Colony in a Cup

Next time you lift a steaming mug of Java to your lips, pause for a moment and take a look into the obscure depths of this mysterious and compelling potion. Why are you drinking it? Because you like it, probably, and—admit it—because of the mild addiction you have developed for it. But how did this come to be your morning drug of choice? How can something so exotic—an infusion of the charred seeds of a tropical rainforest shrub—have become so ubiquitous and commonplace? And who are the people who see to it that it is always there when your craving calls?

Native to Ethiopia, coffee was first cultivated in the Arabian peninsula sometime between 500 and 900 C.E. Its use spread in parallel with the spread of Islam throughout the region, and the two became closely associated. By the sixteenth century, when coffee first became available in Europe as an exotic curiosity, it had become a cultural fixture throughout the Arabian Peninsula and the Ottoman Empire. Swathed in an air of Levantine romanticism, and a delicious and addictive drug besides, coffee was an immediate hit wherever an enterprising trader made it available in Europe.

By the early seventeenth century coffee was ubiquitous in Europe’s major centers, and a thriving and valuable trade had developed. Coffee was grown in what is today Yemen, then shipped through the Red Sea port of Mocha (eponym of Arabian coffee) to the Egyptian port of Suez. Then it was carried overland by camel caravan to Alexandria, where it was presented to European traders in bustling warehouses for shipment to Venice, Marseilles, and elsewhere.

The Ottoman and Arabian authorities presiding over this trade took great pains to ensure the future of their monopoly. Beans were boiled before export to render them sterile, and foreigners were prohibited from visiting coffee-growing areas. In so doing, they created a lucrative trade and the first international commodity cartel—a cash cow that remains the holy grail for coffee growers around the world.

But in 1666 something happened that would break the coffee monopoly and change forever the European approach to the bean.

A Cup of Woe

In that year, Dutch spies managed to smuggle coffee seedlings from Arabia to the Dutch colony in Java. In time, these seedlings became the forebears of virtually all the arabica coffee grown outside of Ethiopia and the Arabian Peninsula—all the Javanese, Hawaiian, Colombian, Kenyan, and Guatemalan coffee you have ever drunk is descended from this handful of plants. In liberating these plants, the Dutch set in motion a chain of intrigue and deceit, global competition and rapacity that continues to blacken the depths of your morning cup.

In the seventeenth century, the European seafaring nations were rapidly amassing colonial territories around the world. In a global landgrab driven by the economics of plunder, Europeans could be found hunting gold in South America, slaves in Africa, and furs in North America, but the real wealth was yet to come. By the seventeenth century, European powers were settling down to the administration of vast territories beyond the seas. Plunder alone could no longer support the expansion and maintenance of these global empires, so the economics moved on to new products that could best capitalize on the two elements most colonies had in abundance: land and labor. Coffee—along with tea, sugar, tobacco, and opium—is one of a handful of commodities that seemed custom-made for European colonial expansion. Growing only in the tropics, coffee is easily stored and shipped, and had the additional advantages of being addictive and already in high demand in the home countries.

These features were immediately exploited by the Dutch, who found to their delight that their colonies in Java and Ceylon were far better suited to coffee production than was the Arabian peninsula. The Ottoman monopoly was smashed, and the original global coffee blend—Mocha Java—was born.

Coffee arabica, the species found in any coffee worth drinking, grows best in tropical highlands, to six thousand feet. It is a handsome, leafy bush trimmed to about eight feet in height under cultivation, with spreading limbs festooned with large, shiny leaves of deep green. Jasminelike flowers bloom along the branches, filling the air with
perfume, and the berries—a succulent red when ripe—crowd the bases of the leaves.

A single coffee bush can produce around a pound of roasted coffee each year when mature, some three to five years after germination. Yields are such that, even today with half of the coffee we drink produced using modern, intensive techniques, each cup of coffee still represents a plot of land a little bigger than this magazine. Accordingly, the introduction of coffee cultivation to European tropical colonies entailed the degradation and outright clearing of millions of acres of native forests. The montane tropical forest regions that are best suited to coffee production also happen to be very diverse and fragile ecosystems. As a result, serious habitat destruction has occurred wherever coffee has been introduced. Today, tropical montane forest in its untouched state is very rare—and what is left is threatened by coffee expansion in places like Mexico, Colombia, Indonesia, Papua New Guinea, and Vietnam.

Aside from land, the other great input to a coffee crop is labor. Bushes must be tended carefully and treated to continuous weeding and mulching. At harvest time, quality beans must be picked by hand and then processed to remove the fruit around them. In the European Colonial context, “labor” meant slavery and other forms of forced labor. From the plantations of Java, tended by Javanese indentured laborers, to the coffee farms of the Caribbean and Brazil, home to millions of African slaves, life in colonial coffee plantations was never easy, and rarely humane.

Even in areas where coffee production centered on independent smallholders, such as parts of Central America and British East Africa, farmers were never able to get ahead, and remained trapped in cycles of debt peonage to coffee traders for generations.

In spite of the grim reality for most coffee laborers, the story of coffee through the seventeenth and eighteenth centuries as it is usually conceived is a narrative of intrigue and romantic spycraft, as one producer after another sought to usurp its competitors as the market leader.

Coffee’s strangely compelling nature—along with tea, it is one of the only nonalcoholic beverages to engender public houses devoted to its consumption—has given rise to a romantic mystique as obscure as the dark depths of a mug of steaming Java. Each culture that has embraced coffee has also developed an origin myth around its introduction to the culture. Often partially factual, these myths distill the tone of a culture’s relationship with the bean. So, while the Arabian myths are often related to religious piety—coffee was discovered by a goatherd and first used by monks to aid their prayers; coffee was revealed by the Angel Gabriel—the European myths tend to involve treachery and deceit for profit. First, coffee was stolen from the Arabs by Dutch spies pretending to be pilgrims. Then the Dutch were tricked into giving coffee to the French, who brought it to the New World against difficult odds, where it was passed from the French to the Brazilians as part of a bouquet commemorating a secret and illicit love.
Regardless of how it arrived, by the late eighteenth century French Haiti had become the world’s leading coffee exporter. Beginning in 1730, approximately thirty thousand African slaves were imported each year to accommodate the needs of rapidly expanding coffee plantations. By 1791, Haiti supplied half of the world’s coffee, cultivated with the labor of nearly half a million slaves. The brutal conditions endured by coffee workers inevitably led to uprisings and revolts, which were uniformly smashed with unrestrained violence by colonial authorities in Java, Central America, India, East Africa, the Caribbean, and elsewhere. Only in Haiti was a slave uprising successful in casting off the yoke of colonialism; in 1793, the entire slave population revolted, destroying the island’s plantations and estates. While the nation eventually achieved independence, forcing France to lose its position as a leading coffee producer, the revolt also destroyed the coffee-growing and exporting infrastructure in the new country. Worse, it also closed the doors to European markets, thereby allowing Ceylon to take control of the world coffee trade.

After the British took Ceylon over from the Dutch at the end of the eighteenth century, even more land was cleared for coffee. Undertaking intense cultivation meant clearing tremendous tracts of rainforest. By 1869, approximately 176,000 acres of rainforest had been destroyed solely for the cultivation of coffee.

In that year, however, a lethal fungal disease called coffee rust quietly arrived on the island and within twenty years changed the balance of the world coffee supply. Since rust was not considered a serious problem at first, planters continued to clear land for coffee, bringing another one hundred thousand acres into cultivation in the following decade. Increased cultivation efforts had the unfortunate effect of masking the decline in crop yield caused by the coffee rust. By the early 1890s, the coffee rust had decimated virtually all of the coffee estates, an area of land estimated at a quarter of a million acres. Coffee estates in India, Java, Sumatra, and Malaysia were also wiped out. But switching colonial commodities happened quickly: by the mid-1890s, virtually all of the coffee land in Ceylon had been uprooted and replanted with tea.

Although coffee remained popular in England up through the latter half of the nineteenth century, the British East India Company had earlier launched an aggressive—even prescient—campaign to boost tea sales. Thus, when the English replanted their devastated coffee estates, tea finally supplanted coffee as the beverage of choice among the British, eventually becoming known as the national drink. Throughout the colonial period, the economic relationship between coffee producers and consumers was grossly unequal. For producers—regions and countries as much as individuals—coffee was often the sole basis for the economy, a system fostered by colonial administrations whose main goal was to extract wealth from the colonies by any means possible. Furthermore, the actual production of coffee represented but a small part of the price paid by the coffee consumer. Transportation, distribution, and roasting all accounted for greater shares of the value, and all such revenues accrued to trading companies, often equipped with royal charters to exploit colonial lands.

Nonetheless, when the tides of decolonialization began to sweep through the European tropical colonies, beginning with South America in the nineteenth century, these economic inequalities were maintained, and often further institutionalized. In this regard, the economic story of coffee is broadly similar to that of any other commodity produced in less-developed regions and consumed in more-developed regions. Upon attaining independence, former colonies were left with no option but to continue producing the products of colonial hegemony if they were to participate in the global economy. The hope, as expressed in what came to be known as “national development,” was that the economic legacy of colonization could be used to initiate a diversification of the economy.

In the case of coffee, this has been achieved by only one country.

The Modern System

Just as Ceylon had been able to come to the fore in the coffee world following the internal collapse of the prior market leader (Haiti), Brazil emerged from the shadow of Ceylon’s coffee rust problem as the world’s preeminent coffee power. Following independence from Portugal in 1822, the amount of land under cultivation in Brazil swelled, with production centered in the state of São Paulo, which turned out to be ideal coffee country once the native forest had been removed. By the middle of the nineteenth century, Brazil was producing half of the world’s 294,000 ton coffee supply. For the first time since the Dutch had wrested control of the trade from the Arabs two centuries earlier, the leading coffee producer was not a colony.

Because of its dominance, and because of the relatively advanced state of finance and politics in postcolonial Brazil, the nation was able to steadily diversify its economy using its coffee wealth. Indeed, by the late twentieth century, although Brazil remained the world’s leading coffee producer, coffee’s share of the value of the nation’s output had fallen to far less than 1 percent.
For a variety of reasons, including competition, domestic corruption, political disorder, and extreme oligarchy, no other nation has been able to repeat this feat, although they continue to try. The most recent pretender, Vietnam, has emerged as the number two grower, up from negligible production in the 1960s, with all the attendant problems of population displacement and habitat destruction in that period, but none of the economic benefits in a world awash in cheap coffee.

Additionally, much of the failure to develop through coffee is due to the policies of coffee-consuming nations. In the postcolonial environment, Brazil and other major coffee producers found themselves in a neocolonial economic relationship with the United States. At the end of World War II, the United States consumed 80 percent of the world’s coffee output, and, as in the European colonial period a century before, the nation found itself engaged in fierce competition for economic domination in the tropics with another aspirant to global hegemony: the USSR.

In this Cold War world, overt invasion and usurpation of independence was eschewed in favor of “spheres of influence” containing “client states” in obligatory economic relationships with the superpowers nearly identical to those endured by European colonies a century before. In the case of coffee, this meant that trade was undertaken through a system of quotas and limited market access engineered by Brazil, Colombia, and the United States. This International Coffee Agreement, in force from 1962 to 1989, limited access to Western coffee markets to favored client states and protected the positions of the major producers by freezing out new entrants and limiting production in other countries.

The International Coffee Agreement was enforced by the United States with the overt goal of supporting client regimes in coffee-producing nations. In typical fashion, this opportunity was played up by oligarchs in producer nations. Colombian Senator Enrique Escobar put it bluntly: “Pay us good prices for our coffee or—God help us all—the masses will become one great Marxist revolutionary army that will sweep us all into the sea.” This line was also argued domestically by politicians such as Senator Hubert Humphrey, who claimed in 1963 that “Castroism will spread like the plague through Latin America unless something is done about the prices of the raw materials produced there; and those prices can be stabilized on an international basis.”

This cozy system, in which American policymakers were able to reward the elites of friendly countries—many of whom, particularly in Latin America, came from coffee-plantation-owning families—was actually implemented by commercial entities. Like the Chartered Royal companies of the prior era, the American corporations that owned the largest roasters—namely Proctor & Gamble (Folgers) and Philip Morris (Maxwell House)—acquired the status of virtual colonial master in many coffee-producing nations. Single-handedly equipped with the ability to make or break economies (and, not incidentally, local fortunes), company representatives at times had more influence in domestic politics in producing nations than many local government officials did, and in some cases more than U.S. ambassadors.

In the process, the market dominance of these players was solidified almost to the point of monopoly, and, because they were not just traders in coffee, but also roasters and marketers, these multinationals were able to appropriate more and more of the coffee value chain.

Even today the sheer size of the multinational roasters dwarfs that of many coffee-dependent economies. Three thousand cups of Nescafé, the world’s most popular coffee brand, are drunk every second worldwide, helping to explain why coffee alone is responsible for up to a quarter of Nestlé’s profits. As the world’s largest roaster, the company’s annual revenues are in the neighborhood of fifty billion dollars, nearly twice the combined GDPs of Uganda, Burundi, and Rwanda—each of which depends on coffee for at least half its export earnings.

It was not until the end of the International Coffee Agreement—scuttled by the United States in 1989 with the end of the Cold War—that the power of the multinationals really became paramount. Since 1989, the United States and other Western nations have not sought to apply political leverage on coffee-producing nations through their purchases (other than the incidental but still formidable leverage of consuming more than 80 percent of the world’s coffee, 25 percent by the United States alone). Instead, in the absence of political attention, the multinationals have been able to pursue their own goals which, naturally, concern making as much money as possible.

The end of the International Coffee Agreement sent prices plummeting. The combination of unexpectedly good crop years and the flood of new producers entering the market in the absence of quotas has kept the world coffee price near record lows for the better part of a decade. The December 2001 benchmark price for green coffee—under forty-two cents a pound—is the lowest recorded and, in real terms, prices are probably at their lowest point since coffee first became an internationally traded commodity some thousand years ago.

In tandem with this price collapse, there has been a jump in the profits enjoyed by roasters, with no decline in prices paid by coffee drinkers. In 1985, 38 cents of every dollar spent for retail roasted coffee in the United States...
flowed to developing countries. By 1995, only 23 cents made
the trip all the way to producing countries, a reduction of
40 percent during a period when the retail price of coffee
increased by over 30 percent in real terms in the United
States. Even so, coffee remains better at bringing capital
into less developed nations than many other primary com-
modities, including tea, sugar, cocoa, bananas, oranges,
cotton, and tobacco. It also tends to be more redistributive—
spreading this money around to more people in the
producing country.14

So while the abuses of overt colonialism in coffee are a
thing of the past (albeit the fairly recent past: as late as the
mid-1970s Portuguese coffee plantations in Colonial Angola
were virtual prison camps, with high fences to keep workers
in and machine-gun toting guards to keep them working),
producers in developing countries continue to be in a
severely unequal—even abusive—economic relationship
with consumers. Today, the coffee that a U.S. consumer
might buy as a three-dollar latte contributes one penny of
income to the farmer who produced it.

There have been a number of responses to this “Coffee
Crisis,” as it is known within the industry. Many, such as the
destruction of coffee stockpiles and crop substitution, are
emergency measures with long histories and questionable
results. First attempted in a big way by Brazil during the
Depression, such approaches have never resulted in enduring
price increases. Other strategies, such as an attempt by
producing nations to band together and develop a voluntary
quota system worked once (the International Coffee
Agreement emerged from such a cartel between Brazil and
Colombia), but are simply unrealistic in the current land-
scape crowded with eighty producing countries.

Fair Trade

One approach that is genuinely new and that has garnered
positive results, at least for participating producers, is the
consumer movement called Fair Trade. First formulated in
the 1970s in Holland (where the Fair Trade organization
Max Havelaar is named after an influential 1860 fictional-
ized account of the brutality of Dutch colonialism), Fair
Trade uses voluntary consumer choice to effect change in
coffee-producing regions. In this way its proponents, as much as the multinationals, seek to fill the gap that governments in both producing and consuming countries have left by abandoning the coffee trade, at least insofar as voluntary consumer choice can be used to further policy.

Fair Trade promotes a simplified value chain, where consuming-country roasters and importers deal directly with small family farmers organized into cooperatives. This system bypasses both the local middlemen and, in many cases, the local oligarchs that prevent most of the value of the coffee exports from reaching farmers. As well, Fair Trade makes credit available to producer cooperatives, thereby breaking the centuries-old cycle of debt peonage. In this way, Fair Trade undoes the colonial relationship between drinker and grower by promoting both the retention of value and political empowerment by farmers in some of the most disadvantaged parts of the world.

The Fair Trade concept is part of a larger consumer movement towards product differentiation according to the methods of production, rather than any physical characteristics of the product itself. This movement includes the well-known examples of organic food, dolphin-safe tuna, sweatshop-free clothing, and sustainably harvested wood. Emerging during a period of unprecedented affluence, such initiatives have been called decadent indulgences by some critics, but there is something more fundamental going on.

In a globalized marketplace, consumers’ personal webs of relationships with producers frequently extend to regions well beyond consumers’ political reach. When products are generated in overt colonies, home-country consumers can influence colonial administrations though domestic political processes, a minimal safeguard that curbed some of the worst excesses—including slavery in British colonies and forced labor on Dutch plantations—even at the height of the European colonial period. With the disconnected reality of the dispersed global neocolonial model, consumers have less recourse to political means of influencing conditions where their products are made.

Initiatives like Fair Trade, then, fill this political void by providing consumers with a means to effect policy in the absence of government channels. By differentiating Fair Trade Certified coffee in the marketplace, alternative policy is transformed into a product, one that can be bought by an interested consumer along with his or her latte. Although occasionally derided as interfering with “free markets,” Fair Trade is actually a pure expression of radical free-market principles: in the absence of government, Fair Trade commodifies policy and allows consumers to make a political choice with their purchase.

Fair Trade Certification is administered by an international umbrella group, the Fairtrade Labelling Organisations (FLO). This organization conducts farm visits to ensure that certified producers adhere to a series of requirements, determined by consensus with producer and consumer groups around the world. The main requirements are that farmers are organized into democratically run cooperatives, no child labor is used, and that basic health, safety, and environmental protections are observed. FLO maintains a registry of Fair Trade Certified coffee cooperatives—currently numbering 278 worldwide.

Within the consuming nations, certification organizations—TransFair USA in the United States, for example—certify that importers and roasters are buying coffee from the cooperatives certified by FLO and that they are engaging in trading relationships that conform to certain additional requirements. Primarily, importers are required to enter into long-term relationships with coops, to advance credit on reasonable terms, and to pay the Fair Trade price. By buying coffee that conforms to these standards, roasters earn the right to label their coffee “Fair Trade Certified,” the licensing fees from which help to fund the nonprofit certification organizations.

Half a million farming families in twenty-three countries now supply coffee to the Fair Trade network and, while their motivation is primarily economic, they have in many areas achieved new levels of political empowerment simply through the process of organizing for certification. Cooperatives have built schools and clinics for their members and have provided a forum for political expression by some of the most marginalized citizens of their respective countries. For the most part, this challenge to the established order takes place gradually and peacefully, although on rare occasions there have been outbreaks of violence. In 1997, for example, forty-five men, women, and children were massacred by a paramilitary group at Acteal, in Mexico’s coffee belt. The killers were later linked to the ruling political party, the PRI, while many of the victims were indigenous members of the local Fair Trade cooperative.

As awareness of the relationship between First World consumerism and political and economic disenfranchisement in developing countries increases, the real growth area for the Fair Trade concept is on the demand side. With certification agencies in seventeen countries in Western Europe, North America, and Japan, the movement has access to the drinkers of 50 percent of the world’s coffee. As the concept gains in consumer awareness—currently 5 percent of the coffee sold in some European countries is Fair Trade certified—roasters and importers are responding
to consumer demand and are making Fair Trade Certified coffee widely available.

In the United States, the number of licensees has increased in the past three years by a factor of ten—to over 200 roasters and importers, including market leaders like Starbucks and Sara Lee. During this time, U.S. volume of certified Fair Trade coffee grew from two million pounds annually to nearly seven million, and by 2002, Fair Trade coffee was available at more than ten thousand retail outlets across the United States. Nonetheless, growth has been limited to the gourmet "specialty" coffee sector. In part, this is due to the demographic overlap between specialty coffee drinkers and those interested in development issues, but a larger stumbling block has been the price differential between the Fair Trade floor and the world price. Specialty roasters pay premium prices for their gourmet beans anyway, so the Fair Trade price differential is often negligible (Equal Exchange, the first Fair Trade coffee company in the United States and still responsible for the largest volume of Fair Trade coffee, has long priced its coffee below Starbucks'). In contrast, the roasters of low-grade supermarket coffee such as Folger's and Maxwell House have been resistant to entering Fair Trade relationships with growers. These roasters blend their products for uniformity and low price rather than quality and so benefit greatly from low world prices.

In a world market of sixteen billion pounds, these are the roasters that maintain the colonial relationship between coffee drinker and coffee grower, and these are the buyers that will ultimately have to be engaged to transform the coffee system. If they are, Fair Trade in coffee may eventually set the standards for a new way of engaging in globalized economic relationships, but it is too early to tell how much of the market will transform itself. Nevertheless, Fair Trade is a new and exciting development. It offers the hope—and, perhaps more importantly, the means—for coffee drinkers to remove the bitter residue of five hundred years of colonial exploitation from their cups.

NOTES

1. *Coffee canephora* var. robusta, known familiarly as robusta, is a lowland species that was first broadly commercialized after World War II. Robusta yields a lower quality—but cheaper—coffee and is used in inexpensive mass-market blends. Its cultivation in the French colonies of lowland West Africa gave rise to the "French Roast," which has the effect of obscuring the intense flavor of these beans with heavy caramelization and charred.

2. Debt peonage is a system of involuntary labor enforced by an endless cycle of debt. Farmers receive loans from traders and middlemen against future crops in order to be able to buy the goods they need during the times of the year their bushes are not producing. High rates of interest ensure that the loans are never quite paid back, thereby obliging farmers to work forever on the traders' terms or lose their land.

3. There has yet to be a clearly developed American origin myth for coffee, but elements of a mythology are certainly discernable in the familiar (and manufactured) character of Juan Valdez, the happy coffee farmer who lovingly tends his crop yet also finds time to enjoy ice skating and surfing with his companionable burros.


6. Ibid.


10. Senator Hubert Humphrey, United States Congress, Senate, 88th Congress, 1st Session, Congressional Record, May 20, 1961, 8552.

11. Hoover’s Online.


13. Ted Lingle, Executive Director of the Specialty Coffee Association of America, Before the House Committee On International Relations, Subcommittee on the Western Hemisphere, July 24, 2002.


16. The Fair Trade price is either five cents above the benchmark C contract, or is the $1.26 per pound floor price—a floor that has not been exceeded by the C price in nearly a decade. In practical terms, farmers selling coffee through the Fair Trade system earn three to five times more for their beans than those selling through ordinary channels.

17. Personal communication with Nina Luttinger, TransFair USA.

18. FAO Statistical Databases.


20. TransFair USA, 2001 Annual Report, Oakland, California.

21. Personal communication with Nina Luttinger.

22. FAO Statistical Databases.