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► **To cite this version:**

Yuna Chiffolleau, Fabrice Dreyfus, Jean-Marc Touzard. Fair trade and ethical projects: new challenges for wine co-operatives ?. International cooperative alliance European conference .Research committee : The future of cooperatives in a growing Europe, May 2004, Segorbe, France. hal-02758673

HAL Id: hal-02758673

<https://hal.inrae.fr/hal-02758673>

Submitted on 4 Jun 2020

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FAIR TRADE AND ETHICAL PROJECTS: NEW CHALLENGES FOR WINE CO-OPERATIVES?

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1. INTRODUCTION

Fair trade and ethical sourcing are of increasing social relevance. Even if it remains a marginal niche within international trade, such concepts are applied to a growing number of sectors and diffuse from North-South to North-North trade, pushed by the development of “responsible consumption.” In the case of agrifood supply chains, co-operatives are involved in these new trade relations, at production, trade or consumption levels. They appear indeed as specific organisations assuming such values as equity or democracy requested by “responsible consumers”. However, questions occur, especially in the wine sector, about the effective conditions and ways of control of their involvement in ethical initiatives. In France, wine co-operative directors have asked social scientists to assess their capacity to deal with such a movement. Viewing it as a means of integrating people with few resources in economic projects, policy-makers are also taking part in the debate about fair trade and ethical sourcing. However, due to growing critiques, there is a need to develop sociological and economic analyses that address both the soundness of such concepts and the relevance of co-operatives as ethical trade leaders when applied to Northern situations. Taking Languedoc (France) wine industry as an example, our paper offers an overview of this debate.

Firstly, we present the main issues of fair trade, ethical sourcing and responsible consumption in Southern and Northern countries. In the second part of the paper, we analyse from an historical perspective the evolution of Languedoc wine co-operatives projects and the expression of co-operative ethics at each step of their development. In the third part, we discuss the nature of an ethical project, its current conditions of development in wine co-operatives and suggest operational proposals.

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2. FROM ETHICAL INITIATIVES TO RESEARCH-ACTION PERSPECTIVES WITH WINE-COOPERATIVES

2.1. Forms and challenges of fair trade terms and organisations

Fair trade occurred as an alternative to conventional trade said to be “unfair” towards Southern nations. It was developed in the mid 1960s by Oxfam, a non-governmental organisation, pursuing the challenge of “Trade not aid,” referring to trade with developing countries. The objective was to guarantee a better income first to artisans and then to small-scale farmers in the South by short-circuiting trade middlemen, asking consumers to voluntarily pay higher prices and developing new outlets sustained by “fair shops,” as alternatives to supermarkets. In such a system, producers propose products respecting material, environmental and social quality standards, but also adapted to Northern sanitary norms and tastes. Consumers pay a “fair price”, higher than the international rate or production costs. This price includes generally the payment to the producer and an additional aid for local development and collective actions. Moreover commands are often pre-paid, for facilitation and guarantee. As fair trade thus deals with equity, solidarity and empowerment, a privilege is granted to producers’ “democratic groups,” often co-operatives in practice, with which contractual exchanges have been developed, initially by Northern fair trade shops, and now by more and more numerous supermarkets (Daviron *et al.*, 2002). Certified fair trade represented 400 billion euros in 2003, 0,01% of market shares within international commodities exchanges (OCDE).

By highlighting Southern small-scale producers poor living conditions, fair trade proponents support wider or complementary movements to promote “ethical sourcing.” Whereas fair trade focuses on trading terms and small producers, ethical sourcing is concerned with the work place, highlighting the welfare of producers and promoting “socially responsible” firms sourcing from developing countries (Barrientos, Blowfield, 2001). Developed from the 1990s and issued from social lobbies towards “Third World exploiter” firms like Nike, ethical trade is primarily undertaken by multinational brands or retailers, especially in food, textile and beauty sector (e.g. Nike, Body Shop, Ben & Jerry, etc.). It also involves the use of codes of conducts (based on ILO, International Labour Organisation) to ensure that suppliers meet minimum standards of employment, worker welfare and aspects of human rights standards. In the UK, the approach is well known through the “ethical trading initiative.”

As an important element of this general trend, a social movement towards “ethical” or “responsible” consumption is growing and the use of this concept is progressively extended to Northern products and firms. People are increasingly concerned by the social and/or environmental quality of the products they purchase. In France, for instance, 38% of people surveyed claimed to base their consumer choices on the “citizen engagements” of the productive firms : no child labour, national sourcing, labour standards respect, no polluting processes. Half of those surveyed claimed to be willing to pay 5% more for products respecting these conditions (Credoc, 2002).

Recent boycott campaigns towards Northern firms that had polluted or laid-off employees (for example, the French firm Moulinex) confirm the call from consumers for ethical sourcing in the North as well as in the South.

However, fair trade is argued to improve the power of Northern consumers rather than of Southern producers, to create price distortion and exclusions within local production territories, whereas ethical trade appears to be mainly a communication theme, without strict controls (Du Toit, Ewert, 2003). Indeed, simple reference to “democratic groups” or ILO standards is not enough to ground serious leverages for the transformation of international trade rules, especially within North-North trading exchanges. Many initiatives throughout the World “surf” on the ethical wave to build a renewed image and thus “attach” more consumers. There are, however, a huge diversity of practices and projects, among those claiming ethical production of goods and services. In order to be consistent with the objectives of sustainable development defined in the Rio Agenda (1991), economic regulations increasingly include the concept of the “social responsibility of firms,” which requires their engagement to take in account the economic, social and environmental impact of their activities with all concerned stake-holders. However, indicators are very general, with minimal requirements. Moreover, they have been produced for large firms, whose subsidiaries and contractors are not always evaluated through such indicators. Whereas private brands or NGOs are inclined to propose numerous panels of specialised labels to indicate ethical standards, policy-makers tend to set up an overall array of public norms meant to integrate and control the different dimensions of ethics. In addition, different actors carry out the project to strengthen the concept of ethical sourcing and trade by crossing commodity chains and territories.

Before assessing the legitimacy of wine co-operatives in such an ethics movement, one has to better understand the diffusion, in contemporary societies, of “fair” initiatives working towards better social integration.

2.2. Hyper-modernity and ethical movements

In Northern countries, embedded in the wave towards “sustainable development,” new requirements related to “quality” appear as a trust crisis between consumers, producers and science (Joly, Paradeise, 2003). The consequences of over-production, the recrudescence of sanitary crises in the last ten years and the development of biotechnologies have led to the emergence of a new type of actor, the “citizen-consumer,” concerned, even anxious, about the environmental and social quality of the products she purchases.

More fundamentally, one has to refer to macro-sociological analyses about societies’ evolution to assess such new behaviours. The modern society following the last century’s industrial revolution (Weber, 1922) has evolved towards a post-modern society from the 1950s. The 1950s was assessed as the era of individualism, consumption and fashion, where social classes decline and institutions are called into question (Dubet, 2002). Some philosophers and sociologists thus interpret the

current ethical wave as a reaction to the negative consequences of post-modernity : loneliness, anomy, loss of sense, anxiety, etc. According to these scholars, a new period has developed since the 1980s, also called “hyper-modernity,” wherein individualism includes a humanist dimension in order to find sense again (Lipovetsky, Charles, 2004). In such an era where auto-control processes substitute for traditional framing social institutions, responsible behaviours are strengthening around fundamental human rights and altruism. Feelings and traditional values reappear, such as disposition to sociability, voluntary work, moral indignation towards violence, valorisation of love and solidarity. Such values are materialised through the exponential increase of local associations or through demonstrations about societal and political issues, such as war, lately. It arises with the emergence of new kinds of institutions, more labile and circumscribed, purportedly aiding cohesion and guaranteeing justice (Forsé, Parodi, 2004).

The hyper-modernity is thus grounded in the concept of “ethics,” as developed by Ricoeur (1994). According to Ricoeur, ethics consist of “individual behaviours aiming at a good life, with others, and in fair institutions.” As well as in the post-modernity era, hyper-modernity means identities built around consumption models. However, within them emerge new figures concerned with “responsible consumption”. In that sense, ethical consumption may not be only a fashion but may reflect a deep change in societies (Bajoît, 2003). However, one has to be aware of all possible negative consequences due to irresponsible behaviours, which constitute the other face of hypermodernity, due to the decline of social control meta-institutions. Nevertheless, insofar as identities of people are built into trading forms, and as policy-makers and economic actors call for a reflexive analysis around ethics forms and challenges, a frame of analysis is required.

2.3. From social demand to research perspectives about ethical organisations

Although set within a broad societal movement towards ethics, pragmatic questions could be raised, such as those that arose within the wine co-operative sector. Both motivated and perplex when confronted with the huge diversity of ethical initiatives throughout international markets, the board of directors of the Crouzeilles wine co-operative (area of Madiran AOC wine) contacted us about their “legitimacy,” their role and the extent of flexibility within such a movement.

Southern co-operatives emerge as key figures in the organisation of fair trade, as ethical organisations promoting solidarity and small-scale producers’ empowerment. But Northern co-operatives, as they benefit from Northern living and production conditions, do not immediately appear as a natural partner of Northern consumers. Despite their formal democratic status, they call for a discussion about the domains of responsibilities and types of practices needed from co-operatives to be recognised, and possibly labelled, as socially responsible firms respecting fair trade and ethical

sourcing principles. This social demand raises the question of an appropriate frame of analysis, for which we suggest the sociology of organisations, conventions economics and economic sociology :

a) The production and marketing of wine in a co-operative are made of a specific array of actions and constitute an “organised action system” (Friedberg, 1993). This central concept is core to the *sociology of organisations* and allows the study of a wide range of situations where collective action is at work, from formal organisations to loose groups, bridging different levels of the studied phenomena. Entangled in enduring rules or changeable norms, interdependent actors need to co-ordinate their action with others, following strategic rationalities that may encompass different values such as solidarity, equity and justice. Finally, their own objectives partially overlap with the goal of the collective action to which they commit themselves.

b) The French research program of *conventions economics* is revisiting the economic models of firm and markets, demonstrating the necessity of collective forms of assessment, taking account of the notion of convention. This notion is defined as “a social representation on what could be argued, if required,” allowing “a satisfying level of co-ordination, inside the relevant collective identity” (Favereau, Lazega, 2003). Following a comprehensive approach, conventions could be analysed as solutions to economic co-ordination problems within various “organised action systems,” for example in a co-operative or along the commodity chain. Conventions enable “rationally limited” actors to qualify the transaction goods and establish the required behaviour rules through successive “trials of assessment.” They are illustrative of various principles of justice, mainly referring to domestic, industrial, merchant or civic “world” (Boltanski, Thévenot, 1991). Analysing the possible involvement of wine co-operatives in ethical projects and trade highlights the set of evolving conventions founding the organisation and its marketing chain.

c) By assessing markets and organisations as social networks shaped by values (White, 1992), *economic sociology* allows a complementary analysis. It prompts us to consider how “positions,” as specific relational profiles, rather than actors themselves, are built and evolve throughout economic dynamics. The challenge is then to distinguish and characterise the relations linked to the development of ethical trade initiatives, especially the “partnerships” claimed by consumers or firms managers with producers or previously neglected “stake-holders.” In that sense, “previously disadvantaged people” are no longer only characterised by poor level of economic resources, but also by their degree of insertion within power, information and trade relations. Then, one has to assess in what way ethical initiatives actually improve their positions in relevant networks allowing both the fixation of “just prices” in a context of incertitude about quality and the “attachment” of consumers. However, economic sociologists emphasize the mobilisation of specific skills (Favereau, Lazega, 2003) in the building and the management of such networks. The challenge may be then also to highlight the cognitive dimension of ethical organised action systems, through skills and conventions associated with them.

3. ETHICS IN THE CO-OPERATIVE PROJECT: HISTORICAL PERSPECTIVE IN THE LANGUEDOC WINE SECTOR

3.1. The first wine co-operatives (1900-1930) : economic projects, social assertion, local and class solidarity

The first Languedoc wine co-operatives were created in 1901 by small winegrowers, in the context of a very strong wine market crisis. The “free winegrowers of Maraussan” case illustrates how ethical perspectives have been strongly linked to the economic and social issues of these organisational innovations. Documents and information about collective decisions collected during this period (Tarbouriech *et al.*, 1996) show how the founding members were presenting and building their project.

a) They mentioned that wine regrouping will improve their incomes, citing two reasons:

- The existence of better and more regular prices through more negotiation power with traders and by progressively “cutting out parasitic retailers and selling directly to consumers”;
- Better control over the wine quality and reduced technical risks and costs, first by “storing and transporting wine by their own means” and then by “processing grapes in a common cellar.”

These economic arguments clearly rely on the perception of both market and technological scale economies (Temple *et al.*, 1996). They were initially set as principles, but the recording of discussions between founder members suggest that these arguments were unfounded at the beginning. Nevertheless, first investments decisions were associated with an increasing turnover and showed that the project could be economically viable i) the co-operative bought horses, rail tankers and wine warehouses near Paris, ii) a new collective cellar was built in 1905 in front of Maraussan rail station, iii) wine prices awarded to members remained attractive and marketed wine volume increased until 1914.

b) These economic targets and activities were completed by a more implicit, but perhaps more powerful objective. The small growers wanted to assert themselves against the largest employing landowners and the traders who allegedly cheated them. Signs of this social assertion objective are numerous : the name of “free winegrowers” given to the co-operative, leaflets reproducing traders’ advertising, and the will to build the highest wine cellar of the village This collective assertion is based on mimetic mechanisms, with the landowner or the trader at the same time the rival and the model (Girard, 1983). It can also be interpreted as a means of building a new social status within local networks, but also within wine market networks.

Indeed, first co-operative texts identified more generally the collective project with the “emancipation of small growers within the wine industry”².

Grouping wine for marketing and processing grapes in a common cellar have proved to be a successful innovation, aiming at economic and social assertion objectives. But formal rules, conventions and routines, that allowed and stabilised the action system, were also linked to ethics, extending their concerns at both local and “class” levels.

* First, solidarity, democracy and support to education were explicitly promoted and implemented within the organisation. Ethical identity of Maraussan co-operative was affirmed by the motto written on the frontage of the cellar : “all for each one, each one for all.” In that case, the term “all” could be interpreted as restricted to the selective circle of the co-op members. Formal internal rules also expressed the democratic and “non capitalist” options of the organisation : i) decisions have to be taken following the principle “one man, one vote,” ii) co-operative benefits are distributed according to the wine volume delivered by each member, iii) the amount of grape that can be processed per member is fixed in order to support the small growers. Moreover, ethical principles were perceptible in many other rules or actions and have been extended within the local community:

- Pragmatic decisions led to introducing more equity in internal rules, recognising members specific contributions to the collective project, e.g., i) a “commission” was given to members who found new markets, ii) four wine qualities were distinguished by a tasting committee and paid by different prices.
- Some co-operative rules or decisions were specifically issued to promote mutual assistance between members : i) 35 % of the benefits were dedicated to a local “development fund,” ii) mutual help for sick or absent members was organised, especially during the First World War.
- Moreover, an explicit involvement in local solidarity and development actions was implemented through other organised action systems, presented as “auxiliary organisations” of the wine co-operative : i) the “Farmers Union” supplied growers with agricultural inputs, ii) the “Maraussan Union” was a very active consumers co-operative, iii) the “Rural Credit Local Branch” was providing credit, ensured by the regional co-operative bank, iv) the “Proletarian Beehive” invested in “small but clean houses” rented to wine growers families.

Thus, ethical concerns were core to the Maraussan co-operative project, integrated in a political perspective. Responsibility seems to have been extended to the whole

2. Maraussan co-op has got a specific “status” in French political movement when Jean Jaures, leader of socialist party, visited the village and published in 1905 a well known article titled “The wine of the social revolution”.

local community, perhaps in order to integrate more members³ in the co-operative networks or to become (collectively and individually) “great,” according to prevalent civic and domestic local conventions.

* Secondly, Maraussan co-operative project and actions also referred to a more extensive area of solidarity, “popular classes,” which include French workers and (small) farmers. This category has been defined and idealised in socialist ideology and fitted the general perception of identity in many popular movements. Actually, the co-operative was producing basic wine, drunk by popular social classes. Thus, new markets were developing along with the development of an ethical behaviour. Indeed, this solidarity extended to all popular classes, in the case of Maraussan, it took a very concrete dimension, converging with its economic and marketing actions:

- The co-operative aimed at “providing consumers with natural wines” and at “connecting small wine growers and workers through the co-operative movement.” Maraussan succeeded in selling an important part of its wine to consumers’ co-operatives. This involvement led to the inclusion of internal rules that stated that 25 % of the co-operative benefit must be given back to consumers whose delegates were also invited every year in order to learn about real conditions of production.
- Moreover, Maraussan directors decided to support the development of the socialist co-operative movement, and some members actively participated in regional meetings, promoting the creation of wine co-operatives in other villages. The solidarity with “popular classes” has been extended to a “national solidarity” during the First World War, when the co-operative made a donation of 200 000 hectolitres to the French soldiers (mainly coming from popular classes). This action has been also interpreted as a clever “marketing strategy” (Tarbouriech *et al.*, 1996).

In the case of Maraussan co-operative, ethical principles (solidarity, democracy, social progress) were integrated in rules, conventions and routines through a pragmatic confrontation between local inherited conventions coming from local networks (worker groups, previous associations, mutual help relationships between neighbours or within families) and the socialist ideology brought by leaders such as Elie Cathala (Gavignaud-Fontaine, 2001)⁴. In the emergence of the first wine co-operatives, ethical principles can be considered as a source of co-ordination and networking within the economic organisation and among its marketing chain, reducing uncertainty but also promoting such a social experience at the national level. The nature, the role and

3. In 1905 the co-operative numbered 230 members among 280 winegrowers in Maraussan.

4. In other regions, religious moral played the same role in the agricultural co-operatives emergence (Desroche, 1976).

the extension of these principles have been clearly determined by the historical context (wine market crisis, juridical acknowledgement of associations, evolution of political ideas and social movements), but also present many similarities with present day fair trade principles : local solidarity and democracy, direct relations and solidarity between producers and consumers, transparency and fair price within the commodity chain.

3.2. The development of the table wine co-operatives (1930-1980): mass production and regional corporate solidarity

The expansion of the co-operatives cellars in Languedoc started after the First World War. Their number dramatically increased in the 1930s, reaching 550 in the 1970s. The number of members per organisation was also growing, in such a way that co-operatives took a dominant position in the Languedoc wine industry, producing at least 75 % of its wine. What conditions can explain this development and how could ethical principles have influenced it ?

a) Firstly, the co-operative's expansion was influenced by a more favourable context. Facing a possible repeat of the 1900-1907 national market crisis, the French government and regional wine leaders gradually negotiated the construction of a specific wine policy, aiming at the control of the wine supply by establishing "planting quotas" and rules which could frame the sales. In this new perspective, co-operatives were considered as possible tools for implementing this economic policy, instead of rebel organisations, as the "Free Winegrowers of Maraussan" were considered before 1920. Subsidies and fiscal advantages were accorded for co-operatives' development and were increased in 1936 by the "Front Populaire" government, politically aligned with regional voters.

b) In this context, the economic utility of joining a co-operative was strengthened and economic projects were converging towards the same organisational model : the "village table wine co-operative". Directors and workers were appointed to manage the wine processes ; the members of the co-operative delegated the wine production to them and specialised in grapes production. It resulted in a progressive objective and cognitive separation between the growers and the co-operative staff within this mass production organisation. Technological and commercial scale economies were established and reinforced by the first co-ops references and government subsidies. These economic arguments were strengthened after the Second World War when changes in farming systems implied new investments both in the vineyard and wine processes undertaken in the co-operatives. As a result of this opportunity, medium winegrowers became members of these organisations.

c) As we noted in the Maraussan co-operative, economic utilities were also complimented by social assertion objectives. The mimetic mechanism existing between small growers and the biggest wine producers also existed between neighbouring villages (Bort, 2003). Indeed, at this level, it often produced a rivalry that seems to have been more powerful than the need for inter-co-operative strategies.

Each village wanted to get the biggest and highest wine co-operative cellar. The co-operative became an institution, a symbol of the local identity for each village of the Languedoc plain.

d) With regard to ethical concerns, the same formal co-operative rules were followed, according to the evolution of the national juridical status of these organisations (Fontaine, 2003). The basic principles of democracy, responsibility, territory linkage and solidarity between members (e.g. in terms of capital) have formally shaped social interactions within the wine co-operatives. In many cases, we also note specific actions that reveal solidarity between members and extended further to the local community, as we found in Maraussan. We also noted many changes:

- The specialisation towards table wine production has changed the nature of conventions and ethical values. It strengthened egalitarian principles and limited references to equity : only one kind of wine was paid according to a very basic criteria, its alcohol degree and at a “political price.” Hence, members specific skills or assets were not acknowledged. Indeed, in the “mass production world,” industrial conventions are prevalent and fit with egalitarian principles (Salais, Storper, 1993). Finally, grapes and vine-growers tend to be valued as interchangeable production inputs and this presents an important weakening of ethics wherein *alter* is considered *per se*.
- The frontiers of the “ethical space” also changed : solidarity towards the “popular class” and consumers was relevant to fewer co-operatives. Through specialisation of tasks, relationships with consumers were carried out by retailers and traders who mixed Languedoc and Algerian wines. Temporary market crises could also be alleviated by corporate negotiations and lobbying rather than by new market niche investigations. Then, direct selling, connection and solidarity with consumers seemed to be less necessary. Moreover, the dynamics of the socialist ideology itself was changing in the society. The social representations linked to “popular classes” were not as wide spread as they had been previously. In fact, they could appear more repellent than attractive to potential members. Thus, the weakening of this ideological conditions opened the opportunity of integration for more vine-growers.
- However, this reduction in ethics along the vertical dimension of the value chain has been “substituted” by its regional enlargement, as a horizontal trade-off. The defence of “Languedoc wine” was the main objective in the 1970s and led to the institutionalisation of the corporate movement, initiated during the regional crisis in 1907 (Touzard, 2000). Departmental co-operative associations, connected with the regional wine growers union, regularly negotiated with the State and, if necessary, organised mass demonstrations.
- Another reduction in ethics occurred within the wine co-operatives. In many cases we note, specially during the 1970s and 1980s, an increasing gap between members and the staff, between vine-growers’ groups inside the co-operative

and, more generally, between founding ethical principles of the organisation and social practices of its members. The management of wine co-operatives became nepotistic in many cases (Chiffoleau, 2001), referring more to domestic and industrial conventions than to the former civic conventions of the co-operative movement.

In sum, during the 1970s, the co-operative projects were institutionalised through a mass production model, linked to the local space, formally oriented by the co-operatives' founding values, but hiding important "lock-in effects," such as dependency to mass technology, restriction of varieties in the production system, specialised routines and references to industrial and domestic conventions fitting with egalitarian principles.

3.3. Wine co-operatives facing globalisation and quality requirements : toward new economic and ethical projects ?

Recently, tremendous transformations in the economic and political context skewed table wine co-operatives' trajectories and destabilised their regional corporate governance, opening opportunities for a wide diversity of strategies and projects.

a) Changes have simultaneously addressed different dimensions of the wine co-operative context:

- Societal changes in ways of life, such as driving habits, health concerns, etc., a decrease in the number of manual workers, rising incomes, demographic effects, etc., led to a strong reduction of table wine consumption in France.⁵ It also led to a shift from table wine to "quality wines" consumption, i.e. more aromatic and with a well defined origin (specially AOC wines like Bordeaux). Moreover, the definition of wine quality progressively integrates new attributes such as environmental-friendly concerns and landscape management, health issues and traceability, packaging innovation, cultural image, as well as ethical concerns.
- French integration in the European Agricultural Policy, the enlargement of the European community and the wine market internationalisation modified the conditions of competition and politic negotiations for Languedoc wine co-operatives.
- The development of the regional economy, based on new activities, pressured vineyard areas and reduced the economic and politic regional weight of the wine industry to less than 5 % of the regional PIB in 1995.

5. From 120 litres per adult per year in the 1960s, to less than 70 litres currently.

- The evolution of the co-operative juridical framework offered new opportunities, for instance for creating subsidiaries.

As a consequence of these changes, table wine prices and vine-growers' income decreased and a new economic policy was drawn up, including subsidies for the uprooting of vines, obligatory distillations, and incentives for replanting with aromatic vine varieties and for technological investments in co-operatives.

b) In this more open and changing context, Languedoc wine co-operatives chose to follow divergent directions : some of them tried to keep producing table wine without changing the inherited organisational model. It generally resulted in the reduction of costs and investments. This defensive practice led in many cases to "exit trajectories" both at the co-operative level (implicit bankruptcy and absorption by a neighbouring co-operative) and individual level (members leaving the co-operative in order to develop their own estate). But the majority of table wine co-operatives progressively engaged in "innovation trajectories" which included a large diversity of combinations between new activities (along the processing and marketing chain but also in tourism and local development), new wines (AOC or variety wines), new internal rules (e.g. for grape payment) and new economic or marketing alliances (Touzard, 2002).

An analysis of these innovation strategies showed that economic objectives and arguments have radically changed (Chiffolleau *et al.*, 2002) :

- The economic project deals with many fields of innovations which must be combined and tested in the new context. It introduces a new perception of risk in economic decisions that leads to the implementation of new kinds of control as bilateral contracts or labels. It also underlines the fundamental role of new factors of production such as knowledge in each field of innovation, but also in project management, social capital, information, culture and values. The following are the new strategic resources for post-industrial firms (Cohendet, Llerena, 1990).
- Former references to scale economies have changed for co-operative cellars : "critical size" of the co-operative clearly became relative to the kind of wine, the activity or the choices of the alliance.
- The efficiency of a project combining complementary fields of innovation is also determined by actions and networks to signalise this specificity.

c) In such a diversity of economic strategies and objectives, social assertion objectives seem to take ambivalent forms. The positive identity of table wine production disappeared both for growers' groups in each co-operative and for the regional corporate movement. It can be analysed as an internalisation by consumers and the media and politicians' repeated negative assessment of table wine. In many cases it means that the wine co-operative no longer fits a social assertion project. Members are ashamed of their co-operative and thus their involvement has diminished or is

limited to economic opportunities. But in fewer cases, a new identity has been built through new collective projects toward quality wine production. In these cases, the relation with prescribers' positions (wine writers, famous buyers, etc.), due to the implementation of new technical practices and personal involvement in networking, often allows the social construction of a new collective and individual status, objectified through awards, that can strengthen the economic project. Beyond those developments, some co-operatives, already committed to quality wines, aware of their ethical tradition, consider the current ethical trend in economics and society as an opportunity to renew and strengthen their social assertion.

4. BUILDING ETHICAL PROJECTS IN CO-OPERATIVE CELLARS

4.1. Co-operative cellars as a social movement

Through the different phases of their history, wine co-operatives develop their activities within an overt or tacit ethical framework. Indeed, co-operative actions ultimately are meant to contribute to *a good human life, with and for others, in just institutions* (Ricoeur, 1994). During a first phase of development, co-operatives enacted their ethical commitment to being part of the social movement of the early industrial society, oriented towards the central conflict of this era, capitalists vs. workers, calling into question the social control over historicity. The creation of just institutions was challenged and co-operatives were themselves a fundamental component of this process and message. During the productivist era, co-operatives, like the whole society recovering from the war, were primarily concerned with material production and distribution. They operated at the strategic instrumental level of action, backed by a strong political lobby and under the shield of favourable economic regulations. Currently, the whole society, in the midst of globalisation, faces new challenges and new debates that claim the creation of new meanings and a reinterpretation of norms and values to face the requirements of problematic social integration. The field of debate has been extended from the political arena to civil society and culture (Touraine, 1984). Wine co-operatives are standing at a turning point in their history. On one hand; rooted in their rich experience as a significant actor of a once powerful social movement, they may use this inheritance to contribute to the struggle for the control and the definition of a renewed historicity, enacting its ethics in the framework of new social movements. On the other hand, they may wish to unload the burden of the past and shift toward more usual firm management practices.

4.2. From conviction to consequential ethics

Conviction ethics is based on a set of moral laws or formalized norms, abstract and independent from real situations. It considers action according to these forms

of laws and norms with little concern for the consequences of action. Co-operative ethics, from a convictional standpoint, means to respect and enact rules and norms as fixed in the status and contracts and by which cellars shall provide good human life to their members within just institutions. Facing the new requirements of the markets, the new attributes of quality (increasingly including social and environmental sustainability), the consequent multiplication of new tasks well beyond the production of grapes, rules and norms have to change and co-operative cellars now must acknowledge the different potential contributions of their members. Equity between members within this new economic context, as a consequence of the co-operative formal set of rules, requires then an adapted remuneration system that also accounts for the cleaning of dykes, the organisation of co-operative events or the short-circuited marketing of products. Distribution of satisfactorily incomes to the members is another important part of co-operative convictional ethics. In that sense, engaging themselves in an explicit ethical project may be a strategic decision of the board, aware of the changes in their economic environment that currently call into question the responsibility of the firm and put a strong emphasis on transparency. Thus, an ethical project may easily appear as a utilitarian move, aiming at the overall enhancement of the cellar economic efficiency.

At the current stage of knowledge and development, worldwide, another aspect of ethics, following a consequentialist approach of ethics asks to extend its concern to what is known as sustainability, covering three domains of accountability: economic, environmental and social. Fair trade, as described above, is a way of enacting modern ethics, wherein consumers and distribution agents include in their solicitude (Ricoeur, 1994) a wide range of stakeholders, in distant territories all over the world. When it comes to co-operative cellars, due to their history, their agricultural activities and their status, they have always been deeply and durably embedded in their local, physical and social environment. Hence, consequential ethics are most relevant to the territory in which they operate. Within this area, solicitude may be extended to members and employees as well as to people affected by the co-operative activities. Moreover, it may reach the different users and inhabitants of the common space and their following generations. Then the cellar has to reach an agreement about the limits of the area of its responsibility. It requires the acknowledgement of unfair and exclusive behaviours, their identification inside and outside the formal organisation and the identification of the most exposed stakeholders within this area, in order to promote justice in institutions and quality of life around them. Co-operative cellars are not havens of peace. Power issues often bias their democratic functioning. For instance, the ones who bring in a small amount of grapes or the part-time workers are not always considered as real producers. Youngsters unable to take over the farm from their elders, unemployed residents without economic means or social relations and often moonlighters in the vineyards, elderly people whose knowledge is usually discarded may prove useful and complementary to others. However, these people have no input in the collective decision process although they contribute to the final efficiency.

4.3. The building of an ethical project

First an ethical project is a project. In that sense, it is a figure of collective action that have been widely studied by sociologists or management scientists. It develops through crossed learning processes that occur in various part of the project structure. It may be directed both inward and outward. The actors benefit from the increasing knowledge produced through relevant networks bridging complementary positions (White, 1992) relative to the project. It activates social capital to invest in human capital and increase the collective efficiency.

Thus, an ethical project is oriented to the enaction of ethical principles, that is to say, the extension of the group solicitude toward other positions. Their identification is the touchstone of such a project. Nevertheless, solicitude does not mean charity (trade but not aid). A diagnosis has to identify existing skills and lacks of skills (to be developed through training policies) in the perspective of a renewed or extended productive project (goods and services). Hence an ethical project, in the contemporary situation, has to place the emphasis on job creation and on the mobilisation of a large array of skills. An ethical project is concerned with ethics in the methods as well as in the goals. Co-operative cellars may import and adapt standards and codes (SA 8000, ISO 14000...) that are judged relevant to their own environment or they may build this set of rules through different processes. In either case, the respect for others that lies at the base of every kind of ethics and the actual contradiction that may appear between different conceptions of ethics lays claim to the discursive design of the project (Habermas, 1998). Thus, at each step, stakeholders of the process should be able to present their own representation of the situation to be transformed and about the intermediary states of the ethical project. Evaluation, anticipation, diagnosis and choices must be made. Whereas firms usually appoint a specific committee backed by external experts to build their ethical project, the co-operative modus operandi is based on equality in participative decision. Thus, the co-operative institution, in itself, provides the ethical methodology. Nevertheless, members and other stakeholders are entangled in a set of strategic interdependencies that may impede the decision process. Moreover, the cellar cannot commit itself to such an endeavour without building alliances with other local agencies like municipalities, other co-operative organisations, solidarity associations and any kind of local group dedicated to the reduction of poverty and exclusion. Hence, co-operatives are also bound to hire social scientists in order to create conditions for reflexivity within the project building process and to facilitate the enlisting of new partners. Indeed, sociology of organisations and convention economics provide relevant tools to assess the different positions regarding the project, to open spaces and to organise discussion in order to arrive at a common definition of the project ethics and its area of responsibility.

Construed by social scientists as a system of organised action, the project evolves insofar as new actors are interested and "enlisted." A specific stress has to be put on downstream stakeholders and specifically on consumer organisations in order to highlight their different expectations, values and knowledge about ethical production

and consumption, to identify dedicated places, fairs and other commercial events in which alliances can be made. Distributors and retailers are very diverse, engaged in the building of different images, aiming at different categories of consumers and striving to shape their behaviour. Among them, several organisations are already structured according to co-operative principles and share the same basic values as wine co-operatives; they are already partners of numerous producers' co-operatives in the South and may appear as relevant partners in the development of ethical projects in the North. Supermarkets in general are often banished by fair trade leaders, even if some of them may be "just" partners. That prompts us to look beyond the formal market status to assess the relevant positions of potential collaborators.

Formalisation of the outputs of the process at different stages is key to its durability and enables the minimising of different biases already mentioned. These documents, often referred to as codes, may be shaped as a list of objectives, a set of rules and procedures, standards and norms. Throughout the different steps of elaboration of the ethical projects many drafts are to be produced and will serve as many intermediary objects (Vinck, 1999). Such objects enable the different stakeholders engaged to focus the discussion on explicit items. They will help further adaptation through inner discussion. They will also enable discussion with outsiders through communication policy. Outsiders may be seen as actors not yet enlisted in the ethical project development. As seen above, outsiders may be directly related to the economic aspect of the project (e.g. consumers, middlemen, traders) or to other components of the social movements in which co-operative ethics are rooted.

Such a process, enlisting new positions at each step, adapting its design with newcomers, backed by appointed experts, makes any precise anticipation about its stabilised form difficult. In a given territory and within a social movement, there is a high degree of heterogeneity among actors. Their different potential connection may bear a wide range of outputs. Thus, one must accept that the final outcome is unknown and that the process is more important than the goal. Ultimately, developing an ethical project provides an opportunity to shape new social capital and, consequently, human capital.

5. CONCLUSION

When located in the South, co-operative organisations are widely considered a priori as "legitimate" actors in North-South fair trade. When located in the North, they must prove that they do provide the just institutions that ethics oriented Northern consumers wish to support when buying goods. Languedoc wine co-operatives present some sound arguments, built throughout one century of their history. However, the current difficult context may drive some of them to ignore some founding ethical principles and practices, following the dynamics of second generation co-operatives that select their members based on efficiency (Nilsson, 1997). Hence, the "justice" within the cellar will never be given and final, which calls for a permanent effort to stimulate reflexive activities, the basic constituents of the action-research methodology.

Indeed, in the matter of research, the specificity of co-operative organisations engaged in complex innovation processes, among which is the renovation of their ethical framework, address different trends in social sciences. Wine in and of itself raises specific questions. The health risk associated with this product makes some wine producers doubtful about such an opportunity. In a scientific perspective, it joins a research question raised by economic sociologists notably, that stress how market relations may be influenced by the nature of the commodity exchanged (Di Maggio, Louch, 1998). Wine is nevertheless one of the products of concern to the UK ethical trading initiative, for instance wine co-operatives operating in South Africa (Ewert, 2003). Therefore, comparative analysis is needed to highlight the different lessons that could be drawn from this experience. We thus are developing the analyses of the South African cases (Dreyfus, 2002) to assist our French partners to obtain data in order to make decisions around whether or not to engage in ethical trade.

Finally, it appears that the problematic situation put forth by some stakeholders (practitioners) and the research agenda of social sciences may be articulated in a process of action research. Indeed, action research is often related to a mutually acceptable ethical framework for researchers and stakeholders, which perfectly fits the ethical goals and methods of the project building. Moreover, the process of action-research itself, consisting of cycles of four major phases of planning, acting, observing and reflecting (Masters, 1995) overlaps substantially with the building process of an ethical project. Consequently, practitioners and researchers are prompted to commit themselves to an ethical, action-research backed project, bound to bridge different levels and to enlist a variety of positions not yet identified, locally or more distant. This array of actions and social interactions may be seen itself as an organised action system, aiming at the production of both scientific knowledge and practical solutions through deliberative and reflexive activities.

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