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What is This?

Nongovernmental Regulation and Construction of Value in Global Markets: The Rise of Fair Trade, 1961–2006

Kristen Shorette[1]

Abstract

The past 70 years has seen the rise of a new type of actor that falls outside traditional conceptions of regulation and value. Fair trade organizations regulate production and distribution processes globally and provide the infrastructure for a market in which value lies in a product's utility *and* conditions of production and terms of exchange. Fair trade emerged to address persistent economic, social, and environmental inequalities between global North and South. But what explains the rise of the fair trade market over this time period? Using time series regression analysis, I evaluate the claims of several theoretical traditions and use world society theory to inform economic sociology on understanding how social forces shape global markets. I find that only after a shift in world cultural norms do processes of unequal exchange become problematized so that moves toward liberalization in international trade are countered by movements toward regulation.

The rapid expansion of global capitalism, outpacing the growth of state-based regulatory structures, has sparked demand for new forms of global governance (Evans 2000). Over the course of the twentieth century, a wide range of nonstate certification systems have emerged in an effort to regulate global capitalism (Bartley 2007). Among the most extensive and oldest nongovernmental regulatory systems is fair trade. Fair trade emerged to address international income inequalities, promote democratic community development, and protect the natural environment from destructive production practices via market mechanisms. As such, fair trade can be understood as a new global market where value lies in the conditions of production and exchange in addition to the utility of the goods themselves. The fair trade market, whose infrastructure is provided by fair trade organizations (FTOs) that regulate the production, distribution, and consumption of fair trade goods, has expanded dramatically since its emergence in the mid-twentieth century.

While standard economic theory conceptualizes new markets as emerging from technological advances that make possible new kinds of products and competition between sellers to make the

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most desirable versions of these products in the most efficient manner, the fair trade market developed with neither new technology nor new products. Fair trade represents a new type of market where products are differentiated based on economic, social, and environmental conditions of production rather than largely on the characteristics of products themselves. A great deal of value in fair trade products is the economic and social relationships they establish between producer and consumer. So what explains the emergence and expansion of the fair trade market over the latter part of the twentieth century?

In explaining the expansion of the global fair trade market over this time period, I consider a variety of perspectives rooted in economic and sociological theory. First, it is plausible that increases in average global per capita income enable consumers to enter into fair trade markets, given that fair trade goods are usually more costly than non-fair-trade alternatives. Or, it may be that as transaction costs of international trade decline, the extent to which producers and consumers throughout the globe are in contact intensifies. As such, this increased global connectedness may explain the expansion of fair trade markets. Alternatively, it is possible that fair trade represents an efficient market solution to collective problems (Knight 1992). If so, increases in the problems fair trade is designed to address, mainly income inequality and environmental degradation, should create demand for and thereby promote the expansion of the fair trade market.

Next, previous work in economic sociology suggests that it is possible that social forces shape the expansion of the global fair trade market. A well-developed literature on fair trade engages Karl Polanyi's (1957) classic argument that movements toward liberalization must be countered by movements toward regulation and theorizes the double movement's applicability to the rise of fair trade (Jaffee 2007, 2012; Raynolds 2000, 2012; Shorette 2011; Torgerson 2010). I test this application of Polanyian theory to the global level where nonstate entities, such as fair trade markets, act as countermovements to increasing state-led trade liberalization.

Finally, I draw on neoinstitutionalism in sociology, which points to the significance of world cultural norms in shaping a wide range of policy and practical outcomes (Meyer et al. 1997). I test the possibility that growing salience of human rights and environmental discourse paired with the growing norm or addressing social problems with market solutions facilitates the growth of fair trade markets.

I use an original dataset of current and former FTOs to indicate the global fair trade market. This includes Fair Trade Federation (FTF) and World Fair Trade Organization (WFTO) member organizations. Both networks screen organizations for compliance with fair trade regulations where the FTF focuses on North America and the WFTO focuses on all other regions. This represents all fair trade that is screened at the organization level. The dataset includes 575 organizations, 459 of which are currently in either the FTF or WFTO network, which represents a nearly complete population of current and historical FTOs. This includes organizations located at every stage of the market including production, distribution, sales, and labeling. I analyze the growth of fair trade from 1961 to 2006 using autoregressive integrated moving average time series regression models that account for both serial correlation and trending (Enders 2002).

The Rise of Fair Trade

Historically, capitalist markets have been characterized by the exchange of goods and services where all participants seek to maximize their utility. As the capitalist system expanded to the global level, unequal trading relationships reinforced a largely rigid global stratification system and developing countries become unlikely to improve their relative position (Chase-Dunn 1989; Wallerstein 1974). The emergence of fair trade in the mid-twentieth century represents a new model emphasizing equality, social justice, and environmentalism. Using an alternative set of trade regulation, the fair trade model aims to equalize international trading relationships and protect the natural environment.

With its equalizing objectives, fair trade emerged in the mid-twentieth century and has since developed into three distinct organizational forms based on (1) direct sales networks, (2) product labeling, and (3) organizational screening.[1] The first fair trade markets were established by American missionaries who after traveling to Latin America brought traditionally handcrafted items back to their communities. The profits from the sale of these items would return to the original Latin American community to support their development. This original form of direct sales networks of Northern consumers and Southern producers persists in some cases.

A second organizational form emerged in 1988 with the Max Havelaar label and continued most prominently with the Fair Trade Labeling Organization (FLO) and Fair Trade USA. These product-level certification systems use third-party regulators to evaluate the implementation of the fair trade standards for a product's entire commodity chain. Product-level labeling is most commonly used for agricultural goods. Finally, organizational-level screening began in 1989 with the WFTO and continued in 1994 with the FTF. Organizational screening requires that all goods exchanged by a retail or wholesale organization are done so in compliance with fair trade standards. Both WFTO and FTF use a mark to indicate organizational compliance with fair trade standards. All three organizational forms share the objective of equalizing trade and promoting economic and social development as well as environmental sustainability in the global South. This analysis focuses on FTOs, rather than fair trade products, which are screened at the organizational level.

All organizational screening is performed either by the FTF, which concentrates on North American organizations, or by the WFTO, which focuses on all other regions of the world. These central organizing bodies for FTOs provide a detailed and highly enforced set of rules that govern all exchanges where screening is at the organizational level. The "Fair Trade Principles" cover detailed parameters on economic, social, and environmental practices.[2] Individual organizations go through a rigorous screening process based on these principles to gain membership into either the FTF or WFTO. Organizations must demonstrate compliance with these principles to be granted entry into the respective networks. Yearly, rescreening is required to retain membership, and organizations not in compliance with the established "Fair Trade Principles" are removed from the network. As such, the FTF and WFTO provide institutionalized rules of exchange for all FTOs, which are essential preconditions for any market (Fligstein 1996).

In addition, FTOs provide the infrastructure for the global fair trade market. Consistent with previous work in economic sociology (Fligstein 1996), there exist both formal and informal governance structures within the fair trade market. The use of the label (either FTF or WFTO) formally defines which organizations have demonstrated compliance with fair trade principles and are, therefore, officially FTOs. Likewise, an organization's geographic location determines its eligibility to be a producer organization. In addition, informal practices include the exchange of information on how retail operators can most effectively interact with customers and producers, and how producers can best network with wholesale and retail organizations and so on. For further details on the organizational structure of fair trade, see Alex Nicholls and Charlotte Opal (2005).

Fair trade has grown quite rapidly over the past 50 years, and previous research consistently finds positive effects on participating developing world producers (Linton 2008, 2012; Ruben 2009). Figure 1 shows the rise of the organizational infrastructure of fair trade markets since their first emergence in the mid-twentieth century. The rise of FTOs represents the expansion of an infrastructure for fair trade markets. As more organizations promote the fair trade method of international exchange, the possibility for trading also expands. More producers, consumers, wholesalers, and distributors are involved, thus, expanding the foundation for this market.

While the rapid ascent of fair trade has attracted a growing amount of scholarly attention (Bacon 2005; Fridell 2007; Jaffee 2007, 2012; Linton 2008, 2012; Nicholls and Opal 2005; Raynolds 2000; Raynolds, Murray, and Wilkinson 2007; Taylor, Murray, and Raynolds 2005), the analytical focus of this literature is primarily limited to (a) empirical case studies of
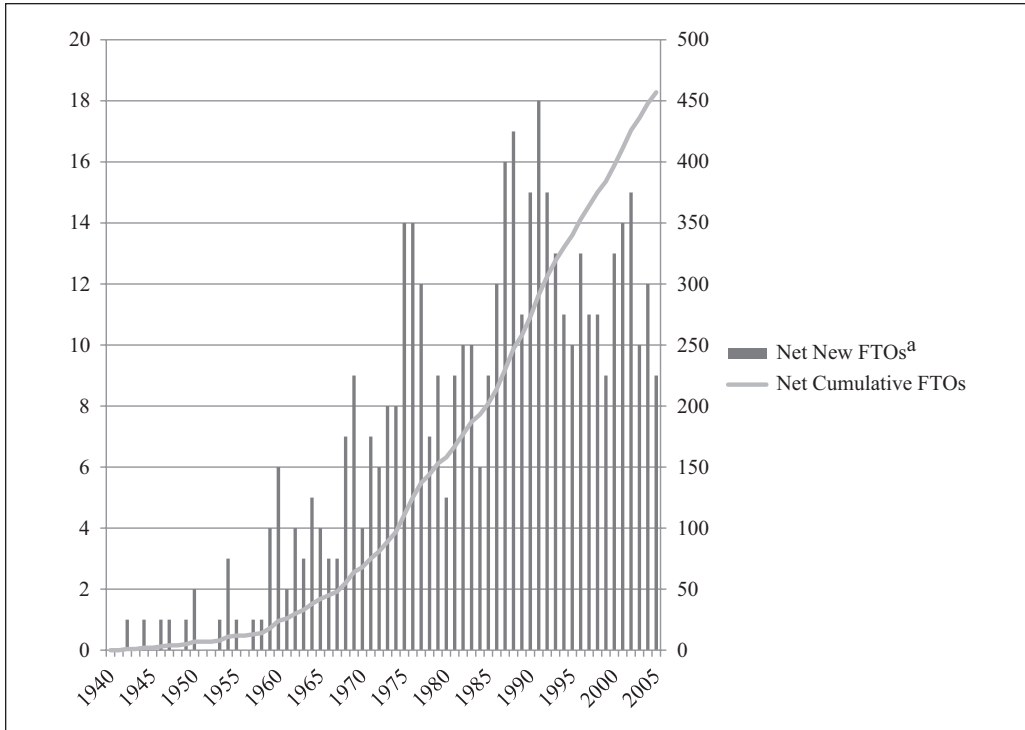
Figure 1. FTO overtime trends.
Note. FTO = fair trade organization.
[a]The first-order difference of yearly net new FTOs (failed and lapsed organizations subtracted from new organizations per year) is the dependent variable used in regression analyses.

commodities and/or producer groups or (b) descriptive accounts of fair trade and its evolution over time. Further, previous work theorizes the applicability of Polanyian concepts to fair trade but lacks empirical tests of the theory (Fridell 2007; Raynolds 2000; Shorette 2012; Taylor 2005). In contrast, this analysis adopts a macro-institutional approach that empirically tests the determinants of fair trade market growth over time.

This analysis treats fair trade as a global phenomenon where all parts of the market—production, distribution, labeling, and consumption—operate around a largely coherent set of goals. The primary point of interest here is the market's expansion over time. Participants in the fair trade market play different roles based primarily on their geopolitical location within the world system. Their activity, though grounded in different national contexts, constitutes a global market.

The data used in these analyses have the advantage of including all fair trade exchange that is screened at the organization level from 1961 to 2006. This includes all FTF and WFTO members, past and present. As such, all regions of the world are represented and all stages of exchange, from production to consumption, are included. While this represents one segment of the market—fair trade goods screened at the organizational level—it is a nearly complete population of that segment. Although limited, these data allow for the empirical test of previously only theorized arguments.

Market Formation and Expansion

Markets are institutions that facilitate the creation and exchange of goods and services. Fair trade is a unique market in that it facilitates exchange under specific conditions intended to benefit all

participants but especially those at the beginning of the production chains. Fair trade products are not simply rebranded or repackaged goods but distinguished as having been developed from a set of specific socioeconomic relationships. The consumption of fair trade goods represents participation in this alternative set of relationships.

Economic Explanations: Purchasing Power and Transaction Costs

Neoclassical economic theory generally conceptualizes markets as price-making and resource-allocating mechanisms (Swedberg 2005). In their most basic formulations, economists characterize markets as sites of "utility maximization" where all participants, having extensive information and the desire to enhance their benefits through exchange, act as "boundedly rational" economic beings, largely in isolation. Consumers are traditionally conceptualized as rational actors making self-interested decisions while accounting for the cost of products (Bagozzi 2000). Standard economic explanations of fair trade markets would, therefore, focus on economic accessibility. Producers must be able to access international markets and consumers must have sufficient resources to purchase these, typically more expensive, goods. As such, I control for world-level per capita income in all analyses.

In addition, economic explanations for the growth of international markets consider the importance of the costs of international trade and, as a consequence, the degree to which nation-states are connected. Air travel, telephone, and Internet connections, for example, all facilitate the exchange of goods cross-nationally. The decline of transportation and communication costs, which is determined largely in technological advances, is argued to be the primary cause of increases in international trade (World Trade Organization [WTO] 1998). David S. Jacks, Christopher M. Meissner, and Dennis Novy (2010), for example, find that just short of half of increases in trade from 1870 to 1913 is explained by reductions in trade costs. More recently, researchers found that advances in information and communication infrastructure, especially the Internet (Dicken 2011), have facilitated the growth in the international trade of services (Choi 2010) and agricultural goods (Bojnec and Ferto 2011).

By extension, it would be reasonable to expect that increased global communication connectedness would make fair trade products from distant parts of the world more accessible to more consumers. As people become more connected globally, via advances in technologies and their reduced costs, they are more able and likely to exchange with one another. This applies to fair trade as well as traditional international exchanges. Therefore, from this perspective, growth of fair trade markets is largely explained by an overall increase in global connectedness via advancement in and access to communication technology.

> **Global Connectedness Hypothesis:** As people become more connected across the globe via advances in communication technology, international trade, including the exchange of fair trade goods, will increase.

Efficient Solutions to Collective Problems

New institutionalists in economics and institutional perspectives on rational choice account for the prevalence of social structure by assuming that social structures result from efficient market processes (Knight 1992; North 1990) and ultimately reduce transaction costs (Williamson 2005, 2010). They, therefore, expect that institutions emerge in response to demand where organizations act as engines of institutional change (North 1990). From an institutionalist perspective on rational choice, institutions are solutions to collective problems, designed to secure collective goods (Knight 1992). Jack Knight (1992) argues, for example, that the institutionalization of time and space measures emerge to allow coordinated social action. Likewise, institutions of property

rights, marriage, economy, and politics all emerge to benefit society as a whole (Knight 1992). In addition, from this perspective, institutions provide an importance source of order without formal law (Greif 1994).

Therefore, fair trade market institutions can be understood as meeting the demand for solutions to collective problems such as rising global income inequalities, and environmental degradation. Given that extreme income inequalities and environmental degradation threaten economic and social development on a large scale, they can be understood as collective problems. While these problems may not yet be large enough to negatively affect relatively affluent societies directly, their effects are certainly felt in the global South where fair trade's efforts are targeted. As such, increases in the collective problems of global income inequality and environmental degradation should create increasing demand for their solutions, and therefore, the expansion of fair trade.

> **Collective Problems Hypothesis:** Increases in global income inequality and environmental degradation will positively affect net growth of the fair trade market.

Sociological Accounts of Economic Activity

In contrast to traditional economic accounts, economic sociologists argue that the economy is not analytically separate from society (Krippner and Alvarez 2007; Polanyi 1957). A large body of sociological research demonstrates that economic action is affected by a variety of social forces and institutions (Schneiberg and Bartley 2008). From this perspective generally, social forces are crucial to the functioning of markets as the development of new markets requires extensive social organization (Fligstein 2001; White 1981). Specifically, Neil Fligstein (1996) argues for four institutional preconditions for the formation of markets: property rights, governance structures, conceptions of control, and rules of exchange. The case of fair trade shows that new markets can come from new types of relationships between market actors including producers, distributors, retailers, and consumers, rather than from new products themselves. Fair trade products derive their additional value from the conditions of production rather than its utility alone. The case of fair trade highlights the embeddedness and socially constructed character of markets as well as the importance of the institutional preconditions for markets.

In contrast to standard economic conceptions of value, the value in fair trade products is as much in their effects on producers as in their utility. The taste of the coffee and craftsmanship of home decor, for example, are considered alongside the livelihoods, social, working and environmental conditions of the people who grew and constructed them. In their mission statements, sellers emphasize the effects of making fair trade purchases will have on the producers in addition to the quality of their products. For example, the Just Coffee Cooperative mission reads as follows:

> Just Coffee Cooperative is a worker-owned coffee roaster dedicated to creating and expanding a model of trade based on transparency, equality, and human dignity. We strive to build long-term relationships with small-scale coffee growers to bring you a truly incredible cup of coffee. (justcoffee.coop/people)

Likewise, the *Bead for Life* organization claims to "eradicate extreme poverty by creating bridges of understanding between impoverished Africans and concerned world citizens" (beadforlife.org). The value of fair trade products is, therefore, communicated to consumers as residing largely in the effects a purchase will have on the producers.

From a utility maximizing perspective, consumers in the global North should take advantage of their dominant position and continue to drive prices of developing world imports further down.

However, the fair trade market is predicated on the opposite principle. Fair trade retailers emphasize the poor conditions of developing world producers and bring personalized stories to their customers. Products often come with pictures and personal accounts of artisans and farmers. In addition, sellers emphasize the economic *and* social benefits such producers experience from participation in fair trade. For example,

> BeadforLife sponsors community development projects in health, vocational training for impoverished youth, affordable housing, and business development. These projects are financed with the net profits from the sale of the beads and Shea butter products and support not only our members, but other impoverished people living in Uganda. (beadforlife.org)

The value of these products, therefore, must be understood as existing beyond immediate functional utility. Likewise, the consumption of fair trade products cannot be explained with traditional understandings of utility maximization.

The Double Movement in Global Markets

In his analysis of the rise of laissez-faire capitalism in the nineteenth century, Karl Polanyi (1944) argues that a self-regulating market is neither possible nor desirable. He argued that movements toward liberalization must be countered by movements toward regulation to prevent the exhaustion of the "fictitious commodities": land, labor, and money. Since Polanyi's time, sociological research on markets often focuses the role of governments in market creation and maintenance (Evans 1995; Ó Riain 2000). While this literature highlights the role of states in markets, nonstate actors, especially international nongovernmental organizations (INGOs), are playing increasingly important roles in markets. The rapid expansion of economic globalization, in terms of both intensity and complexity, requires new forms of regulatory institutions (Evans 2000), many of which have taken the form of nongovernmental organizations (Kahler and Lake 2003). As such, Polanyi's (1957) argument for the double movement can be usefully applied to the contemporary global economy and the nonstate actors it includes (Bandelj, Shorette, and Sowers 2011; Fridell 2007; Raynolds 2000; Torgerson 2010).

The case of fair trade highlights the utility of expanding the Polanyian perspective. Fair trade represents one of the first and most comprehensive nongovernmental systems aiming to regulate global capitalism. It arose primarily to counter the liberalizing policies of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) and the resulting decreasing tariff rates and increasing trade activity. In their organizational description, the WFTO asserts that

> Fair Trade is, fundamentally, a response to the failure of conventional trade to deliver sustainable livelihoods and development opportunities to people in the poorest countries of the world . . . from the beginning, the Fair Trade movement aimed to raise awareness among consumers of the problems caused by conventional trade, and to introduce changes to its rules. The sale of products always went alongside with information on the production producers and their conditions of living. It has become the role of World Fair Trade Shops to mobilize consumers to participate in campaigning activities for more global justice. (wfto.com)

The direct response of fair trade to state-led liberalization projects illustrates how it acts as a countermovement against the GATT/WTO liberalizing movements.

A growing body of scholarship notes the applicability of Polanyian theory, and Polanyi's concept of the double movement in particular, to the fair trade market. This work suggests, explicitly and implicitly, that fair trade can be viewed as part of a larger challenge to neoliberal globalization that aims to re-embed markets into society (Bandelj et al. 2011; Bartley 2007; Fridell 2007;

Jaffee 2007, 2012; Raynolds 2000, 2012; Renard 2005; Torgerson 2010). Just as liberalization at the state level was met by state regulation to preserve land, labor, and money, the double movement operates in the contemporary global economy.

As the global economy becomes more liberalized, a protective countermovement responds to prevent the exhaustion of the fictitious commodities via global markets. A significant and novel part of the countermovement to market liberalization at a global level is the prominent role of *nonstate* actors, such as the participants in fair trade. While economic sociologists traditionally highlight the role of states in providing the extensive framework of understandings, rules and laws that make market formation possible, the case of fair trade shows that it is gover*nance* more so than govern*ments* that are essential and that nonstate actors can supply an important source of global regulation. In the absence of systematic, overtime data on the fair trade market, previous research was unable to test this hypothesis.

> **Trade Liberalization Hypothesis:** As trade liberalization intensifies at the global level, it will be met by a countermovement toward regulation indicated by the expansion of fair trade.

Cultural Context for Alternative Markets

In contrast to rational choice understanding of institutions as efficient solutions to collective problems, neoinstitutionalists in sociology, particularly within the world society tradition, focus on the changing normative context at the world system level. This perspective emphasizes the role of INGOs as carriers of world cultural norms of equality, human rights and environmentalism (Boli and Thomas 1999), and sources of "blueprints" for nation-state institutions (Frank, Hironaka, and Schofer 2000). From this perspective, people are embedded within a broad cultural context, which strongly shapes their actions (Meyer 2010), including their consumption decisions and conceptions of value in general.

Moreover, the impact of world cultural norms and blueprints for institution structure and content intensifies over time as demonstrated in a wide variety of fields including environmentalism (Schofer and Hironaka 2005), concepts of citizenship (Ramirez, Soysal, and Shanahan 1997), and design of university curricula (Frank and Gabler 2006). As scripts of human rights and environmentalism circulate through and permeate world society they provide "conceptions of control," or "understandings that structure perceptions of how a market works," for the formation of fair trade markets (Fligstein 1996:658).

In their analysis of INGOs over the twentieth century, John Boli and George M. Thomas (1999) argue human rights and environmental organizations highlight the failure of states to abide by world cultural principles. A rise in discourse emphasizing human rights, equality and environmentalism constructs value in fair trade products which creates a market for these goods. In much the same way that the value of children, for example, is culturally constructed and variable over time (Zelizer 1985), the value of internationally traded goods is constructed and changes with changes in world cultural norms.

Only after the concept of human rights and equality and the value of the natural environment in its own right are accepted and legitimated can value be located in the social conditions of production processes and developmental outcomes of global goods. As these new world cultural norms gain salience, for example, via expansion of their carriers, the demand for fairly traded goods grows and fair trade markets expand. Further, a broader movement toward "corporate social responsibility" that supports market-oriented ways to address these newly constructed social problems has emerged during this period (Soule 2009). Socially responsible investment funds, for example, allow their patrons to invest based on social criteria in addition to traditional considerations. Markets are increasingly understood as legitimate means to address social problems.

The world society tradition has been largely silent on the role of culture in economic processes. In a notable exception Witold J. Henisz, Bennet A. Zelner, and Mauro Guillén (2005) find that normative change affects economic policy change in the case of neoliberalism. This study extends the concept further with the examination of the role of normative context in economic activity, in this case, the formation of new markets. Following this work, I argue that only after environmental degradation and income inequalities become problematized do solutions, such as fair trade, become institutionalized at the global level. Prior to their construction as collective problems, no solutions are necessary. As such, norms of social justice, which are juxtaposed to the free-trade policies advocated for by neoliberalism, play a crucial role in expanding the fair trade market.

> **World Cultural Norms Hypothesis:** The institutionalization of world cultural norms promoting human rights, equality, and environmentalism enables the expansion of the fair trade market.

Data

Like many longitudinal studies, most of the variables in the analysis trend upward. Therefore, to prevent false positive findings, I use each variable at its first level of stationarity. With the exception of one variable, the collective problems index, all variables require a first order of difference to achieve stationarity. The first order of difference is each observation subtracted from the next. For example, the value of a variable in 1960 is subtracted from its value in 1961 and so on for each year. After completing this process once (referred to as the first order of difference), the variable no longer trends upward and can, therefore, be used in the analyses.

Dependent Variable

The dependent variable in this analysis is the yearly total size of the fair trade market, operationalized as the net total of new FTOs per year.[3] This includes current and former members of the WFTO and FTF. The FTF and WFTO are the only bodies screening for fair trade practices at the organization level. The FTF screens retail, wholesale, and distributing organizations in North America that engage at least 90 percent fair trade practices.[4] WFTO members include producer organizations, wholesalers, retailers, and labeling organizations. Producer organizations are concentrated in Africa, Asia, and Latin America, and consumer organizations, including wholesalers and retailers, are concentrated in Europe and North America. Membership in the WFTO is limited to organizations that demonstrate full compliance with the fair trade standards. Members trade in a wide variety of products including textiles, home decor, and agricultural goods.

To construct the dataset, I first referred to the membership directories published on the web pages of the FTF and WFTO. The 2010 membership directories list 215 and 251 members for the FTF and WFTO, respectively, which were founded in 2006 or earlier. Next, I augment the dataset with archival records from the FTF and WFTO to include member organizations who are no longer in their respective networks. The archival data added an additional 63 and 83 members of the FTF and WFTO, respectively, for a total of 612 member organizations, 575 of which have known founding dates. I then gathered organization founding dates from member organizations' web pages. In the case of members without online information, I referred to the web pages of distribution shops such as SERRV and Ten Thousand Villages that import their products.

In total, this original dataset includes founding date information for 575 of 612, or 94 percent, of current and former FTF and WFTO members. While nearly all of the 575 organizations with founding dates specifically indicate that date on their web pages, approximately 5 percent of founding date data were obtained via e-mail inquiry. Founding data are coded as the year the

organization came into being. In the case of organization name changes, the organization is coded as having been founded once, under the earlier name. This dataset includes the vast majority of all FTOs in existence over the time period, which represents nearly the entire population of fair trade goods exchanged under the organizational-screening system. See Table A of the appendix for detailed information on organization founding dates by region and Table B of the appendix for founding data by network affiliation.

The resulting variable is the net total FTOs per year, or the yearly market size. This is the total number of new organizations minus those that have left the network, either through membership lapse or organization failure. While new FTOs per year trends upward much less than cumulative organizations, the variable is not stationary in its raw form (i.e., the yearly net new FTOs increase over time). Therefore, the dependent variable is the net new FTOs per year at *the first order of difference*.

Control Variable

I include income, measured as world-level gross domestic product (GDP) in constant 2000 U.S. dollars, as a control in all analyses. GDP data are from the *World Development Indicators* (World Bank 2011).

Independent Variables

To test the effects of global connectedness, collective problems, trade liberalization, and world cultural norms on the expansion of the fair trade market, I construct an index for each concept. Indexing these variables allows for measuring the concepts on various dimensions while maintaining parsimony in the statistical analyses. To construct each index, I calculate the mean *z* score for each of their components. Standardizing each of the variables results in their equal contribution to the index. However, because all component variables are not available for every year in the analysis, I use the mean of those that are available for every year. Table 1 reports the years of availability for each variable as well as descriptive statistics for all indices; their components and first-order differences where applicable.

Global connectedness. I measure global connectedness a combination of air transportation, telecommunication, and Internet access globally. Air transportation is measured as the total number of registered passenger airplane departures per year. Telecommunication is measured as the number of telephone line per 100 people per year and Internet access as the total number of Internet users per 100 people per year. All three indicators are from the *World Development Indicators* (World Bank 2011). Due to their heavy skews, each indicator is log transformed before being standardized and averaged into the global connectedness index. Finally, I use the first order of difference for the global connectedness index to eliminate upward trending.

Collective problems. I measure collective problems as an index of the two major problems fair trade addresses: global income inequalities and environmental degradation. I measure global income inequality as the percentage greater per capita income held by high-income countries as compared with low- and middle-income countries. Income is measured as per capita gross domestic product in constant 2000 U.S. dollars, and income categories are based on the United Nations' classifications. Following Evan Schofer and Ann Hironaka (2005) and Andrew K. Jorgenson, Christopher Dick, and Matthew C. Mahutga (2007), I measure environmental degradation as total carbon dioxide emissions. This is an especially relevant indication of overall environmental degradation because the large volume of carbon dioxide emission due largely to the burning of fossil fuels makes it the most consequential human effect on the natural

Table 1. Descriptive Statistics.

Variable	Indicator	Years	N	M	SD	Range
Global fair trade market Infrastructure	Yearly FTO foundings[a]	1961–2006	46	9.217	4.709	0–18
	First-order difference	1961–2006	46	−0.0652	2.313	−5–3
Per capita income	Gross domestic product, per capita[b]	1961–2006	46	4,136.4	829.89	2481–5823
	Log transformed	1961–2006	46	8.303	0.226	7.816–8.670
Global connectedness	Index (average z scores of components)	1961–2006	46	−0.309	0.778	−1.36–1.63
	First-order difference	1961–2006	46	0.066	0.107	−0.271–0.352
Air travel	Air Passenger Departures (in 1,000)[b]	1971–2006	36	15494	5,390.6	9,245–2,4843
Telecommunication	Telephone Lines (per 100 people)[b]	1961–2006	46	9.281	4.912	2.40–19.87
Internet access	Internet Users (per 100 people)[b]	1990–2006	17	6.626	6.238	0.050–17.718
Trade liberalization	Index (average z scores of components)	1961–2006	46	−0.154	0.769	−1.74–1.53
	First-order of difference	1961–2006	46	0.069	0.190	−0.718–0.574
Barriers to trade	Tariff rate (1-world average)[b]	1999–2006	8	−2.901	0.753	−4.03–1.84
Trade flows	Trade as percentage gross domestic product[b]	1961–2006	46	37.048	8.729	23.11–56.47
Participation in global neoliberalism	Proportion countries in GATT/WTO	1961–2006	46	0.528	0.131	0.247–0.758
World cultural norms	Index (average z scores of components)	1961–2006	46	0.028	0.872	−0.851–1.957
	First-order difference	1961–2006		0.033	0.871	−1.059–0.789
Pervasiveness of environmental stewardship norms	Environmental INGOs[c]	1961–2006	46	214.130	208.923	0–596
Pervasiveness of human rights norms	Human rights INGOs[c]	1961–2001	37	4,303.14	2,450.43	1,825–7,454
Pervasiveness of	Socially responsible investment funds[d]	1995–2005	11	159.091	46.453	55–201
Collective problems	Index (average z scores of components)	1961–2006	46	0.041	0.111	−0.176–0.256
Income inequality	Ratio of high- to low-income countries[b]	1961–2006	46	2,054.59	105.824	1,838–2,241
Environmental degradation	Carbon dioxide emissions[b]	1961–2006	46	19.558	5.285	9.504–30.14

Note. FTO = fair trade organization; GATT/WTO = General Agreement on Tariffs and Trade/World Trade Organization; INGOs = international nongovernmental organizations.
[a]Membership directories and archives of the Fair Trade Federation and WFTO.
[b]World Bank's (2011) World Development Indicators.
[c]Union of International Association's Yearbook of International Organizations.
[d]Social Investment Forum's Socially Responsible Investment Trends Report (Forum for Sustainable and Responsible Investment 2010).

environment (Houghton et al. 2001). Carbon dioxide emissions data are measured as the natural log of millions of kilotons. Data for both indicators are from the *World Development Indicators* (World Bank 2011). The collective problems index is stationary and, therefore, does not require any differencing.

Trade liberalization. The index of liberalization includes the relative size of the GATT/WTO, the percentage of world gross domestic product attributed to trade and average yearly tariff rates. I measure GATT/WTO membership as the proportion of nations recognized by the United Nations that are members of the GATT (1946–1994) and the WTO (1995–2004). Relative size of the GATT/WTO membership indicates the level of global support for liberalizing policies. Data for GATT/WTO membership are calculated based on the organizations' list of member signatory dates and the United Nations' list of nation-states. Trade volume is measured as the total percentage of yearly world GDP comprised of international trade. Finally, tariff rates are measured as one minus the average national tariff rate per year. Trade volume and tariff rate data are from the *World Development Indicators* (World Bank 2011). The analyses use the liberalization index at the first order of difference where it becomes stationary.

World Cultural Norms

I measure world cultural norms as an index of INGO membership and socially responsible investment (SRI) funds. INGOs are indicated by the total number of environmental and human rights INGOs in which a country has at least three citizen members. Note that no FTOs are classified as human rights or environmental INGOs. These data are from the Union of International Associations' *Yearbook of International Organizations*. SRI funds are measured as the total number present per year and are from the Forum for Sustainable and Responsible Investment's (2010) *Socially Responsible Investment Trends Report*. The raw index trends upward; therefore, I use the first order of difference of the cultural infrastructure index, which is stationary.

Analytic Strategy

In time series analyses such as this one, it is necessary to employ statistical techniques to account for two likely characteristics of the data. First, variables often change in similar patterns over time. For example, average income and fair trade market size both increase over time. Second, any given variable often changes in relationship to itself over time. For example, the average income in the second year observed tends to be closely related to average income in the first year observed. These correlations between explanatory and outcome variables and within a single variable are referred to as trending and serial correlation, respectively. The presence of trending and serial correlation precludes the use of ordinary least squares (OLS) regression analysis due to assumption violations.

For this analysis, I use autoregressive integrated moving average, or ARIMA (p, d, q) models, which are designed specifically to model time series data with both trending and serial correlation. Three separate components, "p," "d," and "q," are used according to the characteristics of the data. The appropriate values for each are determined through a series of steps.

First, I test for stationarity using the augmented Dicky-Fuller test. The process of differencing is to subtract the previous observation from each observation for all observations over the time period. Instead of the raw indicator, which typically increases over time, a first difference indicator measures the change in that variable from one year to the next. A variable is stationary if it does not systematically increase or decrease over time. In this case, the fair trade market and the indices for changing cultural norms, trade liberalization, and global connectedness are all stationary at the first order of difference, or after performing the differencing procedure once.

Table 2. Correlation Matrix for All Variables in Analyses[a].

	FTO founding[a]	Per capita income[a]	Global connectedness[a]	Collective problems	Trade liberalization[a]
Per capita income[b]	.0520				
Global connectedness[a]	.2230	.2753			
Collective problems	−.0766	−.3238	.0664		
Trade liberalization[a]	.3936	.0420	−.1057	−.0229	
World cultural norms[a]	.4258	.2210	.0249	−.1382	.1424

Note. FTO = fair trade organization.
[a]Variables reported in the first order of difference.
[b]Log transformed.

The collective problems index and natural log of per capita income are stationary in their raw forms.

The variables used to construct the indices, and the indices themselves, are quite highly correlated because of their simultaneous upward trending. However, after differencing each variable and index in the analyses until they become stationary the correlations are reduced considerably. As Table 2 shows, the correlations of the variables included in the analyses range from .0229 to .4258. I model each of the indicators additively and include the control for per capita income in each model.

Next, I test for the presence of serial correlation, or the strong relationship between a variable and itself at different points in time. Finally, I use the best fitting model indicated by the lowest Bayesian Information Criterion (BIC) statistic. The BIC prefers the most parsimonious model and only indicates preference for the inclusion of additional parameters if they outweigh the reduction in parsimony. The above tests indicate that a (0,1,0) ARIMA model is most appropriate for these data. The model is represented as the following after differencing all variables with unit roots:

$$y_t = \alpha_1 y_{t-1} + \ldots + \alpha_p y_{t-p} + \varepsilon_t + \beta_1 \varepsilon_{t-1} + \ldots + \beta_q \varepsilon_{t-q}.$$

Conceptually, the model determines whether an independent variable explains the change in the dependent variable or if they are both simply moving in the same direction simultaneously because of some other factor. A statistically significant coefficient indicates the former.

While not terribly common in sociological research, the time series ARIMA approach has been used to illustrate the connection between literacy and crime rates (Gillis 2004), unemployment and pretrial incarceration rates (D'Alessio and Stolzenberg 1995), and union density and strike frequency (Morris 2003) to name a few examples. In each case, ARIMA models are selected because of the high correlation between explanatory and outcome variables and within the same variables over time.[5]

Findings

To explain the formation and expansion of the fair trade market infrastructure over the latter half of the twentieth century, I use ARIMA (0,1,0) time series regression analysis of yearly size of the fair trade market, measured as total FTOs from 1961 to 2006. Because the dependent variable is expressed in the first order of difference, the coefficients represent the effect on *change* in the size of the fair trade market. Likewise, those independent variables that are expressed in the first order of difference represent the effect of *change* in those variables on the outcome. All findings are shown in Table 3.

Table 3. Time Series (ARIMA) Regression Analyses of Global Fair Trade Market Infrastructure Expansion, 1961–2006.

	Model 1	Model 2	Model 3	Model 4
Per capita income[a]	−0.104	−0.517	−0.519	−1.348
	(1.984)	(2.234)	(1.877)	(1.787)
Global connectedness[a]	4.873	5.270	6.106	6.241****
	(5.153)	(5.264)	(4.022)	(3.430)
Collective problems		−3.739	−0.760	−0.162
		(7.595)	(6.130)	(6.899)
Trade liberalization[a]			5.121**	4.533*
			(1.753)	(2.155)
World cultural norms[a]				3.270***
				(0.844)
Constant	0.476	3.898	3.494	10.301
	(16.453)	(18.571)	(15.596)	(14.827)
N (years)	46	46	46	46
Wald χ^2	0.60	1.33	12.81**	26.48***

Note. Standard errors in parentheses.
[a]First order of difference.
*p < .05. **p < .01. ***p < .001. ****p < .10.

First, I evaluate the effect of global connectedness generally. The indicator is insignificant, and when modeled with only the control for average income, it yields a Wald chi square close to zero indicating very poor model fit. However, the global connectedness index becomes significant at the .10 level in Model 4, which includes all indicators. A positive coefficient of 6.241 indicates that increases in global connectedness result in the expansion of the fair trade market to a moderate extent.

Next, I fail to find significance for the effect of the collective problems of income inequality and environmental degradation on changes in the fair trade market infrastructure in any model. Further, Model 2 yields a Wald chi square close to zero indicating very poor model fit. This suggests that demand for solutions to collective problems carries almost no explanatory power.

In Model 3, I add the test for extending Polanyi's (1944) classic argument that the intensification of trade liberalization must be met by a countermovement toward regulation. Consistent with this hypothesis, Model 3 shows that increased trade liberalization results in the expansion of trade regulation in the form of fair trade market infrastructure. The effect retains its significance in the full model where a coefficient of 4.533 indicates that increases in trade liberalization results in increases in global nonstate regulation via the fair trade market infrastructure.

In the final model, I test the applicability of world society theory to global markets. Consistent with the expectations of this perspective, Model 4 shows that increases in the salience of human rights and environmental norms enable the expansion of fair trade market. This finding indicates the applicability of world society theory to the expansion of global fair trade markets.

Finally, note that per capita income, which is included as a control in each model, is never significant despite general economic expectations that fair trade markets should expand with additional income. However, its inclusion reduces the size and significance of the theoretically driven indicators.

In sum, this series of analyses shows strong support for the effects of new world cultural norms supporting environmentalism and human right and that increasingly do so via markets as well as the effects of trade liberalization on the growth of the fair trade market infrastructure. As a relatively new form of global market regulation, fair trade is enabled by a growing body of

cultural norms and deregulation spearheaded by states. However, the expansion of fair trade is not significantly related to the intensity of income inequality or environmental degradation.

Discussion

International exchange is increasingly governed at the global level with the GATT/WTO providing the rules of exchange for its member states. The expressly liberalizing agenda of the GATT/WTO departs considerably from increasingly salient world cultural norms of equality, human rights, and environmentalism. In this context, fair trade emerged and expanded as a market-based social justice initiative that establishes and enforces alternative standards of production and exchange of goods internationally. It remains a central component of a growing field of extra-state global governance (Bartley 2007; Raynolds 2012). With the aim of understanding the expansion of new global markets, this work conceptualizes fair trade as a global phenomenon.

Results of this research indicate the utility of applying economic sociology, particularly Polany's concept of the double movement, and world society theory to the formation and expansion of global markets. Polanyi's original concept of the double movement applied to the national context of Britain. However, as previous work has theorized (Fridell 2007; Raynolds et al. 2007; Renard 2005; Shorette 2011; Torgerson 2010), the movement—countermovement dynamic—can now be observed at and usefully applied to the global level. In addition, world society theory emphasizes normative change at the global level (Meyer et al. 1997; Frank, Camp, and Boutcher 2010). While a great deal of work in the world society tradition illustrates the relevance of global culture via national embeddedness (Frank et al. 2000; Ramirez et al. 1997), the phenomenon is ultimately global. Likewise, this analysis takes a global approach.

However, the global focus of this work is not meant to imply the unimportance of nation-states. On the contrary, many factors enabling or constraining global markets in general, and the fair trade market in particular, are likely operating at the national level. Given that the fair trade market is divided geopolitically with production located in the global South and consumption in the global North, future work should interrogate the determinants of those components of the market separately. In addition, there is potentially much to be learned from analyses at the nation-state level. What contributes to larger fair trade production markets in the global South? What enables consumption in the global North? How do global, regional, and national dynamics affect market growth? Further analyses of the fair trade market could contribute to the ongoing debates over the relative importance of nation-states in an increasingly connected world (Guillen 2001). So while it is beyond the scope of this research, future work should interrogate global market formation and expansion as it relates to national and regional contexts.

The global move toward trade liberalization can be thought of as a practical process whereby the fictitious commodities of land, labor, and money risk exhaustion in the absence of a regulative countermovement. This interpretation fits most closely with Polanyi's (1944) original thesis and the practical necessity of the second part of the double movement. However, the move toward liberalization at the global level can also be thought of as an ideological phenomenon whereby the normative understanding of how to best conduct the global economy moves sharply toward liberalization. Likewise, the regulative countermovement can be conceptualized as an ideological move. The global move toward liberalization is in contrast to previous practical and normative understandings of how the global economy is best managed. Keyeniasm, for example, promoted a much stronger role of states and interstate regulation as the best means to economic success.

Finally, while this analysis represents the first opportunity to test previously theorized determinants of global market formation and expansion, in the case of fair trade, there are several important limitations to data used in this study. While this analysis uses a nearly comprehensive set of data for the fair trade market screened at the organizational level, it excludes the portion of

the market certified at the product level. Product-level certification emerged in the late 1980s and has since become quite prominent. As a result, these analyses speak directly to a portion of the global fair trade market. The central distinction between the two regulative arrangements is the high proportion of handicraft goods screened at the organizational level compared with the larger proportion of agricultural goods screened at the product level. While the logic and standards to regulating each component of the fair trade market is consistent, future research should explicitly examine the effect of the introduction of product-level labeling to the fair trade market.

Further, great care was taken to operationalize the fair trade market as well as each theoretical perspective. However, alternative operationalizations are, of course, possible. For example, new technological tools such as Google's Ngram offer an alternative means of operationalizing global culture. It observes, for example, a dramatic rise in discussions of "human rights" following World War II. This analysis uses the most frequently used operationalizations indicated by theory, such as ties to INGOs as the key indicator of global culture. However, future work may benefit from expansion beyond such traditions. Likewise, future work should interrogate the indirect as well as direct effects indicated by theory.

Conclusion

The fair trade market emerged in the mid-twentieth century with a few travelers to Latin America returning with a handful of crafts to sell in their communities in the United States to return profits to the Latin American artisans. Fair trade sales now exceed 6.5 billion dollars per year with over a million farmers and artisans participating in the global South (WFTO 2010). The market currently includes goods ranging from textiles, to sporting equipment, jewelry, olive oil, coffee, tea, bananas, wine, and others. The value of these goods is determined not only by their utility but also by the conditions of their production and terms of their exchange. In addition, a growing body of research suggests that fair trade, and the market relationships it supports, has the potential to reduce global inequalities (Ruben 2009). This rapid growth and potential for positive social effects—together with an original dataset that makes testing previously only theorized hypotheses possible—makes the global fair trade market a strategic research site for engaging and expanding sociological theory.

Explanations of economic processes often center on economic forces. However, neither traditional nor institutional economic theory succeeds in explaining the rise of the global fair trade market. Traditional economic theory conceptualizes new markets as emerging from advances in technologies where the value of a product is located primarily in its functionality or use. However, the fair trade market developed with neither new technology nor new products. Instead, goods traded under the fair trade system have long histories of international trade. Agricultural products such as coffee, tea, and bananas, along with textiles, flowers, and sporting equipment comprise the bulk of the fair trade market (WFTO 2010). Instead of new products, the novelty of this market is particular conditions of production and the economic and social outcomes for developing world producers and protections to their natural environments. Rather than maximizing the use value of products, consumers pay (often more) for comparable products that align with the values of human rights, equality and environmental sustainability.

Economistic perspectives explain phenomena such as the emergence of FTOs as an alternative global governance system as solutions to collective problems (Knight 1992; North 1990; Williamson 2005). As such, they can be understood as the result of efficient market processes. Because fair trade directly addresses the problems of global income inequality and environmental degradation, fair trade markets can be seen as institutions emerging to address these significant collective problems. However, levels of income inequality and environmental degradation are unrelated to the size of the global fair trade market.

This lack of empirical relationship over the time period of these analyses is consistent with the historical disjuncture between fair trade and the social problems that it addresses. Income inequalities produced by international trading relationships date back to at least the thirteenth century in the east (Abu-Lughod 1989) and fifteenth century in the west (Wallerstein 1974), long before the emergence of fair trade in the mid-twentieth century. Further, environmentalism in general is not always tightly correlated with levels of environmental degradation. Deforestation in Brazil, for example, has a long history related to colonial powers and capitalist exploitation (Hecht and Cockburn 2010). Campaigns to save the rainforest, in contrast, are much more recent.

Drawing on work in economic and cultural sociology, I test an alternative perspective. FTOs regulate production and distribution processes globally and provide the infrastructure for a market in which value lies in a product's utility *and* conditions of production and terms of exchange. Conditions of production and terms of exchange that support producers in the global South are only valuable in a particular normative context. The rise of world cultural norms of equality, human rights, and environmentalism and their increasing salience over time creates a cultural context where fair trade goods can be more valuable than their traditionally regulated counterparts. Further, the context of a growing cultural understanding that markets are legitimate means by which social problems can effectively be addressed facilitates the manifestation of these norms as fair trade markets. As such, both the problems addressed by fair trade and the market-based solution are deeply rooted in cultural normative context.

In addition, the formation and expansion of the fair trade market points to the relevance of nonstate actors in economic processes in general and the formation of new global markets in particular. Fair trade markets illustrate the applicability of state-based theorizing within economic sociology to nonstate actors. This study extends previous work within the subfield to the global level, which in the context of increasingly globalized economic processes, is particularly relevant. Just as states are essential to the creation and enforcement of each of the institutional preconditions for markets (Fligstein 1996), nonstate actors can, likewise, play a central role in establishing and enforcing property rights, governance structures, conceptions of control, and rules of exchange. Intergovernmental organizations, such as the WTO, serve as legitimating structures for regulating international trade that makes possible nonstate alternatives such as fair trade while FTOs serve as institutional preconditions for this new market.

In addition, Polanyi's (1944) concept of the double movement, or necessity of a protective countermovement to follow liberalization, applies to the contemporary global economy where nonstate actors, such as FTOs, play an increasingly central role. With their provisions for wages, working conditions and treatment of the natural environment, fair trade addresses the protection of each of Polanyi's (1944) fictitious commodities—land, labor, and money. The WFTO describes its objectives directly in opposition to the state-led objectives of the WTOs. Over the 1961–2006 time period, increases in trade liberalization facilitate the expansion of the fair trade market. Together, changes in world cultural norms and the protective countermovement highlight the importance of social forces in shaping global markets.

Only after a shift in world cultural norms that favor equality, human rights, and environmentalism do processes of unequal exchange become problematized allowing for the formation of fair trade markets. New world cultural norms provide the framework for alternative institutional preconditions for markets so that moves toward liberalization in international trade are countered by movements toward regulation. In this case, the countermovement takes the form of nongovernmental actors at the global level. As such, fair trade depends on alternative market institutions to regulate production and distribution processes globally and provide the infrastructure for newly constructed value.

Appendix

Table A. Descriptive Statistics of FTOs Founding Dates by Region.

	N total	*N* with founding dates	Minimum	Maximum	*M*
All FTO members	612	575 (94%)	1942	2008	1988
Africa	74	70 (95%)	1950	2006	1991
Asia	113	108 (96%)	1949	2006	1986
Europe	97	89 (92%)	1942	2004	1988
Latin America	46	38 (83%)	1947	2008	1987
North America	282	270 (96%)	1946	2005	1988

Note. Derived from WFTO's and FTF's web pages and archives, member organizations' web pages, and via e-mail inquiry to member organizations. FTO = fair trade organization; WFTO = World Fair Trade Organization; FTF = Fair Trade Federation.

Table B. Descriptive Statistics of FTOs by Affiliation.

	FTF total	FTF with founding dates	WFTO total	WFTO with founding dates	All FTOs	All FTOs with founding dates
Current	215	215 (100%)	251	242 (96%)	466	457 (98%)
Lapsed	63	60 (95%)	83	58 (70%)	146	118 (81%)
Total	278	275 (99%)	334	300 (90%)	612	575 (94%)

Note. Derived from WFTO's and FTF's web pages and archives, member organizations' web pages, and via e-mail inquiry to member organizations. FTO = fair trade organization; WFTO = World Fair Trade Organization; FTF = Fair Trade Federation.

Notes

1. Fair trade was referred to as alternative trade at the market's inception. The introduction of product labeling in the late 1980s solidified the transition from "alternative" to "fair." For the sake of clarity, I

refer to "fair trade" throughout.

2. The 10 core principles of fair trade according to the World Fair Trade Organization are as follows: (1) market access for marginalized producers; (2) sustainable and equitable trading relationships; (3) capacity building and empowerment; (4) consumer awareness raising and advocacy; (5) commitment to long-term trading partnerships; (6) nondiscrimination, gender equity, and freedom of association; (7) safe and healthy working conditions; (8) prohibition of child and forced labor; (9) payment of a fair price; and (10) protection of the natural environment (www.wfto.com). Likewise, the standards set by the Fair Trade Federation are as follows: (1) create opportunities for economically and socially marginalized producers; (2) develop transparent and accountable relationships between trading partners; (3) build producers' capacity or independence; (4) promote fair trade; (5) pay promptly and fairly based on the framework of true costs of labor time, materials, sustainable growth and related factors; (6) support save and empowering working conditions; (7) ensure the rights of children including the right to security, education and play; (8) cultivate environmental stewardship; and (9) respect cultural identity while creating positive and equitable change (fairtradefederation.org).

3. While fair trade sales would directly measure fair trade markets, data are not available before 1990, which is insufficient for world-level, overtime analysis. However, for the years in which sales data are available, they correlate with net new fair trade organizations at .95. Therefore, net new fair trade organizations represent a measure of the organizational infrastructure supporting fair trade markets or a proxy for fair trade markets themselves. However, it is important to note that the majority of fair trade goods are exchanged under the certification system beginning in the mid-1990s (Raynolds, Murray, and Wilkinson 2007).

4. The remaining 10 percent must be similar trading relationships but not technically in compliance with fair trade principles because producers are from disadvantaged groups in the United States such as Native Americans, for example.

5. In addition, I test the robustness of the model specification. I begin by excluding the controls for per capita income and global connectedness to highlight the theoretically driven indicators. In addition, I test the linearity of the relationships specified between world cultural norms and fair trade markets. Specifically, I test the possibility that world cultural norms facilitate the growth of fair trade markets in the earlier years as they serve as a legitimating force but constrict fair trade market growth in the later years as they begin to represent competition. I test the effect of the world cultural norm index, as well as one of its component parts, international nongovernmental organizations (INGOs) on the fair trade market at different time periods using interaction effects. I find that, regardless of the particular time frames used to designate "early" and "late," the effects of world cultural norms and INGOs are either consistent throughout or slightly larger in the later years. Results of all checks indicate the robustness of the models reported and are available upon request.

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