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Fair Trade: A Cup at a Time?

MARGARET LEVI
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Fair Trade coffee campaigns have improved the lives of small-scale coffee farmers and their families by raising wages, creating direct trade links to farming cooperatives, and providing access to affordable credit and technological assistance. Consumer demand for Fair Trade certified coffee is at an all-time high, yet cooperatives that produce it are only able to sell about half of their crops at the established fair trade price. This article explores the reasons behind this gap between supply and demand and suggests ways to close it. The authors also offer some perspective on the limits of ethical consumption campaigns such as Fair Trade coffee.

Keywords: *Fair Trade; coffee; corporate accountability; norm change; social movements; worker-consumer alliances*

As with other cultural practices, the consumption of coffee appears to be historically conditioned.¹

Fair Trade campaigns are among the most recent in a long history of using consumer purchasing power to change business practices. Fair Trade is part of the “ethical consumption” movement; purchasing power is used to promote moral ends, goals that serve the material interests of others often at a cost (albeit sometimes relatively minor) to the consumer. It differs from most of the consumer boycott or “Buy American” campaigns that Dana Frank so skillfully analyzes (this issue).² Those campaigns are generally initiated by a union or organization repre-

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senting the workers whose jobs and rights are at issue. These campaigns are a strategy that complements strikes. Ethical consumers may be crucial, as the grape boycotts illustrate. However, in Fair Trade and anti-sweatshop actions, ethical consumers are the initiators of the campaign, not simply allies or targets. Ethical consumption campaigns also share similarities with those geared toward ethical investment, including the demand for transnational corporate monitoring that Gay Seidman analyzes (this issue). Both seek the inclusion of moral considerations in the allocation of expendable dollars, but the emphasis of ethical investment campaigns is on portfolios, generally large institutional portfolios. The decision about what stocks and bonds to purchase is far more complicated, politically and economically, than the decision to favor one brand over another.

We chose to focus on coffee rather than other commodities targeted for ethical consumption because the achievement of the goals of Fair Trade coffee depends primarily on changing individual and institutional purchasing practices by transforming individual tastes and preferences. It requires first and foremost the creation of a market. It does not involve support of unionizing drives or of corporate campaigns directed at major employers of labor. The small farmer-owners who produce the high end and potentially Fair Trade coffee beans are the workers being assisted. They can and do form cooperatives to advance their goals, but they are not susceptible to unionization. Thus, boycotts, which are generally used to bring recalcitrant employers in line, are not an effective option. This fact distinguishes specialty coffee as a commodity from sweated garments, toys, and other goods and from agribusiness in bananas, grapes, or even mass-market coffee. In these cases, large corporations can be held accountable for their subcontractors and workers, and unionization is a possible strategy to improve wages and working conditions. The political power of corporate actors, such as students, labor unions, and citizen groups, is essential to supporting the unions and transforming institutional practices. Changing consumer preferences may be important, but it is complementary to corporate campaigns, political mobilization, and unionization.

The U.S. coffee campaign relies largely on the aggregated power of individual consumers. Its organizers encourage lobbying by members and employees of churches, schools, firms, governments, and other organizations to purchase Fair Trade coffee, but the greater emphasis is on ensuring that major retail outlets offer Fair Trade coffee as a choice and in educating consumers to buy it. It has been the strategy of the campaign to (1) provide a means by which it is possible and relatively easy for consumers to locate coffee that ensures a living wage to the farmer who grew the beans; (2) create enough individual consumer demand for the product so that roasters, cafés, and grocery stores feel compelled to offer it; and (3) create enough internal pressure so that churches, government agencies, and even large commercial organizations make it their coffee of choice. However, even if American Fair Traders do well on all these dimensions, they face serious limits to their success. As we will discuss, this is because, first and primarily, most of the

coffee exchanged on the world market is not easily susceptible to this kind of campaign. Creating a market for special coffee that is also Fair Trade is simply not enough if the ultimate aim is the transformation of the wages and working conditions of landless laborers as well as farmer-owners.

Coffee is, nonetheless, an important industry in which consumers can significantly assist the efforts of small farmers to support themselves while producing a high-quality and sustainable agricultural product. This article discusses the situation that Fair Traders seek to address and strategies to organize farmer-producers and to establish a Fair Trade market among roasters, retailers, and coffee drinkers. While other scholars have documented the plight of coffee farmers and laborers³ and the development of a transnational Fair Trade coffee movement,⁴ we focus on the creation and expansion of a Fair Trade market, with a particular focus on the United States. Even though consumer demand for Fair Trade certified coffee is at an all-time high, supply vastly exceeds demand. We explore the reasons behind the gap between supply and demand and suggest ways to close it. Finally, we look at alternative routes toward improving the return to coffee growers, including those who meet standards of environmental sustainability; that is, their coffee is organic or is shade grown, creating a bird-friendly habitat. We draw evidence for our claims from the secondary literature but also from original interviews and reports collected by our small research team.⁵

THE COFFEE INDUSTRY

As an export commodity, coffee is second only to petroleum. Two species within the genus *Coffea* account for virtually all coffee traded. *Coffea arabica* is the original coffee, native to the highlands of Ethiopia. It now accounts for about three-quarters of the world coffee supply.⁶ *Coffea canephora* (known familiarly as robusta) originated in the lowland forests of West Africa. It did not enter the commercial market until after World War II, as a low-grade filler used in blends.

Coffea arabica, the tastier species, typically grows at higher altitudes than robusta and is more vulnerable to poor soils and diseases. It thus commands a higher price but is susceptible to price competition since much of it ends up as a flavor component in canned coffee blends. Cup quality reflects growing and harvesting conditions (e.g., altitude, soil quality, weather) as well as the way the coffee cherries are processed to yield green (unroasted) coffee beans for market. The highest quality arabica beans go to specialty roasters. These companies compete on the bases of quality and product differentiation (e.g., a coffee's origin and the style in which it is roasted) much more than price.

There appears to be a high correlation between the kinds of beans specialty coffee companies prefer and small-scale production. Whereas large coffee retailers want a standardized, low-cost product, the specialist retailers seek very high-quality beans with distinctive tastes.⁷ Small-scale producers can provide this. Their production tends to be at higher altitudes, where it is not so easy to cre-

ate large mechanized farms. The coffee is also more likely to be shade grown and the harvesting and processing of the coffee cherries achieved with more care.

The Columbian coffee industry offers a case in point. The farmer-producers have tended to resist—or cannot afford—transforming their groves to the newer, denser, and higher yield varieties. Growing coffee in shade is correlated not only with maintaining bird life but also with better coffee that is selectively harvested by hand. By contrast, the *latifundia* tend to get rid of the shade trees so that it is easier to plant large and dense rows that can be “strip” harvested by machines or seasonal workers. Strip picking removes all the cherries on a branch at once: ripe, unripe, and rotten. Another aspect of large-scale production is that the coffee trees are maintained by low-paid laborers who have no stake in protecting them rather than by owner-producers for whom each plant represents a major investment of capital and time.

Owner-producers tend to deliver higher quality beans: they are also more likely to produce the crop in a socially responsible way. Shade growing protects bird life and the environment. Environmental sustainability is further enhanced by the fact that the plots are generally free of chemical fertilizers. This may be because the farmers lack funds to buy the fertilizers, but increasingly, it reflects a commitment to organic farming. Finally, cooperatives linked to Fair Trade purchases are beginning to ensure a living wage to small-scale producers and their few employees. Achieving a living wage and safe working conditions for *latifundia* workers requires unionization in situations where employers and governments are indifferent or even hostile to their concerns.

In the United States, the largest coffee-consuming nation in the world, specialty coffee accounts for about 40 percent of by-the-cup sales and 17 percent of overall coffee sales. These numbers are increasing rapidly, and industry analysts are confident that the specialty coffee market is still “in the early rapid-growth stage of the product life cycle.”⁸ The specialty coffee industry has come to see Fair Trade as a potential growth area—one in which “the retail coffee industry treads a fine line between addressing concerns and provoking them.”⁹ Mostly as a result of nongovernmental organizations’ (NGOs) efforts, the industry has moved to differentiate itself on the basis of “total quality” coffee—a definition that for many companies incorporates social responsibility and environmental sustainability as well as excellence in the cup. Although it remains a very controversial topic among member companies, the Specialty Coffee Association of America (SCAA) has officially endorsed Fair Trade certification.

Figure 1 illustrates a typical route via which coffee beans travel from the grower to the consumer.¹⁰ It is evident that the small producer receives a very tiny proportion of the final cost to the restaurateur or retailer, from a low of 1.6 to a high of 5.7 percent. The large landowner gets between 5.8 and 10 percent after paying the workers. It is the exporters, importers, and, especially, roaster-distributors who make the larger amounts.

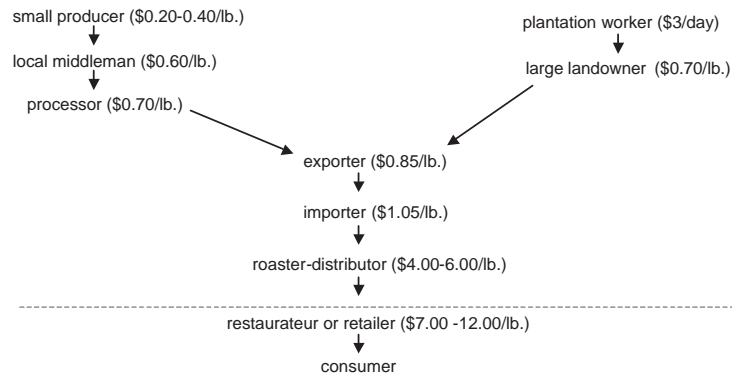


Figure 1

Source: Rice and McLean 1999; Waridel 2000.

Note: Approximate gross amounts paid to each constituent are in parentheses.

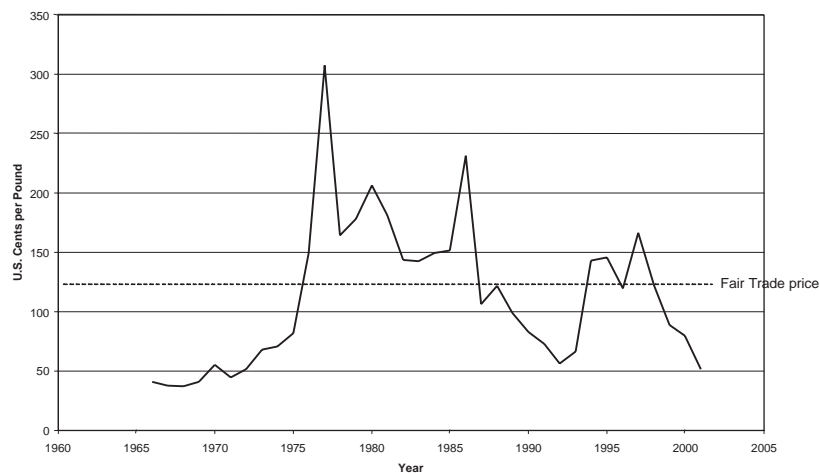


Figure 2

Source: Horticultural and Tropical Products Division, FAS/USDA December 2001.

The export price of green arabica coffee varies relative to cup quality but is always pegged to the New York Coffee Exchange price. The coffee futures contract traded on the New York exchange is the “C” contract for Central American arabica coffees. Until the 1980s, the major participants in coffee futures trading were importers and roasters, who used it mainly for protecting themselves against sudden price changes.¹¹ More recently, speculation by large mutual funds has contributed to wild fluctuations in coffee prices. Figure 2 shows fluctuation in the “C” since 1960. In the 1990s, the spot price for arabica coffee was as low as \$0.48/pound and as high as \$2.71/pound.

Hard Times for Coffee Producers

The price paid to coffee farmers and exporters is typically pegged to this volatile spot price, a situation that many call the “tyranny of the ‘C’.”¹² In autumn 2001, the spot price for arabica coffee plunged to \$0.45/pound. Oversupply of coffee on world markets is at the root of the price decline. Since 1990, coffee production worldwide has increased by 15 percent, whereas consumption has only increased about 7 percent. The increase has resulted directly from a decline of regulation of the industry. The demise of the International Coffee Agreement in 1989 led to an increase in competition and in production.¹³ This encouraged overplanting new trees as well as new entrants in the market—notably Vietnam. While the new coffee is of low quality and does not interest specialty buyers, the entire market is affected by the glut. Unless the worldwide coffee industry as a whole drastically changes the way it does business, analysts expect the oversupply to last for at least five years.¹⁴

The situation of the peasant farming families who produce over half the world’s coffee supply is similar across continents. It is characterized by extremely limited access to land, financial resources, and political power. Farmers earn less than \$600 per year—not enough to purchase much food or send their children to school let alone invest in machinery for processing or for transporting their coffee to market. They are thus forced to sell to local intermediaries, at prices well below the “C.” Others process the coffee, which then goes to exporters, whose success is determined by their ability to match suitable products with specific brokers and importers.¹⁵ In this scenario, farmers often receive less than the cost of production, and their only source of credit is their future harvests.

Lots of coffee is also grown on large plantations worked by landless day laborers, many of whose plight is worse than that of the small farmers. For example, a recent study by the Guatemalan Commission for the Verification of Corporate Codes of Conduct found that “half the workers on plantations in that country earn less than \$3 per day for picking 100 pounds of coffee. Workers also were subject to forced overtime without compensation, and usually did not receive their legally mandated benefits.”¹⁶ Similarly, journalist Linda Diebel describes Guatemalan coffee plantations as places characterized by working children, starvation wages, bonded labor, fear and intimidation, lack of shelter and sanitation, flooding, high infant mortality, back-breaking work, and deaths from easily preventable and treatable diseases.¹⁷

Some agricultural laborers in Central America—notably banana workers—have been unionized for decades, but efforts to organize coffee workers have been largely unsuccessful. A crucial reason for the difference is that while the banana industry is dominated by a few large companies,¹⁸ coffee production is highly decentralized. Ortiz’s account of attempts to unionize Columbian coffee workers describes several obstacles, the first of which is that it was difficult to identify “the enemy.” Owners of large estates and the FNCC (*Federación Nacional de*

Cafeteros de Columbia, the Coffee Federation of Columbia) were obvious targets, but it was difficult to define the line between them and the owners of smaller farms.¹⁹

The seasonality of the coffee harvest and growers' management strategies also hamper union activities. Ortiz observes,

During the harvest, when laborers have some market power, the turnover of personnel on farms is considerable. Laborers move from farm to farm searching for better deals, knowing that their presence is needed only if there are ripe berries to be picked. The best that a union organizer can hope for is to identify already verbalized complaints and help to spark a brief but effective grassroots stoppage. There have been, in fact, many short-lived and successful stoppages over such issues as piece rates and food and living conditions. Many of these stoppages were settled quickly and went unnoticed. In most cases, they were truly grass-roots stoppages, not aided by experienced organizers. Once the disputes were settled, the collective action ended.²⁰

Yet another hindrance to organizing is that growers often pay coffee pickers a piece rate rather than a daily wage, thus increasing competition and tensions among coworkers. Theft of bagged berries is prevalent enough that large farms police the areas where harvested berries are stored. This work setting certainly does not encourage collaboration or the coordination of strikes.²¹

Given such constraints, it is not surprising that NGOs seeking to improve conditions for coffee workers have first targeted small family farmers rather than plantation laborers. Many farmers face an immediate crisis: they cannot continue to produce at a loss. Unless they are already integrated into the high end of the specialty niche (e.g., as "preferred providers" for roasters such as Allegro and Starbucks), these farmers have few—if any—incentives to grow high-quality coffee and cannot compete with other producers of low-quality coffee. Activist groups, notably Global Exchange and Oxfam, are working to make this situation visible to the coffee-consuming public.

RESOLVING THE COFFEE CRISIS

Improving conditions for coffee workers and farmers while maintaining the supply of good coffee will entail changes in standard coffee practices. We approach possible solutions from two directions: regulating the conditions of production, or regulating the market.

Regulating Conditions of Production

One move toward a sustainable coffee industry would entail domestic governments setting and enforcing labor (and environmental) standards. Yet the agro-industrial elite that dominates coffee processing and exporting maintains close political ties with political authorities, especially in Central and South America.²²

Agribusiness profits from maintaining control of the steps between growing and exporting. Elites clearly have an interest in keeping farmers farming, but the dependence of farmers on middlemen maximizes elite profits. Interlocking relationships and interests with agribusiness make it unlikely that governments in coffee-producing countries will voluntarily regulate the coffee industry in ways that benefit small growers and workers. For the same reasons, these governments are likely to repress unions of the landless laborers and self-organization by the farmer-producers. In addition, governments face an international free-riding problem. Unless all coffee-producing countries were to set and enforce new standards, those that do not would have a market advantage—at least in the short run.

The importing countries also lack incentives to demand the regulation of production. The coffee industry is dominated by transnational corporations, for example, Proctor & Gamble and Phillip Morris. Their interest is in buying coffee beans at the lowest price. They are often effective lobbyists against domestic legislation for new standards.²³

The World Trade Organization (WTO) and other international nongovernmental organizations (INGOs) could potentially adopt and enforce the labor standards of the International Labor Organization (ILO). The ILO lacks enforcement power, but the WTO could use trade sanctions to ensure compliance. Presently, a majority of the WTO members are unwilling to do this, despite considerable lobbying by President Clinton, the AFL-CIO, and other national labor confederations. Consistent and intense pressure from a Fair Trade movement that unites producers, consumers, NGOs, and industry partners might change that calculation and compel the WTO and other INGOs to take up worker-producer issues. This is, at best, a long-term scenario.

Regulating the Market

The International Coffee Organization (ICO) controlled the coffee market from the early 1960s until 1989. It “represented or constituted a coalition among firms and bureaucrats who used their states to regulate international markets.”²⁴ The ICO secured higher coffee prices by enforcing export quotas. This helped farmers even though they still earned only a fraction of the export price.

ICO regulation did have the consequence, however, that producers supplied an invariant mix of coffees. When consumer preferences changed, roasters found themselves constrained by the ICO. The supply of coffee was set by votes, not market forces. For instance, in the United States, there has been a trend away from instant coffee (which is mostly robusta) to ground canned coffee or specialty whole-bean coffee. Even canned coffee blends contain more mild arabica beans than instant coffee does.

Two other factors added to the dissatisfaction with the ICO. First, nonmember nations were trading coffee at lower prices. There was thus an incentive for large roasters in member countries to illegally import “tourist coffee” from nonmember

producers, via a nonmember importing country.²⁵ Second, the United States discovered that ICO quotas did not allow the administration to reward its international friends or punish its international enemies by importing or not importing their coffee.²⁶

The United States pushed for a renegotiation of the quota allocations, but its demands were not feasible within the political framework of the ICO. Other delegations viewed the United States's position as a threat to the organization. Lacking domestic support in the United States and failing to negotiate its own renewal, the International Coffee Agreement collapsed in 1989. In 1993, the newly formed Association of Coffee Producing Countries (ACPC) proposed a "retention plan" calling for producers to hold off the release of their beans into the international market. The ACPC disbanded in early 2002 because its efforts to control coffee prices by regulating supply were failing. Prices were at a thirty-year low, and production continued to rise because countries new to coffee production continued to expand their plantations without joining the organization.²⁷

A second way to regulate the market is by consumers strategically using their purchasing power. At first glance, this seems an unpromising route. Approximately 80 percent of U.S. coffee consumers drink canned coffee.²⁸ They are indifferent to quality and sensitive to price. A boycott would be counterproductive; refusing to buy coffee would only bankrupt the small farmers and hardly affect agribusiness—except to make more good coffee-producing land available at a very cheap price. An international alliance of NGOs has thus chosen a different route: Fair Trade certification. They focus on the specialty niche because it is here that consumers could make a difference.

FAIR TRADE CERTIFICATION

The Fair Trade concept is rooted in the belief that existing world trade practices affect underdevelopment and the unjust distribution of wealth among nations. Paying third world producers a fair price for their products may be a more efficient way of encouraging sustainable development than aid. The ethical consumption movement started with the emergence of Alternative Trade Organizations (ATOs) such as Ten Thousand Villages (1946), Fair Trade Organisatie (1967), and Global Exchange (1988). ATOs originally aimed to create a parallel system that would open markets to disadvantaged southern producers rather than to reform conventional trading practices. The U.S. ATO Equal Exchange began in 1986 by importing coffee from Nicaragua to express solidarity with the Nicaraguan people after the Reagan administration imposed a commercial embargo. Equal Exchange has since built a small niche for Fair Trade coffee in the United States.²⁹

The first Fair Trade labeling initiative was Max Havelaar, launched in The Netherlands in 1988. This was an important departure from the ATO model of selling products in small Fair Trade shops or via mail order. The Max Havelaar Fair Trade seal was offered to mainstream coffee companies if they agreed to buy

some—even a small fraction—of their coffee on Fair Trade terms. By paying a certification fee, roasters could purchase the right to apply the seal to an amount of their roasted coffee equivalent to the amount of Fair Trade coffee they purchased.³⁰

Max Havelaar's strategy of targeting larger, profit-driven roasters and getting Fair Trade coffee into supermarkets gave many more consumers exposure and access to it. In a relatively short time, Fair Trade labeling became established as a viable market concept, and labeling initiatives spread throughout Europe and elsewhere. Some used the Max Havelaar name; others, initially the Germans, called themselves TransFair or took on other names. TransFair USA was founded in 1996. All of these organizations monitor the coffee production and administrative practices of farming cooperatives that seek to sell on Fair Trade terms. Importers and roasters pay the cost of monitoring and certification. Nonprofit certifying organizations alter coffee's path from farmer to consumer by making it possible for farmers to form cooperatives to process and market their own beans. Certifiers are essentially middlemen too, but operating under a set of incentives very different from that of brokers in the usual market.

Since 1997, Fair Trade certification initiatives have been united under the umbrella of the Fairtrade Labeling Organization (FLO) International, a group working to standardize the certification process for a wide range of products. FLO maintains a Fair Trade Register of producer groups approved to sell to the Fair Trade market.³¹ In May 2001, it listed 363 groups from twenty-two countries. The majority is in the Western Hemisphere, but cooperatives in Cameroon, the Democratic Republic of Congo, Papua-New Guinea, Tanzania, Uganda, Ethiopia, Indonesia, and Thailand are also on the list.

The internationally accepted criteria for Fair Trade coffee are as follows:

1. Purchase directly from small farmers organized into democratically managed cooperatives.
2. Guarantee a floor price when market prices are low.
3. Offer farmers credit (an obligation of the importer).
4. Develop long-term relationships between importers and farmer cooperatives ("a gradualist approach to environmental sustainability issues").³²

By focusing on cooperatives, the Fair Trade movement creates an incentive for small farmers to organize their own processing and marketing operations. Figure 3 illustrates the shorter, Fair Trade route to market.

At present, the Fair Trade floor price for washed arabica coffee is \$1.26/lb (\$1.41 if the coffee is also certified organic). When the market price is above the floor price, the Fair Trade price is \$0.05/lb. higher. Floor prices were established in 1988, after considerable field research and several rounds of negotiation between representatives of the Fair Trade movement, farmers, and the coffee industry. They have been raised once since then.³³

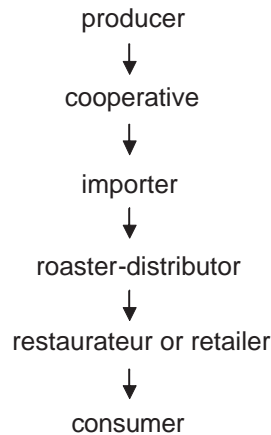


Figure 3
Source: Waridel 2000.

Table 1 summarizes how Fair Trade initiatives alter coffee farmers', roasters', and consumers' incentives—given the current coffee market and other economic and political constraints in coffee-producing countries. One important difference between Free Trade and Fair Trade is that the former encourages farmers to sell their beans at the lowest possible price while the latter encourages farmers to organize sales cooperatives that enable them to establish prices that support a living wage. The second important difference, of course, is that Free Trade encourages no concern with economic sustainability of small farmers and Fair Trade tries to change the ethical calculus of consumers so that they consider economic sustainability as important as price and quality.

Advocates for Fair Trade certification are convinced that theirs is a model for the future, reflecting consumers' and stockholders' desire for businesses to be socially responsible as well as profitable. Certification has already improved the lives of more than half a million coffee farmers.³⁴ More and more consumers are becoming aware of Fair Trade issues and demanding Fair Trade coffee.³⁵ Still, existing cooperatives are only able to sell about half of their crops at the established Fair Trade price. The movement has necessarily shifted its focus from organizing farmers to expanding the market for their product by increasing consumer demand. Will the strategies that have built the current Fair Trade market foster its continued expansion? The next sections review these strategies and raise challenges and opportunities facing Fair Traders now.

MAKING A FAIR TRADE MARKET

People are beginning to realize the power of their money. While in the dominant discourse citizens are seen as merely consumers, some consumers are now reclaiming their citizens'

Table 1
Incentives Produced by Free Trade and Fair Trade Policies

Small Farmers		Importers/Roasters		Consumers	
Free Trade	Fair Trade	Free Trade	Fair Trade	Free Trade	Fair Trade
keep costs low	regulate price	meet customers' demands	meet customers' demands	quality	quality
produce a lot	reinvest	profit	profit	price	sustainability
	respond to demand for quality and sustainability	ensure supply of green beans	ensure supply of green beans	convenience	price
			sustainability [maybe]		convenience

“rights” and responsibilities by putting their money where their values are. . . . Ethical options are becoming available because people are asking for them, and because civil society organizations have helped by creating a movement.³⁶

The Fair Trade movement is a nonprofit transnational advocacy network.³⁷ Its primary goal is to make a lasting impact on society’s social values rather than to make a profit. Its goals and interests contradict those of the other players in the industry and can produce contention with them. Hillary Abell, Development Director of TransFair USA, said in a 2001 interview that “norm change” was its number one goal, and would be achieved by making “the Fair Trade model as normal, unintentional, and universal as nondiscrimination and basic environmental responsibility are today.”³⁸ While Fair Traders do offer a tangible market product, what they are essentially trying to sell is the norm that people in prosperous countries should factor global social justice into their buying decisions.

To the extent that customers ask for it, corporations will profit by responding to demand for Fair Trade certified products. Fair Traders’ first challenge has been to get consumers to ask. Penetrating and saturating the specialty coffee market entails creating a large and sustainable demand. Since people generally make their buying decisions based on price and quality, Fair Traders’ first challenge is to add a “social responsibility” dimension to the calculation. Labeling organizations and other groups attempt to do this by raising public awareness of Fair Trade issues, inciting consumer demand, and encouraging roasters, retailers, and restaurants to offer a Fair Trade product.

Here is where the European and American experiences diverge. The European campaigns have generally been more successful. In 2000, Fair Trade certified beans accounted for about 3 percent of the total coffee market in The Netherlands, Luxembourg, and Switzerland and about 1 percent in most other European countries, but only 0.2 percent in the United States. At this point we can only note some possible reasons; more careful analysis, including attention to country differences, will be necessary to support a more rigorous account. We can surmise that greater European success may reflect their earlier start. More critical, however, is the fact that European consumers have a longer history of effective mobilization around the quality and safety of food, as indicated by the campaigns around genetically engineered food, “mad cow” disease, and the like. Second, the European activists can form alliances with or exercise pressure within social democratic, labor, and green parties; the power of such parties within the European context is far greater than in the North American. Third, at least five European governments—Belgium, Denmark, France, The Netherlands, and Switzerland—subsidize NGO efforts to promote Fair Trade coffee.³⁹ Most recently, having declared its intentions to place more emphasis on the social aspects of the globalization of trade at the Copenhagen Summit, the European Union allocated over \$9 million to support education regarding trade and development issues.⁴⁰

TransFair USA hardly has an advertising budget. In its first efforts to reach a sympathetic, social action-oriented audience, it has used its limited resources to target college campuses, churches, and grocery stores that emphasize “natural” foods. For example, TransFair USA worked with the UCLA Environmental Coalition in a successful campaign to convince the university to offer Fair Trade coffee in campus food service establishments. The students published articles in the campus paper and gathered hundreds of signatures in support of their initiative. They met with buyers for the university to discuss pricing and volume, and with café and dining hall managers to garner their support. Students passed out free samples of Fair Trade coffee in highly trafficked areas of the campus and hosted events at which Fair Trade representatives were featured speakers. The campaign succeeded at getting UCLA cafés to offer a Fair Trade alternative to other coffees, at a slightly higher price.

Fair Trade organizations have initiated informational campaigns that target religious organizations, but in some instances church members have taken up the issue independently of or prior to contact with organizers. An article in *The National Catholic Reporter* reminds parishioners, “When the coffeehouse craze meets the demands of contemporary Catholic identity, young Catholics have a unique responsibility to conform their coffee purchases to a tightly formed conscience.”⁴¹ A Seattle clergyman reports that buying coffee from Equal Exchange reflects his congregation’s belief in justice and empowerment. Many of this church’s members are blue-collar workers who relate to the idea that farmers should be paid equitably. At least one Seattle synagogue also buys from Equal Exchange; its social action committee singled out buying Fair Trade products as a way to combat injustice.⁴²

Seattle-based Fair Trade retailer Pura Vida Coffee donates its net profits to children’s programs in coffee-growing regions. Churches, Christian bookstores, and religious retreat centers account for more than half the company’s sales, which have been rising steadily for the past three years. One Pura Vida customer, the business manager for a Catholic church, sums up her purchasing decision as a “no-brainer”—a way to buy coffee and have the benefit accrue to farmers as opposed to corporations, with little or no increase to the price.⁴³

While quality is implied (or assumed) in the Fair Trade message, it has not been an explicit part of the campaign. But our interviews, as well as secondary source data from specialty coffee industry publications, show that for many—perhaps most—customers, quality trumps “doing the right thing.” Our conversations with Seattle buyers for natural food grocery chains PCC (Puget Consumers Cooperative) and Whole Foods reveal the problem Fair Trade coffee campaigns face. These companies advertise social responsibility as central to their missions, and their customers are among the most likely to ask for and purchase Fair Trade products. However, store buyers report that their decisions to stock Fair Trade coffees and customers’ decisions to buy them are based as much on good taste in the cup

as on a desire to help coffee farmers. Proprietary research conducted by Whole Foods shows that 85 percent of its shoppers will pay more for high quality and freshness. Although comparable figures on customers' attitudes about Fair Trade coffee are not available, this finding complements other information suggesting that the Fair Trade movement must emphasize and deliver quality as well as ethics.⁴⁴ A recent survey of coffee consumers conducted by TransFair USA also showed that taste is the most important factor in coffee-purchasing behavior. "*Assuming high quality*, half the respondents said they would buy Fair Trade certified coffee, and pay \$1.00–\$2.00 per pound more for it" (emphasis added).⁴⁵

Quality was also a prominent theme emerging from our interviews with coffee shop owners, managers, and baristas. In nine of the ten establishments we surveyed, quality was the top reason behind the decision about whether to serve Fair Trade coffee or not to do so. At Espresso Vivace, one of the premier coffee houses in Seattle, the fact that the company roasts and brews only Fair Trade beans is hardly noticeable. The reason, as reported by the café's owner, is that he wants to sell good coffee without belaboring the issues.⁴⁶ The same thinking has motivated the makers of Cafedirect, a premium instant coffee made from Fair Trade beans, to change the product's name to 5065 (in reference to the high altitude at which the coffee grows). The label will still describe Fair Trade practices but market research showed that customers were "more concerned with taste than helping Third World producers." The Fair Trade message was not getting across to "mainstream" consumers. A company spokesperson explains, "Once we've convinced them about the good quality, we can then focus on the Fair Trade. If we go head on with the Fair Trade message, the likelihood of getting them interested is lower. But we're not giving up on our mission."⁴⁷

Among the businesses that offer a Fair Trade product, we found considerable variation in terms of Fair Trade's prominence in the image that the business projects. At Bulldog News, an espresso bar in Seattle's University District, posters and brochures about Fair Trade are everywhere. A knowledgeable barista is pleased to answer questions. She proudly tells the interviewer that the shop's owner spent a week in Nicaragua last year to work with farmers at a cooperative that supplies Equal Exchange—the coffee Bulldog buys. Café Ladro, a chain of high-end coffee bars, advertises prominently that all its coffee is Fair Trade. On the other hand, Café Victrola, a neighborhood establishment that is a favorite hangout for folks involved in progressive actions and the arts, has a sign on the counter noting that it serves coffee provided by Espresso Vivace. There is no mention that the coffee is Fair Trade. The owner explained that they shifted from an Italian supplier only partially because of customer demand for Fair Trade coffee. The major reason was their preference for a local roaster once they had assurances the coffee itself would be of equal or higher quality.

Our visits to Seattle Starbucks stores revealed that although the company stocks and brews a Fair Trade blend, the baristas generally know little or nothing

Table 2
Survey of Seattle Coffee Retailers

<i>What Has Influenced Your Decision to Sell/Serve Fair Trade Coffee (or not)?</i>			
Quality	Demand	Price	Threats ^a
Independent coffee shops and natural foods groceries (<i>n</i> = 10)			
4.13	3.78	2.63	1.11
Large grocery chains (<i>n</i> = 4)			
2.75	2.25	3.5	1.5

<i>What Do You Think Influences Your Customers Demand (or Lack Thereof) for Fair Trade Coffee?</i>		
Quality	Social Consciousness	Price
Independent coffee shops and natural foods groceries (<i>n</i> = 10)		
3.56	4.11	3.11
Large grocery chains (<i>n</i> = 4)		
3.00	4.00	3.00

Note: Items are ranked on a 1-5 scale ranging from *not important* to *very important*.

a. Threats of negative publicity and/or picketing by Fair Trade activists.

about Fair Trade coffee. There are pamphlets available in the stores that tell something about the reasons behind the label, but the baristas clearly lack sufficient briefing. Moreover, bags of Fair Trade coffee are often on display, but Starbucks does not include it—or any of the other sustainable coffees—in its list that guides consumers as to taste.

Table 2 summarized the results of our small survey. All of our interviews—at cafés, natural food groceries, and supermarkets that stock specialty coffee—show that quality is slightly more important than customer demand for a Fair Trade product. Predictably, the supermarket buyers are more price conscious and less quality conscious. But relatively speaking, both groups rank quality slightly higher than customer demand.

When it comes to coffee-buying decisions by businesses, verbal pressure for Fair Trade coffee is the first step, but this must be reinforced by economic demand, that is, actual purchases. Where a public has not been the target of campaigns, Fair Trade coffee was not available, and, we learned, no one asked for it. This suggests that Fair Traders working to expanding the U.S. market should continue to focus on getting consumers' attention and educating them about the issues as well as on getting roasters, retailers, and restaurants that buy Fair Trade coffee to advertise their purchase. An emphasis on quality must be integral to these approaches.

CLOSING THE SUPPLY-DEMAND GAP: THREE STRATEGIES

Another tactic is to convince large buyers to switch to a Fair Trade product. There are three kinds of coffee purchasers who have a significant impact on the market for sustainably produced beans: institutional buyers such as major airlines or governments, the large specialty coffee roasters, and the producers of the non-specialty coffees.

Getting into the Cup

Fair Traders' work with institutional consumers is not limited to colleges. Global Exchange has successfully lobbied city councils in San Francisco, Berkeley, and Oakland to buy Fair Trade certified brands. The Santa Cruz city council followed suit. In 2001, more than sixty members of Congress petitioned the company that manages food services on Capitol Hill to switch to Starbucks Fair Trade blend.⁴⁸ In November 2002, the House of Representatives unanimously passed House Resolution 604, which directs Congress to "adopt a global strategy to respond to the current coffee crisis" and urges "private sector coffee buyers and roasters to work with the US government to find a solution to the crisis which is economically, socially, and environmentally sustainable." A similar resolution (S. Res. 368) passed in the Senate.

In 2003, Pete Stark (D-Calif.) will reintroduce a resolution calling for government purchasing of Fair Trade certified coffee.⁴⁹ The European Parliament and most national parliaments in Europe already sell only Fair Trade coffee.

Much more could be done to introduce Fair Trade coffee to large institutional buyers such as government offices, hospitals, company cafeterias, and airlines. This strategy creates a market where individual consumers need not make a decision about how to "vote" with their money. As in the past in such institutions, the decision is made for them and they have but one option. Only now the monopoly belongs to Fair Trade coffee.

Targeting Specialty Roasters and Retailers

Numerous retailers have created corporate social responsibility programs in order to ensure consumers as well as their own employees of their commitments to a greater social good in addition to their search for profit.⁵⁰ We have already seen evidence of that with PCC and Whole Foods. There are even companies whose very profits are based on their marketing of social responsibility and ethical consumption. This is the basis of the success of the Body Shop, for example. Targeting companies that already have a commitment to corporate social responsibility and those most open to adopting such principals is an important initial step in expanding the market for Fair Trade coffee.

Global Exchange conducts the most visible and multifaceted public education campaign to promote Fair Trade coffee in the United States. The most dramatic piece has focused on Starbucks, the largest specialty coffee retailer in the country and a company run and staffed by people who perceive themselves as socially responsible progressives. Starbucks buys about 1 percent of the world coffee supply. The company typically pays at least the Fair Trade floor price, but if the coffee they buy comes to market the long way, small farmers and plantation workers do not necessarily benefit. In the early 1990s, activists challenged Starbucks to stop buying coffee from plantations where workers were treated poorly and not paid fair wages. Starbucks responded that this was impossible. Since the company usually purchased beans through brokers rather than directly from producers, there was no way to be sure exactly where the coffee came from. The company did, however, support CARE projects in coffee-growing areas. In subsequent years, Starbucks announced its intent to work toward a code of conduct for the coffee industry and began to do more direct business with medium-sized farms.⁵¹

In autumn 1999, Global Exchange approached then-CEO Howard Schultz about offering Fair Trade certified coffee in Starbucks stores. The company was hesitant, voicing concern about low quality. The NGO responded by organizing several peaceful protests in front of Seattle Starbucks stores. A few months later, Fair Trade campaigners put their request to Starbucks stockholders at their annual meeting. The response was a “drop in the bucket”; the company announced a one-time Fair Trade purchase of 75,000 pounds, or about thirty pounds per store.⁵² Global Exchange’s next step was to circulate an Open Letter, asking Starbucks to do more to see that coffee farmers get a fair price. Thirty demonstrations at Starbucks stores across the country were scheduled for 13 April 2000. On 10 April, Starbucks announced an agreement with TransFair USA. Global Exchange called off the protests; Starbucks introduced a Fair Trade blend and agreed to develop educational materials for employees and customers. In October 2001, Starbucks promised to buy a million pounds of Fair Trade coffee in the next twelve to eighteen months. The company regularly stocks and displays Fair Trade as well as organic and shade-grown coffees.

Global Exchange sees this outcome as “an important win for the corporate accountability movement” as well as a way to bring the Fair Trade message to millions of consumers.⁵³ Starbucks now has a Department of Corporate Social Responsibility, which issues an annual report and attempts to be responsive to consumers and the more general public. The company seems committed to maintaining Fair Trade certified coffee in its line-up and has begun working with at least one Fair Trade coffee cooperative, PRODECOOP in Nicaragua, to help them produce more coffee that the company will buy. Starbucks has recently signed a Memorandum of Understanding with FLO International. This will enable the company to enter into licensing agreements with national Fair Trade organiza-

tions to sell Fair Trade certified coffee in all the international countries where Starbucks does business.⁵⁴

Global Exchange would like to push Starbucks further by getting it to buy much more Fair Trade certified coffee and use it for espresso beverages in the store, something that the company is reportedly eager to do. At present the issue is finding consistent sources of Fair Trade coffee that is of the quality that Starbucks customers expect.⁵⁵

Seattle-based chains Tully's and Seattle's Best Coffee (SBC) and San Francisco-based Peet's Coffee began to offer Fair Trade coffee shortly after Starbucks did. In fact, Tully's was planning to introduce its triple-certified (Fair Trade, organic, and shade-grown) "Compadre Blend" before Global Exchange launched the Starbucks campaign. Both SBC and Tully's have produced pamphlets and special packaging to educate consumers about Fair Trade and other sustainability issues. According to Tully's marketing manager Kim Novac, "Offering sustainable coffee is essential to remain competitive."⁵⁶

Fair Trade in a Can?

Fair Trade movement leaders want to target the giant corporations that own brands like Maxwell House and Folgers. There is, as yet, no well-conceived strategy to convince consumers of canned coffee to pay more in order to improve the lives of coffee farmers. Nor is there a strategy to change the incentives of the major corporations so that they are willing to pay more for the beans; this would mean cutting profits or raising prices while advertising in a way that changes consumer preferences to include ethical concerns for the farmers or the environment.

The few attempts to introduce sustainable coffee at the low end of the market have so far proved unsuccessful. For example, Dunkin' Donuts recently tried selling a higher priced organic coffee in its shops but discontinued it because sales were low. "The average Joe just isn't there yet," comments Julie Barrett, director of Dunkin' Donuts' coffee and beverages division.⁵⁷ Even so, there may be potential to expand the Fair Trade market at a price point that is in between canned coffee and high-end specialty beans. Buyers at Seattle Coffee Co. (SBC's parent company, which also maintains a grocery-store division) found out by accident that a coffee they liked was Fair Trade certified. This led to a deal with Safeway that placed Fair Trade coffee in 1,400 stores. Safeway had already perceived sufficient customer interest in stocking a Fair Trade product that is competitively priced and so were convinced to stock the beans. In Seattle, managers report slow but steady sales.

Social Movement Competition

Fair Traders have piqued the specialty coffee industry's attention, but so have other "issue" coffees. *Sustainable coffee* has become the umbrella term that

includes organic and shade-grown (and therefore protective of bird life) coffee production as well as Fair Trade. The SCAA has adopted its own working definition of sustainable coffee, prepared by the United Nations World Commission on Environment and Development: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."⁵⁸

The existence of multiple products all targeted to reach virtually the same ethical consumers is confusing and could potentially undercut the market for each. The advocates of the various organizations agree that the nature of the technology and the limitations on resources means that much coffee grown by small farmers is, in fact, organic and shade-grown. The farmers cannot afford the chemical fertilizers and the machines that tear up earth or trees, and they use traditional methods that have, as their by-product, the protection of earth and birds. The various campaigners network with each other and are generally supportive of each other's principal cause. Nonetheless, there are a plethora of groups, labels, and certifications, as Table 3 illustrates.

No certifying agency claims to represent "a mutually exclusive situation where only coffees with a particular seal are protecting the environment, ensuring the existence of a bird habitat, and guaranteeing the sustenance of small farmers."⁵⁹ Certification campaigns attract media attention and help people see the connection between their daily beverage and the producing country. Many suppliers have sought multiple certifications. Sustainable Harvest in Emeryville, California, was the first importer to be accredited to sell certified organic, certified shade-grown, and certified Fair Trade coffees. Thanksgiving Coffee Company, based in Fort Bragg, California, developed a point system that incorporates criteria from all three.⁶⁰ Perhaps the market will eventually decide on which seal consumers believe to be the most important and useful.⁶¹

Other industry players are serious about sustainability but convinced that certification campaigns are the wrong way to pursue it. Kevin Knox has been the green coffee buyer for Allegro Coffee Company since coming there from Starbucks in 1993. Allegro became involved in the organic coffee movement in the late 1980s, and this involvement has increased since the company was purchased by Whole Foods. According to Knox, he has "attempted to chart a course dictated not by would-be issue mongers, but by an understanding of the needs of Allegro's customers and suppliers."⁶² He maintains that no coffee is sustainably produced if it is not, first and foremost, a great-tasting coffee; otherwise, it will have an insufficient market. Although paying farmers a fair price is first on the Allegro agenda, Knox is highly critical of the degree to which Fair Trade certifying organizations tell farmers how to do business, for example, by insisting that they form cooperatives:

The first issue of sustainability at this point seems to be getting a price above the cost of production. That aside, sustainability should be defined, country by country, by the farmers

Table 3
Nongovernmental Organizations (NGOs) Promoting Sustainable Coffee

NGO Acronym and Name	Sustainable Coffee Initiative	Mission/Goals
IFOAM: International Federation of Organic Agricultural Movements	Organic	Coordinate the network of the organic movements around the world.
IOAS: International Organic Accreditation Service	Organic	Provide accreditation to organic certification bodies.
ORCA: Organic Coffee Association	Organic	Promote standards of third-party certification.
OCIA: Organic Crop Improvement Association	Organic	Organic certification body (largest in the world).
OCA: Organic Consumers Association	Organic	Promote organic methods of food production.
CI: Conservation International	Organic	Promote organic agriculture.
ABA: American Birding Association	Shade	Add a strong conservation voice to reflect interests of bird enthusiasts.
SMBC: Smithsonian Migratory Bird Center	Shade	Foster understanding, appreciation, and protection of bird migration.
Audubon Society	Shade	Conserve and restore natural ecosystems, with a focus on birds.
ECO-OK: Rainforest Alliance Eco-OK program	Shade	Develop guidelines and certification criteria.
Songbird Foundation	Shade	Raise awareness of migratory birds and promote sustainable coffee farming.
FLO: Fairtrade Labeling Organizations International	Fair Trade	Unite Fair Trade organizations under a single group.
TransFair USA	Fair Trade	Increase availability and awareness of Fair Trade certified products.
EE: Equal Exchange	Fair Trade	Market Fair Trade coffee.
FTF: Fair Trade Federation	Fair Trade	Provide fair wages to economically disadvantaged artisans and farmers.
Max Havelaar	Fair Trade	Increase availability and awareness of Fair Trade certified products.
GX: Global Exchange	Fair Trade	Educate and increase demand for Fair Trade coffee.

Source: This table was created by Joel Merkel.

who grow the coffee, otherwise it's cultural imperialism. The voice of the producer has been the one noteworthy for its absence in these discussions. Consumers and roasters that are far removed from production have been defining sustainability. Perhaps the sustainability that's really being addressed is that of the NGOs that have been proliferating and selling various seals and certificates.⁶³

Coffee expert and food author Timothy Castle's review of certification issues published in the journal *Specialty Coffee Retailer* remarks that the Fair Trade campaign's message to coffee consumers in more developed countries casts coffee farmers as poor and struggling. Undeniably, this is most often true. But Castle asks if the reason might be that the coffee produced is not very good. "The successful coffee farmer is a lousy target for first-world pity, but usually an excellent source for great coffee and a great source for a good job if you want to work on a coffee farm." To illustrate his point, Castle draws attention to coffee farms in Costa Rica, Brazil, Panama, and Guatemala that are prospering in the face of all-time market lows while they maintain excellent quality, and, "as a byproduct," all aspects of sustainability.⁶⁴ In their pursuit of an excellent product, all instituted practices that are socially and environmentally sustainable.

THE FUTURE OF FAIR TRADE

The major challenge to Fair Trade is to reach the nonspecialty or regular coffee producers and drinkers. In Castle's words, "As long as producers produce too much coffee and as long as coffee drinkers don't care about the quality of the coffee they drink, then most of the world's coffee farmers and coffee farm workers will not be able to make a livable, much less sustainable wage."⁶⁵ Changing taste preferences and educating consumers to be willing to pay more for better is feasible but not easy. There is a long way to go before canned coffee brands, produced and picked by poverty-level farm labor, will become unprofitable for the transnational corporations that own them. There is slow and steady progress, largely generated by the creation of specialty coffee. The next step is harder. Fair Trade has to move beyond the public that is easiest to persuade to become ethical consumers. Even most of them, as we have seen, still purchase based on quality first but prefer the combination of quality and ethics. To reach a broader public requires a strategy that ensures that ethics comes at a price they are willing to pay.

Consumer preferences are generally sticky and unlikely to change without some external intervention. Just as Fair Traders have been wise to target institutions as well as individuals, the specialty industry's voluntary self-regulation needs to be supported and expanded by governments and INGOs. Sustainable coffee will gain the world market advantage only when all coffee producers and roasters are required to meet environmental and social standards.

Ethical consumption campaigns are a promising means to achieve higher labor and environmental standards through a market mechanism. Their successes are

impressive. They have not only expanded the market for Fair Trade coffee, they have significantly improved the lives of many families of small farmers while, often, protecting the land and songbirds as well. There are also serious limits on what they can achieve with the current strategy. First, even many ethical consumers still want high quality or a good price or both. Given closely comparable goods, they will choose the one that meets ethical standards. When quality or price is widely divergent from their preferences, they are unlikely to act ethically.⁶⁶ Second, the number of ethical consumption campaigns around coffee brings attention to the general issues but at the possible cost of unproductive competition for market share. Multiple certifications, a super seal, or other devices must be worked out over time. Third, and most daunting, to aid more small farmers and to assist landless laborers as well will require penetration into the nonspecialty market. The strategy to achieve this may involve more than aggregated but individualist ethical consumption. It may require a campaign for government or INGO enforcement of labor and environmental standards imposed on all companies worldwide.

NOTES

1. Robert H. Bates, *Open-Economy Politics: The Political Economy of the World Coffee Trade* (Princeton, NJ: Princeton University Press, 1997), xiv.

2. Dana Frank, *Purchasing Power* (New York: Cambridge University Press, 1994); and Dana Frank, *Buy American: The Untold Story of Economic Nationalism* (Boston: Beacon, 1999).

3. See John Talbot, "Where Does Your Coffee Dollar Go? The Division of Income and Surplus along the Coffee Commodity Chain," *Studies in Comparative International Development* 32, no. 1: 56-91; and "The Problems and Possibilities of Globalization: Organic and Fair Trade Coffee," paper presented at the annual meeting of the Pacific Sociological Association, San Francisco, 29 March–1 April, 2001.

4. See Kevin F. Tarmann, "The Fair Trade Movement: Norm Change or Niche Marketing?" Ph.D. dissertation, University of Virginia, 2002.

5. Most of the research was carried out by undergraduates under our direction. Our location in the capital of the specialty coffee industry, Seattle, Washington, afforded us excellent access to primary sources of information about business and consumer responses to the Fair Trade campaign.

6. Gregory Dicum and Nina Luttinger, *The Coffee Book: Anatomy of an Industry from Crop to the Last Drop* (New York: The New Press, 1999), 43.

7. Robert Bates pointed this out to us, based on his extensive research on the coffee industry.

8. Paul Rice and Jennifer McLean, "Sustainable Coffee at the Crossroads," White paper prepared for The Consumer's Choice Council (1999), 18.

9. Timothy J. Castle, "A Cup Fraught with Issues," *Specialty Coffee Retailer* (4 November 2001): 4.

10. While the diagram is specifically based on the case of Mexico, the pathway it shows is generally accurate. Figure 1 is based on the October 1999 "C" of \$0.85/pound.

11. Talbot, "The Problems and Possibilities of Globalization."

12. *Ibid.*, 20; Rice and McLean, "Sustainable Coffee at the Crossroads."

13. Bates, *Open-Economy Politics*.
14. Laura Gorman, "Coffee Crisis: Causes, Effects, and Solutions," *The Gourmet Retailer* 22, no. 11 (2001): 53-8.
15. For more detailed descriptions of the "typical" coffee route from farm to table, see Mark Pendergrast, *Uncommon Grounds: The History of Coffee and How It Transformed the World* (New York: Basic Books, 1999); Rice and McLean, "Sustainable Coffee at the Crossroads"; and Laure Waridel, *Coffee with Pleasure: Just Java and World Trade* (Montreal and New York: Black Rose Books, 2002).
16. Deborah James, "Justice and Java." NACLA Report on the Americans 34, no. 2 (2000): 11-14.
17. Linda Diebel, "Ground by Coffee Practically Enslaved, Workers in Guatemala Pay a High Price to Help You Get Your Morning Jolt in a Mug," *Toronto Star* (28 September 1997): F1.
18. Steve Marquardt, "Pesticides, Parakeets, and Unions in the Costa Rican Banana Industry, 1938-1962," forthcoming in *Latin American Research Review*.
19. Sutti Ortiz, *Harvesting Coffee, Bargaining Wages: Rural Labor Markets in Columbia, 1975-1990* (Ann Arbor: University of Michigan Press, 1999), 63-78.
20. *Ibid.*, 54.
21. *Ibid.*, 173.
22. Jeffery M. Paige, *Coffee and Power: Revolution and the Rise of Democracy in Central America* (Cambridge, MA: Harvard University Press, 1997).
23. Jim Carlton, "A Global Effort to Help Poor Coffee Farmers: 'Fair Trade' Movement's Strategy Is to Bypass Middlemen," *The Wall Street Journal* (23 November 1999); Tarmann, "The Fair Trade Movement."
24. Bates, *Open-Economy Politics*, 172.
25. Pendergrast, *Uncommon Grounds*.
26. Bates, *Open-Economy Politics*.
27. BBC News, "Coffee Association Shuts Down" (19 October 2001), http://www.americas.org/news/nir/20011019_coffee_association_shuts_down.asp.
28. Bruce Finley, "Fair-Trade Movement Brews Hope for Coffee Growers," *The Denver Post* (21 October 2001).
29. Rice and McLean, "Sustainable Coffee at the Crossroads," 54.
30. *Ibid.*; Talbot, "The Problems and Possibilities of Globalization."
31. Producer groups have observer status in FLO; they are not allowed to become voting members. This rule is said to preserve the objectivity of the certification process.
32. Rice and McLean, "Sustainable Coffee at the Crossroads," 58.
33. *Ibid.*, 57.
34. This number is very small given that 25 million small producers and over half a billion people are directly or indirectly reliant on coffee. See Krista Sorby, Background paper to World Bank Agricultural Technology Note 30, "Toward More Sustainable Coffee," (June 2002).
35. In the United States, Fair Trade coffee accounted for 0.17 percent of the total coffee market and 1 percent of the specialty market in 2000. In 2001, these figures increased, respectively, to 0.3 percent and 1.5 percent. By comparison, in Europe the Fair Trade share of the total coffee market ranges from 0.2 percent in France to about 5 percent in Switzerland. U.S. statistics from Daniele Giovannucci, *Sustainable Coffee Survey of the North America in Specialty Coffee Industry*, conducted for The Summit Foundation, The Nature Conservancy, North American Commission for Environmental Cooperation, Specialty Coffee Association of America, and The World Bank (2002). For Europe statistics, see

Kelly Ann Shaw, "Do You Know Where Your Beans Have 'Bean'?" Student paper, Political Science 398 (Spring 2002) University of Washington, Seattle.

36. Waridel, *Coffee with Pleasure*, 23.

37. Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders* (Ithaca, NY: Cornell University Press, 1998).

38. Quoted in Tarmann (2002, 20).

39. European Fair Trade Association, "The Structure of Fair Trade in Denmark" (2001), <http://www.eftafairtrade.org/pdf/FTiE2001Denmark.pdf>; and "The Structure of Fair Trade in Switzerland" (2001), <http://www.eftafairtrade.org/pdf/FTiE2001Switzerland.pdf>; Max Havelaar Belgium (2003), <http://maxhavelaar.wait-a-bit.com/fr/page.php/bedankt>; Max Havelaar Denmark (2002), <http://www.maxhavelaar.dk>; Max Havelaar France, *Annual Report* (2002) http://www.maxhavelaarfrance.org/bilan_annee_2001_max_havelaar.pdf; Max Havelaar Netherlands, <http://www.maxhavelaar.nl> (2003); Max Havelaar Switzerland, <http://www.maxhavelaar.ch> (2003); and Network of European World Shops, "European Commission Communication on Fair Trade" (1999), <http://www.worldshops.org/fairtrade/communication1.htm>.

40. Network of European World Shops, "European Commission Communication on Fair Trade."

41. Tom Beaudoin, "Tracing Justice Issues in a Cup of Coffee," *National Catholic Reporter* 36, no. 34 (2002): 20.

42. Jake Batsell, "Starbucks Achieves Worldwide Renown, with Some Costs," *The Seattle Times* (22 December 2001).

43. Ibid.

44. Castle, "A Cup Fraught with Issues," 22.

45. TransFair USA, "Market Opportunity Assessment Executive Summary" (2000), <http://www.transfairusa.org/about/reports/moa.html>.

46. Kathy Mulady, "Fair Trade Coffee Growers Emphasize Quality," *Seattle Post-Intelligencer* (29 August 2001).

47. Paul Peachy, "Taste and Not Ethics Sees Coffee Renamed," *The Independent* (UK) (3 January 2002).

48. Organic Farmers' Association (2002), <http://www.organicconsumers.org/starbucks/congress.cfm>.

49. TransFair USA, "Fair Trade Bulletin" (December 2002).

50. Cindy Liou, "Fair Trade Coffee as a Corporate Social Responsibility Program," Student paper, Political Science 398 (Spring 2002), University of Washington, Seattle.

51. Starbucks' continued growth made the latter possible. It became feasible to offer to buy a farm's entire crop. The knowledge that if they maintain premium quality, Starbucks will pay a high price for their beans produces an incentive for these farms to operate under conditions that are sustainable for workers and the environment.

52. James, "Justice and Java."

53. Ibid.

54. Starbucks Coffee Company, Press Release: "Starbucks Annual Shareholders' Meeting to Highlight New Initiatives" (2002), <http://www.starbucks.com/aboutus/pressdesc.asp?od=227>.

55. Mulady, "Fair Trade Coffee Growers Emphasize Quality."

56. Kim Novac, personal interview conducted by Cindy Liou, Joel Merkel, and Molly Magruder, Tully's Coffee Company Headquarters (14 May 2002).

57. Quoted in Neuffer, "Massachusetts Coffee Cooperative Looks for Bigger Share of Profits for Growers."

58. Castle, "A Cup Fraught with Issues," 10.

59. Christopher M. Lee, "Sealed Fate? Seals Designating Certified-Organic, Shade-Grown and Fair-Trade Coffees Battle for Market Share and Mind Share," *Specialty Coffee Retailer* (August 1999): 6.

60. *Ibid.*, 10.

61. It is noteworthy that Tully's reports brisk sales of its triple-certified coffee, whereas representatives of Starbucks and Seattle's Best Coffee claim that their Fair Trade blends are not particularly big sellers.

62. Quoted in Castle, "A Cup Fraught with Issues," 7.

63. *Ibid.*

64. *Ibid.*, 12-17.

65. *Ibid.*, 20-21.

66. This is consistent with the findings in Margaret Levi, *Consent, Dissent and Patriotism* (New York: Cambridge University Press 1997).

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