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

- Design and product development
- Production
  - Inward logistics
  - Transforming
  - Inputs
  - Packaging
  - Etc
- Marketing
- Consumption/recycling

-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.”

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