

Bottling the Colonial Unconscious

Ethical value networks and the commodification of fairness in the South African wine industry

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Abstract

The rise of ethical certifications was greeted with optimism by scholars, activists and development practitioners, who predicted they would help to redistribute power and profit more equitably in South-North commodity trade, which has long been an engine of wealth extraction and underdevelopment in the resource periphery. The explicit attachment of value to the social and territorial origin of agro-food products would allow marginalised producers to resist corporate governance, race-to-the-bottom processes, and commodity fetishism. This would result in the retention of higher value at the production end of the chain, thereby fostering sustainable development in rural areas in the Global South.

I investigate the extent to which power and profit is indeed redistributed more equitably in these new ‘ethical value networks’, through a case study of the South African wine industry. Complex apparatus of standards-setting, verification and auditing have formed the basis of strategies for post-apartheid transformation, redistribution and development in the South African wine industry, with progress conceptualised as taking place at the level of business. In this context, ethical certification constitutes a contemporary labour relations paradigm which in key ways reproduces ‘colonial unconscious’ discourses derived from the legacies of slavery, apartheid and farm paternalism. These embedded discursive power formations restrict the transformative potential of ethical certification. For ethical development to occur as a result of ethical value network formation, I argue that workers must gain greater agency and regulatory capability in the governance of these networks.

I find also that ethical certification has not been an effective economic upgrading strategy for the South African wine industry. Instead, due to their deployment within oligopolistic networks, ethics have become commodified, and subject to neoliberal governance. Northern retailers have used their existing power to accumulate the value created by alignment with ethical conventions, and to avoid the costs. Ethical certifications compound the severe ‘cost-price squeeze’ faced by wine producers. This case study has broader implications for the theory of ethical value networks: showing that they are relational, geographically contingent, and remain susceptible to asymmetric governance and accumulation patterns.

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List of Acronyms and Abbreviations

AFIT	Association for Fairness in Trade
ANC	African National Congress
ANT	Actor-Network Theory
ATO	Alternative Trade Organisation
B-BBEE	Broad-Based Black Economic Empowerment
BAWSI	Black Association of the Wine and Spirits Industry
BAWUSA	BAWSI Agricultural Workers Union of South Africa
BEE	Black Economic Empowerment
BRC	British Retail Consortium
BSCI	Business Social Compliance Initiative
BWI	Biodiversity and Wine Initiative
CDA	Critical Discourse Analysis
COSATU	Council of South African Trade Unions
CRT	Critical Race Theory
CSAAWU	Commercial, Stevedoring, Agricultural and Allied Workers Union
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
EEG	Evolutionary Economic Geography
ETI	Ethical Trading Initiative
EVeNs	Ethical Value Networks
FASD	Fetal Alcohol Spectrum Disorder
FAWU	Food and Allied Workers Union
FFL	Fair For Life
FI (FLO)	Fairtrade International (formerly Fairtrade Labelling Organisations)
FLSA	Fairtrade Label South Africa
FPC	Fairtrade Premium Committee
FSC	Forest Stewardship Council
GCC	Global Commodity Chain
GEAR	Growth, Employment and Redistribution
GNU	Government of National Unity
GPN	Global Production Network
GSM	Global Social Movement
GVC	Global Value Chain
HACCP	Hazard Analysis and Critical Control Points
ILO	International Labour Organisation
IPW	Integrated Production of Wine
ISI	Import Substitution Industrialisation
KWV	<i>Ko-öperatieve Wijnbouwers Vereniging</i> (Cooperative Winemakers Union)
NDP	National Development Plan
NSM	New Social Movement
PLAAS	Institute for Poverty, Land and Agrarian Studies
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SAWIS	South African Wine Industry Information and Systems
SAWIT	South African Wine Industry Trust
VOC	<i>Vereenigde Oost-Indische Compagnie</i> (Dutch East India Company)
WFTO	World Fairtrade Organisation
WIETA	Wine and Agricultural Ethical Trading Association
WO	Wine of Origin
WOSA	Wines of South Africa
WSB	Wine and Spirit Board
WWF	World Wildlife Foundation

Chapter 1. Introduction

Dookoom v. AfriForum

Cape Town horror-rap act Dookoom had a hit in 2014 with their track *Larney Jou Poes* (Boss, you're a c***),¹ a visceral portrayal of the life of a worker on a South African wine farm. The reeling video features frontman Isaac Mutant driving a tractor surrounded by workers carrying farm tools, rifles, and tyres, and getting drunk from *papsacks* (cheap wine in bags). The video culminates in the blazing of the word 'Dookoom' into the side of a hill on the farm. Mutant raps:

I always push shit, workers know that kind of living

'cos the boss makes it harder, harder, impossible to live

Fed up of being tired

[...]

My soul and body's fighting, I'm feeling crippled

I'm thinking 'fuck you, I'll burn your farm down, now you can work it like I do' (Dookoom, 2014)²

The chorus features actual farm employees chanting to camera "Fuck you boss-man, I won't do what you tell me".

Mutant goes on to reference the colonial history of the South African Winelands; the appropriation of indigenous land, and the subjugation of the Khoikhoi and San peoples into indentured labour:

Bra, remember you came here in 1652,

You was a *skollie* [thief] too, you was fucking sentenced with a convict crew

You robbed and screwed the natives, now who's the savage?

In 1657 the National Party was established

[...]

Your constitution was born from cons abusing,

No bomb defusing, my shit is lit, no calming this Bushman³

[...]

¹ *Larney Jou Poes* has been given varying English translations – this one is taken from Fogel (2014). See his article for explanation.

² Original in Afrikaans, Youtube closed caption translation.

³ A derogatory term used by the colonists to refer to the indigenous people of the Western Cape.

My family spreaded over the plantations, and by the way, who the fuck is you to call my frustrated ass a racist? (Dookoom, 2014)

The last line is somewhat prescient. After the album's release, Afrikaner nationalist lobby group AfriForum accused Dookoom of hate speech. AfriForum submitted a complaint to the South African Human Rights Commission, claiming that Dookoom's track was racist towards white people. The ensuing debate saw predictable polarisation, as the heated racial politics that pervades every aspect of South African public discourse momentarily spotlighted Dookoom. Activist Steve Hofmeyr, well known for his spurious claims regarding the existence of a 'white genocide' in South Africa, tweeted:

Figure 1.1. Steve Hofmeyr, tweet



(Hofmeyr, 2014)

Partly in response, Zethu Gqola commented, for the grassroots media organisation GroudUp: "'Larney' has become the anthem for the freeing of the shackled farm worker, and thanks to its raw, unfiltered and menacing lyrics, a lot of governmental personalities, farmer's unions and anyone who isn't black, basically, are pissed off" (Gqola, 2014). Much of the political discourse underpinning these strong reactions is fuelled by myth, misconception and fear, informed by a deep 'colonial unconscious' rendered invisible by the powerful narrative of post-racialism (Fanon, 1967; Levin, 2016). The twenty-first century assumption that the playing field has been levelled in South Africa in fact serves to obscure apartheid's legacy of inequality and disenfranchisement, allowing groups like AfriForum to un-ironically accuse Dookoom of racism. Oliver Hermanus, the director of the *Larney Jou Poes* video, said: "Despite our grand national obsession with post-racial, post-apartheid, post-anger, post-blame bullshit, I still have that anger and that rage. If it upsets people – great!" (City Press, 2014).

Dookoom's track and accompanying video was undeniably provocative. As Benjamin Fogel wrote for the progressive platform *Africa is a Country*, Dookoom was "drawing on the imagery of apocalyptic fantasies of natives rising up against the colonizer in a frenzy of bloodlust that pervades the colonial imagination" (Fogel, 2014, para. 3). The track certainly tapped into some deep

sensitivities. The threat of violence on farms evokes the experience of Zimbabwe, as well as the violent and well-publicised farm attacks that have occurred in South Africa. Less visceral than that, though perhaps almost as threatening, is the depiction of disobedience. The power of the simple assertion “I won’t do what you tell me” cannot be overstated in the context of the South African wine farm, and arguably did as much to elevate *Larney Jou Poes* to the subject of national controversy as the video’s violent imagery. However, as Fogel pointed out at the time, discussions of the working conditions on wine farms were conspicuously absent from the debate.

Figure 1.2. A frame from the official Larney Jou Poes video on Youtube



(Dookoom, 2014)

South African wine farming is in many ways a self-contained cultural and political world (Du Toit, 1992, 1993). The wine farms of the Western Cape have been a key location of the development of the Afrikaner language, and the ‘Cape coloured’ identity, as well as ongoing articulations of South African social and economic relations. As one of the first commercial and export industries in South Africa from the mid seventeenth century, and a major driver of the slave trade at the Cape as well as the seizure of Khoisan land, wine production has provided a backdrop to the extended negotiation and re-negotiation of racialised economic roles in South Africa. Wine production in the Western Cape has for centuries been governed by insular dynamics supported by both complex power discourses, and legislative structures. The world of the wine farm has evolved in place, isolated by geography and later by sanctions and boycotts - creating its own sustaining culture based on rigid and violent class division (Dooling, 2007; Du Toit, 1993; Ross, 1983, 1993; Williams, 2016). However, in the twenty-five years following the end of apartheid, the overwhelming tides of globalisation have flowed into the South African wine industry, threatening producers’ supreme

and cloistered position by exposure to competitive and tempestuous international markets. While the transition to democracy has wrought significant change in the industry, as Dookoom's impassioned verse suggests, there are also areas of continuity, as class divisions have persisted and evolved and the deep-seated racialised hierarchy which has kept white landowners prosperous and black labourers dependant and impoverished has adapted in response to new external pressures.

1.1. The rise of ethical certification

The outcomes of neoliberal globalisation for primary agro-food producers and workers in developing countries have been the subject of significant scholarly interest and represent a defining challenge for inclusive global development. Power relations in global commodity trade have undergone considerable changes during recent economic globalisation. This has challenged traditional forms of economic regulation and power, with nation-states coming to embody decreasing relevance in economic governance. Neoliberalism oversaw the eschewing of state-instituted barriers to the flow of goods, technologies and labour, led by industrialised countries, or the Global North. The underpinning and powerful ideology of these policies held that full integration into a global economy would allow developing countries access to a greater share of the prosperity of industrialised nations as unimpeded goods and capital would flow both ways. This deregulation however was only partial. The free market ideal has been in fact selectively implemented in wealthy countries, and wholly imposed on developing countries (Murray & Overton, 2016). This has had the effect of reinforcing colonial distributions of wealth and power accumulation, and reinventing extraction and dependency under the guise of altruistic 'trade-not-aid' development discourses disseminated by Northern institutions. In resource peripheries, located predominantly in developing countries, deepened integration into the global economy has not resulted in shared prosperity in a global marketplace (Cardoso & Faletto, 1979; Frank, 2018; Murray & Overton, 2016). Instead, it has allowed for the entry of transnational corporations (TNCs), and displacement of diversified rural livelihoods with mass production and monocropping, environmental degradation, and the destructive race-to-the-bottom imperative of commodity trade. In some places, this has created an impoverished peasantry forced to accept diminishing returns for the outputs of their smallholdings on the global market. In others, it has generated a dependant rural proletariat – (and increasingly, a *precariat* (Standing, 2014)) - as both trade and labour deregulation allows corporate plantation agriculture to flourish (Murray & Overton, 2016).

As economic flows have become globalised, so too have the counter-processes of activism and resistance to the increasingly visible geographical injustices of neoliberal globalisation. No longer do citizens effect change solely through collective state-focused political action, an emergent site

of political action has become the exercise of individual consumer choice (Beckett & Nayak, 2008). The ethical consumer movement attempts to fix the ills of neoliberalism, on neoliberalism's terms, by harnessing the power of market demand to bring about social and environmental justice in distant locations. The potency of this strategy relies crucially on consumers' access to perfect information about the conditions of production and trade of all the products available to them. However, in reality consumers' ability to access and evaluate information about products is extremely limited (M. K. Goodman, 2004). Instead, ethical consumers rely on third-party certification bodies to perform this function for them, accepting symbols imbued with normative meanings, in place of contextualised information about the conditions of production (Bryant & Goodman, 2004; M. K. Goodman, 2004). In agro-food in particular, ethical certification has become a premise for the conduct of global trade. What began as a radical fringe expression of global solidarity in the 1980s is now an essential component of the machinery of global production networks, and a key tool of new forms of transnational market-driven network governance which exists in parallel to the role of national governments in determining the flows of capital and commodities. Ethical trade has diversified into a broad spectrum of iterations, from Corporate Social Responsibility (CSR) strategies, to organic certification, to Fair Trade.

There is no consolidated scholarly definition of ethical certification. While there is a broad academic literature dealing with aspects of ethical certification, much of this comprises case studies of individual systems which scholars have deemed ethical certifications with little critical reflection on the term itself. (This has perhaps partly enabled increasingly tenuous claims to ethical certification to proliferate in industry with very little basis for objective assessment of their ethical credentials). Rather it is something of a catch-all used in diverse arenas including agriculture, fisheries management, garment manufacturing and, electronics (Fairphone, 2018). A key function of ethical certifications is that they measure and certify ethical aspects of product process and quality against an established set of standards, using some kind of auditing or monitoring framework. The content of the standards, the degree of external verification, and the rigour of the monitoring methodology may vary greatly across different certifications. Some scholars have employed the French 'convention theory' first promulgated by Boltanski and Thevenot (1991), which identifies a series of norms governing economic exchange, to contend that ethical certifications can be defined through their alignment with moral 'civic' 'domestic' and 'ecological' conventions (Barham, 2002; Ponte, 2009; Ponte & Gibbon, 2005). In short, this means they insert place-based social and environmental values expressed in production processes into determinations of product quality. As ethical certifications predominantly appeal to consumers and rely on consumer demand for their market power, they may also be defined in relation to a labelling aspect, that signals ethical quality to consumers through terms like 'fair', 'ethical', and 'eco'. For the purposes of this thesis, an ethical certification conforms to the following criteria: It is adopted

voluntarily to certify that a product incorporates certain normative social or environmental qualities in its production process according to a set of pre-determined standards, and it communicates these qualities to consumers through the use of product labels.

One subset of ethical certification scholarship invokes the work of Karl Polanyi to argue that, where globalisation threatens to fetishise commodities by dislocating them from their origins and removing all traces of the people and places that created them, ethical certification relocates them, re-embeds them and reminds consumers *who* and *where* they come from (Barham, 2002; Bowen, 2010; Guthman, 2007; Higgins et al., 2008; Raynolds, 2000). This is key to the redistributive potential of certification, as it is assumed that origin, traceability and authenticity holds inherent value to consumers, which, through certification, can be translated into ‘value-added’, or wealth accumulation at the production end of the value chain (Bowen, 2010). However, insofar as ethical certification itself is globalised, fetishised, and ubiquitous, relying more on communication of symbols than information, to what degree is it able to faithfully represent and respond to the infinite multiplicity and subjectivity of ethical development challenges in grounded production spaces?

1.2. Case study context and rationale

1.2.1. *Ethics, certification and the South African wine industry*

As was laid bare in the introduction to this chapter, the South African wine industry faces unique, historically and geographically embedded development challenges. In some ways, it is like other agro-food producing contexts in other post-colonial developing countries. Producers have been subsumed into global production networks in which value is captured at the buying end, and subjected to corporate monopsony power, price insecurity, dependence, and race-to-the-bottom production modes. However, the South African wine industry is also different to many other peripheral producing contexts due to the fact that, at the local and national scale, producers have enjoyed social, political and economic power to an extreme degree (Du Toit, 2002). This pre-existing and deeply embedded power has allowed producers to absorb the pressures of globalisation by passing costs and risks on to labour (Kruger et al., 2007).

Though the South African wine industry is in some ways anomalous and unique, its investigation holds the potential to generate important understandings about the ability of ethical certifications to, in fact, make production and trade more ethical: To counter the extraction and exploitation that threatens local livelihoods and environments; to redistribute value equitably within trade networks; and to ensure that those producing commodities (labourers or smallholder producers) are represented in the activities of network coordination and governance which are fundamental to determining the distribution of value. Additionally, the South African wine industry as a whole has

built strong export networks with European, and especially UK retailers (Freidberg, 2003; War on Want, 2009). The influence of large European supermarket chains in the South African wine industry makes it a useful case study of the multi-scalar dynamics of integrated, global trade networks. This thesis is particularly interested in how those global dynamics manifest at the local level, impacting workers, farmers and the project of industrial transformation. By taking an integrated approach to evaluating the outcomes of the formation of ‘ethical value networks’ (EVeNs) in South African wine for the distribution of wealth and power at global, national and local scales, we can attain knowledge about the interaction between unique and complex grounded contexts, and globalised de- and re-regulation of trade.

The discourses of empowerment and ‘upliftment’ of black and coloured people rose to prominence in the ‘transition period’, following the end of apartheid in the early 1990s. They were formally articulated in the development of the Black Economic Empowerment (BEE) legislative framework which, in line with the economic growth and investment-attracting aspirations of the new government, constrained the state’s direct role in redistribution and focused on increasing black participation in business through shareholding and representation on corporate boards. The wine industry developed a Transformation Charter, known as ‘WineBEE’, to signal commitment to the tenets of BEE, even though most wine industry businesses have been exempt from BEE requirements, considered ‘microenterprises’.

BEE policy, though not legally requiring substantial change in the wine industry, laid the foundations for ongoing approaches to empowerment, positioning it as dependant on the modernisation and growth of industry in South Africa, on retaining foreign investment, and on not threatening the position of existing elites (Freund, 2007). To a large extent, the setting of these terms for auditable empowerment through existing business structures allowed ethical certification to follow suit as a main wine industry strategy for addressing social, environmental and economic problems. Voluntary certifications presented producers with a strategy for aligning both with the progressive politics of the new South Africa, and with changing international market conventions, through the adoption of clear and controlled standards - the formulation of which they had some input into. In this sense, ethical certification was a relatively safe way for wine producers to respond to a number of challenges presented by the transformed political landscape, the lifting of sanctions and boycotts, and overnight exposure to globalisation. Ethical certification has consequently been a key facilitator for export linkages and growth for South African wine producers. This thesis evaluates the tension between marketing and empowerment discourses which is evident within certification structures. In embodying this tension, ethical certifications are a vector for understanding development pathways, labour relations and political economy in post-apartheid South Africa.

1.2.2. Case study location

This research focuses on the Winelands of South Africa's Western Cape. While a small amount of production takes place in the Northern Cape (approximately 4.5% of vineyards) South Africa's wine industry is overwhelmingly concentrated in the Western Cape province, with the 'Cape Winelands' spreading out from Cape Town to the Klein Karoo desert (see Figure 1.3). Within the Winelands, the areas of Stellenbosch and Paarl have the highest concentration of vineyards, each containing approximately 16% of South Africa's grapevines. This investigation included participants from the Coastal Region, the Cape South Coast, the Olifants River and the Breede River Valley winegrowing regions (all regions besides the Klein Karoo). The coastal areas of the Western Cape are ideal for wine production, with a Mediterranean climate and varied topography, and wine production has taken place in the Western Cape since the arrival of the Dutch East India Company in the 1650s. White varieties dominate marginally making up 55.2% of total area under vines in 2016 (SAWIS, 2016). Chenin blanc accounts for 18.5% of total area, with colombard (or colombar as it is known in South Africa), sauvignon blanc, chardonnay, cabernet sauvignon, shiraz and pinotage all common varieties (SAWIS, 2016).

Figure 1.3. Winegrowing areas of South Africa



(WOSA, 2018b)

The industry in 2016 encompassed some 96,000 hectares of vines, farmed by 3145 primary grape producers, with 568 cellars crushing grapes. Wine grape farming by area has declined from 99,500 hectares in 2014 and is projected to continue declining (Loots, 2017), due to prolonged drought in the Western Cape and low average returns on investment, caused by stagnant wine prices and cost inflation. The wine industry body VinPro estimates that 40% of producers are making a loss, while 44% are breaking even and only 13% are farming at 'sustainable income levels' (Loots, 2017). A current focus of the industry as a whole is to shift to value over volume, with VinPro's 'key goals' for 2025 including a shift to 60% packaged exports (current estimates are at 40%), and an emphasis on wine tourism (Basson, 2017b).

The wine industry contributed R36,145 million (1.2%) to the annual GDP of South Africa in 2013 (Conningarth Economists, 2015). Of the income created in 2015, 53% remained in the Western Cape, illustrating the economic importance of the wine industry to the region. A further illustration is the fact that the industry employs 167,494 people in the Western Cape, and 289,151 nationally (including in tourism). Of this number, 55.6% of jobs are unskilled, compared with 29.3% semi-skilled and 15% skilled (Conningarth Economists, 2015). Household income generated by the wine industry amounted to R23,579 million in 2015, of which R3,994 million (approximately 17%) reached lower-income groups. VinPro data reveals that currently 1.5% of wine-producing land is black-owned (Basson, 2017b). This number is vastly out of step with the demographics of the Cape Winelands, in which only 12.9% are white. Land reform has fallen far short of targets laid out in post-apartheid policy. VinPro's 'ideal future state for 2025' envisages 20% black-owned land and water, a seemingly impossible goal based on current figures, barring the event of radical overhaul (Basson, 2017a).

Wine is an export leader with some 4.3 million litres exported in 2016, 48% of total production (SAWIS, 2016). In 2016, 23% of wine exported went to the United Kingdom, and 18% to Germany, with Sweden, Denmark, the Netherlands, Canada and Russia also significant markets. Efforts are being made to diversify into new markets, and particular marketing focus has been on Africa (including the domestic market), China and the United States (Loots, 2017). Exports have risen sharply since the liberalisation of the industry following the transition to democracy. The rapid globalisation, export orientation, and ongoing development challenges of South African wine production and producing regions make this location an ideal case study for questions of ethical value networks and ethical development.

1.3. Contemporary and theoretical relevance of the research

Numerous scholars have paid attention to the South African wine industry as a case study of the impact of ethical certification for value chain governance and upgrading (Ponte, 2009), structural transformation (Bek et al., 2012; McEwan & Bek, 2009a, 2009b), participatory local development (Du Toit, 2002; Kruger et al., 2007) and discursive power formations (Herman, 2012, 2014). This thesis includes analysis of all of these areas, as well as answering some of the suggestions of the above authors for areas for further inquiry. Change and unrest have featured prominently in the recent past, and much of the value of this research is in providing recent empirical evidence in light of ongoing market and political developments to update the literature. My research also takes rarer approaches to issues that have been problematised by other researchers. First, it is *multi-scalar*, attempting to understand the interaction between discourses and processes at global, national and local scales. While ethical certification itself can be considered a globalised solution to the problems of globalisation (Du Toit, 2002), its mechanisms and logics ‘touch-down’ in the unique local context of the South African wine industry to produce hybridised and geographically-contingent outcomes. I am interested in the question of the extent to which North-driven ‘globalised ethics’ can work to address evolutionary place-bound ethical problems. Second, I adopt a *mixed theoretical approach* which utilises elements of both structuralist analytical tools such as global value chains (Gereffi et al., 2005; Gereffi & Kaplinsky, 2001; Sturgeon, 2007), and poststructuralist methods of discourse analysis to attain better understandings of both the *a priori* and the relational and contingent nature of ethical certification’s outcomes for development. Thirdly, my research takes an integrated approach to assessing ethical certification as a whole, as opposed to evaluating individual certification schemes, in order to contribute to the development of a theory of global ‘*ethical value networks*’ (*EVeNs*) which may include one or more certification schemes generating ethical value. It is the creation and capture of that ‘ethical value’ within networks that is of particular interest in assessing the ability of ethical certifications to redistribute power and profit in a more even manner.

Wine is an interesting lens through which to explore ethical certification. Its narrative associations of class in production and consumption (Overton & Murray, 2013; Overton et al., 2012), and old world/new world dichotomy mean that it is not often seen as a North-South commodity involving inequitable or exploitative trade relations, despite the fact that developing country production and consumption is increasing (Banks & Overton, 2010). Wine is marketed as a boutique, highly differentiated product, and consumers are presented with near endless options for varietal, origin and price point. This obscures the fact that much wine production takes place on a mass, Fordist basis. However, the fact that wine is also deeply connected to place in the consumer imaginary, being closely aligned with the French concept of *terroir*, and incorporating provenance

significantly into its marketing, makes it an ideal vehicle for research on the interaction between global and local forces in commodity networks (Overton & Murray, 2016). Further, certifying labour standards in plantation agriculture is relatively new territory for prominent ethical labelling initiatives. Fairtrade in particular was established to support smallholders and its expansion into labour certification has been a source of tension within its institutions (Modelo, 2014; Raynolds, 2017). Wine has benefitted from this new framework and is among a growing minority of socially certified products which are dominated by plantation production.

Previous scholarship on ethical certification in the South African wine industry has generated a series of critiques and predicted barriers to ethical certification's ability to facilitate meaningfully ethical production and emancipatory empowerment. Cheryl McEwan and David Bek in particular have criticised the potential for certification to depoliticise empowerment (McEwan & Bek, 2006), and "the meaning and nature of transformation" (McEwan & Bek, 2009b, p. 256). Andries Du Toit has been critical of what he has viewed as imported 'social technologies' as a strategy for 'normalising and regularising' existing power relations (Du Toit, 2002). Kruger and Du Toit (2007) have contended that ethical certification performs a useful dual function for producers, allowing them to both gain credibility with the new African National Congress (ANC) government in the early years of democracy, amid concerns about more radical state-led land redistribution, and also to gain legitimacy in international markets. Kruger and Du Toit's view sees ethical certification as a public relations and marketing strategy to allow producers to sanitise the reputation of South African wine, rather than a tool for the meaningful redress of social and economic injustice in the wine industry. Other commentators, prominent among them Stefano Ponte (Ponte, 2009; Ponte & Ewert, 2007, 2009), have positioned the wine industry's embrace of ethical certification as a strategy for value chain upgrading to differentiate the South African brand in a crowded international marketplace, and to access a premium, value-added niche without the need for great investment in improved material quality or technological innovation.

A small number of development studies scholars have hinted that the implementation of ethical certification in South Africa has generally not been a particularly consultative or participatory process. Though some multi-stakeholder engagement has taken place (Kruger et al., 2007; McEwan & Bek, 2009a), workers have been largely absent from standards-setting forums. In practice, this positions workers as the recipients of empowerment, rather than as agents of their own empowerment. It has been suggested that powerful interests remain better able to influence the standards and implementation methodologies of certification, even where efforts are made to establish equitable governance structures (Kruger et al., 2007). This issue has also been identified in other ethically certified plantation contexts (Blowfield, 1999; Neilson & Pritchard, 2010; Taylor et al., 2005; Valkila & Nygren, 2009). In South Africa, this hypothesis requires further empirical

substantiation. Accordingly, my research examines the local governance dynamics of ethically certified networks, and the extent of worker participation and representation. I contend that worker participation in envisioning and implementing ethical production is a crucial condition of empowerment through ethical certification. If workers are not included in certification design and adoption processes, even if standards position workers as central beneficiaries of certification, they do not allow workers greater agency and thus cannot be empowering in a real sense.

1.4. Aims of the research

Near academic consensus holds that ethical certification represents a neoliberalisation and globalisation of ethical discourse in the South African wine industry. Scholars have argued that it removes political contestation from rural development discourses, and replaces it with highly technical and tightly controlled compliance regimes dictated by market logic, which continue to constrain the agency of marginalised actors and the possibilities for the scope of ‘ethical’ change (Bek et al., 2007; Du Toit, 2002; McEwan & Bek, 2006; Tallontire et al., 2005). Frustration at the ongoing powerlessness experienced by many wine workers - and the fact that inequality in the Western Cape and South Africa in general has *worsened* since the end of apartheid and enactment of BEE (Hardoon, 2017) - is encapsulated by Isaac Mutant in the anarchistic invitation with which *Larney Jou Poes* both begins and ends:

Farmer Abrahams had many farms

Many farms had Farmer Abrahams

I work one of them. And so would you

So let's go burn 'em down.

Drawing on the signposts established by the body of scholarly literature briefly reviewed above, this thesis uses primarily qualitative empirical data, gathered through interview-based fieldwork, to explore the ongoing potential of ethical certification for affecting participatory, empowering and sustainable development, or, what I will call ‘ethical development’. This is achieved partly by paying crucial attention to the evolutionary nature of labour relations in South African wine, and exploring the historical processes which have underpinned racism and exploitation in the wine industry, as well as those that have given rise to current empowerment discourses and the dissemination of ethical certification. An historically-minded approach is essential to allow for relevant analysis of the formulation and implementation of ‘ethics’ in the case study context: What can be considered ethical practice in the South African wine industry, why have actors adopted ethical certification, and how do certifications challenge or reinforce inherited distributions of power and agency?

Power relations are a central focus of my research and analysis at both global and local scales. Power relations are analysed at the different levels at which they manifest: They are evident at the level of discourse, where, as this thesis will show, they are reinforced by the narratives used by actors to explain the purpose of ethical certification. They are also evident at the global level in the distribution of governance in the value chain, and the resulting unequal patterns of wealth accumulation. Finally, power relations are displayed in both the formal and informal governance structures overseeing the implementation and outcomes of ethical certifications on the ground. As such, the primary purpose of this thesis is to examine the impact of ethical certification on power relations in South African wine networks, and conversely, the impact of power relations on ethical certification outcomes. It is asserted that these outcomes are relational: they do not depend solely on the design and methodology of the certification, but on the makeup of the network into which it is inserted, and the range of actors and geographical and political contexts with which it engages. The implications of ethical certification for evolving power relations are explored through the following questions:

1. What factors have contributed to the formation of EVeNs for South African wine?
2. How does ethical certification impact the distribution of power and profit in globalised South African wine networks?
3. To what extent do ethical certifications foster ethical development in the South African wine industry?
4. How do the findings of this case study contribute to broader understandings and theories of EVeNs?

1.5. Structure of the thesis

The thesis can be broadly divided into two parts: firstly, analysis and theory-building based on secondary sources, and secondly, analysis of original evidence from field research. Chapter Two outlines my methodology in detail. It sets out the philosophical and epistemological underpinnings of my approach, and then describes the theoretical frameworks which have informed research design and analysis. The use of the descriptor EVeNs is justified as a consolidation of scholarly approaches to the topic, and the various literatures which it references are detailed. The chapter then reflects on ethical considerations for the conduct of this research. Finally, it provides an overview of data gathering and analysis methods. Chapter Three constitutes a review of the existing literature on ethical certifications at a global and theoretical level. It presents and discusses the various theoretical approaches scholars have used to understand ethical certification as a global social movement, a tool for embedding commodities in their production contexts, and an expression of particular market-governing conventions. It then outlines and evaluates the scholarly critiques

and barriers that have been identified to the ability of ethical certification to achieve more equitable and sustainable production and trade. It concludes by locating my contribution within the current analytical landscape and identifying the gaps in the literature that my work responds to.

Chapters Four and Five provide an historical, social and political analysis of labour relations in the South African wine industry, and the evolution of ethical certification as a both a continuation of and departure from particular historically contingent narratives in this context. Chapter Four provides an historiography of the pre-democracy wine industry, explaining how the wine industry has been a locus for the development of economic and racial divisions, and has long been a key site for the articulation of the authoritarian racial order implemented in large part to secure minority economic domination. Chapter Five describes the arrival of globalisation in the wine industry post-apartheid, and the complex political-economic landscape of the transition period. It shows how the projects of development, empowerment and redistribution have been constructed and constrained through the neoliberal ideological hegemony that characterised the post-apartheid state, and how the entry of ethical certification has taken its cue from the policy environment of BEE which positioned development as a market-led endeavour.

Chapter Six uses empirical evidence from field interviews to conduct a detailed discourse analysis of actors' motivations for adopting ethical certification, identifying a series of narratives about the purpose of ethical certification that adopters align with. This offers key insights for how the adoption of ethical certification either challenges or legitimises existing discursive power structures, which dictate the ways in which agency is enabled and disabled through the adoption of ethical certification. Chapter Seven employs the tools of value chain analysis to understand the ways in which governance is exercised in ethically-certified networks, and the extent to which ethical certification allows local producers to create and retain value at origin. This chapter assesses the ability of certifications to allow producers in the Global South to resist the highly 'driven' nature of agricultural value chains and the 'lead firm'- or retailer-power that characterises agro-food sectors. Chapter Eight provides empirical evidence to evaluate whether ethical certifications have been able to effect ethical development outcomes in the South African wine industry by setting contextually-relevant ethical standards, incentivising and achieving widespread compliance, and empowering marginalised industry participants to representatively participate in the construction and implementation of certifications, and in receiving and managing any premium returns they yield. Chapter Nine provides a discussion of findings, draws key conclusions from the research, and indicates their application for policy and practice, as well as areas for further research.

Chapter 2. Theory and Methodology

EVeNs as a framework for critical case study research

This chapter provides a comprehensive theoretical and epistemological foundation to situate this research within approaches to knowledge production and understandings of global economic exchange. In the following sections, fieldwork methods and ethics are detailed, as well as methods of data management and interpretation. This research is multi-scalar, taking as its starting point the study of global ethical trade, and employing a localised case study to better understand the territorial embeddedness of networks of production exchange, and global-local processes. To describe and analyse these processes I elaborate and use the term ethical value networks. The theoretical basis for this critical approach is explained in the subsequent sections.

2.1. Epistemology: Social critique

The epistemological starting point of this research lies in the philosophy of critical realism (Bhaskar, 2013; Collier, 1994; Sayer, 2010). Attributed primarily to Roy Bhakshar, critical realism argues that social scientific research can and should identify underlying causal structures and stratifications beyond what is immediately observable at the level of events (positivism), and beyond the subjective meanings imposed by researchers (constructivism). Therefore, the philosophy rejects the empiricist assumption that it is impossible to create knowledge beyond what can be observed through sensory experience, and the reductionist viewpoint that truth is always socially constructed. Rather, in Bhakshar's world, knowledge in the social sciences is mediated through human interpretation, and even influenced by modes of interpretation, however, reality exists independently of human minds. Critical realism in social science acknowledges that though underlying causal mechanisms for social structures exist and can be described, realities are in a state of flux (more so than in physical science) and that they are able to be reflected upon and manipulated through human agency, which in itself is a product of social structures and pre-conditioning. This process of flux is facilitated in part by reflexive academic research and as such it is anticipated in the case of this specific work that objective realities can be identified which have applications for policy-makers and value chain actors, as well as advancing the field of knowledge.

Critical realism holds that explanation is inherently critical. To uncover social structures is often to criticise them. Though postmodernism has presented a challenge to ontologies of social critique derived from Marxism, some authors argue that challenging established social orders through a Marxist critical tradition is imperative for those studying political economy. Notably, Alex Callinicos argues that within the context of globalisation and late capitalism, and the current crisis

of inequality, scholars must employ critical realist approaches to expose the structural contradictions and injustices of our current order. Critique must incorporate egalitarian conceptions of justice (Bhaskar & Callinicos, 2003; Callinicos, 2006). In adhering to Callinicos' interpretation of critical realism, and embracing a Marxist value of egalitarianism, this research is unashamedly political. It operates within the epistemology of critical realism to consciously critique the social structures of power which impede egalitarian development, and argues for the disruption of forms of disempowerment and inequality.

2.2. Theoretical framework: Understanding uneven development

This thesis draws on a number of complementary theoretical frameworks from the fields of political economy, development studies, and economic geography, which have informed the research design and analysis of findings. Each theoretical approach has been incorporated to serve the fundamental focus of inquiry: to generate understandings of uneven profit and power relationships in global economic networks and how they are exercised or transformed through the implementation of ethical certification. I take a global approach to power relations, in acknowledgement that they are instituted through flows of governance and profit which are fundamentally informed by world-systems, core-periphery relationships, post-colonial structures and the nature of globalisation. However, on a local scale, qualitative research can reveal that power relations are also underpinned by cultural assemblages and discourses which do not sit only within formal institutions. I adopt aspects of chain mapping, and network analysis to identify North-South governance flows and value distribution within global trade linkages. However, in exploration of local-scale power relations, which are also tremendously important for understanding the evolution, implementation and outcomes of ethical certification in this case study, I utilise tools offered by alternative development theories and critical-political discourse analysis. This combined approach allows me to probe the nuances of South Africa's post-colonial cultural and political context, in order to link the consequences of global processes to local places and vice-versa.

In the past two decades, in response to the perceived limitations of prior theories of economic development, economic and development geographers have been preoccupied with perfecting a heuristic framework that can reflect the increasing complexity of global economic organisation. The question of how to conceptualise 'the economy' itself from a geographic perspective; how to map its spatialities and temporalities, and what factors should and should not be considered to this end, remains unresolved, not least because 'it' is changing constantly. Scholarly approaches to studying economies and their geographies may be separated (at risk of over-simplification) into two main strains. One is the Marxian approach with roots in 1970s and 1980s scholarship which describes economies, development and underdevelopment through an emphasis on structures,

systems and institutions, characterised by Wallerstein's world systems theory. The second stems from a relational turn in the 1990s, which privileges considerations of the inter-relations between places, people and things within economic constructions, and advocates a more nuanced approach, with a focus on agency and social processes, and a consciousness of epistemology (for discussion of this see Bathelt & Glückler, 2003; Boggs & Rantisi, 2003). Ray Hudson (2004) characterises this discursive dichotomy as political-economy versus cultural-economy. However, while it may be useful to distinguish these approaches as such - and geographers have sometimes seen them as conflicting - Hudson in fact argues that they are complementary and overlapping, and advocates for integrated economic geography research that draws on both strains. In adapting a theoretical framework to suit the subject of my inquiry, I have drawn on what might be seen as competing aspects of this conceptual dialogue. Specifically, I have used both the structuralist Global Value Chains (GVCs) framework, and the post-structuralist Global Production Networks (GPNs) in framing and analysing my research.

The processes of production and distribution of commodities are increasingly diversified across territories, and are in a perpetual state of flux; continually changing in response to internal and external conditions (Coe et al., 2008). As relationships of economic exchange stretch, and new linkages and fragmentations occur, a flexible analytical framework is required that can situate these processes in space, and examine their consequences. Importantly for the study of regional development, such a framework must be able to account for the uneven geographic distribution of the gains of economic globalisation. This challenge has not yet been fully answered. The contested nature of globalisation carries with it implicitly political discourses. Conflicting ideas of what globalisation means and how it functions have implications for the direction of regulation, which itself generates political outcomes with inherent winners and losers (Dicken et al., 2001; Murray & Overton, 2015b). This section outlines the major approaches in economic geography to conceptualising global economic organisation, and how they address the question of uneven development under neoliberal globalisation. Elements of the theories of GVCs, GPNs and alternative development are adapted into the descriptor ethical value networks (EVeNs), which forms the theoretical basis of my thesis.

2.2.1. World-systems, structuralism and dependency theory

Immanuel Wallerstein's world-systems theory provides a background for theories of chains and networks (Wallerstein, 1974, 2004b) and can be used as a foundation for EVeNs. My focus on unevenness in global trade theorises the political issues of development and inequality as being tied up in globalised economic systems which transcend the narrow scope of states and borders. This basic assumption derives from a fundamental turn in geography and geopolitics in the mid twentieth

century, when new perspectives emerged on the interconnectedness of development and modernisation processes in different world regions – creating new theoretical space for understanding the linkages between the industrialised regions of Europe and North America, and the less industrialised world – Latin America, Africa and the Asia-Pacific. During this time the speed of globalisation and the integrating world economy resulted in the declining significance of nation-states as the primary agents of global change, replaced by *systems* which incorporated territorially protracted linkages of capitalists, labour, governments and other non-state actors. In response, world-systems theory offered a framework for understanding uneven rates of development and industrialisation in different world regions, based on an integrated analysis of global linkages. World-systems analysis aims to describe regional and global divisions of labour rooted in capitalist structures in which non-industrialised or *peripheral* economies produce raw resources, primary commodities, and low-skilled labour for supply to core economies which create and retain value through capital-intensive production of knowledge, technology, and value-added goods.

World-systems theory shares important commonalities with structuralist theory in development studies. First attributed to Raul Prebisch and Hans Singer, the theory argued that the terms of global trade inherently disadvantaged peripheral countries, and that poor states were poor not because that was their traditional state, or because of internal deficiencies, nor were they poor because of global power relations. In fact, they were poor as a condition of their integration in the global economy (Amin, 1976; Prebisch, 1950; Singer, 1949). The structure of the global economy was such that producers of manufactured goods would always accumulate capital at the expense of producers of primary products, because of the relative decline in the terms of trade for primary products (Murray & Overton, 2015b). Though manufactured goods are subject to income-elastic demand, the price of primary products does not rise as global income increases, therefore primary goods decline in price relative to manufactured goods, ultimately disadvantaging countries that specialise in the export of primary goods, and widening the gap between the core and the periphery. This perspective, known as the Prebisch-Singer hypothesis (Arezki et al., 2013; Harvey et al., 2010), emerged in response to the earlier dominance of modernisation theory, which stated that all economies followed the same path to industrialisation along a continuum, as described by Walt Rostow's (1959) 'five stages of growth'.

Structuralist thinking informed development policy and saw widespread implementation of import-substitution industrialisation (ISI) and land reform, particularly in Latin America. However, for some this did not go far enough to address the core problem, and a radical school of Marxist thought became popular in the 1970s which emphasised capitalist exploitation and class struggle within core-periphery structures, theorising the coercive dependence of developing countries on

global capitalism. Dependency theory, promulgated by Frank (1967, 2018), Cardoso (1979), and others argued that underdevelopment was created by neo-colonial relations present in flows of trade, aid, technology, capital and culture. This allowed wealthy countries to ‘extract surplus’, and TNCs were often pointed to as key agents in this process. Dependency theory proponents argued that the flow of primary resources from peripheral to core regions meant surplus extraction and wealth accumulation would always occur in the core, denying opportunities for the sustained creation and retention of value in the periphery – that underdevelopment in the periphery was a condition of development in the core (Murray & Overton, 2015b). This was viewed through the Marxist analytical framework of unequal exchange, as a feature of the irrationality and injustice of capitalism.

Dependency theory has declined in popularity in the policy world, in conjunction with the rise of neoliberalism. In academia it has been somewhat threatened by the paradigm shift to post-structuralism, which in development studies has given rise to post-development and alternative-development, however, it remains influential, especially in Latin American studies. World-systems and dependency theories provide useful frameworks for analysis of the impact of systems of international trade on uneven patterns of development, and the consequent emergence of ethical value networks which purport to address these inequities. These theories are powerful tools for generating dynamic understandings of unequal exchange and uneven development between states, regions, and actors in global economic systems. They also allow for the evaluation of proposed solutions to core-periphery dependence, such as ethical certification.

2.2.2. *Chains*

Theoretical tools for describing the diverse linkages in world systems have become more sophisticated since the emergence of world systems theory. The Global Commodity Chains (GCC) framework developed primarily by Gary Gereffi (1994, 1999; Gereffi & Korzeniewicz, 1994) was an extension of core/periphery models which accounted for and attempted to map the complexity of global economic organisation. This theory represented a significant innovation which explained observed changes in global economic organisation with a specific focus on firms as the key players. The chain metaphor refers to a series of interconnected parts, and evokes a useful visualisation of the linkages between various functions in the life of a commodity. These functions (also called segments, or nodes) may include *inter alia* research and design, production/manufacturing, packaging, distribution, marketing, and retail (Gereffi, 1999). The chain framework offers a blueprint for observers to connect spatially distant productive activities through the vector of an individual commodity, to better understand the multi-scalar mechanisms of globalising trade.

With GCCs, Gereffi proposed a theoretical basis for not only mapping global trade linkages, but for better understanding patterns of inequality in cross-border production relationships, through the concept of ‘driven-ness’ in economic exchange (Gereffi, 1994; Gereffi & Korzeniewicz, 1994). In GCC theory, chains are divided into two categories, depending on where in the chain the ‘lead’, or driving firm is located – either at the buying end, or the production end. The buyer-/producer-driven dichotomy had a significant impact on the study of global economic organisation and regional development. It offered an empirically supported explanation for relatively novel phenomena; in particular the rapidly growing power of northern TNCs, and the increasing evidence of heightened commodity dependence and underdevelopment in the economic periphery, through (or despite) increased global economic integration.

Producer-driven chains are those in which manufacturers wield the defining power. Based on the observations of economic geographers in the 1980s and ‘90s, these were most likely to be in industries with knowledge- and capital-intensive production, with a high level of functional integration, and where technological innovation determined value (Gereffi, 1999; Gereffi et al., 2001). The most prominent were the technology and automotive industries in the Global North. In the second type of commodity chain - the buyer-driven - large northern-based retailers (Walmart, Tesco’s, Starbucks, etc.) captured the majority of value through the securing of monopsony power.⁴ Though they were unlikely to own the factories or plantations that produced their goods (in other words their chains were not vertically integrated), they exerted price pressure on suppliers by demanding concessions for large volumes purchased, and they governed production activities through the requirement of compliance with technical codes (Bair, 2009; Gereffi, 1996). This downwards price pressure was inevitably passed on to the most vulnerable value chain participants - workers and smallholder farmers in the periphery - and contributed enormously to insecurity in commodity-exporting regions. In buyer-driven chains which have reasonably basic production specifications that do not require advanced technical capacity, value is added through the activities of design and marketing, and is therefore more likely to be integrated into the functions of buying firms. Table 2.1 gives an overview of the characteristics of buyer- and producer-driven chains as described in Gereffi’s framework.

⁴ ‘Monopsony’ denotes a market whereby one actor possesses singular buying-power for a given commodity. This is as opposed to monopoly, which refers to a system in which there is only one supplier of a product to a market. This thesis will also use ‘oligopsony’ – in which buyer-power for a product is held by a small group (in contrast to oligopoly, in which there is a small group of suppliers of a product in a market).

Table 2.1. Characteristics of producer- and buyer-driven commodity chains

	Producer-driven commodity chains	Buyer-driven commodity chains
<i>Drivers of global commodity chains</i>	Industrial capital	Commercial capital
<i>Core competencies</i>	Research and development, manufacturing/production	Design, marketing
<i>Barriers to entry</i>	Economies of scale	Economies of scope
<i>Typical industries</i>	Automobiles, computers, aircraft	Apparel, footwear, agro-food commodities
<i>Ownership of manufacturing firms</i>	Transnational Firms	Local firms, mostly located in developing countries
<i>Main network links</i>	Investment-based	Trade-based
<i>Predominant network structure</i>	Vertical	Horizontal

(Adapted from Gereffi, 1999, p. 9)


However, as the new millennium advanced, the explanatory power of the GCC framework was quickly outgrown by the reality of the rapid evolution and ever-increasing complexity of economic geographies under globalisation. Industries increasingly failed to fit neatly into their buyer- or producer-driven designations. Knowledge-intensive manufacturing sectors were becoming deverticalised as various production functions were outsourced, and complex knowledge increasingly transferred between functional nodes via advanced codification systems (Gereffi, 1996, 2001; Sturgeon, 2007). The static binary of driven-ness was no longer reflective of the dynamism of governance relationships. As the limitations of GCCs became more evident, scholars endeavoured to develop a more sensitive approach, which was empirically-informed enough to be applicable to real-world situations, and broad and adaptable enough to be industry-neutral and relevant to all types of production chains. From this effort emerged the global value chains (GVCs) framework (Gereffi et al., 2001; Gereffi & Kaplinsky, 2001; Sturgeon, 2007). In order to better account for asymmetric distributions of power and profit in all types of chains, the new paradigm incorporated an emphasis on charting the *value added* at each point of the chain.

Actors are able to increase their representation and returns in GVCs through a process of ‘upgrading’. This is the strategy whereby local development can take place in the South by way of more extensively participating in value chain activity beyond primary production. Producers can add value by integrating more vertical functions, such as marketing and distribution into the local production end of the chain (Gereffi & Fernandez-Stark, 2011; Gereffi et al., 2001; Humphrey &

Schmitz, 2000). This can also be achieved through forms of horizontal industrial cooperation, as discussed in the industrial clustering literature, which examines the impact of cooperation of supply-end actors in strengthening local business and improving regional development outcomes (Bathelt et al., 2004; Fløysand & Jakobsen, 2011; Fløysand et al., 2012; Humphrey & Schmitz, 2000, 2002).

GVC theory has evolved from the buyer/supplier-driven dichotomy in order to better explain why and how varying levels of driven-ness can be observed in different value chains. In response to criticism that the GVC approach was overly simplistic, Gereffi, Humphrey and Sturgeon (2005) promulgated a theory of value chain governance drawing on transaction cost economics (Williamson, 1989), in which three main variables determine the level of driven-ness in any given value chain. These are, (1) the complexity of transactions, (2) the codability of transactions, and (3) the level of capability in the supply base. Where suppliers possess the knowledge and capacity to develop and carry out complex technical processes, value chains are more likely to be supplier-driven. Conversely, where suppliers do not have to perform complex functions, or are delivering to strict codes set by buying firms, value chains are buyer-driven with profitability at the top. Within this model, the authors identify five types of governance relationships, along a spectrum of driven-ness: market, modular, relational, captive, and hierarchical (Gereffi et al., 2005; Sturgeon, 2007).

Table 2.2. Types of value chain relations by level of lead firm governance

Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of driven-ness and power asymmetry
Market	Low	High	High	
Modular	High	High	High	
Relational	High	Low	High	
Captive	High	High	Low	
Hierarchy	High	Low	Low	

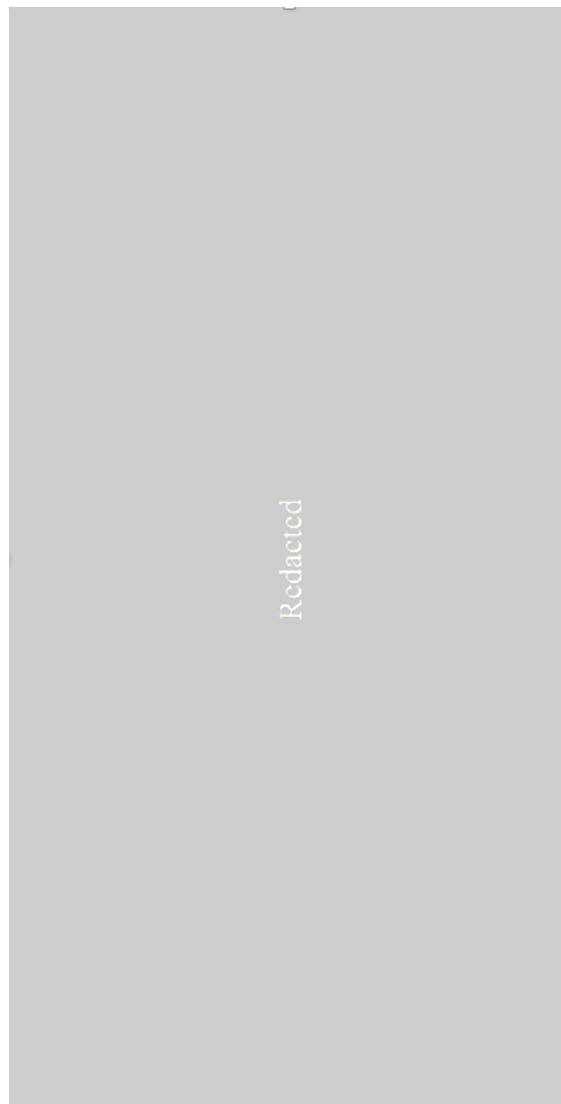
(Adapted from Gereffi et al., 2005, p. 87)

By identifying the type of governance relationship in a global value chain as an expression of the level of vertical integration and coordination, and a determinant of the extent of the asymmetry of power and profit within the chain, researchers and policy makers are able to generate clear lessons about the potential for upgrading and development.

2.2.3. *Creating theoretical space for non-firm actors: Global production networks*

A significant school of economic geography contends that GVCs do not go far enough in acknowledging the spatio-temporal contingency of the construction and coordination of economic linkages. In the early 2000s, a group of scholars including Neil Coe, Peter Dicken, Jeffrey Henderson, Martin Hess, and Henry Wai-Chung Yeung formulated an alternative approach to analysing global economic processes which moved beyond the linearity of the firm-focused GVC, and beyond static notions of permanent core-periphery dependency, to encompass the multi-dimensional, complex and evolving *networks* involved in production and trade (Coe et al., 2008; Coe et al., 2004; Coe & Yeung, 2015; Dicken et al., 2001; Henderson et al., 2002). Dicken et al. characterised this theoretical change as a “microscale retreat from macroscale processes” (Dicken et al., 2001, p. 92). However, though the analytical approach may have changed, Dicken and colleagues insist that the network itself is not novel, and that it has always been fundamental to economic organisation. Drawing on actor-network theory (ANT) (Latour, 1996, 2005), this framework emphasises the relationality of production networks, and the agency of a wide range of actors in influencing trade outcomes. Global production networks (GPNs) take into account the role of non-firm actors including labour, civil society organisations (CSOs), states, international regulatory bodies, and consumers, to demonstrate that production networks are deeply relational, and their coordination is influenced by myriad internal and external factors which may be cultural, political or economic (Coe et al., 2008). Also, networks span multiple geographic scales (as shown in Figure 2.1), are territorially embedded in numerous places, and may comprise diverse organisational forms (Dicken et al., 2001).

Figure 2.1. Visualisation of a global production network



(Coe et al., 2008, p. 273)

GPN approaches emphasise the multi-scalar nature of the trade processes that determine development (Coe et al., 2004). GPN theorists attempt to better link processes of globalisation with regional (sub-national) development processes, to demonstrate the influence of local territorial formations on development outcomes within global networks (Coe et al., 2004). Dicken and colleagues (2001) argue that this is a critical mission, as the privileging of one scale, the global or the local, in analysis is inherently political: “a particular constellation of power relations [is] implicit in any understanding of the global economy” (p. 88). GPN theorists avoid focusing on any one geographical scale or organisational form as the centre of global economic analysis, giving equal weight to all scales and forms that make up networks (Dicken et al., 2001).

GPN analysis also takes into account the evolutionary nature of economic coordination – paying attention to history in analysis of the development of network configuration and, the geographical contingency of network manifestations. Approaches of evolutionary economic geography enable this aspect of GPN analysis. Evolutionary economic geography (EEG) is an emerging project in economic geography which aims to situate industrial dynamics within their spatial-temporalities to understand how institutions, clusters and industries develop and innovate in particular directions based on the evolving make-up of networks (Boschma & Frenken, 2006, 2011; Fløysand & Jakobsen, 2016; Frenken & Boschma, 2007; Martin & Sunley, 2006). EEG draws on Darwinian concepts to theorise the economic landscape as an adaptive system (Martin & Sunley, 2007). In short, EEG attempts to demonstrate that *past* and *place* matter in economic organisation, and that industrial dynamics are products of the spaces they inhabit, the actors and institutions they involve, and the pathways they have followed. EEG provides a useful theoretical angle through which to tackle some of the central issues in this thesis, in particular the question of how paradigms of labour organisation have evolved in the South African wine industry, and how path dependencies influence present day networks and discourses.

GPNs provide a method for describing the fluidity and complexity of global economic relationships and their development outcomes. However, they can result in convoluted network visualisations, and have been critiqued for a diminished explanatory power due to their preoccupation with complexity at the expense of universally applicable theory-building. Additionally, GPNs as well as GCC/GVC approaches have attracted recent criticism for paying insufficient attention to labour (Selwyn, 2013), an absence which is beginning to be addressed in recent GPN work (Barrientos, 2013). A particularly useful feature of GPN analysis for this thesis is its emphasis on the geographical contingency of network structure and development outcomes i.e. economic or social ‘upgrading’. In this sense GPNs provide a more contextually sensitive method for interpreting trade and development processes than GVCs, allowing for analysis of the dynamic relations between the local and the global.

2.3. Post-development and alternative development

While this research identifies ‘development’ as a fundamental objective of GVC/GPN analysis, and of ethical certification, it is necessary to locate this very big concept within contemporary debates on development theory to answer the important questions of *what kind* of development, and *for whom*. Post-development theory offers a strong critique of the essence of development thinking and practice that was articulated in one of its earliest forms by Harry Truman in his inaugural speech in 1949. In the wake of the destruction of World War Two, Truman announced that the industrialised nations should lead poorer nations to follow in their footsteps, by adopting Western

systems and technologies: “Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge” (Truman, 1949). This sentiment offered a novel post-war vision of global cooperation and unity. It became development doctrine, and was adhered to by Western governments and development practitioners for decades of subsequent globalisation and trade integration.

This saw the establishment of the Bretton Woods institutions, and the programme of conditional lending and enforcement of the liberalisation of underdeveloped economies, which has largely resulted in increased commodity dependence and increased surplus extraction. Chronic poverty persisted, and in many parts of the world worsened. By the 1990s the development project seemed to be a failure, and appeared in hindsight naïve (Chambers, 1997; Sachs, 1997). Sachs declared in 1992 that “The idea of development stands today like a ruin in the intellectual landscape” (p. 1). While the frameworks of world systems and dependency theory went some way to theorising the failure of industrialisation doctrine, and offered Marxian prescriptions for developing states to escape core-periphery traps, they remained preoccupied with unlimited economic growth as the sole objective of development. Post-development theory arose to explain the dire failures of the development project by unpacking its universalising assumptions of industrialisation as key to development, and the ideological orthodoxy that it represented.

Post-development theorists, and notably Colombian scholar Arturo Escobar and Mexican thinker Gustavo Esteva argued that development as it had been conceived and disseminated was not a universal and objective good, but rather an ideology, which holds political assumptions and unequal distributions of agency; reinforcing global power imbalances (Escobar, 1984, 1992, 2007; Esteva, 1987; Esteva & Perez, 2001; Esteva & Prakash, 1998). In particular, critics pointed out that development was Eurocentric, based on a Western epistemological orthodoxy which privileges notions of individual ownership and economic growth, as well as assuming that developing states should implement Western legal, monetary and democratic institutions. For Escobar and fellow critics, development at its heart proselytised that underdeveloped countries needed to become more like Western industrialised countries; politically, economically and culturally. Post-development finds common ground with the post-colonialist writings of Said (1978). Theorists point to colonial underpinnings in development discourse, which depict poorer nations as deficient, backwards or primitive in comparison with developed countries. Escobar, Esteva and others have contended that development is a form of neo-imperialism, a top-down process which replaces local cultures, threatens the autonomy of local communities, commercialises local landscapes, and extracts wealth. Post-development has laid bare the importance of scrutinising what we as researchers and practitioners mean by ‘development’. In the context of this thesis, that means deconstructing the project of development as encapsulated within ethical certification discourse.

After the rise of a powerful post-development critique which calls into question the very foundations of global development discourse, how to proceed with the objectives of eliminating poverty and deprivation, increasing human wellbeing, and bringing about a more egalitarian world – and who should be responsible for these activities? A wealth of alternative development theories has arisen in response to the issues increasingly identified with conventional development. New development methodologies have been successfully integrated into mainstream development practice to the extent that ‘alternative development’ has become something of a misnomer (Pieterse, 1998), though it remains in common usage. While they incorporate a diversity of ideas, alternative development theories commonly prioritise local people and local places in dictating development processes (Chambers, 1997). Alternative development is open to myriad measures of progress and wellbeing beyond the narrow economic growth paradigm.

Amartya Sen (1992, 1993, 2001), developed the influential capabilities approach as an alternative measure for development, which became the foundation for ideas of human development and the UN’s Human Development Index, as well as emphasis on gender equality in measurements of development (Nussbaum, 2011). The capabilities approach conceptualises development as being about people’s ability to live a good life according to a diverse set of metrics including more concrete gauges such as health, but also less quantifiable values such as social connection, and happiness. In this model poverty equates to a lack of opportunity to realise capabilities, and development should be concerned with the expansion of capabilities. Sen famously conceptualised development as *freedom* (Sen, 2001). I use the concept of capability-expansion, especially pertaining to ‘regulatory capabilities’ (Cafaggi & Pistor, 2015), as a key measure of development within ethical value networks.

This is in line with contemporary development policy as sanctioned by the UN and implemented by multilateral institutions, governments and NGOs which incorporates alternative approaches to development that encourage ‘bottom-up’ practices and prioritise gender equality, sustainability, empowerment, and the value of traditional or indigenous knowledge. Above all, alternative development advocates for the participation of local communities in designing and implementing their own development processes, such as in Chamber’s Participatory Rural Appraisal (PRA) model (Chambers, 1994, 1997). The Millennium Development Goals enshrined a partnership-focused approach to development, and a holistic and capabilities-oriented framework for measuring progress. The Sustainable Development Goals have gone even further in mainstreaming alternative development theories, notions of interconnection, and the need for local ownership of development processes. Development practitioners have adopted sophisticated methodologies of consultation, partnership, and capacity-building. However, ideals of participatory development and

empowerment have fallen subject to criticism from post-development stalwarts for embodying the very problem they are trying to solve – they remain a top-down process; empowerment is enacted and participation invited by those with existing agency (Esteva & Prakash, 2014; Michener, 1998).

This thesis acknowledges both the imperialistic and unequal nature of conventional development paradigms, and the need for ongoing coordinated efforts to address inequality, poverty and environmental challenges. The terms used in this thesis to talk about development are carefully selected. In particular, I use the concept of ‘ethical development’, in assessing the role of ethical certifications in the South African wine industry. Though ethics are a subjective and contested measure, ‘ethical development’ allows for ethical certifications to be assessed on their own terms, based on their own claims, while also leaving room for critical exploration of what is ethical in a given context, considering the needs and perspectives of the stakeholders involved. For this analysis, ethical development is defined as being *sustainable, just, and inclusive*. These criteria are informed by theories of alternative development widely accepted and implemented in leading development institutions, and articulated in the United Nations’ post-2015 development agenda. I take cue from and am in agreement with the assertion of the Sustainable Development Agenda that the objectives of social and economic progress and environmental sustainability are fundamentally interdependent. This perspective is reflected in the decision to take an integrated approach to environmental and social certifications in this research. The issues of equality and inclusivity will be investigated at multiple scales in this research and refer to both global scale relations in ethical value networks, and local distributions of wealth and power in the most unequal country in the world, South Africa.⁵ In addition ‘inclusivity’ explicitly refers to the governance of ethical certifications and the extent to which the voices of the most vulnerable intended beneficiaries and network participants are represented in the processes of design and implementation.

2.4. Theorising EVeNs

For the purposes of this thesis, key concepts from the literatures introduced in both this chapter and the following chapter have been amalgamated into the descriptor ethical value networks, or EVeNs. EVeNs refers to global production networks which include ethical certification. While the concept can be used as a descriptor for any network which has some aspect of ethical certification, it should also be seen as aspirational: the objective of ethical certification is to *realise* EVeNs, or networks that are inclusive, just and sustainable. Thus, the study of EVeNs necessitates a critical approach to determining the contribution of ethical certification to the realisation of ethical trade

⁵ Based on the GINI coefficient and World Bank data (World Bank, 2018).

and ethical development. The concept of EVeNs is a theoretical innovation from the wider research project of which this thesis forms a part, and has been principally developed by Warwick Murray and John Overton, alongside Peter Williams and myself.⁶ The literatures and concepts which make up EVeNs are detailed in the table below.

Table 2.3. Key literatures and concepts contributing to the model of EVeNs

	Ethical (E)	Value (Ve)	Network (N)
Literature	Ethical certifications	World systems/Dependency theory	
	Alternative development Convention theory New social movements	Global value chains	Global production networks
Key Concepts	Embeddedness Ethical consumerism Sustainability Participatory development Empowerment	Material focus Mapping Driven-ness Value creation, enhancement and capture Unequal exchange Upgrading Governance	Relationality Inclusion of non-firm actors Geographical contingency and local context

(Source: Author)

The use of EVeNs as a framework allows for a more integrated analysis of varying forms of ‘ethical’ regulation in international trade, where in the past these have been treated separately by scholars, arguably at the expense of the development of a unified theory. By incorporating aspects of network theories, EVeNs also allow for the treatment of ethical certification bodies, NGOs, labourers and even landscapes as active influencers in the governance of economic activity, allowing for a deeper discussion of the role of ethics in market relations. The ‘network’ approach mandates consideration of local geographical contexts, including history, institutional makeup, culture and discourse in influencing the configuration and outcomes of trade relations. Network studies also include explicit attention to epistemology which mitigates against narrow or politically

⁶ ‘EVeNs’ was first used as the title of a working paper series generated by this research group: the Ethical Value Network working paper series, including Bidwell et al. (2015) and Wald (2015). It has also been used in a number of conference presentations: (Howson et al., 2015, 2016; Murray, 2016; Murray & Overton, 2015a; Murray & Williams, 2016). Finally, it is invoked in a two-part paper by Murray and Bidwell (Bidwell et al., 2018a, 2018b). This thesis is the first instance of the explicit justification and elaboration of the term, and our intention is to develop it through future publication.

imbued understandings of the purpose and nature of global economic exchange. However, in incorporating aspects of value chains theory, retaining an emphasis on material outcomes and identifying the value that is added and captured within networks, EVeNs mandate structural analysis of distributions of capital and wealth, and provide a method of identifying transformations in the balance of power and profit in trade networks with ethical certification. The mapping methodology of GVCs, though limited in its linearity, still assists in identifying the impact of ethical certification on profit and power distribution, particularly if used in conjunction with more relational approaches. The use of the term ‘ethical’ within the EVeN framework refers to the literature on ethical certification which pays critical attention to place-based development, escaping commodity dependence, and ethical forms of capitalism. This literature draws on aspects of convention theory, new social movements and the concept of embeddedness. Finally, EVeNs are explicitly concerned with inclusive, egalitarian development, as expressed in alternative development discourse, which is preoccupied with dismantling neo-imperialistic forms of development practice and facilitating empowerment and participation of marginalised groups, sustainability, and the incorporation of diverse local epistemologies in development discourse. In this focus, EVeNs research has an explicitly political standpoint, and a critical and even sceptical approach to corporate claims to ethicality. EVeNs represent a new synergy of literatures and a comprehensive and theoretically informed framework for approaching issues of ethical certification and development. Further to this, our approach explicitly addresses certain shortfalls or absences that have been identified in current scholarly approaches.

Once such absence is that GVC/GPN research, though emphasising the importance of giving equal weight to each “institutional or organizational locus of analysis” (Dicken et al., 2001, p. 89) has paid little attention to the role of labour in chain/network governance and upgrading, as briefly touched on earlier (Coe et al., 2008; Selwyn, 2013). Given the potential this field holds for development theory and policy, the lessons of labour participation in GVC/GPN coordination for ethical development must be prioritised in theoretical and empirical work, and of the outcomes of EVeNs for workers’ rights, aspirations and livelihoods. Coe and colleagues (2008) emphasise that while scholars have had a tendency to view labour as a passive commodity, or as part of the ‘black box’ of the firm, labour in fact can have great influence on network coordination. Labour is relatively place-bound, and as such should be a differentiated object of analysis within network approaches: “Although labour migration, both within and between countries, is immense, overall labour is far less mobile than capital. This reinforces its place-based differentiation and also its place-bound problems” (Coe et al., 2008, p. 284).

Analyses of GVC/GPN upgrading show that economic upgrading of firms does not always translate into improved livelihoods for working communities who are integrated into their value

networks (Barrientos et al., 2010). Recently, GVC/GPN scholars have called for more academic attention to be given to the question of how firm-level upgrading activities can mutually benefit all value chain participants, and particularly labour – through a process of ‘capturing the gains’. (Barrientos et al., 2010; Gereffi & Fernandez-Stark, 2011). Ethical certification is in large part an attempt to ‘capture the gains’, or retain value for more disadvantaged value chain participants at the supply end (Goger et al., 2014). So, by conceiving of ethical value networks, we can more easily talk about whether, and how, the ‘gains’ of ethical certification are distributed more evenly amongst value chain participants or otherwise.

Empirical case studies of ethical certifications have typically been restricted to a local scale, they tend to focus on one end of the value chain, such as producers or consumers – and where they include networks, these are often horizontal networks within a longer vertical chain (see Lazzarini et al. (2001) for discussion of ‘netchains’). Few have taken a multi-scalar chain or network approach, to examine the impact of the adoption of ethical certification on governance, and power and profit flows. Given the sustainable development focus of ethical certifications, their impact on network makeup and governance flows and consequential applications for ethical development should be of interest to development scholars. By adopting an EVeN approach, we can explicitly shift the focus of our ethical certification research to a wider geographical scale, while retaining case study parameters around a particular product from a particular production context. The usage of the acronym EVeN itself refers to this objective – and the question of the ability of ethical certification to promote evenness in global trade.

Ethical certifications have been treated as distinct entities by researchers, who have tended to design case studies around this or that certification - Fairtrade *or* Fair For Life - rather than assessing their collective role in transforming economic governance, and their outcomes for ethical development. While it is crucial to understand the effectiveness of individual certifications, there is also a need to identify common origins, mechanisms and objectives among proliferating certifications in order to examine their collective transformative potential. As such, EVeNs provide a consolidated framework for approaching ethical certifications from a development geography perspective. An EVeN may contain more than one ethical certification, and the certification itself is less important to EVeNs research than the overall role of ethical certification in changing economic coordination.

2.5. Methods: Data gathering and ethics

2.5.1. Case Study

While retaining a global/theoretical outlook, this thesis employs the method of *case study* in order to generate broader understandings of the drivers, mechanisms, and outcomes of ethical trade practices. As one of Creswell's (1998) five approaches to qualitative inquiry, the case study provides a tool for both evaluation and generation of theory through analysis of the particularities and complexities of a single unit (Flyvbjerg, 2006). The case study is particularly well suited to Ph.D. study of this nature – its *specificity* and *boundedness* (Stake, 1994) mean it can be tailored appropriately to the constraints of a thesis project, whilst still offering an avenue for deep and fruitful analysis. In social science it is most useful not as a discreet analysis, but when taken as part of a wider body of case studies each exploring a subject through a different example – the value of the case study to theoretical advance increases exponentially as the number of similar case studies expand. Case studies by nature involve a large amount of contextualisation – and case study researchers must provide information on the historical background and social context of cases (Denzin & Lincoln, 2010), which this thesis devotes significant attention to.

Case studies contribute to science a level of complexity, detail and minutiae that assists in the generation of rich, responsive theory that does not seek to deny ambiguity, but to account for it. Flyvbjerg (2006) argues (against prior conventional wisdom) that case studies are important in the generation and testing of hypotheses, that they supply concrete practical knowledge which is more valuable than predictive or universalising theories, and that it is possible (though not always necessary) to generalise from specific cases. Flyvbjerg contends that descriptions of the contradictions and complexities of cases that defy neat summary allows knowledge generated to be more reflective of reality. Cases should not be necessarily required to have theoretical morals or conform to rules. Rather, “[t]he case story is itself the result” (p. 238). This thesis contextualizes the case study within the broader phenomena being studied, and employs selected strands of academic theory in interpreting the case. It also discusses the application of the case to the evolution of theory. However, I avoid the temptation to deny contradictions or complexity in the desire to summarise and generalise. The case study method is chosen because critical case exploration is valuable in itself, and it is intended that this case holds broader learnings about the ability of EVeNs to facilitate ethical development.

2.5.2. Self-reflexive research

In case study fieldwork, the researcher is not an empty container, but an instrument in the construction of knowledge. In *The Great Instauration*, published in 1620, Francis Bacon said “Of our own person we will say nothing”. The imperative to remove the researcher from the research,

and to strive for objectivity, became a crucial requirement for good science, passed on also by Kant in his *Critique of Pure Reason* (1781). However, in social research there is a large degree of interaction between researcher and participant, and a large degree of interpretation in the process of identifying not-immediately-observable social patterns and structures. The philosophy of critical realism teaches that while objective reality exists independently of researchers' activities, the experiences and positionality of the individual researcher have influence on the research process, the questions posed, and the conclusions drawn. In development research, particularly that conducted by Northern researchers in Southern settings, or amongst vulnerable or marginalised communities, it is not only helpful to acknowledge how the researcher's positionality effects the research process and outcomes, but imperative (Chacko, 2004; Chambers, 1997).

Indeed, development geography has been subject to powerful post-colonial criticism which has pointed out the implicit power dynamics and potentially intrusive and exploitative nature of relatively privileged researchers from Northern societies extracting knowledge from peripheral and post-colonial settings – this is seen by some as a form of neo-imperial surplus extraction (England, 1994; Kapoor, 2004; Nagar & Geiger, 2007; Sidaway, 1992). In the wake of these criticisms development research has experienced a 'crisis of legitimacy' (Scheyvens, 2014). North-South development research poses ethical dilemmas and involves political sensitivities that practitioners must grapple with. This field tends to be dominated by academics from wealthier universities in industrialised countries (Abbott, 2006), and some question from a post-development perspective whether it is possible for such researchers to represent the voices of marginalised communities in a way that is not inherently colonising (Escobar, 1984, 1992).

This poses an extremely important and potentially irreconcilable challenge to field researchers. Questions of who has the right to research and write about particular social contexts have come to the fore. Regina Scheyvens points out that these questions tend to revolve around whether one can be considered an 'insider'. She rejects the idea that geographies can only be explored by insiders as simplistic: "In fact, we all sit on a continuum between the 'insider' and 'outsider' extremes and shift endlessly as the contexts and individuals are reconstituted along this sliding scale" (2014, p. 7). Scheyvens also pushes back against the inference that researched parties are powerless, contending that research participants may exert significant influence over the research process and outcomes, not least through the decision to participate, and through the conscious sharing and omitting of information. Development scholarship has generated methodologies for carrying out ethical, non-extractive research. It is now widely acknowledged that geography fieldwork *must* involve self-critical reflection (Kapoor, 2004). Reflexive exploration of one's own positionality and privilege, and how this might affect relationships with research participants, is crucial. Ilan Kapoor provides suggestions for achieving representative development research based on the work of

Gayatri Spivak. These include “acknowledging complicity” in exploitative power structures and neo-colonial institutions; identifying and unlearning prejudices, academic elitism and ethnocentrism; and “learning to learn from below [...] listening to them name and define themselves” (pp. 640-642). These measures, if undertaken vigilantly, and repeatedly, help to reduce the influence of the researcher’s geopolitical positioning on the framing of knowledge. To use Kapoor’s term, a ‘hyper-self-reflexive’ exploration of one’s own positionality is essential to the ethical production of knowledge. In development research we must reject Bacon and Kant’s obscuring of the researcher, and acknowledge subjectivity explicitly.

2.5.3. *My positionality*

I fall somewhere in the middle of the insider-outsider spectrum within my research context. I have spent a significant amount of time travelling the country and building relationships with South Africans from many backgrounds, and have maintained a keen personal interest in South African culture and politics well before I embarked on this research project. However, I am highly conscious of the fact that I have much to learn about the complexities of South African cultural and political life, as well as local epistemologies and approaches to knowledge-production and development. While I feel comfortable living in South Africa and working with South Africans, I am aware of the fact that my experience of South Africa and of my research context is mediated through my own positionality, worldview, and cultural background. In the course of my field research I took steps to ensure that I was working within local frameworks and in cooperation with local stakeholders. I established a relationship with the Centre for Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape. I also built relationships with wine industry institutions and bodies, and civil society representatives.

Though my research deals in part with marginalised groups, namely workers on South African wine farms, the immediate subjects of my research are not marginalised but by most measures privileged. The majority of my research participants are either landowning wine producers, or economically and socially privileged stakeholders such as wine agents and academics. The majority are white, and all speak fluent English, though Afrikaans is a first language for many. Being in South Africa, most of these participants are the social and economic beneficiaries of apartheid. That institution is abhorrent to my values – which are influenced by a Western liberal education and a socially progressive political standpoint. Many New Zealanders have a particular and pervasive memory of opposition to apartheid, which was also present in my family and upbringing, as my mother took part in the passionate protests against the segregationist Springbok rugby tour of 1981. As hyper-self-reflexivity requires, I must be aware of the possibility that my deep opposition to apartheid and its legacy influences the way I relate to its beneficiaries and those it has

disadvantaged. This is an awareness I have endeavoured to maintain throughout the research process, in order to prevent biases in questions or conclusions.

However, I am also a person of European descent who has enjoyed privilege in a country that has an ongoing legacy of colonial violence and oppression. In comparison to many in my own country and in the country of my fieldwork, I have lived a life of enormous comfort and opportunity. The ability to conduct research in another country is just one example of that privilege and opportunity. That country being South Africa, it is unavoidable that my white skin carries political meanings and affords me privileges that others do not possess, and that this has significant implications for the way my research has been conducted. While impossible to quantify, it is undeniable that my ability to carry out research with relatively powerful parties in the South African wine industry was helped by the aesthetic and cultural commonalities that we shared. For instance, a frequent topic of conversation often brought up by research participants that certainly assisted in rapport-building was the relative abilities of the New Zealand and South African rugby teams, a subject that culturally links New Zealanders and South Africans of European backgrounds. Research on political or sensitive subjects requires a relationship of trust between researcher and research participant. As South Africa is inarguably a society in which racial politics are very much present in most social interactions, it is very important for me as a researcher to be aware of the ways in which my white skin assisted in the building of trust between myself and my participants, and the access I was afforded that might not be so readily available to people of different backgrounds. Indeed, this field of scholarship is dominated by people of European descent and there remains a crucial need for epistemological diversity in South African wine industry research.

Nevertheless, it is well documented by South African scholars that powerful networks of inclusion and exclusion operate in the South African wine industry (Du Toit, 1992, 1993; Ewert & Du Toit, 2005; Ewert & Hamman, 1999), and in many ways I do not conform to the markers of inclusion. Importantly, I do not speak Afrikaans, which is a key aspect of identity and inclusion for many South African wine industry actors (Du Toit, 1992, 1993). Additionally, I am a woman in my late twenties – and in this capacity I belong to a group that is particularly under-represented in positions of power in the wine industry (Barrientos et al., 2005; Kritzinger & Vorster, 1996). Finally, I am a foreigner, from a country that (despite being in the South Pacific) is considered symbolically to be part of the Global North, in measures of wealth and development. I am trained in an Anglocentric academic tradition, and I must be vigilant of the ways in which this influences my understanding of the research context and my framing of questions and conclusions. South Africa's Western Cape is highly culturally and linguistically diverse, and also contains something of a dual economy, in which both developed and developing country realities exist side by side. South Africa simultaneously embodies North and South, core and periphery, and as such this

research defies the simple categorisation of South-North knowledge extraction. However, international researchers in South Africa must be extremely conscious of the complexities of domestic inequality and post-apartheid political struggles, and how we as researchers interact with; reflect, reinforce, or challenge local power structures.

2.5.4. Participant identification and interviews

Interviews were conducted with 44 participants, who have been grouped according to eight classifications. The largest group is producers, which includes any person involved in ownership or management of a wine farm or cellar. The second group is certifiers – who are representatives of the studied ethical certifications. The third group is experts, and includes academics, consultants, and other wine industry observers and commentators. The fourth group is agents, which refers to representatives of buyers, value chain middlemen, and distributors. The fifth group is industry bodies, which includes employees of regulatory bodies, marketing bodies and industry-run organisations that provide technical support. The sixth group is civil society, made up of representatives of not-for profit NGOs working in the fields of social or environmental advocacy and service-provision. The seventh group is union representatives, and the final group is government representatives. The table below details the number of research participants by group.

Table 2.4. Number of interview participants by classification

Producers (P)	19
Certifiers (C)	6
Experts (E)	6
Agents (A)	4
Civil society (CS)	4
Industry bodies (IB)	2
Unions (U)	2
Government (G)	1
Total	44

Because much of this research is politically and commercially sensitive, and in line with the requirements of the Human Ethics Committee, no information will be given that may identify any participant beyond the group classification they belong to. Participants were assured of their anonymity before making the decision to participate in this research. They were informed of the steps that would be taken to secure the information they provided, including protection of interview recordings and transcripts. This guarantee of anonymity allowed participants to speak more freely, which contributes to the comprehensiveness and integrity of findings. Participants were also

provided with an information sheet detailing the research rationale, questions, and objectives in advance of agreeing to participate. This document explained the interview process and indicated what to expect. It provided contact information for my thesis supervisor, and for Victoria University's Human Ethics Committee, should they wish to raise any concerns. All participants signed a consent form, in which they indicated whether they would like to receive a summary of the research findings by email at the conclusion of the research. Providing participants with a summary of findings is one step towards preventing extractive research and enabling participants to benefit from the knowledge produced.

Though some participants were contacted directly by the researcher via email (or in two cases, privately on Twitter), most participants were recruited through a 'snowball sampling' process (also known as chain-referral) in which existing contacts assisted in recruiting interviewees from their networks, or made suggestions for possible further contacts (Biernacki & Waldorf, 1981; Heckathorn, 1997). The recruitment of participants expanded from a small group of prior contacts, involved with ethical certifications or in academia. Snowball sampling is particularly useful in hard-to-reach or 'hidden' populations (Atkinson & Flint, 2004; Heckathorn, 1997; Sadler et al., 2010), and in this research facilitated the process of trust-building as participants became involved in the research through a trusted intermediary, which helped to mitigate concerns about risks to potential participants. Atkinson and Flint (2004) note that snowball sampling is particularly useful "where higher levels of trust are required to initiate contact", as applies in the case of this research (n.p.).

Snowball sampling also enables participants to contribute more actively to the process of knowledge creation – and makes for more interactional research processes. The technique of snowball sampling can reveal additional organic knowledge about social dynamics and interactions within networks, including within elite or powerful populations, yielding insight into "self contained systems of social contact" (Atkinson & Flint, 2004 n.p.). The success of the snowball method is cyclically connected to the success of the interview. The extent to which the interviewee feels connected to or enthusiastic about the research determines their likelihood to provide referrals (Noy, 2008). Though snowball sampling leads to more cooperative and interactional research, it is not without drawbacks, one of which is that it is not random, but dependent on the initial contacts, which if not carefully selected may lead to selection bias, or gatekeeper bias, in which participants "shield associates from the researcher" (Atkinson & Flint, 2004 n.p.). This was mitigated against through the use of a range of initial contacts from different groups, and the supplementation of 'snowball' participants with those identified directly by the researcher.

Interviews were in-depth and semi-structured. Participants consented to audio recording, which was later transcribed in full. Questions followed a basic template based on the research objectives,

but were open-ended and adaptive, allowing the interviewer or the interviewee to diverge from the key questions, and to explore a subject in more detail (Gill et al., 2008). This allowed for participants to bring up any issues they felt were relevant and important, and which may not have been considered by the researcher. In this way, space was provided for participants to guide the direction of the conversation, allowing the research to be more reflective of the voices and priorities of interviewees. This also allowed for analysis of discursive patterns and complex social phenomena across interviews. In many cases I was struck by the power of the simple invitation to describe one's experiences and views. Open-ended questions helped participants to overcome their initial hesitancy and, as I observed in numerous cases, enjoy the experience of speaking and being listened to. A confidential environment in which the researcher was an active learner (Creswell, 1998), as opposed to an expert, allowed participants to express their views, beliefs and experiences with less fear of being judged or 'getting something wrong'.

2.6. Data interpretation

2.6.1. *Discourse analysis*

Critical discourse analysis (CDA), originally used predominantly in the field of linguistics but now a common method of qualitative interpretation across social sciences, is employed throughout this thesis. This technique allows for inquiry into extra-institutional assemblages of power which exist at the level of language. Language is seen as a social practice (Wodak & Fairclough, 2013), and therefore researchers can analyse social phenomena by examining language, discourse and narrative. The concept of discourse as a unit of analysis was introduced by Michel Foucault in his *Archaeology of Knowledge* (1970). For Foucault, all other social psychologies and phenomena exist *through* discourse. Discourse can be understood as the "production of knowledge through language" (Hall, 1992, p. 165). Therefore a coherent discourse as constructed by a powerful group can generate meanings that reinforce forms of power. Hall (1992) uses the example of the discourse of the 'West and the Rest', in which colonising European countries distinguished themselves as superior to the rest of the world (as illustrated in Said's discussion of the discourse of Orientalism [1978]). Such discursive formations both justify and encourage the exercise of power in practice, i.e. colonisation.

Political processes and power relations are inherent as formations within discourse, and can be identified through CDA. CDA is explicitly concerned with "demystifying ideologies and power through the systemic investigation of semiotic data" (Wodack, 2006, pp. 185-186), and is therefore useful to a qualitative study of this nature interested in how multi-scalar power relations operate in discursive formations within EVeNs. In particular, CDA is employed in this thesis in analysing the ways in which local-scale power relations in the South African wine industry have been impacted

by the adoption of ethical certification, and how explanatory narratives for ethical certification adoption reinforce or disrupt social processes of exploitation and racialised labour relations. This takes an evolutionary or historical perspective, as inquiry into how discourse is changed over time, and how past discursive formations inform current power relations. Ruth Wodack's discourse-historical approach provides a theoretical basis for understanding this through "discourse as a form of knowledge and memory of social practices" (2006, p. 187). I take a critical and historically-contextualised approach to interpreting qualitative interview data as it relates to discursive formations, in order to elucidate implicit patterns of meaning construction and power.

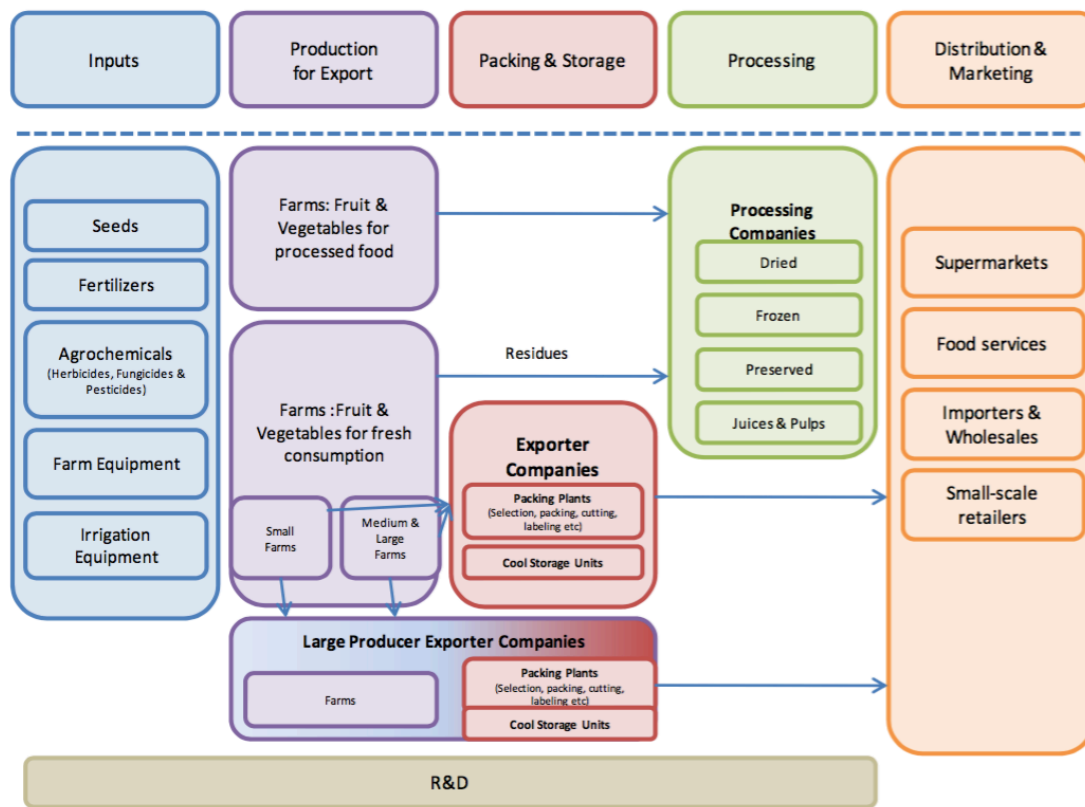
2.6.2. *Nvivo*

CDA was aided by the use of the qualitative research software Nvivo. This software allows the coding of interview data to nodes determined by the researcher which may constitute particular themes, points, narratives, questions, etc. Nvivo facilitated an efficient process of organising and interpreting data, and ensured data was easily available and searchable, and connections and patterns could be identified which may not have been obvious without the use of the software. In this sense, Nvivo became an essential component of the methodology of this research as the findings and conclusions were identified almost organically as 'by-products' of the coding process. The activity of organising the data resulted in a comprehensive thesis outline and a series of themes and findings each with a set of supporting data.

2.6.3. *Chains and network mapping*

Both GVCs and GPNs offer 'mapping' methodologies to assist researchers in visualising actors, functions, territories, and profit and governance flows. In GVC analysis this is represented as a linear chain of firms, functions and value involved from conception to consumption. Value chain analysis involves four analytical components which can be undertaken in a mapping activity (Gereffi & Fernandez-Stark, 2011). These are input-output structure – identifying the material inputs and outputs of value chains (as in Figure 2.2.); geographic make-up – how value chains are distributed across space and scale through local, national, regional and global functions; governance – identifying the level and direction of explicit coordination and patterns of power and wealth accumulation; and institutional content – the identification of the range of institutions (firms or otherwise) involved in value chain activities.

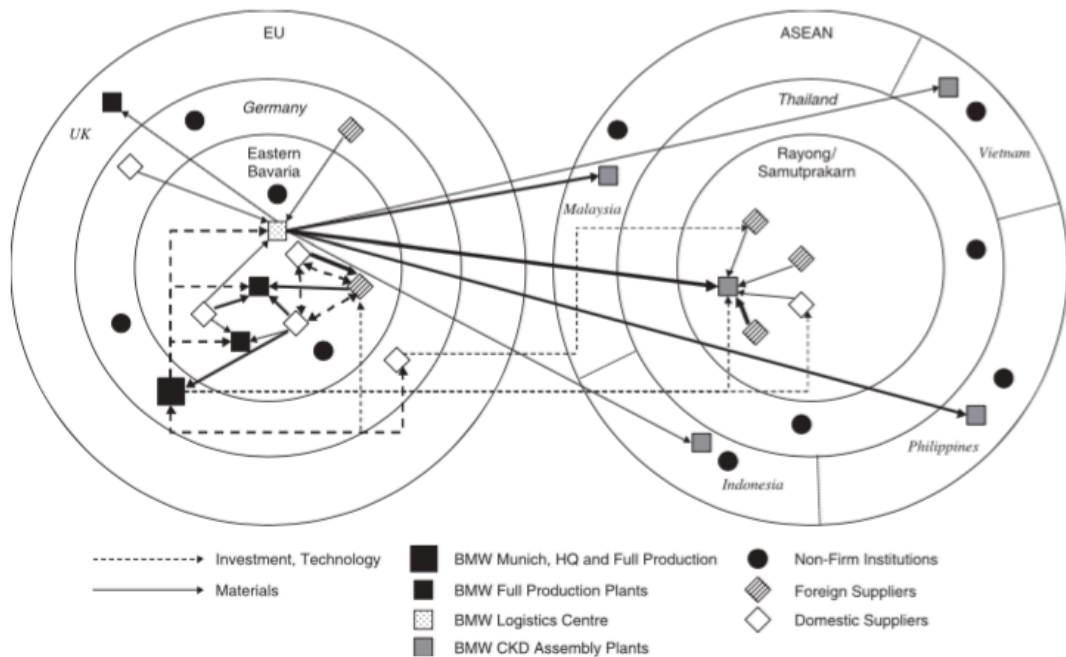
Figure 2.2. The fruit and vegetables GVC map (input-output structure)



(Gereffi & Fernandez-Stark, 2011, p. 7)

However, chain/network maps can include myriad components beyond actors and materials. Maps may include explicit focus on the territorial distribution of actors, functions and materials. This allows for a visualisation of the influence of network construction and coordination on core-periphery relationships and regional development (Coe et al., 2004). Figure 2.3 illustrates the geographic distribution of the BMW production network, with a concentration of investment and technology in the Global North, with lower-value functions such as assembly taking place in the global South. This visualisation indicates this to be a producer-driven network in which governance flows from the lead producing firm and value is captured in the core, while still displaying the intra-regional core/periphery structures which make up the network, i.e. Rayong/Samutprakam represents the core area of the peripheral region. In GPN mapping especially, non-firm stakeholders and institutions (both formal and informal) may be included. This can encompass regulatory bodies and standards, and cultural structures.

Figure 2.3. Regional distribution of the BMW production network (EU-ASEAN)



(Coe et al., 2004, p. 481)

Network maps that avoid linearity and do not take progressive value chain segments such as production, processing, retail and consumption as their backbone can become extremely complex and in many cases, difficult to decipher meaning from, such as in Figure 2.3 above from Coe et al. (2004) showing inter-regional network relationships, and 2.4 below from Henderson and colleagues, attempting to visualise simultaneously the dynamics of firms, states, regions, power, CSOs, and value creation and capture. In practice, many of the examples of GPN mapping that I have found in the literature struggle to do justice to GPN's theory of the complexity, fluidity and multi-faceted nature of economic organisation, and as such, I believe GPNs as an analytical framework does not easily lend itself to mapping methodologies.

Figure 2.4. A global production network, visualised



(Henderson et al., 2002, p. 456)

Though in reality, economic organisation and exchange is a fluid cycle with no start point or end point, I agree with GVC proponents such as Sturgeon (2007), that it is important for researchers and policy-makers to have a widely applicable theoretical toolkit that can “bring some order to this complexity” (p. 27). As such, in analysing chains and networks in this thesis, I will utilise the methodology of first identifying the chain of value chain segments, then their territorial distributions, and finally formal and informal institutional influences, power and governance flows, and value creation and capture.

2.7. Challenges and limitations

2.7.1. *Workers' voices*

In the initial design phase, it was intended that more workers' voices would be represented in this research. However, serious practical and ethical issues were encountered which made it difficult to reach workers. First, due to the legacy of racialised power dynamics in the wine industry, it was unavoidable that power dynamics would operate between myself as the researcher, and the workers I hoped to interview. I believed these power relations would impede my ability to adequately capture and represent the views and experiences of workers. Second, many workers in the South African wine industry speak limited English, and interpreters would be required, adding a further dimension of partition between interviewee and interviewer, and contributing further to unequal power dynamics. Thirdly, as most wine farm workers live on site, and farms are often in isolated areas, interviews with workers would need to take place on farms in most cases, rather than in a neutral location. In a few recent prominent cases, visitors to workers on wine farms have been treated with hostility by farmers nervous about the threats of industrial action and labour unrest, and violent crime on farms. In other cases, workers themselves have been subject to retaliatory action by their employers for inviting guests on to farms or participating in political activities concerning labour rights. These responses have in some cases taken the form of violence (for example see Peterson, 2014) and in others, dismissal and other punitive measures (e.g. Koyana, 2017b). Faced with these ethical and practical issues, the decision was made that the primary research would focus on data gathering at the level of producers and other observers and stakeholders, and that this would enable findings to be generated about power relations and ethical development. It is acknowledged that these findings are limited by a lack of workers' voices, and it is hoped that future studies will be able to supplement these findings with the collation of workers' experiences, aspirations and views.

2.7.2. *Sample size*

Practical limitations meant that this study could not be a wide-ranging survey and as such should not be considered scientifically representative in terms of sampling, but rather a 'deep-dive' into data provided by a limited but diverse group of participants. The qualitative findings of this research may be taken as signposts for future studies with greater capacity to undertake more exhaustive data-gathering. However, while the research participants represent a small fraction of overall wine network participants, the research interviews alongside observational and experiential evidence are sufficient to identify themes, discursive formations, and structural realities relating to the research questions. Enough repetition was encountered in interview data to ensure confidence in conclusions. It is my hope that the case study observations and critical analysis presented in this thesis are evaluated and built on by future research using varied methodologies.

2.8. Summary

This chapter has laid out the key academic theories which inform the design and interpretation of this research. These theories have been consolidated into the theoretical framework of EVeNs, which is an innovative tool, developed by the Marsden research group (Bidwell et al., 2015; Howson et al., 2015, 2016; Murray & Overton, 2015a; Murray & Williams, 2016), intended to give researchers a starting point to approaching ethical certifications within the context of the geographies, actors, and networks they interact with. The chapter has also detailed the specifics of the research methods, and methods of data interpretation, explaining the use of case study, reflexivity, discourse analysis, network mapping, Nvivo, and snowball sampling, which have all been selected as methods to allow the generation of relevant and constructive findings. In the next chapter, I turn to in-depth examination of the existing literature on the rise, scope and impact of ethical certification, in order to place my research within the landscape of what is known, and what is hypothesised about the potential of ethical certification to contribute to ethical development in the Global South

Chapter 3. Can the market care?

Scholarly perspectives on ethical trade

As *prima philosophia* ethics cannot itself legislate for society or produce rules of conduct whereby society might be revolutionized or transformed...[ethics] hardens its skin as soon as we move into the political world of the impersonal 'third' – the world of government, institutions, tribunals, schools, committees, and so on" (Levinas & Kearney, 1986, pp. 29-30).

3.1. Introduction

The notion that individuals can contribute to social and environmental justice through the exercise of consumer choice has become thoroughly rooted in the Western public imagination. The availability of products with certified normative qualities has grown at an order of magnitude over the past two decades to meet the demand of an expanding base of ethically-minded consumers. The free-market hegemony that emerged in the 1980s has accelerated the transformation of agricultural systems, drawing small farmers into expanded networks of trade in which value and power is increasingly retained at the buying end, and commodity producers are subject to extreme price fluctuations, dependence and insecurity. A consequence of this process has been the intensified fetishisation of food products, which become disembedded from their geographical and social origins, effectively concealing producers from consumers, and rendering unseen the effects of commodity dependence and trade injustice. The asymmetric gains and regional inequalities heralded by globalisation have prompted a transnational mobilisation of loosely organised actors seeking more equitable trade relationships and wealth distribution in commodity networks. This can be conceived as a global social movement, known as the ethical trade movement. Proponents often adhere to certain tenets of neoliberalism - namely individualism, consumerism, and states' inefficacy in affecting just change - even while critiquing neoliberalism's excesses.

Ethical trade is a product of the globalising trajectory of social and political movements. As a form of market-led social justice, it employs the mechanisms of the market in an effort to redirect profit and power within trade networks. Areas of ethical certification include the social ('integrity'), the environmental ('sustainability'), and the promotion of local places to counter disembedding forces ('provenance'). Prominent examples of these are Fairtrade, organics and geographical indications. Whilst encompassing a heterogeneity of missions and methods, these initiatives are united in a common effort to re-embed food products in their local roots, better reflecting their social and territorial origins in their value. This thesis situates ethical certifications within this overarching discourse in order to analyse them collectively; an endeavour largely absent from current academic approaches, as noted in the previous chapter. However, while gaps remain, ethical certifications are the subject of a robust

discipline-straddling academic literature. Scholars from such diverse fields as business (Beckett & Nayak, 2008; Brei & Böhm, 2011; Gendron et al., 2008), anthropology (Fridell et al., 2008; Lyon, 2006), psychology (Bratanova et al., 2015), and geography (Bek et al., 2012; Hughes, 2005; Hughes et al., 2008; McEwan & Bek, 2009b; Mutersbaugh, 2005), have grappled with defining, theorising and evaluating ethical trade.

A number of key critiques have emerged from these endeavours. Some of these are grounded in empirical case-study findings and focus on practical limitations to the effectiveness of ethical certifications in protecting vulnerable producers and workers. These limitations include structural barriers to entry which have seen the poorest excluded from ethical networks (Lyon, 2006; Neilson & Pritchard, 2010), and the difficulties of reconciling conflicting interests within governance structures (Klooster, 2005; Taylor et al., 2005). Some researchers have observed that the increasing standardisation of ethical certifications renders them less able to respond to the subtleties of local contexts and that they constitute a top-down model of development (Freidberg, 2004; Mutersbaugh et al., 2005). Other scholarly approaches are concerned with continued asymmetric power and profit distribution within ethically-certified networks, and question which parties are best able to appropriate the ‘symbolic capital’ generated by certification (Guthman, 2007; Heynen & Robbins, 2005). It is pointed out that ethical trade initiatives almost inevitably fall subject to the diluting forces of corporate co-optation or appropriation (Fridell et al., 2008; Jaffee & Howard, 2010). A more theoretical subset of the literature questions the political economy and vision of certification initiatives and points out the fundamental paradoxes of market-led social justice (Fridell, 2006, 2007; Guthman, 2007; Modelo, 2014). These writers raise questions as to ethical trade’s overall ability to transform neoliberal globalisation.

This chapter is structured as follows: The first section summarises recent trajectories of economic globalisation and their impacts on agro-food networks, with particular reference to how producers in the Global South have fared in the newer international division of labour. The second section explores countervailing ‘ethical’ responses to the injustices of globalised agriculture, and offers some theoretical frameworks for understanding these. Then, an overview of the evolution, landscape and scope of social and environmental certifications will be given. Later, a variety of scholarly viewpoints on ethical certification are presented, followed by the identification of certain areas requiring further research, and how these gaps relate to the overall thesis questions.

3.2. Background: Globalisation and agriculture

Following the turmoil wrought by the economic shocks of the 1970s a new ideological hegemony of global trade emerged to replace the Fordist New International Division of Labour. Rooted in the

Western enlightenment-derived values of individualism, modernisation and accumulation, a largely unchallenged neoliberalism has overwhelmingly determined the direction and impacts of globalisation for the last four decades (Murray & Overton, 2015b). Beginning in the late 1970s, proponents of this new regime - including economists (such as Milton Friedman and the 'Chicago Boys'), and powerful politicians (notably Margaret Thatcher and Ronald Reagan) - advocated the removal of barriers to international flows of goods, services and capital, arguing that unhampered global economic integration would benefit developed and developing nations alike. States were encouraged to dismantle protectionist policies and remove tariffs. Structural adjustment conditions on development loans or debt relief handed down by the International Monetary Fund (IMF) or the World Bank required developing nations to privatise industry, deregulate their economies and adopt the Washington Consensus' prescription for development. At the heart of neoliberalism is a distrust of states as distributive instruments, and their declining significance has given way to the increased supremacy of transnational corporations in global configurations of wealth and power.

Richard Falk (1997) has characterised this forceful dissemination of neoliberalism as 'globalisation from above'. Falk contends that neoliberal globalisation reinforces existing global power structures, benefiting the already powerful and further disadvantaging the marginalised: "[T]his unfolding of globalisation as an historical process is occurring within an international order that exhibits gross inequalities of every variety, thereby concentrating the benefits of growth upon already advantaged sectors within and among societies and worsening the relative and absolute condition of those already most disadvantaged" (p. 19). For Falk, this is not inherent to globalisation but contingent on the global context in which it is taking place. Essentially, critics such as Falk contend that neoliberalism has served to deepen inequalities both within and between countries, and rather than levelling the playing field, it has further concentrated power and profit at the top. The uneven impacts of globalisation have been particularly evident in the agro-food sector, drastically impacting agrarian areas in developing countries. Over the course of a century, agricultural production has transitioned from small-scale farming for local markets, to complex global agro-food systems dominated by TNCs (LeHeron, 1993; Whatmore, 2002). A number of factors combine to make globalised agriculture particularly precarious for small farmers and workers.

A central factor is that much of the world's agro-food production takes place in 'developing' economies. Many primary food commodities are produced in the poorest countries, where climatic conditions favour tropical goods such as tea, coffee, cacao, sugar, and fresh fruit. Additionally, much of the consumer base for these products is located in the North. The South-to-North trade pattern of such commodities serves to perpetuate a core-periphery dependency model (Talbot, 2002). Furthermore, in much of the developing world land and labour costs are lower, environmental standards are weaker, and producing in the Global South means fresh goods can be supplied out of season for

Northern hemisphere consumers (Murray & Overton, 2015b). Following trade liberalisation and the entry of TNCs, diversified rural livelihoods have been displaced by monocultures and primary commodity production. As large proportions of rural populations in developing countries have become dependent on primary commodity exports for their livelihoods, market fluctuations in commodity prices can have disastrous effects on farming communities. Vulnerability to price shocks has been deepened by deregulation (Raynolds et al., 1993). Finally, small-scale farmers who have resisted displacement and proletarianisation have been subsumed into export-oriented networks in which value-adding functions such as processing, packaging, marketing and distribution are removed from primary production. This means the amount of value primary producers can retain from the end retail price is extremely limited.

As David Harvey illustrates in his well-known ‘silent grape’ analogy, consumers have become spatially and socially removed from producers in conventional agro-food networks: “The grapes that sit upon the supermarket shelves are mute; we cannot see the fingerprints of exploitation upon them or tell immediately what part of the world they are from” (Harvey, 1990, p. 422). The ‘disembedding’ forces of globalisation have deepened the fetishisation of agro-food products and the concealment of the social relations of their production. The concept of commodity fetishism, originating with Karl Marx’s *Capital* (Marx et al., 1990) describes the process by which capitalism obscures the human origins and inputs of a given product, reducing its value to a pure materialism and hiding the social relations of its production, thereby disconnecting the product itself from the capitalist exploitation in which it is rooted. The related Polanyian concept of embeddedness is used in geography to refer conversely to the extent to which economic products are grounded in the territorial, institutional, social and cultural contexts in which they are produced (see Granovetter, 1985; Hess, 2004; Polanyi & MacIver, 1957). Scholars such as Anthony Giddens (1990) argue that globalisation has meant the ‘disembedding’ of products from their environmental and social origins, and the diminishing relevance of the ‘place of food’ (Feagan, 2007). Critics argue that one consequence of globalisation’s fetishisation and disembedding of food products has been a concealment of production circumstances, labour conditions and environmental impacts of agro-food systems from consumers (De Neve et al., 2008; Wilk, 2001).

A countervailing trend has arisen, in which the discourse of ethical trade can be situated. A growing emphasis on *relocalisation*, or *respatialisation* of food systems represents a response to globalisation’s ‘disembedding mechanisms’ (Feagan, 2007). Provenance and normative concerns around conditions of production have re-entered discourses of food quality, and are becoming increasingly mainstream. This shift can be identified in diverse literatures and encompasses a number of scholarly terms, including post-productivism (Mather et al., 2006; Shucksmith, 1993; Wilson, 2001), the quality turn (Goodman, 2003; D. Goodman, 2004), the third food regime (LeHeron, 1993; Whatmore, 2002), alternative food

networks (Goodman & Goodman, 2009; Renting et al., 2003), and local food systems (Feagan, 2007). Broadly, this new ‘political ecological imaginary’ amongst consumers in developed countries (M. K. Goodman, 2004), represents a redefinition of what constitutes quality, and an insertion of ‘ethical’ concerns alongside the market functions of price, material quality and demand. Many writers emphasise the theoretical importance of Polanyian ‘embeddedness’ theories in understanding contemporary alternative food movements (for example, Barham, 2002; Hudson & Hudson, 2003; Raynolds, 2000).

This shift has purported benefits for producers, who are able to profit from product differentiation and market niches, and thus escape primary commodity dependence and a ‘race to the bottom’. It also holds advantages for consumers, who may benefit from increased variety, healthier choices, and more information about food origin and production (Sánchez-Hernández et al., 2010). Further, it is hoped by development practitioners and observers that these changes in producer-consumer relations will have positive impacts in rural development and the empowerment of producing communities in developing countries (Higgins et al., 2008; Raynolds, 2002a, 2002b; Sánchez-Hernández et al., 2010).

3.3. Ethical trade and ethical certification: Manifestations and definitions

So far this thesis has used both ‘ethical trade’ and ‘ethical certification’ to describe similar concepts. However, to proceed it is important to draw distinctions between these activities. Many claims are made to ‘ethical trade’, referencing variously environmental sustainability, labour rights, the protection of smallholder livelihoods, and the legal protection of origin. Discourses of ‘corporate social responsibility’ (CSR) and ‘ethical sourcing’ are now practically ubiquitous in the policy and marketing of agro-food TNCs. Within these claims are varying standards of ethicality; involving different levels of commitment and verification. ‘Trade’ itself is a multi-scalar process, comprising activities of production, distribution, manufacturing and retailing. However, ‘ethical trade’ claims often refer more narrowly to practices taking place within selected value chain nodes, most often at the production end. They may or may not imply consideration of the relationships and terms of trade between value chain actors. Little precedent exists in literature and practice as to a widely accepted definition of ethical trade. Large manufacturers and retailers benefit from this lack of clarity, which enables them to exploit consumers’ confusion over competing ethical claims to generate definitions of ethicality which suit their interests.

‘Ethical trade’ and ‘ethical certification’ are the most common descriptors used (often interchangeably) for the myriad trade practices claiming to be ethical, however, both have limitations. The former is a loosely-defined catch-all, given to both the social movement driven by activists, NGOs and consumers to address the negative impacts of globalised trade on local people and places – the ethical trade movement; and to the ethical social and environmental sourcing practices of large

companies (Ethical Trading Initiative, 2017). The latter refers nominally to trade practices which are verified against codes or standards, set either by lead firms in the value chain, or by external bodies such as NGOs or industry boards. This thesis uses ethical value networks to refer to the relational structures of global trade that include value created by alignment with ethical conventions, usually indicated through ethical certification. The following paragraphs will provide some context pertaining to manifestations of certification, with a particular emphasis on fair trade, as the most well-known and well researched example.

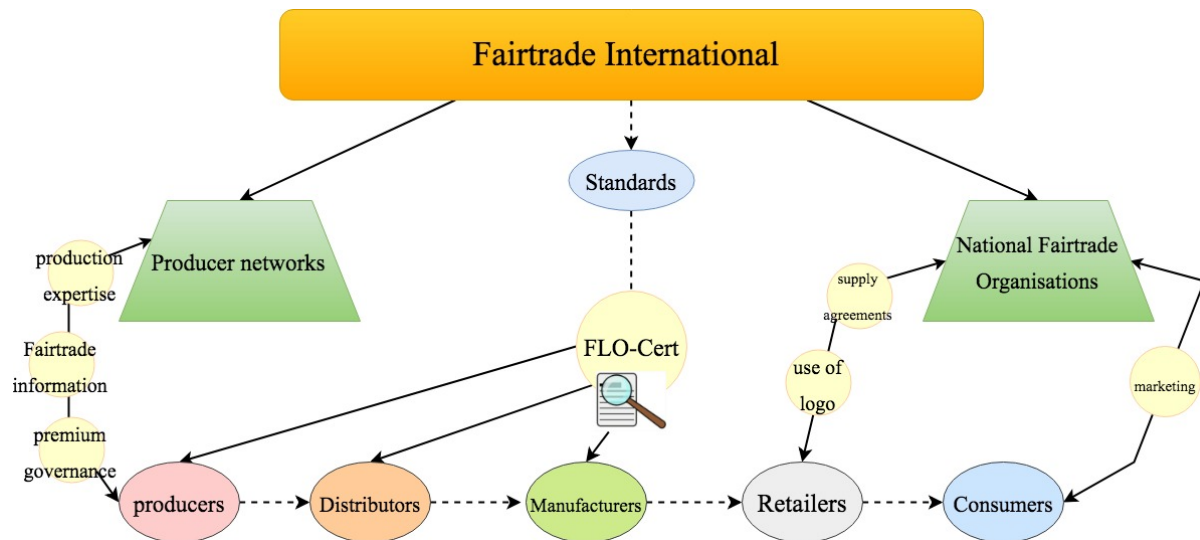
3.3.1. Fair trade and Fairtrade

Fair trade is a common though often misconstrued term in the ethical trade arena. Fair trade constitutes one particular type of ethical certification, which focuses specifically on the terms of trade, or the transactions within the value chain, and attempts to contribute to security of livelihoods through the establishment of a floor price, and the inclusion of a ‘social premium’ for community-led development projects. Fair trade’s partnership and development focus is achieved through three mechanisms in particular; the establishment of a democratically governed producing cooperative, or workers’ committee, the inclusion of a label on certified products which serves as an independent guarantee to consumers, and the elimination of intermediaries (which have multiplied in tropical commodity value networks) to ensure higher returns to primary producers. Though there are a number of different fair trade certifications, including Fairtrade International, Fair trade USA, Fair for Life, and the World Fair Trade Organisation, they all employ these components, and are as such a distinct group within the ethical trade landscape.

The antecedents of fair trade can be found in a series of post-war religious and political movements. Small initiatives had incorporated the philosophy in cross-regional solidarity efforts since the late 1940s, many in support of refugee communities. An early example is the Mennonite Central Committee’s efforts to establish direct handicraft marketing links with Palestinian refugees. Specialised retail outlets emerged in wealthy countries, under the umbrella of the Worldshop movement, selling goods crafted by suppliers disadvantaged by poverty or war. Beginning in the 1970s alternative importer networks were consolidated in a number of countries to supply Worldshops, through Alternative Trade Organisations (ATOs). One pioneering example was New Zealand’s Trade Aid, which was formed in 1973 to import and sell carpets made by Tibetan refugees and has since expanded to become a direct importer of commodities from small producers in many developing countries. Another example is the ATO Equal Exchange in the United States which formed in 1986 to provide trade channels for producers in Nicaragua affected by embargoes. These unconventional marketing strategies attempted to increase returns to producers primarily by reducing the number of intermediaries and shortening routes to Western markets (Raynolds et al., 2007). In 1994 disparate alternative retailers formed the Network of

European Worldshops (NEWS) which today makes up an institutional branch of the wider Fairtrade network.





Figure 3.1. The Fairtrade International system



(Adapted from Fairtrade Belgium, 2018)

The fair trade movement comprises a multitude of organisations, many of which are united under the auspices of Fairtrade International (FI, Fairtrade, previously known as FLO), consolidated in 1997. The FI system is shown in Figure 3.1. Based in Bonn, Germany, FI oversees a large number of national Fairtrade organisations, which promote Fairtrade and maintain relationships with retailers and consumers in the North. In the South, its membership is made up of 1,240 producer organisations representing 1,661,828 farmers and workers. Previously, the major geographic base of production for Fairtrade was in Latin America, which generated 57% of Fairtrade production in 2005 (Hutchens, 2011, p. 300). However, today Latin America represents 21% of Fairtrade exports, with 64% now emanating from Africa and the Middle East, and 15% from the Asia-Pacific region (Fairtrade International, 2016). FI sets the standards for small producer organisations and for hired labour, which are certified by its independent auditing company, FLO-Cert, which audits producers, distributors and manufacturers (but not retailers). While the FI mark is the largest and most recognised fair trade mark, other fair trade organisations exist, including fair trade USA, which split from FI in 2011. Prominent fair trade labels are shown in Table 3.1.

Table 3.1. Fair trade labels

Fairtrade mark, est. 2004	Fair For Life label, est. 2006	Fair Trade USA label, est. 2011	WFTO label, est. 2013
			

Fair trade has expanded to include numerous agro-food products, but coffee remains the flagship commodity. Coffee was a significant driver of the entry of ATOs into agro-food networks, and played an important role in the mainstreaming of the movement. This is in large part a consequence of the vulnerability faced by producers in the wake of the abandonment of the International Coffee Agreement in 1989, which had regulated global markets and kept prices stable. At this time the Wall Street coffee price (or ‘C’ price) fell from US\$1.30 per pound to US\$0.60, while the cost of production remained around US\$1.10 (Dragusanu et al., 2014, p. 220). Vietnam and Brazil had emerged as large-scale producers and this amongst other factors created a coffee crisis in 2001, when prices dropped below US\$0.50 per pound (Dragusanu et al., 2014, p. 220). The flow-on effects for small farmers fully exposed to the extremes of the market were severe.

Though the volatile coffee market has been the central focus of both fair trade certification and fair trade impact research, Fairtrade certified coffee still only makes up a fraction of overall market share, representing just 1.4% of global coffee exports in 2010 (Fairtrade Foundation, 2012).⁷ And despite appearances in the literature that has assessed fair trade, the movement encompasses myriad other products; cane sugar, cocoa, and bananas have all become well known fair trade commodities. Other Fairtrade certified products include *inter alia* fresh fruit, cotton, tea, sports balls, cut flowers, gold, honey, herbs and spices, rice, fruit juice, and - the subject of my own case study - wine. Fair trade institutions have seen an expansion of their original ambit in a number of directions. While they are generally viewed as social-development-focused initiatives, most fair trade organisations, including FI, also require their members to uphold extensive environmental protection standards. FI encourages transition to organic production, offering a Fairtrade Organic label. Also, though fair trade has traditionally been focused singularly on smallholder production, the movement has expanded into

⁷ This number refers to Fairtrade International certified coffee and excludes coffee certified by other fair trade organisations.

plantation agriculture; a process that has been the subject of much controversy, and was the catalyst for the split between FI and Transfair USA in 2011.⁸


3.3.2. *Proliferation of ethical certification*

While Fairtrade is arguably the most well-known example of ethical certification, such schemes have proliferated in both the social and environmental spheres (many covering both), and often come into direct competition for market share. Dual processes of proliferation and convergence have taken place, as more and more ethical trade claims crowd the market, but individual certifications have expanded to address separate issues of development, labour rights and environmental protection simultaneously (Smith & Barrientos, 2005). This has been the case with certifications which were originally developed in the social sphere - exemplified by Fairtrade's expansion first into organic certification, and then into hired labour – and with certifications which emerged in the environmental sphere, such as IMO Organic's development of the Fair for Life social and labour standards, and the conservation certification Rainforest Alliance's forthcoming merger with the labour-rights focused UTZ certified (formerly UTZ Kapeh). While some certifications, such as UTZ certified, and Rainforest Alliance are established and monitored by independent non-profits, others, such as Mondelez International's recently announced 'Cocoa Life' scheme, and Sainsburys' (also recently announced) 'Fairly Traded' programme, are established by lead firms, which set standards for compliance in-house, and engage a dedicated monitoring company to carry out their auditing. Such programmes may or may not include product labels to signify certification to consumers, or the payment of a social premium to producers. Certifications also vary significantly in monitoring methodologies; some requiring regular on-the-ground audits, and some consisting simply of self-reviews.

It is possible to loosely categorise ethical certification claims along a spectrum from unverified statements aimed at marketing products, to progressive development-focused interventions which are rigorously independently monitored. The following table gives an overview of the varying levels of assurance in ethical value networks.

⁸ Transfair USA (now Fair Trade USA) withdrew from FI over the question of extending certification to plantations with hired labour, particularly in coffee. While Transfair argued that the move would benefit many more vulnerable value chain participants, FI contended that it was outside the philosophy of fair trade, which was to resist TNC-governed economies of scale. However, since Transfair's withdrawal, FI has succumbed to stakeholder pressure and extended standards for hired labour to coffee production.

Table 3.2. Levels of assurance within ethical certification schemes

Level of ethical assurance		Examples
LOW 	References to ethicality on packaging and marketing materials	Use of terms 'eco' 'green' 'fair' etc.
	+ Standards established for ethical practices by lead firms	Corporate codes of conduct Corporate social responsibility strategies
	+ Independent monitoring of lead firms' ethical standards*	Mondelez international's 'Cocoa Life' Starbucks' 'C.A.F.E practices' Sainsburys' 'Fairly Traded'
	Ethical standards established and monitored by independent body	ISO 26000 Ethical Trade Initiative (ETI)
	+ Official label guarantees ethical compliance to consumers	UTZ certified/ Rainforest Alliance** Organics i.e. Biogro, USDA organic Geographical indications
	+ Ethical standards include minimum price and social premium to producers	Fairtrade Fair Trade USA Fair For Life
	+ Retailers required to trade in 100% certified products	World Fair Trade Organisation (WFTO)
	+ Importing and retailing functions integrated	Worldshops Trade Aid
HIGH		

* A large amount of variation exists in monitoring practices. Monitoring can involve regular on-site audits (i.e. UTZ certified), or reviews of member companies' reporting by boards (i.e. ETI).

** UTZ certified and Rainforest Alliance are due to merge in 2018.

(Source: Author)

This confusing landscape of products with ethical labels conceals different levels of ethical standards and assurances. As the above table indicates, ethical claims may or may not be supported by certification systems. They may or may not involve third-party monitoring, and they may or may not address entire chains. As ethically-labelled products proliferate, and ethical claims become broader and vaguer, consumers will naturally find it more difficult to navigate ethical markets, and trust in the ethical claims of the array of ethical labels available could suffer as a consequence. Furthermore, though '100%' alternative trade systems such as Worldshops emerge at the top of the table of ethical legitimacy, the question must be asked even of them: *does it work?* A high level of 'ethical assurance' does not necessarily indicate highly favourable outcomes for producing communities. Scholars have grappled with the question of whether market-driven ethical certification is able to foster ethical sustainable development in the Global South.

3.4. Theorising ethical certification

In order to situate ethical certification within academic theory, I draw from a range of literatures in this section. The theories of *new* and *newer* social movements allow scholars to position EVEs within

an historical and global political economy. Convention theory provides an innovative basis by which to understand economic coordination based on ethical values and extrinsic qualities. Finally, I will briefly summarise thinking on ethical consumerism; consumer preferences and behaviours, and possible limitations to the ability of ethical consumers to affect equitable and sustainable development.

3.4.1. Ethical trade as a global social movement

As agro-food networks have territorially expanded, so too have civil society responses and counter-movements become globalised. One popular theoretical approach to this kind of internationally-oriented action originates with sociologist Jürgen Habermas (1981), who developed a theory of new social movements (NSMs). Habermas observed a declining relevance of states as the focus of political activism. In a departure from the social movement paradigm before the 1960s, which was confined to a state-civil society, or capital-labour nexus and focused largely on material concerns (such as the labour movement), NSMs include emphasis of cultural and social values, such as human rights, environmentalism, and feminism. In the 1970s this was considered to be, in sociologist Claus Offe's words, "the fusion of political and nonpolitical spheres", or an extension of what could be considered political (Offe, 1985, p. 816).

NSM theory concentrates on the structural drivers of these changes, and draws upon Parkin's (1968) *Middle Class Radicalism* in explaining its postmodern political worlds. In the 1960s Parkin observed a shift from a Marxist paradigm of activism as the domain of the working class, towards a new political radicalism of the educated middle classes. This was central to the shift in focus of social movements. As Parkin notes, middle class radicalism is directed towards "social reforms which are basically moral in content" (p. 2). 'Reforms' is an operative word, as Immanuel Wallerstein posits, a key feature of new social movements is their reformist rather than revolutionary character (Wallerstein, 2004a, p. 268). Unlike the working class struggles of the industrial period, these campaigns are unlikely to directly benefit those advancing them, instead they are in pursuit of wider social good, or in support of a particular marginalised group. However, as Parkin suggested, the middle class proponents of social change might enjoy a personal "psychological or emotional" benefit, "derived from expressing personal values in action" (p. 2).

New social movements have redefined the public sphere and the mechanics of political action. They are increasingly transnational in scope. In contrast with their preceding political movements, they are not party-based. While some subsections may have more formalised elements such as a constitutions and membership, on the whole NSMs are made up of a broader network of 'supporters', rather than members, and they tend to be disparate and loosely organised (Byrne, 1997). The globalisation of social movements naturally reflects the wider context of globalisation, in which states are increasingly bound

by economic integration, trade agreements, security regimes, and the expanding power of transnational corporations (TNCs). Other transnational actors such as international non-governmental organisations (INGOs) and international crime networks also enjoy growing influence (Smith & Johnston, 2002, p. 2). In a globalising world, states no longer represent the concentration of power that they once did, and they have less capacity to effect systemic change. It follows then, that the site of political action and resistance has become increasingly global. Accordingly, Cohen and Rai (2000) put forward a theory of global social movements (GSMs). As they note, an essential driver of this process has been the time-space compression facilitated by widespread access to new communication technologies and the internet (Cohen & Rai, 2000).

NSM theory has been criticised for a perceived ahistoricism. Pichardo (1997) contends that movements focused on ‘traditional’ issues of materialism and economic well-being continue to exist, and that movements concerned with social and cultural issues existed prior to the supposed emergence of the new paradigm. Indeed, while many contemporary social movements are primarily concerned with culture and identity in conceptualisations of social justice (Black Lives Matter, the LGBTQ movement, intersectionality), other prominent GSMs do focus on material concerns, class conflict, and inequality, albeit in new, extra-institutional and more reformist forms. The anti-globalisation mobilisation marked by the 1999 World Trade Organisation (WTO) protests in Seattle, and more recently the Occupy Movement, has responded to the economic injustices of globalised trade and neoliberalism (see Chomsky, 2012). The ethical trade movement is also an example of global movement for economic justice. In terms of their focus, these movements depart from the classic definition of the new social movement. Corinne Gendron and colleagues term them ‘new social economic movements’ (2008). Murray and Overton (2015b) suggest, “[i]t is perhaps time to develop a theory which addresses the rise of ‘newer social movements’ (p. 215).

Nevertheless, NSM theory remains highly relevant to the interpretation of these challenges to market liberalisation, and provides an explanatory framework for a number of distinctive elements of the ethical trade movement. Ethical trade meets much of the criteria of new/global social movements, and identifying these factors is useful to situating ethical trade within a broader context of globalising political economy and forms of resistance. Ethical trade identifies middle class citizens in the Global North as the key agents of change. In line with Parkin’s (1968) observations, these ‘supporters’ benefit from their involvement only through the emotional value generated from a sense of doing moral good. The direct beneficiaries of the movement (primary producers in the Global South, or foreign ecosystems) are distant in space and imagination. Additionally, in global social movements, individual action is privileged over collective action, or at least the lines are blurred. In ethical trade, ‘activism’ is carried out through the activity of personal consumerism.

N/GSM theorises the circumvention of states as agents of change. Ethical trade aligns with this, as a truly globalised movement, responding to the uneven distribution of globalisation's gains. Its impacts are vastly spatially removed from the site of action (i.e. the purchase of ethical goods). Its institutions and the institutions it aims to influence are transnational, non-state actors. In line with Wallerstein's (2004) depiction of new social movements as tending towards reformism as opposed to revolutionism, ethical trade aims to exact incremental change within mainstream structures. Ethical trade movements collaborate with mainstream economic actors, employ the terminology of mainstream economics, and are oriented towards influencing configurations of global capitalism through capitalist apparatuses. Finally, the ethical trade movement is not cohesive, nor centralised. It is made up of disparate networks of institutions and participants, both formal and informal. The goals of these networks are at times contradictory, incorporating such diverse interests as those of TNCs, radical activists, and smallholder cooperatives. This conforms to Bryne's (1997) observation of the disorganisation of NSMs.

3.4.2. *Convention Theory*

Ethical labelling systems depend fundamentally on communicating information about production process or quality to consumers that is often extrinsic to the products themselves (Barham, 2002). Many ethically-labelled products are materially identical to their conventional counterparts. How, then, can they be imbued with additional value, and how is that value measured? One explanation originates in a French institutionalist approach with the theory of sociologists Boltanski and Thevenot (1991). Their work, *On Justification: The Economies of Worth*, proposed a series of criteria by which agents evaluate their actions and those of others. In Boltanski and Thevenot's view, these criteria or 'orders' (commonly called conventions) become established norms only through a social process of negotiation and contention which incorporates the various values and priorities of diverse actors.

Salais and Storper, also seminal contributors to the theory of conventions, elaborated on how such norms become institutionalised in configurations of production and consumption, and come to dictate what they call 'worlds of production' (Salais & Storper, 1992, 1993; Storper & Salais, 1997). They define conventions as "...practices, routines, agreements, and their associated informal and institutional forms which binds acts together through mutual expectations" (Salais & Storper, 1992, p. 174). As Wilkinson (1997b) notes, convention theory draws from actor-network theory in that it "...has the actor as its analytical starting point" (p. 306). An important meaning of this focus on actors is that because conventions are determined through ongoing processes of mutual agreement, they are subject to constant change and revision. They are at once established modes, and critiques of what is established. "They are both guides for action and collective systems to legitimise those actions that can be submitted to testing and discussion" (Ponte, 2009, p. 239). It is this reflexive process of negotiation of standards

for conduct that is particularly relevant to explaining emerging forms of private trade regulation based on normative values.

Convention theory offers a number of orders by which a product's worth can be measured, and by which production networks are organised (Sánchez-Hernández et al., 2010), these convention categories are: market (supply and demand), industrial (technical functioning), domestic (embeddedness - attached to place), public (brand reputation), civic (the impact of industrial activity on people's wellbeing), and ecological (environmental impact) (Boltanski & Thévenot, 1991; Sánchez-Hernández et al., 2010; Wilkinson, 1997a). A single value network, or 'world of production' can incorporate one or many of these sets of conventions (Sánchez-Hernández et al., 2010). For example, a consumer may choose which petrol station to refill their car at simply based on a market convention of price, whereas they might choose a coffee brand on the basis of a complex combination of each of the conventions listed above. Through their decision-making, that reflexive consumer contributes to the process of defining and refining the balance of conventions governing a value network.

Table 3.3. Quality conventions in the wine industry

Quality convention	How 'quality' is measured in general	Indicator of 'quality' in wine
<i>Inspiration</i>	Personality	Unique wine, cult winemaker
<i>Domestic</i>	Proximity, trust, repetition	Varietal, <i>terroir</i> , geographical indication
<i>Opinion</i>	External expert judgement	Endorsement by critic/publication, medal/award
<i>Civic</i>	Social impact	Labels and certifications
<i>Ecological</i>	Environmental impact	Labels and certifications
<i>Market</i>	Price	Price
<i>Industrial</i>	External objective measurement	Laboratory tests, codification of processes

(adapted from McEwan & Bek, 2009b, p. 257)

Convention theory's dissemination into Anglophone scholarship remains fairly limited, though some authors have found it useful for describing the regulation of agro-food networks through the establishment of norms, particularly where embeddedness and quality is emphasised (Higgins et al., 2008; Murdoch et al., 2000; Parrott et al., 2002; Ponte & Gibbon, 2005). McEwan and Bek (2009b) have used it to talk about indicators of quality for wine (as adapted in Table 3.3). A small cohort of scholars are adopting aspects of convention theory to better understand the world of ethical certification (including Barham, 2002; McEwan & Bek, 2009b; Ponte, 2009; Raynolds, 2014; Renard, 2005; Rosin

& Campbell, 2009; Wilkinson, 2011). Broadly, the theory demonstrates that ethical certification is an instrument for foregrounding the domestic, civic and ecological conventions in economic decision-making, and also a process by which the expectations and parameters of for certification are continually created and reinforced by all network participants, including consumers. The theory allows us to better understand the mechanics of value chain governance and regulation, and the ways in which power is consolidated and challenged, and in this capacity it is employed to support analysis in later chapters.

3.4.3. *Ethical consumerism*

The concept of the ‘reflexive consumer’ (Beckett & Nayak, 2008) has arisen as a way of understanding changing value chain relationships and the transforming role of consumers in the governance of economic activity. Rather than being confined to simply being ‘sovereign choosers’, the role of the consumer has been theoretically expanded, to include active participation in economic coordination (Beckett & Nayak, 2008). Reflexive consumers exert influence in the governance of value networks and play a central role in the ongoing ‘creative destruction’ (Schumpeter, 1942) of industrial norms and conventions. Reflexive consumption is closely associated with morality (M. K. Goodman, 2004). Sen (1977) advocates for an expansion of ideas of individual consumer preferences to incorporate ethical considerations. Conventional economics assumes that consumers will behave ‘rationally’, and narrowly defines rationality as self-interest. However, Sen and others contend that definitions of rationality should not be incompatible with utilitarian or altruistic behaviour, and that rational individuals will often take their relationships with others, including distant others, into account in their consumer choices (Barham, 2002; Sen, 1977; Sobel, 2005).

Moral reflexive consumerism, being concerned with intangible or extrinsic qualities, relies on the ability of suppliers to communicate a lot of information about a product within a relatively restricted format. Goodman (2004) illustrates that this type of communication entails the connection of consumers with producers over expanded spatial and temporal distances (an embedding process). Importantly for Goodman, the information being communicated is not technical specifications, but images, symbols and narratives; a type of closely managed *cultural meaning* (Brei & Böhm, 2011; Bryant & Goodman, 2004; M. K. Goodman, 2004). Goodman terms this ‘semiotic shouting’; the commoditisation of meaning in order to transmit it over a “material and discursive ‘scale jump’” (M. K. Goodman, 2004, p. 893). To extend the shouting metaphor, it follows that clarity and detail must be sacrificed in service of volume. As a number of authors have pointed out with regards to reflexive consumerism, because of limitations on the amount of technical information consumers can access and understand about a given product, ethical value networks rely on the important element of consumers’ *trust* in certifications (Becchetti & Huybrechts, 2008; Castaldo et al., 2009).

Although reflexive consumerism has driven a reorientation towards civic, domestic and ecological production conventions, studies regularly find a surprising lack of correlation between the ratio of consumers who identify as ethical, and actual ethical consumption patterns (see Auger & Devinney, 2007; Belk et al., 2005; Chatzidakis et al., 2006; Futerra, 2005). In a 2005 study, Futerra et. al. found that while 30% of consumers claimed to be ethically motivated, only 3% followed through in their purchasing decisions (Futerra, 2005, in Carrington et al., 2010, p. 139). While consumers consistently claim in surveys that the ethical reputation of a brand significantly informs their choices, evidentially they don't always 'walk their talk' at the supermarket counter (Carrington et al., 2010; Castaldo et al., 2009). The so-called 'intention-behaviour gap' (Carrington et al., 2014) in ethical consumption generates concerns about the real potential of reflexive consumers to drive sustainable ethical change. Cluley and Dunne (2012) undertake an interesting exploration of this intention-behaviour gap in order to position it within the Marxist theory of commodity fetishism. They argue that even informed consumers, when selecting a conventionally-produced product over an ethically-certified counterpart, will in fact "act as if we did not know what we know only all too well about the various uncomfortable facts about production" (p. 255). This type of self-deception or "disavowal of the hidden world of production" (p. 255), is in fact a type of wilful commodity fetishism, which the authors term 'commodity narcissism'.

Studies show that the psychological reward of feeling oneself to be moral is an important motivation for ethical consumers (Sobel, 2005). This is reminiscent of Parkin's (1968) claim in *Middle Class Radicalism* that middle class activists enjoy an emotional reward from their contribution. In addition to the emotional benefits of ethical consumption, a recent psychological study of ethical consumers found that ethical consumption choices yielded physical rewards, in that they made food products literally taste better. Bratanova and colleagues (2015) undertook three studies with organic, Fairtrade, and locally-produced foods respectively, and found that in each case, consumers' 'moral satisfaction' with their consumption choices enhanced taste experiences. The authors drew the conclusion that this taste reward acted as a feedback loop which reinforced consumers' willingness to pay a higher price for ethically-certified products in the future.

Some commentators have lamented the 'individualisation of responsibility' signalled by the rise of ethical consumerism as a mainstream avenue for trade equity and sustainable development. Katz (1998) and Maniates (2001) see this as an impediment to meaningful collective action on issues of trade justice, arguing that it obscures real issues of the nature of institutionally-situated power in influencing global trade. Sarah Lyon also points out an important limitation of individualist consumerism in envisioning and implementing trade justice – she notes that it underscores inequalities even in wealthy societies, where not everyone has the equal ability to participate: "Voting with our dollars marks not only the

inequities in the global arena but also those at home: while we all have the same number of votes, we do not all possess the same number of dollars” (Lyon, 2006, p. 452).

3.5. Critiques of ethical certification: Who has the power?

When ethical certification first emerged in concurrence with the neoliberal development paradigm, it was treated with optimism by many scholars, who lauded its potential to harness the colossal power of wealthy socially and environmentally conscious consumers, circumventing the need for state regulation in upholding production standards. However, as neoliberalism’s shortfalls – including deepening inequality between and within countries, and the increased consolidation of wealth and power – became more apparent, so too did the limitations of ethical consumption to create just and equitable trade. Though it has earned tentative praise from high profile figures, including Stiglitz (2007), Reynolds (2000, 2002b), Hayes (2006), and Mutersbaugh (2005), various practical limitations have been identified as demand for ethically-certified products increases and large market players enter into certification systems.

A reasonably predictable criticism has long been made by ethical labelling’s more mercantilist detractors, who argue that certification results in market inefficiency, as it artificially rewards uncompetitive enterprises, leading to oversupply, and lower quality products. Certification and premium payments have been theorised to encourage resource lock-in, and ultimately sustain primary commodity dependence (Griffiths, 2012; Krasnozhan et al., 2015; Worstall, 2014). There is certainly evidence to support the notion that certification has led to an imbalance of supply and demand in some cases, and this has been the case in Fairtrade coffee (Sidwell, 2008). Overproduction of Fairtrade coffee has been shown to suppress the price of conventional coffee received by non-Fairtrade producers, and for Fairtrade producers attempting to sell their surplus to conventional markets. Fairtrade’s right-of-centre critics would argue that producers receiving prices below the cost of production are being incentivised to diversify or transfer into more profitable types of production, higher value commodities or wage labour. However, such claims present an oversimplification of the challenges and options faced by commodity producers in the periphery. The rest of this section will focus on the more widely debated critiques of ethical certification; namely mainstreaming, asymmetrical governance, barriers to entry, and lack of geographical sensitivity.

3.5.1. *Mainstreaming and corporate co-optation*

That ethical trade initiatives almost inevitably follow a mainstreaming path is widely accepted in the literature. This is seen, in the words of David Campbell, as: “A built-in condition of movement politics” (Campbell, 2001, p. 353). To widen their reach, or in response to commercial pressure, many social and environmental certification schemes have shed their critical or oppositional credo (Auld et al., 2015;

Child, 2015; Fridell et al., 2008; Jaffee & Howard, 2010; Low & Davenport, 2005). While this has been observed across multiple market-based ethical initiatives, including forest stewardship (Klooster, 2005), organic (Campbell, 2001) and socially responsible investing (Child, 2015), it has been particularly contentious within the fair trade movement (see Jaffee, 2012; Jaffee & Howard, 2010; Raynolds, 2014).

A key feature of the mainstreaming of fair trade has been the development of rigid standards which on the one hand provide certification with credibility and universality, but on the other constitute a top-down model which serves to distance the movement from its grassroots ‘partnership’ rhetoric (Child, 2015). Critical voices within fair trade contend that the mainstreaming and codification of the movement has seen the balance of beneficiaries change. The top-down governance flows visible in the increased codification of ethical production standards can be understood in terms of Gereffi’s et. al.’s (2011; 2005) theory of value chain governance in which codability of production information is a key factor in determining the level of buyer-driven value chain coordination. While once consumer demand was a vehicle to facilitate development at supply-level, now in many cases consumer demand has become an end in itself. This ‘metamorphosis’, some claim, amounts to the transformation from fair trade as a development tool, to fair trade as a marketing tool (Dalvai, 2017).

Corporate co-optation of ethical trade discourse and mechanisms is both a driving force and a consequence of the mainstreaming phenomenon. The process of contestation by which standards are negotiated and re-negotiated has become subject to corporate ‘countermobilisation’ (Fridell et al., 2008), or ‘counter-reform’ (Jaffee & Howard, 2010), as large commercial actors attempt to maintain their power and profitability in the face of increasing consumer awareness of the plight of producers in the South, and the sustainability of production. The concerted corporate response to the ethical consumerism movement has been to attempt to appropriate the symbolic value generated by ethical trade discourses while simultaneously working to “neutralise the transformative power of the standards” governing ethical trade (Jaffee & Howard, 2010, p. 389). These parallel objectives are achieved through a multi-faceted approach which has included de-legitimation, pre-emption through the adoption of ethical rhetoric, accompanied by minimal practice reforms, appropriation of ethical identification systems, and attempts to exert pressure on fair trade institutions to weaken standards (Fridell et al., 2008). In reference to the final point, Jaffee and Howard (2010) have termed the influence of powerful market actors over supposedly independent fair trade and organic standards ‘regulatory capture’ (p. 389).⁹ They invoke previous research from Stigler (1971) to argue that, contrary to the assumption that

⁹ For an overview of literature on the concept of regulatory capture, see Ernesto Dal Bo’s *Regulatory Capture: A Review* (2006).

regulatory actors are strictly motivated by public interest considerations, individuals within regulatory bodies are likely to be sympathetic to the concerns of industry, and even to have backgrounds in the respective industry. In Jaffee and Howard's analysis, this 'revolving door' model has led to the over-representation of commercial agendas in ethical standards-setting institutions.

Jaffee and Howard identify specific outcomes of co-optation in both the USDA organic and Fairtrade movements. They show that regulatory capture has led to reduced democratic input on boards and in standards-setting processes, and particularly an under-representation of small farmers, within FI and US organic certifiers. Regulatory oversight has also decreased, with fewer site visits occurring, and fewer prosecutions of code violations. The authors point out that the revenue generated from the FLO-Cert licensing fee structure disincentivises the strict oversight of high-volume producers (Jaffee & Howard, 2010). A 2015 study of the impact of ethical certifications on farmworkers, spanning 13 countries and eight commodities found that violations of ethical standards were widespread, and common in the realms of health and safety, freedom of association and collective bargaining, payment of a living wage, non-discrimination, and security of employment (van der Wal & Scheele, 2015).¹⁰ This finding supports the contention that many certifications have limited ability to identify or address violations.

Alongside decreased representation and regulatory power, Jaffee and Howard also contend that mainstreaming and corporate co-optation has directly led to weakened organic and Fairtrade standards. They cite numerous examples, such as Transfair USA's abandonment in 2000 of a standard that had required at least 5% of volume purchased to be certified for a manufacturer (i.e. coffee roaster) to carry the seal, allowing Starbucks entry to the system with only 1% volume certified. In 2005, Nestle unveiled a Fairtrade certified product, 'Partner's blend', which represented less than 1% of their volume (Tucker, 2006). Such tokenistic corporate engagement with fair trade drew angry criticism, with UK organisation the World Development Movement saying at the time: "If Nestle really believes in fair trade coffee, it will alter its business practices and lobbying strategies and radically overhaul its business to ensure that all coffee farmers get a fair return for their efforts. Until then, Nestle will remain part of the problem, not the solution" (quoted in Moberg & Lyon, 2010, p. 12).

¹⁰ This research was carried out under the auspices of the Dutch *Stichting Onderzoek Multinationale Ondernemingen* (SOMO): Centre for Research on Multinational Corporations. The study looked specifically at social and environmental initiatives for farms with hired labour which included a certification component. These comprised Fair for Life, Fairtrade, MPS-SQ, Rainforest Alliance, RSPO, SA8000 and UTZ Certified.

Further weakening of FI standards can be identified in a gradual decline in minimum prices compared to inflation. The FLO minimum price for coffee was established in 1988 and not pegged to inflation. Though there have been small rises since then (in 2007 and 2011), it has declined in real terms. In 1988 the Fairtrade floor price for washed Arabica coffee was US\$1.26/lb, in 2017 it has risen to \$1.60/lb. If the Fairtrade price had kept pace with inflation, it would now be \$2.61/lb.¹¹ Though the floor price did protect farmers during a short oversupply crisis in 2011, it has been well below the market price on average since 2007, and studies have indicated that Fairtrade farmgate prices have sometimes been below the cost of production (Bacon et al., 2008; Howson, 2015). Weakened standards have also been observed in organics. In USDA organics, for example, the definition of ‘allowable inputs’ has changed; in 2003 to allow organic chickens to be fed conventional feed, in 2005 to allow synthetic ingredients in processed organic food, and in 2007 to allow non-organic ‘minor-ingredients’ in processed food (Jaffee & Howard, 2010, p. 391). Such regulatory capture and consequent standards weakening appears to be an inevitable trajectory of alternative trade movements.

Alongside the co-optation of existing movements, Mara Fridell and colleagues (2008) identify other strategic phases in the corporate response to ethical trade initiatives. In a study of the ‘big four’ coffee-buying oligopsony (consisting of Kraft, Procter and Gamble, Nestle and Sara Lee), they illustrate that the initial corporate response to fair trade’s increasing visibility was the dissemination of delegitimising narratives. The corporate actors denounced fair trade’s approach as naïve and ultimately damaging to farmers; a price floor would result in oversupply and a downward trend in market prices. Instead, higher-cost producers should be incentivised to ‘diversify’ into other food production or into wage labour. Fridell et. al. contend that this would mean large numbers of small farmers entering into the informal urban economy, and further poverty (p. 17). The authors also found that a common corporate strategy was pre-emption. The big four readily adopted the language of development and charity in their communications, in an effort to stave off calls for engagement with stringent third-party certifications. Discourses around CSR, partnership, and sustainability became rapidly incorporated into branding strategies. These basic level attempts to compete in ethical markets are reflected in Table 3.2 - as the manifestations of ethical trade with the lowest levels of assurance. Such so-called ‘greenwashing’ and ‘fairwashing’ is prominent on the websites of agro-food TNCs, as the examples below demonstrate.

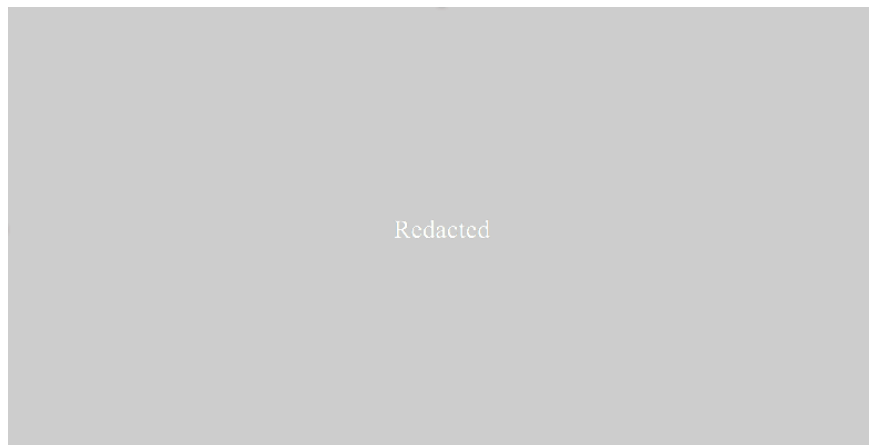
¹¹ The cumulative rate of inflation of the US dollar between 1988 and 2017 was calculated at 106.9%, using the online inflation calculator tool, at <http://www.usinflationcalculator.com/> (accessed 16 August 2017).

Figure 3.2. Nestle, 'Wash Your Hands', screenshot



(Nestle, 2017)

Figure 3.3. Kraft-Heinz, 'Growing a Better World', screenshot



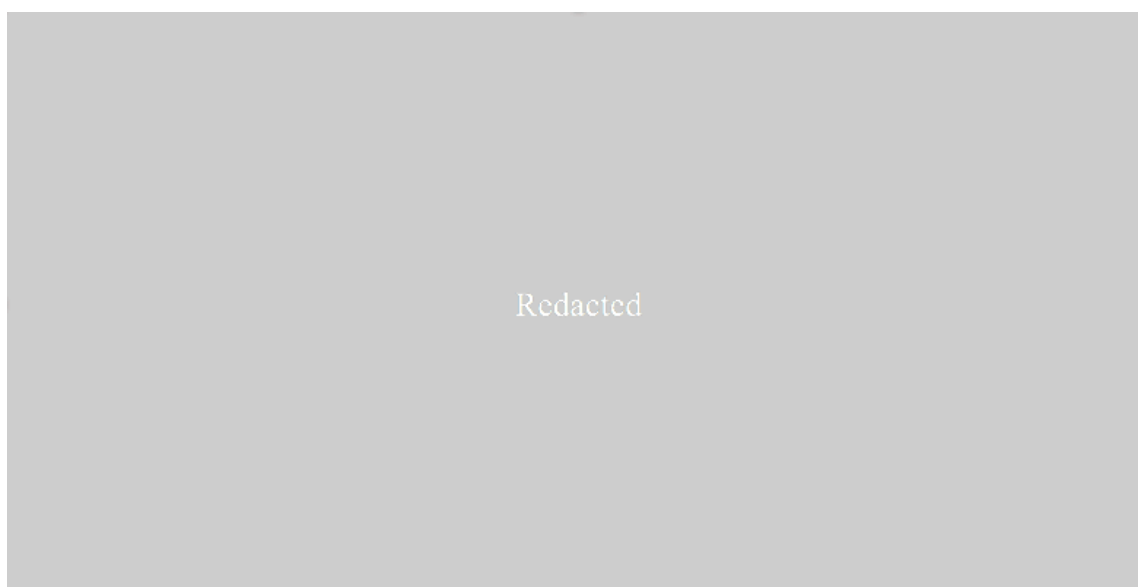
(Kraft-Heinz, 2017)

The coffee-buying oligopsony has implemented philanthropic programmes in their supplying communities, and increased supply-chain monitoring measures (Fridell et al., 2008; Mutersbaugh, 2005). Some have also implemented 'direct-buying' initiatives which follow a similar logic to that of the fair trade movement, in eliminating middle men to increase the profit-share returned to primary producers. Nestle in particular has an extensive direct buying programme whereby growers can sell

directly to the company's buying stations in their local area (Fridell et al., 2008; Valencia, 2015). While such initiatives have the potential to positively impact the livelihoods of commodity-dependent communities, little third-party evaluation of their efficacy is available. Indeed, as Fridell and colleagues qualify: "The lack of independent, third-party verification means that we must rely on Nestlé itself to quantify the benefits of its program" (2008, p. 20). This is the key limitation that distinguishes internal corporate ethical sourcing programmes from fair trade.

Multiple corporations have followed suit with in-house schemes which appropriate the language of fair trade and environmental certification, but have less rigorous standards. In 2016 Mondelez International, the parent company of Cadbury, announced a new programme called 'Cocoa Life' to replace its FI certification (Stock, 2017). Confusingly, FLO-Cert will be retained to carry out auditing against Mondelez's own standards, and products might still carry Fairtrade's 'corporate logo', very similar to the official Fairtrade mark (Stock, 2017). This ongoing partnership with Fairtrade allows Mondelez to continue to benefit from the movement's credibility, even while replacing most of its standards and protections. Critics have argued that Cocoa Life's requirements are not as stringent as those of Fairtrade - lacking a minimum pricing structure, and that the new scheme creates confusion for consumers as to what is the most ethical standard (Stock, 2017; Thomas, 2016). Starbucks also claims their supply chains to be verified under their own ethical sourcing programme, called C.A.F.E, which requires compliance with the company's criteria, without guaranteeing a minimum price.

Figure 3.4. Mondelez International: 'Cocoa Life Stands for...', screenshot



(Mondelez International, 2017)

As Fairtrade continues to diversify into new products, supermarkets are also looking for ways to gain more control over their ethical sourcing profiles. In June 2017, the UK supermarket giant

Sainsbury, hitherto the world's largest retailer of Fairtrade products (Vidal, 2017), announced plans to do away with the Fairtrade label on its own tea brand, replacing it with the phrase 'fairly traded'. Observers suspect that this scheme will soon be rolled out to other Sainsbury's products (Vidal, 2017). This move has left the social premium which farmers had relied on in serious doubt (Vidal, 2017). As various buyers implement new certification schemes, producers come under pressure to comply with not one, but multiple sets of standards, and to pay multiple certification and auditing fees.

Perhaps the most hotly debated outcome of Fairtrade's mainstreaming in the past five years has been the expansion of certification to hired labour plantations (Raynolds, 2017). This is identified by some as a signal of Fairtrade's commercialisation, and a concession to corporate stakeholders. Social certification emerged in the realm of smallholder production to protect farming livelihoods in developing countries, and relied on the institution of a democratically managed cooperative to negotiate with buyers and oversee the allocation of social premiums. Though parallel ethical trade schemes emerged, which monitored working conditions in large scale factory and plantation production, adherents of the fair trade movement saw plantations as antithetical to the goals of fair trade. Laura Raynolds, adopting Auld et. al.'s (2015) premise that ethical certifications move along a spectrum from being instruments of empowerment to instruments of control (as discussed in the following section), argues that Fairtrade's Labour Standards reflect an institutional leaning within Fairtrade towards its function as a vehicle for supply-chain control. However, she contends that empowerment values have been reasserted within Fairtrade institutions to counter perceived commercialisation, and rejects the notion of the empowerment/control binary as zero-sum (Raynolds, 2017). In response to these trends within the Fairtrade movement, a new ethical labelling initiative has emerged, instigated by the Coordinating Body of Latin America and the Caribbean, the Simbolo de Pequeños Productores or Small Producers' Symbol (SPP), is a dedicated certification system for small producers governed by an NGO – the Foundation of Organised Small Producers. SPP standards include strict limits on the number of hired workers at a certified site, and also impose standards on buyers, including a commitment to annual volume growth of SPP certified products.

3.5.2. Power imbalances and certification as neoliberal governance

Because certification represents a shift towards non-state instruments of regulation - 'governance', rather than government (Guthman, 2007, p. 466) - it can be interpreted as the neoliberalisation of justice; a way of letting the market determine what is ethical. However, as the previous section has shown, the practice of ethical certification, both independent and corporate-controlled, has become increasingly focused on traceability, rather than partnership-driven development. As Auld et. al. (2015) express it, certifications exist along a continuum between the competing 'logics' of empowerment and control. The authors argue that certifications usually begin by prioritising the logic of empowerment, and over

time come to privilege the logic of control. This evolutionary-institutionalist interpretation is a useful starting point for understanding the extent to which certifications incorporate the interests of marginalised actors in the periphery within their governance structures in order to effect ‘empowerment’ (and such an analysis is undertaken in Chapter Eight). Where certifications prioritise a logic of control, they can serve as tools for lead firms to coordinate the activities of supply chain actors. In the tradition of global value chains and networks theories, Ponte (2007, 2009), Guthman (2007), and others assert that ethical certification is neoliberal governance. That is, ethical certification is a tool by which lead firms exercise power to control flows of profit in production networks. A key point from scholarly work on empowerment versus control approaches within ethically-certified networks is that each of these logics facilitates different re-distributional outcomes (Cafaggi & Pistor, 2015). For example, as Auld et al. show, the inclusion of marginalised actors on a “control then empower” path may increase wealth accumulation in the periphery but might not necessarily translate to increased power and regulatory capabilities, whereas on the “empower then control” path, the increased inclusion of quality conventions and corporate retailers might shift the balance of power to the buying end of the value chain.

Certifications attempt to incorporate the concerns of a range of diverse actors from non-profit, to cooperative, to corporate, and as such involve myriad forms of interaction and contestation along a spectrum from partnership to conflict (Becchetti & Huybrechts, 2008). Because they aim to foster areas of cooperation amongst divergent interests, they are sites of conflict, negotiation, and power imbalance (Mutersbaugh et al., 2005; Renard, 2005). Actors jostle to determine who can access certification, who benefits from it, and who controls legitimacy. In some instances, certification frameworks (especially those targeted at larger-scale suppliers with no price incentive for participation) may allow lead firms to ‘drive’ value chains by transmitting and monitoring technical and quality requirements through the use of a third-party at little cost (Guthman, 2007; Heynen & Robbins, 2005; Ponte, 2009). As the costs of certification and auditing are covered by suppliers, this is a method of codifying production requirements, out-sourcing the monitoring of compliance, and moving the costs upstream, to the supply base (Mutersbaugh et al., 2005; Ponte, 2009).

While FI certification requires periodic auditing of the activities of primary producers, distributors, and manufacturers, and imposes auditing fees on those participants, it does not require retailers to comply with standards. As Northern retailers remain the most powerful actors within agro-food networks, this has been read as a concession to power, and the maintenance of top-down governance structures. An implicit criticism of FI’s lack of focus on retailer conduct was reflected in the emergence of competitor the World Fair Trade Organisation (WFTO) in 2007, to oversee a fair trade certification system that incorporated the whole supply chain, and demanded that members trade 100% in fair trade

certified products. WFTO tends to certify smaller specialty retailers more committed to direct trade relationships.

Organisational capacity, management experience and education and literacy within producer cooperatives all have significant influence on the potential for certification to facilitate an equitable partnership across commodity networks. Some Fairtrade impact studies, including Shreck (2002) in Dominican bananas, Lyon (2006) in Guatemalan coffee and Howson (2015) in East Timorese coffee, have uncovered an absence of understanding of what fair trade means, even amongst producers belonging to a certified cooperative. Shreck found that “Only half of the growers interviewed from [a certified cooperative] expressed knowledge of what Fair Trade was, and few seemed to understand how it worked” (p. 19). This is of course in contravention of most fair trade standards, which stipulate the implementation of training, organisational capacity building, access to resources about fair trade, and avenues for complaint or recourse for producers. However, the producers in Shreck’s case study possessed a mean 2.5 years of formal education (p. 16), which would feasibly limit their ability to comprehensively participate in technical aspects of democratic cooperative management. Sarah Lyon’s research in Guatemala reinforces and builds on Shreck’s findings. Lyon found that out of 53 members of a fair trade certified coffee cooperative interviewed, only three were familiar with the term Fairtrade. To Lyon, this was indicative of a considerable power imbalance in the Fairtrade system.

In a related discussion, Cafaggi and Pistor distinguish between the concept of regulatory capacity, and that of regulatory capability (Cafaggi & Pistor, 2015). While the latter refers to the ability to advantageously *comply* with pre-existing regulatory regimes, as determined by the presence of relevant skill sets and access to information and resources, the former denotes the ability of constituencies to choose between governance options, and to participate in the rulemaking process. Regulatory capacity has been the focus of attention for development practitioners, who have aimed to improve the ability of marginalised actors to participate more effectively within ‘regulatory regimes’ such as gaining a better market position by implementing best-practice production standards. Cafaggi and Pistor call for a shift in attention away from regulatory compliance and towards regulatory capability, or, as it pertains to this thesis, the ability of farmers and workers to *choose* ethical certification, and to participate in standards-setting. This does not imply that capacity building is not of ongoing importance to development and empowerment, but rather that capacity-building activities should focus on improving the ability of marginalised actors to regulate, not simply to comply with pre-set rules. True empowerment means the ability to participate in determining the rules that govern one’s own life.

However, a well-documented power imbalance in many certification governance structures allows powerful actors the ability to direct the standards and implementation of certifications to their advantage. The mechanisms of certification are particularly appealing to Northern corporations as a

way of outsourcing supply chain monitoring. Externalising monitoring systems at the cost of producers is one way buyers are able to appropriate the value generated by certification. One case study undertaken by Klooster (2005) emphasises this point, through analysis of the Forest Stewardship Council (FSC) environmental certification. In this case, increased market-driven regulation has not translated into increased bargaining power for small or medium-level producers in the South. Klooster highlights that certification enhanced the capability of retailers to more effectively govern the value chain in a hands-off way. He concludes that in the case of the FSC, an activist concern about the sustainability of the industry has been transformed into a highly technical, buyer-driven instrument for sourcing large volumes of certified products, and that this model favours larger-scale production, due to the costs and requirements it imposes on suppliers. In this case, ethical certification functions as a tool of buyer-driven value chain governance, and a tool of control.

3.5.3. Deepening inequalities at production level?

While ethically certified agro-food producers are increasing rapidly in number, many point out that the key instruments of standards-setting and verification necessarily impose boundaries of inclusion and exclusion in ethical value networks (Guthman, 2007; Mutersbaugh, 2005). Despite fair trade's underpinning discourses of development for those most marginalised in global trade, observers have pointed out that in some cases the cost of certification, and the organisational capacity required to maintain it, effectively bars the poorest producers and most vulnerable workers from participating (M. K. Goodman, 2004). Further to this, certification is alleged to increase the gap between the included and excluded – rewarding those who already possess an advantage, while reducing options for the poorest producers.

FLO-Cert certification requires a significant amount of both financial and social capital to attain. Currently a smallholder producer organisation of average size would pay an initial certification fee of approximately €5,100, and a further €3,900 annually.¹² In other realms of certification, such as some organic schemes, producers must also pay the costs of travel and accommodation for international auditors (Barrett et al., 2002). The choice of certification body is often stipulated by trade partners such as European importers or retailers, leaving producers unable to utilise local auditors, who are likely to be cheaper (Barrett et al., 2002). Moreover, organic certification requires a three-year period of transition and reduced yields, an impossible expense for many (Moore, 2004). Access to the resources

¹² Calculated using the FLO-Cert 'Fairtrade Certification Fee Calculator' (FLO-Cert, 2018). The average size of a producer organisation was determined by dividing the number of certified small farmers in Africa and the Middle East (978,977), by the number of certified producer organisations (286) (data taken from Fairtrade International's annual report, Fairtrade International, 2016). Calculation based on an organisation that owns no 'processing installations' and uses three 'subcontracted entities'.

necessary to produce goods of higher quality has also been shown to be an important determinant of access to Fairtrade networks. In the case of smallholder coffee, Valkila and Nygren (2009) found that farmers who lacked the resources to improve their coffee's quality were unable to participate in Fairtrade networks. My own research with a coffee cooperative in Timor-Leste found the same correlations between limited resources, lower quality, and exclusion from Fairtrade (Howson, 2015).

In addition to capital, entry into ethical certification generally requires technical knowledge and institutional capacity (Raynolds et al., 2007). As Goodman (2004) highlights, "Complying with production and quality standards denotes a sophisticated institutional structure that may or may not be attainable or maintainable for many cooperatives or small farmers" (p. 909). As fair trade grows in scope and popularity, the technical and volume requirements of buyers increase, favouring larger and more commercialised suppliers. This trend has been identified in a number of field studies, including of coffee cooperatives in Mexico (Pérez-Grovas & Renard, 2007), quinoa producers in Bolivia (Cáceres et al., 2007), tea and coffee producers in South India (Neilson & Pritchard, 2010), and coffee producers in Nicaragua (Valkila & Nygren, 2009). Again, this commercialising trend facilitates a shift in focus towards ethically certifying plantation agriculture, which displaces smallholdings (Raynolds, 2014; Valkila & Nygren, 2009).

Neilson and Pritchard's (2010) empirical work on ethical certification in South India is one of few studies that has taken, in their words, a 'horizontal approach' to assessing the impacts of certification on whole regional production systems. They explicitly investigate the effects of certification for development and empowerment of wider farming communities. Has the rising tide of ethical certification lifted all boats, or a few? While the authors highlight the need for more empirically-grounded research on this question, their observations suggest that certification may serve to exacerbate inequalities within producing regions. Participation in ethical trade may shift emphasis away from locally-driven development:

The advent of fair and ethical trade initiatives can encourage institutional shifts at regional and national levels, as external organisations associated with these agendas (NGOs, private consultants charged with monitoring compliance, development agencies, etc) come to exercise increasing levels of influence at the expense of local actors, such as government officials and trade unions (Neilson & Pritchard, 2010, p. 1834).

The authors distinguish between fair trade and ethical trade in this context; noting that fair trade includes the provision of price premiums to producers and workers, whilst ethical trade introduces and monitors compliance with minimum standards, often as part of a mandatory "de facto" upstream regulatory structure, while offering no financial benefits for participation (p. 1841). As Neilson and Pritchard found, the former is sought by a small subset of higher-quality producers to further differentiate their brands in high-value market niches, whereas the latter is imposed on the majority of primary commodity producers fetching the basic market price, and simply represents an added cost. This issue is also

emphasised by Klooster (2005) with regard to environmental forest certification. In South Indian tea and coffee production, Fairtrade appears to be exclusively attainable for commercial producers with economies of scale: “It is clear that, in India at least, the organisational requirements of obtaining Fairtrade certification are beyond the capacity of most smallholder producers without some kind of development assistance” (p. 1846). This effectively creates spaces of exclusion, deepening regional inequalities.

3.5.4. *Centralisation and decontextualisation*

Mirroring the hegemonic development discourse of neoliberalism itself, market-driven ethical development constitutes a universalising and essentialising view of development which effectively disregards the specificities of local contexts and local perspectives. The increasing codification of Fairtrade and competing certifications, on the one hand attempts to allow consumers to be confident of consistency, but on the other hand consolidates a one-size-fits-all approach to ethics and justice. Though a key element of ethical certification philosophy is the mission of re-embedding production in local places, certifications like Fairtrade are a globalising discourse which leave little room for the meaningful assertion of local cultural values, or different forms of economic organisation. The advent of ethical certification as a development tool has drawn criticism from poststructuralists for this reason.

As previously mentioned, although ethical certification was largely born out of a Latin American political tradition, and that region originally made up the major base of Fairtrade production, Africa has now taken over, producing 64% of Fairtrade products, accompanied by a continued growth in the Asia-Pacific. The question of how the cooperative model, which finds a solid tradition in the Latin American region, has translated to Africa, Asia, and the Pacific, is one that is worthy of more scrutiny. One contribution in this vein has come from Anna Hutchens (2011), who undertook an analysis of the feasibility and impact of Fairtrade in small island developing states (SIDS), particularly in the Pacific. Hutchens finds particular cultural and geographic features of her case study region to be incompatible with Fairtrade’s strategies for development. She notes that the cooperative structure, an essential pillar of Fairtrade standards, is less relevant to the way production is organised in SIDS, where producers are likely to be geographically isolated from each other, and operate under “...traditional systems of customary land ownership and complex governance and decision-making structures based around the family, chief-led clans and/or tribal village unit” (p. 310). Hutchens identifies further geographically-specific issues which make Fairtrade less applicable in this context, including the tendency towards low-scale production, high shipping costs for export making premium payments impracticable, limited familiarity with the cash economy, and Pacific cultural practices of involving children in artisanal production (which is contrary to FI’s child labour standards).

Though there is limited empirical work that specifically assesses the ability of international ethical certifications to be sensitive to unique or geographically-specific issues, some case studies have illustrated a shortfall in the top-down centralised approach of certifications. In a comparative study of ethical labour certifications in the Kenyan cut flower industry, the South African fruit industry, and Zambian vegetable production, Tallontire *et. al.* (2005) identified geographically specific issues that were not being addressed by international codes. They showed that these industries had particularly high levels of temporary, seasonal, and casual work, which was less likely to be protected by certifications. Further, they showed that women were over-represented in these precarious types of employment. The authors argued that codes driven by overseas consumers or retailers, which implemented universal criteria, had largely failed to benefit women workers in these industries, due to the particular nature of horticultural employment in Sub-Saharan Africa. The study asserts that “...it is only by addressing the local gendered economy that working conditions are likely to improve through codes of practice. A top-down approach to code implementation will neither adequately address embedded gender inequality nor reach marginalised workers” (p. 569).

Despite the dreaded homogenising effects of globalisation, each production context retains its own social relations, physical geography, evolutionary pathways, and path dependencies. Ethical challenges and solutions naturally differ from place to place. However, local issues and local voices are increasingly subsumed into globalised discourses which codify and cement definitions of what is ethical. It is therefore important for research on the impacts of ethical certification to examine the geographical contingency of the outcomes of certification, and the extent to which local social and economic relations support or constrain its potential for development and empowerment.

3.6. Discussion: Carrying ethical certification studies forward

Numerous commentators have pointed out the inherent paradox of certifications which attempt to use market mechanisms to reform market inequities (for instance: Bidwell et al., 2015; Fridell, 2007; Guthman, 2007; Modelo, 2014). While ethical certification may be read as an inherent critique of neoliberalism, in that it attempts to regulate the free market to produce more equitable and sustainable outcomes, it also relies wholly on the mechanics of supply and demand to do so. In this pursuit, ethical certification monetises and fetishises ethicality. A key question in the literature has been: does ethical trade constitute resistance to neoliberalism, or is it a particular manifestation of it? This chapter has addressed the main constraints on the ability of ethical certification to facilitate avenues out of commodity dependence and towards empowerment for Southern producers, based on existing empirical and theoretical work.

Certain themes are present throughout this analysis which I highlight in conclusion. First, the mainstreaming of ethical certification has led to its increased domination by large corporate actors, who are influencing standards, and shifting emphasis from empowerment to control. Second, simultaneous processes of embedding and disembedding have occurred through the rise of ethical certification; while commodities may have become re-embedded in their territorial and social origins in the imaginations of consumers, through the increased marketing of place, ethics themselves have become disembedded from the cultural and economic contexts which they formally and informally regulate. The ethical conventions governing production have become codified and universalised through top-down standard-setting, losing an element of geographic sensitivity through this process. What do these trajectories of fetishisation and homogenisation of ethics mean for producers in the South, in both conventional and certified value networks? Though some sustainable development and value chain upgrading progress has been identified in selected case studies,¹³ overall commentators have painted a discouraging picture of the ability of ethical certification to contribute to empowerment at the local scale. The ongoing costs of certification, limited representation of producers in certification governance structures, and limited access to training and capacity-building have all precluded a more equitable redistribution of power and profit in EVeNs.

Indeed, in examining new relationships of governance and power in EVeNs, perhaps the most fundamental question to be asked of privately governed certifications of fairness, ethicality and sustainability is: who decides what is fair, ethical, and sustainable? These claims are normative, non-specific and open to manipulation. If we acknowledge that, as Goodman (2004) shows, consumers can only possess limited or imperfect information about the products they are buying, and that claims to ethicality are communicated through symbols, images, and cultural meaning and rest primarily on trust, then we must accept that the ability of reflexive consumers to define what is ethical is not informed or objective, but is mediated by marketing and commercial interests. Can we rely on compliance with centrally formulated standards to ensure products have been produced ethically? Proliferating ethical certifications have different levels of ethical standards, and furthermore, as local impact studies reveal, systems of compliance have produced very different outcomes in different contexts. Should consumers conclude that there is a spectrum of fairness within fair trade? That, for example, one Fairtrade certified product may not be quite as fair as another?

A number of areas requiring further empirical inquiry have been alluded to. A lot of the thinking on the topic simply requires updating. Recent developments have taken place within the wider ethical trade movement, and some issues require renewed scrutiny. This includes the impacts of the expansion of

¹³ See Bacon et. al., 2008; MacDonald, 2007; D. L. Murray et. al., 2006; Raynolds et. al., 2004.

ethical certification (and particularly fair trade) into hired labour and plantation production. Researchers are beginning to examine this trend but it demands extensive assessment of both its potential to benefit a broader base of marginalised network participants, and its potential to further weaken the vision of the fair trade movement by facilitating economies of scale controlled by corporate oligopsonies, placing smallholders at a disadvantage. Ethical certification is also increasingly expanding into new products with market circumstances very different to the original tropical trio of coffee, cocoa and bananas. Wine, for example, is a relative newcomer to social and environmental certification. It can be a highly embedded product with a broad quality differential, and may not be subject to the same precariousness as primary commodities such as coffee (Banks & Overton, 2010; Overton & Murray, 2013, 2016). Because wine in effect ‘sells place’, industrial clustering is a common feature of wine production (Murray & Overton, 2011; Overton & Murray, 2011, 2016). More research is called for in order to understand how such products fare in ethical markets – whether, for instance, there is sufficient consumer demand for ethically certified wine to secure the market advantages necessary for benefits to be passed on to producers and workers.

Another relatively new trend in EVeNs is a growing convergence in the scope of ethical certifications – an increasing consolidation of social, environmental, technical, and traceability standards into single certifications. Little analysis has scrutinised the impacts of this at various network scales. Furthermore, while the scope of individual certifications is broadening, the number of separate certifications is proliferating, as more and more firms and industries develop their own ethical assurance schemes. The question of the extent to which this proliferation is leading to competition or co-operation amongst certifications is deserving of more scholarly attention.

In addition to the series of new developments in EVeNs which remain as-yet under-researched, there are some theoretical approaches which are under-represented in ethical trade studies. One is the limited acknowledgement by scholars of the relationality of ethically-certified networks: that certifications are embedded in the set of relationships governing them, and that their outcomes are determined not only by standards, verification systems and governance flows, but by the contingent and complex social relations, historical and geographical contexts, cultures, and formal and informal institutions within which they operate. Goodman questions: “...how have the current definitions of ‘fairness’ been generated and evolved, and why do they look the way they currently do?” (2004, p. 910). Such an evolutionary network perspective would complement existing methodologies to generate a new level of nuance in our understandings of the efficacy and limitations of ethical certification for ethical development.

Finally, few have taken a truly integrated view of the contribution of all ethical certifications operating within a given industry, or a given region. Although some scholars have identified this deficit,

including Blowfield (1999), and Utting (2009), the majority of ethical trade and fair trade impact research comprises specific isolated case studies. A consolidated approach would acknowledge both the heterogeneity of certifications, and their commonalities; their common philosophy, methods, and discourse. This methodology includes, and goes beyond Neilson and Pritchard's 'horizontal' analysis of the development outcomes of a particular certification for all producers in a region, both certified and non-certified, and asks how have all social, environmental and geographical certifications impacted ethical development in a case study industry or location? This type of empirical work would allow scholars a better understanding of the role of ethical certification itself in influencing global capitalism, rather than relying on many impact studies of particular certifications in particular places to generate overall theoretical findings about the ethical trade movement.

The next chapter introduces the historical, cultural and political context of my case study, the South African wine industry. It provides a detailed historical background to the contemporary wine industry, and identifies the set of conditions which have enabled the formation of global ethical value networks, positing ethical certifications as a labour relations paradigm at the local scale, which has evolved in place, in some ways growing out of previous labour relations paradigms, and in some ways representing an oppositional reaction to them.

Chapter 4. Bottling the colonial unconscious

The evolution of labour relations paradigms in the South African wine industry

4.1. Introduction

The history of the South African wine industry is the history of colonisation, globalisation, and the social construction of racialised economic hierarchy. In exploring these themes, this chapter draws on Frantz Fanon's (1967) concept of the 'colonial unconscious', introduced in *Black Skin, White Masks*. Fanon wrote that colonialism rested on the social construction of whiteness and blackness, or colonizer and colonized. These oppositional categorizations only held meaning in their relation to one another. Fanon, a psychiatrist, believed that blackness was unconsciously rendered 'abnormal' through colonialism and in relation to whiteness, for both black and white members of the colonial unconscious society. More recently, Peter Hudson (2013) has examined this concept in the context of South Africa, to understand how it has driven resistance to the democratic transition in subtle ways. In a 2016 *New Agenda* article, Richard Levin also employs the idea of the 'colonial unconscious society' to describe South Africa. He argues that while the formal structures of colonialism and apartheid have been shed, South Africa "remains deeply entrenched in the postcolonial period" (Levin, 2016, p. 6). The author suggests that South African socio-economic relations are still dictated by inherited racist notions of domination and subjugation. Despite this, the prevailing ideology of "formal bourgeois-democratic individual rights and equality before the law" (p. 6), relegates colonial inequities to the past, and disassociates them from present inequities.

Twenty-two years after Nelson Mandela's African National Congress was democratically elected, dominant sectors of society hold the assumption that "the playing field has been levelled" (Levin, 2016, p. 7). This worldview limits the ways in which ongoing issues of poverty and inequality can be meaningfully addressed, particularly in terms of access to the means of capital accumulation. Post-apartheid policies of BEE have taken place within a 'colonial unconscious' developmental framework of Eurocentric neoliberalism. "Current options for wealth creation reproduce historical patterns – and so far there has been little genuine empowerment or innovative strategies for black capital accumulation beyond a parasitic comprador form" (Levin, 2016, p. 7). If pervasive structural issues are indeed founded in a hidden colonial unconscious, this poses a challenge to those engaged in development in South Africa: To dissect the historical dynamics which have contributed to the collective colonial unconscious, and to scrutinise and expose the ways in which these restrict meaningful structural transformation today.

Many academics have begun to recognise and respond to this imperative in various fields, including studies of the South African wine industry. Noted scholars of South African development Cheryl McEwan, David Bek, Stefano Ponte and Joachim Ewert, among others, have stressed the importance of situating current wine industry labour relations within their history of colonisation, slavery, and paternalism (Bek et al., 2012; Ewert, 2012; McEwan & Bek, 2009a; Ponte, 2007; Ponte & Ewert, 2007). This is crucial, they argue, to understanding recent wine industry trajectories, and with relevance to this thesis, to contextualising the role of ethical certification in addressing exploitative labour practices and worker disempowerment. The wine industry has been infamous for the “worst working conditions experienced in South Africa” (Brown et al., 2004, p. 23). And the deep-seated ‘wine industry complex’, as McEwan and Bek term it, is dictated overwhelmingly by former National Party-supporting Afrikaner elites, who continue to dominate its institutions, and generate conservative interpretations of ethical industry transformation (Bek et al., 2012, p. 155). Without a comprehensive understanding of the historical roots of this wine industry complex, and the unique, intricate, and fraught socio-economic structures it has produced, it is impossible to conceptualise what can be considered truly *ethical* in contemporary wine industry practices.

In South Africa specifically, ethical standards must take into account *inter alia* legacies of racialised land-ownership patterns, paternalistic labour relations, and the wine-for-work system with which workers were rendered more vulnerable through addiction. An historical perspective is necessary to understanding the cultural and demographic make-up of wine production, and the identities and mentalities that constitute the wine industry complex. As South African scholar Patrick Bond (2000) expresses, it is also crucial for analysis of current exploitative capital-labour relations, as “the capitalist mode of production depends upon earlier modes of production for an additional ‘super-exploitative’ subsidy by virtue of reducing the costs of labour-power reproduction” (p. 5). The purpose of this chapter is to provide an exploration of successive evolutionary models of labour organisation throughout the history of Western Cape agriculture, and point to their broad cultural and economic implications for ethical wine industry development in the twenty-first century, this aides in a central objective of this thesis: to examine how global ethical regulation interacts with, shapes and is shaped by local historical geography.

Agricultural production has continuously played a central role in defining and exemplifying racially ordered political and economic relations, and the wine industry in particular has been a long-standing symbol of wider South African socio-economic patterns. This chapter and the following illustrate that the wine industry has at various times not only mirrored but influenced the emergence of models of economic organisation, and that it continues to be a key site of articulation of the relationship between ethnicity and class in South Africa. In the twenty-first century, these relationships are being redefined,

and the wine industry is again making a disproportionate contribution to setting the parameters for how the processes of nation-building and empowerment are envisioned in the new South Africa.

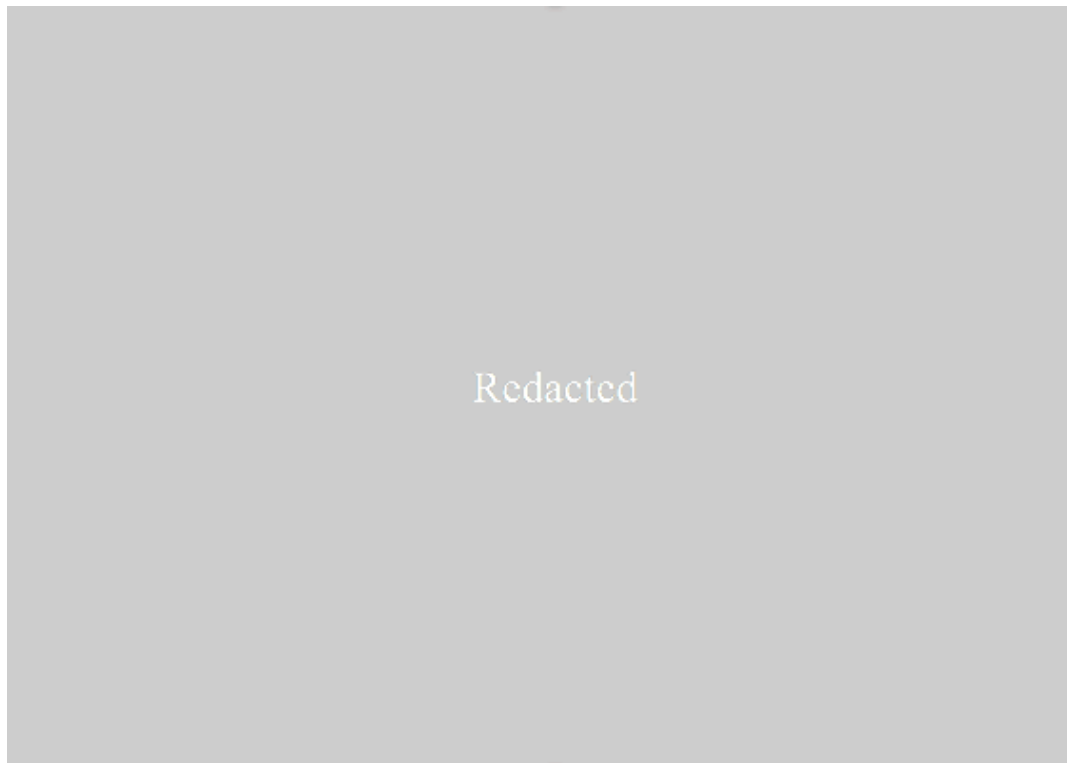
Subsequent sections give an overview of the pre-apartheid history of wine production in the Western Cape, and the wider socio-economic context in which it has taken place. Chapters Four and Five proceed chronologically identifying evolving labour paradigms in the history of the wine industry. These are not necessarily discreet and often overlap, but may be identified as distinct. They are: slavery; segregation; paternalism; apartheid; neoliberalism; and BEE. This chapter addresses the first four, and the next chapter discusses the final two, and their relevance to the emergence of ethical certification in South Africa. The development of the wine industry is presented here with particular reference to the ways in which it informs the broader narrative of the history of unequal, and corresponding development of 'ethical' wine industry relations.

4.2. Cultivating a slave society

Though South Africa is generally categorized as a 'new world' wine producer, winegrowing traditions in South Africa have 'old world' characteristics, and Europeans were in fact enjoying its yields as early as the seventeenth century, soon after the establishment of a supply station at the Cape of Good Hope.¹⁴ Governor Simon Van der Stel's estate at Groot Constantia was the most renowned of this period, and has supplied Europe's most elite dinner tables with high quality dessert wine since 1685. Reference to Constantia wine can be found in Jane Austen's *Sense and Sensibility* (1811) and Charles Dickens' *The Mystery of Edwin Drood* (1870). It was also famously favoured by Napoleon, who ordered many cases from his exile on St. Helena, and is said to have refused everything but Constantia on his deathbed. Though Constantia wine enjoyed aristocratic favour and inspired poetic tribute, accounts of the conditions of its production are absent from nineteenth century Romantic literature.

¹⁴ In the context of wine 'new world' is often used to refer to entrants to the global market in the late twentieth century. Old world, on the other hand, refers to long-established Southern European wine producing regions.

Figure 4.1. Map of the Cape and Stellenbosch Districts c. 1688-1695



(TANAP, n.d.)

The early history of the wine industry, and of the Western Cape itself, is characterised by slavery, and a social and economic organisation geared towards its preservation.¹⁵ Gabeba Baderoon, herself a descendant of South African slaves, argues that through a combination of amnesia born of shame, and a “sustained system of propaganda”, the role of slavery in shaping South African society has been widely diminished in recollection and acknowledgement (Baderoon, 2014b). Prolific Cape slavery historian Nigel Worden (1985; 2005) notes that slavery is seen by many as having been benign in South African society, characterised by more paternalistic relations and less violent coercion than other slave societies. He stresses that this is a misremembering. Worden, Baderoon and others are now responding to the imperative of documenting the legacy of slavery in South Africa, and highlighting its influence on apartheid-era and post-apartheid socio-economic relations (Baderoon, 2014a, 2014b; Gqola, 2010; Ross, 1983; Southey, 1992; Worden, 1985). Since the mid 1980s, a rich historiography has emerged,

¹⁵ This chapter uses various terms for the region now known as the Western Cape, and its surrounding territories. The Cape of Good Hope generally refers to the coastline of the Cape Peninsula and was also an early name for the Cape Colony. The Cape Colony was the formal colony established by the VOC, covering a larger area than the current Western Cape. In 1910 the Cape Colony, along with three other colonies, formed the Union of South Africa. The region was then renamed the Province of the Cape of Good Hope (often referred to as the Cape Province). At the end of Apartheid in 1994, the Cape Province was split into the Western Cape (including the Cape Peninsula, Cape Town, and the majority of wine-producing areas), the Eastern Cape and the Northern Cape, along with part of the North-West province.

charting Southern African slavery and post-slavery societies. This history is inextricably linked to the production of wine, the most economically important and labour intensive crop at the Cape.

The Cape of Good Hope was initially a way station for the Dutch East India Company (*Vereenigde Oost-Indische Compagnie*, VOC, or ‘the Company’) servicing the busy spice route between Dutch-controlled East India (now Indonesia), and the Netherlands. Settler agriculture, particularly fruit and wine production, emerged in the arable Cape as a response to the need to supply passing VOC ships, as well as to feed the vulnerable colony (Worden, 1985). From 1652 the VOC cultivated crops around their fort (now the Castle of Good Hope) to sustain the settlers. This proved insufficient for the needs of passing ships, and settlement commander Jan van Riebeeck released 9 company servants from their contracts in 1657, to establish private farms which would sell produce at set prices to the company (Fourie & van Zanden, 2013). This group, known as free burghers or burgher farmers were the first of what was to become a prosperous colonial landed gentry. The land of the Cape Peninsula was rapidly adapted to pastoral farming, and agriculture subsequently expanded to the East, with the establishment of grain and vines in Stellenbosch (named after Governor Simon van der Stel) in 1679, and Drakenstein. These regions are still dominated by viticulture. The arrival after 1687 of around 160 French Huguenot refugee families who lent their own wine-making expertise bolstered the rapidly growing wine industry (Domine et al., 2008, pp. 752-769). Expansion was also driven fundamentally by a steady supply of slave labour. Fourie and van Zanden (2013) estimate that in 1732, 60% of the colony’s labour force was active in agriculture (p. 8.).

Figure 4.2. Map of Cape Colony borders: 1682, 1075, 1731 and 1795



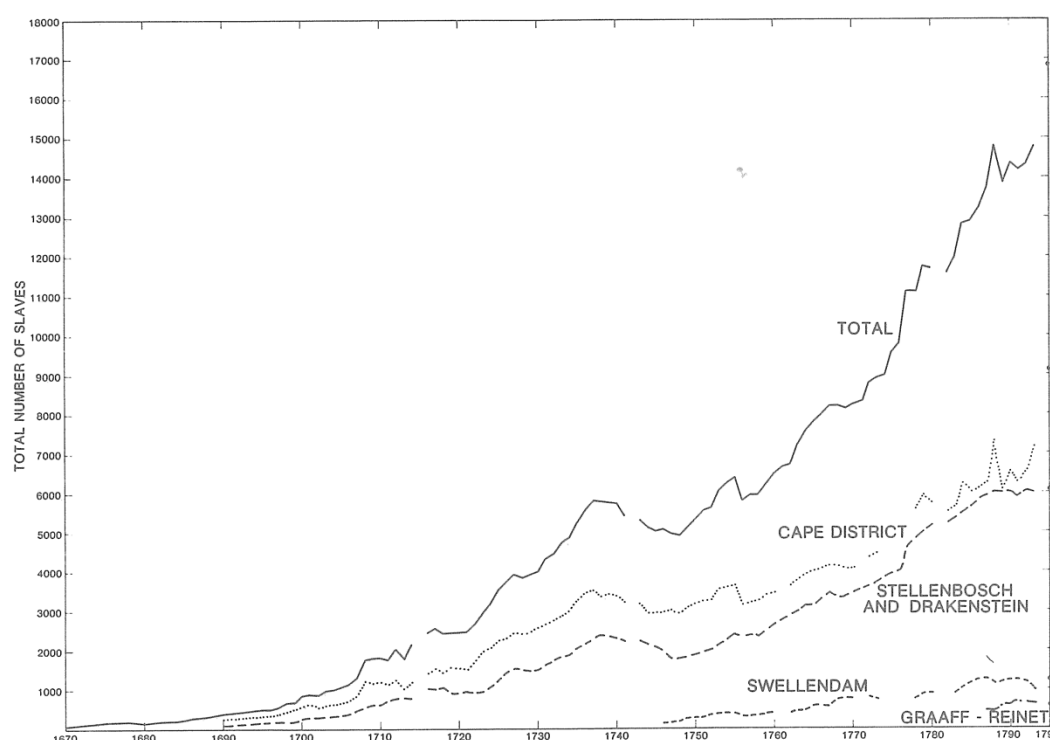
(Source: Fourie, 2013)

Within the first decade of settlement the scale of agricultural production quickly began to outstrip the labour supply (Dooling, 2007). Van Riebeeck had petitioned Dutch authorities as early as 1655 to allow for the importation of chattel slaves from East Africa and Asia:

...to place [burgher famers] sooner on their legs, a good many slaves would be necessary for them which could...be easily fetched from Madagascar or even India and given out upon credit ('Riebeeck to Chamber XVII', 28th April 1655, as quoted in Worden, 1985, p. 6).

As the colony came under Batavian authority, a comprehensive legal precedent for slave trading already existed, as did trade networks (Lenta, 2008; Worden, 1985). The Cape of Good Hope lay within convenient reach of Madagascar, Mozambique, Indonesia and India, and this geography easily facilitated a steady stream of bodies for domestic and farm labour. The first slaves landed at the Cape in 1658. Private slaves quickly came to outnumber company slaves as large-scale cultivation methods were adopted, land grants increased and wine production grew (Worden, 1985). The number of privately owned slaves in census records rose from 350 in 1690, to 16,839 in 1795 (Worden, 1985, p. 9) (see Figure 4.3). Despite its rapid growth, slavery did not completely satisfy the demand for labour on farms, and the slave population was supplemented with coerced indigenous labour.

Figure 4.3. Total number of slaves per district recorded in census returns, 1670 - 1795



(Source: Worden, 1985, p. 10)

4.2.1. *Indigenous farm labour*

The indigenous peoples of the Cape Peninsula and immediate hinterlands - the Khoikhoi and the San (often amalgamated to Khoisan),¹⁶ came to play an important role in the Cape wine industry. They were never technically enslaved. However, they were alienated from their lands and subsistence sources, and many became subject to similar systems of oppression in the rural workforce. In the very early years of settlement the VOC maintained a policy of amicable relations with indigenous populations. The Khoikhoi in particular had close contact with the settlers. They were pastoralists with extensive herds of livestock, and were considered valuable (if difficult) trading partners (Dooling, 2008).

In spite of van Riebeeck's lamentation of the lack of farm-labour, the VOC command forbade outright enslavement of the indigenous population (Worden, 1985). Efforts were made from the early days of agriculture to integrate them into the labour force as waged servants. For a time, the Khoisan evaded these attempts. They possessed intact social organisation, and could simply move their nomadic herds further into the hinterland to escape encroaching settler society, as long as the availability of pastoral land allowed (Worden, 1985). However, as settler agriculture expanded, Khoisan lands came under threat. Van Riebeeck recorded in his journal that:

(The Khoikhoi) strongly insisted that we had been appropriating more and more of their land, which had been theirs all these centuries, and on which they had been accustomed to let their cattle graze, etc. They asked if they would be allowed to do such a thing supposing they went to Holland. ('Journal of Jan van Riebeeck: 1659-1662', Thom, 1958, pp. 195-196).

Despite this seemingly empathetic reflection, Khoisan autonomy was short-lived. In the late seventeenth century, as the new Governor Simon Van der Stel encouraged the expansion of agricultural lands, the Khoisan polities began to disintegrate. As competition for land heightened, the Company began to engage in punitive expeditions against Khoisan clans and demanded increasing amounts of young livestock until herds were severely reduced (Dooling, 2008, p. 23). While some retreated to the increasingly arid lands to the North and East, many were gradually forced to accept lives of labour on settler farms, including wine farms (Fourie & van Zanden, 2013). Their cultural survival was further threatened by their vulnerability to European diseases. The smallpox epidemic in 1713 killed up to 90% of the Khoikhoi population (Frankental & Sichone, 2005, p. 30). Khoisan traditional society and way

¹⁶ The indigenous herding peoples of Southern Africa, including the Nama and the Korana, use the term Khoikhoi, or *Khoekhoe* (meaning people) as their self-appellation (Barnard, 1992, p. 7). By contrast, San is the name given by the Khoikhoi to those indigenous peoples who did not possess livestock, and who foraged and hunted. San is in fact an othering label, as ethnographer Alan Barnard points out that San has often carried negative ethnic connotations, similar to 'Bushman', to mean 'rascal', 'vagabond', etc (p. 8). The compound Khoisan is now a commonly used collective term (Barnard, 1992). Though it obscures some of the important cultural and linguistic differences between the groups that predated Europeans and African Bantu-speaking peoples, it is used in this thesis with acknowledgement of its limitations, in line with commonly accepted terminology.

of life was largely lost by 1800, and they were thoroughly incorporated into Cape farm life, and many into wine production. As workers they filled a gap in the market, and were often hired by burghers who could not afford slaves (Dooling, 2007). However, they were subjected to familiar forms of brutality. From this period, a shared identity began to develop between Khoisan and slaves, who “often worked together under the same conditions, resisted the masters collectively, and intermarried and created families” (Mason, 2003, p. 276).

4.2.2. The Economics of Slavery

Despite being a slave society, Fourie and colleagues argue that the Cape settlement was highly commercialised from the early eighteenth century. Thanks to scrupulous VOC record-keeping, which has now been categorised and digitised, researchers have been able to provide the most comprehensive overview of the economy of the early colony to date (Fourie, 2014; Fourie et al., 2011; Fourie & van Zanden, 2013). They have determined that, contrary to previous assumptions, the Cape settler society was affluent by international standards - by the measure of GDP per capita. Total GDP increased from 600,000 guilders in 1701 to 3.2 million guilders in 1795 (Fourie & van Zanden, 2013, p. 8). The authors put this put down to several factors. The advantageous positioning of the Cape as a halfway re-stocking point on the route between Asia and Europe was of consequence. Additionally, the rate of investment in slaves as productive assets allowed farmers to benefit from economies of scope and scale with lower input costs (Fourie et al., 2011). Production of wheat, wine and meat to supply ships dominated the economy, and had implications for labour demand. Both wheat and wine are labour intensive commodities, and the growth of viticulture in particular drove the demand for slaves in the colony (Fourie & van Zanden, 2013; Rayner, 1986; Worden, 1985).

Compounding the burgeoning slave trade at the Cape were the tight monopsony controls set on commodities by the VOC. The Company acted as the middleman in all trade with ships, and bought goods off burghers at a low set price. Moreover, it prohibited manufacturing and constrained value-adding activities. It also barred farmers from seeking alternative export markets (Fourie et al., 2011). The proportionately large profit the Company accumulated allowed it to continue to import manufactured goods from Europe. The profit limitations imposed on wine farmers by Company regulations provided another impetus for investment in slaves, which served to keep input costs low. The VOC encouraged slave ownership in response to farmers’ regular protestations against the Company’s buying prices (Fourie et al., 2011).

Probate inventories between 1693 and 1795 show that slaves, in numerical terms, were second only to chairs as the most commonly owned assets (“even more than ‘buckets’, ‘bedsteads’ or ‘mirrors’” [Fourie et al., 2011, pp.5-6]). Slaves are included in economic evaluations not as labourers or economic

actors but as capital investments or productive assets (Fourie et al., 2011; Shell, 1992). In the eighteenth century, slavery constituted a more valuable investment than other capital goods in terms of productivity. Slave labour was flexible and could be employed in multiple economic activities. Unlike servants, slaves could be sold or bequeathed - in other words, could be rendered liquid assets (Shell, 1992). The relatively high levels of settler income recorded in the eighteenth century are owed to the development of a slave society, which kept capital expenditure sufficiently low for the growth of settler farming, and in particular highly labour intensive wine production.

However, the economic benefits of slavery did not persevere into the next century. In fact, as Fourie has shown, slavery had the long term effect of restricting growth, as it discouraged innovation and adoption of new labour-saving technologies developed in Europe, and created a static economy and a highly stratified and unequal society which would have severe repercussions for future economic growth and development (Fourie et al., 2011, p. 17). The institutionalised inequality instilled by slavery ensured that, following emancipation, there remained little opportunity for education, property ownership and any form of social mobility for freed slaves. It would be an oversimplification to claim that slavery, like apartheid, was an explicitly race-based system. But, as Fourie argues, these formal and ideological ‘growth-debilitating’ institutions “congealed along racial lines...which paved the way for a highly unequal Apartheid South Africa of the twentieth century” (Fourie et al., 2011, p. 18).

4.2.3. *Power Relations: Instituting dominance*

The VOC played a central role in cementing the hegemony of the White Cape gentry, through the dissemination of structural oppression in rural society. (Worden, 1985, Dooling, 2008, Ross, 1983). Class and race divisions permeated civic and industrial institutions, and were particularly present in the institutions which made up the emergent ‘wine industry complex’ (Bek et al., 2012; Du Toit, 1993). In the Western Cape, reinforcing linkages between economic, cultural and political power worked to ensure the dependency and subjugation of wine labourers. Paranoia about slave resistance, exacerbated by the isolated nature of many farms, led to an extremely high usage of judicial force against slaves and Khoisan (Ross, 1983). Alongside formal systems of control, authoritarian mentalities arose and became ubiquitous amongst the settler class, which served to solidify oppressive power relations.

The legal framework governing the treatment of slaves came from the VOC’s 1642 Statutes of Batavia. These permitted slave owners to carry out *domestycke straffen*, or ‘domestic correction’ (physical discipline) as they saw fit. They also decreed that a slave who struck a master, be they armed or unarmed, would be executed (Lenta, 2008). The judicial system punished slaves excessively and disproportionately. Court records of the eighteenth century provide the largest repository of information regarding the treatment of slaves. They have fuelled a large subset of scholarship on Cape slavery in

recent times. These sources detail the usage of often brutal punishment as a means of maintaining social order. As Worden and Groenewald (2005) note, slaves were seen as posing the greatest potential threat to state stability. The Company prosecuted slaves extensively to discourage rebellion and preserve dominance, and the severest forms of punishment were inflicted on the lowest social classes.

Moreover, as Lenta (2008) argues, continuous legal articulations of social roles were necessary to maintain a fragile order which, in the eighteenth century, could not be differentiated on the basis of skin colour alone. Intermarriage between classes, and the extremely diverse linguistic and ethnic make-up of Cape society meant that skin colour was not the qualifying factor for socio-economic class. "...[T]he case for slaves' inferiority rested on the status which had been imposed on them... The right of the free to exploit them, because it was so fragile, had continually to be asserted in official pronouncements" (p. 36). Different levels of sentencing existed for slaves and citizens. Slaves were given 'spectacular' sentences for equivalent crimes. Their punishments were public and intended to warn or intimidate others. Records show that impaling on stakes was not uncommon, nor was the removal of hands, and of course whipping with *sjamboks* (hippopotamus hide whips) (Worden & Groenewald, 2005, p. 41).

Other cases exemplify the tendency amongst the governing class to view the liberal punishment of slaves as a moral pursuit, and the slaves themselves as being inherently immoral as a feature of their social order (Lenta, 2008). Slaves were incriminated for unauthorized gatherings, often with no evidence of criminal intent (Lenta, 2008). Treatment of slaves was also determined by gender, and female slaves were routinely subjected to sexual violence as a means of control (Baderoon, 2014b). Baderoon points out that systemic sexual violence became the norm at this time, and "enslaved women were subjected to forced prostitution, and the Slave Lodge, which housed enslaved people owned by the VOC, was also the 'main brothel' of Cape Town" (Baderoon, 2014b). Conditions at the Slave Lodge were squalid, and pregnant female slaves faced extremely high levels of maternal and infant mortality, even for the period (Lenta, 2008). Despite the tendency to prosecute slaves harshly and often, no slave or citizen was ever convicted of raping a slave woman in two centuries of slaveholding (Baderoon, 2014a; Watson, 2012).¹⁷ These systems and their underlying mentalities had a profound effect on the development of cultural identity in the colony, and on demographics of wine production. Modern assemblages of culture and ethnicity in the Western Cape retain deep linkages to slavery's violent and traumatic reinforcement of social and economic roles.

¹⁷ The gender dynamics of Cape slave society is an important and illuminating area of scholarship with ramifications for contemporary understandings of social relations. For more on this subject see Gqola (2007) and Scully (1997).

4.2.4. Slave identities and twenty-first century wine industry demographics

As diverse slave communities and, ultimately lineages, came to mix with both Khoisan and settlers, a new and distinct culture developed on the farms of the Western Cape. In the apartheid era this became known as the ‘Cape coloured’ community, a sub-section of which has the categorisation of ‘Cape Malay’.¹⁸ This group is disproportionately represented in the population make-up of wine-farming areas. The coloured community today comprises 49% of the Western Cape population, and 62.12% of the Cape Winelands, compared to 8.8% of South Africa as a whole (Statistics South Africa, 2011). The earliest attempt to legally codify the ‘coloured’ designation was the National Party’s Population Registration Act of 1950, though the term had been a feature of popular vocabulary long before this (Frankental & Sichone, 2005). The label is problematic and contested. Through the crude categorisations of apartheid, ‘coloured’ has been defined in a reductionist way in relation to the binary classifications of whiteness and blackness, as something in between the two. However, marginalised farm-working communities in the Western Cape created new specific cultural, culinary, and linguistic worlds which remain vital today. As the term ‘coloured’ remains in widespread use in contemporary South Africa, and describes a complex though undeniable commonality and shared experience amongst those of mixed ancestry in the Western Cape, it is hereafter used in this thesis without inverted commas, with acknowledgement of its contested nature.

Key aspects of contemporary coloured culture fit the narrative of a diverse community defining themselves through the shared experience of slavery and forced labour, and in relation to a dominant colonial culture. Islam, brought by East African, Indian and South East Asian slaves – many of whom had been exiled and transported from their homelands as political dissidents – flourished amongst slaves and Khoisan, and was seen as a point of independence and differentiation to the colonial Protestantism, which as Shell (1997) notes, slaves were often barred from, as ‘vague Dutch Reformed precepts’ dictated that followers could not own or sell fellow Christians (p. 270). Islam at the Cape was deeply connected to the social dynamics of slavery and its spread had in part an anti-colonial motivation. Today it remains the defining aspect of Cape Malay identity.

Another key legacy of slave culture is the Afrikaans language, originally a slave creole, though later appropriated by Boers in their nationalist movement against British control. It combines Malay, Arabic, Khoisan and European languages, and in its early days it was known as a “language of the kitchen”, a harsh derogation of its socio-economic roots (Baderoon, 2009). Today Afrikaans is the first language of 13.5% of the South African population. While it is most obviously associated with those identifying as Afrikaners, in fact it is the native language of 75.8% of coloured South Africans, compared to 60.8%

¹⁸ See Baderoon (2002, 2004, 2007, 2009, 2014a); Baderoon and Green (2012); and Christopher (2002).

of white South Africans (Statistics South Africa, 2011). In the Western Cape generally Afrikaans is spoken as a first language by 50% of the population, however in the Cape Winelands district the proportion is 74.8%, signifying its close connection with rural life and wine farming (Statistics South Africa, 2011). The language emerged there as the scraped-together tongue of the oppressed classes, and has come to be seen in recent times as fundamental to the identity of the elite. It was and remains deeply linked to agrarian spaces and wine-growing and it symbolises the struggle of the descendants of slaves to define themselves in opposition to historical masters, and the frustration of their identities being inextricably yet diametrically tied.

I have reviewed the period of early European settlement and slavery in acknowledgement of its important and traditionally overlooked legacy in agrarian relations and wine production in South Africa. This has been to demonstrate, most importantly, that wine production was a key justification for slave importation, and that the two activities are historically inextricably linked. Perhaps the most profound legacy of slavery in the Western Cape is its contribution to the structural and cognitive institutions which make up the 'colonial unconscious'. In the words of Du Toit, Kruger, and Ponte: "Above all, slavery thoroughly shaped the expectations of the tiny, tightly-integrated white elite that owned most of the farms of the Western Cape" (Du Toit et al., 2008, p. 10). Far from being benign, as was the dominant narrative prior to the 1980's, slavery was enforced through violence at every level of society. Enduring identities were formed, around being either a productive unit, or an owner of the means of production. In other words, either the recipient or the perpetrator of violence. These identities were established and enacted within the boundaries of the wine farm. While slavery was the first tool for differentiating these categories, race was the next.

4.3. British rule: Institutionalising socio-economic roles based on race

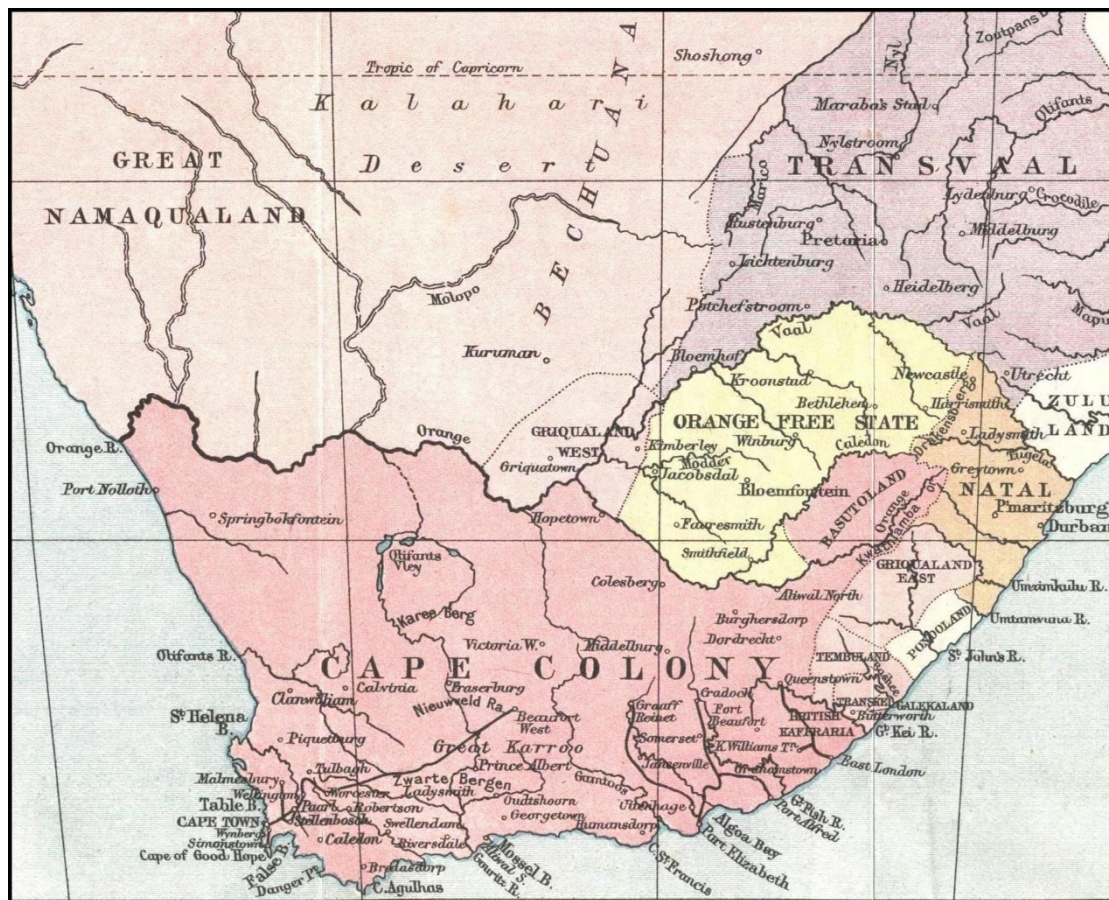
When the British occupied the Cape at the end of the eighteenth century, slavery was being called into question in the empire. Emancipation was inevitable, but represented an immense challenge to the institutionalised labour structures upon which the colony had been built. The Batavian Governor between 1803 and 1806, General Janssens, bemoaned the coming changes: "[t]he abolishment of slavery in South Africa would destroy all property and plunge the Colony into misery (perhaps for good) ... The whole industry in this country is based on the existence of slaves." (Janssens, quoted in Williams, 2016, p. 897). In response to the threat posed by emancipation, the landowning elite instituted legal and social measures to maintain the status quo of cheap, dependant farm labour in the wine industry. In some ways, this eventually allowed for more comprehensive subjugation as not only freed-

slaves, but Khoisan and Bantu-speaking people were proletarianised.¹⁹ New social divisions were constructed and institutionalised, and by the end of British rule ethnicity had become the explicit determinant of economic status.

The British occupied the territory initially in 1795, against a backdrop of raging European power struggles and Napoleon's invasion of the Netherlands that year. The initial impetus was to prevent French attempts to reach India and threaten British trade interests. At the time of the invasion the population of the Cape Town settlement and surrounds was approximately 61,000. This number comprised 25,000 slaves, 20,000 white settlers, 15,000 Khoisan and the remainder 'free blacks' (Beck, 2013, p. 42). British sovereignty over the Cape Colony was ratified at the Congress of Vienna in 1814. The resulting geopolitical configuration is as shown in Figure 4.4. The territory was now subsumed fully into the empire, and remaining wine farmers grappled with political changes which threatened the social order they were accustomed to.

¹⁹ 'Bantu-speaker' is used deliberately in this thesis (rather than 'African') to distinguish between Africans who speak Bantu languages, and Khoikhoi and San (or others classified under apartheid as coloured). It is employed with the acknowledgement that the term 'Bantu' was used by the Apartheid regime to discriminate against and isolate black Africans. 'Bantu' as an ethnic category is considered an oppressive classification and is no longer in popular usage.

Figure 4.4. South African Polities 1878



(Wikimedia Commons, 2013)

4.3.1. Emancipation

The British empire abolished the slave trade in 1808. Williams (2016) identifies this as “the most significant event in the history of the south-western Cape” (p. 894). This is because emancipation forced a re-definition of the relationship between master and servant. New ways of designating and separating classes were instituted. These were subtler than their predecessors, and founded in the British ‘liberalism’ of the time. Wayne Dooling (2007) emphasises the fact that the British saw their mission as a humanitarian and civilising one in South Africa. However, he goes on to point out that the British ruling classes believed in social hierarchy to the same extent as the Dutch. They simply had very different prescriptions for how their colonial order should be achieved (Dooling, 2007). Their reforms did result in a reduction in records of brutality towards slaves and Khoisan (Ross, 1993), but they generated a renewed power apparatus underpinned by novel forms of institutional violence.

Socio-economic change in this period took place against a backdrop of growth. As Cape wines received preferential tariffs in Britain and the industry entered into a period of vigorous export-led expansion, demand for labour increasingly outstripped supply. Emancipation was granted in 1834, but

slaves were tied to farms for another four years as ‘apprentices’. Labour reforms gained momentum after 1838, when slaves were fully emancipated. This transformation was complex and constrained by a number of factors. The discovery of minerals in 1867 had a commercialising effect on the labour market, and Cape wine farmers found themselves competing for labour with mines and railways (Williams, 2016). Farmers scrabbled for new creative ways of soliciting and retaining labour. As they were unable to compete in the wage market, these generally took the form of extra-economic coercion. Legislation, force (or the threat of it), and the provision of cheap alcohol worked concurrently to limit the autonomy of wine workers. Slavery was replaced by a new regime of social control on farms.

In 1808, the Colony had passed new ‘vagrancy’ laws which tied Khoisan and slaves to farm areas, and in many cases to individual farmers. Williams (2016) provides an overview of how vagrancy laws (including Ordinance 50, heralded in Britain as the ‘emancipation of the Hottentots’) worked indenture Khoisan by apprenticing them to a farmer until the age of 25. They were required to carry passes outside the farms, a foreshadowing of the authoritarian *dompas* laws of the apartheid regime.²⁰ Less formal manifestations of the vagrancy system meant that ‘free’ workers discovered on the road seeking employment were subjected to harassment and abuse (Ross, 1993). In addition, remuneration was often provided in the form of livestock, which workers were not allowed to remove from farms, effectively prohibiting their mobility and precluding them their refuge of livestock-holdings beyond the frontier (Ross, 1993).

For slaves themselves, little changed when emancipation came into force in 1838. The colonial gentry found new methods of retaining their dominance, with support from the ‘coercive apparatus’ of the state (Dooling, 2007, p. 4). Historian Leonard Thompson (2001) notes that though wine farming offered lower wages than mining or railway construction, workers were able to live on farms in family units, which to many men was more attractive than leaving their families in reserves or townships. However, wine workers and their families were isolated on farms, and removed from social networks. This increased their vulnerability to exploitation and dependency (Thompson, 2001). Farmers also employed other coercive methods of retaining labourers, including intimidation and whipping, and restricting access to passes (Thompson, 2001). Though some Khoisan and freed slaves managed to establish market gardens near Cape Town, access to land, and therefore an independent living, was largely inaccessible to the newly emancipated classes (Ross, 1993). Although European farmers worried about the threat of competition from their former servants, by that time little workable land was available to make it a possibility. As Ross highlights, this was due to the sporadic distribution of water

²⁰ *Dompas* (translating to ‘dumb pass’) was a colloquial term for the identification books people of colour were required to carry by the apartheid state in order to be able to work in white-designated areas.

sources in the Western Cape (Ross, 1993). Because settlers had so thoroughly occupied the land, slave emancipation did not result in the emergence of a peasantry, but the creation of an agrarian proletariat. Though emancipation did reorganize agricultural production to an extent, Mason (2003) claims that the law change served to reinforce the racialised nature of class structures inherited from slavery.

4.3.2. *The 'dop' system*

This period witnessed the entrenchment of the wine-for-work, 'dop', or 'tot' system, in which workers were paid part of their remuneration in alcohol, dispensed in small measures (or 'dops') throughout the workday. Leslie London, who has studied the legacy of the system extensively, writes that it played "a key role in the recruitment, retention and reproduction of agricultural labour" (London, 1999, p. 1409). The practice of the dop helped to ensure "extremely limited mobility" for the rural work force (London, 1999, p. 1409). Gavin Williams (2016) also highlights the utility of the dop for recruiting workers who, after the 'mineral revolution' had the option of better paid work further north in mining or railway construction. In a period of labour shortage, liquor was offered as a further incentive by farmers who could not compete on the basis of wages.

While the dop system was legally abolished in the 1960s, loopholes which allowed alcohol to be 'gifted' permitted it to continue. Some reports indicate that the practice remained widespread into the 1990s (London, 1999; te Water Naude et al., 1998). The dop wreaked profound damage on working communities - alcohol dependence became, and remains, widespread. This still contributes to the vulnerability and dependence of wine workers. The Western Cape holds the present-day record for the highest rate of foetal alcohol spectrum disorder (FASD) in the world. A 2013 study by May et. al. of a community in the Western Cape found a prevalence of FASD between 13.6 and 20.8% amongst first grade students (May et al., 2013, p. 9). Similar studies have found rates of 1-1.5% in the US, 1% in Canada, 3.5% in Italy, and 1.8 in France (Olivier et al., 2016, p. 104). No other country has been shown to have rates of prevalence approaching South Africa's, with the closest being a rural indigenous community in Australia, which was found to have 12% prevalence among primary school entrants in 2015 (Fitzpatrick et al., 2015). Researchers have condemned delays on the part of industry and government in acknowledging and addressing the problem of alcohol dependence and FASD (Olivier et al., 2016). Olivier and colleagues state: "The cost [of the dop system] to families, communities and the country at large has a lifelong crippling effect on the psychosocial, vocational and overall wellbeing of the nation" (p. 105).

The dop system has also served to entrench racial stereotypes, and since the days of the British Cape Colony, contributed to a reputation for coloured communities as being predisposed to alcohol abuse. Williams provides historical evidence of this as found in Mentzel's 1785 *Cape of Good Hope*:

Mentzel refers in his *Complete ... Description* to 'an intoxicating liquor like wine called dop-beer [that is] produced from the husks of the grapes. The slaves and Hottentots are unusually avid for this drink and when they get the opportunity nothing is safe from them' (Williams, 2016, p. 899).

In 1988 Jakes Gerwel identified the stereotype of *die hippie hotnot* (the merry Hottentot) as a racist motif in Afrikaans literature, which connected coloured identity with drunkenness, but dissociated that drunkenness from slavery, marginalisation and the dop system (Du Toit et al., 2008; Gerwel, 1983). Paternalist discourses around alcohol dependence and FASD have generated a contemptuous view of farmworkers' lives which has distanced the practice of the dop system from its consequences, and painted the social impacts such as alcohol-related violence as a problem of individual responsibility. London's articulation of this pernicious cycle is worth quoting in full:

It is not only employers who 'firmly believe' in the inherent weakness of their employees, but also the South African public who uphold the cynical perception that farm workers' lifestyles are inevitably degraded and degrading, a view reinforced by the ideology of apartheid over past decades. The stereotype is one of workers who drink, fight and get into trouble. [...] The dop system serves to reinforce the web of poverty in which farm workers are enmeshed, with endless adverse physical, emotional and social consequences for the health of workers and their families (London, 1999, p. 1411).

The legacy of the dop system continues to provide fuel for racial prejudices and stereotyping, and now that the practice has been officially condemned, it is often disembedded from its historical context in South Africa's colonial unconscious, and its underlying social drivers are less visible, particularly to those with privilege.

4.3.3. *The wine economy in the British Cape Colony*

Wine remained the region's most important output and source of tax revenue under British rule, and the state of the wine industry was a key determinant of labour market conditions. Emancipation had surprising effects on wine production. During the gradual law change following on from the slave trade abolition in 1808, viticulture experienced a boom. Production almost doubled as Britain granted preferential tariffs to Cape wine (Beck, 2013; Ross, 1993). The industry was strongly export-oriented and wine represented 90% of the Colony's exports (Ponte & Ewert, 2007, p. 7). In the early 1830s the export market collapsed, and the industry went into a depression. This was possibly a response to rumours of British trade relations with France thawing, and a corresponding loss of advantageous tariffs for Cape wine (Rayner, 1986).

With the lagging labour supply, a trade-off in quality took place, particularly after full emancipation in 1838. The circumstances of this are particular to the nature of wine production. In fact, between 1838 and 1941 more wine grapes were produced than any other period in the first half of the nineteenth century. Notably, brandy production soared, with twice as much brandy distilled in each of these years than any other year before the 1850s (Ross, 1993, p. 136). This was due in large part to the fact that with fewer hands to prune and cultivate, a higher volume of lower-quality grapes was yielded, which,

being of inferior quality for wine, lent itself to brandy production (Ross, 1993). Wine exports fell over 40% between 1825 and 1844 (Ross, 1993, p. 138).

Low-quality production nevertheless kept the industry afloat for a time, until in 1861 Britain and France resolved their differences and South African wine exports collapsed. Wine farmers turned to the local market to absorb excesses (Ross, 1993). Then in 1886 a further blow came from an outbreak of the dreaded grapevine pest phylloxera, which destroyed most of the vineyards of the Western Cape (Ponte & Ewert, 2007). In the following decades, a proliferation of new plantings had the over-corrective effect of creating a glut (or 'wine lake'). Finally, a cooperative industry body, the *Koöperatieve Wijnbouwers Vereniging* (KWV), or Cooperative Winemakers' Union, was established, and given statutory powers to control sales and prices. This period set a precedent in the wine industry for volume over quality, which was adhered to until the demise of apartheid in the 1990s, and still persists to a large extent (Ponte & Ewert, 2007). KWV encouraged an orientation towards brandy and fortified wine, which allowed farmers lower input costs – particularly in terms of farm labour. From the early twentieth century the government invested heavily in agriculture. Direct assistance, subsidies, tariff protection, and administration totalled £112 million between 1911 and 1936 (Thompson, 2001, p. 166).

The discovery of diamonds in the Cape Colony in 1867 and gold deposits in the Boer republic of the Transvaal in 1886 had profound effects on the South African economy which resonated into the wine industry. The British now had reason to covet lands in the interior which had been the domain originally of African polities including the Tswana, Pedi, and Zulu, and more recently had been seized by the Voortrekkers seeking freedom from British colonial rule.²¹ The ensuing Anglo-Boer War resulted in the defeat of the Boer Republics and the Unification of South Africa in 1910. While differences were not forgotten, Boers and British were now united in efforts to subjugate black and coloured populations, and position themselves the winners of the rapid mineral-driven industrialisation (Ross, 1993). Farming in the Union entered into a period of commercialisation, fuelled by, and in turn fuelling the industrialising cash-economy.

4.3.4. Critical race theory: Constructing ethnicity in South Africa

By the late twentieth century, discourses of ethnic superiority and inferiority had become an important presence in economic relations. Religious narratives of white supremacy disseminated by the Dutch Reformed Church became exceedingly popular amongst Afrikaners, and these were deployed by those in power through political and legal vehicles in order to ensure that colour would be the only

²¹ *Voortrekkers* is the Afrikaans term for the group of pastoralist Boers who migrated eastwards from the frontier of the Cape Colony during the Great Trek from 1836, to escape British rule.

qualifier of class and prosperity. This should be understood as both a continuation of the elite reaction to slave emancipation, and a departure from it. It represented ongoing efforts to preserve the domination of the colonists over people who had been granted a degree of autonomy by emancipation. However, it can be regarded as a new historical process: the beginning of the overt institutionalised racist order in South Africa.

Critical race theory (CRT) has offered important new perspectives on the historiography of South Africa and elsewhere since the late 1980s. The theoretical framework arose in another post-colonial society founded on the labour of African slaves - The United States. It offers a critique of legal theory, and deconstructs ways in which racial prejudices are reinforced in the design and deployment of the law (Delgado & Stefancic, 2012b; Lopez, 1994). As Ian Haney Lopez explained in a seminal CRT article in 1994: “The law serves not only to reflect but to solidify social prejudice, making law a prime instrument in the construction and reinforcement of racial subordination. Judges and legislators, in their role as arbiters and creators of the violent social order, continue to concentrate and magnify the power of race” (Lopez, 1994, p. 3). While originally primarily concerned with legal theory and jurisprudence, CRT has expanded from these roots to encompass a multi-disciplinary critique of national and global institutions which perpetuate subtle forms of racial ‘othering’ and subjugation.

In the same article, Lopez provides the framework for discussion of the social construction of racial categories and identities. The social construction thesis contends that race is not an essential product of biology or genetics. It is not “objective, inherent, or fixed” but is a result of social relations (Delgado & Stefancic, 2012a, p. 7). There exists no natural link between “faces and races”, as Lopez puts it. (1994, p. 6). For CRT theorists, the activity of *naming* (‘black’, ‘white’, ‘coloured’) is a key process by which race is constructed, and this carries connotations of inclusion and exclusion (Frankental & Sichone, 2005; Lopez, 1994). In South Africa, arbitrary distinctions were drawn between groups by the colonials and further formalised by the apartheid government (Frankental & Sichone, 2005). Categorisations such as ‘black’ and ‘coloured’ belie diverse cultural and linguistic backgrounds, experiences and subjectivities. However, these categorisations have come to be regarded in society and in law as inalienable biological characteristics. In fact they are products of “historically contingent, socially significant” processes. ‘Black’, ‘white’, and ‘coloured’ are social groups, “...not genetically distinct branches of humankind” (Lopez, 1994, p. 7).

CRT explores the dynamics of active social construction of race through the related tenet of ‘differential racialization’ – the notion that societies have created and defined races differently at different times to suit political and social agendas. This allows theorists to explain the ways in which the set of assumptions, characterisations and prejudices which are created through ‘racialization’ are done so in the service of social orders which benefit dominant groups. This process often has economic

impetuses, and Delgado and Stefancic (2012a) put forward labour markets as one common justification. This has particular resonance with the South African experience, where differential racialization was a key tool of the administration following emancipation, as a means of reducing competition and ensuring continued subjugation of workers (Legassick, 1975; Mhlauli et al., 2015).

Bonacich *et. al.*'s concept of the 'racialization of labor' advances CRT's differential racialization in this vein. The authors describe the systemic and often unconscious ways subordinated groups are "cordoned off for distinct, exclusionary treatment," based on their appearance and ancestry (p. 343). Subordinated groups can be exploited through denial of full citizenship rights and access to political discourse. Crucially, "[h]igher levels of surplus can be extracted from these racialized workers, who have limited recourse for defending themselves" (Bonacich et al., 2008, p. 343). The authors locate the origins of the racialization of labour in the modern period of European expansion and the emergence of capitalism. They acknowledge that it can impact groups who are racialized in both positive and negative ways, and that "those with White/European appearance and ancestry" have benefitted from their racialisation (Bonacich et al., 2008, p. 343). However, they are primarily concerned with how racialisation is deployed by dominant groups to secure the subservience of 'othered' groups. A growing cohort of case studies examining the impacts of the process of 'racialization of labour' on specific subordinated racialised groups has emerged.²²

Scholars have deployed frameworks of CRT and differential racialisation in South African studies, particularly in connection to apartheid and post-apartheid. Contributions from Frankental and Schione (2005), Goldberg (1993), Modiri (2012), Moodley and Adam (2000), and Posel (2001), among others, explore the ways in which activities of othering and 'ethnicisation' have been a tool of European social and economic dominance. Moodley and Adam have argued that differential racialisation was used in South Africa to fragment and separate populations of colour, while uniting the culturally diverse white minority (Moodley & Adam, 2000). Posel attributes a large amount of intentionality to the state in this pursuit: "[C]ontrary to conventional wisdom, apartheid's social engineers drew deliberately and explicitly on a conception of race as a socio-legal construct rather than a scientifically measurable biological essence" (Posel, 2001, p. 88). This, she contends, was motivated by a desire to reinforce connections between race and class – a link which the segregationists believed to be under threat.

In South Africa, the fluid taxonomy of ancestry or 'race' has taken on important political meanings, derived from engineered differentiation and stereotypes which pervade the colonial unconscious.

²² See Bonacich et al. (2008); Carter et al. (1996); Jackson (1992); Jackson and Kobayashi (1994); Sanmiguel-Valderrama (2007).

Differential racialisation has been generated from and within groups and imposed on others. It almost always implies political or economic inequality. This is not to ignore the reality that disparate cultural-linguistic groups existed in South Africa before the arrival of Europeans, and continue to exist, or to say that those cultural and linguistic traditions are not to be celebrated. Rather, that the systemic legal construction and categorisation of racial groups has served powerful political and economic interests, and resulted in systems of inclusion and exclusion. Differential racialisation established those with white skin as dominant, and relegated all other newly constructed racial categories to the status of labour. This process became institutionalised after slave emancipation, with the emergence of a segregationist state under British rule, and with the central objective of creating a legally-sanctioned racialised class order.

4.3.5. Institutionalisation of segregation: Pre-1948 legislation

During a century of British rule of the Cape Colony (and after unification in 1910, the ‘Cape Province’), segregationist ideology rose to prominence, with ostensible religious and cultural justifications, but with the objective of white control of land, capital, and black labour at its heart. Segregationist legislation passed during this period laid the foundations for apartheid to follow. This included measures which limited black franchise and land ownership in the late nineteenth and early twentieth centuries. This legislative trend was particularly concentrated in the Cape Colony. Colony Prime Minister Cecil Rhodes (in office 1890 – 1896) was the engineer of much of this segregationist legislation.²³ He enacted a number of laws, including the Franchise and Ballot Act of 1892, which simultaneously raised the property qualification for the franchise, and restricted black and coloured land ownership, effectively disenfranchising black and coloured people. Soon after this in 1894, Rhodes passed the Glen Grey Act which prioritised individual land ownership over communal tenure for black and coloured people, and restricted this ownership to allocated reserves. This Act also introduced a labour tax which had the effect of forcing black people into wage labour. In a rather remarkable speech to the house on the passing of the act, Rhodes attempted to assuage the concern of his white colleagues at the growing ‘Native problem’, or the increasing African population who were ‘idle’, no longer having the occupation of war, “an excellent pursuit in its way” (Rhodes, 1894 as transcribed in Verschole, 1900, p. 2).

²³ Today Rhodes is, unsurprisingly, a controversial figure. A current student movement in South Africa, ‘#RhodesMustFall’, which is aligned with the broader ‘Fallist’ decolonisation movements, has called for the removal of monuments to Rhodes, particularly his statue at the University of Cape Town (UCT), and the renaming of institutions bearing his name, including Rhodes University and the Mandela Rhodes Foundation. The statue at UCT was removed on 9th April 2015, by council vote.

Rhodes acknowledged the economic anxieties of his contemporaries. He warned that blacks intended on “getting what they term their rights, or, to put it into plain English, those who have not, trying to take from those who have [...] they mean to get it by physical force” (p. 1). In his view, black bodies must be forced into low-wage physical labour to pre-empt the threat posed to whites by black brains:

The natives know nothing about the politics of the country. They have told me time after time that they do not understand these politics. ‘Leave us alone, but let us try and deal with some of our little local questions.’ That is the common statement they have made to me...it is our duty as a Government to remove these poor children from this life of sloth and laziness, and to give them some gentle stimulus to come forth and find out the dignity of labour.

We want to get hold of these young men and make them go out to work, and the only way to do this is to compel them to pay a certain labour tax. [...] It must be brought home to them that in the future nine-tenths of them will have to spend their lives in daily labour, in physical work, in manual labour (p. 8).

The language of this speech goes to the roots of agricultural paternalism. Rhodes’ referral to people of colour as ‘poor children’ is reflective of a tradition of Europeans in South Africa viewing black and coloured people as minors (Du Toit, 1993). Notions of ‘rescuing’ them and teaching them allowed Rhodes’ contemporaries who employed black and coloured people under poor or abusive conditions to see themselves as benevolent and generous (Du Toit, 1993; Ewert & Hamman, 1999; Nolan, 2008).

Legislation continued in this vein following the unification of the colonies. The Mines and Works Act of 1911 instituted what is commonly referred to as the ‘colour bar’ which prohibited black people from holding skilled or managerial positions. The Native Lands Act of 1913 restricted black land ownership to 10% (later expanded to 13%) of total land, and established Black ‘reserves’ which would develop into the ‘homeland’ system of the apartheid government. Blacks were restricted from sharecropping, peasant farming and tenant-farming on land owned by whites. Rhodes was quoted at this time: “the native is to be treated as a child and denied the franchise. We must adopt a system of despotism, such as works in India, in our relations with the barbarism of South Africa” (Rhodes, 1913, in Magubane, 1996, p. 108). The Representation of Natives Act of 1936 established a separate ballot for blacks and removed their right to hold office, whilst removing the universal property franchise qualifications in the Cape to extend voting rights to poor whites. This Act allowed black people to indirectly elect four white senators to represent them, and established a Native Representative Council with an advisory function. The Natives (Urban Areas) Act of 1923 extended geographic segregation by designating urban areas white-only and requiring all blacks to carry passes allowing them to work in these areas. The Immorality Act of 1927 prohibited marriage between races. Cumulatively, this slew of post-unification legislation established an early version of apartheid, which limited and controlled black economic and political participation.

4.4. Apartheid agriculture: Protectionism, paternalism and dependence

4.4.1. *Overview of Apartheid*

Despite the systematic and thorough exclusion of black and coloured people from many aspects of national life by the British government, after World War Two a number of factors converged to convince the white electorate that preceding segregationist policies had not been sufficient. Deep divisions and tensions remained between British and Afrikaners. The latter, though continuing to dominate Western Cape farming, earned on average half the income of British South Africans (Thompson, 2001). Afrikaners had developed a strong cultural and religious identity through the preceding centuries of colonialism and resistance to British rule. When war broke out in Europe many were dismayed at the idea of fighting for the British. Influential Afrikaner intellectuals gravitated towards the ideology of the Nazis, disseminating it at home (Thompson, 2001).

Many low-waged urban Afrikaners did depart to serve the Allies, however, creating a labour shortage which generated a rapid urbanisation of black workers. A corresponding lack of housing and service provision contributed to rising crime numbers and fuelled white disillusionment with the ability of the British government to protect their interests (Ross, 1993). The government, influenced by anti-racist Allied propaganda and growing social problems driven by urbanisation, began looking towards liberal reform. Commissions were appointed to explore alternatives to the reserve system. Simultaneously, black resistance to segregation was growing, and the ANC, led by black intellectuals including Nelson Mandela, Walter Sisulu and Oliver Tambo was making demands for change. Growing Afrikaner concern at these factors mobilised in the wake of World War Two to secure the reactionary election of the Afrikaner nationalist National Party in 1948 on a platform of intensified segregation – apartheid (literally ‘apart-ness’).

The National Party, led by Dutch Reformed Minister D. F. Malan, enjoyed the staunch support of multiple Afrikaner cultural and religious organisations including the powerful *Broederbond* (‘Brotherhood’), a secret society comprised of members of the Afrikaner academic, business, and religious elite. Western Cape landowners and wine producers were very well represented within these networks, and Stellenbosch University in the heart of the Winelands served as a key hub for the generation of nationalist ideology. Of the seats the Party won in the 1948 election, most were rural. Its populist campaign had emphasised the importance of both extending the migrant labour system, and retaining cheap black labour on farms (Thompson, 2001). Its messaging targeted both the religious and material concerns of Afrikaners, however its policies were primarily concerned with securing white economic supremacy – both by reducing competition for white urban workers, and by allowing white farmers, including wine farmers “unimpeded access to African labour” (Thompson, 2001, p. 184). In the proceeding decades the National Party introduced a plethora of legislation to realise their vision of

apartheid, and systematically strip all non-whites of their remaining social, economic and political rights. With the Population Registration Act of 1950, it set up a racial register under which every South African fell into one of four categories; 'Bantu', 'coloured', 'Asian', and 'white'. Many families were divided when their members were placed in different racial groups. While coloured people in the Cape Province had up until then been able to vote on the normal register, the new government removed this right and placed them on a separate ballot, allowing them to elect white representatives in parliament. In 1951 the government abolished the Native Representative Council.

Successive laws between the 1950s and the 1980s intensified the system of black 'reserves' which had been instigated before the war. Eight (eventually ten) African 'homelands' or 'Bantustans' were established, which were 'independent' and 'self-governed' by hereditary chiefs, answerable to white authorities. Residents in the homelands became citizens of those territories, and were deprived of South African citizenship. The homelands were isolated and separated by white-owned land. Little potential existed for anything above subsistence farming in these areas, and agricultural enterprise was hampered by a lack of arable land. The lack of opportunity to realise the government's propagandist myth of 'separate development' compelled the majority to seek employment in white-designated areas as entirely disenfranchised 'migrant workers'. Black people who had been permanently living in urban areas were relocated *en masse* to homelands. The Promotion of Bantu Self-Government Act of 1959 separated black people into ethnic categories corresponding to specific homelands. They were only permitted in white-designated areas temporarily for work. The Department of Bantu Administration and Development stated in 1967 that "As soon as they become, for one reason or another, no longer fit for work or superfluous in the labour market, they are expected to return to their country of origin or the territory of the national unit where they fit ethnically" (Department of Bantu Administration, 1967, p. 1).

Platzky and Walker (1985) estimate that 3.5 million people were relocated between 1961 and 1983 under the Group Areas Act of 1950. These removals also targeted tenant labourers on white land, black farmers who occupied land in predominantly white farming areas (known as 'black spots') and 'surplus labourers' in urban areas – including Cape Town. The Western Cape was designated a 'coloured labour preference area', and thousands of black people were expelled to homelands in different provinces (Western, 2002). Central Cape Town was also 'purified' of coloured communities who had thrived there since the early nineteenth century. By the 1980s vast satellite black 'townships' emerged on the outskirts of all major towns and cities (Thompson, 2001).

Segregation and inequality was also maintained through education. Young black and coloured South Africans were denied education in all but the most basic subjects which would facilitate a life of labour. The majority did not complete high school (Thompson, 2001). Under the Bantu Education Act of 1953,

the government assumed control of black and coloured schools, to ensure they were correctly preparing students for their designated economic function. Hendrik Vorwoerd, Prime Minister from 1958 to 1966 is quoted as having opined: “What is the use of teaching the Bantu child mathematics when it cannot use it in practice? That is quite absurd” (as quoted in Clark & Worger, 2004).

The racial order was also maintained by the state through more explicit violence. Resistance was suppressed with authoritarian tactics and the frequent deployment of police and security forces. Legislation in this arena included the Suppression of Communism Act (1950) (renamed the Internal Security Act in 1976), the Riotous Assemblies Act (1956), the Sabotage Act (1962), and the Terrorism Act (1967). These collectively gave police the ability to hold people in solitary confinement without trial for significant periods. Despite unthinkable violence and suppression at the hands of the South African police, activists continued to organise and resist apartheid for the duration of National Party rule.

4.4.2. *Racist capitalism?*

Dan O’Meara’s (1983) *Volkskapitalisme*, an exploration of the intersection between class, capital and Afrikaner nationalism provides an influential material analysis of the construction of race in South Africa in the mid twentieth century. O’Meara is dismissive of the scholarly preoccupation with religiosity in explaining the phenomenon of Afrikaner nationalism and argues instead that it arose from economic interests and class affiliations. Though a majority of Afrikaners had been exposed to dire poverty during the Great Depression, the stimulus of the Second World War heralded economic opportunities for South Africa, and primary industries flourished. O’Meara contends that Afrikaner nationalism was encouraged by certain groups including the *Broederbond* as a strategy by which to access the wealth and power that was being generated, and that they were in danger of being shut out from by the British. This strategy hinged on uniting disparate Afrikaner constituencies under a common *volk* identity (one key success of this endeavour was the massive celebrations for the centenary of the Great Trek in 1938). Stemming from the dissemination of a unifying cultural propaganda was an orchestrated alliance of Afrikaner capital interests – including old Cape agricultural/wine interests and the new industrial mining capital which Afrikaners had managed to access. This unifying ideal was called *volkskapitalisme*; in O’Meara’s view the platform on which Afrikaner nationalist ideology was built. Scholars now widely accept that the economic and class-based roots of apartheid had been previously overlooked in favour of an essentialist, racial-religious narrative.

O’Meara’s writing can be situated in the context of a vigorous scholarly debate that took place in the 1970s and 80s on the question of whether apartheid and capitalism were symbiotic, or mutually exclusive. On the one hand, liberal free market advocates asserted that apartheid simply represented a

distortion of market conditions, and that true capitalism would naturally break down racial barriers and inequality (Williams, 1989, p. 183). However, a vocal section of Marxist scholarship argued that apartheid, though it relied on economic regulation and intervention, arose from a capitalistic effort by whites to secure the means of production and subjugate blacks into a low-wage labour force (Legassick, 1974; Murray, 1988; Wolpe, 1972). Adam (1984) characterised this dichotomy as 'racist capitalism versus capitalist non-racialism'. In this interpretation, socioeconomic planning is again emphasised as an explanatory factor for the implementation of apartheid. This perspective goes beyond O'Meara's view of the construction of Afrikaner nationalism as a strategy to secure wealth and power, to include the systemic racialisation of labour which enabled Afrikaner elites to generate that wealth.

Some Marxist claims about the nature of the relationship between capitalism and apartheid are more relevant to the viticultural sector than others. It is true that private owners of the means of production were able to accumulate higher levels of capital through super-exploitation of wage labour facilitated by apartheid's legal framework. But in contrast to South Africa's highly export-oriented and foreign capital dominated mining industries, agriculture retained a significant element of inward-looking protectionism under the National Party government. Wine networks were producer-driven under the National Party, and regulated by mega-cooperative KWV. Under the apartheid administration KWV retained statutory powers over all aspects of industry, overseeing a quota system dictating new varietal plantings, and channelling surplus production to distillers. (Ponte & Ewert, 2007). Production models continued to prioritise high volume and low quality. Supply chains were organised around cooperative cellars, which produced cheap bulk wine (Ponte & Ewert, 2007). Exports fell by two-thirds between 1964 and 1989, with some product going to Eastern Europe, and the remainder to domestic consumption (Ponte & Ewert, 2007, p. 8). KWV was the sole exporter of wine for much of the twentieth century (Ewert & Hamman, 1999). This lack of export-orientation was also due to international trade sanctions and boycotts against the apartheid regime. KWV shielded farmers from competition and allowed them for the most part to weather economic crisis and sanctions. In labour-intensive viticulture this could not have been achieved without mechanisms for subjugating workers.

Though under apartheid social roles were prescribed according to racial identity, they were still very much allocations of economic class, which sustained a system of labour. However, material analysis of the roots of apartheid, while useful to the study of evolutionary economic geographies of South Africa, does remain limited in its capacity to capture the fluidity of the discourse which underpins unequal power relations. More nuanced approaches are necessary to examine the relationship between material assemblages of class and power, and the evolving social and discursive assemblages which intersect with them.

4.4.4. *Paternalism*

Cultural and discourse analyses reveal that the dominant labour model during apartheid was not simply supply and demand mediated by government controlling the supply, but a form of paternalism in which workers were geographically isolated on farms and reliant on employers for housing, amenities and alcohol. Farm paternalism has been sustained by an informal ‘micro-politics’ (Du Toit, 1993; Nolan, 2008), governing demarcations of inclusion and exclusion. White power was exercised through civil society networks which gave farmers significant political influence. Cooperative wine cellars were particularly closely linked to the *Broederbond* and to government.

The institution of paternalism is a cornerstone of South African wine industry history. It is frequently identified as the defining aspect of agrarian labour relations in the apartheid era (Du Toit, 1992, 1993; Ewert & Du Toit, 2005; Ewert & Hamman, 1999). Its dynamics are complex, and its manifestations are evolving. Du Toit’s influential 1993 ethnographic exploration of wine and fruit farm paternalism remains one of the most detailed sources of knowledge on the subject. This has paved the way for understandings of the “complex and intimate relationship” between farmworkers (and farm dwellers),²⁴ and landowners throughout the apartheid era and beyond (Du Toit, 1993, p. 315). The supremacy of paternalism has been sustained by dominant actors with discourses of cooperation and provision (Du Toit, 1993). However, it rests firmly on the tenet of worker dependence. At its core, it has consisted of “a fierce insistence on the farmer’s independence and final authority over all who lived and worked on the land” (Ewert & Du Toit, 2005, p. 318). Both Du Toit and earlier commentator Bill Nasson (1984) have gone so far as to describe the Western Cape farm of the recent past in terms of Erving Goffman’s (1957) ‘total institution’. Nasson argues that South African farms could be classified as total institutions in that they existed almost as self-contained jurisdictions, and regulated the lives of residents completely. “The muscular imperatives to control, to dominate, to subdue, do not translate into rule by physical coercion, but rule by discipline, and the extinguishing of all capacities for independence” (Nasson, 1984, p. 2).

Consistent with the total institution, the wine farm during apartheid was not only a source of employment, but supplied every need for communities who worked the land. Workers and their families relied on the farmer for water, electricity, housing, food, the dop, and social interaction alongside

²⁴ Du Toit qualifies his discussion with the acknowledgement that to focus only on relationships between farmers and *workers* overlooks other farm dwellers (partners, children...) who make up an important component of farm life (Du Toit, 1993, p. 320).

meagre wages (Bek et al., 2012; Du Toit, 1993). As Nasson accounts, these provisions did not amount to comfort or options for labouring communities:

Acute squalor, chronic poverty, an almost total lack of alternative employment opportunities, dependency for jobs and housing on local farmers, and isolation from mainstream culture are the customary expectations of the average farm worker. His or her social world is characterised by an intense and confining localism, a crippling dependency, and encapsulation in poverty. (Nasson, 1984, pp. 1-2).

The relationship of provision and dependence is reinforced through a hierarchical discourse of the farmer as father, and the farm community as family (Du Toit, 1992, 1993). This representation provides the most basic definition of farm paternalism, although as Du Toit explains, it generally takes non-explicit and organic forms. It carries with it subtle but powerful distinctions of belonging, and not belonging (Du Toit, 1993). These boundaries have been inevitably guided by apartheid's racial constructions. In the wine industry, Du Toit describes the normalisation of racialised roles in this period with a simple example: that workers and farmers would most commonly refer to each other as *ons witman* (our white man) and *ons kleurlinge* (our coloureds) respectively (Du Toit, 1993).

Twentieth century paternalistic relations relied on insidious and often unconscious assumptions to sustain them. The identity of the farmer as a father (and the converse implication of workers as children) played into self-affirming perceptions of benevolent white supremacy. Joachim Ewert and colleagues (2005, p. 322) assert that "[t]he notion of themselves as benevolent, but firm protectors and disciplinarians of a grateful and appreciative population of on-farm servants has been an important part of the self-conception of farmers in the Western Cape and elsewhere in South Africa since the eighteenth century." This self-conception derives from assumptions of 'mastery' which can be traced back three centuries. The complex politics of farm paternalism operated according to the ideal of *mekaar verstaan*, or mutual understanding (Du Toit, 1993). This was the measurement of belonging to the family, and referred to whether or not the farmer could be confident that workers respected his authority. It was used often as a threat: an absence of *mekaar verstaan* meant no longer belonging to the family, and certain eviction from the farm (Du Toit, 1993).

Paternalism was entrenched on wine farms through dynamics which reinforced power relations while simultaneously reducing space for resistance or antagonism between farmers and workers. If a farmer was to grant the request of a worker, this was framed as a 'gift' stemming from his generosity (Nasson, 1984). As Du Toit points out, this relationship cannot be formalised or enforced by contract. "There is no independent, impersonal set of principles to which the farmer can be held accountable" (p. 322). Under paternalism, there was no space for conceptualisations of workers' interests and farmers' interests as being opposed. The farm must operate as a harmonious unit, and therefore troublesome workers and the external interferences of trade unionism posed a threat to the farm community as a whole (Du Toit, 1993). Concurrently, narratives of the importance of being in the farmer's 'favour',

which was never guaranteed and easily withdrawn, created an environment of insecurity, rivalry and informing amongst worker communities (Du Toit, 1993). This highlights the contradictions of paternalism's emphasis on harmony and simultaneous manufacture of division.

In the years since Du Toit's discourse analysis of the micro-politics of paternalism, scholars have revisited the theme in discussions of the recent impacts of globalisation in the industry (Ewert & Du Toit, 2005; Ewert & Hamman, 1999; Ewert et al., 2005; Ponte & Ewert, 2007). The immediate question has been whether modernising influences have dismantled the paternalistic configurations of power handed down from the times of slavery. In fact, reforms aimed at improved management practices had gained traction beginning in the 1980s, with the establishment by the industry of the Rural Foundation, funded by international donors, government and farmers (Ewert & Du Toit, 2005). The Rural Foundation focused on the 'social upliftment' of farm working communities. It established worker representative committees, and encouraged farmers to institute farm rules and formal disciplinary procedures, and to improve amenities. Two important functions of the Rural Foundation were to reduce the social costs associated with poor working conditions, and to improve the image of the industry under the threat of international sanctions (Ewert & Du Toit, 2005). It did not succeed in warding off sanctions.

Though the Rural Foundation emerged from an ostensibly modernising discourse of development for farmworkers, rooted in the identity of the enlightened farmer, Du Toit, Kruger and Ponte point out that these ideas were not particularly new in the wine industry. "The notion that farmers needed to be benevolent, and that they had to rescue their workers from the bad habits they acquired as slaves, is perhaps as old as slavery itself" (Du Toit et al., 2008, p. 11). Du Toit, Kruger and Ponte also note that a fear of "the spectre of rural trade unionism" was a key driver of the establishment of the Foundation (p. 11). This echoes multiple points in the evolution of wine industry networks where a fear of black industrial action, independence or competition has been shown to be an underlying impetus for the emergence of paternalistic and authoritarian institutions. In their 2005 article, Ewert and Du Toit criticise the Rural Foundation's attempts to "regularise and modernise" power relations as a form of neo-paternalism. They contend that the reforms simply aimed to give legitimacy to existing power structures, employing the language of social and technical development, while constraining the development and 'empowerment' that could take place (Ewert & Du Toit, 2005).

Even since the dismantling of apartheid and modernisation of industrial relations paternalism has remained resilient and pervasive in the colonial unconscious, influencing farmers' actions and responses to externally-driven changes. Paternalist discourses have adopted emphasis on scientific management strategies and innovation in social technologies – modernising language which in fact conceals a preservation of the system of the absolute authority of the farmer, and a lack of acknowledgement of

the agency, maturity and autonomy of workers (Du Toit & Ally, 2003). This institution has been so entrenched and durable that it remains salient in new forms of industrial organisation, including, as the next chapter will discuss, the discourses of empowerment, upliftment and ethical trade.

4.5. Summary

This chapter has provided a critical discussion of the historical intersections between class and race in South African viticulture, in order to convey the extent to which exploitation and oppression has been embedded in the wine industry colonial unconscious through the evolution of racialised hierarchies throughout the periods of slavery, segregation and apartheid. This process has been one of capitalist exploitation, drawing clear distinctions between owners and labourers and resulting in embedded extremes of mutually-dependant wealth and poverty. The legacy of this history is the ongoing racialisation, dependence and suppression of wine workers. As the next chapter elucidates, these hierarchies have adapted to the introduction of democracy and neoliberalism and are both challenged and reinforced through new regulatory structures and labour relations paradigms.

Chapter 5. To BEE or not to BEE

Globalisation and the rise of market-led ethical discourse in democratising South Africa

The South African wine industry represents a microcosm of national political economic discourses; reflecting and influencing the development of labour paradigms, and representing a locus of continuity and change in South African culture and politics. When the end of apartheid radically transformed the South African economy, many things changed in the wine industry. The globalising forces which had been shaping the international wine industry more gradually, were released in South Africa in a tidal wave, and wine producers were confronted with insecurity and market competition that they had hitherto been insulated from (Bek et al., 2012). However, as the wine industry underwent profound change in response to a drastically transformed policy environment, the colonial unconscious remained influential in labour relations. The role of government in shaping wine networks also changed, as deregulation took place in the realm of competition and trade, but new labour protections afforded workers International Labour Organisation (ILO)-mandated rights. The following sections detail first the national political and economic changes in South Africa since the end of apartheid, and then the changes undergone by the wine industry in the post-apartheid period, providing analysis of the discourses of South African neoliberalism, transformation and black economic empowerment.

5.1. Deregulation and reregulation

The economy in the years leading up to the transition to democracy was beset by structural crisis. Even before crippling trade and credit sanctions were imposed on the apartheid regime in the mid 1980s, a severe shortage of skilled labour, and a balance of payment deficit were threatening to capsize the rand (Marais, 2001). From the 1960s the National Party had, in the trend of developing states in Latin America, adhered to an inwards-focused model of ISI based on a “violently regimented labour supply” (Marais, 2001). Before 1983, direct controls were imposed on 79% of imports (Ssekabira Ntege & Harmse, 2003, p. 733). Although the limits to ISI-driven development were becoming clearer in the early 1980s, and efforts were made to promote export (Jonsson & Subramanian, 2001), the debt crisis of the 1980s and trade sanctions against South Africa saw the imposition of an import surcharge of 10%, increased to 40% for some items by 1990 (Jonsson & Subramanian, 2001, p. 200). Exchange controls were lifted for non-residents in 1982, leading to an exodus of capital, which was exacerbated by the 1984-7 uprisings (Marais, 2001, p. 101). These uprisings were, as Marais contends, in part sparked by the increased indirect tax squeeze on the poor as the government sought to mitigate the crisis.

It was into this economic quagmire that the ANC stepped in the transition period, and its complications were to prove deeply challenging to the party's promises and ideals. The 'development imaginary' of the ANC during the struggle against apartheid was socialist – promising redistribution and nationalisation, a vaguely defined moral commitment which, for much of the party's passionate support base, could not be compromised (Narsiah, 2002; Nattrass, 1994). In the midst of long-awaited revolution, the speed with which this philosophy was abandoned in favour of the structural adjustment espoused by Thatcher and Reagan, was testament to the global climate – the inexorable march of globalisation and the influence of international investor and political pressure on developing states (Habib & Padayachee, 2000; Narsiah, 2002). The commitment to redistribution was rapidly repackaged in terms of labour market flexibility, privatisation, and export competitiveness. Discourses of deracialisation took on decidedly neoliberal forms, with an emphasis on ownership of business and the creation of a black capitalist class at the centre of the ANC's new empowerment strategy, black economic empowerment. The wine industry was quick to respond to deregulation and export-orientation, and in a few short years had become a success story of the new economic policy. Much of its production transitioned from the highly subsidised cooperative model of low-quality outputs for domestic consumption, to medium value exports capturing a significant share of European markets, and holding their own against new world wine producers such as Australia and Chile (Ponte & Ewert, 2007), however, bulk still dominated.²⁵ New patterns of labour organisation emerged during this period, as the government extended previously absent protections to workers.

5.1.2. The political economy of the transition

Since 1955, the Freedom Charter had embodied the spirit of the liberation movement. The document outlined in very broad terms the ANC's vision for a free South Africa. It laid out the movement's philosophical position that apartheid was deeply related to capitalism and inequality, and its principles were reflective of the ANC's tripartite alliance with the South African Communist Party (SACP) and the Council of South African Trade Unions (COSATU). The Charter declared that "The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole; All other industry and trade shall be controlled to assist the well-being of the people." The document also promised radical land reform, professing that "The Land Shall Be Shared Among Those Who Work It!" (African National Congress, 1955, p. 1). The ANC's commitment to nationalising large industry was initially non-negotiable for both its leadership and its support base. Mandela vowed upon his release from prison in 1990 that "The nationalization of the mines, banks and monopoly industry is

²⁵ 'Bulk' refers to wine exported in large volumes and blended, branded and packaged by overseas buyers. This is as opposed to 'packaged' wine, which is exported in bag-in-box or bottled form.

the policy of the ANC and a change or modification of our views in this regard is inconceivable” (Mandela, 1990). Two years later this position had faltered as external forces came to bear on the direction of the liberation process. Globalising pressure came from two camps; first domestic and international business interests, including the powerful mining corporation Anglo-American, and second, from multilateral institutions; the WTO, the IMF and particularly, the World Bank (Bond, 2014; Kentridge, 1993; Marais, 2001; P. Williams & Taylor, 2000).

Williams and Taylor (2000) describe the relationship between ANC leadership and the World Bank during the transition period as one of ‘considerable access’ (p. 27). The Bank targeted senior ANC policy advisors in missions to South Africa in the early 1990s, and sent key figures to Washington for ‘familiarisation courses’ in the prescriptions of the Washington Consensus (Narsiah, 2002). Though the World Bank emphasised the need for redistribution and enfranchisement of marginalised groups in its South African development policies, this discussion was tightly constrained within a framework of neoliberalism. With regard to land reform in particular, the Bank’s recommendations deviated sharply from previous ANC policies of nationalisation and restoration. A World Bank report presented to the 1993 conference Land Redistribution Options in Johannesburg proclaimed that the path towards poverty reduction lay in deregulating land and agricultural markets: “Liberalization of agricultural policy is not just of narrow interest to the rural sector, but can serve as the foundation of growth for the whole economy” (World Bank, 1993, p. ii).

However, contrary to the narrative of the ‘hijacking of the liberation vehicle’ by powerful external interests (Bond, 2000), another school of thought suggests that radical transformation was inevitably limited by a number of factors that moderated state power and the effectiveness of the liberation agenda. As the ANC was ‘assimilated’ into the state, it was also assimilated into the economic quagmire the state found itself in. Some argued that the ANC had no alternative but to continue the National Party’s attempted programme of deregulation in the face of impending crisis (Narsiah, 2002). The new Government of National Unity (GNU) faced a difficult ‘dual mandate’ in 1994 (McEwan & Bek, 2009a),²⁶ of deracialising the economy and redressing the economic marginalisation of black and coloured people under apartheid, and simultaneously overcoming critical economic barriers to encourage growth and employment (Michie & Padayachee, 1998). One perspective on the transformation suggests that in the face of stagnant GDP, inherited debt, and capital flight, this could only be achieved through liberalisation and promotion of exports.

²⁶ The Government of National Unity governed South Africa in what is commonly called the transition period – between 1994 and 1997, under the terms of the interim constitution. The GNU consisted of an arrangement between three parties: the ANC, the National Party and the Inkhata Freedom Party. Nelson Mandela was President in the period with F. W. De Klerk and Thabo Mbeki serving as Deputies.

In 1994 the ANC adopted a new macroeconomic manifesto, called the *Reconstruction and Development Programme* (RDP). This was widely considered to be a contradictory document, the result of attempts to reconcile polarised factions within the GNU (Habib & Padayachee, 2000; Narsiah, 2002; P. Williams & Taylor, 2000). The final version emphasised ‘fiscal discipline’ and privatisation, rather than nationalisation. It retained some social development aspects including a section on basic needs and service provision, and a regulatory role for the state, albeit in outward-oriented development. It now prescribed export growth, tariff reduction, and attraction of foreign investment (Habib & Padayachee, 2000). It also envisaged land reform, and set a target for redistribution of 30% of white-owned land (G. Williams et al., 1998). In the wine industry, this represented a threat to the established order of white land-ownership spanning generations and the significance of land to Afrikaners’ cultural identity (Viljoen, 2004; Wenzel, 2000).

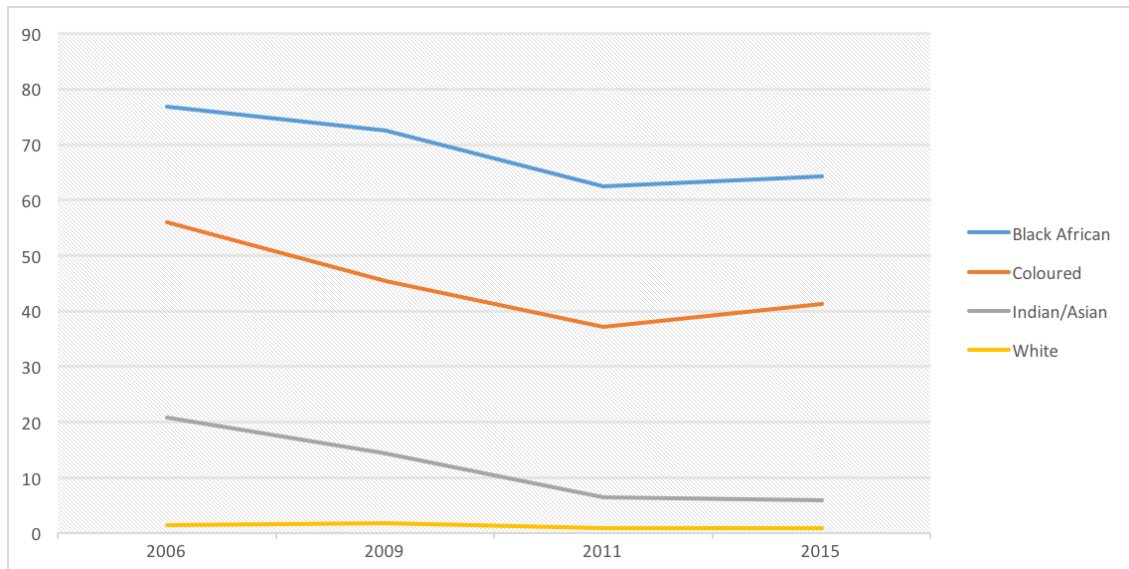
The RDP’s prescription for development and poverty reduction could be described as Keynesian – facilitating economic growth but retaining an active role for government intervention to ensure the inclusion of disadvantaged groups. Under the RDP an extensive system of state welfare was enacted, even while conceding key elements of the ANC’s previous socialist platform to the neoliberal pressures of the time. The result was a compromised and confused vision, which attempted to placate wildly opposed interests, and was difficult to place within a wider macroeconomic framework (Michie & Padayachee, 1998; Williams & Taylor, 2000). The implementation of the RDP was hampered both by the economic hurdles left by the departing apartheid government (including the complete reliance by industry on the legally-ordained exploitation of black labour), and a lack of organisational capacity within government services to carry out its sweeping reforms. As the rollout of the RDP faltered, and its constraints became evident, a new consensus held that economic growth was simply not occurring fast enough to facilitate the reconstruction and development objectives.

In 1996 the ANC closed the office overseeing the RDP and released a new economic strategy, called Growth, Employment and Redistribution (GEAR), which was written without consultation with alliance partners (Michie & Padayachee, 1998). GEAR marked the definitive adoption of neoliberalism as South Africa’s sole development paradigm. It prioritised privatisation and the removal of exchange controls. Under GEAR, targets for reducing government spending, reversing negative GDP growth, and controlling inflation were all met by the turn of the millennium. Nattrass (1996) identifies investor confidence as a fundamental concern of the GEAR framework, and notes that this was seen as the key facilitator for employment creation and trickle-down poverty alleviation. However, GEAR was largely ineffective in increasing employment and redistributing wealth (South African History Online, 2014). Though GEAR accomplished many of its fiscal objectives, it did not achieve empowerment or transformation for South Africa’s poor majority through industrial modernisation.

5.1.3. *The 2010s: Chronic poverty, state capture, and building discontent*

In the face of dissatisfaction with the rate of change amongst the ANC's base, more recent economic policy changes have acknowledged South Africa's persistent inequality, chronic poverty, and the jobless nature of growth. A re-emphasis on the imperatives of the RDP, including addressing poverty, was present in the government's 2005 Accelerated Shared Growth Initiative for South Africa (ASGISA) under Thabo Mbeki, and the New Growth Plan under Jacob Zuma in 2010. While continuing to centre accelerated economic growth as the means, these frameworks have attempted to provide a pathway for more equitable distribution of gains across society. As of 2013, the government has adopted the National Development Plan (NDP), which serves as the country's economic vision to 2030. The NDP again refers to the problem of unequal distribution of wealth. However, indicators of inequality and extreme poverty have worsened since 2011. Statistics South Africa recently revealed that while the proportion of the population living in poverty declined between 2006 and 2011, it has increased by more than 3 million people to 2015 – to encompass 55.5% of South Africans (Statistics South Africa, 2017).

Figure 5.1. Percentage in poverty by population group (Upper-bound poverty line)



(Generated using data from Statistics South Africa, 2017, p. 17)

While the overall Gini coefficient measuring income inequality declined for South Africa from 0.72% in 2006 to 0.68% in 2015 (still astronomical by international standards), income inequality amongst black people has risen over that period, while declining for whites. This indicates an emergent black elite, but not necessarily overall progress on racialised wealth distribution, as black and coloured people are still drastically more likely to experience extreme poverty than white people (see Figure 5.1).

Statistics South Africa's figures show that 64.2% of black Africans were living below the 'upper-bound poverty line' in 2015, compared with 1% of whites (Statistics South Africa, 2017, p. 58).²⁷ Both poverty and inequality remain at extreme levels in South Africa, and so far the NDP has failed to spark progress on some of its key targets, as shown in Table 5.1.

Table 5.1. Progress towards NDP poverty and inequality-related targets

NDP target	Baseline	2030 Target	Most recent status
<i>Reduce the proportion of persons living below the lower-bound poverty line to 0%</i>	39% (2009)	0%	40% (2015)
<i>Reduce income inequality to 0.6</i>	0.7 (2010)	0.6	0.68 (2015)
<i>Increase share of income going to the bottom 40% of income earners to 10%</i>	6% (2010)	10%	8.3% (2015)
<i>Reduce poverty-induced hunger to 0%</i>	21.4% (2011)	0%	25.2% (2015)

(Adapted from Statistics South Africa, 2017, p. 16)

The economy officially entered recession in the first quarter of 2017, with a 0.7% contraction recorded (Davies, 2017). At the end of 2017 indicators suggested widespread public dissatisfaction with leadership. President Zuma had been embroiled in corruption scandals and accusations of crony capitalism. Allegations of 'state capture' abounded in relation to the President's close relationship with the financially powerful Gupta family.

Zuma finally resigned in February 2018, and was replaced by his deputy, Cyril Rhamaposa, a hero of the anti-apartheid struggle and a former trade union organiser in the mining sector, who, after the transition to democracy accrued significant personal wealth through diverse business interests including in platinum mining, and the ownership of 145 McDonalds franchises in South Africa. Since his ascension to the Presidency, Rhamaposa has faced the challenge of rebuilding public confidence in the government and addressing rife corruption and nepotism - which he has responded to by replacing

²⁷ Statistics South Africa measure poverty at three different lines, using a basic needs approach. People living under the Food Poverty Line (FPL) are not able to purchase enough food to meet their basic health needs. People living under the lower-bound poverty line (LBPL) "...do not have command over enough resources to purchase or consume both adequate food and nonfood items and are therefore forced to sacrifice food to obtain essential non-food items", and people living under the upper-bound poverty line (UBPL) are able to purchase essential food and non-food items (Statistics South Africa, 2017, p. 7).

leaders of beleaguered state-owned enterprises, as well as Zuma loyalists within the administration. He also faces the task of reviving the economy and investor confidence, as well as responding to mounting calls for land reform to address intractable racial inequality. With regard to the latter imperative, the government has begun exploring constitutional options for the expropriation of white-owned land, without compensation. This conversation has generally centred around commercial farmland (Hall, 2018). Though some say this would require constitutional amendment, others believe it is permitted within Section 25 of the constitution, which determines that if the government takes land, compensation must be 'just and equitable' (Hall, 2018). Proponents of expropriation argue that in some cases, just and equitable compensation may be precisely nothing, depending on the circumstances of the acquisition of the land from traditional owners (Hall, 2018).

5.2. Neoliberalisation of the wine industry

While relatively insulated from the recent political scandals unfolding in Pretoria (although threatened by the possibility of land expropriation), the wine industry has not escaped the effects of the government's two-decade neoliberalising project, and the resultant intensified concentration of wealth and power amongst a selected elite. While some wine industry players, including many who benefitted from apartheid, have in turn gained from changes in economic policy, many wine industry participants still suffer under familiar patterns of exploitation. Rapid export-orientation has introduced a new dynamic of international competition and oligopsonistic buyer-power to wine networks, and this has in part driven the emergence of ethical trade discourses, which interact with and expand on national empowerment processes, but rest on the tenet of profitability and commercialism. Though wine producers have succeeded in entering global value networks, these relationships have entailed new financial pressures, which have ultimately been passed on to labour in the form of increased precariousness of employment. Modernisation and globalisation have not fully succeeded in dismantling the structural legacies of colonialism and apartheid in labour relations on the ground, as ownership remains white-dominated and forms of neo-paternalism, antagonism, and disenfranchisement of workers persevere.

Under the KWV model throughout the twentieth century, the wine industry had predominately supplied the domestic market, favouring the production of brandy and fortified wine (Ponte & Ewert, 2009). The cooperative pool system in which grape growers supplied a small number of producer cellars and were rewarded for volume over quality meant that the industry was ill prepared for the requirements of global buyers when market liberalisation arrived (Ponte & Ewert, 2007). The supply of inexpensive labour meant that production had been highly labour intensive, technological advancement had stalled, and the industry trailed the rest of the world in process and product standards (Ponte & Ewert, 2009). Declared exports fell by two thirds between 1964 and 1989 - initially under boycotts and then formal

sanctions (Vink et al., 2004, p. 236). Gradual reform in the 1980s and early '90s began to undermine KWV's exhaustive monopoly, and moves towards basic labour protection paved the way for the industry to anticipate the sea-change in policy following the change of government (Vink et al., 2004). A process of vertical de-integration ensued as the industry diversified away from the monopolistic cooperative status quo (Cusmano et al., 2010).

A re-orientation towards higher-value cultivars took place during the 1990s, responding to international demand for red varieties (Bek et al., 2012). Before the 1990s, white varieties dominated South African wine production, with Chenin Blanc the flagship grape. However, new plantings of Cabernet Sauvignon, Shiraz, and the distinctly South African Pinotage increased significantly, and red wine grew from 16% to 45% of production from 1990 to 2015 (Wines of South Africa, 2017a). Between 1992 and 2002, the total area under vines increased 17%, while total production volume dropped 5%. In that period, the gross value of wine outputs increased 3.5 times, from R594 million, to R2.1 billion (Vink et al., 2004, p. 240). These figures reveal a significant increase in value-added in the decade to 2002, however, as Vink and colleagues warned in 2004, "they have only partly escaped the industry's legacy of producing large quantities of standard, high-yielding grapes on irrigated vineyards to make large quantities of cheap wine for which demand is declining" (Vink et al., 2004, p. 239). The problem of partial lock-in to low-value production has carried on throughout the subsequent decade, remaining the subject of much contention amongst wine industry stakeholders.

Dual pathways may be identified in wine industry development in the post-apartheid era. The first is continued bulk export - much of which goes into blends and retailers' own brands - which attempts to leverage profit through increased efficiency within a single value chain node, and the second is the endeavour to integrate profitable value chain functions including branding, packaging and distribution at supply level. Today it is apparent that these two pathways are regularly in conflict, and have the effect of undermining the South African wine cluster - the former hampers the collective attempt of the latter to shift the reputation of South African wine in order to achieve higher prices and retain value premiums. So, while the wine industry has succeeded in gaining a much greater foothold in global markets and responding to domestic policy frameworks since the transition to democracy, the challenges of advantageously positioning the industry in a differentiated international market niche, and 'upgrading' value chains to boost profitability are ongoing (Bek et al., 2012; Ponte & Ewert, 2007, 2009).

5.2.1. The experience of wine workers since the transition

While many aspects of the South African economy were deregulated in the 1990s, some re-regulation took place with respect to worker protection (Bek et al., 2012; McEwan & Bek, 2006, 2009a). Workers' rights were enshrined in a number of acts, including the Labour Relations Act 1995, which

protected and encouraged trade unionism and collective bargaining. The Basic Conditions of Employment Act 1997 affirmed South Africa's obligations under ILO membership, prohibiting child labour, and setting legal parameters around contracts, termination, leave, and other labour conditions. Additionally, this Act established 'sectoral determinations' for minimum wage levels. Those levels have been the subject of recent heated industrial action. From August 2012 to January 2013, strikes and protests spreading out from the wine farming towns of De Doorns and Worcester saw violent clashes, with three workers killed by police and private security. The action involved multiple unions, including the Food and Agricultural Workers Union (FAWU), COSATU, And the BAWSI Agricultural Workers' Union of South Africa (BAWUSA). Workers were primarily demanding that daily wages be increased from R69 (barely above starvation level) to R150. As a result of the strikes, a pay review was eventually undertaken and pay increased to R128.26 per day.²⁸ However, workers still say this is too little, and have made allegations of pay-docking for goods like uniforms (Evans, 2016). Following the strike, unions advocated for a moratorium on dismissals of workers, but this was not granted, and numerous workers reported being retributively fired by their employer for taking part in strikes (Fogel, 2013).

Particularly relevant to viticulture has been the Extension of Security and Tenure Act of 1997. This piece of legislation provides increased protection against eviction for tenants, to ensure long-term residential stability and security. Because of the agrarian model whereby multiple generations of farmworking families have resided on their employer's land, and received services and built communities within the farm boundaries, protection against sudden or arbitrary eviction has been an important issue for farm dwellers. Conversely, there has been a trend since the 1990s of workforce casualisation and the eviction of farm dwellers, largely as a reaction to the regulation of employment and housing conditions (Du Toit & Ally, 2003). Empirical evidence shows that tenancy protections accompanied by neoliberal reform and increased market pressure in agriculture have had the unintended effect of contributing to increased precarity and externalisation of labour, as employers have attempted to avoid the costs of maintaining a permanent on-farm workforce under the new standards (Du Toit & Ally, 2003; Ewert & Du Toit, 2005; Visser & Ferrer, 2015). The most recent available data on evictions shows that 1.7 million farm dwellers were evicted between 1994 and 2005 (Wegerif et al., 2005, p. 41). While some of these workers are able to hold on to seasonal work or work through contractors, many simply end up in "...peri-urban shantytowns, rural slums and poverty traps" (Du Toit, 2015).

These trends have been accompanied by a rise in labour outsourcing, which has resulted in a proliferation of labour brokers, many of whom operate outside - and have evaded the reach of -

²⁸ 1 South African rand was US\$0.07, and €0.06 as of June 30th, 2018.


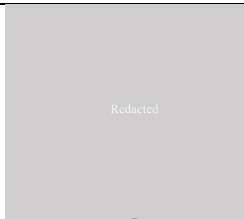
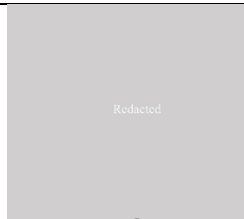
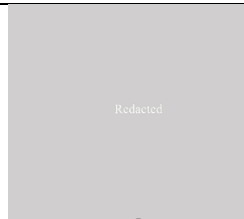
regulation (Visser & Ferrer, 2015, p. 149). The practice of wage-skimming, or deducting a portion from the minimum wage received by workers, is a hallmark of this industry, and workers reliant on labour brokers already tend to be the most vulnerable – women, migrant workers, farm evictees, and rural slum dwellers. The insertion of the middle-man labour broker into the employer-employee relationship muddies the contractual waters and makes it more difficult to enforce employment standards and dispute resolution: “Scope... exists for brokers to wash their hands of disputes or problems that arise in the labour process, saying that they are not employers, but are only performing an organisational or co-ordination function” (Du Toit & Ally, 2003, p. 17).

Exposés on working conditions in the wine industry have raised international consumer awareness of issues of exploitation, insecurity and poverty faced by workers. A damning Human Rights Watch report in 2011 entitled *Ripe with Abuse* revealed severe shortcomings in labour standards, and showed that workers faced poor housing, occupational health and safety risks including pesticide exposure and a lack of access to clean water, and persecution from employers for belonging to a union (Human Rights Watch, 2011). These findings were echoed by an ILO report published in 2015 (Visser & Ferrer, 2015). A 2016 documentary by Danish Journalist Tom Heinemann, televised in multiple European countries, accused the industry of practising ‘modern day slavery’ (Heinemann, 2016). The industry has fought on multiple fronts to improve its image in the eyes of international buyers and consumers.

5.3. Ethical Certification

In light of international awareness of poor labour conditions, and memories of South Africa’s recent history and the European consumer boycotts against the apartheid state, a large amount of the production upgrading undertaken has been not only technical in nature, but ethical. An array of codes of compliance and labelling initiatives – some international and some home-grown - have been adopted, guaranteeing provenance, labour rights, racial inclusion, empowerment, and environmental management. This market-driven ethical trade discourse invokes local symbols such as the protea and the sunbird, as well as images of happy workers (see Table 5.2), in order to communicate positive messages about the South African wine industry context to consumers, and to generate value from the unique environmental and social characteristics of the Winelands. This strategy essentially attempts to subvert the marketing challenges arising from the negative aspects of South Africa’s global reputation into a value-adding exercise.

Table 5.2. A sample of ethical labels in South African wine networks

WIETA	Fairtrade	Biodiversity and wine initiative (BWI)	Integrated production of wine (IPW)
			

As of 2015, 48% of wine grapes produced are certified by either the Fairtrade International label, or the industry-conceived Wine Industry Ethical Trading Initiative (WIETA) (Basson, 2017b). This proliferation of ethical certification has been accompanied by an effort, led by the marketing body Wines of South Africa (WOSA) to incorporate associations of social and environmental progressivism into ‘Brand South Africa’. ‘Production integrity’ is ‘Cornerstone 1’ of WOSA’s brand blueprint, which encourages producers to use consistent vocabulary, including the words ‘ethical’, ‘trustworthy’, ‘sustainable’, ‘honest’ and ‘certified’ in their own promotions (as shown in Table 5.3.). In large part, the adoption of ethical certifications is in line with the emerging idea in the wine industry that modernising labour relations is good business.

Table 5.3. WOSA’s branding vocabulary for the cornerstone of production integrity

Vocabulary for Production Integrity				
ethical	dignity	integrity	traceability	sustainable
responsible	transformation	conservation in action		
triple bottom line	transparency	trustworthy	certified	
#hannuwa*	reliable	independently audited		
for Wine				
natural	unique quality standard		eco-friendly	
wines with guaranteed integrity and authenticity			Fairtrade	
honest	ethically produced	sustainably produced		
				#hannuwa*
The gathering of good fortune through living in sustainable harmony with our natural environment.				

(Adapted from Birch, 2009, p. 14)

Industry-driven ethical certification has been a key strategy for achieving increased competitiveness. This ‘ethical’ positioning has arguably provided the South African wine industry with a much-needed point of difference, allowing South African wines to reach reflexive consumers in Northern markets (Beckett & Nayak, 2008; Bek et al., 2012). It has been hoped that ethical labelling would allow

producers to access premium niches and retain more value, by enabling them to resist globalisation's commodity fetishism and disembedding processes (Harvey, 1990; Ponte, 2009; Raynolds, 2000). It could be argued that the enthusiastic adoption of voluntary ethical certification and auditing in the South African wine industry has enabled producers not only to address the image deficit stemming from consumer awareness of their troubled history, but to in fact turn it into a competitive advantage – using it to create a unique positioning for South African wines.

There are three main ethical certifications for South African wine. Fairtrade, governed by Fairtrade International (FI) based in Bonn, and independently certified by FLO-Cert, is the most internationally recognisable of the three. As such its presence in South African wine production has been well publicised, despite the fact that it certifies a small number of South African producers - only 24 out of over 3,100 (Fairtrade Foundation, 2018b). This number has declined significantly – from 39 certified farms in 2005 (Kruger et al., 2007). Previous champions of Fairtrade wine in South Africa have now withdrawn from FLO certified production, including Stellar Wineries, and Thandi Wines (although Thandi's cellar still buys-in Fairtrade grapes). However, South Africa's current Fairtrade wine producers tend to be at the moderate-to-high volume end, and the volume of FLO certified wine exported has continued to increase, from 2.1 million litres in 2005 (Moseley, 2008, p. 299), to roughly 14.8 million litres in 2013. Fairtrade certified wine producers have become fewer, and significantly larger.

South Africa is considered a Fairtrade wine pioneer. Country-specific standards were developed for Fairtrade labour certification, through a consultative process, or negotiation for the parameters of 'fairness', which took place between Fairtrade International and industry actors in 2004 (Herman, 2012; Kruger et al., 2007). In acknowledgement of the unique development challenges facing the South African wine industry, these specific standards (alongside Fairtrade's general labour requirements) required certified businesses to comply with the government's broad-based black economic empowerment (B-BBEE) ownership requirements, and ensure that 25% of the farm was worker-owned (Herman, 2012; Kruger et al., 2007; Linton, 2012; Moseley, 2008). This was significant as much of the applicants to Fairtrade were exempt from B-BBEE ownership requirements as they were not large enough (this has likely changed as Fairtrade certified wine business have consolidated and grown). While Fairtrade's democratic convention setting process in the South African wine industry was celebrated as an unprecedentedly sensitive and representative Fairtrade initiative, Kruger and du Toit (2007) note that the most powerful industry actors were able to gain disproportionate sway over proceedings: "The story of the South African Fair Trade convention setting process is a story, *inter alia*, of the disproportionate influence of a small handful of fortuitously positioned individuals" (p. 200). In the authors' observation, this had resulted in the marginalisation of workers and small farmers in the consultation process, to the benefit of larger commercial interests. "While the commercial farmers, consultants and exporters in the forum were touting the importance of capacity building and skills

development and the need for broad-based ownership and decision making, workers were conspicuously silent” (p. 211). Fairtrade International has faced some minor competition with the entry to South Africa of the Fair for Life (FFL) certification, administered by the French organisation ECOCERT. FFL has very similar standards and methodology to Fairtrade, but has so far had limited uptake in South African wine, currently certifying seven operators.

The Wine and Agricultural Ethical Trade Association (WIETA) accreditation originated as a pilot project initiated by the UK-based Ethical Trade Initiative in 1999, to certify compliance against its ‘Base Code’, based on ILO standards. It was hailed as extremely successful in its effort to create a ‘tripartite alliance’, bringing together NGOs, trade unions and producers to develop auditing frameworks for monitoring ethical labour standards on farms (McEwan & Bek, 2009a). Following the initial ETI-led phase, WIETA was established as a South African non-profit organisation in 2002, governed by a multi-stakeholder board of representatives from the tripartite alliance. The inclusion of labour interests on this board is key to WIETA’s objectives of empowerment and participatory industry governance and development, as is the organisation’s rare status as an ethical certification body located in the Global South. The WIETA ‘seal’ was introduced in 2012, assuring customers that products are “certified fair labour practice,” and launching WIETA as a fully-fledged international ethical certification. WIETA has been morally and financially supported by a cohort of wine industry bodies including marketing body Wines of South Africa (WOSA), and the technical assistance organisation VinPro. WIETA has had a very wide uptake amongst South African wine producers, and most recent available figures show the organisation has 1,446 members (roughly half of all South African wine producers) – 1,002 of them fully certified (WIETA, 2018).

The third main ethical certification operating in the South African wine industry is the Integrated Production of Wine (IPW) scheme, administered by the South African Wine and Spirits Board (WSB). IPW grew out of the WSB’s government-funded geographical indication programme called Wine of Origin (WO), which guarantees a wine’s cultivar, vintage and origin. Origin is legally defined by demarcated areas covering different scales, including by diminishing size; regions, districts, wards, estates and single vineyards. WO still operates a basic label providing assurance of a wine’s authenticity, however, the WSB’s innovative IPW system is now extremely popular with exporters. IPW has used the existing certification infrastructure and membership of the WO to introduce technical production and sustainability standards, and a prominent label guaranteeing a product is “integrity and sustainability certified”. IPW also administers an innovative traceability database through which buyers and consumers can access information about the wine’s origin and production specifications, using a serial number on the label. Today 93.6% of wine produced in South Africa is certified under the IPW scheme, earning permission to carry the ‘Integrity and Sustainability’ ethical seal (WOSA, 2018a).

Since 2015, IPW has absorbed the much celebrated certification the Biodiversity and Wine Initiative (BWI), previously run by the World Wildlife Foundation (WWF). The BWI aimed to increase awareness of the biodiversity of the Cape Floral Kingdom, in which the majority of the wine industry is located, to assist wine producers in setting aside conservation areas on their land, and to reward members with a label certifying commitment to conservation best practice. Before its disestablishment the BWI had 145 members, and had been successful in converting 140,000ha of land to conservation (James, 2015). The initiative was ultimately concluded due to a lack of resources, and its members transitioned to IPW (James, 2015).

5.4. Directing ethical discourse: BEE, B-BBEE and WineBEE

The previous section's discussion of the widespread adoption of ethical certification in the wine industry might cause readers to imagine that the state has withdrawn from substantial participation in 'ethical' discourse and regulation. However, there has in fact been an enormous amount of government-level discussion, policy and legislation addressing the economic inequality entrenched throughout apartheid. This has ultimately generated a construction and understanding of empowerment that is very much in line with the state's embrace of neoliberalism, and this framing has limited its effectiveness in certain crucial ways (McEwan & Bek, 2006). The government's conceptual framework and language for talking about post-apartheid empowerment has been disseminated through many levels of South African society and has come to define the terms for discussions of development on a much broader level. As a collection of legislation it mandates improvement towards certain indicators, but as a wider discourse it defines 'transformation', and generates visions of progress for millions of South Africans. While the immediate impact of empowerment legislation has been experienced in a limited way in the wine industry, as a discourse it has underpinned the development of market-driven ethical certification initiatives – particularly visible in the cooperation between BEE and Fairtrade.

The framework of BEE, dates from before the transition to democracy. It pivots on an argument long put forward by the Tripartite Alliance (and touched on previously) – that apartheid represented, at least in part, a capitalist effort to accumulate wealth through systematic racialisation and exploitation of labour. Because of the active economic disadvantaging of black people throughout colonialism and apartheid, the current government holds the view that affirmative action is required in order to redistribute wealth. However, ideas about the form of that redistribution and the means by which it is achieved have evolved. In the Freedom Charter, and even in the RDP, the ANC's vision of BEE was much more radical and interventionist than its ultimate implementation. The focus has shifted to establishing a multi-racial business coalition for growth, rather than equitable wealth redistribution and poverty alleviation (McEwan & Bek, 2006). It has been criticised by some at the more extreme end of the spectrum as a new form of discrimination, and cries of 'reverse racism' abound in opinion pages

and comment sections (Hadassin, 2016; Nolte, 2009). More nuanced critiques of the design of BEE have been generated within academic circles, which this section will address, after first outlining its history and scope.

Within the *laissez-faire* economic policy environment laid out decisively in GEAR, the debate regarding wealth redistribution and black empowerment took on narrow parameters. Discourses of strictly economic empowerment took place with the assumption of increased Black competition and capital accumulation as its objectives (McEwan & Bek, 2006). While the politics of BEE were present in South African public discourse to varying degrees through the transition years and the Mandela period, they were not comprehensively enshrined in law until 2003, roughly coinciding with the Fairtrade standards-setting process and the establishment of WIETA. Before then the government fluctuated in BEE policy, proposing at times more conservative and at times more radical definitions. This was indicative of nervousness about upsetting key stakeholders, and threatening the business community, lest all-important growth be hindered (Tangri & Southall, 2008). In the early 2000s, following unfavourable market reactions to proposed BEE plans, the government reverted to ‘narrow-based’ BEE, emphasising black shareholding as the key indicator of empowerment, and forgoing other criteria by which BEE might be understood.

Even while encouraging the transfer of equity, the government set a target of only 25-26% of equity ownership transferred to black investors over ten years (Tangri & Southall, 2008, p. 701). One important outcome of this narrow vision of BEE has been its exclusivity – the beneficiaries of empowerment transactions have disproportionately comprised a selected group of black elites, many of whom have been closely connected to the ANC (Bond, 2014; Iheduru, 2004; Tangri & Southall, 2008). Tangri and Southall write: “The transfer of shares has been predominantly to individuals close to the ANC government... share allocations have been grossly unequal between those high profile leaders with good political connections and the historically disadvantaged” (p. 701). Other critics, including Iheduru (2004) have discussed BEE’s creation of a ‘black bourgeoisie’ as a vehicle for ‘nepotistic accumulation’.

Selected legislation in the 1990s attempted to enable black entrepreneurs to gain greater ownership of capital and land. Statutes including the Preferential Procurement Act, the Competition Act and the Skills Development Act aimed to facilitate the emergence and success of Black-owned enterprises. However, by 2001 the merger and acquisition deals that had taken place were showing signs of shakiness, and market performance of black-owned companies was poor (Woolley, 2005). In response a commission was appointed to make recommendations on BEE policy and the Broad-Based Black Economic Empowerment Act was passed in 2003. The Act requires the private sector to engage with BEE by producing industry-specific charters for transformation, which would ultimately be gazetted by

the Minister of Trade and Industry. The Act also allows the Minister to issue ‘codes of good practice’, intended to be flexible and sector-specific, responding to the fluctuating pace of transformation.

In 2007 seven Codes of Good Practice were promulgated, which established standards by which to measure the B-BBEE status of companies. The Codes determined BEE requirements based on the size of businesses by annual turnover. They distinguished between generic enterprises (GEs), qualifying small enterprises (QSEs), and exempted micro-enterprises (EMEs); the first being required to meet certain standards, the second benefitting from preferential procurement from GEs if they voluntarily gained B-BBEE status, and the third exempt from participation. The exemption of EMEs has been controversial – certainly in the wine industry, where, according to Bek and colleagues, 80% of businesses fall under the EME category (although Fairtrade certified EMEs are required to comply) (Bek et al., 2012, p. 155). Codes 100-700 establish key dimensions of B-BBEE, and set out a number of weighted indicators which the B-BBEE ‘scorecard’ measures companies against. These attempt to expand the base of BEE beneficiaries to target black working communities through ‘indirect empowerment’. As codified in 2007 these indicators were equity ownership, management, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development. While GEs are measured against all of these standards, QSEs have been allowed to choose any four elements to contribute to their scorecard, enabling them to qualify as ‘black-empowered’ often irrespective of the level of black representation in governance. B-BBEE requirements have driven the emergence of a vast verification and consultation industry predicated on assisting companies to navigate the complex legislative landscape and comply with metrics.

5.4.1. BEE in the wine industry

BEE in the wine industry as elsewhere was operationalised as something which was done *to* selected beneficiaries, by powerful parties - a top-down process. The approach of the established wine industry complex to BEE was encapsulated in a quote from the then Chairman of KWV, Danie de Wet in 2004, translated from Afrikaans by Gavin Williams: “[Empowerment] deals mainly with people who do not have money, therefore it must make economic sense for participants but so too for the company that empowers” (de Wet, 2004, 'Chairman's Report' in Williams, 2005). In line with the 2003 B-BBEE Act, specific sectoral BEE frameworks were produced laying out industry’s plans for working towards the government’s BEE outcomes. The detailed systematisation of empowerment processes formed an important part of President Mbeki’s strategy to generate quantifiable progress. A clear, measurable approach to empowerment ensured requirements would not threaten investor confidence. Industry specific BEE plans would lend legitimacy to export sectors in the eyes of global buyers. The AgriBEE framework and the Wine Industry Transformation Charter (known as WineBEE) released in 2004 and

2007 respectively, represented affirmations by business of commitment to the government's framework.

WineBEE was produced by the multi-stakeholder South African Wine Industry Council – made up of representatives of wineries, grape growers, merchants and industry bodies, among others. The board included one labour representative, and one civil society representative. The Charter aligns with the Codes of Good Practice and addresses each in turn, with particular emphasis on ownership components. The expression of BEE embodied by WineBEE was now a very long way from the pre-democracy Freedom Charter, and the ANC's promise that 'The Land Shall Be Shared Among Those Who Work It!' (African National Congress, 1955, p. 1). Though the transfer of land was a very minor component of WineBEE, substantial land reform, especially into the hands of farm workers was never on the table. Nor, indeed, was anything but a tokenistic mention of the poverty experienced by the majority of wine industry participants, or discussion of living and working conditions (James, 2013, p. 18). This was perhaps both a reflection of the parameters set by the government for transformation, and of the minimal representation of labour on the Council board.

The Transformation Charter frequently employs a tone of pioneering progressivism, declaring: "This is a milestone in the history of the South African wine industry and is the first discrete agricultural sector initiative to establish a transformation charter" (South African Wine Council, 2007, p. 2). In addition, the Charter emphasises at multiple points the belief that the de-racialisation of the wine industry depends first and foremost on growth, and that the first objective of transformation should be expanding export opportunities: "...combined efforts are necessary to enable the industry to compete at a higher level in world markets and to grow exports; [...] success is premised above all on growth and the creation of new opportunities, rather than the redistribution of existing opportunities alone" (South African Wine Council, 2007, p. 4). This vision of development is closely aligned with the pro-globalisation view that increased trade opportunities will dismantle inequality and poverty at production level. It is arguably this interpretation of BEE which enabled established business interests to so readily get behind its prescriptions. While the rhetoric of "reaching out to the deprived and the poor" satisfied political constituencies (p. 3), the promise of "shared growth and development for all" reassured existing investors. Indeed, one of the four principles by which the WineBEE scorecard is designed is "The creation of investor confidence by establishing growth with an equity focus, ensuring greater transparency and clear rules of the game" (pp. 5-6).

5.4.2. Land redistribution

Some land reform and share equity projects have taken place in the wine industry, though their facilitation and implementation has been constrained by issues relating to the practicalities of wine

production. First, agricultural land is expensive, and returns from grape and wine production are unlikely to cover the costs of the interest payments, especially as there is a wait of several years before new vines can start producing. As most farmers have inherited their land, or invested capital from other enterprises into developing wine estates, this is a particular impediment faced by aspiring black wine producers and ex-farm-workers disadvantaged by apartheid. Though the government helps farm workers' groups to purchase land or shares in wine businesses through land reform grants, these do not extend to the provision of ongoing working capital, for vine plantings and other inputs (Williams, 2005). Furthermore, there has been a documented lack of knowledge-transfer which constrains empowerment through share equity projects, including in those that have taken place under Fairtrade. McEwan and Bek point out that "A pernicious form of 'pseudo-empowerment' (Wardman, 2004) occurs whereby individuals are under the illusion that as owners of the means of production they have some form of power and control, whilst in reality they remain dependent upon the white farmer due to an absence of technical and business knowledge transfer" (McEwan & Bek, 2006, p. 1031). This highlights the difference between ownership of the means of production; and the capability to utilise it for productivity and value creation. In short, ownership is not empowering if it is not supported by capability – a point that will be discussed in finer detail in Chapter Eight.

The South African parliament has commissioned a series of reports for the High Level Panel on the assessment of key legislation and the acceleration of fundamental change, focusing particularly on issues of poverty and ongoing economic and spatial inequality. Accelerating land redistribution and restitution is a key priority - especially for commercial farmland. This is of particular concern to winegrowing areas where indigenous landowners were dispossessed of profitable land - land which has now become a defining aspect of the identity of Europeans. The report of the High Level Panel in 2017 found that only 5.5% of commercial farmland had been redistributed to black people in 2015 (Classens, 2017, p. 210) – a far cry from the 30% target set in the RDP. In the wine industry, the situation is significantly worse, with only 1.5% of land and water in wine producing areas under black ownership (Basson, 2017a).

5.4.3. *The case of KWV*

The complicated case of *Ko-öperatieve Wijnbouwers Vereniging* (KWV)'s empowerment transactions is exemplary of issues with the ownership focus of empowerment policy which overlooks the material struggles of impoverished black communities, whilst benefitting capitalist elites. Though KWV's empowerment deals have been rather convoluted, they represent the state of empowerment in discourse and in practice in the wine industry through the experience of one of its most prominent companies, and as such are worth outlining. Gavin Williams' 2005 article on BEE in the wine industry provides the most comprehensive account of events and particularly informs this section.

When KWV applied to transition from a cooperative to a company in 1996, negotiations with the Ministry of Agriculture and Land Affairs were beleaguered by controversy and dispute. As has been touched on earlier in this chapter, KWV has long been a politically powerful conservative institution, as Du Toit et. al. put it, “closely connected to the structures of National Party and Afrikaner power” (Du Toit et al., 2008, p. 11). The cooperative’s relationship with the new government was unsurprisingly strained. The final agreement on KWV’s incorporation saw KWV agree to provide R369 million over 10 years to fund the establishment of a South African Wine Industry Trust (SAWIT), which would take over some of KWV’s statutory responsibilities, including research and development, producer representation and consultation services, and export marketing. KWV nominated trustees to SAWIT’s board, including directors of KWV at the time.

As a newly-minted company, KWV was required to comply with the B-BBEE Act when it was passed in 2003, and facilitate equity transfer to black investors. The company faced multi-faceted challenges at this time; including needing to increase its share price, reduce its vulnerability to asset stripping, and rebuild its political capital. A solution was reached which Williams describes as ‘ingenious’ (p. 501). A consortium called Phetogo, made up of several interest groups including unions, KWV employees and selected black business people (known as the ‘lucky 14’) would purchase a 25.1% stake in KWV, (which under the new legislation constituted the benchmark for a ‘black-empowered’ business). The finance for the deal came from three sources. First, the state-owned International Development Corporation – set up to facilitate BEE deals. Second, SAWIT, whose contribution came from its funding from KWV and was approved by KWV-appointed board members, and third from KEET, an association of KWV employees, which was granted a loan from KWV for its contribution. KEET’s board also comprised 50% KWV nominees (Williams, 2005).

Thus, in a roundabout manner, KWV funded the sale of its own shares to a black empowerment consortium, and in doing so bolstered its market profile and its political relationships. As Williams summarises, “Money travelled round in a circle, from KWV to SAWIT and also to KEET and back again to KWV. When it came back to KWV, it did so in the hands of new black shareholders, to both their benefit and that of the established industry that had thus ‘empowered’ them” (p. 501). But exactly who the newly empowered were and the extent to which they were, in fact, empowered, remains murky. The groups that made up the Phetogo Consortium included agricultural unions with tens of thousands of members. Williams says simply: “Most of these organizations have a few leaders or business participants and claim to represent a much wider membership. Who these thousands of members are and how they will be able to claim their own benefits is not clear” (p. 501).

A footnote was added to the events of KWV's 'pioneering' (KWV, 2017) BEE deal in 2006 when SAWIT unexpectedly called in its loan to Phetogo. SAWIT was reportedly experiencing severe 'cash flow issues' as KWV's contribution to its funding had been completed ahead of schedule (IOL, 2006a). This was not the reason given for SAWIT's withdrawal from the deal. The trust had appointed a 'respected group of business consultants' to analyse Phetogo's effectiveness as a black empowerment vehicle (wine.co.za, 2006). The business consultants found that Phetogo's interest groups were not working together in a sufficiently integrated manner to effect meaningful transformation (wine.co.za, 2006). It was this finding that Gavin Pieterse, SAWIT's Chairman, cited in the decision to revoke the loan, only two years after the deal had taken place (IOL, 2006b). At the time, Pieterse said that Phetogo lacked the "hardcore skills" and experience to facilitate development, and that: "Part of the empowerment objective is to allow your new shareholders to expand your market" (2006a). The issue of BEE enterprises failing financially because of a lack of managerial skills on behalf of empowered parties is commonly raised (Bek et al., 2012). Commentators stress the importance of ongoing skills transfer and mentorship in ensuring the success of BEE initiatives (Bek et al., 2012). Evidentially, in this case SAWIT had found Phetogo's managerial capacity and contribution to growing KWV's returns to be lacking. SAWIT pledged to find an alternate funding source for the loan.

Where the alternate funding came from is unclear but by 2010, KWV had reached a much lauded 'level 4 contributor' B-BBEE score (out of 8 possible levels, with 1 being the highest). A 57.39% share had been acquired by Niveus Investments, part of the HCI black empowerment investment group. In May 2016 it was announced that the company had been acquired by the London-based Vasari Group. At this point, identifying the historically disadvantaged beneficiaries of this arrangement, and especially the wine industry workers who have been empowered, is even more difficult. This case neatly illustrates the extent to which BEE has been enacted as the buying and selling of shares between business people, rather than as participatory equitable development, or ongoing political negotiation.

5.5. Conclusion

Critics of the government's post-apartheid policy suggest that compromises made during the transition, in the name of unity and reconciliation, have effectively wiped the slate clean without reparations being made for social, psychological and economic harms suffered (Heleta, 2017; Kruger et al., 2006; Levin, 2016). This has had the effect of erasing the historical and structural causes of the inequities that pervade every aspect of daily life in South Africa, and allowing the beneficiaries of apartheid to assume non-complicity in current forms of economic and social marginalisation. More than this – it allows privileged sectors of society to blame poverty and its by-products like crime, on the perceived poor character and poor life choices of individuals and groups – in turn fuelling historically-disconnected prejudice and racism. Yet two decades of 'freedom' pales in comparison to centuries of

colonialism, and institutionalised racialisation of economic roles, and complaints are increasing in volume and urgency.

One strong criticism of BEE in the wine industry and in general is that conceptualisations of empowerment have been co-opted by the neoliberal orthodoxy into a growth-oriented trickle-down model. The critique, put forward by prominent commentators including McEwan and Bek (McEwan & Bek, 2006), and Du Toit, Kruger and Ponte (2008), holds that BEE's circumvention of the needs of workers in favour of enriching a small black elite has in fact further entrenched the dependence and powerlessness of wine workers. While BEE policy has, since 2003, articulated a vision of 'broad-based' empowerment, including both black shareholders and workers, some argue that the powerful interests have tended to accrue the benefits of the limited BEE deals that have taken place (Du Toit et al., 2008; Madisha, 2005). Others have criticised BEE's technocratic management-focused model of code compliance as obscuring vital meaning and reducing complex political processes to 'transformation by the numbers' (Cargill, 2010).

As has been shown, over two decades since the end of apartheid, stark inequalities persist. The legacy of Mandela himself is being explicitly challenged by a new cohort of black student leaders, who claim that Mandela's insistence on compromise and inclusivity has sold out black South Africa (Muhammad, 2016). Insistent calls to shift the conversation from BEE-aligned 'transformation' to a more radical vision of 'decolonisation' pervade activist spaces. The compromises made in the pursuit of BEE have finally become visible through its ongoing ineffectiveness at creating the type of emancipatory empowerment envisaged by the pre-transition ANC and its supporters. The government once again finds itself in the position of needing to satisfy the demands of its base by addressing racialised inequality and poverty, whilst not threatening the powerful business interests which have positioned themselves as the gatekeepers of its legitimacy, and have come to exert so much influence over its members.

In Chapters Four and Five I have reviewed the role of the wine industry in generating successive paradigms of labour organisation in South Africa, which are informed by complex political discourses. The paradigms identified are slavery, segregation, apartheid, paternalism, neoliberalism and BEE. In undertaking this review both the economic and cultural underpinnings of these social formations have been considered. The wine industry been throughout its history a key site of expression of South African labour relations, and has both created institutionalised economic roles, and driven the evolution of ethical transformation discourses. Though they have at times taken different forms, racial divisions have been both created and exacerbated by processes of exploitation in the wine industry. Seen in this light, recent changes which ostensibly seek to correct that fundamental division are in fact born of the same structural foundations. The latest paradigm of wine industry relations is compliance with market-driven

ethical codes which some claim have the potential to empower historically disadvantaged parties. As researchers we have to remain mindful of the possibility of this process reducing empowerment to a quantifiable and marketable entity. The extent to which the colonial unconscious is present in new wine networks means global trends towards ethical labelling actually have the potential to reinforce historically embedded inequities. Therefore dismantling them requires ongoing critical research and political action. And so, with this in mind, Chapters Six, Seven and Eight will explore the question of the contribution of ethical certification to the meaningful redress of exploitative structures of power which are created and reinforced through neoliberal discourses, and the potential for EVeNs to challenge this reality using the power of global trade.

Chapter 6. Motivations for adoption

Adopters' narratives for the role of ethical trade

6.1. Introduction

This thesis contends that the outcomes of ethical certification depend fundamentally on the local context in which networks touch-down. In order to measure the real impacts of ethical certification, case studies must investigate what the specific practices are within that context which are considered 'unethical', or in need of transformation by way of ethical certification. As previous chapters have revealed, these structural issues are not necessarily universal in producing contexts. Though they may be in part derived from the detrimental impacts of economic globalisation on commodity producers, and the injustices of global trade, they are also deeply informed by the geographical and institutional environment in which they are embedded. This is undoubtedly true in the case of the South African wine industry, where, as previous chapters have illustrated, the issues of racialised land ownership, farm paternalism, alcohol dependence, and extreme inequality are all rooted in historical labour relations paradigms particular to South Africa, enforced by long-established networks of power.

In order to trace the extent of the transformation of configurations of power and patterns of governance in EVeNs, and to evaluate their effectiveness in contributing to ethical social and environmental outcomes, it is important to identify and analyse the strategic narratives which actors construct to underpin the adoption of ethical certification. Understanding the motives of producers in choosing to become ethically certified provides a basis by which to better understand patterns of governance of ethically certified networks. As such, this chapter will address the question of why South African wine producers seek ethical certification, how they conceptualise the role of certification in their operations, and what outcomes they hope to generate. These motives reveal clear findings about how power is distributed and exercised in 'ethical' wine networks, particularly at a local scale between employers and workers.

My research has identified several narratives that participants align with when discussing the emergence of certification in the industry. These narratives will be detailed and discussed in turn in this chapter. They are not mutually exclusive, and I found that participants might employ multiple narratives in discussing their relationship with ethical certification. They are, however, distinct from each other, and clearly identifiable across multiple interviews. Every certified producer invoked at least one of the narratives, and a substantial amount of repetition was encountered, which is suggestive of a significant amount of consensus and shared experience and thinking amongst producers. This finding reinforces the idea of the 'wine industry complex' that others have pointed to: that wine producers remain a tight-

knit community, and that a network of political consensus operates which links the South African wine cluster (Bek et al., 2007; Bek et al., 2012; Ewert & Du Toit, 2005).

6.2. Uncovering power relations through critical discourse analysis

My prior research in Timor Leste found that a key variable in determining the contribution of ethical certification to realising ethical trade and development to be the commitment of the parties involved (especially the parties with the most power already) to the principles of the certification (Howson, 2015). Advocates of ethical certification may be uncomfortable with this notion, as certifications fundamentally depend on objectivity, rigidity and independence of standards and auditing mechanisms for their credibility and integrity; the outcomes of completing a certification process should be the same regardless of network makeup, geography, culture, etc. This chapter reveals, through analysis of the stated motivations of certification ‘adopters’, a varying level of commitment to the objectives of worker empowerment, sustainable development, and industry transformation. I am not in a position to substantively answer the question of the extent to which actors’ commitment to these principles influence either their decision to become certified, or the social and environmental impacts of that certification (though this would perhaps be a useful avenue for future studies to explore). Furthermore, I am not suggesting that ethical certification must only be adopted for a normative set of ‘right reasons’ in order to have progressive outcomes. However, I believe it is useful to probe qualitative interview data to extract understandings about how adopters perceive the role of certification in their organisations and networks, and the outcomes they hope to gain from becoming certified. This will allow for more sophisticated understandings of how and why certifications are deployed and adapted within existing political structures.

Unlike many other producing contexts in the Global South where ethical certification is pursued by smallholders, or those who possess the least power within trade networks, in order to increase their collective bargaining power and improve their terms of trade, in the commercialised plantation context of the South African wine industry, the decision to adopt ethical certification is usually made by those who possess a significant amount of power, at least on a local scale. These actors have power not only in terms of employment and working conditions, but also in terms of the cultural construction of meaning, and strategic framing (Zald, 1996). This latter form of ‘soft’ power in many ways supersedes the former in dictating industry relations and reproducing inequities. This chapter will explore the constructions of meaning that have emerged to explain the role of ethical certification in the South African wine industry, as identified from interviews with key stakeholders who have been part of the process of developing and adopting certification (the majority of whom fall under the category of producer).

The narratives I have identified by which stakeholders give meaning to the emergence of ethical certification in wine networks are; first, that certifying is simply *the right thing to do* - a moral imperative and a responsibility on behalf of producers to take care of working communities and the environment. The second narrative regards certifications as offering a form of *proof* of the ethical practices that the industry was already implementing – this perspective denies that ethical shortfalls existed, and sees the value of certification as being in the wielding of the certificate to satisfy buyers, with the process of certification having negligible influence on labour and environmental practices. A third narrative, and the most commonly aligned with, views certification as a *strategy for market access and positioning*. While some participants felt that certification was a minimum requirement for market access and expressed resentment of the top-down imposition of certification costs, others conceived of certification as an industry-driven strategy to unlock higher value and competitive advantage. A fourth viewpoint held that producers needed to adopt certifications because they were subject to unfair scrutiny and pressure as a form of *persecution of farmers and punishment for apartheid*. A number of interviewees expressed a strong resentment of perceived pressure to ethically certify. Another perspective approaches certification as a tool for functional upgrading – a *social technology* for engineering and quantifying managerial processes and more efficient network interaction. This approach sits within the broader context of the industry’s post-apartheid upgrading trajectories which have been characterised by emphasis on technical systems, and audit culture. The final motivation identified was pragmatic and concerned with the local social and political context within which wine production operated. This stemmed from a fear of industrial unrest and violence against farmers, and saw certification as a means of *pacification*, to prevent violent industrial action, or material or political crime against farmers.

The narrative strains identified in this chapter must not be taken at face value alone but seen as part of an activity of framing, as actors attempt to construct legitimising frames which play into political and economic strategies. Narratives are employed both subconsciously and deliberately as a way of situating ethical certification within existing identities and structures, and of justifying participants’ existing beliefs about their relationships and their place within the wine industry. Agatha Herman makes a similar point in her exploration of ‘tactical ethics’ in the South African wine industry – arguing that adaptive ‘discursive tactics’, including ethical discourse, are employed by actors in order to sustain formations of industry relations (Herman, 2012). Accordingly, the narratives identified are not merely reactions to novel processes but methods of interpreting and appropriating those processes to support pre-established perspectives and interests. It is in this capacity that participants’ specific constructions of meaning around ethical certification can be seen as either supporting or challenging the status quo of industry power relations – they either serve legitimising narratives of power and paternalism, or challenge long-standing mind-sets and cultural and political constructions. As such this chapter will

present participants' perspectives in their own words but also will interpret, and read between the lines with a critical lens to examine both superficial, and strategic discourse.

6.3. The right thing to do

I think it comes back to the importance that because wine has had such a vulnerable history of exploitation in the past, that it's an absolute moral imperative for the wine industry to actually say we're not going to produce wine that is not ethical [C4].

Many participants emphasised that they had adopted certification because they felt it was simply the right thing to do. This group expressed a moral imperative to run socially and environmentally conscious businesses, to contribute to the 'upliftment' of working communities, and practice stewardship of the environment. Interviewees who aligned with this perspective used a lot of personal and emotive language – some spoke of it coming from the heart:

It's about the heart and looking after your people, and I think it's about always wanting to do better [IB1].

My decision to do Fairtrade comes from my heart and not from a business deal [P18].

In the first 15 minutes you're talking with a guy you can realise, you know if his heart is in organic or not [C3].

Direct references to the harmful legacies of colonialism and apartheid, or specific social and environmental issues, were uncommon in discussions with producers about their decision to adopt ethical certification. Where social and economic issues were mentioned by farmers it was often on general terms – grouping South Africa with other developing countries, or talking about general principles of fairness. Even those producers who said they became certified because they felt it was the ethical thing to do were not forthcoming on what was unethical, or in need of transformation in the industry. A small number referenced issues of inequality, albeit in general or globalised terms:

In a country like South Africa - and other developing countries - you have massive income disparity and the only real way to breach that is with education, and looking after primary needs of getting the basics in place and Fairtrade supports that [P16].

I think the overriding [motivation] is that belief in equality of people, [...] that everyone has the right to what everyone else has, you know, and taking that discrimination and inequality out of the picture [A3].

Producers who identified with a pure ethical narrative about certification often connected it with a sense of historical belonging to the land and a generational connection with their workers. Within this group, the majority represented long-established family businesses dating back generations. Though commentators often see inter-generational relationships between farmers and workers as part of an institutionalised system of consolidated power and disenfranchisement (see Du Toit, 1992; Du Toit,

1993; Ewert & Hamman, 1999), producers and other stakeholders stated that landowning families' long-spanning relationships with their farmworkers gave them a deepened sense of responsibility. The idea of a 'family business' was invoked as a point of difference with more commercial or impersonal business models:

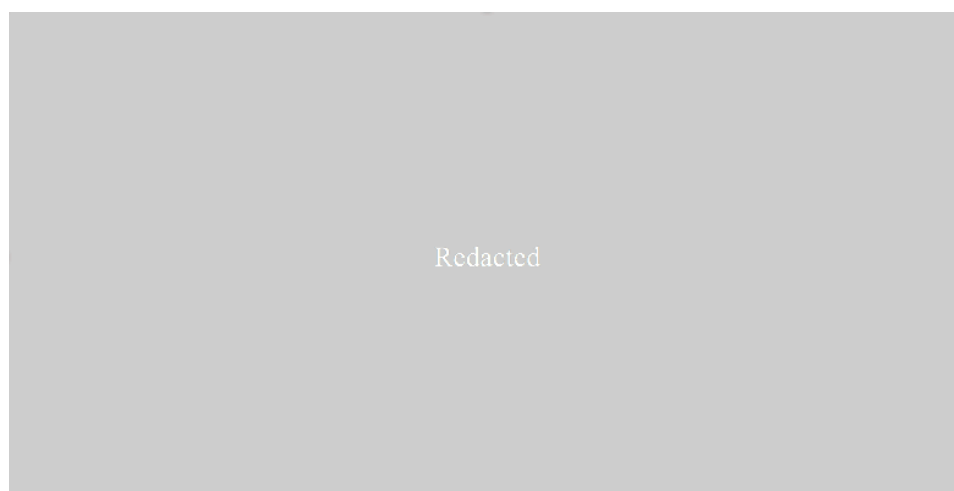
Many of the farms are run by families, so many of them would say it's part of our family values system and part of our business system [C4].

Even through my grandfather's time, we've had a very close working relationship with our staff, so that's always been a strand that's run through the company [P19].

We've been growing wine grapes in the family for basically eight generations so and I think the values that Fairtrade stands for has always resonated with my family [P16].

The value of family history and the family-owned business is sometimes extended to include workers, many of whom also have ties to the wine farm spanning generations. Some producers would refer to workers as family, and this theme is also present in within the communications strategies of some wine producers:

Figure 6.1. Simonsig Wines: 'The Team', screenshot



(Simonsig Wines, 2017)

While the narrative of the importance of taking responsibility for one's employees appears noble in the context of disenfranchisement and exploitation which has marred the South African wine industry, scholarship on Western Cape farm paternalism, touched on previously in this thesis, holds deeper interpretations of the South African wine farmer's self-conceptualisation as a benevolent and generous responsibility-taker (Du Toit, 1992, 1993). This narrative may in fact play into a discourse that casts workers as less than autonomous adults, and establishes a relationship of dominance and dependence, as, in past paradigms of labour relations, farmers have assumed that workers are incapable of taking responsibility for themselves. While much has changed on South African wine farms since the heyday

of master-servant style paternalism, within this narrative there is an echo of paternalism, or what some have characterised neo-paternalism (Ewert & Du Toit, 2005).

A frustrated NGO worker railed against the remnants of paternalism in farming communities, giving examples to demonstrate the subtly paternalistic practice of concerned farmers taking responsibility for the lives of their employees:

Even on the big [farms], you might not see tangible paternalism, tangible intimidation and battery, but you will find... so you sometimes get a phone call from the Madam: 'Hello, is this the [legal NGO] I would like to make an appointment for my domestic [worker], her husband is treating her very badly, and I want her to get a divorce' [CS3].

Though in these circumstances the intentions are benign, the assumption of such a level of control over the lives of employees perpetuates a harmful paradigm, in which workers are stripped of agency. This paternalistic model can manifest in new ways in changing industrial relations, even those covered by ethical certification. In this case it is important to read critically into the narrative of 'taking responsibility for one's workers' through adopting certification, as in this mission workers again lack power, and while this narrative holds forth, they are in many ways barred from using the structures of certification to assert their agency.

The participants who engaged with ethical certification because they felt it was the right thing to do emphasised that they felt their values set them apart from others. Some producers distinguished between what they saw as the right reasons and the wrong reasons for certifying. This group saw marketing and profit considerations as being an inappropriate motivation for becoming ethically certified, and believed their own reasons to be more pure – not a monetary but a moral impetus. One producer in particular spoke of the importance of having the 'right' motivation, as he saw it, which as he expressed was to do with a collective sense of responsibility:

You see, my view is I don't think members should use it as a gold sticker to help to sell wine. It's the wrong motive. It's not the right one. As a community of farmers we need to take responsibility for doing the practices that we know is right. And if we have a neighbour that we know doesn't do it, it's our responsibility to take him in. But to create gold medals, come on, it's the wrong motive [P11].

The same producer viewed it as unethical to manipulate the emotions of consumers in order to sell products – stating that even though his business was ethically certified because he was committed to ethical production, he did not advertise the certification on the label:

I have to support my workers, I need to give them opportunities. But I don't use it in my marketing for the past 15 years, 16 years. I don't want to use emotion like that to market my own products [P11].

This perspective supports the idea that commitment to the principles of certification is an important factor in achieving meaningful social and environmental outcomes from certification – that producers’ values needed to align with the ideals of ethical certification in order for ethical transformation to occur. Of course the extension of this argument is that certification alone is not enough to ensure the industry is upholding the ethos of ethical development. This was expressed by a few participants:

It’s a great accreditation it’s a great way to do business and if it means something to the customer, that’s great, but you can’t only rely on: ‘I’ve been Fairtrade audited now and I’ve got the mark now, everything is gonna be fine’ [P16].

Fairtrade is just a certification system. That’s why you aim for a producer to internalise the values, as opposed to just using the certification as a type of service or a market access. On the farms where it’s now a value system you would be hard-pressed to find [non-compliances], but on farms where... [trails off] [C1].

Seventeen interviewees invoked aspects of the ‘right thing to do’ narrative in discussing the adoption of ethical certification in South African wine networks. Though a significant number, this is nevertheless fewer than the number who aligned with the ‘positioning’ explanation – that certifications serve to allow South African wines entry to or advantage in international markets. Producers navigate a strategic conundrum in adopting ethical certification. If they choose to frame it as part of a progressive process of transformation, they position themselves as both the vehicles for and the obstacles to transformation. Though they are identifying as the agents of change, they are also demonstrating that they remain the ones with agency. When producers affirm that for them, certification is the ‘right thing to do’, they are potentially acknowledging past complicity in an unethical system. Therefore the progressive narrative holds strategic advantages and disadvantages for producers – the end point of true progressivism may constitute the dismantling of the very structures which protect their social and commercial position.

6.4. Proof

One response to this tension was the assertion that South African wine producers had always valued and practiced ethical production, and that certification was simply a way of affirming and demonstrating this. A number of producers who ascribed to a narrative about ethical certification as a moral imperative pointed out that their values meant that they would be operating at or above standards for best social and environmental practice regardless of whether they had ethical certification or not. Indeed, most claimed that their businesses had operated that way before certifications arrived in South African wine networks. This group of producers explained that ethical certification simply offered a type of proof of what they were already doing. While the principles of fairness and responsibility were in place beforehand, what certifications provided was the official validation to demonstrate that to the outside world.

The South African wine industry needs these to portray what they are actually doing. It's a nice tool to show to the world what we are actually doing, and have been doing all along [P10].

I noticed that many producers were eager to both show that they believed in the mission of ethical transformation in the wine industry, and also distance themselves from the parts of the industry that needed ethical transformation. This strategic narrative sat at the intersection between those two concerns, enabling producers to emphasise that their social and environmental practices are not the result of a recent certification process, but a tradition of ethical operation.

Long before I started Fairtrade I did a lot of things that Fairtrade want you to do. For instance, I built a clinic out of my money for the community, and not only my farm, for the whole community [P18].

You know, we were already doing a lot of the things, essentially, that forms part of the WIETA scheme and essentially it wasn't too strenuous a process to go through [P19].

These producers were acknowledging the market utility of certification in responding to the demands of buyers and consumers, while also demonstrating their personal commitment to ethics independent of certification. For this group, certification performed an administrative function, 'panel beating' paperwork [P19], but not in fact making production *more* ethical.

In fact some of the more progressive and ethical wine farmers [...] where the family have over the years worked very very hard on social justice for the communities that they work in. They came very late to Fairtrade. Because they were already doing what they felt was the appropriate thing from an ethical view in terms of their workforce [C2].

If taken at face value, this suggests that it is the operators who are already more ethical and progressive who are more inclined to adopt ethical certification. While this may be an interesting question for future research to quantitatively substantiate, one potential consequence could be that certifications are more likely to reach farms already implementing better practices, leaving the most vulnerable workers and farming landscapes unprotected by certification. In this sense certification might foster an uneven form of development, widening the gap between good and bad farming and employment practices, benefitting communities with better working conditions whilst further marginalising those less visible, and more subject to exploitation.²⁹ This may be especially true if we accept that certification enables producers to resist top-down value chain governance, integration, and the global commodity price pressure which is ultimately passed on to labour in the form of more precarious and exploitative employment. However, as the following sections will show, certifications are adopted for myriad reasons other than the outward declaration of a producer's pre-existing value system. That certification

²⁹ This is in line with Neilson and Pritchard's (2010) findings about the impacts of Fairtrade certification in South Indian tea-growing areas.

appeals to more self-interested or pragmatic adopters may in fact assist in mitigating its potential for uneven outcomes, and allow it to reach workers in less inherently progressive or ethical settings.

Some producers saw certification – and particularly WIETA - as offering a form of protection from accusations of poor treatment of workers, and from the sort of international exposés which have been sending shockwaves through the industry on a regular basis in recent years. There was a perception that, even though producers believed their own businesses to be ethical, and saw themselves as socially and environmentally responsible, they may still fall victim to the attention of journalists and advocacy groups, who come with preconceived ideas and agendas. Again, these producers asserted that their businesses were already operating to ethical standards, and that certification simply offered proof of this that they could invoke in the contingency of being accused of unethical practice. While it seems rather contradictory to assert both that you are committed to ethical operation, and you are afraid of being exposed as unethical, many producers truly believed that the risk of being accused was largely unrelated to whether you were truly ethical or not. Reports and exposés were seen as sensationalised.

We know that if you come with an agenda [...] you can rake up a pretty nasty set of stories and you know, it's not that it's not there at all, we're certainly not saying that. But, it's pretty sensationalised [C2].

Bad news always sells a story. Someone is always always trying to, you know, dig up the dirt. I think, wherever you go in the world, if you want to find hideous behaviour, exploitation, you will find it. I think, it is certainly a biased story. It is certainly, you know, only looking at one side [A3].

The *Ripe with Abuse* report by Human Rights Watch, implicated wine farms in exploitative practices including provision of substandard housing, arbitrary evictions of workers, pesticide exposure, lack of access to sanitation facilities, barriers to freedom of association and intimidation of union members, wage docking and ongoing dop practices, and racial and gender discrimination. This report, as an informant told me, was the impetus for the launch of the WIETA seal for product labels [C4]. However, the same person stated that the bulk of the report's findings came from fruit and table grape farms, and that the wine industry only represented 20% of farms surveyed. Nevertheless, because of the embeddedness and degree of place-based branding of wine, the industry bore the brunt of the fallout. This alleged conflation of the fruit and wine sectors is one factor as to why producers feel subjected to unfair scrutiny. Thus, uptake of WIETA certification and the WIETA seal was, for some participants, an attempt to protect themselves from being targeted by such exposés, by proving their ethical credentials in advance.

What's the motivation? We felt that, in any case, we qualified, so why not have it done? Because people might put a question mark behind us. There's always small incidents happening, you know. In the labour arena. People accuse you of things, and although it didn't

happen to us, it would be nice then to stand back and say, 'Well, I'm WIETA accredited and so forth' [P10].

Number one - you don't want a television series taken and some people on a farm on television say they got abused, they don't get salaries, and they have to do child labour, whatever, all of these things. So to protect the system, that's why they created this accreditation, just to make sure [P11].

While I was conducting field research, the industry was confronting the impact of the release of the *Bitter Grapes* documentary. The documentary repeated some of the Human Rights Watch report findings, including barriers to union membership, lack of access to drinking water and toilet facilities on farms, and pesticide exposure. Furthermore, the filmmakers alleged this to be taking place on selected WIETA and Fairtrade certified farms. A particular theme of *Bitter Grapes* was the hostility of producers towards the journalists. An email was circulated amongst farmers while the documentary was being made, which the journalists received and featured in the programme:

HEADS UP: It has been brought under our attention that there are an international man and woman doing their rounds on the farms. (...) They are asking unethical questions to workers and changing the angle to a negative. Be careful and avoid where possible (in Heinemann, 2016).

Bowen Botha, Director of the large Robertson Cooperative, was featured in the documentary in a heated confrontation with Heinemann, in which he accuses Heinemann of having an agenda and insults him personally.³⁰

Botha: The simple reality is that you want to paint the entire industry in a bad light. That is your motivation.

Heinemann: The directors from Robertson Winery know that we have talked to several workers who told us about the illegal dismissals and evictions. About dirty drinking water and hazardous working conditions. But we can't disclose the names because of fear that they will lose their job.

Botha: I'm telling you now. You are wrong. We have the evidence you don't have. You made allegations without the proof. We will provide the truth.

Heinemann: Will you say that on camera?

Botha: You come and do the investigation but without giving us the opportunity to give you the truth.

Heinemann: But you don't want to say that on camera?

Botha: No, I don't want to shake your filthy hand. You are a disgusting piece of rubbish (Heinemann, 2016).

³⁰ The Robertson Cooperative was the site of industrial action in 2016 and 2017, with the release of *Bitter Grapes* falling within the period of the action. Organised by the union CSAAWU, 220 workers went on strike in August 2016 demanding a wage hike to R8,500 per month (from the alleged R1200-1600 that they had been receiving). The winery finally agreed to a R400 per month wage hike, but was later accused by the union of renegeing on the collective agreement, and not implementing the terms negotiated (Koyana, 2017a). In February 2017 the Winery took disciplinary action against 127 workers who had undertaken a one day strike to demand that their employer implement the deal (Koyana, 2017b).

Interviews revealed that it was not only local farmers concerned about being implicated in exposés, but also international retailers increasingly requiring proof from suppliers of ethical practices, in response to the potential ‘reputational risk’ they faced from investigation of their supply chains:

I think what retailers are wanting and Systembolaget are wanting is they don't want to be embarrassed. So, it's almost for them a certification gives them the comfort that they're good [P17].

The supermarkets are really, really keen on making sure that the letter of the law has been complied with, with regard to the eco-labelling. It's a reputational risk issue [E5].

An article by WOSA in the Winelands industry magazine in 2015 included in the opening paragraph the reminder to producers that:

Besides the moral objective of doing the right thing, the importance of industry-wide, ethical certification for South-African wines is that it can protect the industry from unfair or poorly researched reports and media coverage (WOSA, 2015).

The concept of certifications as proof and protection sees certification not as not transformative, but performative. It is less focused on fostering ethical development, and more on outwardly demonstrating commitment to a series of network-governing conventions, and thereby gaining legitimacy in value networks through sanctioned and codified indications to buyers and consumers. This raises questions as to the progressive potential of ethical certifications governed and implemented as a means to protect against scrutiny – what level of ethical commitment and compliance is required to achieve the basic objective of ‘covering [one’s] derrière’ (as one producer put it) [P19], and is this sufficient to address underlying ethical issues?

6.5. Market-driven motivations: Access, positioning and preclusion

A majority of research participants asserted their primary motivation for participating in ethical certification as being market access and market positioning. While these fall under the same umbrella they are distinct; the former situates code adoption as a minimum requirement for accessing shelf space while the latter refers to conscious value chain upgrading, a strategy undertaken by some producers to gain a more advantageous market position. While the former group tended to engage with certifications reluctantly and see them as an imposition, only participating as much as required, the latter group was more enthusiastic about certifications, motivated to pursue the less widely held (but more recognised) certifications such as Fairtrade or Fair for Life, and more likely to incorporate ethical associations into their own branding. It is important to reiterate that the avenues offered for improved competitiveness and value chain upgrading through ethical certification are an integral part of the logic of certifications – incentivising producers to become certified by providing linkages to the ethical consumption market is a key mechanism by which ethical trade attempts to contribute to trade justice and equity. However, questions arise from empirical analysis of the use of ethical certification *primarily* as a marketing tool

by those with existing power – be they producers or retailers, and especially when those parties exercise influence over the governance of certifications themselves. If adopting parties assume that certification first and foremost exists to work in their interest, to what extent does this reinforce the adversarial nature of network relationships, and to what extent have certifications succeeded in harmonising often conflicting interests in order to bring about ethical development? Here, I will identify discursive signposts which help to ascertain participants’ market expectations for ethical certification, and what this reveals about agency and power within certified networks. Chapter Seven will provide further analysis of the governance of certified networks and the impact of certification on the distribution of value and power.

6.5.1. *Telling the story*

Promotion of ethical certification has been a key part of WOSA’s marketing strategy for South African wine. WOSA maintains close relationships with, and input into WIETA, IPW, and Fairtrade, as these initiatives serve to distance the industry from both negative apartheid associations, and the legacy of low-quality, low value production, by leveraging the extrinsic qualities of community, diversity and place. It is hoped by many in the industry that the adoption of pioneering ethical certifications across the cluster will differentiate South African wines in crowded marketplaces, and allow exports to reach high-value niches on the basis of improved intrinsic and extrinsic quality. Wine is particularly well-disposed to marketing on the basis of ethical origins. It’s embeddedness in place and broad quality differential make it suited to the ethical consumption market, as much of its added value already lies in communicating information about its origin (Overton & Murray 2013; 2016).

The BWI is a good story, because Africa’s all about animals and the plant kingdom, so if we can use that for leverage that it’s actually quite good [P9].

In research interviews it was apparent that Fairtrade was seen as having more potential for value-adding than WIETA. Fairtrade enjoys widespread brand recognition and consumer trust, and can act as a shortcut to lucrative markets:

They are getting into international markets without lifting - well, just through certification [C1].

Much discussion centres around the ability of certifications to add value to products. Much of Fairtrade’s own marketing to potential members emphasises the contribution certification can make to sales and margins through improved branding. The UK based Fairtrade Foundation encourages brands to “Tell your Fairtrade story”:

Figure 6.2. Fairtrade Foundation: 'Tell your Fairtrade Story', screenshot



(Fairtrade Foundation, 2018a)

The idea of the Fairtrade 'story' has been a common motif throughout this research. A large number of research participants framed the utility of certification as a 'story' to tell. The perceived importance of a unified marketing message came through strongly within this narrative, the idea that the industry needed to collectively communicate a very specific story about wine production. In this sense, ethical certification allowed producers to associate with a carefully controlled set of marketable messages.

I would always go Fairtrade over WIETA because you can then tell the story, customers recognise it [A3].

Most of the time people just want the shortcut, they just want the happy story [C2].

You have to have a story behind your wine otherwise your wine is not going to sell [C3].

Because everybody likes being associated with the good news story, and it's important for the wine industry to protect those good news stories [C4].

And it's part of the brand's story [...] so I think there's opportunity to talk about innovation, fair labour practices, then it lends itself to Fairtrade so then we use the mark [P16].

The frequency of invocation of the 'telling the story' narrative was noteworthy. Many viewed ethical certifications largely as pre-packaged stories that they could purchase in order to bolster their branding. For these participants, certification performed the role of outsourced marketing, with the added advantage of benefitting from association with a collective and unified strategy across the South African wine cluster.

Another aspect of the description of ethical certification as a good story comes from a common complaint expressed by interviewees that consumers were more likely to be exposed to 'bad stories'

about South African wine, which gain disproportionate traction, and that the industry needed to coordinate in order to tell good stories through vehicles like Fairtrade, to counterbalance negative perceptions. Industry participants were frustrated by the sense that a significant amount of work had gone into transformation and sustainable development initiatives, with little outside recognition.

It is certainly, you know, only looking at one side. And no one ever gets out there and tells a bloody good story. And there are thousands and thousands of them [A3].

[We are] trying to gather all the positive individual stories [...] to be able to collate that all into a register and a document that can be publicised because all the individual stories are out there but in their individuality they don't shout loud enough as one united voice [A1].

Integral to the telling of the good story is the mission to connect consumers to production spaces through positive imagery. WOSA's 'Variety is in our Nature' campaign has encouraged producers to emphasise the unique features of the Winelands landscape and culture in their branding. This attempt to valorise provenance in the face of globalisation's disembedding of commodities from their origins conforms to 'upgrading' marketing wisdom. In line with Goodman's (2004) theory of 'semiotic shouting', wine industry players are eager to display images of the healthy farm environment and of happy workers to consumers, as revealed in interviews and in social media marketing:

From the supermarket side there's nice pictures of fauna and flora, and it's nice and bright and it's colourful, they make it a good story. They go to the farm and they say 'click' and they take a picture and they put in a huge poster in the shop and they tell the guys 'look [...] these grapes they come from the Orange River in South Africa and this is the farmer, this is how he looks. And he makes sure that the produce is clean and fresh and healthy. They also benefit from the story [C6].

Figure 6.3. Bosman Wines, tweet



(Bosman Wines, 2017)

Figure 6.4. WOSA, tweet



(WOSA, 2017a)

Figure 6.5. Waterkloof Wines, tweet



(Waterkloof Wines, 2017)

Figure 6.6. Krone, tweet



(Krone, 2017)

The adoption of ethical certification allows some producers to benefit from connection with a carefully managed ‘story’ or marketing strategy which leverages the unique social and environmental characteristics of the South African wine industry while negating undesirable perceptions. For some, especially more commercial producers with capacity to satisfy the financial and organisational requirements of certification, and resources to devote to branding, this results in brand differentiation, access to higher value markets, and increased margins. However, as the following section will discuss, some producers feel forced to participate in certifications as a minimum requirement for doing business, which fosters resentment towards certification and towards discourses of empowerment, development, and transformation.

6.5.2. *Proactive prevention*

A minor narrative that came through in key interviews in response to the question of motivating factors for certification adoption was the idea that it was better for South African wine producers to adopt ethical certification on their own terms than to have it externally imposed. Though as the following

section describes, many producers experience a lack of agency in the process of ethical certification, some have nevertheless expressed the view that at least schemes like WIETA and IPW have been designed with the input of South African producers, and are funded by the industry itself. These initiatives are governed through structures into which they have input, and are overseen and audited by people who have direct knowledge of the local context and who speak Afrikaans, as opposed to international auditors.

I mean, not always the [Fairtrade] auditors are South Africans, so, again, if you're not South African or you're not living in South Africa for a long time you can't exactly give suggestions to us [P14].

And through this conversation the industry then said it was a good idea to actually start form a proactive ethical trade programme. [...]we would rather want to audit our suppliers than have external auditors from Sri Lanka and Egypt and wherever they were coming from to actually do it [C4].

This perspective assumes that increased monitoring would inevitably happen, and that designing local responses to this is better than having it imposed and being passive in that process. This way, even if certain certifications become supply requirements (as suggested below), they are still sensitive to the local context, and understanding of local needs and limitations. Connections can be drawn here again to the point made earlier, that the wine industry complex has tended to be fairly insular and unreceptive to outside input, considering such things as the Afrikaans language to be a marker of trust, inclusion and understanding.

6.6. Persecution and resentment

Some of the producers spoken to had not adopted certification entirely of their own volition but had been compelled to by market conditions and by buyers, including estates, cellars and supermarkets. The multitude of codes that producers need to comply with in order to sell wine internationally include both basic production and quality monitoring, such as ISO and HACCP, and increasingly social and environmental codes which are specified as buying conditions on tenders, or simply necessary to establish relationships with buyers. Interview participants spoke of feeling forced to adopt supposedly voluntary certifications:

All that's happened is that a certain supermarket now requires it as a certification. So these certifications, whether it's ethical or environmental, it's just become a requirement for doing business by supermarkets rather than a selling point [P15].

If you want to grow grapes in South Africa you kind of have to have WIETA accreditation, the trade really bought into it big time and said we're not going to buy grapes if they're not WIETA accredited [P16].

Certifications which are imposed from the outside have met with resistance from some quarters, seen as a top down requirement from the North. Susan Freidberg (2003) argued that, in the context of the Zambian cut-flower industry, the 'ethical turn' of British supermarkets resembles aspects of an earlier

colonial relationship which attempted to ‘civilize’ Africa by bringing new technologies and systems of hygiene, social organization, and “norms of taste and behavior” (p. 34). While Fairtrade adopters in South Africa are usually themselves descended from colonisers, the historical antagonism between Afrikaners and British, among other factors, may lead South African wine producers to feel themselves subject to a neo-colonial civilising mission, which attempts to homogenise and sanitise production spaces in line with European tastes and standards.

Because Fairtrade originated in the North it is the supply pressure coming down. It's just again the market making a demand on the developing, the sourcing country or the producer country [C1].

While the next chapter will explore the global value chain dynamics of the use of certification for supply chain monitoring, this section will discuss the resentment, powerlessness and negativity expressed by producers which stems from increasing pressure to comply with ethical certifications. These negative views largely congealed around two narratives: first that conditions were imposed unfairly on South African producers because the South African wine industry is an international pariah; and second that the administrative and financial costs of maintaining certifications were unduly burdening producers, and even making it more difficult to invest in empowerment and social initiatives at farm level. This group identified as lacking power in value networks, and saw ethical certification as another form of ‘policing’, on top of increased labour regulation. Certification representatives recounted the exasperated attitudes they often encountered from producers:

Just another thing you're expecting me to do, just another thing you are coming to police me on. I am absolutely persona non grata, I need to jump through hoops to appease government, to appease my workers, to appease the markets [C1].

Some producers perceived, to put it simply, that they were still being punished for apartheid by government, consumers and buyers, despite what they felt were significant political, industry-level, and sometimes personal efforts to redress the wrongs that apartheid had wrought. Since economic liberalisation and the imposition of empowerment policies, mainstream post-apartheid discourse has disconnected contemporary economic inequality from apartheid's institutions (Heleta, 2017; Levin, 2016). Now that racial discrimination is illegal and equality is enshrined in law, many white people believe they no longer enjoy a structural advantage, indeed some feel themselves now discriminated against:

We are at the moment in a system where we have a president that's corrupt. 100% corrupt. Half of his cabinet is corrupt. They are publicly for discrimination against white people, against coloured people, against Indian people. It's all for black people. [...Julius] Malema

*will say 'go and grab the farms of the white people'. Nothing is done by the government against him [P11].*³¹

This feeling that enough has been done to confront and move on from apartheid's brutal divisions perpetuates a sense that outsiders who point out ongoing structural inequalities and disadvantages connected to colonialism and apartheid are being unfair. Some feel that the South African wine industry attracts this kind of criticism because critics refuse to move on from apartheid, and that as a result, wine producers must go out of their way to demonstrate compliance with a higher standard of ethical practice than other wine producing countries.

A sense of persecution came through strongly in interviews, the perception that no matter what measures they take, South African producers will always be viewed with more suspicion than producers in other countries:

I have to really bite my tongue sometimes when I talk to buyers from other countries, because I think there are other countries that have practices that are unethical that nothing's been done about, and I don't want to go into those, because, if you weren't recording me I would. But there are other countries [IB1].

So, I feel like we've gone beyond having to suffer through collective punishment as a country, and it's very frustrating for me to see South Africa essentially painted with the same brush right across the board, which I don't think that is particularly fair [P19].

You need to prove yourself all the time. It's funny, in a way, that Vinpro say South Africa is the world's biggest supplier of Fairtrade wines, but it is a ridiculous argument. Other countries don't have to comply. It's only South Africa and maybe Southern America that need to comply with Fairtrade [P9].

One white producer believed that they were being forced to adopt certifications because Europeans didn't trust black workers to make good wine. This producer felt that Australia and New Zealand did not have to have Fairtrade because their wine was predominantly made by white people.

They say 'how can black people make wine? It is a western culture. How can they - they're from Africa, it's black and how can they make good wine?' So that's perceptions. To get over that we need to go out of our way with Fairtrade and WIETA, so we have a big disadvantage. Why doesn't Australia and New Zealand - it's lilywhite - and you don't have to comply to any of these things? [P9].

This is arguably more revealing of that producers' own prejudices, and wider lack of understanding of the true structural issues that transformation initiatives exist to address. Indeed, the persecution felt by producers inherently rests on a denial of the existence of ethical or structural issues. In asserting that the requirements for compliance were unfounded and unfair, these producers were arguing that the

³¹ Julius Malema is the leader of the South African political party Economic Freedom Fighters (EFF) and former leader of the ANC Youth League. He was an outspoken critic of Jacob Zuma, and is a leading advocate for expropriation of white-owned land.

status quo of labour and environmental practice was sufficiently ethical, a position that would be disputed by many wine industry participants and observers.

Other participants, however, acknowledged that problems existed, but directed responsibility for this elsewhere, pointing out perceived shortcomings in government oversight of the wine industry, which have created the need for private regulation in the form of ethical certification. These producers believed that they were being blamed and held accountable for issues which in fact stem from government incompetence.

I think they like to give farmers and specifically wine farmers in the Western Cape the blame for lots of things, where a lot of the issues that they've got are actually local government or national government that's not delivering, and then they make it my problem [P5].

Some also felt there was a conscious lack of government support for agriculture and for transformation initiatives, linking this disengagement to ineptitude, corruption, and government discrimination against what was seen as a white and coloured industry:

So we've got a functioning legal system and so on, which comes from being a British colony like you, and that works. So rule of law functions, but once you get into civil service [...] People are appointed on a kinship basis. Like the head of the airways is probably one of Zuma's girlfriends. So if you've got a civil service that is not independent or is not competent, or in which there are not enough competent people, then asking them to do more is not a good idea [P15].

Before 1994 you had a lot of support because agriculture was seen as the sector that contributes largely to GDP. Now it's completely changed, and as a sector it's very much seen as a white sector. So, the farmers have been left alone to deal with housing issues for workers on their farm [C1].

However, some interviewees claimed that the wine industry was subject to stricter requirements than other agricultural sectors in South Africa. By contrast, industry participants claimed, consumers are less likely to be concerned with the conditions under which their fruit was produced for example, because they are less aware of where it comes from. This was another area in which wine producers felt their industry was unfairly targeted, and even blamed for the practices of other sectors.

When fruit gets exported, it's not necessarily branded as South African, you know? [...] Unlike wine, where the bottle is actually branded, and it says 'Made in Stellenbosch' [...] and your consumer overseas is actually recognising that this is a product that originates from that particular region [C4].

I do think we get blamed for lots of things, like say the living conditions on the farm [...] I mean I know people who farm with maize up in Gauteng or Mpumalanga, the people literally stays in mud huts with a roof made from straw. They don't get into any trouble [P5].

Much of the resentment resulting from the imposition of certifications was connected to the idea that outsiders, such as consumers, advocacy groups and buyers, didn't understand the world of the wine farm, and didn't understand the pressures faced by producers.

Those lovely customers sitting on that side, are very happy to sit in their lovely houses drinking their fancy wine every day and expect it at a really good price and not be prepared to pay anymore for it [A3].

They don't want to see any interference, they don't want outside people coming in and expecting them to change the way they do things [C4].

If you have an auditor that only speaks English show up on a wine farm where both the worker and the farmer speaks Afrikaans, they don't understand you, just who you represent. Again, that just reinforces the perspective of Fairtrade not for us. Not from here. Something we use [C1].

A wine industry expert spoken to had observed a recent reversion to farm insularity in response to both labour unrest and heightened ethical scrutiny of farm practices:

So on the farms you've got mostly coloured, some Africans, but virtually everyone speaks Afrikaans, so these are the insiders, these are 'our people'. The outsiders are outsiders [E3].

One NGO worker felt that producers distrusted them and treated them rudely because they were seen as an outsider.

I always reflect on how they interact with me as somebody outside from that farm. They've got no damn respect [CS3].

Many producers ascribed to a narrative of post-apartheid persecution, and believed they were subject to bias, and paying disproportionately for what were seen to be the failings of others, or practices that others weren't required to pay for. These research participants inherently denied the need for continued transformation efforts, and conceived of certification as punishment. For some, ethical certification constituted not a locally-driven vehicle for sustainable development, but the policing of wine producers by outsiders. These producers felt exasperated, powerless, and victimised as a result. The resentment that producers vocalised towards ethical certification did not only stem from the idea that they were being treated punitively because of the history of the industry, but was also derived from the administrative and financial burdens that certification entailed. One wine farmer, in reference to the IPW scheme, piled a set of laden ring-binders on the table in front of me to make the point about multiplying administrative burdens.

From a producer perspective it is tiring, and costly. The way the market is demanding various certifications of you, because it's almost a menu. You know, you do one certification for one market or one retailer or one bloc, and somebody else wants something else [P17].

It's costing us a lot of money, and you need to prove yourself all the time [P9].

Chapters Seven and Eight return to analysis of the impact of this administrative and financial burden on the contribution of certification to industrial upgrading and ethical development. One important issue arising is a lack of commitment to the objectives of certification on the part of producers, and reported attempts to circumvent or dilute ethical standards.

6.7. Social technologies

Though a large number of interviewees saw ethical certification as having a wholly negative or burdensome impact on wine businesses, others saw it as being useful in ways not immediately obvious. Some participants have focused on the utility of ethical certification as part of a process of technical upgrading, emphasising the practical tools and services certifications offer in the functions of management and administration.

I can't see that WIETA helps me. No. Actually it does. It helps me to give structure to the paperwork, to give structure to the rules, to give structure to the relationship. They know exactly what they have to have [P14].

Stefano Ponte's (2009) article 'Which way is up in upgrading?' argues that an integral part of the South African wine industry's post-apartheid modernising mission involved improving capabilities at production level through technological innovation. Producers embarked on knowledge-oriented upgrading activities; and the implementation of scientific management systems and innovative technologies to improve production efficiency and consistency. These include such things as "cultivar-terroir adaptation, vigor and yield control, and environmentally-friendly production." (Ponte & Ewert, 2009).

A key theme is the application of science and expertise to the objective of improved productivity and margins, and codes play a crucial role in disseminating implementation and measurement frameworks. Research participants placed a high value on science and expertise as key drivers of wine industry development:

I'm a viticulturist, the guys working on our auditing team they're soil scientists, they're winemakers, they collaborate, you know they're all experts in their fields, I mean they're all people with doctorates and masters, they're all experts in their fields [C6].

Cusmano et. al. (2010) also highlight the technological and knowledge-based procedures which formed a large part of the South African wine industry's 'catching-up trajectory'. However, they emphasise the application of 'social technologies' as well as physical technologies. A concept adapted from Nelson and Sampat (2001), social technologies are patterned systems of interaction and knowledge transfer "...where the effective coordination of interaction is key to accomplishment" (p. 40). Nelson and Sampat focus on the role of institutions in developing and disseminating social technologies to foster economic growth and development. Such technologies are represented in the primary economic

activities of distribution and value chain coordination, as well as supporting activities such as research and development and innovation. Cusmano and colleagues argue that in a relatively traditional industry, innovation in social technologies (as well as in physical technologies) has been an integral component of the catching-up process for new world wine producers including South Africa.

Utilising Ponte and Cusmano et. al.'s approaches to innovation and growth processes in the South African wine industry it is possible to conceptualise the emergence of the highly standardized and codified systems of social and environmental certification as forming part of the process of building new technological and knowledge-based capabilities in response to the changing dynamics of market demand. In this view, the development of ethical certifications has formed part of a push towards product standardization and marketing innovation. Du Toit (2002) refers to this framework as a 'globalising technology of ethics' – a "repertoire of bodies of knowledge, organizational forms, conceptual strategies, practices of interpretation, recording systems, institutionalized arrangements, and socio-technical 'know-how'" (Du Toit, 2002, p. 363). Within this modernizing view of certification, the chief focus is not necessarily on social and environmental transformation, but on creating efficient systems "where worker empowerment dovetails with the ability to produce quality products" (Du Toit, 2002, p. 363). This narrative was expressed by research participants, including certification representatives, who attested that members were attracted by the technical support offered by certification:

But we do find that people phone us and say look, we want to upgrade the system that we've got. But we want to do it in the correct way. [...] Can you please send a consultant to come out and help me to do a proper job? [C6].

[We asked our members]' what is it that keeps you sticking with us?' And some of them said that it's the extension services, which is basically the technical knowledge that our team provides to them, [...] and also the technical assistance in terms of setting up a management plan and a map for their farm [C5].

One industry actor drew a parallel between systems instituted by KWV in the apartheid era, and the current traceability and sustainability certification IPW, arguing that the high level of oversight in the KWV period had set a precedent for systematised and measurable practices which set the industry apart from other wine producing countries:

I mean look largely, there are very few benefits of apartheid. But one of the benefits of apartheid is the fact we lived in a semi-police state with a lot of bureaucracy, and this system was created out of bureaucracy because the authorities wanted to control the production of wine. [...] And the whole process starts following in all the way through, so the system is quite thorough. [...] So in this day and age where traceability becomes a real point of difference, South Africa I think should really be playing to this competitive advantage more [A1].

Producers and representatives from certifying bodies painted a picture of the role of certifications as being about streamlining and supporting operations, both physical and social, based on scientific and technical expertise. This view privileges systems and efficiency above other ideals of ‘good’ business and for some, all aspects of business - including employees – are simply systems to be improved through technological innovation. Certification exists...

...to make sure your tractors and trailers and farm workers and pesticides can all be utilised correctly, so that you don't have any disturbances to your work [E5].

Central to this perception is the assumption that systematising your relationship with your employees, your empowerment practices, and your environmental practices is the same thing as implementing more efficient pruning practices and computer systems, for example. These actions are taken in response to market realities in order to maximise efficiency and returns. The participants who expressed this view justified the adoption of ethical certification because it made businesses run better.

Well, obviously I think, just for the socio-environment and uplifting of everything in South Africa, and being fair, and trying to be on top of our business. [...]. I think if you do that, everyone will get better grapes, better productions, better prices. All of that [P13].

But I think also the wine industry realises that the nature on which it depends is definitely part of the business. More and more so lately [C5].

Much of the ‘ethics by the numbers’ approach of certifications like IPW, WIETA and Fairtrade is also mirrored in B-BBEE discourse which echoes the market wisdom and methodology of ethical trade if not quite constituting a certification in its own right. Arguably, BEE laid the foundations of a technology of ethics and an audit culture in the wine industry, prior to the entry of other certification schemes. The B-BBEE scorecard framework is highly technical and standardised (as detailed in Chapter Five), blurring the lines between the social and practical aspects of business, and treating empowerment as a series of numerical indicators, rather than a relational, subjective and human process. This abstracted and systematised approach to ethical development is illustrated in the tweets below, advertising services based on their ability to contribute to B-BBEE points.

Figure 6.7. Dina Cramer, tweet



(Cramer, 2017)

Figure 6.8. Riversands Hub, tweet



(Riversands Hub, 2017)

In the model on display here social and environmental ethics and empowerment are presented as a component part of the realisation of maximised organisational capacity. They are subsumed into a technological infrastructure of knowledge development and dissemination which discursively removes

a key process of political contestation. Reducing ethics to a science hides the underlying power formations with determine who has the agency and ability to construct meaning within ethical discourses. Ethical production as a managerial strategy depoliticises sites of struggle – around race, labour and the use of land – with the non-threatening and bland corporate language of auditing and accounting. ‘Ethical’ practice is good for the smooth running of businesses, but only when the definition of ethics is tightly controlled, with measurable and easily implementable frameworks and technocratic language stripped of cultural and political meaning.

6.8. Pacification

Another uncovered justification for ethical certification adoption can be categorised within a pragmatic discourse, being neither altruistic or values-based, nor aspirational in terms of expanding markets and margins. This group saw certification as addressing immediate practical issues; foremost of which was the threat of crime and social unrest. They believed that by demonstrating their commitment to transformation and ethical practice through certification, farmers were indirectly protecting themselves from the anger of impoverished rural communities.

They're unhappy because they've got to live in a shanty they're unhappy because they're practically jobless, poor service provision - and the poor farmer - he ends up facing their unhappiness [P4].

One pioneering Fairtrade adopter spoke of the certification as a “useful social release valve” [P15], meaning it provided an outlet for the frustrations of farm-working communities to be safely defused. This producer stated that Fairtrade for them represented a reciprocal arrangement where the workers received benefits from Fairtrade and in return the farmer was more secure.

And it's a little bit of reciprocal altruism. You make something better for other people and in the process that maybe makes your life or your safety or your future or your children's future slightly better. We've got a vested interest in having a stable community [P15].

The issue of violence against rural landowners has captured a lot of public and media attention in South Africa in recent years. While much of the data is unreliable (BBC, 2017), South African farmers are believed by many to be the victims of a disproportionate number of violent crimes. Homicide committed against white farmers and their families is a particular flashpoint for political-racial tension. While the figures available from the South African Police Service and the Transvaal Agricultural Union calculate the murder rate to be higher on farms than the national average (BBC, 2017), this does not

distinguish between the deaths of *farmers* and farm workers, dwellers or visitors to farms.³² However, right-wing groups such as AfriForum have stoked racially-charged anxieties with the claim a genocide is taking place against white farmers (BBC, 2017), and the Australian and Netherlands governments have been petitioned to accept Afrikaners as refugees. While claims of genocide have been widely debunked, the details of farm attacks have been chilling and gruesome, some involving unspeakable acts of torture, sexual violence, and violence against children (Howes, 2017). An attack in October 2017 which saw Klipmuts wine farmer Joubert Conradie shot and killed sparked what have been dubbed #blackmonday demonstrations, in which white farmers have protested an alleged lack of government action on farm murders or *plaasmorde*. During the protests news broke that another farmer had been killed in KwaZulu-Natal.

Figure 6.9. 'Stop Plaasmorde', #blackmonday protests in Johannesburg, October 2017



(BBC, 2017)

In spite of many of the claims of right-wing groups, that farm attacks against whites are motivated by a desire for 'revenge' for apartheid, it is in fact unclear the degree to which these crimes represent political statements. There is a growing recognition of the importance of land reform to true economic transformation, and a frustration with the lack of post-apartheid redistribution and reparations (Heleta, 2017). However, it is also likely that much of the violence committed on farms stems from the immense

³² At the time of writing, a black farmworker had recently been shot to death by a security guard on a farm near Krugersdorp, Gauteng. Allegedly for attempting to steal a tractor, though colleagues claimed that he was using the tractor to pick up his lunch (Ivan Pijoo, 2018).

issue of rural poverty and constitutes opportunistic material crime. However, even if they lack explicitly racial or political motivations, farm attacks do not exist outside South Africa's complex and all-encompassing racial politics, and as such their reporting and interpretation inevitably holds racialised framings, as well as echoes of the experience of neighbouring Zimbabwe. Farm attacks, as opposed to violence in townships, are likely to receive extensive media coverage, and the issues of race and land that they play into makes them fodder for certain interest groups.

However, the murkiness and complex politics of the issue itself certainly does not negate the fact that farmers are legitimately afraid for their safety and that of their families.

And especially with crime nowadays you must have read about all these farm attacks and how many people have been killed and whatever. [...] People must understand [the need for] safety and security [P4].

Protection and security discourse has risen to prominence in farming communities, with security measures taking myriad forms besides barbed wire and armed guards. A review of farm security discourse reveals that much of the advice given to farmers, alongside having dogs, fences and accessible firearms, includes the need to build good community relations (news24, 2001; Uys, 2017). A 20-point checklist for farm security dispensed by Farmers Weekly includes, at Number 14: "Treat workers fairly. History confirms that the majority of farm incidents are linked to labour disputes." The list also advises keeping geese as early warning systems, not keeping cash on premises, and investing in a firearm for the farmers' wife (Uys, 2017).

It is not only farm attacks that have stoked farmers' anxieties but the issues of labour unrest and union activity. Several participants talked of producers feeling threatened by unions, fears which have been contributed to greatly by the unrest surrounding the wine-growing centre of De Doorns in 2012 and 2013, which saw violent confrontations between workers and police leading to the deaths of three workers.

[Farmers] see on the TV how people destroy stuff and what they experienced that time at De Doorns. They are afraid that if they allow unions, tomorrow their tractors will be burned down, their sheds will be burned down. Because sometimes as you know a lot of these demands are totally unreasonable and so, yeah there are farmers that do fear them [P4].

There is a palpable climate of fear of unions. Some of the response has entailed hostility on the part of farmers towards union representatives and members. However, my research has indicated that for some producers, ethical certifications form part of a strategy to address labour relations in a way that is less adversarial and less threatening to the running of the farm. Some noted that Fairtrade certification informally negated the need for unions.

It has been acknowledged that you rarely find labour unrest in areas that has Fairtrade certification [C1].

[Howson]: Do your employees belong to unions? No. They are allowed to, but they've never had the need to belong to any union. Which I think is a good thing, it's a good sign, telling us the relationship is there. [Howson]: So in a sense Fairtrade performs the job of the unions? Yes [P7].

I think there's an awful threat from the unions, whereas I think there are other ways to achieve a goal [CS4].

Ethical certification finds a natural place within the urgent politics of violence, and antagonistic industrial relations taking place within farming communities. Fairtrade and WIETA both facilitate the provision of a structured environment for dialogue between employers and employees, allowing for the building of relationships, even if on limited terms which are controlled mostly by employers. This allows farmers to demonstrate care and concern for the needs of working communities, and to do so through a forum in which expectations are laid out from the outset, farmers can be sure of the extent of their commitments, and negotiation and tension is replaced by the implementation of pre-ordained standards and rules.

6.9. Conclusion

While motivations for the adoption of ethical certification in the South African wine industry were varied, they contained a number of common themes which are relevant to analysis of the ability of ethical certification to facilitate ethical development. The motivations identified in this chapter comprise narrative responses to global and local political and market conditions. These narratives reveal patterns of agency, demonstrating how agency resides at different points in within value networks. Some certification adopters identified themselves as the ones with agency and opted to use their position to benefit disadvantaged parties. However, the way this moral imperative was expressed through the narrative of taking responsibility for one's workers still views workers through a paternalistic lens, imagining them as passive beneficiaries of the decision to certify, rather than as participants in the certification process. Other motivations for adoption were outwards-looking, responding to network conditions, and viewing certification as protection from targeting by activists and journalists, or as a strategy for achieving a better market position by capitalising on 'good stories' about wine origins. Though some industry actors resented the need to disseminate good stories, in response to the perceived unjustified bad reputation of the South African wine industry, it is in fact this bad reputation, and fraught history, that has created space for the leveraging of good stories, a marketing strategy which might not be so potent for producers from other countries. However, the pace at which certifications are becoming a minimum requirement as opposed to an opportunity for differentiation suggests that such strategies might no longer be sufficient to carry the industry forward.

Entrenched and divisive racial politics informed by centuries of evolution of the Western Cape's colonial unconscious institutions are visible within ethical certification discourse. A narrative of white

persecution came through in interviews, in response to the increasing top-down mandating of ethical certification. Filtered through embedded cultural and political framings particular to the post-apartheid South African context, certification was seen by some as more punishment than opportunity. Many wine farmers feel marginalised and persecuted themselves, and while some claim that government policy could be more responsive to this issue, it is a perspective which allows little room in wine industry discourse for consideration of the ongoing ways in which farm working communities are marginalised and structurally disadvantaged. In some cases it leads producers to claim that farm working communities are marginalised because farmers are marginalised, and that the government needs to facilitate farmers to facilitate worker upliftment.

Following in-depth analysis of the motivations of certification-adopting agents in the South African wine industry it is clear that the discourse of ethical certification is relational, and available to support various strategic narratives. Where certification is seen as a relational tool, its immediate objective of making production more ethical and sustainable becomes a secondary afterthought. In this case, as in other case studies of ethical certification (Freidberg, 2003; Fridell, 2007; Guthman, 2007), it appears that ethical labels, which emerged from an attempt to defetishise commodities in the face of global trade have fallen subject to similar fetishisation processes. Removed from their original missions they become objects, brands and products in their own right. Most participants in this research related to certifications not as vehicles for trade justice or sustainable development but as tools, available for purchase, to assist in reaching other goals. This finding reinforces the necessity of continued scrutiny of the robustness of ethical certifications themselves – their ability to remain attractive to potential adopters while prioritising their primary objectives regardless of the other network interests at play.

Another tension explored in this chapter was that of the inherent politics of the meaning of ethics, which is geographically contingent and constructed. Analysis of adoption narratives shows that contestation and political struggle are increasingly replaced with depoliticised managerial rhetoric, quantifiable standards, and de-contextualised global solutions to local problems. Structural transformation is not a political negotiation, but a business problem to be managed. This process was visible in the framing of production ethics as engineered and quantifiable systems, implemented to improve business performance, as well as the conscious use of certifications as bulwarks against more radical, messy, or scary forms of social progress. This neoliberalisation and depoliticisation of sites of post-apartheid class and racial struggle benefits established interests, who can enact minimal changes whilst co-opting the power to construct meanings of ‘ethics’.

Even while post-apartheid struggle is sanitised and de-contextualised in the South African wine industry, deep geographically-contingent power relations are at play, utilising the discourse and mechanisms of ethical certification to maintain familiar patterns of agency, neo-paternalist relations,

and access to resources, while dynamically responding to the evolving demands and constraints of market conditions. Certification discourse is adaptive and strategic, serving the interests of those in the best position to guide and influence it.

Chapter 7. EVeN or Uneven exchange?

Certifications and value distribution in South African wine EVeNs

As the previous chapter has discussed, South African wine producers adopt ethical certification for multi-faceted and complex reasons. However, an overarching industry-level motivation can be identified; that certifications have the potential to contribute to collective value chain upgrading. For producers in myriad buyer-driven industries throughout the world, EVeN participation is primarily a strategy for creating, enhancing and retaining value at production level. In South Africa, this objective has been made all the more urgent in the face of the lock-in to bulk (disembedded) exports and price pressure that has occurred as a result of belated but rapid globalisation and buyer concentration in the South African wine industry. Different scholarly viewpoints have contended both that certification allows commodity producers to escape exploitative patterns of commodity fetishism and North-South neoliberal governance (see Higgins et al., 2008; Neilson & Pritchard, 2010; Sonnino & Marsden, 2006); and that certification itself represents a new form of neoliberal governance allowing surplus to be accumulated in the core (Guthman, 2007; Heynen & Robbins, 2005).

This chapter deals with South African wine EVeNs at the global scale, identifying the impacts of certification on network governance and the distribution of power and value.³³ It focuses on research question two (as detailed in Section 1.5), regarding how power and profit is distributed in South African wine EVeNs, by investigating how and where value is created and profit is captured. Producers were asked in interviews whether they perceived that ethical certification added value to their products, improved their bargaining power, and expanded margins. This chapter interprets their responses as the primary evidence in forming findings, and this is supplemented with qualitative and quantitative evidence from other sources. As such, the network mapping in this chapter is based on qualitative evidence, it does not trace concrete profit flows, but illuminates global network governance relations as they are related by participants. The first section outlines the structure of wine networks, and the following sections discuss power and value distribution in certified networks and barriers to more even accumulation between producers and buyers.

³³ Alongside 'EVeNs', this chapter will use both 'chains' and 'networks' as descriptors in different contexts. Chain is used particularly when referring to concepts of value-adding, upgrading and mapping; all of which stem from Global Value Chains theory and take the chain as their starting point. Network is used particularly when referring to the interrelationships between actors, with implicit acknowledgement of the fluid and non-linear dynamics of these relationships. The concept of EVeNs spans both of these approaches.

7.1. Industry structure

7.1.1. The configuration of production

In 2016 there were 3145 primary wine-grape growers in South Africa, compared to 4360 in 2006. Roughly 40% of these grow less than 100 tonnes per year (Ponte & Ewert, 2007; SAWIS, 2016). As shown in Table 7.1, though the overall number of producers has declined, much of the decline has been in small-scale production of less than 500 tonnes, with a growth in higher volume production, including a four-fold growth in the number of growers producing 5000-10000 tonnes annually, with one now producing over 10000.

Table 7.1. Number of wine-grape growers by tonnes produced annually, 2006 and 2016

	2006		2016	
Number of primary producers	Tonnes produced annually	Producers	Tonnes produced annually	Producers
	<100	2085	<100	1226
	100-500	1582	100-500	1143
	500-1000	453	500-1000	381
	1000-5000	238	1000-5000	382
	5000-10000	3	5000-10000	12
	>10000	0	>10000	1
	Total: 4360		Total: 3145	

(Adapted from SAWIS, 2016, p. 6)

At the winemaking (cellar) level, the legacy of the pre-democracy era followed by rapid liberalisation can be seen by comparing the number and type of cellars in 1996, 2006, and 2016, as shown in Table 7.2. There was significant growth in the number of private wine cellars, particularly within the smaller volume categories in the decade following the transition to democracy, as the wine industry was de-regulated. ‘Producer cellars’ refers to cooperatives and ex-cooperatives, many dating from before the transition to democracy. These cellars have the facilities to crush large volumes of grapes for bulk wine, and generate 80% of the total volume of wine produced in South Africa (DAFF, 2011, p. 19). While continuing to dominate very large scale production over 10000 tonnes, they have moved away from the medium scale in the past decade, as they consolidate and seek economies of scale. Finally, there has been a growth in the last two decades of producing wholesalers, who also buy wine from other cellars, with this proliferation occurring within the small-scale production category. There

are 118 wholesalers (including producing wholesalers), or bulk wine buyers in the industry, compared to only 56 in 1996 (Ponte & Ewert, 2007; SAWIS, 2016).

Table 7.2. Number of cellars which crush grapes by volume: 1996, 2006 and 2016

	Private cellars			Producer cellars			Producing wholesalers		
Tonnes crushed	1996	2006	2016	1996	2006	2016	1996	2006	2016
1-100	76	285	238	-	-	-	1	11	10
100-500	74	118	152	1	1	2	1	4	9
500-1000	30	50	48	1	-	-	1	-	-
1000-5000	38	40	48	13	17	4	1	2	5
5000-10000	-	2	5	19	17	8	-	1	1
10000-	-	-	2	35	30	34	4	3	2
Total	218	495	493	69	65	48	8	21	27

(Data from Ponte & Ewert, 2007, p. 50; SAWIS, 2016, p. 6)

The growth of private cellars and wholesalers since 1996 demonstrates the impact of trade liberalisation and export orientation in the industry. Researchers can now observe a new concentration taking place, as some private cellars start to move into high volume categories, and producer cellars consolidate. An interviewee predicted the continued growth of shareholder-cellars, and a decline in small-scale production.

But I see that cellars are going to grow, sort of the corporations, they're going to grow because the smaller farmers love what they're doing but can't actually get, make enough money. I think that's what's going to happen, everyone giving to a central point [C3].

However some have expressed surprise that limited consolidation has so far taken place (Loots, 2017). The alcohol company Distell is the largest wine producer by a significant measure, at 30% of the market, while, according to an expert researcher interviewed, the next largest wine producer represents 2.2% of the market – which the participant argued showed a very small rate of industry concentration.

I mean Distell's 30% of the market and the next biggest one's 2.2%, so they're really nothing [E3].

The reasons for this are unclear, but speculation might point to the fact that so many South African wine farms are inherited as family businesses with personal and sentimental value beyond their potential for revenue-generation. Additionally, some landowners express a preference to transition to alternative crops such as citrus, rather than selling or integrating into a larger commercial operation. This may be seen an indication of many Western Cape landowning families' deep sense of connection to their land, as touched on in previous chapters.

7.1.2. *The value chain for South African wine*

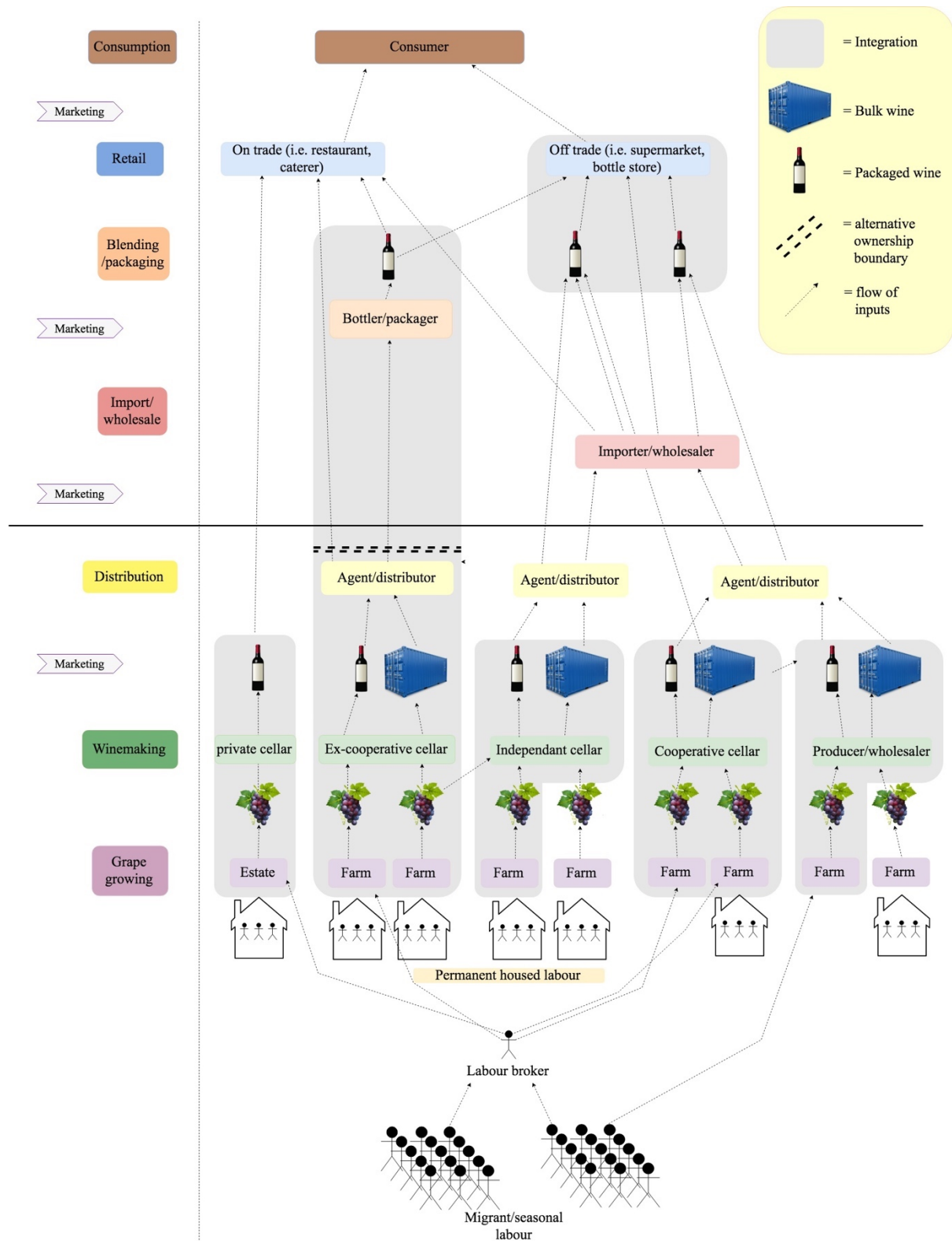
Figure 7.1 graphically represents some possible configurations of export value chains for South African wine. It does not show all the possibilities, but depicts the main models of production, distribution and retail. While the value chain represented does not include domestic markets, in reality many wine producers operate in both domestic and export markets. Export markets are the focus here due to their key role in EVeN formation and governance, which this chapter will go on to discuss in detail. Conventional value chain mapping rarely includes labourers and consumers. I have chosen to include farm-level labour and consumers in this value chain, represented as levels of ‘action’ alongside grape growers, winemakers, distributors, importers, packagers, and retailers. The choice to include farmworkers and consumers reflects the attention of this thesis to both these groups as agents or potential agents of EVeN governance. Additionally, the inclusion allows for a depiction of different labour models at farm level, differentiating between permanent labour housed on farms, and migrant or seasonal labour, with the intermediary of the labour broker. Though these are the most common arrangements, they are not the only options – in some cases permanent labourers might not live on the farm, and some seasonal labourers might have a direct relationship with employers, not mediated through a labour broker.

The value chain map includes a number of primary production and manufacturing models most common in the South African wine industry. First it shows the *private cellar* model, where the vineyard and winemaking facilities are integrated, and boutique high-price branded and packaged wine is produced, often at the grape-growing site. Estate wine may also be produced from multiple, contiguous vineyards farmed as single units. Second, the chain map depicts the *ex-cooperative cellar* model, in which farmers are shareholders in the cellar, but may also supply grapes to other cellars. These produce bottled and/or bulk wine. *Independent cellars* may buy-in grapes, as well as possibly owning their own grape farms. *Cooperative cellars* are supplied exclusively by their farmer-members, with farmers unable to supply to other cellars. *Producer-wholesalers* may produce wine with grapes from their own farms, and/or grapes bought from other farms, as well as buying-in bulk wine from other cellars. The functions of distribution, import and bottling may or may not be vertically integrated with the cellar, and some large cellars are integrated with overseas bottling plants, often in the UK.

There are a number of other steps in the value chain after the wine has been manufactured, with multiple variables within the distribution, export, import, packaging and retail segments. Figure 7.1 is a representation, showing only a few of the many possibilities for these processes. The export value chain configuration depends greatly on the destination country’s regulations, for example the USA’s import value chain is particularly fragmented, with the separation of import, distribution and retail roles mandated by most states (DAFF, 2011, p. 94). The fragmentation of this market makes it difficult and costly to penetrate (DAFF, 2011, p. 94). In Sweden by contrast, all off-trade wine is sold through

Systembolaget, the state monopoly agency. Systembolaget buys on tender, specifying the variety, price-point, volume, and increasingly the ethical certification required. In 2011 bag-in-box made up the largest volume of South African wine sold in Sweden (DAFF, 2011, pp. 93-94). In the UK, the largest export market for South African wine, big supermarkets such as Tesco often source bulk wine from multiple suppliers and blend and package it under their own brand. Retailers may buy directly from producers, or through wholesalers.

Figure 7.1. Some possibilities for South African wine GVC configuration

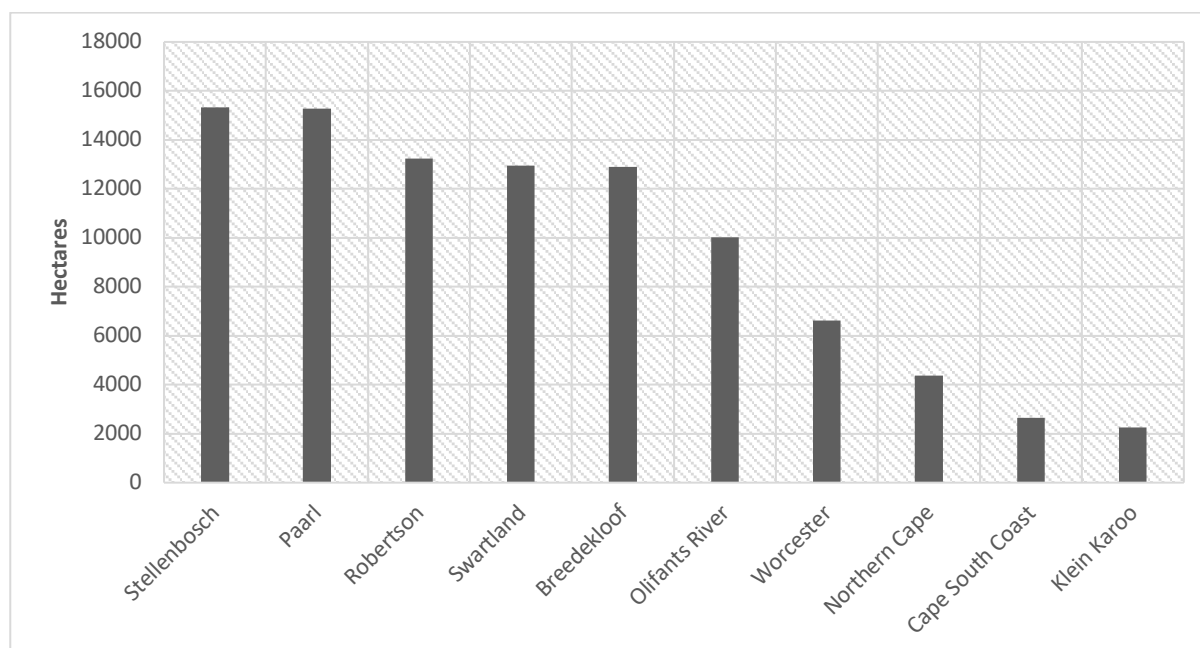


(Source: Author)

7.1.3. Distribution of wine grape vineyards by region and varietal

A total of 95,775ha was under wine grape vineyards in 2016, with the Stellenbosch and Paarl regions the largest wine-producing areas, followed by Swartland, Robertson and Bredekloof (see Figure 7.2). Most of South Africa's vineyards are in the Cape Winelands District of the Western Cape, with only a small amount of production taking place outside this area – in the Klein Karoo, the Northern Cape and the Cape South Coast.

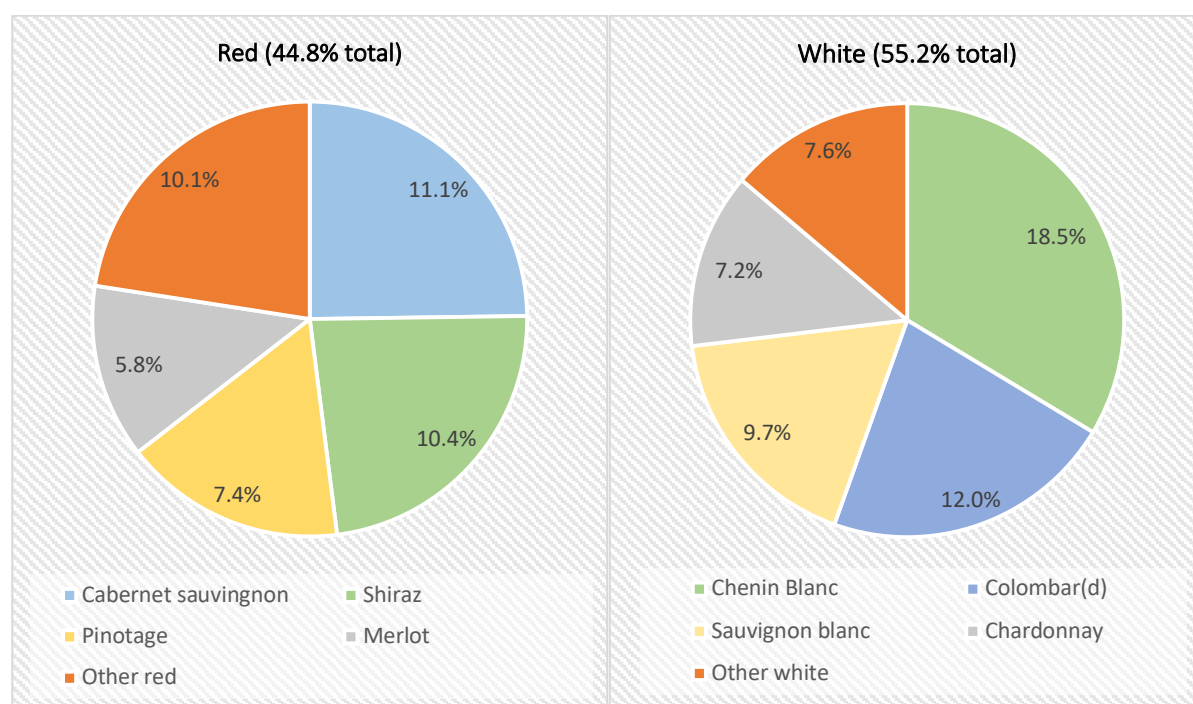
Figure 7.2. Distribution of area under wine-grape vineyards by region, 2016



(Generated using data from SAWIS, 2016, p. 8)

White varietals account for 55.2% of area under vines, as shown in Figure 7.3, with chenin blanc the most dominant varietal at 18.5%, followed by colombar (called 'colombar' in South Africa). Cabernet sauvignon is the most widely planted of the red varietals, followed by shiraz and pinotage. However, white varietals overall make up a greater proportion of wine produced – 65.6% in 2016, as white grapes tend to produce higher yields (Robinson & Harding, 2015, pp. 830-831).

Figure 7.3. Total area under wine grape vines by varietal, 2016



(Generated using data from SAWIS, 2016, p. 11)

7.1.5. Impact on employment and income

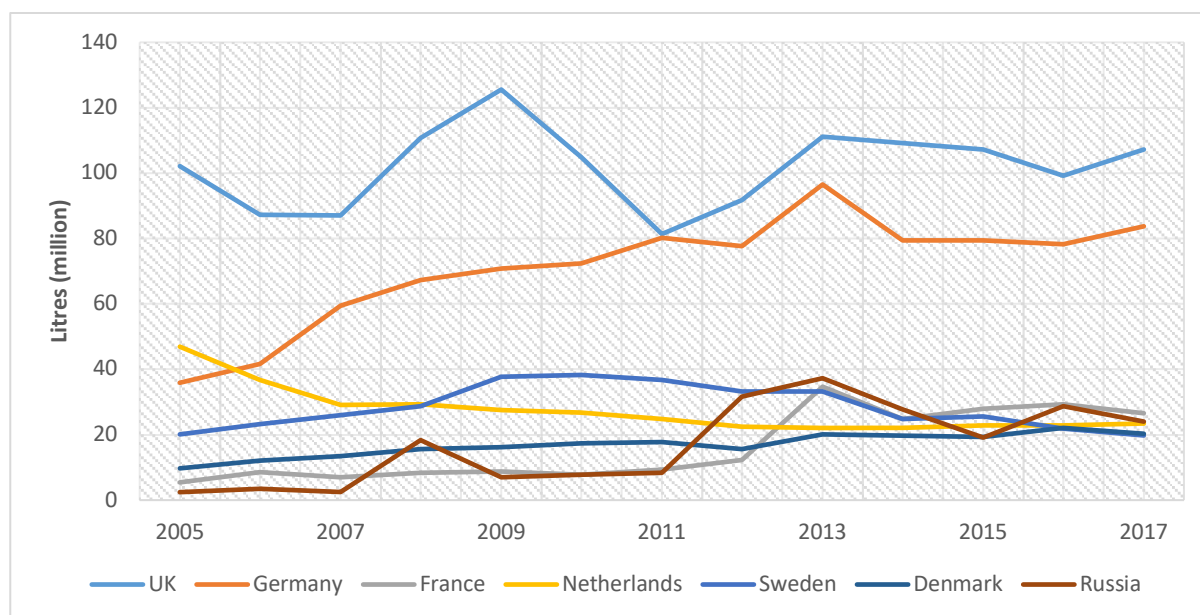
Despite a gradual trend towards concentration as discussed above, South African wine production remains both fairly diversified, and comparatively labour intensive. Wine supports 7.5% of Western Cape jobs, with 56% of employment unskilled (Conningarth Economists, 2015, p. 22). There has been a slight decline in the number of unskilled jobs in the wine industry in recent years. Between 2008 and 2013, even though the total volume of wine grape production increased by roughly 6% (SAWIS, 2016, p. 14), unskilled employment in the wine industry decreased by approximately 5% - a likely result of replacement of labour by 'capital equipment' (Conningarth Economists, 2015). The wine industry contributed 1.2% to South Africa's GDP in 2013, a total of R36,145 million, generating R23,578 million of private disposable income. Low-income households contributing unskilled labour to the wine industry received 17% of all income generated by the industry in 2013 (Conningarth Economists, 2015, p. ix).

7.1.4. Export markets

Most South African wine exports go to Europe, with the United Kingdom a key destination receiving 35% of export volume in 2015 (see Figure 7.4 below). While the distribution of exports between destination countries tends to fluctuate depending on yields, quality, and changing trade regulations such as tariffs, some trends can be observed. The UK has always been the largest importer of South

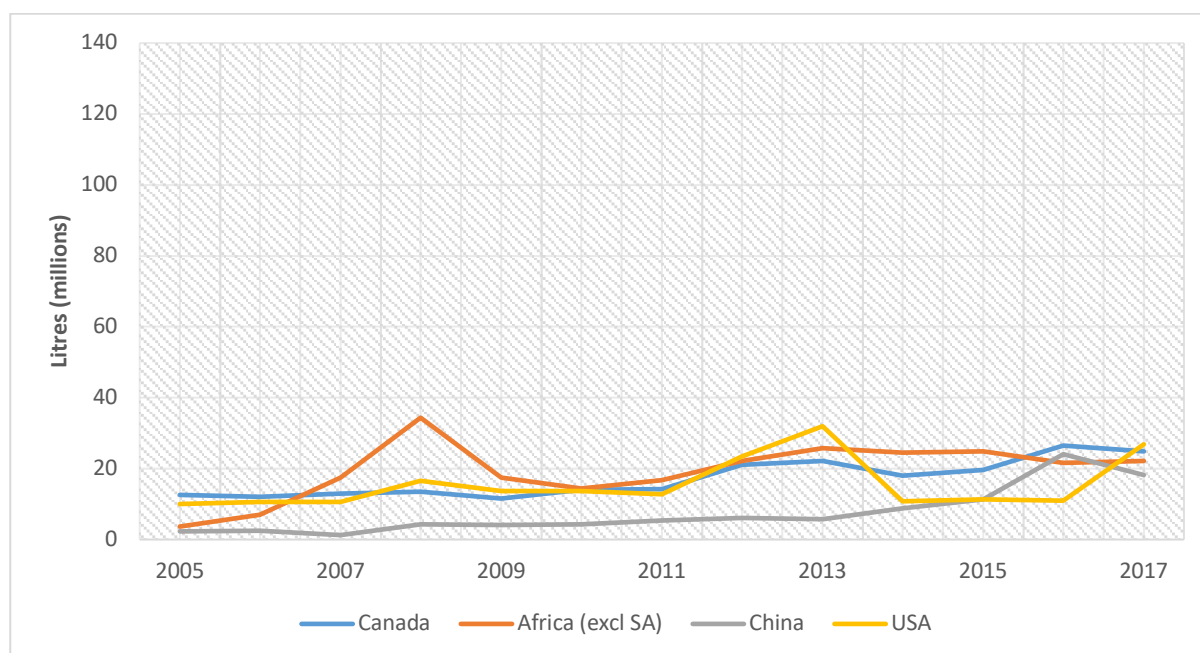
African wine, while Germany has grown fairly steadily, and the Netherlands – once the second-largest – has declined. Both France and Russia have grown as export markets since 2005. Figures 7.4 and 7.5 show a spike in 2013 of exports to Russia, France, Germany and the USA, which is partially due to a particularly high-yield year in which, as Figures 7.6, 7.7 and 7.8 show, volume exported spiked relative to value, as producers ‘dumped’ surplus in certain markets. A similar spike can be observed in 2008 in wine exported to Russia and African countries excluding South Africa.

Figure 7.4. Export volume to key European markets (bulk and packaged)



(Generated using data from SAWIS, 2018, n.p.)

Figure 7.5. Export volume to key non-European markets (bulk and Packaged)



(Generated using data from SAWIS, 2018, n.p.)

7.2. Export dependence and diminishing margins

7.2.1. Stagnant domestic demand

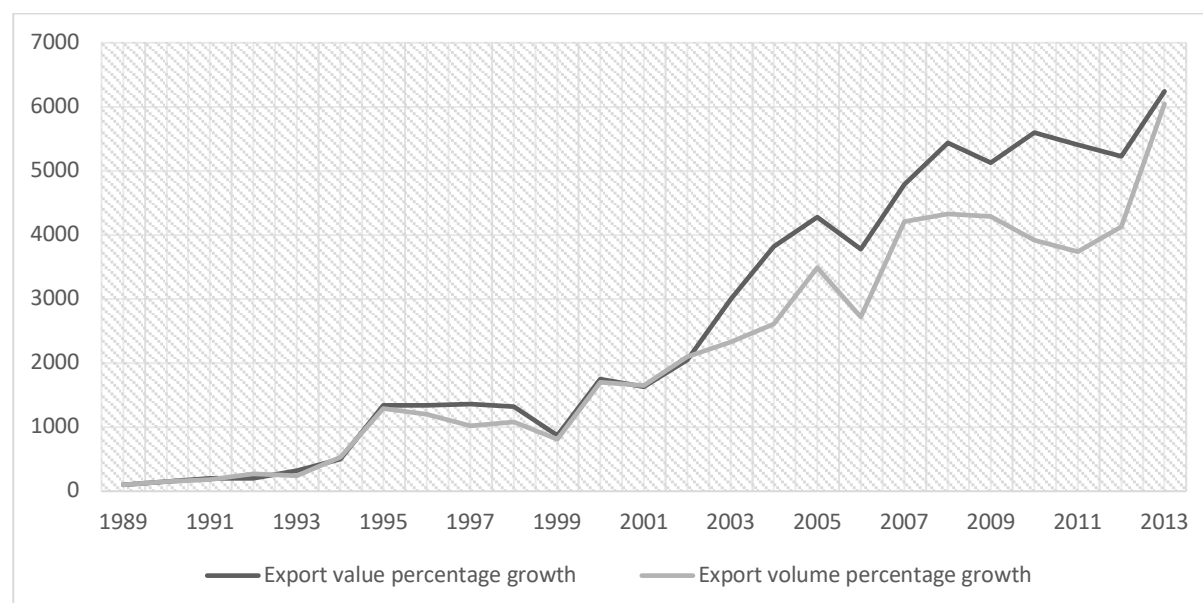
Certain structural realities in South African wine networks contribute to an environment of top-down pressure in which producers' margins are squeezed as buyers are empowered to capture surplus value and dictate conditions of production. Firstly, a relatively stagnant domestic demand has increased producers' reliance on exports in the last two decades. In 2016, 47.7% of wine produced was exported (SAWIS, 2016). South African per capita wine consumption decreased from 8.7 litres per annum in 1998, to 6.9 litres per annum in 2013 (Conningarth Economists, 2015, p. 3). Stagnation in the domestic market is attributed to a few factors. Analysts note that much of the domestic demand for wine has come from white South Africans, and that large scale emigration has reduced that market, as an estimated 1 million white people left South Africa since 1990 (Conningarth Economists, 2015). Also, South African consumers are said to be more price-sensitive than global consumers (Conningarth Economists, 2015; Motshegoa, 2017). Aggressive competition from other liquor industry players, such as South African Breweries has attracted consumers away from wine (Conningarth Economists, 2015). Domestic wine sales are dominated by the low-value segment, with bag-in-box sales a significant contributor, and more than 80% of local wine volumes are priced at less than R26 (approximately US\$2.10) per litre (Loots, 2017). However, the wine industry has continuously emphasised the importance of the domestic market and renewed efforts at targeting domestic consumers have resulted

in modest increases in the last couple of years (from 354 million litres in 2014 to 395.8 million litres in 2016) (SAWIS, 2016).

7.2.2. *A handful of big buyers*

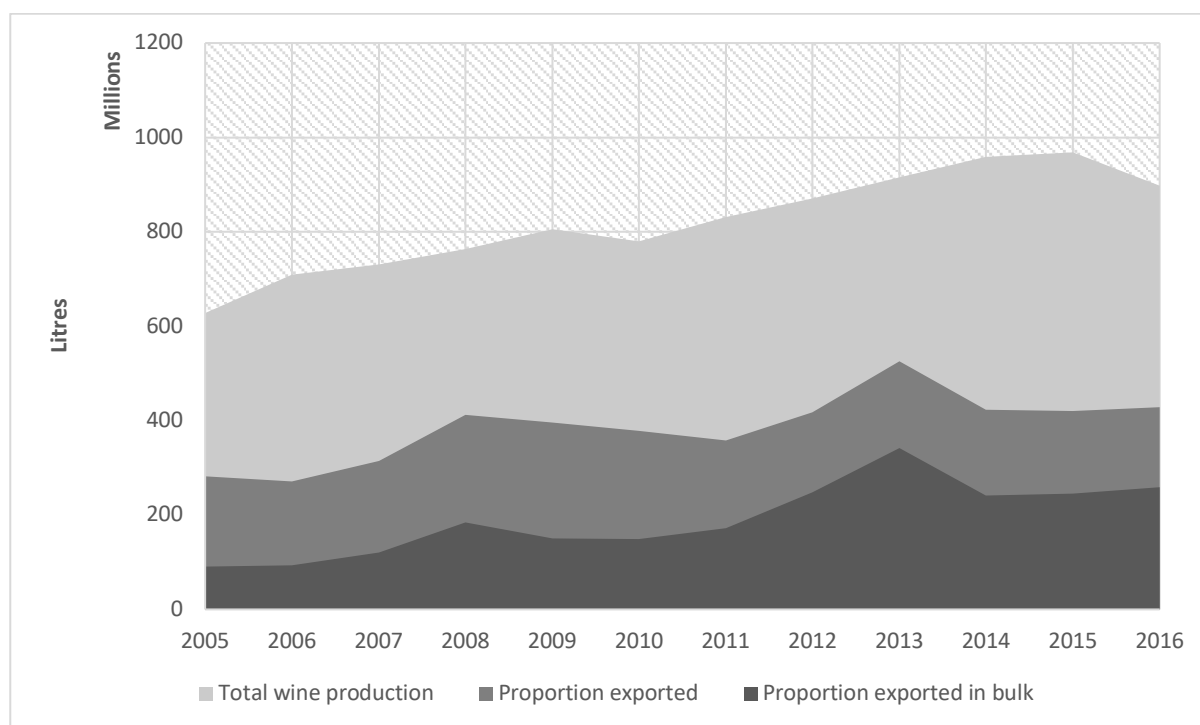
The current limitations of the local market including a small consumer base relative to population, price-sensitivity driving a tendency towards low-value, and exposure to competition from beer and other products, mean that exports are crucially important for South African wine producers. The boom in exports has been in large part driven since 2002 by an oversupply in the local market, particularly as around that time local demand for red varietals did not match forecasts and producers were left with a red wine lake (Conningarth Economists, 2015). Figure 7.6 shows the acceleration of wine exports by volume and value, showing that around 2002, value began increasing relative to volume with a concerted push towards higher quality and lower yields, though export volume increased sharply in 2012 and 2013. Part of this fluctuation can be attributed to the seasonality of wine, with yields and quality dependant on climatic conditions that can vary from year to year. In 2016, 428.4 million litres of wine was exported - 60% in bulk (shown in Figure 7.7).

Figure 7.6. Export growth: Index comparison of volume and value 1989-2013



(Generated using data from FAOSTAT, 2017; SAWIS, 2016)

Figure 7.7. Exports (including bulk) as a proportion of wine production 2005-2016



(Generated using data from SAWIS, 2016)

While exports have risen steadily in the last two decades, a number of factors contribute to a lack of bargaining power, limited profitability and a cost-price squeeze in export value chains (McEwan & Bek, 2009b). One crucial issue has been that supply had consistently outstripped demand, both in South African production and globally (see Chrisafis, 2006; Conningarth Economists, 2015; Young, 2009). This surplus, combined with an oligopsonistic concentration of buyers, has increased the power of retailers and resulted in buyer-driven chains. One producer noted that this is a relatively recent development, with more and more wine being sold through supermarkets, as opposed to smaller retailers or the hospitality sector:

Now the off-trade is mainly the big chains that do sell wine. And that platform changed completely in the past 15 years, in the sense that it got more developed. [...] So the bottle store, or the small fine wine shops sort of closed down - because of the development of the retailer [P11].

An export-market insight report for the Department of Agriculture, Forestry, and Fisheries (DAFF) in 2011 emphasised the detailed demands that large buyers place on suppliers, in terms of packaging, and ‘intrinsic’:

UK retailers communicate very specific demands on intrinsic and packaging to their suppliers when buying basic quality wine. They tell them what to bottle, what kind of label and cork to use, the weight and shape of the bottle and the recycling possibilities.

The report noted that supermarkets initially take a ‘hands-on’ approach with new suppliers, sending samples of the type of product they want, and visiting cellars. After a few years this becomes more of

a ‘hands-off’ relationship as the infrastructure and capability is in place for the communication of complex information and the production of wine to supermarkets’ specifications. However, where the wine-brand is owned by the supermarket, the level of explicit coordination is much higher, and the hands-on approach is sustained (DAFF, 2011). Both arrangements constitute buyer-driven value chains, where the lead firm is able to exert significant control over suppliers’ activities.

A report produced by the International Institute for Environment and Development for the organisation War on Want states that 90% of South African wine sold in the UK goes through only 12 agents, which are the gatekeepers to supermarket shelves. Though some larger cellars such as Distell deal directly with supermarkets, smaller producers are reliant on these few brokers (War on Want, 2009). These agents are able to capture a share of the margins of small-to-medium wine producers. The fierce competition between South African producers for inclusion on UK agents’ portfolios results in regular undercutting activities, pushing prices down for South African wine overall, and rewarding volume over value. At the 2017 VinPro information event Rico Basson, VinPro’s Executive Director, urged producers to stop dumping surplus in export markets, undermining prices (Basson, 2017b). A perceived lack of collective strategy in the 1990s set the industry up for lock-in to low value, as some stakeholders emphasised:

And as soon as it was ‘it’s ok you can buy South African wine’, everyone went out and flogged their wine. And there was no cohesive strategy. [...] And they went out too cheap. And as a result of that have forever been struggling. And trying to reposition, trying to get a decent price [A3].

If one compares to Australian wine, or Californian wine, or something, new world wine, South Africa has often in the past pitched itself at a lower level [C4].

It’s competition within the industry. I mean they’re all complaining but they all do it, just undermine each other the whole time. And it puts the prices down [E3].

The War on Want report also details the ways supermarkets leverage their market advantage to pressure producers (often through agents) to discount their products, enter into exclusive supply contracts, and pay extra for premium shelf positioning (War on Want, 2009). This issue was raised in interviews, and there was a sense amongst South African stakeholders that power asymmetry in value networks is inevitable:

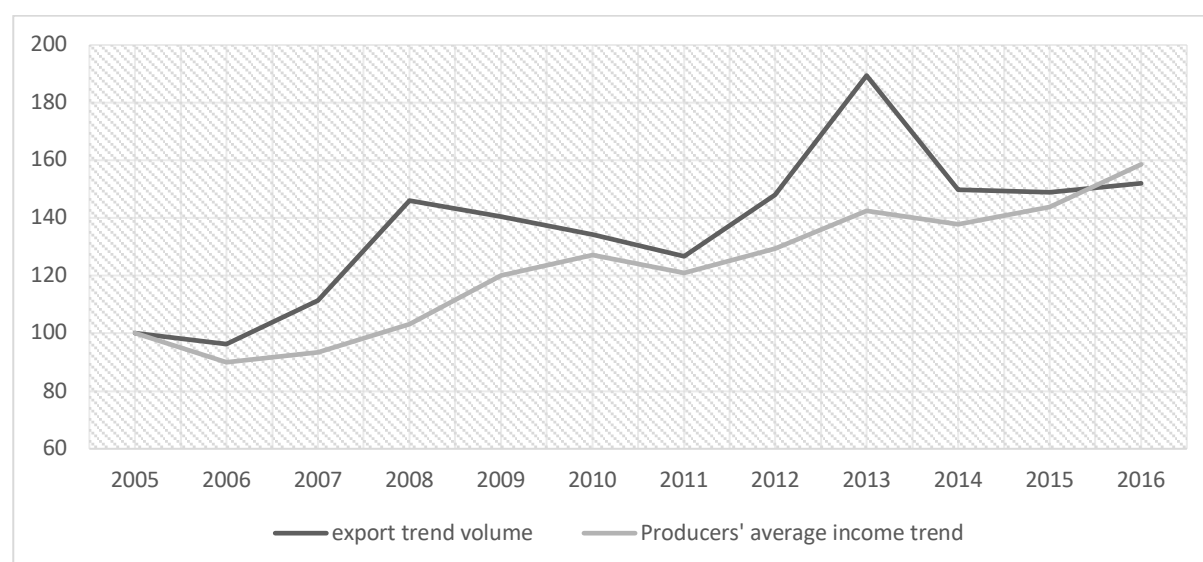
The retailers, the customers, they are born to squeeze prices, that is what they do [A3].

Tesco developed from a very good platform where you can sell wine to a platform that was so demanding that it started with ‘one pound off’ or whatever, and it ended by ‘buy one bottle of wine and get one for free’. [...] Who is paying for that free bottle? The producer is paying. Nobody else is paying. The agent is still taking full margin, the retailer is still taking full margin [P11].

Producers are price-takers not price-makers, supermarkets will come along and say we actually need to fill 1000 bottles at that particular price point, take it or leave it, regardless of whether you'd be making a margin on that wine or not [C4].

Figure 7.8 shows the respective trends in volume exported and producers' incomes since 2005. It shows that higher export volumes do not necessarily translate to higher returns, and that in periods where exports have spiked, probably driven by higher yields of lower overall quality grapes - such as 2008 and 2013 – incomes did not correspondingly spike. This may serve as an indication that increased export volume has not automatically been an avenue for wealth generation – though of course there are many more variables at play, including quality of exports and destination markets. Also of note is the fact that producers' average income rose between 2008 and 2010, and again in 2015, despite a decline or stagnation in export volume - again supporting the argument that lower yield, higher value export production is key to sustained upgrading.

Figure 7.8. Index comparison of volume exported (L) and producers' income (R/T) 2005-2016



(Generated using data from SAWIS, 2016, p. 19)

7.2.3. The cost-price squeeze

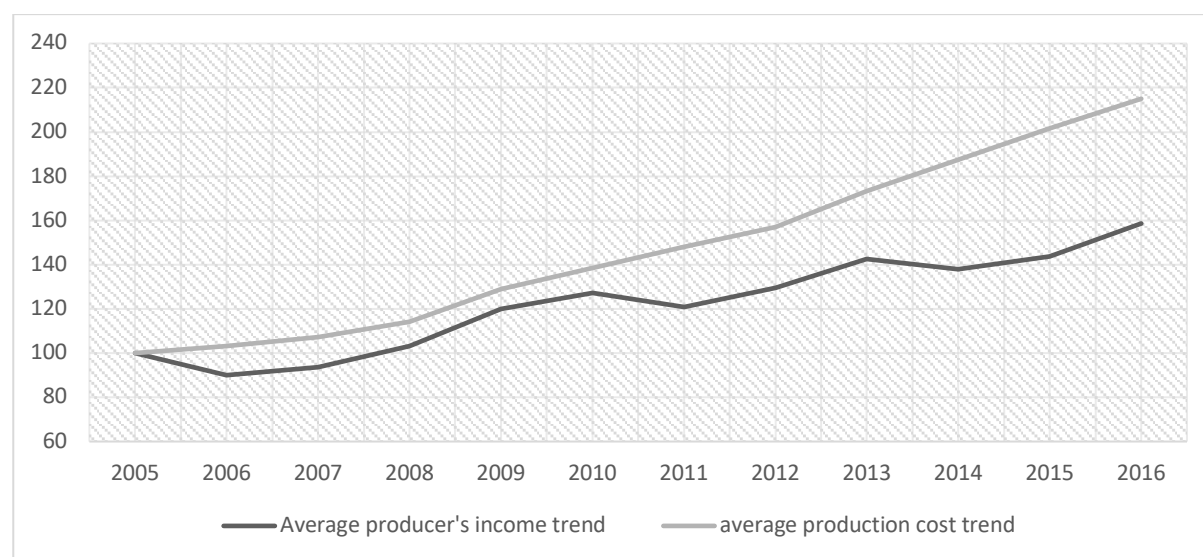
However, overall, producers are facing a falling rate of return and rising production costs, resulting in rapidly thinning margins. Some of this pressure is exacerbated by local externalities. Ongoing political scandals and ANC signals of looming radical land redistribution have contributed to an extremely volatile domestic currency, which has at some points favoured exporters, but has contributed to much instability and uncertainty. Interviewees were uncomfortable with relying on a weak rand to remain viable:

The industry makes money when the exchange rate screws up. And you know what, you cannot live like that [A3].

In late 2017 the rand was awarded ‘junk status’ or sub-investment grade by credit ratings agency S&P Global, reflecting a dramatic fall in investor confidence due to weak economic growth and political instability. The rand has tentatively strengthened against the US dollar in 2018, in the wake of the replacement of Jacob Zuma with Cyril Rhamaposa.

Producers’ costs have also risen significantly in the past decade. Conningarth Economists’ figures show that packaging costs (rand per litre) increased 146% from 2008 to 2013. In the same period bulk costs increased 46% per tonne, as shown in Figure 7.12. Although industry bodies encourage producers to add value by packaging and branding their products, these figures demonstrate the practical difficulties of that strategy. As shown in Figure 7.9, average production costs rose by 52% between 2008 and 2013, compared to an increase in producers’ income per tonne of grapes produced of 38.2% (Conningarth Economists, 2015, p. 3).

Figure 7.9. Index comparison of production costs (R/ha) and producers' income (R/T)

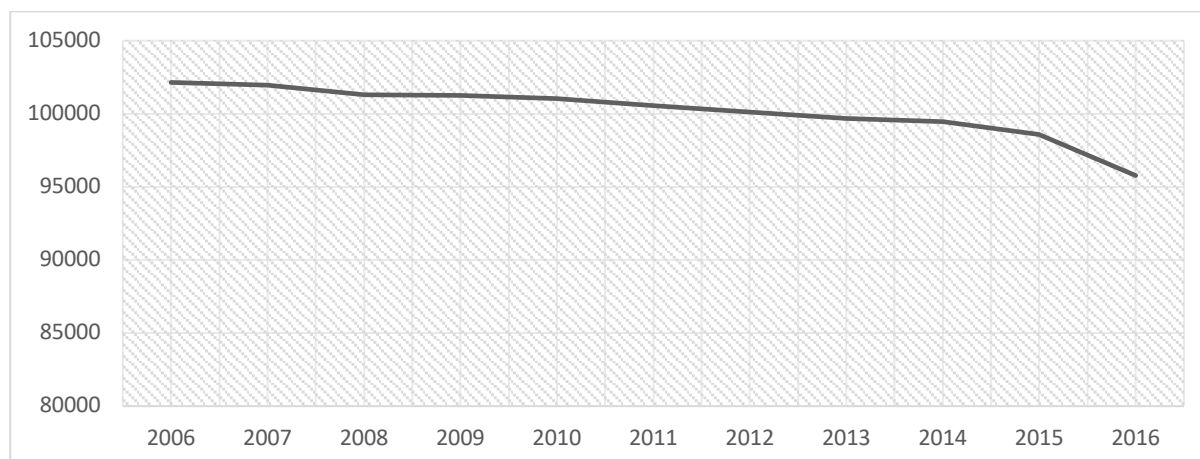


(Generated using data from SAWIS, 2016, p. 19)

Rising production and packaging costs at home, coupled with buyers’ relative power in networks, have led to downwards price pressure and erosion of producers’ margins. This reality has driven an increase in the uprooting of vines, and a decline in new plantings (see Figure 7.10). However, declining land under grape vines has not corresponded to total wine production in litres, as Figure 7.11 shows. Volume produced in litres rose by nearly 40% between 2005 and 2015, while land under vines declined by roughly 7%. This is partly indicative of an emphasis on high yields and bulk production. Again, one driver of this could be fact that manufacturing costs for packaged wine rose significantly relative to

bulk manufacturing costs in the same period, as shown in Figure 7.12. Total wine production in litres declined sharply after 2015, and one reason for this could be ongoing climate pressure and the effects of the Cape's water crisis. Newly released data from VinPro at the time of writing shows that the 2017 harvest in tonnes was down 15% on the previous year. Prices are expected to increase by 15% in response (Joubert, 2018).

Figure 7.10. Hectares under grape vineyards (excluding sultana) 2006-2016



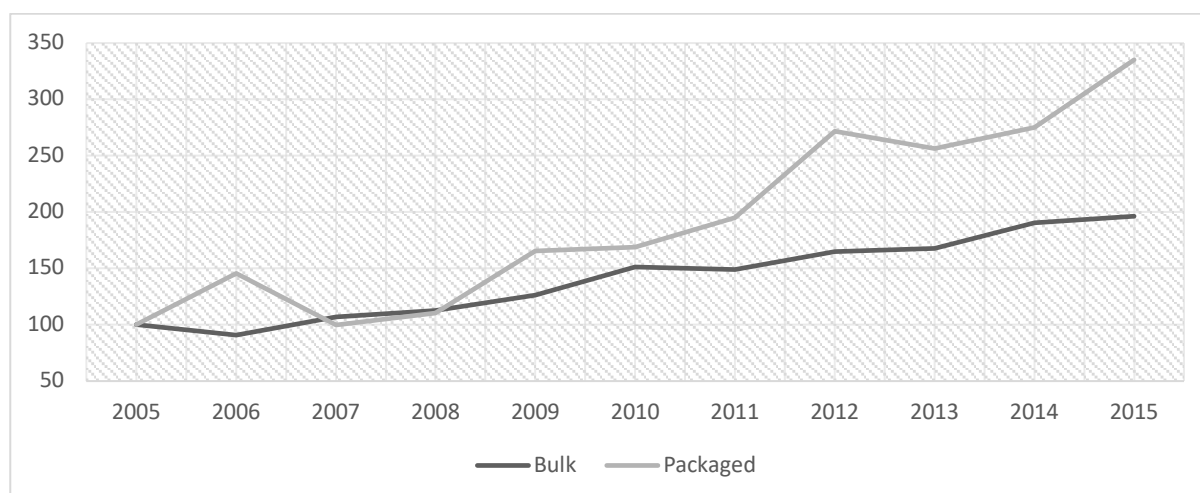
(Generated using data from SAWIS, 2016, p. 8)

Figure 7.11. Index comparison of land under wine grapes and total wine produced 2006-2016



(Generated using data from SAWIS, 2016, pp. 5,8)

Figure 7.12. Index comparison bulk (R/T) and packaged (R/L) manufacturing costs 2005-2015



(Generated using data from SAWIS, 2016, p. 19)

Bulk exports continue to dominate, representing 60.5% of the total volume exported in 2016 (SAWIS, 2016). The majority of the bulk wine exported goes into retailers' own brand blends, allowing lead firms to capture marketing and packaging value segments.

So they started a brand: Tesco's Finest. They buy bulk wine from all over the world, they label it under their own label. They position it to the consumer as an estate wine. They take margin everywhere [P11].

According to data held by the International Organisation of Vine and Wine (OIV), in 2016 South Africa ranked 6th in the world in terms of export volume, but 12th in terms of export value (OIV, 2017, pp. 16-17).

Figures from VinPro have producers' return on investment at less than 1%, with 13% of producers "farming at sustainable levels", 44% breaking even, and 40% operating at a loss (Loots, 2017). Local wine industry stakeholders have a negative outlook regarding the profitability of wine farming:

So they call it in Afrikaans the bankrot bossie, which is bankrupt bush. They call the vineyard that [C3].

Anyone who is sane would not go into the wine industry to make money because you don't make money in the wine industry [A3].

I mean we get the lowest price per litre of any bloody exporting country [E3].

So far, this chapter has detailed the configuration of export value chains for South African wine, noting the industry's dependence on low price and bulk exports, oligopsonistic buyer structures in key markets, and competition amongst producers for shelf space which has resulted in a dynamic of price-undercutting. This reality has allowed large international buyers a great deal of power in controlling the

production of wine, and the prices received by producers. The chapter will go on to situate ethical certifications within this value chain picture, discussing how ethical certifications affect the cost-price squeeze faced by producers, and highlighting insights into power and profit dynamics in EVeNs.

7.3. Commercialising and proliferating certifications

The recent ‘re-structuring’ of the WWF-managed Biodiversity and Wine Initiative (BWI) certification is indicative of a changing landscape of EVeNs in South African wine. BWI had successfully used the incentive of an attractive ethical label to induce 145 wine grape farms to consider conservation outcomes in their operations, overseeing the official designation of a huge 140,000ha of land in wine producing areas for conservation (James, 2015). BWI was a unique, Global South-driven, voluntary certification which responded directly to the challenges of the local context and to local needs, taking practical steps to protecting the magnificent biodiversity of the Cape Floral Kingdom which has long been a key feature of WOSA’s marketing strategy and the wine industry’s differentiation. BWI has now essentially been disestablished, with its membership absorbed into the IPW programme. WWF still ‘supports’ approximately 40 ‘Conservation Champions’ who have achieved distinction (a 70% pass) in their IPW audit, and continue to display a modified WWF label on their products. Little was publicly communicated about WWF’s decision to end the BWI scheme, beyond the statement that the organisation lacked the resources to continue its certification and technical assistance operations. Unlike most ethical certification programmes, BWI on principle did not charge member fees, instead relying on donations. An expert interviewed said the model was not financially sustainable.

So [BWI] don’t ask [producers] for a membership fee. It’s actually part of their financial model that has inhibited the project’s growth in many ways, but they decided that actually they didn’t want the farmer to incur any costs for being part of the programme, because the activities they are asking them to do cost them something. [...BWI] will provide technical assistance for free. It’s not sustainable, though [C5].

Fairtrade has also changed its local operations, as Fairtrade’s South African ‘national organisation’ based in Cape Town and serving the Southern African region has now closed. The remit of Fairtrade Label South Africa (FLSA) was to increase awareness of Fairtrade in South Africa, to advocate for Fairtrade producers and workers, and to support producers and workers to achieve compliance with standards, effectively manage premium funds, and build respectful and informed partnerships for empowerment (FLSA, 2017). However, FLSA was closed abruptly in 2017 due to insufficient resourcing (FLSA, 2017). Though Fairtrade International and FLO-Cert continue to certify South African producers, less resources are available to assist members to channel certification’s benefits into inclusive development and empowerment outcomes.

As independent, development- and conservation-focused certifications with a local administrative presence falter, Northern CSR initiatives and compliance regimes proliferate. These are the products of retailers' attempts to reduce costs, differentiate themselves to consumers, and reduce suppliers' ability to choose between buyers. The landscape of supermarket-driven CSR auditing schemes is complex and multiplicitous. Some programmes provide an ethical label; some have independent monitoring structures, many contract dedicated auditing companies to monitor compliance. However, many schemes are tied to individual retailers - either as retailers' own in-house programmes in which they determine standards, or as outsourced programmes which are carefully chosen and coordinated by the company.

You're in competition with other countries and other similar programmes and these days, you can't do business and not have a programme such as IPW or the other food safety programmes or Field to Fork or Waitrose L.E.A.F programme or Tesco's Nature's Choice... I mean basically every supermarket on earth these days have got their own programmes [C6].

The amount of paperwork, and audits that a producer has to go through, and I mean, just to supply a retailer, whether it's Sainsburys or Tesco, Marks and Spencers, Co-op. [...] As a producer you have to provide all of this evidence that you are accredited by a body so that gives that retailer the reassurance [A3].

There's an absolute proliferation of labels in South Africa, far too many for a local market. To sustain smaller labels is a huge marketing cost [E5].

Sainsbury's, one of the world's largest retailers of Fairtrade certified products, with the highest market share of Fairtrade in the UK (Cooke, 2018), announced in 2017 that it would drop the Fairtrade mark for its tea products from Africa, replacing it with the phrase 'fairly traded', based on in-house ethical standards and certification. Observers predict that this new scheme will soon be rolled out to other Sainsbury's products (Vidal, 2017). Waitrose requires its suppliers to adopt the Linking Environment and Farming, or L.E.A.F programme, which provides a certification mark. Though L.E.A.F is an independent charity, it is closely associated with Waitrose and Waitrose uses it as a differentiating certification. Marks and Spencer have a similar programme called Farming for the Future based on in-house ethical standards covering sustainability, ethical labour practice and capacity building. Tesco's Nature's Choice scheme provides another example of a private ethical certification, overseeing auditing of production and sustainability standards amongst suppliers of produce and signalling to consumers that products have been produced safely, transparently and sustainably.

Sweden's Systembolaget and Norway's Vinmonopolet, amongst others, require compliance with the Business Social Compliance Initiative (BSCI) code, a 'supply chain monitoring system' focused on improving labour practices in global chains. Though BSCI does not supply an ethical product label, producers often categorise it with WIETA, as it has a social focus. BSCI positions itself as a solution to the confusion created by proliferating corporate ethical standards. Its website states:

The proliferation of individual codes, diverse auditing procedures and diverging implementation approaches have resulted in confusion and unnecessary duplication of efforts and costs for retailers, importers and brands as well as their producers (Amfori BSCI, 2018).

However, in reality, BSCI has not served to simplify the ethical auditing landscape in South Africa, as other network actors including certifications and retailers have little incentive to accept it's 'one code of conduct'. Some producers interviewed referred to BSCI as another auditing burden they faced, amongst many:

WIETA and BSCI and all those other organisations, they don't really want to work together because someone's job gets in jeopardy. So it could've been a case of 'okay I'm compliant with WIETA' so if someone else like BSCI comes to me I can say 'here's my WIETA certificate', but they don't mutually recognise each other [P5].

But with the BSCI what happened was that remember we are a supplier for a client in Finland. And they just one day sent this thing and we looked at it, and we said "oh ok we can gladly sign this because all the key elements that the BSCI code of conduct stand for, we are doing already" and we signed it and then we basically got a month's notice that we're being inspected on the BSCI code, and their manual is almost 400 pages long! I can't even read that in a month! [P12].

Numerous other auditing regimes exist focused on issues of technical production standards and food safety. These include GLOBALG.A.P (certifying 'good agricultural practices'), HACCP standards, the ISO9000 quality management standards, and the technical British Retail Consortium (BRC) Global Standards (especially for those supplying into supermarkets' own brands). Individual buyers may require a number of these certifications, possibly alongside WIETA or Fairtrade, and/or an in-house ethical certification. If producers want to retain the flexibility to sell to multiple retailers, and resist monopsony governance, they face the administrative and financial burden of complying with multiple differentiated ethical auditing regimes. For small producers, this represents a price tag on autonomy and pressure towards captive value chains.

With the BSCI - they are basically forcing everybody to force their suppliers to sign these same things, and what it ends up being is a monopoly! A money-making monopoly! [P12].

Another effect of the proliferation of ethical certification is to create confusion amongst consumers which ultimately serves to weaken overall ethical standards. Competition between ethical labels for market share effectively results in a race-to-the-bottom of ethicality, as corporations try to capture ethical markets whilst reducing the costs of ethical practice such as supply chain overhaul, auditing and administration.

Now you've got a whole shelf of Fairtrade wine, so now you play the consumers off against each - the supply chains or the importers or the producers, going down the supply chain - off against each other [C1].

As detailed in Chapter Three, scholars have referred to this process of commercialising certifications as corporate ‘co-optation’ (Campbell, 2001; Jaffee, 2012), ‘countermobilisation’ (Fridell et al., 2008), and ‘counter-reform’ (Jaffee & Howard, 2010). Proliferating corporate ethical codes and labels do not simply make *more* trade *more* ethical, lead an expansion of the market for ethical products, or strengthen the ethical qualities of products available; they in fact serve to undermine each other, and undermine ‘gold-standard’ ethical certifications such as Fairtrade, by confusing consumers. As ethical qualities are communicated through symbols, and not detailed information, consumers’ ability to weigh the ethical claims of one label against another is limited, especially in the immediate decision-making context of the supermarket aisle. As one interviewee emphasised, busy consumers were unlikely to interrogate the standards or meaning behind an ethical label:

The consumers simply want to see some form of eco-label on the bottle. And what it is and what the requirements are is actually less important. [...] You don’t actually interrogate [it]. You just put it in your supermarket trolley and carry on with your life [E5].

7.3.1. Moves towards certification consolidation?

Local interviewees expressed frustration at the lack of collaboration between local ethical certification and development initiatives working in the same arena. Some felt more could be achieved if certification bodies and NGOs cooperated and ‘pooled their resources’.

It’s so frustrating. [...] Everyone wants to do the same thing. So my view always in these things is you know, pool your resources, pull together and do it under one umbrella [A3].

I think there’s a lot more opportunities for collaboration between WIETA, Fairtrade and NGOs. A lot more. And it isn’t being taken advantage of. Everybody just does ‘head down and get on with your own thing’ [CS4].

There have been some attempts at reducing confusion in EVeNs containing multiple ethical codes and auditing systems. In response to competition between ethical certifications resulting in the undermining of ethical standards, some efforts have been made to consolidate codes and monitoring processes. At the local industry level, industry bodies, especially WOSA, have lobbied Scandinavian buyers for recognition of WIETA in place of other standards such as BSCI. While some tenders recognise WIETA, Systembolaget and Vinmonopolet still require BSCI certification.

Yeah, because I’ve just had a BSCI audit as well. [...] They wanted one or two other things that WIETA didn’t ask for specifically. If they were happy with WIETA or if they knew what WIETA was up to or stood for, I could’ve just mailed them that certificate. That would be great, I think, if they can work closer together, but I don’t know if that’s going to happen [P5].

There is also a long-term strategy of eventually bringing WIETA under the auspices of the WSB, and consolidating it with IPW and Wine of Origin, into one label, although little appears to have been accomplished in this vein so far.

At the global level, some initiatives have tried to streamline the complicated landscape of ethical certification for consumers, buyers and producers. The Sedex database provides an example. Sedex administers a platform by which detailed information about the labour, environmental and health and safety practices of more than 50,000 members in 150 countries is collected and shared, allowing information about ethical production to be captured in one place, and also serving as a tool for connecting ethical buyers with ethical suppliers. ‘Sedex advance’ allows suppliers to share information about their audits and certifications with buyers. Sedex claims that: “By completing one self-assessment questionnaire, then choosing to share audit reports and certifications, your business can avoid repeating the same tasks again and again” (Sedex, 2017, p. 7). However, while Sedex makes communications between buyers and suppliers more efficient by capturing complicated information in one place, it does not replace the numerous ethical certifications and audits that suppliers are required to undergo by buyers.

Specific ethical certifications represent an opportunity for lead firms to lock suppliers in to relational or captive value chains using enclosed private governance, by requiring compliance with differentiated certifications. There is limited incentive for buyers to consolidate certifications to make things simpler for suppliers. Especially because buyers bear none of the costs of implementing or administering certifications, as will be elaborated on in the following sections.

7.3.2. *‘They don’t force you, but you don’t have a choice’*

Although this thesis defines ethical certification as ‘voluntary’, there is in reality immense pressure on producers to adopt certifications. As touched on in Chapter Six, my research has clearly affirmed the findings of others who have noted that ethical certification has become a requirement for accessing shelf space in European markets, as opposed to a tool for differentiation and premium access (Bek et al., 2012; McEwan & Bek, 2009b). As other wine producing countries adopt competing certification schemes, Bek and colleagues noted in 2012 that “the competitive advantage will soon disappear” (Bek et al., 2012, p. 154). Innovation in social technologies and codes at production level, rather than upgrading value chains, has in effect produced increased expectations for production standards across the board. On the one hand, this may have positive ramifications for ethical certification participation in South African wine, facilitating greater coverage of ethical standards. However, it also reduces producers’ bargaining power and increases their dependency, arguably eroding their ability to invest in ethical development. Interviews strongly supported the finding that certain certifications had become a minimum requirement, rather than a competitive advantage.

So these certifications, whether it’s ethical or environmental, it’s just become a requirement for doing business by supermarkets rather than a selling point [P15].

You've got to do it because if you don't get your accreditation companies like Sainsbury's or Marks & Spencers in the UK won't buy your product. So I think it's becoming more demanded from the customers who require the accreditation [CS4].

Interviewees felt there was a supermarket-led practice of 'forcing' accreditations through supply chains, via cellars.

But the problem is, in some ways, you're forced to become accredited, because in the industry you belong to a cooperative. And those cooperatives are selling their wine to a supermarket, and they're forced to have all their members to be accredited [P10].

Yeah we supply to [cellar]. They don't force us to be part of WIETA, but they say if I'm not part of WIETA then obviously the grapes from my farm can't be used for those specific contracts, and then it will just go into bulk wine, and for that the price is probably 70% less than the normal price, so they don't force me, but you almost don't have a choice [P5].

One cellar representative spoke of coming under pressure from Scandinavian buyers to force suppliers to comply with the BSCI standards, which the representative felt did not encourage meaningful commitment to ethical business:

They wanted to force us to sign a document that says that we'll make sure that all our suppliers also sign this piece of paper saying that they will uphold the BSCI code of conduct. Now we definitely fought it, we refused to sign that piece of paper, because we will not force anybody [P12].

7.4. Cost of certifications – requiring capital and scale?

Ethical value networks impose costs on participants which are not present in conventional networks, and which tend to accrue at the supply end. In most cases, producers are required to pay for the costs of auditing, as well as membership fees. Commonly, producers are responsible for covering the costs of travel for international auditors, as well as fixed auditing fees. For codes like BSCI, ISO, HACCP, BRC, and supermarkets' own schemes, auditing is outsourced to specialised companies many of which have entered into social and environmental auditing from financial accounting backgrounds. The auditing company and costs vary depending on location and standard. WIETA and IPW both employ dedicated auditors, and Fairtrade is exclusively certified by FLO-Cert. The costs of Fairtrade accreditation depend on a number of variables including workforce size and scale of production. However, FLO-Cert's fees calculator generated the estimate that a plantation with less than 70 workers, producing wine grapes to supply an independent cellar, would pay fees of approximately €3,100 for the first year, and €2,100 for the second year (FLO-Cert, 2018). Laura Reynolds writes that the outsourcing of Fairtrade certification to FLO-Cert was indicative of a shift in the wider ethical trade movement, towards a technocratic preoccupation with corporate-driven supply-chain oversight. "Reflecting the politics behind this change, the financial burden for certification was in this process largely shifted from Fairtrade International and national labelling organisations to producers" (Reynolds, 2017, p. 1480).

WIETA accreditation is significantly cheaper to attain, but is often held alongside other certifications including Fairtrade. A WIETA audit for a producer employing less than 70 workers costs R7,860, plus the auditors' travel, and VAT. If a Xhosa translator is required, producers are charged an extra R2120 per day (WIETA, 2016a). Information on the membership and auditing fees charged by other schemes is not readily available. However, in 2017 the British Retail Consortium (BRC) announced that their annual membership fee would increase to £300 (R5,121.88 as at 9/5/2018) (Tomlinson, 2017), while the Sedex database charges supplier-members £100 annually.

In addition to membership and auditing fees, there can be significant costs involved with meeting and demonstrating compliance with multiple detailed standards. As well as any infrastructure improvement that may be required – such as purchasing new or additional equipment and improving or adding farm buildings, producers must cover the cost of training for farmworkers, and the costs of monitoring and administration involved in complying with multiple certifications.

I think often the issue around 'we can't afford compliance' would be [...] because there's a whole load of regulatory things that you need to put in place. Particularly occupational health and safety requires quite a lot of investment, there's infrastructural investments...[C4].

Better resourced operators commonly employ dedicated staff to oversee the administration of certification compliance.

I employ people. I employ one girl now just to do the accreditations for me. But the small farm can't do it because they're small [P11].

We had to get someone in, it cost us a huge fortune, just to get everything in place. In the sense of your admin and all that. Then you do still a lot of work yourself [P18].

Most ethical certification schemes are non-profit, and charge reasonable fees to cover their operations. However, the issue is the burden on producers of complying with multiple, similar but differentiated codes, each with their own fees and audit requirements.

It's very tedious and it's costly. And those costs that are being pushed onto producers - they're never recovered [P17].

So it is one of the biggest issues we have resistance on is the fact they've gotta keep paying, keep paying, keep paying. But the ethical bodies can't do their jobs unless they are paid to do it, [...] the auditor has to be paid, because the auditor also has to live, so it does create additional financial burden [IB1].

7.4.1 The risks of Fairtrade

Fairtrade is both the most expensive and the most potentially lucrative of the ethical certifications available to South African wine producers. For plantation producers, as a general rule, it requires economies of scale to attain and maintain Fairtrade certification. Though there are only 24 Fairtrade wine producers in South Africa, they are predominantly large multi-estates producing their own branded

wine. Fairtrade's fees are scaled based on producer size – so smaller producers pay less, but sustainable Fairtrade membership requires secure supply relationships, and confidence in future contracts or tenders. Producers who make the capital outlay to become certified and are not able to sell a sufficient amount of their grapes as Fairtrade in following years may struggle to pay premiums to workers.

Many producers have not opted to go with the Fairtrade model, simply because they're not getting the kinds of returns they need to actually pay out the premiums for workers - once you're in Fairtrade you pay premiums from day one. That's the reason why Fairtrade is not necessarily growing in the sense that it should be [C4].

Even though market access might be a primary motivation for the adoption of Fairtrade, ongoing market access is far from guaranteed. The tender system emanating mostly from Scandinavia is partly responsible for this insecurity. Scandinavian monopoly buyers increasingly specify Fairtrade or WIETA on tenders, incentivising producers to adopt Fairtrade certification in order to compete for this market. However, after having adopted Fairtrade certification, producers might not be able to find enough Fairtrade tenders to cover premium payments. Some producers interviewed pointed out this issue, and one had withdrawn from Fairtrade because they could not meet ongoing costs.

What you also need to remember is that Fairtrade sales is not a guarantee. So, now you have on this farm a Fairtrade premium development that, should the sales not be the same for the next years, that development needs to go ahead [C1].

It is clear that producers need existing capital and scale to afford Fairtrade, and the financial risks it entails. Producers must pay upfront for returns which are not guaranteed, a reality which largely bars smaller grape producers with hired labour from access to Fairtrade certification.

Okay, the audit costs you 30, 40 thousand rand. It's money that I have to put on the table. And Fairtrade - a lot of people are not interested in buying Fairtrade, paying the levy on Fairtrade [P18].

I only heard this as a rumour - but we've actually heard that a producer has agreed to kind of pay the premium out of his own pocket just to get a Fairtrade tender. And this is your very enlightened European supply chain that makes this happen [C1].

7.4.2. 'Having their cake and eating it': Are certifications adding value at production end?

A key finding across all certifications was that the costs of meeting proliferating certification requirements were not recovered in the prices producers were receiving – ethical certification was not adding value to their product. Most producers talked to said that they were struggling financially, and that this pressure had increased rather than decreased in recent years. The acceleration of production costs above producers' incomes in the past decade, as shown in Figure 7.9, is in part driven by the growing costs of auditing and certification.

But all these audits add up to a lot of money, and it doesn't help the producers at the end of the day, because they are really struggling for margin [IB1].

Certainly my experience across sectors is that all Fairtrade and eco-labels add significant costs at producer level, and that increase in costs is not seen in an increase in margins [E5].

If you're sitting in a supply chain that maybe provides bulk wine, [...] lesser quality, lower cost wine, where the price point is lower, and they're getting very little and they're just trying to make ends meet. If you start to enforce a compliance regime on them, that compliance regime becomes quite costly at the end of the day [C4].

This contradicts the optimistic Polanyian re-embedding argument which claims that ethical certification allows producers in the periphery to retain more value. It is in fact an example of certifications becoming fetishised – their meaning, content and origin obscured as they are reduced to one of many ethical product labels. This is a direct result of the multiplication and competition of 'voluntary' certification schemes which have actually become market gatekeepers. In this context, ethical certification can no longer be seen as a proactive locally-driven upgrading strategy to reassert local places in depersonalised global trade linkages. Rather than increase South African wine producers' margins, it erodes them. However, a key question for further research is the extent to which ethical certifications add value or reduce costs at other points in the value chain.

There was some suggestion from interview participants that they perceived that ethical certification contributed to higher margins for distributors and retailers, while producers bore the costs and captured none of the gains. In any case, it is apparent that value is not necessarily distributed more evenly within EVeNs. In fact, the formation of EVeNs can allow for greater production coordination and value capture in the core. Interview participants felt that the pressure to certify was coming from supermarkets - through other value chain segments including cellar-level – and that supermarkets were also the ones accruing the benefits of certification – or 'having their cake and eating it', as one producer put it [P19].

So the supermarkets, for instance, use the eco label to bully the guys to say, you need the eco-label in order to supply us, but we're not giving you the price you need to make it economic and justifiable, but you better do it anyway [E5].

So if you look at John Smith down the road and he grows grapes, and he supplies them on to Distell, Distell will turn around to him now and say, our product has to be ethically certified, otherwise we'll lose our listing. [...] They don't necessarily go to John Smith and say, [...] instead of paying you one dollar we'll pay you one dollar twenty. So John Smith now has to pay and go through that whole process of being certified at his own cost [IB1].

So on the one hand, you're asking me to do all of these audits, but you're not willing to pay me or pay the premium for that. So it's like a bit- sometimes I feel like having your cake and eating it if you're a buyer at some of these major supermarket chains [P19].

Julie Guthman (2007) provides a useful discussion to assist with locating this finding in the literature. She conceives of voluntary certifications based on ecological and social values as an ‘expression of roll-out neoliberalisation’ and a tool of neoliberal governance. Guthman employs Heynen and Robbins’ (2005) four aspects of the ‘neoliberalisation of nature’ – governance, privatisation, enclosure, and valuation, and adds a fifth, devolution - to demonstrate how ethical labels deepen corporate regulation. As neoliberalism has transformed economic regulation from *government* to *governance*, ethical certifications serve the purpose of privatised and enclosed tools of hands-off governance for lead firms. This has the effect of valuing, and ultimately fetishising ethics, which results in a devolution of regulation for social and environmental outcomes, situating regulation at the ‘point of the cash register’ - the domain of wealthy consumers (Guthman, 2007, p. 472).

In a related analysis, Ponte and Gibbon (2005) show how ethical certifications, often conceived as tools for value chain upgrading or value-adding at producer level, have instead become facilitators of buyer-driven value chains. Value chain theory holds that even in functionally de-integrated chains, lead firms (often buyers) constantly seek ways to control the behaviour of suppliers while reducing costs, and accumulating profit. This is visible in South African wine EVeNs as proliferating ethical certification requirements for entry to markets serves to: (1) Control suppliers’ activities and determine product quality, (2) enforce more dependant supply relationships, (3) transfer the costs of network control (auditing, administration) onto producers and (4) allow buyers to capture any value added by ethical labels. This clearly shows the ways ethical certifications function as technologies of neoliberal governance for powerful market actors, eroding producers’ margins and market power.

7.4.3. *Paying for certification at the expense of transformation?*

Some participants pointed out the contradictions inherent in a system that aims to increase investment in social and environmental outcomes, while in practice reducing the margins that producers have to do so, by imposing unnecessarily replicated auditing costs. Although certifications require investment in meeting minimum standards, in doing so they reduce the amount of finance available for sustainment or growth of social and environmental investment.

Because the other thing is of course they complain that they don’t see any benefits for the workers, because all the money stays up around [the buyer-end] [E3].

For me, the biggest hindrance to transformation in the industry, retailers are swallowing up the bulk of profits [...] We need to look at ways of increasing our return at farm level, which would make it an easier target for a transformation exercise [E5].

We were getting about R800,000 in for the workers on the Fairtrade premium fund, but we had to pay FLO[-Cert] R1.2 million a year, and that kind of got us to ‘ok, so what’s happening here? This extra R1.2 million could have been going to our workers why are we paying FLO for it?’ [P12].

As is the case in most capitalist industry, increased pressure on producers means increased pressure on labour. While ethical certifications with labour standards are focused on protecting labourers, a paradoxical outcome of their proliferation could in fact be the diminishment of ongoing availability of capital for investment in sustainable economic and social upgrading. This may contribute to increased precarity of wine work, as employers seek ways to reduce costs by using casual seasonal labour as opposed to a permanent workforce housed on-farm.

There is some evidence to support this hypothesis, such as the 2004 study by Stephanie Barrientos and Adriennetta Kritzinger of the South African fruit industry, which found that the net result of increased certification requirements, growing cost-price pressure, and strengthened security of tenure for permanent housed workers, was an informalisation of fruit work, which particularly disadvantaged women and migrant workers, leaving them more vulnerable to poverty and insecurity (Barrientos & Kritzinger, 2004). Since that study, many certification schemes including WIETA and Fairtrade have added provisions to protect seasonal labourers, including the requirement of formal contracts, clamping down on illegal labour-broking and wage-skimming, and (in Fairtrade's case) the mandated representation of seasonal labourers in premium management. However, casual workers remain substantially less secure than permanent workers, and more vulnerable to poverty. This is evidenced by the growth of impoverished informal settlements in wine-farming areas, predominantly populated by seasonal labours – either migrants or farm evictees. One such settlement is Stofland, near the wine production hub of De Doorns, which was a key site of industrial unrest in 2012.

7.5. Distribution of certification regulation

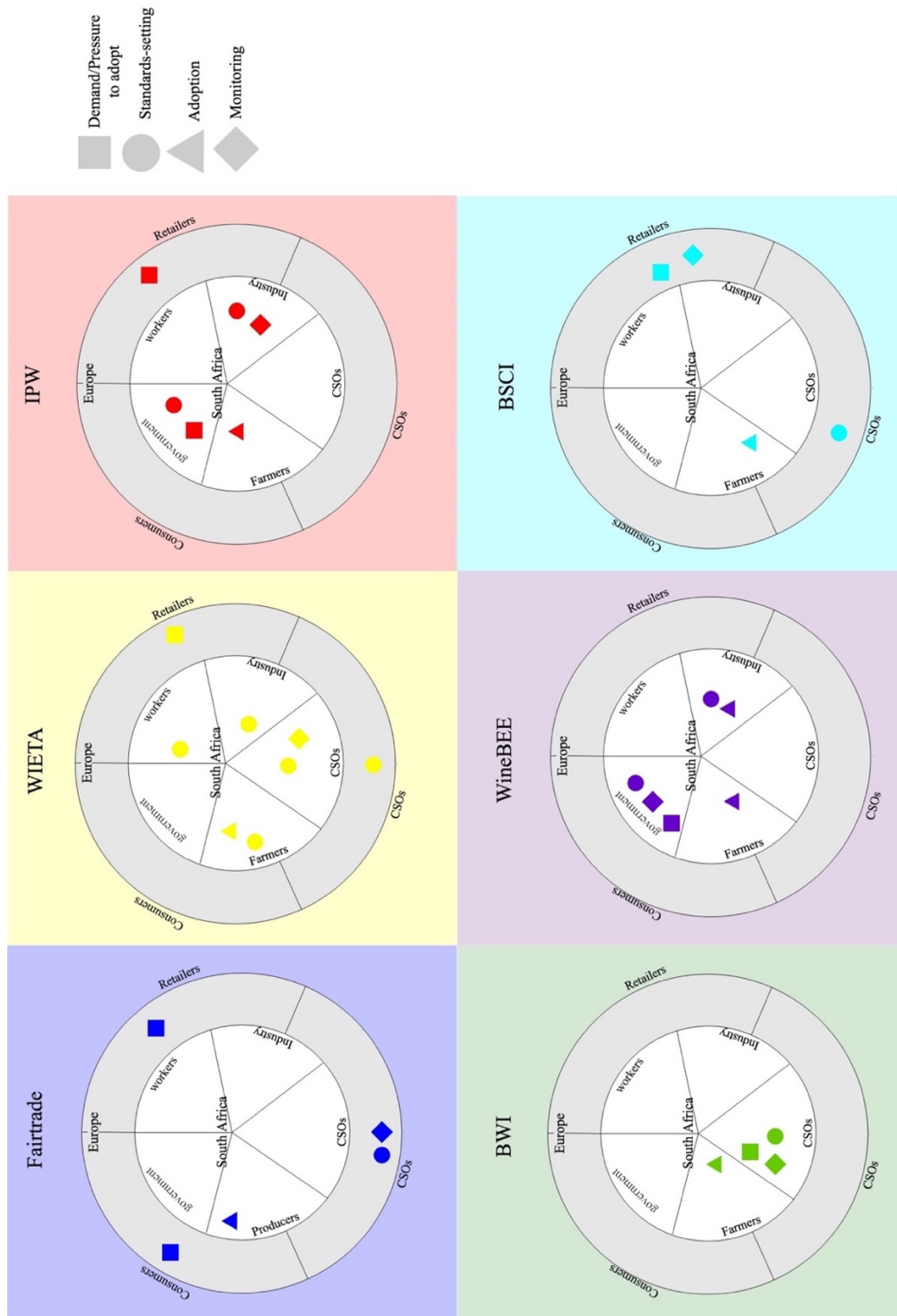
Figure 7.13 shows a simplified comparative representation of the distribution of selected processes of ethical certification regulation in EVeNs between actors in the North (Europe) and South (South Africa). This regional distribution analysis could also be identified as following a core-periphery tradition, however, the visualisation subverts core-periphery models by positioning the space of production (the South African wine industry) at the centre. In order to 'map' regulatory processes, it locates the functions of demand (or pressure to adopt), standards-setting, decision to adopt, and monitoring. While in reality these functions may not always be restricted to one actor, in most cases I have identified the dominant actor in each process. This allows for a novel view of the regional dynamics of governance in EVeNs. WineBEE and BCSI do not meet all of my criteria for an ethical certification as laid out in chapters one and three. BEE compliance is mandatory for businesses of a certain size, and BEE does not provide an ethical label. BSCI also does not provide a label. However, as schemes focused on improving social indicators through and within industrial structures, is useful to compare BEE and BSCI with the ethical certifications operating in the South African wine industry in

order to detect differences in regulation and possible ongoing trends towards differentiation or convergence, as well as the role of government in the regulation of ethical production.

The variation in certification governance is clear in this illustration. Most of the regulation functions for Fairtrade occur in the core. The pressure to adopt, standards-setting and monitoring are all North-driven processes, indicating a top-down flow of governance. WIETA, by contrast, is governed by a multi-stakeholder arrangement of local actors who collectively set standards for compliance, adapted from the ETI's global base code. This reveals a distribution of governance functions across local actors, depicting a bottom-up, democratic regulatory structure (however, the realisation of this in practice is contested, as will be discussed in Chapter Eight). IPW is also clearly shown to be a locally-driven certification, with most of its regulation occurring in the South, including oversight by government. The relative absence of Northern regulation for WIETA, IPW, BEE and BWI, while potentially meaning they are less vulnerable to corporate co-optation or commercialisation, raises the issue of insufficient relevance and demand in global markets. Indeed, BWI, arguably the least commercially-oriented ethical certification in South Africa, driven wholly by local civil society, has not survived. In fact, in my observation, the only certification pictured that truly leverages consumer demand is Fairtrade. The rest respond to buyer, or retailer demand for supply-chain accountability. It is possible to hypothesise, drawing on this depiction of the regional distribution of EVeN regulation, that there is an inverse correlation between the level of local democratic governance of an ethical scheme, and its currency or competitive advantage in global markets.

Another key finding evidenced in the below visualisation is the absence of workers from regulation processes in EVeNs. Fairtrade, WIETA, WineBEE and BSCI are all directly focused on the wellbeing of workers. While IPW and BWI do not include social or labour standards, they still impose rules that workers are required to follow. Trade unions are included in WIETA's multi-stakeholder governance model. However, none of the other certifications depicted include workers in functions of demand for adoption, standards-setting, the decision to adopt, or monitoring. With regards to monitoring, workers might be interviewed in audits, but they are not involved in designing monitoring methodology or carrying out monitoring activities. Chapter Eight will discuss workers' representation in ethical certification regulation in detail, in order to draw conclusions about workers' agency in their own 'empowerment' and whether, without workers at the table, ethical development can really take place in their name.

Figure 7.13. Distribution of certification regulation in EVeNs (Europe-South Africa)



(Source: Author)

7.6. Pivot to less reflexive markets?

Supermarket power and the cost-price squeeze contributed to in part by the increasing pressure on producers to comply with multiple ethical certifications may be contributing to a strategic push to diversify away from European markets. This has been an undercurrent in industry forums and was raised by numerous interviewees. VinPro's Executive Director Rico Basson, in his address at the well-attended 2017 industry information day, noted that a growth in the US, Chinese and African markets was a key strategic goal of the wine industry. In 2017, those markets represented 3%, 2% and 5% respectively of total export value. Basson set targets for 2025 of 7%, 7% and 10% (Basson, 2017b). Russia is also commonly cited as a potential growth market. Interviewees noted that the markets which the industry was encouraging a greater push towards were less exacting in terms of ethical standards.

But the big ones are China, and countries like Angola, [...] and there's very little potential for an ethical label there [C2].

Unfortunately, you don't have as much of an ethical demand coming out of the Asian, African and Russian markets, so we've had comments made by very difficult producers that've not been supportive of the [certification] process to say well you know then I'm not going to sell my grape to that cellar because they predominantly make use of the UK market, I'll just sell into China or Russia. It's something that could be detrimental [C4].

We are looking to east and west and bottom (as I say it because it's beneath our feet) - Africa. And traditionally, North America, China and Africa are less, at this stage, worried about ethical trade certification [IB1].

This could perhaps be because consumers in these countries are more price-sensitive or less exposed to the politics of ethical consumerism. It would be inaccurate to claim that South African wine producers are increasingly looking to diversify into new non-European markets *because* they have lesser demand for ethical certification. It is because they see potential to grow their margins in those markets for manifold reasons. However, a question for researchers to follow up on if this re-orientation occurs, is what is its impact on the uptake and scope of ethical certification in the South African wine industry, and, by extension, the pace of market-led ethical development? This finding also points to a broader issue with market-led ethical development, which is the transience and fickleness of market relationships. Ethical development may occur as a by-product of relationships with certain markets which prioritise civic, domestic or ecological conventions. However, it only occurs for as long as those market relationships are financially expedient for actors, and as such is dependent on uncertain and unsustainable conditions. This can be contrasted with government- and civil society-led ethical development, which, though subject to the whims of party politics, is perhaps less dependent on unpredictable external forces.

7.7. Conclusion

Proponents have argued that ethical certification rebalances power and profit in value chains, by attracting an ethical premium based on origin and embeddedness, that is accumulated at the supply end of the value chain (Bowen, 2010; Higgins et al., 2008; Raynolds, 2000). Where small producers are threatened by globalisation and commodity fetishism, they are able to resist it by attaching value to their smallness and distinctiveness through ethical certification - boundedness in place theoretically becomes an advantage rather than a disadvantage in a globalised system. However, empirical evidence increasingly shows that lead firms have found ways of capturing the value added through ethical certification. This is achieved by requiring compliance with competing ethical standards, and passing the costs of demonstrating compliance on to producers – in other words, simultaneously reducing their costs, but increasing the quality and value of their products.

In the sense that certifications represent outsourced codification and monitoring of detailed production specifications, paid for by suppliers, it can be argued that ethical certifications are part of a complex apparatus of neoliberal value chain governance used by powerful buyers. It is neoliberal because it is both global and private in nature – it circumvents state regulation and is driven by free-market forces. This governance allows the value added by ethical operations to be captured in the core, while imposing costs on the periphery. As such, this case study can be considered an example of the co-optation of ethical trade systems by corporate interests. However, while this phenomenon has been identified in studies of smallholder Fairtrade organisations, its implications for the relatively novel ‘plantation’ model for hired labour standards are less documented. There is, of course, an important distinction between ethical production and ethical exchange. The question that the next chapter will address is connected to this: If ethical certification does not improve the conditions of trade for wine producers in South Africa, does it still improve outcomes for ethical production? For example, through Fairtrade’s provision of a premium to wine workers for community development projects, or through WIETA’s enforcement of labour rights, and multi-stakeholder cooperation. Nevertheless, the ability of ethical certifications to increase the value retained by peripheral actors is crucial to the sustained power of ethical certification to make trade more ethical. This raises questions as to the long term attractiveness of ethical certification to producers in the Global South, and therefore to the ongoing effectiveness of ethical certification itself.

Chapter 8. EVeN-ing development

Pathways to empowerment or technologies of control?

This thesis argues that ethical development must be inclusive, just and sustainable. In order to fulfil their ethical claims, EVeNs must facilitate the empowerment of vulnerable and marginalised participants, to enable them to have increased options and opportunities, improved livelihoods and freedom from poverty, and crucially, influence over the conditions and rules which govern their lives. This chapter is centrally concerned with the contribution of EVeNs to ethical development for marginalised communities relying on the South African wine industry. Fundamentally, this means the extent to which EVeNs empower historically disadvantaged wine-working communities, by redistributing wealth, power and regulatory capability in a fairer configuration within networks. The chapter will employ the concept of empowerment as it has been approached in ethical certification literature as an objective which competes with that of control. As laid out in Section 3.5.2, recent work on ethical certification contends that certifications balance the dual objectives of empowerment and control (Auld et al., 2015; Raynolds, 2017). This tension has been observed in the course of my research in the South African wine industry and its implications for development outcomes will be explored. A discussion of the importance of inclusive certification governance to empowerment will follow, drawing on the key concept of regulatory capabilities as described by Cafaggi and Pistor (2015). Then empirical evidence will be presented and critically analysed to assess the extent to which EVeNs have, first, effectively implemented ethical standards and achieved compliance, and second, enabled inclusive governance and regulatory capability to allow disempowered groups greater ability to envision and implement development outcomes in the South African wine industry.

In the South African context, criticism has focused on the way empowerment is conceptualised. McEwan and Bek (2006), argue that empowerment has been cynically co-opted as a tool of neoliberal governance for business elites in South Africa. They conclude that: “It is [...] imperative that power is identified less in terms of domination over others and more in terms of the capacity of previously oppressed peoples to increase their own self-reliance, the right to determine choices in life and to gain control over crucial resources” (p. 1032). This chapter explores the extent to which EVeNs that prioritise a logic of empowerment have been able to facilitate *emancipatory* empowerment for wine workers.

8.1. Certifications and ethical development in the South African wine industry

Whether predicated on a strategy of empowerment or of control, EVeNs theoretically serve a redistributive purpose, seeking higher value capture, increased power for local actors in global networks,

and economic and social upgrading facilitated by technologies of ethics and the forging of multi-stakeholder governance relationships. Certifications make various claims to ethical development enablement, addressing empowerment, sustainability and traceability. Fairtrade addresses ethical development centrally in its Charter of Principles: “The Fair Trade movement shares a vision of a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential” (Fairtrade International & Organisation, 2009).

WIETA, also, references development in its ‘overview’, locating its activities as part of the wine industry’s efforts in “tackling many of the widespread development challenges affecting those employed in the sector” (WIETA, n.d.). In the introduction to its audit process and methodology document, it states, “WIETA strives to ensure fair treatment, respectful relationships and dignified lives toward achieving a transformed agricultural sector” (WIETA, 2016b, p. 2). ECOCERT, which administers the Fair for Life programme states prominently on their website that “Fair Trade is part of a broader context of sustainable development [...] that safeguards and supports the local social fabric, particularly in rural settings” (ECOCERT, 2018). The IPW label guarantees that a wine was bottled in South Africa, and that it was produced according to ‘earth-friendly’ principles, implementing internationally-recognised best practice in environmental sustainability. While these schemes are located at different points on the empowerment-control spectrum, they each present a prescriptive programme for ethical development. Promotional language such as ‘fairness’, ‘sustainability’, ‘transformation’, and ‘livelihoods’ signal inclusion in ethical value networks.

A key component of the methodology of most of these certifications is the establishment of participatory governance frameworks to enhance the regulatory capabilities of workers over their own lives (Cafaggi & Pistor, 2015). Such models include worker representation in certification governing bodies such as boards, the encouragement of collective association and bargaining amongst workers, the payment of ethical market premiums directly to workers, and capacity building activities to both enable workers to upskill and advance into management roles, and to equip workers to better take advantage of the opportunities offered by certification, i.e. training in project management for the effective implementation of worker-driven development projects. In the Fairtrade system, increased regulatory capability for workers is partially achieved through the encouragement of forms collective bargaining and union membership: “Organisation of producers and workers is integral to the developmental objectives of Fair Trade and is positively and actively encouraged” (Fairtrade International & Organisation, 2009, p. 9). Additionally, the Fairtrade Standards for Hired Labour mandate the establishment of a ‘Fairtrade Premium Committee’ made up of workers and independent from management, to determine the allocation of the Fairtrade premium to community development projects. The WIETA code requires that “Employees have democratically elected male and female

representatives based on the principle of freedom of association to represent them in discussions with management on implementation of the code at the workplace” (WIETA, 2016c, p. 7). The code also enforces the rights of employees to join unions and engage in collective bargaining. Further, WIETA is governed by a multi-stakeholder board, which includes NGO, union, and industry representatives.

8.2. Achieving control: Implementation and enforcement

Even while prioritising empowerment, ethical certifications must be able to ensure that standards are adhered to through compliance and monitoring methodologies. If they are not able to exercise control over members, they risk co-optation by greenwashing or fairwashing agendas, appealing to those eager to benefit from an ethical label, but unwilling to substantially change their behaviour. Interviews uncovered shortcomings in the ability of certifications to ensure ethical standards were being continuously upheld on certified farms. Even where certifications prioritised the logic of control through an emphasis on prescriptive rules, auditing and compliance, my research uncovered barriers to effective oversight and implementation. In some cases, empowerment and multi-stakeholder regulation has been emphasised to the detriment of enforcement capacity, whereas in others emphasis on policing compliance fostered an authoritarian dynamic which limited members’ sense of ownership and participation in governance.

8.2.1. *WIETA lacks teeth?*

Many research participants were particularly critical of WIETA. This could be due to myriad reasons including the simple fact that WIETA is the most commonly held certification, with 1,446 members – 1,002 of them fully certified (WIETA, 2018) - and as such was the focus of a lot of discussion in interviews. Another explanation is that South African industry actors may feel a stronger sense of ownership of WIETA as a locally-developed and administered certification, as opposed to its more North-driven counterparts like Fairtrade, and thus feel both freer and more obligated to contribute criticism. Numerous research participants expressed the belief that WIETA has limited ability to contribute to lasting ethical change, and in particular its capacity to enforce its code amongst certified members was seen to be insufficient.

WIETA, in Auld et al.’s terms, would be classified as a public-private hybrid regulatory institution (Auld et al., 2015). It was established through a partnership between international buyers, the UK Ethical Trade Initiative, and local industry. It is governed by a board made up of diverse network representatives, and it is funded by member fees and VinPro and WOSA contributions. However, it performs a key regulatory function for - and in the views of many stakeholders *in place of* - the government, specifically the Department of Labour (DOL). Numerous interviewees asserted that WIETA’s role was limited to enforcing labour law in the wine industry. WIETA argues that it goes

beyond the labour law in encouraging members to pay employees a living wage. However, a living wage rate is not specified in WIETA's code. WIETA requires only that wages and benefits meet the Sectoral Determination or industry benchmark standards (WIETA, 2016c). Thus, while a loosely defined living wage is encouraged, the base standard for certification remains compliance with minimum wage legislation. Substantively, WIETA's role as a standards-setting and monitoring body is restricted to certifying that members operate in accordance with the law. While WIETA as an institution performs other functions, such as contributing to industrial marketing strategies, and providing a platform for multi-stakeholder engagement, for the most part it certifies legal compliance. Interview evidence suggests that there is certainly a need for this in the wine industry. It was perceived that the Department of Labour lacked the resources and the reach to monitor and enforce legislation, and that WIETA and IPW constitute the wine industry policing itself, to satisfy buyers that conduct meets minimum standards.

We have a national Department of Labour, we don't have provincial Departments of Labour, it's a national mandate. And so it's quite tricky in that sense where the Department doesn't necessarily have its own funding to roll out sufficient inspectors [C4].

I think everyone's doing the job of the government, except the government [A3].

I think it's also a question of resources and capacity, and it's one thing having an advanced and fantastic constitution, a fantastic legislative structure, but if you can't actually enforce it, it has a limited impact [P19].

Some perceived WIETA's enforcement of labour legislation to be a positive thing. They felt that without WIETA, producers would not be complying with legislation on health and safety, housing provision, or minimum wage. This more pragmatic viewpoint held that the DOL lacked the capacity to implement the - actually robust and extensive - labour protections that workers had been afforded, and that WIETA's existence meant that many more wine businesses were now operating legally, and that workers were benefitting.

I would say prior to WIETA, you could pretty much say that the level of legal compliance in wine farms was very low [C2].

So we've tended to try and self-regulate, which I think has helped. It would be better if we had more input in terms of financial assistance, but I don't think the government really has the money in any industry to invest at the moment [IB1].

However, other interviewees took a more critical view, questioning why an independent body was needed to enforce legal standards, why they were required to pay audit fees to demonstrate legal operation, and crucially, whether obeying the law merited a product label certifying 'ethical' production.

I mean, if you look at WIETA - WIETA is just the labour law! I mean, everybody should have been abiding by that already to start off with. WIETA is nothing more than just that [P12].

So if I abide by the law then I should be fine with WIETA in any case, it's just a case of now [...] I must pay for the audit, just to come see that I'm abiding by the law [P5].

Shouldn't it be: 'This is how we, as WIETA certified farms [...] are different from others who are not ethically certified'? [CS3].

They're now calling it ethical and whatever, so I suppose it probably is ethical but I mean it's just basically abiding by the legislation that's been here in the first place [P12].

In many practical ways, WIETA operates as a proxy for the DOL in policing legal compliance on wine farms. The scheme has been successful in disseminating the comprehensive labour legislation, especially in the area of housing tenure where there is a particular need for protection for wine workers and their families. However, as participant CS3 articulated above, it can be argued that ethical production intuitively implies standards above and beyond public regulation, that differentiates certified producers from non-certified counterparts. Key questions arising from interviews hinge on the issue of what exactly can be categorised as 'ethical' production. Is it ethical to simply obey the law? And should operating legally earn a producer the market benefit of an ethical label? What do consumers expect when choosing a bottle with a WIETA 'ethical trade' label on it, and is it sufficient to guarantee that the product was not produced illegally? Finally, if WIETA's remit is limited to monitoring legal compliance, what are the implications for wine that is not WIETA certified, should consumers assume that it has not been produced in accordance with South African law?

However, while some criticise WIETA for limiting its scope to enforcing labour law, others criticise it for in fact being unable to sufficiently enforce these standards. Participants, including producers and workers' rights advocates, perceived that WIETA 'lacks teeth'. Though this common sentiment was an independent empirical finding in this research, its first documentation was by Cheryl McEwan and David Bek (McEwan & Bek, 2009a). Although WIETA has had success in increasing awareness of labour legislation, some stakeholders question its capacity to sufficiently impose and monitor standards, and to bring troublesome members into line. This has become a more urgent issue since McEwan and Bek's study, as numerous serious violations have been publicised on WIETA certified farms which certification has apparently been unable to prevent. One union representative spoken to referred to violations of WIETA rules protecting union members:

A lot of the farms, they are accredited, but there are lots of problems. For example, I've seen people often get dismissed, they don't allow trade unions on the farms. And that is part of the WIETA principles that they are violating [U1].

When a Robertson farmer was accused of assault in 2014 for allegedly strangling a worker who invited union representatives onto his farm, media coverage focused heavily on the fact that the farm was WIETA accredited (Peterson, 2014).

I think it was in 2015 or 2014, there was this farmer who'd beaten up the worker on a farm in Robertson. He was a WIETA member, there was an article in the newspaper, and the union basically challenged WIETA to do something about this. WIETA didn't even respond [CS3].

The *Bitter Grapes* documentary uncovered a case in which employees on a prominent WIETA certified farm were having 80% of their pay deducted for expenses, in violation of both WIETA code and labour law (Heinemann, 2016). *Bitter Grapes* found evidence of farmworkers being exposed to pesticides without protective clothing, violations of housing standards including lack of access to toilet facilities, clean water, and electricity, and also violations of minimum wage legislation, all on WIETA certified farms. The response to the documentary's impact on WIETA's reputation was mixed. At least one interviewee made the case that it was in producers' interest for WIETA to be stricter, in order to preserve the integrity of the label:

As a producer, I want to be confident that if I'm putting that on my bottle, it actually means something. So that needs to mean something for consumers too. [...] If you're having producers who're not playing by the rules that are getting accredited, there's definitely a question mark there [P19].

The cases cited in *Bitter Grapes* are particularly egregious examples of non-compliance with WIETA standards. However, failure to comply with the WIETA code may occur for many reasons. Though some members might simply be resistant to making the changes required and attempting to see what they can get away with, others may lack the capacity and resources to fully comply. Especially where members are smaller, exclusively supply a cellar and do not deal directly with exporters and retailers, or have not modernised their operations, WIETA's requirements for record-keeping and reporting may be harder to meet. In WIETA's early days, certification focused on the cellar level. A well-placed informant noted that, while cellars were easier to certify because they had technical systems in place, the greatest need was on the farms:

Increasingly, we understand that the challenges are often not at a cellar-level, because cellars often operate on a highly technological level. [...] The challenge is on farms [C4].

However, this commitment was questioned by some. One civil society representative in particular was very critical of WIETA's claim to consistent enforcement across their membership, asserting that WIETA was most concerned with auditing producers with a public profile.

They also tend to focus on the estates who have a brand name and it's in their best interest to pass an audit. They focus on those people, but they do not do a thorough check on the ordinary producer [CS1].

This perspective was echoed by an estate producer of branded wine, who felt that as a more public-facing business, they were subject to more scrutiny by WIETA than farmers supplying large cellars for commercially-branded blends.

They're not applying the same rules to everybody. We have our own trademark so they're very strict on us [...] While if you're a producer to a cooperative, the cooperative is audited at a high level, but the producers supplying the grapes get away with murder [P9].

This is yet another example of the tension between certification as a tool for marketing or for ethical development. WIETA's alleged focus on the producers most visible to consumers may mean that the farms likely to have the least incentive and resources to implement ethical standards are overlooked. As Auld et al.'s framework describes, the logic of control is derived from the negative market incentive of reputational risk to brands of poor social and environmental practices, therefore certifications prioritising control are primarily concerned with demonstrating ethical standards in spaces most visible to consumers, potentially neglecting more hidden network participants. However, this argument is somewhat incongruous with the finding of the previous chapter, that cellars were compelled to exert pressure on their suppliers to adopt certification and demonstrate compliance, and with the experiences of small producers who perceived extreme pressure directed at them to certify. Though some participants assert that WIETA places disproportionate scrutiny on manufacturers and brand producers over primary producers, and that this is contrary to their mandate and principles, smaller producers are included in the system through the top-down flow of value chain governance. The key question remains as to whether WIETA's monitoring of those small producers is as stringent.

In relation to the complaint that WIETA is toothless, an ongoing debate has centred on the question of whether WIETA should exclude members for violation of its codes, something the organisation has been reluctant to do. WIETA's official Code of Conduct states that the priority in addressing code violations is to 'promote better communication and good working relationships' (WIETA, 2016c, p. 6). The emphasis on resolving the violation and promoting communication and engagement in the process is important to the values of WIETA and arguably essential to the goal of ethical development, as it ostensibly attempts to build more equitable employment relationships and empower workers. However, the perception amongst members that there are minimal consequences for violating WIETA's standards may serve as a barrier to the dissemination of the principles of ethical production. One union representative interviewed felt strongly that WIETA should revoke certification for members with serious non-compliance; by extension removing their ability to export:

And we also want to know what will happen to the farms that don't comply. I can't believe that WIETA is a body without teeth. [...] Either they must revoke their accreditation so they can't export wines, or something must be done [U1].

However, exclusion for non-compliance would have consequences for more than just the producer. An NGO worker summed up the issue as it related to their organisation's work on farms – and the same conundrum is applicable to WIETA:

If they break their agreement, do we then withdraw? We can't, because in all honesty, those are the farms that need us the most [...] we're not gonna leave, because what's gonna happen to the community? Do you see? [CS4].

Certifiers and NGOs encounter a fundamental problem in 'policing' compliance with legal standards: the simple fact that they are not the police. They are unable to sufficiently incentivise stringent compliance, and have limited power to act when somebody has broken the rules, especially because 'punishing' the farm owner, in fact means punishing the farm workers and their dependents. This reveals a key tension between the logic of control and the logic of empowerment, and provides an example of the inherent contradictions arising from attempts to build multi-stakeholder alliances for ethical trade amongst actors with naturally antagonistic relationships (i.e. owners of the means of production, and labour). Even when certifications are independent of industry in their standards-setting and monitoring processes, they rely on the buy-in of network actors for their existence, and for their regulatory power.

A key point of reference for contextualising the critiques of WIETA, including that it does not go far enough beyond existing legislative protections to address structural economic inequalities, is McEwan and Bek's (2009a) analysis of WIETA's role in structural transformation in the wine industry. The authors anticipate critiques of WIETA's ability to facilitate ethical transformation, but warn against cynicism, which would ultimately undermine the progress that the initiative is making. They argue that expectations of WIETA and understandings of the organisation's role are unrealistic. WIETA, they contend, cannot and does not claim to bring about transformative economic justice in the wine industry. Instead, it operates within the constraints and contradictions of the free market system and an under-resourced Department of Labour to achieve incremental change which makes the "often wretched" lives of wine industry workers better (p. 738). McEwan and Bek acknowledge that the location of WIETA within a corporate-governed ethical complex means that it cannot be overly radical or transformative, and that its appeal to retailers and emphasis on managerial systems may "blunt [WIETA's] 'ethical force'" (p. 738). However, they position WIETA as a stepping stone to meaningful ethical transformation, filling a crucial gap in government regulation, and facilitating a multi-stakeholder conversation on ethical development.

McEwan and Bek note that it is crucial that ongoing attention is paid to power relations, and the transformation of exploitative and racialised assemblages of power (which have been described in previous chapters). They accept that WIETA may not fundamentally prioritise this mission. However, they do not see this as a reason to discount the real contribution that WIETA makes to benefit vulnerable workers. They celebrate the incorporation of workers' interests within the WIETA system, and the fact that it is locally driven, generated from the South: "WIETA thus has the potential to illustrate what might be achieved when Northern retailers, civil society organisations and consumers relinquish some

of their control over the ethical trade movement” (p. 739). A decade since McEwan and Bek’s case study of WIETA, follow up analysis must address the question of the extent to which this has been achieved: Has WIETA enabled actors in the periphery to take increased control over the ethical trade movement, and does this continue to result in positive outcomes for the most marginalised? The following sections will explore further challenges encountered in implementing and ensuring commitment to ethical standards, as well as obstacles to the establishment of equitable governance of ethical certification initiatives including WIETA.

8.2.2. *Limitations of social auditing as a tool for implementation of ethical practice*

So people can go through audit and they can do fairly well, and then you hear something happens, and somebody says didn’t that come up in the audit? And actually it didn’t [C4].

Multiple interviewees pointed out perceived problems with an over-reliance on audits as a tool for the dissemination of ethical standards. Particularly in the social and labour sphere, where most change happens through dialogue and relationships, the instruments of auditing, adapted from the world of corporate accounting, were seen to be inadequate in both driving and measuring change. Emphasis on compliance measurement against quantitative metrics arguably overlooks the less tangible aspects of ethical development, such as attitudes, partnership and empowerment, which in fact are fundamental to ethical progress.

You don’t get to see the negative parts that much. You get to see the positive parts, but the negative parts you’ll have to dig a bit deeper to really find [C3].

This concern was frequently raised by certification representatives themselves, who noted the limitations of audit-based methodologies, and stressed that innovative tools for measuring ‘softer’ ethical progress, and particularly the changing nature of employer/employee relationships, were needed.

There is a particular place for an audit in ethical trade, and [...] audits alone aren’t able to necessarily give you a full picture of how ethical people are, or what their commitment to ethical practice is. [...] Audits alone aren’t necessarily going to ensure that people remain fully committed to the process [C4].

It would be very hard to say that because they’re Fairtrade certified that ‘A,B,C’ has happened, in terms of attitude change for instance. In terms of a reduction of abusive language in the workplace, in terms of people’s sense of ownership or those kind of more intangible things [C2].

Compliance is often: Show on paper that you’ve met all the criteria for something. But it doesn’t necessarily address: Are you building a respectful relationship with your workers? [...] Without being defensive or creating intimidatory tactics? [C4].

There was an element of frustration evident amongst certifiers who knew that auditors could easily get a sense of whether members were “trying to pull the wool over your eyes” [C4], or whether they were committed to ethical standards, but that that impression could not be easily captured on paper.

Participants also referred to the infrequency of audits which, for both WIETA and IPW, take place every three years. Audits were described by some interviewees as a ‘snapshot’, capturing a picture of what is happening in a vineyard or cellar on a single day, but having limited influence for the rest of the year. Infrequent audits incentivise managers to ensure things are in order for the audit, but not to consistently maintain standards, especially because the large majority of audits are announced in advance, rather than being ‘spot checks’.

And it's a very light process. Very infrequent audits, and no follow up afterwards. It's a snapshot of what's happening, and that's the extent of their assurance [C2].

I think an audit is a difficult thing. The audit is a snapshot, a polaroid shot of what's happening on that day. And an audit can make somebody look very good. Because all his documentation is there, maybe the workers who are interviewed give the right answers. But if you walk in on any other day you might find that there are non-conformities [P4].

If you're not going to the farm often enough things can fall through the cracks. So the IPW audit cycle is once every three years, because they need to see almost 1000 farms. They can't go every year if they don't have the capacity. [...] In our opinion, you do need to have more regular feet on the ground to check that they aren't ploughing in the river or developing where they shouldn't [C5].

Some research participants, particularly observers and union representatives, claimed that often measures would be taken to ensure compliance immediately before an audit, but that the site would return to normal, non-compliant operations afterwards:

I mean we've had outcry from workers saying that a week before the audit, or days before the audit, all these things are put into place. Like having a mobile toilet near the vineyards, those kind of things, having the pesticides locked up. [...] You see, so it allows for people to continue what they're doing [CS3].

WIETA do their auditing every three years, so once there is an audit, everything's smooth on the farm. So they will clean up the houses, they will pay the workers what they should have been paid. There's no illegal deductions between that period of time, you understand? So once the audit is over, things will go back to normal. And they start those types of things again [U1].

Some interviewees also took issue with the competence of auditors; their ability to detect issues, their knowledge of standards, and their consistency. They were of the view that, while certification standards might be useful, the auditors were not ensuring they were adhered to correctly.

The auditors are not consistent, same with WIETA. The auditors doing WIETA, they're not consistent in their questions [P18].

Now, I'm critical about some of these audits, for the plain and simple reason that they are inconsistent, and the auditors are not well trained, and they don't do their job [CS1].

Really you should have more than one auditing company out there in terms of making sure that the standard is maintained, that it's not skewed because of what one auditing company is recommending, and then also making sure that the auditors understand what the criteria means [C5].

An independent consultant who assists producers to implement ethical standards was extremely critical, having encountered cases where sites had achieved accreditation without having fundamental provisions in place, including one producer who did not have an employment equity plan, or a housing policy, both crucial aspects of the WIETA code:

A producer phoned me at the beginning of the year and he asked me whether I will assist him with an employment equity plan, and I said to him, 'ah but you should have it, how did you manage to get your WIETA accreditation? They should've checked your employment equity plan, whether you've submitted that!' He said, 'they did not'. There was also no housing policy. I said, 'it's impossible! You must have that! How did you pass your WIETA audit?' [CS1].

This person also had experience of auditing inconsistencies, and mentioned a case in which different auditors visited separate farms run by the same HR company with the same contract procedures and submitted conflicting findings regarding contracts, which the interviewee insisted were identical.

Another producer complained about inconsistencies in ethical audit reports, blaming the issue on poor language and translation skills:

They sent out people from Turkey. and these people weren't even very strong in English. [...] Afterwards, the reports - I mean, I'm English and Afrikaans literate, and the translations don't even add up with each other [P12].

This finding could again indicate poor audit design, inadequate training of auditors, or lack of comprehensive knowledge of standards amongst auditors. However, it could also be indicative of a broader reality of auditing - particularly in more qualitative areas such as empowerment and labour relations – that it remains a subjective, human process, no matter how detailed the paperwork or measurement methodology.

As further evidence for the above point, ethical audits rely on interviews with workers to verify standards such as non-discrimination, minimum wage, freedom of association, provision of breaks and facilities, and many more. While this is an essential process for ensuring audits capture workers' experiences and perspectives, in practice it is problematic. Workers can have many reasons for not being fully comfortable or open with auditors. These include a sense of being put on the spot, and the fact that an audit can be a stressful experience:

You're a worker, and now you're placed in an office with an auditor. You are completely stressed. Like, what is this? [C1].

Also at play is the deeply ingrained culture of farm paternalism. The discourse of the total authority of the farmer, disseminated through the narratives of 'mutual understanding' and 'mutual belonging' (Du Toit, 1992, 1993) and accompanied by a suspicion of outsiders may limit a workers' desire to speak candidly with an unknown auditor. Unfortunately, this issue is most salient on farms where employers do use intimidatory tactics. The practice of 'treating workers differently' when they joined a union or asserted their labour rights was referred to by interviewees.

Many of these farms will show you that they have a policy of freedom of association. But as soon as that particular right starts to be exercised, what we start to see more and more [...], is that that right is being eroded in very very subtle ways. Things like, producers might offer once-off bonuses to workers if they leave the union, or treat them very differently, but it's subtle [C4].

Workers' vulnerability to dismissal, eviction, or 'being treated differently' increases their reluctance to be open with auditors.

So one of the things that workers are not likely to do is stand up in an audit and say 'we really just want to let it be known that we feel intimidated', because they really are extremely exposed and vulnerable [C4].

Additionally, as one producer noted, if a worker serves on a committee or participates in an ethical audit, they might also be risking being treated differently by their peers. Section 4.4.4 dealt with farm paternalism's historic facilitation of a culture of rivalry, informing and the complex politics of being in the farmer's favour. Vestiges of this culture are visible in the dynamics of workers' relations with the auditor, as related by one interviewee. This interviewee explained that an employee singled out for participation in ethical certification – or what was seen by the community as a managerial matter, might be perceived to be the 'blue-light person of the employer', or as cooperating with management and in turn receiving special treatment. This perception from peers makes employees less likely to want to participate in committees and audits.

The problem with workers' committees is, our farm communities are close-knit communities. [...] And if they've got to work with management they're many times viewed as... as the blue-light people of the employer. So people don't easily want to serve on those committees [P4].

This highlights the crucial need for more training for workers on the role of ethical certifications in protecting their rights, and the avenues certifications such as Fairtrade, WIETA and Fair for Life offer in increasing their power and representation in the companies they work for, and in industry in general. One worker advocate stressed this point:

And [workers] need to be trained on the standards so that they would be able to recognise when they are non-compliant [CS3].

The 'blue-light' perception might have some basis beyond a lack of understanding of the purpose of ethical audits, however. Interviewees also referred to the practice of employers 'selecting' particular workers to speak to auditors who will be more likely to give a positive impression, and say the right thing. In return these particular workers might experience better conditions, or better housing, which they can describe to an auditor. In this way, employers can closely control what an auditor sees and hears at a site.

So [the farmer] will say 'Oh you just talk to Claus.' And Claus stays in a decent house, he will show you everything, running water, warm water. He even has a bakkie [vehicle] from the farm. [...] So the person doing the audit talks to the worker but he talked to the wrong worker, you understand? He didn't talk to all of the workers [U1].

One of the standard complaints is that the farmer gets to pick the interviewees. It's always the same people being interviewed, it's always the same houses that are inspected by the auditor [CS3].

A key problem is the perception of the auditor as an authority figure there to cast judgement. A resentment of auditors was expressed in interviews with producers, but workers also experienced wariness of auditors. This relationship reinforces the perception of certifications as something imposed from above and reluctantly adopted by producers, rather than something owned by producers and workers. It also reinforces the insular narrative of authority within the farm boundaries, the delicate balance of which could be threatened by external influences. Again the contradictions of market-driven ethical development are visible. EVeNs can only be effective if they are based on trust and partnership, with all parties fully informed, fully committed to the ethos of ethical development, and with all parties represented in certification governance. However, they can also only be effective if they impose authority over members, and if they inflict consequences for breaking the rules. These two functions seem to be in conflict in the South African wine industry. Some producers perceived certification implementation as working against them, and requiring unfair or unrealistic standards, which made them more likely to try to circumvent compliance by 'gaming' the monitoring process – ensuring pesticides were locked away every three years at audit time; selecting and priming workers for audit interviews. This type of relationship with ethical certification is thoroughly counterproductive for industrial upgrading, not least because the positive marketing messages generated by an ethical label are at risk of being repudiated only too easily by investigations such as Tom Heinemann's, causing significant reputational damage. They are also counterproductive for ethical development.

While some enforcement anomalies were due to organisational deficiencies within various certification bodies - such as poorly trained auditors - many of the obstacles encountered by certification schemes in enforcing and monitoring standards reveal once more the deeper issue of fundamental resistance to change within the wine industry complex: Resistance to innovation, resistance to external regulation, and resistance to scrutiny. It appears that, rather than increasing transparency in the wine industry, the development of private regulation and audit culture has in fact resulted in a reversion to guardedness and obfuscation. This impedes the kind of honest dialogue needed for meaningful change to take place. As one NGO worker lamented:

Audits is not helping anybody. It's just enforcing the whole system of not being open and honest and transparent about what is happening [CS3].

8.3. EVeNs and empowerment: Participatory governance and capacity-building

In the 1980s, the wine industry's Rural Foundation first made efforts to establish 'workers representative committees' in order to improve industrial relations and ward off the possibility of industrial action. Commentators have argued that it was in fact a strategy to legitimise existing power structures and constrain workers' empowerment (Du Toit & Ally, 2003). Today, workers' committees are an important feature of the empowerment strategies of ethical certifications, particularly Fairtrade and WIETA. This section will evaluate South African wine EVeNs certified by WIETA and Fairtrade International in terms of their outcomes for redistribution of power and regulatory capability. EVeNs can empower marginalised actors through: (1) Training and capacity building to allow them to advance in their profession; (2) Supporting unions and collective bargaining processes, encouraging union membership, and protecting union members from discrimination by employers; (3) Through the channelling of more revenue directly to marginalised network participants (such as Fairtrade's premiums, which are required to be spent on community development projects); and (4) by allowing 'beneficiaries' - workers and small farmers - influence over certification design, standards-setting and monitoring processes. While the first three objectives fall under Cafaggi and Pistor's conceptualisation of 'regulatory capacity', as they allow the subjects of certification to take better advantage of pre-existing structures and regulatory regimes, the fourth objective constitutes regulatory capability and participatory governance. I contend that the inclusion of the fourth objective is crucial for substantive structural change to occur which empowers marginalised parties to lead development that is in line with their needs.

Fairtrade lists 'capacity building and empowerment' as one of its five core principles. Producers also should receive financial and management training under the auspices of Fairtrade and WIETA certification. "Fair Trade relationships assist producer organisations to understand more about market conditions and trends and to develop knowledge, skills and resources to exert more control and

influence over their lives” (Fairtrade International & Organisation, 2009). WIETA’s code requires members to “[e]nsure that they enable all their workers to actively participate in the understanding of the code, the implementation thereof and the monitoring of the code” (WIETA, 2016c). WIETA runs training programmes on health and safety, labour rights, and the WIETA code, for workers to attend at their employer’s discretion. WIETA also offers programmes for managers on labour management systems, and tools for fostering equal and non-discriminatory workplaces.

Interviews revealed a series of similar issues of resistance, antagonism and circumvention of standards in the area of certification governance. It was found that despite the requirements of WIETA and Fairtrade for democratic determination of certification standards, and premium allocation respectively, ongoing undesirable practices and fraught relationships on the ground were hindering the realisation of this objective. Power imbalances in local networks were reproduced within certification governance structures, even though standards were designed to promote equitable multi-stakeholder representation, and to empower workers to participate in certification implementation.

8.3.1. *The WIETA board: conflict and control*

Cafaggi and Pistor show that “In the event that those framing the regulatory domain also participate in it, they can stack the cards so as to expand their personal gains” (p. 96). WIETA’s board is a stark example of the difficulties of building multi-stakeholder coalitions for ethical development, as power imbalances can often persist through such things as narrative control (as explored in Chapter Six). Though the board is supposed to be representative of all local network participants, many interviewees felt that certain factions had more influence than others. Numerically, the WIETA board is evenly divided between worker representatives or advocates, and industry representatives or producers. The members comprise two NGO representatives, two producer representatives, three representatives from industry bodies (two from VinPro and one from WOSA), and three trade union representatives. The side that was perceived to have dominance depended on what group the interviewee fell into. Some producers felt that the board was overly beholden to labour interests. However, the majority of interviewees believed that WIETA was ‘controlled’ by producer interests, which presented a united front against the sometimes divided or competing unions, and worked strategically to steer the organisation. One person suggested that the current board members carefully controlled who could serve, and that they ‘all vote[d] for each other’. A union representative also felt that labour had a limited voice on the board.

The board is very controlled by certain people within the industry, so there is the very politically motivated group of board members, so it’s always the same people who are re-nominated, re-elected. [...] So I think it’s a control, that’s a control thing [CS4].

WIETA is basically the mouthpiece of the bosses. I can say: WIETA is not there for the workers. WIETA does not play a neutral role. WIETA are not supporting the workers. WIETA are not enforcing

ethical standards. All what WIETA do is to collaborate with the farmers and deny that the farmers ever do the things (in Heinemann, 2016).

Some asserted that WIETA's weakness is the fact that it is an industry-driven (rather than independent) certification. WIETA is primarily funded by WOSA, alongside member fees. This means it is answerable to established interests, potentially reducing its ability to be independent or objective. The industry-driven model is essential to WIETA's principles of reasserting local interests in global networks, allowing workers increased regulatory capability, and 'grounding' ethical trade in the South, in contrast to schemes like Fairtrade which are driven by Northern actors. However, the reality of WOSA's involvement; contributing a significant amount of funding, influence, and board representation, centres marketing considerations at the heart of WIETA's operations. Some representatives from competing certifications said that WIETA existed for industry (producers), or constituted an 'industry endorsement', which they viewed as a weakness. They perceived that WIETA is constrained by capital interests and its lack of independence means that it cannot champion the most vulnerable.

Right now there's too much bias within WIETA. You know, it's an industry endorsement [C1].

So for instance WIETA is entirely funded by WOSA, [...] and it's there for an industry body, wholly [C2].

it becomes very diluted when it's owned by the industry [C2].

Other interviewees pointed to the multi-stakeholder board model as being an obstacle to effective governance and implementation. Some felt that the board's dynamic was too *political* or *emotional*. I observed throughout my field research that 'political' was often used as a polite term for racially-charged. One participant described the atmosphere as a racial 'us and them' polarisation, explaining that the relationship between "white farmers and black trade unions and NGOs" on the WIETA board was hostile. This person had witnessed "people screaming at each other" at WIETA AGMs [CS4]. Interviewees were suggesting that the WIETA board was a site of irreconcilable conflict, as opposed to constructive dialogue, and that WIETA's attempt to include a broad range of stakeholder views resulted in overly 'emotional' engagement, as opposed to the kind of rational and objective governance which was required.

WIETA works with people, there's plenty of feelings there's plenty of politics – 'this is how I feel and I feel I'm not being paid enough', but in actual fact we know that I also feel that I'm not being paid enough, you also think it sometimes, sheesh you know. That's just the way things are [C6].

The auditing structure should be independent and seen to be independent, so the idea that you create something and you put some union people and some farmers in, that's a crap idea,

because neither should be there. [...] Because otherwise every side tries to pull it in a particular direction [P15].

Of course, WIETA deals with issues that are fundamentally emotional, when it comes to the empowerment and protection of historically oppressed constituencies. The narrative that the governance of WIETA should avoid emotions or politics could in fact be seen as a discursive strategy for constraining the type of change WIETA can effect, and ensuring it remains an industry endorsement rather than a catalyst for radical transformation.

WIETA does, however, have the potential to establish a real coalition for structural change in the wine industry, and to model a different way of doing ethical trade. The certification's regulatory structure is quite pioneering within the ethical trade movement. Its design attempted to address key issues that had been observed in other ethical trade initiatives, including a lack of stakeholder representation in governance, North-to-South driven-ness, and standards which did not adequately reflect local contexts and challenges. Conflict on WIETA's board might in fact be a sign that it is doing its job in giving diverse groups a platform to express their needs, and fostering structured interaction and dialogue between antagonistic factions to generate inclusive development outcomes. However my findings cast doubt on whether such good faith, equitable engagement is taking place under the auspices of WIETA.

8.3.2. Fairtrade and empowerment

Fairtrade Hired Labour certification has a different approach to empowerment to WIETA. Recipient workers are not represented in certification governance at the level of standards design, adoption or monitoring (aside from the initial standards-setting process that took place in 2004). However, Fairtrade explicitly aims to contribute to grassroots and participatory development outcomes, to “ensure that the direct beneficiaries of Fairtrade, through the Fairtrade Premium in particular, are workers and their families and the communities they live in” (Fairtrade International, 2014, p. 10). Fairtrade International appointed a high-level Workers Rights Advisory Council in 2010 in an attempt to re-assert empowerment as a key focus of its work in the hired labour arena, which prior to that had been criticised as a CSR- oriented tool of control (Raynolds, 2017). The Advisory Council, through a consultative process, produced a new Workers' Rights Strategy to encourage ‘mature systems of industrial relations’ on Fairtrade plantations, moving beyond auditing and compliance regimes, to allow workers “to have the power to affect the decisions that impact their lives” (Fairtrade International, 2010). In short, Fairtrade recognised that its plantation standards did not incorporate sufficient participatory governance provisions to effect empowerment for marginalised communities. The strategic review placed a high emphasis on the importance of enabling workers to take more control over their lives, or the importance of expanding workers' regulatory capability. Key commitments of the new strategy included moving

towards paying workers a living wage by benchmarking regional living wage levels and creating clearer guidelines on living wage for employers (though the Standards do not require payment of a living wage), requiring employers to demonstrate that they accept workers' freedom of association, and reducing the influence of managers on the workers' committees (Fairtrade International, 2010).

The structure of the management of the premium is really the tool, if we can put it that way, of empowerment. Because it requires self-governance [CI].

Alongside reinforcing B-BBEE requirements, the premium management structure is the key mechanism by which Fairtrade ensures that benefits go directly to workers. However, my research has shown that there are practical barriers to workers' ability to take full advantage of these provisions in the South African wine industry context. Fairtrade's Standards for Hired Labour require the formation of an elected Fairtrade Premium Committee (FPC, also called the 'Joint Body') made up of workers and non-voting 'advisors' appointed by management. In order to ensure workers retain autonomous control over premium spending decisions, the Standards dictate that "The number of workers' members in the Fairtrade Premium Committee is significantly higher than the number of management advisors" (Fairtrade International, 2014, p. 10). However, the management representatives hold the power of veto over decisions, if proposed spending contravenes the law, the Fairtrade Standards, or is perceived to have a negative impact on the company. The FPC is also required to establish a legal entity and an independent bank account to receive and administer premium funds. The Committee has a number of other responsibilities, including holding regular consultation meetings with workers as well as an AGM, producing a yearly Fairtrade premium plan including objectives, activities, budget, timeline, etcetera, undertaking monitoring, producing an annual report on Premium project achievements, and undertaking risk assessments for proposed projects.

8.3.3. Capacity-building and access to information

These activities require significant capacity in business and financial management, communications and administration. The Fairtrade Standards acknowledge the importance of capacity building for the effective implementation of Fairtrade, requiring that all workers are informed of the implications, rules, and benefits of Fairtrade including the benefits of the Fairtrade premium; and that all workers fully understand the role of the Fairtrade Premium Committee, and the democratic processes that inform its activities. The Standards also briefly touch on capacity building for FPC members, specifying that "Your company provides training for Fairtrade Premium Committee worker members in order to ensure that they can carry out their functions" (p. 17). While this provision aims to establish shared responsibility for compliance between workers and management, the reliance on employers to independently provide sufficient training to allow marginalised farmworkers to carry out high level financial and organisational administration is problematic for a number of reasons. My research

unveiled significant implementation issues stemming from this expectation - with regards to compliance with Fairtrade guidelines on the use of the premium fund, the autonomy of Committees, the provision of training in premium management capabilities, and good faith engagement between workers and management with the principle of worker-driven community development and empowerment.

It was suggested in interviews that FPC members were not receiving adequate training and access to information to manage premium funds for sustainable development. This is even more in question since FLSA's disestablishment. According to FLSA's website, 'It has consequently been decided to support Fairtrade licensees from the Fairtrade International Central Office' (Fairtrade South Africa, 2017). Before the announcement, an informant told me that the organisation had been struggling to provide adequate support for capacity building, relating that things were "dysfunctional".

We also obviously do producer support, though it is somewhat dysfunctional at the moment, because it's just impossible to be giving that level of support for every Fairtrade certified farm [C1].

While FLSA provided limited access to training and resources while it was operating, its closure will undoubtedly make it even more difficult for workers to access information about Fairtrade and training resources, particularly as FLSA provided a point of contact in the Afrikaans language; the first language of the majority of wine workers. Other interviews supported the finding that workers were not currently receiving sufficient training to assert their Fairtrade rights, or to autonomously manage premiums for beneficial development projects.

The people who get to make the decision where the money goes do not always have the whole facts or the bigger picture. [...] I think sometimes those committees that make those decisions are not always given: 'this is the range of things that you can actually use that money for'. And I think that would be helpful [CS4].

One NGO worker involved in advocating for workers on Fairtrade farms was particularly forthcoming about issues with capacity and access to information on FPCs:

So this worker sends me a Whatsapp to say 'we've got a problem, we don't know what's happening to our money, we don't know anything about how to conduct our roles as members of the committee, we go into those meetings with management and we were taken for a ride, all the time.' I could sense that he felt overwhelmed and he felt frustrated [CS3].

Basic proficiency in English was revealed to be a barrier to effective engagement with the Fairtrade Standards, as was the complicated legal structure and technical language which workers were required to navigate:

[The Standard] is a legal document, and the language, firstly people speak Afrikaans all the time. Most of the farmworkers in the Western Cape [CS3].

This language barrier also made it difficult for workers to seek recourse if they were aware that standards had been violated, as Fairtrade International's complaints process was conducted in English, as well as requiring access to the internet, and command of the complicated Fairtrade Standards.

If you go onto the Fairtrade website, there's a sort of mechanism to complain about audit issues, or issues around Fairtrade standards. It's such an exclusive process. Because firstly you have to have access to the internet, to log that complaint. Then, obviously it's in English. Then anything that you allege should be linked to a specific standard [CS3].

Realistically, to manage a legal entity overseeing sustainable community development projects using premium funding streams requires broad and substantial expertise. As many research participants related, basic education is lacking amongst wine working communities. Though the Fairtrade standards require employers to work with FPC members to ensure they have the necessary capabilities, very little formalised training appears to be provided in the areas of administration, financial management, and project management.

One non-profit organisation in South Africa does provide training to FPC members on the Fairtrade standards and premium management: The Association for Fairness in Trade (AFIT), which has at various times been tied to partner NGOs, with ever-changing and precarious funding streams. AFIT, with a staff of two, and little support from formal Fairtrade institutions, has tried to build a network of workers on Fairtrade farms, advocate for their Fairtrade rights, and provide training to allow them to take advantage of Fairtrade Premiums. A knowledgeable party claimed that workers faced difficulty in obtaining their employer's permission to attend their trainings, and also in obtaining the means of transport. The interviewee identified further obstacles to training delivery, noting that, as they needed to show that workers have had some training time to fulfil their Fairtrade obligations, employers were more likely to give workers permission to attend training sessions on technical and health-related subjects, but were reluctant to send them to trainings explicitly on labour rights under Fairtrade. Also, the informant observed that farmers were unlikely to permit workers to attend training during working hours, despite Fairtrade Standard 2.2.3 stipulating that "training takes place partly during work time". AFIT took steps to ensure that training sessions were accessible, including holding them on the weekend, close to the farms targeted, and providing transport. Where they attempted to hold trainings on farms they encountered difficulty in obtaining farmers cooperation. Facing a lack of funding to carry on with direct training, AFIT has resorted to delivering a newsletter to Fairtrade workers with a column called 'knowledge is power', which contained information about the Fairtrade Standards.

However, it was not only civil society observers that perceived Fairtrade's framework around training provision to be unrealistic or inadequate. Producers were struggling to fulfil their designated role as training providers while respecting the autonomy of the Premium Committee. Producers complained about the Fairtrade's unreasonable expectations in requiring that they simultaneously train

and support Committee members in financial management and the extensive capabilities of planning, budgeting, reporting and consulting, whilst ensuring the independence of the FPC. In practice it was difficult to draw hard boundaries between advising FPCs, and taking an active role in decision-making processes. Especially on smaller farms where employers had a more direct relationship with employees, they felt that workers would inevitably look to them for more extensive guidance than Fairtrade allowed.

You know, one thing is the staff will come to you, and you must remember the staff, most of them don't even have high school. 'Okay what can we do now with our money?' 'I can't tell you, I'm not allowed to tell you' [P18].

Because workers are so uneducated because of historical issues, and you now have a farmer that went and said well he wants to have Fairtrade because it means market access. [...] He now needs to become a development agent and not directly interfere, and that's very difficult. They almost look at the management to do that for them, first of all. Second of all it just saves time and money if he just does it [C1].

So you're sitting with farm labourers that you have to get to a level where they can actually work with money, but what is not taken in regard [...] is we are working with workers who are earning minimum wage, and we are giving them 3 million rand a year to work with. Doesn't make sense does it? [P12].

While it was found in that in some cases management felt obliged to guide the FPCs in decision-making because in practice committee members lacked capacity and confidence in technical aspects of premium management, in other cases research indicated that management representatives are incentivised to take advantage of workers' lack of capacity in managing FPCs, in order to ensure that premium spending decisions are to the company's financial or strategic advantage.

But how the partners conduct themselves and their affairs, often with people who've come from impoverished backgrounds, or who perhaps don't have the same level of business experience as their corporate partners [...] very often and very quickly there's questions around allocation of funds, investment decisions... [E5].

Interviews highlighted such issues as the exercise of veto when decisions made were not in the interests of management. The veto privilege is built into the Fairtrade Standard on FPCs in acknowledgement of the fact that managers may be better equipped to recognise risk, and must be able to take action if premium spending is fraudulent, illegal, or detrimental to the company. However, the provision that management advisors on the FPC can exercise veto if proposed premium spending will have "a demonstrable negative structural, financial or social impact on the company" leaves leeway for significant interpretation, effectively allowing management to veto almost any decision if they so choose (Fairtrade International, 2014, p. 14).

Another complaint encountered in field research was that premium funds were being used to finance projects that would otherwise have been the employer's responsibility to pay for. The Standards for Hired Labour (2.1.19) dictate that premium funds should not be used:

To meet any expenditure for which the company is legally responsible (e.g. health and safety requirements);

To replace existing social and environmental expenditures of the company

To cover the running costs of the company (Fairtrade International, 2014)

However, in practice and especially in the case study context, compliance with these standards is complicated. These rules, intended to distinguish between social development spending and ongoing company costs, become murky in the South African wine industry where workers have historically resided on farms and relied on farmers for provision of housing, amenities, and community spaces. Because of this, the parameters around what projects can be considered 'community-owned' – or primarily to the benefit of workers and their dependents – is unclear.

The example of crèches provides a useful elucidation of this issue. Where employees live in contained communities on isolated farms, farmers have long provided basic childcare facilities for employee's children to attend during work hours - a crucial investment in productivity which has especially allowed for the entry of female labourers who would otherwise have been unproductive costs to the farmer.

We've been [providing a crèche] now for so many years. But we do it also because 50% of our farmworkers are women, so it enables the women to work. That's why we have the crèche. So you can imagine some 30-year-old staff that works for us now; they all started their career in our crèche [P9].

Crèches have become a significant recipient of Fairtrade premium funding. This has had the result of transferring responsibility for the management of the crèche to workers' committees, and saving farmers expenditure and responsibility.

So everybody has a crèche for all these years, and they've been paying for the crèche, the maintenance and whatsoever all the time, I was trying to count how many farms is now using the premium to pay for the maintenance of the crèches [CS3].

Interviewees also described premium funding going into renovating or upgrading workers' on-farm housing. While these purchasing decisions are decided democratically by workers, and improve workers' quality of life, they ultimately represent fixed assets for farm owners, which increase the value of the farm property. If the farm is decertified or sold, or the recipient employees are dismissed, the employer owns those developments, and as such they do not necessarily represent sustainable development for farm-working communities.

Some workers feel that 'this flooring that we've got has been here for years, we would like to have tiles,' and I can understand that, because the house on the farm, for them it's 'my place', you know, and so they would like to make it better and renovate it etc., but in the end they're losing it, because these are things that belong to the farmer, he's going to benefit eventually when he sells the farm [CS3].

This dynamic in fact results in increased dependency for workers, rather than fostering independence and empowerment, the fact that community development funded by the Fairtrade premium is ultimately *farm* development, or is tied to farms, rather than fostering empowerment for workers, deepens their neo-fuedal ties to their employer.

However, Fairtrade premiums have funded some projects beyond creches and farm infrastructure upgrading. The 'South African Wine Fairtrade Hub' is a combined effort between Bosman Family Vineyards, Du Toitskloof Wines and Merwida Wines, which, alongside creches, includes a clinic, social clubs, two primary schools, computer centres and bursary funding. The Hub calculates 6278 direct beneficiaries from its services, and supports community wellbeing and sustainable development. Additionally, Bosman Family Vineyards has recently used Fairtrade Premium funding to construct housing for 12 employees in the nearby town of Wellington: a development that begins the process of dismantling farm insularity and dependency.

8.3.4. Changes to Fairtrade premium rules

The new Fairtrade Workers' Rights Strategy did acknowledge the need for increased flexibility in ensuring workers were able to benefit from premiums. As a result of the review process, Fairtrade updated its Hired Labour Standards to allow employees (both permanent and casual) to elect to be paid 20% of the Fairtrade premium directly, as a bonus or supplement to wages. However, the implementation of the changes in premium rules has been controversial in the South African wine industry. It was alleged in interviews that the payment of 20% of the premium to workers provided employers with an excuse to withhold other bonuses that had traditionally been paid in December.

Now they've just decided to take away bonuses. And bonuses normally were used by workers in December to have extra money to pay for presents, to pay for stationary when the school starts in January [CS3].

Another concern around the direct payments to workers from the premium was that ongoing premium projects would suffer from a sudden cut in funding.

And now they are told that they can have 20% from that, but we don't have any money left to give to the workers. So what happened was, some of the projects we had to cut down on income, so all their social clubs where they usually got R10,000 a year we had to give them only R2,000 a year or something like that [P7].

One interviewee worried that workers did not understand the importance of ensuring current projects had ongoing funding and that they would opt to receive the 20% payment without considering the implications for other development projects.

So, that 20% standard can only really be implemented if it does not harm the existing development that has already been done on the farm, and that's a very difficult concept to bring across to workers, when they hear they're going to get money [C1].

Producers have also expressed resistance to the idea of employees receiving direct payments from the premium. One concern voiced was that workers would spend the extra income on alcohol.

Of course, once the worker has money in his hand, that ends up either being used to buy alcohol or... So that's where you again see that heritage still prevalent [C1].

Well, it depends whether it's a drinking community or not, it might just be extra money to spend on alcohol on the weekend [CS4].

One producer said they would rather give workers food hampers than extra money, to ensure they didn't buy alcohol [P7]. However, a worker advocate took great exception to the claim that workers should not receive extra income for discretionary spending because it would be spent on alcohol, arguing that it was paternalistic, and not the concern of employers.

One farmer was telling me 'so, we cannot give them the 20% in cash because they're just going to drink it out, and not show up for work and eventually get dismissed.' I was really pissed about that. I said to him 'you know what? These farmworkers are not your children. You cannot tell them what to do. So whether they drink it up, it's their problem' [CS1].

While alcohol dependence remains a serious social issue in the Winelands, the fact that it is undeniably tied to the dop practice perpetrated by farmers as late as the 1990s does tend to cast the contemporary concern for workers' sobriety as rather erroneous. The narrative that workers cannot be trusted to make responsible spending decisions comes through in much of the discourse around Fairtrade premium management. However, it is in fact this same narrative that has historically tied workers to farms as dependants, has underpinned the paradigm which imposed farmers' total authority over workers, and has denied workers the means to control their own lives. While my research has shown that there do appear to be shortfalls in organisational capacity on FPCs, it must also be acknowledged that the belief that workers are not responsible or educated enough to manage their own premium funds or incomes is in many ways working to limit workers' empowerment even under Fairtrade certification, and reinforcing longstanding power relations within new forms of network governance.

8.3.5. Discussion: Has Fairtrade resulted in a rebalance of power towards workers?

Fairtrade International has attempted to prioritise empowerment in its hired labour framework, moving beyond certifying compliance with labour standards to incorporate increased emphasis on workers' ability to drive their own development outcomes and negotiate their conditions of work. The Fairtrade premium has served as a key vehicle for the establishment of participatory governance in local wine networks. However, I have found that in order for the premium management framework to allow workers to expand their influence in industry governance, under the current standards employers need to be committed to that objective and engage in efforts to realise it in good faith. It is up to employers to ensure that workers are both equipped with the tools to fully take advantage of the Fairtrade premium, and with the information to assert their own rights under Fairtrade. I contend that this is a fundamental flaw of the Fairtrade hired labour framework, as it is unrealistic to expect that owners will take on this role, especially when the primary motives for adopting Fairtrade certification revolve around market access and public relations, as revealed in Chapter Six.

My findings demonstrate that employers are not generally incentivised through Fairtrade to empower their workers to participate meaningfully in network governance, when scope exists to influence premium allocation decisions to the advantage of the business. Though Fairtrade certified employers might follow the letter of the law of Fairtrade, they do not necessarily follow its spirit, as is visible in such actions as not allowing workers to attend trainings on Fairtrade rights, or resisting payment of 20% of the premium directly to workers. Fairtrade's Standards for Hired Labour rely on employers to empower workers and as such preserve unequal labour relations under a paternalist paradigm in which 'empowerment' takes place on employers' terms. Fundamentally, it is the farmer who decides to obtain Fairtrade certification, and the farmer who decides to exit Fairtrade certification, jeopardising the sustainability of premium-funded development projects. Workers might hope to receive some level of capacity building and some platform to effect development while a farm is Fairtrade certified. However, they face the prospect of losing Fairtrade certification if it becomes inconvenient to the farmer. As such, the regulatory capability of workers under Fairtrade certification and the 'right to choose' the rules that govern them are limited.

8.4. Conclusion

There are numerous barriers to the realisation of empowerment of historically disadvantaged communities reliant on the South African wine industry through participation in ethical value networks. Labour relations continue to be characterised by dependency, and most workers remain unable to influence the circumstances of their employment, and the exploitative structure of the wine industry. EVeN formation has purported to improve the lives of workers by demonstrating compliance with at least legislated standards, and implementing auditing regimes to monitor compliance. Standards are

intended to empower workers by increasing their regulatory capacity, providing them access to technical training, information and resources, collective association, and premium funding for community development projects. Finally, inclusion in EVeNs is thought to facilitate workers' increased regulatory capability – or participation in industry governance - by ensuring they are represented on certification governing bodies, empowered to negotiate their terms of work, and involved in generating and operationalising visions for the future of the South African wine industry. However, these strategies have been limited by deficiencies within the structures of certifications; in scope, regulatory power, resources and governance, which have hindered the redistributive potential of EVeNs.

This research has shown that both the logic of control and the logic of empowerment are represented in South African wine EVeNs. The cases discussed in this chapter conform to the interpretation of Auld and colleagues (2015), that first, the presence of both logics is important to ensuring that ethical certifications are effective in fostering ethical development, and second, that the logics compete and that one is often emphasised to the detriment of the other, and the overall weakening of the certification. WIETA has attempted to privilege empowerment through its inclusion of workers' interests in its governance structures, and its prioritisation of partnership and relationship-building. However, in doing so it has sacrificed the ability to independently set aspirational standards, and to effectively incentivise or compel compliance. Although Fairtrade is concerned with allowing workers to lead development in their communities, it does so through the required institution of complex governance systems on farms, which this research has shown to be difficult to practically realise in the South African wine industry context. Fairtrade's RPC model is tightly constrained and controlled, in which workers are able to allocate premium resources within a narrow set of possibilities, which is further constrained by the influence of management in decision-making processes; enabled in turn by inadequate investment in capacity building for workers, and a lack of understanding of the pre-existing power relations on South African wine farms. These shortcomings reveal Fairtrade's control-centred approach to hired labour certification been limited in allowing workers to meaningfully participate in changing the structures that underlie the production and reproduction of wealth and power inequities in South Africa.

Chapter 9. Conclusions

Commodifying fairness

Ethical certification has arisen as a method for connecting producers and workers, whose livelihoods and environments are threatened by mainstream trade structures, with wealthy consumers who are concerned about the safety, sustainability and fairness of the products they consume. These ethical value networks represent a powerful structural method for confronting the immediate challenges created by globalised mass agro-food production and consumption, including concentrated market power of TNCs, resource-dependence, displacement of rural livelihoods, and mono-cropping and environmental degradation. Ethical certification is a sophisticated technology for attaching monetary value to quality conventions beyond price, material quality and functionality, allowing for normative values to be rewarded and capitalised on in distant transactional linkages. This represents an expansion in the possibilities of political action: ethical certification allows solidarity to be expressed through spending: positioning wealth, individualism and consumption as vehicles for ethical change. As such, ethical certification as a global social movement can be read both (or alternatively) as making neoliberalism ethical, and neoliberalising ethics.

This thesis has evaluated scholarly theories and debates about ethical certification through analysis of a case study sector, in order to draw empirically-grounded conclusions about the development impact of ethical certification in the case study context, and theoretical conclusions that can be applied and tested in other research locations. In the introduction to this thesis, I laid out my central questions, based on a close reading of the literature discussing ethical certification in South African wine, and acknowledgement of gaps and limitations thereof.

1. What factors have contributed to the formation of EVeNs for South African wine?
2. How does ethical certification impact the distribution of power and profit in globalised South African wine networks?
3. To what extent do ethical certifications foster ethical development in the South African wine industry?
4. How do the findings of this case study contribute to broader understandings and theories of EVeNs?

Central to this investigation is the question of the impact of ethical certification on the distribution of value and power in production networks, and the assessment of whether ethical value networks – or networks which have adopted ethical certification – are more equitable, just and sustainable than conventional networks. I identify actors' explanatory narratives for adoption, geographical and historical sensitivity, and the distribution of regulatory capabilities as key areas of interest in my evaluation of the ethicality of studied networks. Below, I summarise the findings that have been

presented in this thesis, and identify their application to ongoing academic investigation and discussion of ethical certification to better understand the extent to which ethical certification is making global trade more ethical, and to identify the structural factors constraining the realisation of this mission. This chapter proceeds by first discussing the key conclusions that can be drawn from the research about the outcomes of ethical certification in the case study context. These are then extrapolated in terms of their application to theoretical knowledge about ethical value networks which are useful for future research and policy.

9.1. EVeNs and ethical development in the South African wine industry

I will first address research question one, which asked what factors have informed the adoption of ethical certification in the South African wine industry. This was explored in this thesis through critical historical, political and discourse analyses of the social relations of Western Cape wine farming. In summarising my arguments here, I return to Cecil Rhodes' famous speech to the House on the passing of the Glen Grey Act in 1894, which articulated clearly the paternalist attitudes of Europeans towards black people at the time, with the statement: "it is our duty to [...] remove these poor children from this life of sloth and laziness..." (Rhodes, 1894, in Verschole, 1900, p. 2). Implicit in these words is an assumption of both superiority and benevolence – an assuredness that the actions taken are in the best interests of those subject to them. Echoes of this self-conception of superior benevolence can be traced throughout the history of the South African wine industry, and notions of Europeans' *duty* to uplift black people remains apparent within efforts to modernise industrial relations. They were again present in the discourse underlying the establishment of the Rural Foundation in the 1980s, which critics have argued pathologised farmworkers by focusing on minimising the social costs of alcohol dependence, while tacitly framing alcoholism as a character failing distinct to coloured farmworker culture (Du Toit et al., 2008; Ewert & Du Toit, 2005), as opposed to the effect of exploitative labour relations and the dop system. The Foundation also disseminated technical and managerial best practice, and encouraged farmers to improve amenities for farmworkers, a push which saw the widespread adoption of on-farm crèches for workers' children. While this set a precedent for producers to think more about 'social upliftment' for farm-working communities, another effect was to allow female farm-dwellers to contribute more to the productivity of the farm, and to deepen inter-generational ties to the farm for workers' families. Through its championing of improved managerial systems, social technologies and formalised rules, the Foundation simultaneously modernised and reinforced paternalist narratives and affirmed the role of the enlightened farmer taking responsibility for their workers.

Though ethical market interventions are often perceived to be a novel twenty-first century approach, and one that is objective and external, the shape they have taken in the South African wine industry has local evolutionary and path-dependant underpinnings. Chapters Four, Five and Six of this thesis laid

out the case that ethical certification is the latest in an evolutionary succession of labour relations paradigms in the South African wine industry, which have each enforced models of racialised labour relations, and, it can be argued, have each claimed to offer a progressive and liberalised solution to the perceived ethical failings of their predecessor. The emancipation of slaves under British rule dismantled the violent socio-economic order of the Dutch colonists, which had evolved on Cape wine farms. However, it ushered in segregation legislation which resulted in the accelerated dis-enfranchisement of Khoisan, and the ascension of the *dop* system, as well as cementing an economic hierarchy which disadvantaged Afrikaners relative to English and contributed to the development of Afrikaner nationalism and apartheid ideology. Wine farming, again as a key geographical and cultural site of Afrikaner identity and the colonial unconscious, provided a setting for these reactionary politics to germinate. Decades later the ANC's reconciliation politics emphasised the freedom accorded through participation in the global capitalist system. However, those with existing power remained in a position to take advantage of these processes.

EVeN formation for South African wine production takes its cue heavily from discourses of upliftment-through-modernisation, which has also been expressed in the government's empowerment policy since the transition to democracy. Visions and strategies for post-apartheid empowerment have undergone neoliberalisation and depoliticisation under the ANC (closely influenced by the World Bank) since the 1990s. Empowerment has been framed within narrow economic boundaries – as something wholly enacted by and through large globally-oriented business - a strategy which has failed to affect redistribution or have any positive impact on the level of inequality in South Africa. And, moreover, it is a strategy which has side-lined the process of political contestation by which differing views of what 'empowerment' might look like are expressed and evaluated. Before the adoption of ethical certification, as McEwan, Bek, Du Toit and others have argued, BEE set in motion the neoliberalisation of ethics in post-apartheid South Africa. Within BEE prescriptions, development and empowerment were operationalised through the deployment of complex technologies of compliance and auditing. A preoccupation with the technical aspects of standards-setting and measurement served to veil the fundamental political values inherent to those activities. The technocratic, 'by-the-numbers' approach of B-BBEE represented a safe form of development to those with existing power in the business community. The government succeeded in retaining investment and placating powerful interest groups. It also signalled to business-owners in the wine industry that complying with measurable employment standards was sufficient to ward off more radical forms of reparation or decolonisation.

Through exploring the political and historical factors underpinning ethical certification adoption, findings about how power relations and value accumulation patterns are challenged or reinforced within ethical value networks begin to emerge. The contemporary paradigm of labour relations governed by the globalised technologies of ethical certification embodies both change and continuity from the wine

industry's past, but exists in explicit reference to it. As such, it is not a break but an evolution. Local manifestations of South African wine EVeNs draw on colonial and neo-colonial narratives which position the market as the context for change, and land and business owners as the agents of change. This is reflected in the explanations used by 'adopters' for the role of ethical certification, as discussed in Chapter Six. The frequent claims that industry practices were already ethical, and that certification was simply necessary for the formation of export networks, as well as the tendency for some to view the push towards ethical certification as a form of collective punishment of white farmers, has discursively limited the space for envisioning truly just and progressive forms of transformation and redistribution. Market-led ethical development has articulated the scope of industry transformation in a narrow way - as being about compliance with auditable indicators - removing consideration of the local barriers to development, namely the overwhelmingly racialised distribution of ownership of wine production. In light of BEE's widely accepted failure to address this issue, ethical certification becomes a bulwark, projecting the appearance of social cohesion and progressivism, but only tinkering at the edges of progress, and staving-off emancipatory empowerment. Meanwhile, workers continue to experience inter-generational dependence and lack of agency in determining the direction of their own upliftment.

In answer to research question two, a key finding of this thesis is that EVeNs have been constructed by producers and industry stakeholders primarily as a response to the pressures of globalisation, and as a strategy for differentiation and competitiveness - positioning local ethical development as a secondary by-product of upgrading and growth. However, my findings suggest that ethical certification has not necessarily facilitated effective upgrading and growth as intended. Global value chain analysis, scrutinising processes of value distribution in South African wine EVeNs, indicates that the limits of the utility of ethical certification as a marketing and value-adding strategy are looming. Certifications impose significant costs on producers which are not being recovered in margins. Their proliferation and capture by retailers has created an environment of competition between ethical certifications. This has created captive value chains, characterised, in Gereffi's (2005) framework, by a high ability of lead firms to codify transactions and control the behaviour of the supply base. In this case, ethical certifications have become means through which to expand the range of supplier behaviour that can be codified and controlled. For buyers, they exist as a method for outsourcing regulatory apparatus and transferring the costs of compliance to suppliers. For South African wine producers wishing to export product to key markets, participation in EVeNs with multiplying certification requirements is now almost mandatory. This has enabled retailers to accumulate the value created by alignment with ethical conventions, and to avoid the costs.

Focusing on research question three, Chapter Eight detailed the ways in which South African wine EVeNs have been limited in increasing the regulatory capability of workers; imposing rules that

workers are required to follow, but providing little space for workers' participation in rule-making processes. EVeN formation did not necessarily lead to 'even' governance, or to the supposed beneficiaries of ethical development being empowered to determine and implement ethical visions. Though labour interests are represented on the board of WIETA, participants felt that they were subordinated to the interests of producers and industry. This had resulted in compromised standards in WIETA certification, which do not go beyond enforcing minimum labour legislation. In Fairtrade, while compliance dictates that workers are represented in premium management, there are many practical barriers to workers' ability to take advantage of these standards in order to drive development. Workers are not represented in the processes of certification, de-certification, or standards-setting. The closure of the organisation that was supposed to support workers to take advantage of their Fairtrade rights – FLSA – casts Fairtrade's ability to empower workers into further doubt. These findings run contrary to key principles of alternative development best practice, which stress the importance of grassroots-driven development which is owned by the community, and in which participation and agency are of central concern.

9.2. Implications for EVeNs theory

Research question four deals with the broader theoretical implications of this case study. Although it has been touched upon elsewhere, in this section I will explicitly collate and expand upon those arguments to advance EVeNs theory. It is possible to draw general conclusions from this case study about ethical value networks and their potential to make commodity production, distribution and consumption more ethical. First, that EVeN formation and outcomes are reliant on the range of localities, actors, and discourses which they interact with. Ethical certifications are not fixed and objective interventions resulting in certain outcomes, because they operate in fluid and relational networks which in reality evade or evolve faster than theory and policy. Though EVeNs deploy the tools of order and consistency – rules, audits and guarantees – they ultimately rely on the very uncertain and immeasurable factors of trust and commitment for their transformative power. This goes to the heart of the contestation in geography between the analytical frames of structure, and agency. Studying ethical certification as a structural intervention within the globalised system of economic exchange yields important findings about global trends, such as the mainstreaming trajectory of certification, but it is less able to generate knowledge about the extent to which specific ethical needs are being met, and about whether participatory governance exists in certified networks. It is also less able to account for the power exerted by agents within relational ethical value networks.

This is something that I argue has been given insufficient attention in the study of ethical certification and ethical trade. EVeNs as a framework – taking its cue from post-structuralist literatures of actor-network theory and global production networks – calls for greater attention to be paid to the distribution

of agency, as well as the more material considerations of profit and upgrading in ethically-certified networks, in order to generate holistic understandings of network governance and empowerment. A key contribution of EVeNs is their combination of theories of the machinations of global trade – chains, networks, governance, value – with theories of alternative development prioritising local ownership and grassroots-led development. Taken together, this is what is meant by ethical development: a logical standard, I believe, by which to assess the outcomes of ethical certification.

Alongside agency, EVeNs research must pay attention to history and path dependence through the lens of evolutionary economic geography. Accordingly, this thesis has devoted significant consideration to the historical context of the case study, identifying ways in which this context has influenced the adoption of ethical certifications and the configuration of EVeNs. When taken as a whole, the body of case studies of the impact of ethical certification in various commodities and production contexts, clearly shows that outcomes of ethical certification are historically and geographically contingent. However, this has rarely been an explicit point made by researchers, who have been primarily interested in building universal theory and drawing decontextualised conclusions. The idea that ethical certification might be more or less effective depending on context seems intuitive. However, a key extension of this is the fact that the presence of an ethical certification within a network does not automatically mean that network is ethical. This was what was meant in Section 2.4 of this thesis, which extrapolated the concept of EVeNs as being both a descriptive tool (a network where value is added through alignment with ethical conventions) and an aspiration (a network where production is sustainable, distribution is just, and governance is inclusive).

That context matters seems a simple point to make, and arguably it is implicit in the conduct of case-study research in the first place. However, if we accept that a central function of ethical certification is to re-embed commodities in their territorial and social origins, and to resist globalisation's disassociation and homogenisation (as argued in Chapter Three), then the paradox of doing so through globalised technologies of ethics, and measuring progress towards this through theory which does not account for local factors becomes plain. Ongoing critical research and political action which prioritises the bottom-up empowerment of the most marginalised is a crucial project in constructing truly ethical value networks. I am also using a case study to contribute to global-scale theory about ethical certification that can be applied in diverse contexts. However, that theory explicitly positions case study as an end in itself – stating that the potential offered by EVeNs for the redistribution of value and power cannot be understood independently of the actors and contexts which those these networks incorporate. While ethical certification has general outcomes, they are place-specific, and often the specificity outweighs the generality.

Although I am arguing against the decontextualisation of ethical certification research, this thesis has revealed ethical certification itself to be a decontextualising process. In conceiving of ethical certification as a *technology*, a complex tool based on regimented rules, and the deployment of regulation through technical expertise and auditable metrics, we can clearly see how certification is available for utilisation by powerful actors to standardise and monitor the behaviour of other actors in their networks. In this capacity, certification becomes a technocratic tool of control in EVeNs. Again, this is counter to the popular interpretation of ethical certifications - that they shift the balance of power in networks in favour of producers by asserting place and context of production as something which adds value, that can be accumulated at production end. Indeed, we are increasingly seeing ways in which the value created by ethical certification is not in fact transferred to producers, but captured by retailers. Producers pay the costs of these technologies of control, while finding themselves subsumed into relationships of dependence, tied to buyers through new forms of indirect regulation disguised as voluntary 'add-ons'.

Convention theory discusses how values of social and environmental good can become valorised within the existing framework of global economic exchange - essentially, how these considerations can come to attract monetary reward, thus allowing (in conventional economics, the irrational) concept of ethicality to become a concern of (otherwise rational) economic actors. However, within the logic of global capitalism, ethicality is only useful if it attracts profit. Therefore, it is predicated on demand and scarcity. In order to remain a gateway to lucrative premium markets, ethical certification must remain scarce. However, this leaves the majority of vulnerable network participants exposed to the extractive and exploitative forces of conventional markets. The proliferation and ubiquitisation of ethical certification only serves to heighten this dynamic - it is apparent that because consumers lack access to perfect information, ethical certifications are only as 'ethical' as their weakest iteration, or that with the lowest level of ethical assurance, as defined in Section 3.3.2.

Recent years have witnessed accelerated competition between an increasing number of ethical certifications. While the range of certification choices available to consumers may in fact contain highly varied levels of ethical assurance, and therefore could theoretically compete with each other on the basis of price and demand – rewarding the most ethical – consumers do not have the information or knowledge to weigh the relative ethicality of these choices. Research has also suggested that their inclination to do so may have been overestimated (as discussed in section 3.4.3), as there is a high opportunity cost associated with the time it takes to work through the, albeit partial, information that does exist. In this sense, the Marxist theory of commodity fetishism can be applied to ethical labels – as their origin, content and quality is concealed, and their individual meaning becomes less important than their physical presence, and relative price. In fact, origin itself becomes fetishised under these conditions – the specific place and people that produced a product is not important, as long as the

product states that it was produced by certain people, in a place. The end point of this process is one at which every product on the supermarket shelf carries an ethical label, allowing consumers to revert to making choices based on price and material quality/functionality. At this point, will all trade and production be ethical? Or will ethics have been fully commodified and compromised by global capitalism?

There are inherent governance struggles occurring in EVeNs which exist in parallel to the contests of driven-ness and accumulation which scholars theorise as characteristic of conventional networks. As I have identified at various points throughout this thesis, these struggles crystallise along a series of dichotomies. EVeNs are sites of contestation between producer and buyer governance, between local embeddedness and commodity fetishism, between empowerment and control, between the protection of smallholdings and the facilitation of economies of scale, and between grassroots visions for ethical development and globalised technologies of ethics. It is inevitable that within this ostensibly democratic contestation – the process of constant creative destruction of rules and norms – that the loudest existing interests will prevail. Ethical certifications do not necessarily rebalance global trade processes in favour of producers, but rather perpetuate core-periphery governance struggles. Indeed, this research has indicated that inequitable core-periphery dynamics can be reproduced and even heightened within EVeNs, through the co-optation of ethical certification processes for the advancement of transnational corporate governance of production spaces, and appropriation of value generated through ethical market signalling.

9.3. Final reflection

So, to what extent is power redistributed in EVeNs, as opposed to conventional networks? In this case, it is apparent that they have allowed dominant actors at a local scale to retain power through neo-paternalist discourse, which has eroded the scope for political contestation about the meaning of structural transformation and ethical development. However, those actors themselves are subject to uneven power dynamics emanating from the economic core, or European markets. This global power has in turn exposed them to processes of displacement by economies of scale, lock-in to low prices, appropriation of added value, and commodity fetishism. While ethical certifications emerged in South African wine networks as an attempt to circumvent these forces, in crucial ways they have become tools of lead firms for captive value chain governance. Neither producers nor workers are happy with the situation. While producers feel frustrated, threatened, and powerless, workers suffer much more dreadful and immediate consequences, such as poverty, a growing casualisation and insecurity of wine work, a reversion to insularity and crack-down on union membership, and silencing and intimidation. These problems cannot be fixed by the forces of global capitalism.

In light of these findings I argue that there must be a greater role for government, civil society, activists, researchers and workers themselves in generating new forms of policy and regulation that prioritise not only labour rights, but ethical development for wine working communities. As the South African wine industry faces uncertain profitability and dramatic climate crisis, ethical certification and market-led regulation will inevitably be less able to stave off the need for more radical political contention; for grappling with the underlying power structures that have largely remained in place. The industry is so far responding to pressure in EVeNs primarily through increased consolidation, and reorientation to less reflexive markets. The Cape water crisis, and the growing likelihood of land expropriation signal drastic change on the horizon. If new policy frameworks are responsive, participatory and bold, perhaps this change will herald a just redistribution of power in a way that ethical value networks have not. For now, the status quo of racialised, dependent and disenfranchised labour prevails, obscured and legitimised by ‘ethical’ stickers on bottles of wine. My argument and my conviction is that ethical certifications, as a capitalist technology, have not served the urgent project of ethical development in South Africa, that is of de-racialisation and redistribution of ownership. They have instead allowed capital to commodify fairness, to maintain the socio-economic status quo and benefit the most powerful capital interests.

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