
Thrown around	used
Sourced	got from a particular place
Numb	If a part of your body is numb, you are unable to feel it, usually for a short time; not able to feel any emotions or to think clearly, because you are so shocked or frightened, et
Aligned	to put two or more things into a straight line



Fair Trade

Scandals	(an action or event that causes) a public feeling of shock and strong moral disapproval
Incentives	something that encourages a person to do something
Opt for	choose
Collectives	see 'cooperative'
Undeniable	certainly true
Supply chain	the system of people and things that are involved in getting a product from the place where it is made to the person who buys it

We'd love to get your feedback on this podcast.

What did you like? What could we do better?

What did you struggle to understand?

You can email us at hi@leonardoenglish.com.

