

FAIR TRADE: A MODEL TO STUDY THE BEHAVIORAL ENTRY DECISION FOR PRODUCERS INTO THE FAIR TRADE MARKET AS WELL AS ITS EFFECT ON HETEROGENEOUS PRODUCERS

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ABSTRACT

In this paper we will try to construct a model to examine the entry decision for producers into Fair Trade market, as well as compare this entry with the normal process, or the heterogenous producers' model, we will study the discrepancies between the two, including the lack of information at the entry point for Fair trade producers, and try to find an equilibrium under which the Fair Trade model can succeed.

Keywords: Fair Trade, productivity, costs, profit