

Civic Markets

Alternative Value Chain
Governance as Civic Engagement

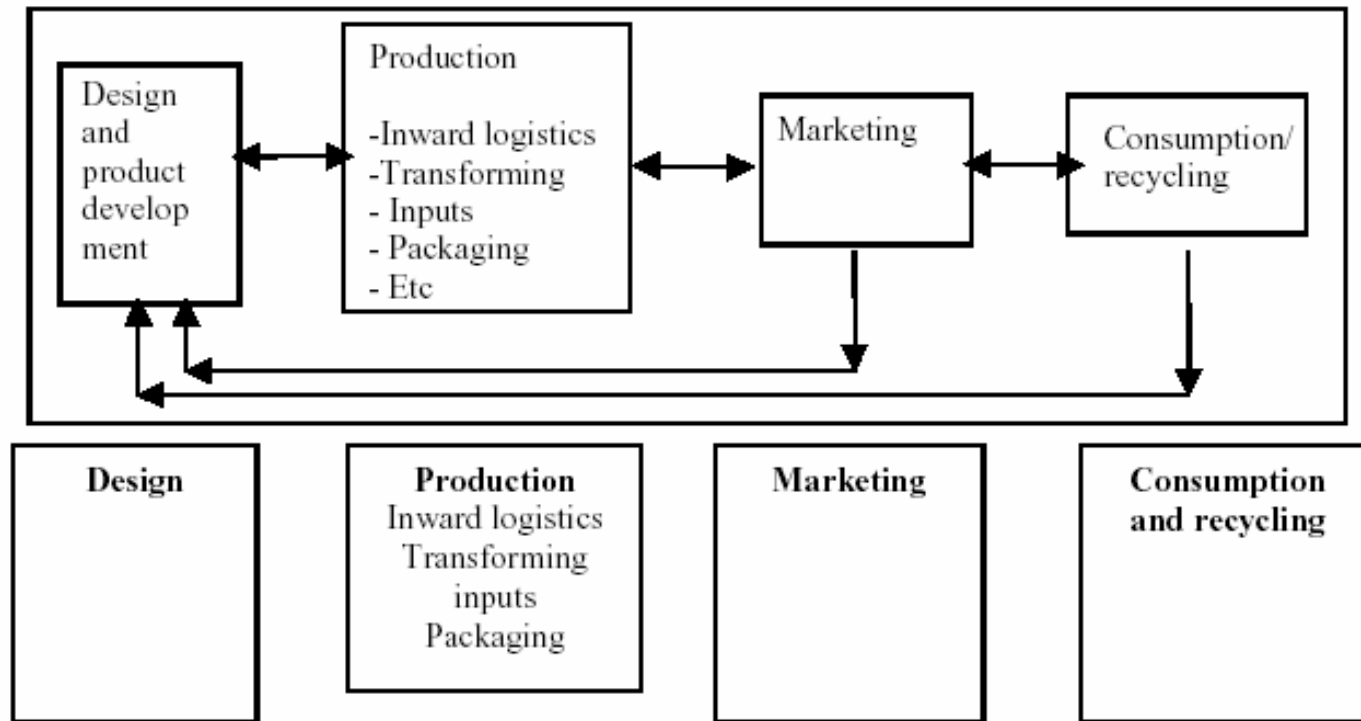
What is a Value Chain?

- Value Chain: The *value chain* describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use.

» Kaplinsky and Morris, 2003

Simple Value Chain

Figure 1: Four links in a simple value chain



-Kaplinsky and Morris, 2003

Many Types of Organic Value Chains

- Supermarkets
- Alternative markets
- Direct sales
- Farmers markets
- CSAs
- Coops
- New selling consortiums

Every Market has a Form of Governance

- Governance: “the inter-firm relationships and institutional mechanisms through which non-market co-ordination of activities in the [marketing or “value”] chain is achieved.”
 - John Humphrey and Hubert Schmitz Governance in Global Value Chains. Institute of Development Studies, University of Sussex, 2000.

Governance:

- “Different functions associated with the regime of rule-making and rule-keeping
- The positive and negative sanctions which are used to enforce these rules
- The legitimacy of the power of the rule-makers
- The extent of governance of the rule-makers, that is, its reach. Associated with this is the issue of boundaries”

» Kaplinsky and Morris, 2003

More than Exchange

- Governance includes *all* the actors involved in the creation and management of value chains
- Includes *all* the behaviors, rules and institutional capital necessary for exchange to happen

What is Society?

- Adam Smith (utilitarian): exchange
- John Locke (civil society): consent of governed

Civic Markets

- Combines both Smith and Locke
- Exchange + Consent
 - over rules of governance
- Joins entrepreneurship with citizenship

The Potential of Civic Markets

- Prevents the more destructive aspects of capitalism (Polanyi)
- Commodity becomes the product of civil negotiation
- Entrepreneurship based on civic participation
 - Expand markets through civic engagement

Can this be Done?

- It is already being done!
- All markets created by rules of governance
- Some markets more “civic” than others
 - Fair trade
 - Public utilities (electricity, water)
- “Civic” markets defined by the extent of public engagement in the rules of governance

Civic Markets and Economic Growth

- Consumer/citizen “buy-in” to civic markets will lead to consumer/citizen “buying”

What Needs to be Done?

- Understand the rules of governance of current markets
- Increase the institutional capacity of markets to include civic participation
- Farmers become citizen/entrepreneurs