

FAIR TRADE JEWELRY

The combination of jewelry and social responsibility in one product is a luxury market category killer.

BY MARTIN RAPAPORT

Business is about making money. Buy low, sell high. Squeeze your supplier as hard as you can; charge your customer as much as you can. Trading is a zero sum game. The money ends up in your pocket or the other guy's. As long as you don't lie, cheat or steal, the law of the jungle applies. Competition is economic warfare. Might makes right. Business does not reward the weak. Business is about survival of the fittest.

The concept of fair trade appears incompatible with the brutal competitive reality of free markets. How can we give someone a good deal yet remain competitive? How can fair trade products realistically compete in the marketplace if they cost so much more than regular products?

While there are many excellent emotional reasons to support fair trade jewelry (read "Spiritual Sparkle," this issue), we must recognize that fair trade's success is entirely dependent on its ability to compete in the marketplace. We must set aside our emotional and charitable instincts and ask the really tough question: Can fair trade jewelry make business sense? Can fair trade jewelry make it in the real world?

FAIR TRADE COMPETITION

My thesis is that fair trade jewelry has the potential to become the ultimate luxury product of our century. It not only has the potential to compete, it has the potential to dominate. The primary challenge confronting the development of the fair trade jewelry category is our ability to understand what fair trade jewelry is and how to harness its tremendous potential.

We must understand that social responsibility is not just an idea. It is a product — a product that needs to be created, packaged, branded and, most importantly, delivered to consumers. Consider the success that De Beers has had delivering the idea of love/commitment through the gift of a diamond. The diamond is the vehicle used to deliver the message of love. It is the carrier of the intangible product.

So, too, with fair trade jewelry. The negative aspects of our brutal competitive society drives demand among the entitled-wealthy class to buy and communicate social responsibility.

For some, it might be unconscious guilt at being successful; for others, it is simply the fact that they are decent, humanitarian people. Whatever the reasons, the demand for social responsibility is unlimited and grows stronger every day.

The task before us is to position jewelry as the vehicle to create and transmit social responsibility. This will be done by utilizing the purchasing power of jewelry to create sustainable economic development that directly benefits the poorest and most disadvantaged people on the planet. There is a reason that G-D scattered valuable gems among the poorest of people. The high value society places on gems enables the transfer of wealth from the world's richest countries to its poorest.

We are not just dealing with an ethical, moral and charitable issue now. Let's talk straight business. The fundamental concept of fair trade jewelry is to use economic power to make the world a better place and then sell that fact to consumers. If we buy gems in a way that benefits the poorest people of the world, we will combine two products; jewelry and social responsibility. The combination creates a new luxury product category — fair trade jewelry. A product with unlimited demand. A luxury market category killer.

On the other hand, if we exploit the poor people who mine our diamonds and gems, we will not only miss out on having the best luxury product in the world, we destroy our jewelry industry.

ESTABLISHING FAIR TRADE JEWELRY

Having established the economic justification for fair trade jewelry, one would expect the ethical considerations to be obvious and inconsequential. Unfortunately, the establishment of fair trade jewelry is a highly complex and difficult affair.

Over the past few generations, billions of dollars of aid has failed to develop Africa. In fact, it may have hurt it. The first rule of development always applies: "The road to hell is paved with good intentions." Forcing change, fighting corruption, co-opting stakeholders, establishing efficient monitoring and just operating in Africa is very difficult.

Existing stakeholders in the diamond industry feel threatened by new competitive fair trade diamonds and jewelry. Some may try to destroy the process while acting as if they are trying to help.

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The primary mission of corporations is to protect and enhance shareholder value, not to make the world a better place. A major challenge will be aligning business interests with development interests while maintaining fair trade integrity.

There are many major questions that need to be answered, not the least of which are: What is fair trade jewelry? Who sets and enforces standards? How do we differentiate between degrees of development benefit? Are fair trade diamonds from Sierra Leone, the world's poorest nation, better than diamonds from Botswana or Canada or Russia? Can diamonds from Botswana be fair trade diamonds? Can we establish different categories, such as ethical diamonds and development diamonds in addition to fair trade diamonds? What about jewelry manufacturing standards, the ecology, child labor and a host of other issues?

FAIR TRADE PRINCIPLES

While endless questions and issues remain, we can summarize our concept of fair trade using four principles. A more thorough discussion of these principles will be provided in a future article. Our fair trade principles are:

1. Monitoring
2. Fair Compensation
3. Community Benefit
4. Do No Harm

It is important for us to recognize the need to build consensus and assure everyone an opportunity to share their views and concerns. We must encourage discussion and debate within the jewelry industry and among all stakeholders, including the people we wish to benefit — artisanal miners and others in developing countries, nongovernmental organizations (NGO) and governments. We must learn from the experience of others and from the development of other fair trade products.

To this aim, we are holding the first Rapaport Fair Trade Jewelry Conference on Monday, June 5, at the JCK-Las Vegas Show. All are invited. Topics on the agenda include: What is fair trade and how can it be applied to the jewelry industry? What are the benefits of fair trade jewelry to producers, the trade and consumers? How are fair trade standards established and enforced? How can the market for fair trade jewelry be developed?

We are pleased that TransFair USA of the Fair Trade Labeling Organization (FLO), the NGO that establishes fair trade standards, will be at the conference addressing how fair trade standards are developed and enforced. We also welcome long-term industry supporters of fair trade jewelry Eric Braunwart, Tom Cushman and others.

BLOOD DIAMOND MOVIE

In our view, this movie may be the best thing that has ever happened to the diamond industry. That is because it will force us to address the issue of our social responsibility. Only after we confront our own inadequacies can we develop fair trade jewelry as a symbol of society meeting its commitment for social responsibility.

We strongly support efforts by the World Diamond Congress (WDC) to educate the trade about the Kimberley Process (KP), but we are concerned by the inappropriate defensive posture being promoted in reaction to the anticipated release of the blood diamonds movie. While explanations that the diamonds we sell are nonconflict due to the KP are useful, they are insufficient. One CNN camera crew in Sierra Leone showing a 10-year-old digging in a mud hole for a cup of rice a day is all that it would take to put the lie to superficial explanations that the Kimberley Process eliminates the “problems” associated with diamonds from Sierra Leone.

Our trade's reaction to the movie should be humane and personal, not corporate and defensive. We must share our immediate concern about what is going on in Sierra Leone and make a personal commitment to find ways to address the problem of one million artisanal diggers living on subsistence wages of one dollar a day, or less. We need to honestly ask ourselves if we give a damn about people in Africa or if we are only concerned about ourselves, about making another sale.

The hardest question you will ever be asked will not come from your customer. It will come from your child, your spouse or your clergyman. They will ask: “Why didn't you do something?” That is the question I am asking you right now.

Hiding under the KP umbrella allows us to say our diamonds are “okay.” Nothing more. But since when is okay enough for diamonds? I refuse to accept okay. Diamonds must never be okay, they must always be great, the best, the ultimate.

Fair trade jewelry is not just about our industry's opportunity to significantly improve the lives of millions of people. And it is not just about turning jewelry into the ultimate product of the century. It's personal. It is about you and me, each and every one of us, meeting our obligation to be good, decent people. It is about us having the courage to ask ourselves: What is really going on with the products we sell? Are innocent people being exploited? What can I do to help? What can I, as a member of the jewelry industry, do to make the world a better place? ♦

If you would like to make a difference, please send an email to fairtrade@diamonds.net.