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« Fair Trade » versus « Unequal Trade ». The Markets for Coffee, Bananas and Wheat

Gavin Fridell interviewed by Arturo Ezquerro-Cañete

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Thème: Global Economy, Poverty & Social Inequality

Coffee is one of the most valuable commodities exported by the global South (seconded only by oil and illegal drugs), generating billions of dollars in corporate profit each year. And yet, despite the expansion and increased visibility of fair-trade coffee, the majority of the world's coffee families live in relative poverty. Gavin Fridell's recent book, Coffee (Polity, 2014), not only charts coffee's long and tortuous history of exploitation and colonialism, but endeavours to expose the culprit for such vast inequality.

Central to the book's arguments are Fridell's rejection of the contemporary fixation on "market-driven projects" as a solution to the problems of poverty, inequality, and environmental destruction associated with this tropical bean. He builds this critique by asserting that the state and the market are inseparable and that "coffee statecraft," both good and bad, has been and continues to be central to the everyday operations of the coffee industry. Thus, even in an industry constrained by extreme market volatility and corporate oligarchy, Fridell asserts that the quest for more socially and ecologically just forms of coffee production cannot be resolved solely through market adjustments, but rather requires a greater push for "better coffee statecraft," guided by the history of gains and losses in the highly imperfect global coffee market.

Arturo Ezquerro-Cañete (AEC): To begin with, can you briefly describe your academic background and how you came to take up research on agricultural commodity production and world trade arrangements?

Gavin Fridell (GF): I began to study commodity chains during my Ph.D. at York University during the early 2000s. My initial interest stemmed not necessarily from any particular concern for commodities themselves, but rather from attempts to regulate the market in different ways. So I started off working on fair trade coffee in Mexico, interested perhaps more in the model of 'fair trade' than coffee itself. That gradually led to working on commodities more generally, including later work on bananas in the Caribbean. In my mind, the consistent theme throughout has been the 'market' under capitalism, as I've looked to explore and critique the limits of market rule and the fantasies of 'free trade', while searching for new models that might point to a more socially just alternative.

AEC: In your previous book *Alternative Trade: Legacies for the Future*, you discuss three commodities: bananas, wheat and coffee. What was it that made you want to focus exclusively on coffee in this book and how does coffee differ from other commodities in your

prior research?

GF: The focus on coffee really stems from the nature of the Polity Resources Series, which asks authors to develop their ideas with a focus on a distinct resource or commodity. At the same time, the focus on coffee alone allowed me to tease out and develop some ideas from the *Alternative Trade* book as well as my earlier book *Fair Trade Coffee*. There are many differences between all commodities, of course, although my own work has tended to focus on the similarities: the growing concentration of power and wealth among the largest corporations, or persistent poverty among the smallest farmers and rural workers.

One interesting factor that has always drawn me to coffee, however, is its rich history and, in particular, the many historical examples of state involvement in coffee markets. I think there is a tendency among consumers to romanticize their favourite commodities, which in the case of coffee often includes notions around coffee's exotic, 'dark', or wild history. Coffee certainly has a brutal history, and there is no shortage of extreme stories, from Black Frosts to stock market crashes, to fill volumes of entertaining books. And yet, at the same time, so much of coffee's history has been dominated by what some might mistakenly think of as banal: a long history of intense state involvement, from the colonial era to the present day. Often this has taken the form of violent state activities to conquer people and land, and defend elite interests. At the same time, coffee offers some of the most unique, and I would say relatively successful, development models in modern times. From the 1960s to the 1980s, for example, the world's coffee consuming and producing countries regulated coffee prices on a global scale. This is, in my view, a highly unique model that has received far less attention from academics and policy makers than it should. Many unique models also exist at the national level; Costa Rica built an impressive social welfare state in the post-war era, based on reforming its coffee sector. This used to be discussed more as a developmental model, and I think it should be again.

AEC: A particularly important theme that comes across from the book is how the state, for good and for bad, has remained absolutely central to how the global coffee market runs. You illustrate this through the notion of coffee statecraft. I wonder whether you see this as the main theoretical contribution of your book?

GF: Yes, I think this is the book's main theoretical contribution. Drawing on the works of David Harvey, Ellen Meiksins Wood, Peter Gowan, and others, I argue that coffee statecraft has been and remains central to the functioning of the global coffee economy. I find Harvey's work particularly useful regarding his understanding of capitalist states being driven by a "territorial" logic, to defend domestic industry, jobs, and profits, and a "capital" logic, to make sure the policies are in place to protect private property and the reproduction of capitalism.

The idea of coffee statecraft is not really that new to people who have long studied the capitalist state. It does, however, allow us to rethink some of the dominant assumptions around how the global coffee market operates. For example, from 1998 to 2002, the coffee world experienced a major crisis due to plunging coffee bean prices. Many have attributed this to a dramatic swing in the coffee market driven in particular by Vietnam's rapid rise from an insignificant coffee exporter to the second largest in the world in a relative short amount of time. This is true at the general level. In my book, however, I point out that the rise of Vietnam was to a large extent driven by coffee statecraft on the part of the Vietnamese government, which encouraged migration to the coffee region while providing farmers with subsidized inputs, chemical fertilizer, extensive credit, irrigation, low-cost land,

seedlings, and a wide range of state supports. As a result, Vietnam is one of the most efficient coffee economies in the world. Seen from this lens, the global coffee crisis and Vietnam's rise occurred not strictly due to market forces, but was driven to a large degree by coffee statecraft on the part of Vietnam.

AEC: The International Coffee Agreement (ICA) had its shortcomings but, in economic terms, it oversaw a period of less volatility and higher standards of livings for small holder farmers worldwide. But what are some of the *political* insights we can gain from the rise and fall of the ICA?

GF: The ICA was created in 1963, in the wake of the Cuban Revolution and after Kennedy launched the "Alliance for Progress." It ended in 1989, with the Cold War nearing its end. While there are a lot of specific political details around both the ICA's creation and its eventual collapse, the overarching lesson, I think, centres on the political context at the time. Put simply, the U.S. was willing to accept something like international price regulation, and many Latin American countries were willing to pressure for and promote it, precisely because of the Cold War and the fears among elites of the "threat of Communism." This "threat" was very real at the time, with socialist and communist movements springing up throughout the world, resulting in a very different political landscape than the one we see today. The lesson to be gained from this is that major changes can happen, but usually only when those in power are confronted with real political pressure for substantial change, in this case revolutionary change.

A great deal of the dialogue on the coffee world today is about how to bring together all the different "stakeholders," in a more or less harmonious way. The history of coffee, however, reveals that it was often political confrontation that drove the most significant and substantial changes. The politics of the Cold War, and the threat of socialism and communism, set the context under which the ICA emerged, and the decline of socialism and communism set the stage for its abandonment.

AEC: In your book you talk about the corporate-driven scaling up of fair trade strategies and how this often weakens the standards of pro-poor policies and sustainability in the coffee sector. I wonder whether you see this growing convergence between corporate social responsibility (CSR) and Fair Trade continuing in the foreseeable future and, if so, does this necessarily mean the continuing watering down of the fair trade project?

GF: Unfortunately, I think this is where things will continue to go. I think that the future of fair trade, and the general idea of ethical certification as an effective strategy for social justice, will be characterized by a gradual watering down, although one can never really predict the future. Many corporations are not interested in meeting Fair Trade's standards, or if they are, only for a portion of their beans. Starbucks, for example, buys around 8.6 per cent of its beans Fair Trade certified. The rest it certifies with its own system, which is a watered down version of Fair Trade. And yet, Starbucks is the largest Fair Trade partner in North America, giving it significant influence over the future direction of Fair Trade.

Over the past few years, there has been significant pressure on Fair Trade to water down its standards to expand its sales or to develop common standards with other certification bodies and corporations. For example, Fairtrade America, Conservation International, Starbucks, the Specialty Coffee Association of America (SCAA), and many leading coffee groups have been meeting to develop common standards to certify all of the world's coffee beans. One can only guess what this will lead to. I suspect, however, that it will eventually

lead to a series of standards that allow for all of the world's coffee farms to be certified, even while the majority of small farmers and workers continue to live in poverty. In the end, even Fair Trade certification as it currently stands, helps small farmers, but they remain in relative poverty.

AEC: Despite their limitations, do Fair Trade and similar programs still provide consumers with the most 'ethical' option within the current hegemonic corporate culture? As a consumer of coffee yourself, do you buy Fair Trade coffee?

GF: Yes, I do buy Fair Trade coffee. And I would encourage other people to do the same, and to try to buy it from dedicated Fair Trade and social justice partners, like Planet Bean in Guelph or JustUs! Coffee in Halifax. I do this because, as you suggest, it is the most ethical consumer option out there. And I do it because it's important to support any project that seeks to work with marginalized farmers and workers in the global South, which many Fair Trade organizations do. At the same time, I always caution people that there is really only so much you can do for the world as a consumer. To go beyond the limits of consumerism, one needs to engage in what Ilan Kapoor calls the "necessarily messy terrain of politics." The long-term solutions to fighting poverty and injustice in the global coffee industry can only come through collective politics, not through individual consumption choices.

AEC: How important is it to connect these small acts of consumer purchases with organized opposition to corporate trade deals?

GF: I think this is very important. And I think its important to have a broad understanding of what it means to be concerned about small coffee farmers and workers. International trade agreements that allow rich countries to subsidize their farmers while blocking poorer countries from supporting their own farmers with protectionist barriers and other supports are not good for small farmers. International trade agreements, like the TPP, which seek to expand the rights of corporations, through investor-state dispute settlement mechanisms, while providing no additional enforceable rights for labour or to protect domestic industry or the environment are ultimately not in the interest of small farmers and workers.

Its not just trade deals, of course, but the general political and ideological push toward "free trade," which so often masks what are essentially pro-corporate policies. The fall of the Canadian Wheat Board is an excellent example. In 2012, the Conservative government eliminated the Wheat Board without a vote from farmers, and with relatively little protest on a national scale, outside of farmer groups. I recall that year teaching a class with several students that were passionate about Fair Trade and food sovereignty. Hardly any of them even knew that the Wheat Board had been eliminated. And yet here we had lost what is, in my mind, one of the most successful state trading enterprises in modern times. The loss of the Wheat Board does not just affect Canadian grain farmers, but also impacts the terrain of global politics; it narrows down what we can ask for, what we can demand, and what we can point to as a successful alternative model to support farmer livelihoods. Since that time, the main beneficiaries have been giant agro-businesses, which only further entrenches a corporate-dominated agricultural system. A recent report by Friends of the Canadian Wheat Board points out that while farmers used to receive 90 per cent of the port price under the Board, they are now receiving only 40-60 per cent, amounting to a loss of billions of dollars per year for Canadian grain farmers.

AEC: In the concluding chapter of your book, you make reference to a coffee leaf rust outbreak that hit Central America in 2012, resulting in yet another coffee crisis. How has the

coffee rollercoaster played out since the publication of your book?

GF: The final tally on the impact of the coffee leaf rust outbreak on Central America still remains to be done, and I haven't visited any Central American countries since the outbreak. Hundreds of thousands of workers lost their jobs during the peak years and small farmers have been hit hard. Overall production in most countries has just begun to recover to where it was in 2012. Either way, the long-term prospects for coffee in Central America remain uncertain, as some experts fear that rising temperatures due to climate change may wreck the quality of Arabica beans in many lower-lying coffee regions.

On a global scale, the rollercoaster has swung prices down once again since the publication of the book. Coffee bean prices are now at their lowest in two years, generally below the cost of production for most farmers. Some market analysts are optimistic that prices will begin to rise again soon, but one can never tell. In the end, as I highlight in the book, it is not just low prices that hurt small farmers and workers, but the constant swings in the coffee market, plunging below the cost of production one year, and then above the next. It creates a constant sense of chaos that differs sharply from the hopes of many market analysts, who seem to suggest that we are always on the verge of stable and upward prices, even though we never seem to arrive there. In my view, only a return to internationally regulated prices can resolve this problem.

AEC: You end the book by extending Peter Gowan's observation that economic statecraft always entails a risky 'gamble' and that the state needs to play a much better hand with the cards it holds. I wonder if I can put you on the spot: what do you think a viable policy mix for *better* coffee statecraft, in the here and now, should look like?

GF: Well, I think better coffee statecraft is the kind of statecraft that builds off the best examples. This would involve, at the national level, a more equitable distribution of land and resources, a variety of state supports for small farmers, and strong labour rights for rural workers. At the international level, some form of international regulation is ultimately required to deal with low prices and intense price fluctuations.

In terms of the viability of these ideas, in the "here and now," of course, that is a tough question in these neoliberal times. At the same time, if we look at specific national or regional contexts, the right policy mix may not be as far away as it sometimes seems. In Colombia, for example, coffee farmers protested in 2013 and were able to force the government to offer subsidies to farmers during a time of low coffee prices. With prices now low again, farmers are once again pressuring government for subsidies and supports. There are even some indications of shifting terrain at the global level. At the recent World Coffee Conference in Ethiopia in March, representatives of the Colombian Coffee Growers Federation (FNC) announced a new initiative to promote collective action strategies to stabilize global coffee prices. It remains to be seen what this could involve and how successful it might be, but the initiative has already received the support of the major African coffee grower organizations.

One final thought on the focus of coffee statecraft in my work, as opposed to the current vogue of fair trade and corporate social responsibility, is that it can seem to leave those in consuming countries, where no coffee is grown, with little recourse to act globally. In the end, there is only so much a Northern consumer can do to impact coffee statecraft in Vietnam, Colombia, Ethiopia and Brazil. At the same time, I would argue that there are still many things for someone in the North to do.

They can work in solidarity with a range of peasant and labour groups in the South that are working tirelessly to improve the lives of the poor. But, they can also look at home in ways they may not have before, supporting struggles for better wages among retail workers in the coffee chain (such as the recent battle that successfully unionized a Tim Hortons in Winnipeg), and paying greater attention to the importance of such things as the Canadian Wheat Board. In the end, buying Fair Trade is only one very tiny piece of a much larger puzzle. What we all need to do is resist neoliberalism and the purported inevitability of “free trade” policies by defending, promoting, and extending socially just alternatives, South and North, that allow us to point toward what better statecraft can look like and where we need to go.

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