

Global Commodity Chains, Alternative Trade and Small-Scale Coffee Production in Oaxaca, Mexico

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Chapter One -- Introduction and Methodology

In the United States it is hard to go one day without wearing, buying or eating something that was sewn, assembled or grown overseas. Chances are good that the product came from the Third World where work and living conditions are extremely poor and where the assemblers, sewers, pickers, and planters cannot afford basic necessities let alone the product destined for the First World. Most people from the US do not think about the conditions under which the products originate. One of the effects of globalization is that our markets and shopping malls are inundated with goods from across the globe. However, this does not guarantee that those regions of the world exporting brand-name shoes or gourmet coffee receive a fair share of the income. Likewise, it does not mean that benefits are being passed along to the workers. In fact social conditions for the poor in Latin America are often worse than they were two decades ago.

The exchange of goods between the First and Third Worlds traditionally has been more beneficial to the First World trader. Within the core-periphery system, the core regions established international trading relationships to take advantage of the periphery's primary commodities. Commodities such as raw materials and foodstuffs were sold as higher-valued manufactured products back to the periphery and other core nations. Although the trading system of today is more complex, there exists a periphery from which the export of primary commodities and profits emanate (Dicken 1992:45). One effect of globalization is that people and their products in the periphery are closer to the First World consumer.

By globalization, I mean that there is a complex set of "interrelated tendencies" affecting social, political, and economic institutions working at different geographic scales (Dicken et al 1997:154). The unpredictable nature of globalization tendencies will result in uneven effects. Among the actors who interact in the globalization process are nation-states, transnational corporations, global and supranational governing institutions, and local and regional states. The interconnectedness of these actors from global to local levels make up the globalization process. This thesis examines the impact of this process on Mexican coffee farmers. The Mexican state is a key actor especially in its determination to achieve a larger and more prestigious economic status in the world economy.

In Latin America, colonialism set the pattern for large landholding-based agricultural production (Knox and Agnew 1989:277). After independence these countries continued to depend on the export of primary commodities and the world market. As large-scale export-oriented agricultural production increased in importance for the country, agriculture for domestic consumption fell to the wayside (Ibid.). This led to more large-scale production and with it more power for the elite at the expense of a growing marginalization of small-scale peasants. The 1910 Mexican revolution attempted to end elitist control of agricultural production with land redistribution. Across Latin America starting in the 1940s, governments were imposing import substitution policies in their development strategies. Part of this strategy required making agricultural production more "efficient." As a result, resources went toward large-scale projects, discriminating against small farmers (Knox and Agnew 1989:279).

In Mexico, favoritism toward large-scale agricultural production still exists. Reductions in government spending and privatization of government institutions as prescribed by international lending agencies have adversely affected a wide range of social groups. The adoption of austerity measures by Latin American governments has lowered public funding for health, education, and other social services, hurting lower and even middle income groups (Halebsky and Harris 1995:4).

What the interconnectedness of global economies and Mexico's insertion into the North American Free Trade Agreement (NAFTA) in 1994 have meant for Mexico is the imposition of neoliberal reform policies including the privatization of formerly state-controlled institutions. During the late 1980's, former Mexican President Carlos Salinas de Gortari restructured Mexico's economy by instilling neoliberal policies which reduced the states' role in national industries while opening them up to private foreign investors. Salinas also made changes to Article 27 of the Mexican constitution, allowing for the privatization of communal land

holdings, making Mexico's property laws consistent with those of the US and Canada (La Botz 1995:24). These acts drew the interest of US investors and provided the incentive to bring Mexico into a trade agreement with the US and Canada.

For peasants in farming communities, the threat to a population and its culture returned after they found that their crops could not compete with subsidized farmers from the US as Mexico prepared itself for NAFTA. Thousands of Oaxacan small-scale coffee farmers had to fend for themselves after the state dismantled the national coffee institution. As a response to state abandonment, coffee farmers formed or joined coffee growing associations.

One impact of globalization on rural Mexican communities is an increased interconnectedness to foreign corporations and organizations. This has exposed the conditions under which Mexico's poorest live. It has allowed conscientious organizations to establish links to rural farmers and it has given agricultural workers an opportunity to express their situations toward a new global audience. With a growing literature on product origins, more people in the First World are being exposed to information about the conditions of Third World producers. This has led many concerned citizens and organizations to act in a more socially and environmentally progressive manner, that promotes social and ecological justice while encouraging responsible consumption habits. The alternative market is one of the potentially positive effects of the globalization process. This thesis explores the qualitative change in the relationship between the agents involved in the global coffee trade.

Third World producers -- especially small-scale farmers -- have always had difficulties maintaining a steady source of income. Poor and worsening terms of trade since 1973, unpredictable crop harvests, and less government assistance have consistently challenged Third World farmers (Brown 1993; Dicken 1992; Knox and Agnew 1989). One response to the unequal exchange of goods and the difficulties in farming is alternative or "fair" trade which attempts to return a larger share of revenue to the producers through direct buying. This eliminates some of the intermediaries involved in the farm-to-market transfer. Rather than creating a new mode of production and distribution, this alternative approach works *within the global capitalist system* to benefit the Third World producer by changing the course generally followed in conventional trade. By informing consumers on producers' work and living conditions, including the level of pay and the sustainable farming techniques, alternative-trade organizations (ATOs) promote social and environmental justice (Brown 1993; Eakins 1992). First World consumers are able to make a difference with their buying power -- by choosing fair-traded and organic products.

This thesis addresses the relationship between global and local entities. More specifically, the way in which global forces affect local communities and the resulting responses. Local communities may be hurt from external forces, but they continue to struggle to the best of their abilities. Within this context, this thesis examines four components of conventional and alternative trade: (1) the consumption habits of First World consumers and their implications for social and ecological sustainability, (2) the unequal conventional system of trade that has existed for centuries, (3) the impact of Mexican rural politics on the small-scale farmers, and (4) an alternative approach in coffee production and trade and its impact on producers in Mexico. My examination of Oaxacan small-scale producers and their struggle to improve their situation, despite a history of unfriendly global and national circumstances, helps illustrate this global-local nexus.

In the next section of this chapter I explain the method I used in researching this topic. I pay most attention to Oaxaca, Mexico, the site of my field work. The next two sections in this chapter trace the development of coffee in Mexico, emphasizing Oaxaca's role in this industry. In chapter two I begin with a section on First World coffee consumption habits to address how they affect overseas production. Furthermore this section illustrates the potential positive impact of First World consumption on Third World producers. I also examine global trade using coffee commodity chains within a core-periphery system to help explain the inequalities inherent in the exchange of goods and its impact on Third World producers. The next two sections of chapter two identify the challenges in small-scale production and post-Fordist production and consumption. Chapter three begins with a section on politics in rural Mexico.

This portion of the thesis concerns state corporatism and relates to the previous section by examining the pressures of development and globalization on the peasantry. That section and the following one on cooperatives and organizing in Oaxaca illustrate the responses to state and global pressures. In chapter four I discuss an alternative path that small-scale coffee producers are taking by implementing organic cultivation and selling their product to the fair-trade market. In my focus on alternative trade coffee, I compare two coffee-growing associations and their members to study how exporting directly to eliminate intermediaries affects them. Chapter four also documents the environmental consequences of conventional coffee production. In chapter five, I conclude by reviewing the key issues associated with conventional coffee trade and its alternatives.

Methodology

Prior to my research I hypothesized that alternative trade would positively impact farmers. I was especially interested in the degree to which the small-scale farmer benefits. By interviewing Mexican small-scale coffee farmers I hoped to gather the opinions of farmers and represent their perspective. Before embarking on the field research trip, I decided that in the allotted time (5 weeks), I would locate two kinds of farmers to interview: one working with a coffee-growing association that does not have ties to the alternative market and the other belonging to an association that does.

Initial research began in the Spring of 1997. I contacted the US-based ATO Equal Exchange and requested information on its coffee-buying practices. More specifically, I wanted to know how the ATO ensures that their partner cooperatives in Latin America implement and uphold their “fair” practices. Through this approach I gained a better understanding of the channeling of benefits between the cooperative and the small-scale farmers in Mexico to the North American ATO. My interest in the ways ATOs distribute coffee in the US led me to visit a couple of stores that sell fair-trade coffee, such as Ten Thousand Villages, in the Spring of 1997. This gave me an idea of how customers view alternative trade coffee and taught me the range of coffee prices prior to my field work.

The term “localist perspective,” as it has been coined by Frank Cancian, is used in field research to describe and analyze the community while including regional, national and international factors to show their impact on the local scene (Diskin 1995:166). This perspective can be useful in linking day to day living with global events, where “macroeconomic change plays out in everyday lives” (Ibid.:168). This idea of demonstrating how international influences affect the lives of people who hold some common tie is basically what my research sought to achieve. Participant observation as a general approach to social research is the method most common among anthropologists studying living communities and it is a successful way of conducting cross-cultural data collection (Diskin 1995, Evans 1988, Stephen 1991). The researcher fulfills the role in participant observation of the methodological tool with her/his participation in a social phenomenon (Evans 1988:199). Since I was not able to spend a long period of time in the field, I could not use participant observation to its fullest. Because I had to observe and interpret what I saw and heard, I could not speak for the subjects but merely document what I gathered. My position is in agreement with Kim England who wrote on doing research on people with different sexual preferences, “What I will be studying is a world that is already interpreted by people who are living their lives in it and my research would be an account of the ‘betweenness’ of their world and mine” (England 1994: 89). I entered this research with this idea in mind -- my relationship to the interviewed farmer was a reflection of the nature of him and I (all of the interviewees were male).

Because I wanted to establish a dialog with the subject, I selected interviews as my main research tool. Interviewing allows the researcher to “understand and put into a larger context the interpersonal, social, and cultural aspects of the environment (Erlandson et al 1993:85). By making small-scale farmers the primary subjects of this research project, I

decided that direct interviews would be appropriate and help illuminate the qualitative nature of this thesis.

My questions were designed to gather data on and compare the benefits the two types of farmers received. I chose Oaxaca, Mexico initially because it is a primary coffee-producing state and one in which 88 percent of the farmers work with fewer than five hectares of land. But I also chose Oaxaca knowing I could visit at least one coffee-growing association with ties to the alternative market: *La Union de Comunidades Indigenas de la Region del Istmo* (the Union of Indigenous Communities from the Isthmus Region -- UCIRI). It is one of the success stories in Fair Trade movement literature, having established trade with ATOs in the mid 1980s (Carroll 1994, Porter 1992, Hernandez Diaz 1995). I did not select *La Coordinadora Estatal de Productores de Café de Oaxaca* (The State Coordinator For Coffee Producers From Oaxaca --CEPCO) until I was in Oaxaca and surveyed the available possibilities. With its headquarters in the city of Oaxaca, I found this organization to be the most appropriate and conveniently located organization to feature in my study. CEPCO represents over one-third of the 58,600 coffee producers in Oaxaca. I interviewed individuals who happened to be visiting the coffee-growing associations at the same time that I was. All of the CEPCO interviews were at the CEPCO head office in Oaxaca City and all of the UCIRI interviews took place at UCIRI's office in Ixtepec. (See map 1)

After arriving in Oaxaca City I began by contacting Adelpho Rejino of *Servicios del Pueblo Mixe* (SER) and a local librarian whose names I had received from a previous referral, Oliver Froehling, a Ph.D. candidate from the University of Kentucky. Their suggestions led me to CEPCO, where I made a contact with the President. During each visit I interviewed the director or advisor of the coffee-growing association and then asked for advice on how to contact some coffee farmers. At the CEPCO office I was fortunate to be introduced to a visiting farmer on my first of many visits. I soon discovered that visiting the association was the best way to meet farmers. Usually the director or another member of CEPCO introduced me to a visiting farmer, and I would then ask if they could talk with me about their experiences as a coffee farmer. Through this procedure I was able to interview twelve CEPCO members.

Other people I spoke to regarding my project were three farmer members and a representative of the *Unión Estatal de Productores de Café* from the National Peasant Confederation (CNC). I also interviewed the President of The State Union of Oaxacan Coffee Producers (CNPR) in Oaxaca. My most important contact came to be an informal market, coffee-selling vendor named Porfirio. His knowledge of local coffee production was insightful, and I appreciated his constant encouragement. Through these sources, I learned where to locate prospective interviewees and about the system of coffee production and distribution in Oaxaca.

After a week in Oaxaca, I made contact with the UCIRI office in Ixtepec (map 1). I visited Ixtepec and succeeded in meeting one UCIRI advisor and the President who was also a farmer. They introduced me to a total of six member farmers who were either working at the UCIRI supply store, doing construction work on UCIRI's premises or just passing through town. The advisors for CEPCO and UCIRI hold much power in their respective organizations. Three of the four UCIRI advisors are priests who combine their religious beliefs with the organization's daily operations. The advisors for CEPCO also assist in daily operations and bring their left-leaning politics to the organization. The advisors of both organizations ran the coffee farmer retreat I attended in the *Sierra Norte*. I approached the advisors in the same manner as I did the CEPCO farmers. After introducing myself as a student from the US doing research for my master's thesis, I showed every farmer a letter written on department letterhead, signed by my advisor Dr. Thomas Klak, indicating my intentions and qualifications. I then proceeded to ask the farmers in Spanish a list of closed and open-ended questions. I also let them know that I would keep them anonymous. To make sure I did not miss any important points, I took notes during the conversations, tape-recorded all interviews and transcribed them within a few days. Before using the tape recorder, I requested permission which was always granted.

I designed the interview to identify farmers with similar coffee cultivating experiences. I wanted to standardize the subjects by interviewing farmers who reside in the same region with similar ecological and geographical features, who own farms of similar size, and who produce about the same volume and type of coffee. By standardizing the subjects, the key variable in my research would be whether the cooperatives to which the farmers belong are ATO-affiliated. After a few interviews, I realized that the price of coffee the farmers received from the last harvest was not a good indicator of how they lived. I learned that, because of fluctuating world prices, the price farmers received depended on what part of the season they sold their coffee. Because I could not visit the fields of all the farmers interviewed, I realized that finding farmers with similar ecological and geographical features would not be feasible for this study, but that interviewing farmers visiting the coffee-growing association main office was. These are the questions I asked the small-scale farmers I interviewed:

1. How many years have you worked with coffee?
2. How many hectares do you dedicate to coffee?
3. Have you ever worked for another union?
4. Why did you decide to join (name of organization)?
5. Are there any benefits associated with being in this organization? If yes, what are the benefits?
6. Are you content with the benefits?
7. Do you have other necessities?
8. How much do you receive per kilo of coffee?
9. Do you cultivate organic coffee? If so, for how long?
10. Apart from coffee cultivation, do you work? What do you do?
11. Do you grow other crops? If yes, what? Is it for your consumption?
12. Did the higher prices earlier this year change anything for you? Have they helped you?
13. What is your impression of alternative trade?
14. Do you receive other benefits for being associated with an alternative trade organization? What are those benefits?
15. Is alternative trade fair?

I ended each interview by thanking the farmer and asking if he had any questions he wanted me to answer. On some occasions a casual conversation would follow.

All 21 of the farmers I interviewed had five or fewer hectares of communal land for cultivating coffee and other crops. Six of the total interviewed were members of UCIRI, 12 were CEPCO members and three belonged to CNC. Coffee cultivation has been a life-long practice for all of the farmers. (See table 1)

One of the most valuable and memorable experiences was a trip I made to Asunción de Cacalotepec in the *Sierra Norte* on June 20 and 21 (map 1). This two-day event entitled "A Workshop for Reflection" provided a forum for small-scale farmers from the local region and beyond to come together and discuss issues related to coffee production. The topics included the significance of organizing, the importance of coffee, the trend toward organic cultivation as well as programs the arrangers of this retreat (UCIRI, CEPCO and The Assembly of Mixe Producers -- Asaprom) provide for farming communities (June 20, 1997). Along with these key issues, farmers also discussed the difficulties they face in farming as well as their desire to improve their situation. At this retreat I met and heard one of the founders of UCIRI -- a Dutch priest.

The secondary data for this thesis came from books, journals, newspapers, newsletters, brochures, and the internet. Through the internet I gathered names of organizations involved in fair trade and a number of references. My experiences in the consumer portion of this thesis came from the above list of sources, but also included informal interviews with Oxford's coffee retailers and Miami University administrators. While in Oaxaca City I visited a private library and two national and state-run organizations for material on coffee production in Oaxaca. The National Institute of Geographic Statistics and Information (INEGI) had much

pertinent information on agricultural production in Oaxaca. I also found the Secretary of Industrial and Commercial Development (SEDIC) a valuable resource for statistical information on coffee production in Mexico and Oaxaca.

The above listed resources were especially useful in supplying historical background information on Mexico and its function within the global economy. It is important to follow the role of coffee in Mexico's move toward economic development to better understand the current system of coffee production and trade.

Coffee's Significance in Mexico

When Spain introduced coffee to Mexico in 1720, the intent was to benefit a few hacienda owners. Small-scale farmers were not a part of this cash crop strategy. Prior to the Mexican revolution, the main exposure peasants had with coffee was with working on the large plantations as laborers. Over time, these peasants introduced coffee to their villages hoping to earn additional income. Within the last 200 years coffee also became a major source of foreign exchange for Mexico. After petroleum and tourism, coffee is today the largest source of foreign exchange earnings for Mexico. Between 1984 and 1993, coffee generated foreign exchange earnings of around \$4.2 million, representing 20 percent of all net proceeds earned from agriculture, mining, and cattle raising (Claridades 1995:12).

Mexico is the fourth largest producer of coffee in the world after Brazil, Colombia, and Indonesia. The vast majority of coffee production occurs in twelve southern states, of these, Oaxaca, Chiapas, Veracruz, and Guerrero are the primary coffee producing states (see map 2). Coffee plays an important role for more than 4,000 communities, which contain over 276,000 producers (SEDIC 1997; Claridades 1995:5). Those involved directly and indirectly with the coffee industry in Mexico total close to three million (Claridades 1995:7). Around 72 percent of Mexico's coffee is exported.

The Geography of Oaxaca

The state of Oaxaca is located between the Tropic of Cancer and the Equator and situated in the southern portion of Mexico (map 2). Oaxaca shares borders with Guerrero to the west, Puebla and Veracruz to the north, and Chiapas to the east. The Pacific Ocean is south of Oaxaca. Eight geographical regions known as *Cañada*, *Costa*, *Istmo*, *Mixteca*, *Papaloapan*, *Sierra Norte*, *Sierra Sur* and *Valles Centrales* divide the state, each with its own cultural and physical characteristics. With the exception of low-lying *Valles Centrales*, all regions produce coffee (see map 1).

In 1990, Oaxaca's population was 3,072,000, 65 percent of which was rural (Alvarez 1994:282). Oaxaca is also home to 18.3 percent of Mexico's indigenous populations -- the highest percentage of any state in Mexico (Fox 1996:200). Approximately 70 percent of Oaxaca's inhabitants are indigenous, accounting for the 16 different languages and many more dialects spoken there (Norget 1997:99). Practically all small-scale producers are indigenous and speak one of the following languages: Zapotec, Mazatec, Triqui, Mixtec, Chinantec, Mixe, and Cuicatec (Aranda 1992:97). All of the small-scale farmers I interviewed are direct descendants of Mexico's indigenous peoples and continue the culture, traditions and customs of their ancestors. Their ancestors cultivation of the land with care, respect, and appreciation for *tierra madre* (Mother Earth) influences the indigenous people's daily work and living activities today. However, over the past century, state changes in agricultural reform and international pressures to modernize have threatened indigenous communities and their cultures.

Over 75 percent of Oaxaca's land is communal and ejidal land. The remaining 25 percent is privately owned which includes around 250 landowners each controlling over 230 hectares of land (Alvarez 1994:342). Much of the land held by small-holders is insufficient to work and cultivate for personal consumption. A reduction in the size of inherited plots of land due to generations of division and distribution has made living solely off it impossible. Some of the leading factors in increased emigration to Mexico's already over-saturated cities

and to the US and Canada include environmental factors, national economic and political problems, and a lack of credit opportunities.

As the push to increase agricultural production became a central theme in state and international policies in the 1940s, mechanical and chemical inputs became of greater significance in the countryside. As a result, supporting large-scale agricultural production took precedence over promoting small-scale production. One major consequence in Mexico as well as across Latin America was the massive wave of rural to urban migration (Knox and Agnew 1989:281). The changes to Article 27 in of the Mexican constitution in 1993 allowing for the sale of ejidal land have spurred the emigration of indigenous populations. Those with capital may buy land from indebted peasants in need of cash, further adding to the already large population of emigrants.

Oaxaca has a greater share of marginalized people than the rest of the country. Oaxaca's per capita income is not even one-third that of the national average (Norget 1997:99). Some cooperatives do provide loans for small-scale farmers, but this has not been enough to prevent the loss of small-scale agricultural land production. Between 1981 and 1990, the area of land in Oaxaca in agriculture fell by almost 200,000 hectares to 586,000 hectares in 1990 (Alvarez 1994:343). Emigration and abandoned lands have become the leading causes of the loss of land for agriculture.

This reduction in agricultural land use is significant because of its impact on small-scale producer communities who have traditionally relied on farming for their well-being. During the last major coffee crisis (1989-1993), many farmers abandoned their crops because coffee prices were so low that returns from coffee sales did not warrant cost of production. The land issue is extremely important to the 58,660 coffee producers in Oaxaca who consist of over 20 percent of all the farmers in the entire country (285,962 in 12 regions) (Sedic 1997:5). These 58,660 coffee producers cultivate an area totaling 180,239 hectares or 23 percent of the total land used for coffee cultivation in Mexico (767,632 hectares). In Oaxaca, the average number of hectares per farmer and family is three, averaging 10 quintals (1000 kilograms) per producer (Aranda Bezaury 1992:96). In the 1995/1996 harvest, Oaxaca's coffee farmers produced 779,000 sacks (60 kg) or 15 percent of all the coffee produced in Mexico (5,200,000 sacks).

The US imported 83 percent of Mexico's coffee in 1996 (i.e., 4,316,000 sacks) making it the major market for it. The way in which US consumers select their coffee indirectly affects those who pick the coffee berries. This reliance on First World consumption is not new for Third World producers. For coffee producers around the world, this dependence on the First World goes back to the early 19th century.

Chapter Two – Tracing the Bean From Field to Cup

Coffee Consumption in the United States: Conventional and Specialty Varieties

Coffee is a critical source of export income for more than 50 countries. For over 250 years, these coffee-producing countries have been tied to the tastes of First World consumers. This relationship has major implications on the current network of coffee trade.

Prior to 1830, the affluent in the North Atlantic basin enjoyed such commodities as sugar, cocoa, and coffee. Not long after 1830, coffee became a drink for the masses as processing and marketing grew. In the US, the per capita consumption of coffee increased from 3 pounds in 1830 to 10 pounds in 1930 and up to 16 pounds in 1960 (Roseberry 1995:3).

The 19th century was the coffee century in Latin America. Coffee production during the period between 1830 and 1930 transformed the region's physical and cultural landscape. The political consequences are also noteworthy. The desire for more coffee encouraged French, Dutch, and British colonialism (Schapiro1994:59). Further, would the Industrial Revolution have been as productive if it were not for the many cups of coffee drunk by those who worked the long hours in factories or those confined to office chairs? As the demand for coffee increased, its supply needed to expand. One remedy was the expansion of territory for coffee production. These newly inhabited tropical forest regions became transformed to coffee towns where new roads and railroad lines provided access for the streams of farming settlers.

By the 1920s, US consumers were drinking coffee in a variety of forms (iced, instant, decaffeinated) and in large quantities (between 10 and 12 and a half pounds per capita per year) (Jimenez 1995:42). This had a deep impact on coffee-producing countries. A rise in coffee prices in the early part of this century led to public outrage in the US. After Brazil removed some coffee stocks from the market to keep prices higher, Commerce Secretary Herbert Hoover threatened to impose a boycott and start a trade war against Brazil (Ibid.:44). This deliberate attack on the "threat" of higher prices by the US government helps illustrate today's system of international trade. It provides the insight to understanding the context for unequal trading relations.

Coffee consumption in the US has been in decline since 1962. Despite the emergence of specialty coffee shops across the US over the next 20 years, the per capita consumption dropped from 3.12 cups in 1962 to 1.67 cups a day in 1988 (Roseberry 1996:765). Between 1962 and 1988, the percentage of US Americans drinking coffee fell from 74.7 percent to 50 percent (Roseberry 1996:764). Although coffee consumption in the US has fallen in recent decades, it is now rebounding as specialty coffee grows in popularity. Since the 1988 average cup-a-day low of 1.67, it did increase to 1.75 in 1991. It was not until a freeze in major coffee-producing regions in 1975, dramatically increasing coffee prices, that the disparity in prices between specialty coffee and the mass-produced varieties went down. Higher quality and better tasting specialty coffee does not get drunk by the gallon as did the "bottomless cup" brews of thirty years ago. The cup-a-day average for coffee will never be what it used to be, but drinking coffee will continue to be a part of everyday American life. On the world scale, the US consumes 20 percent of all the coffee produced.

The trends in specialty coffee began when small roasters and retailers developed new methods to get smaller, more diverse shipments of coffee and better distribution networks. The combination of improvements in containerized shipping and faster transfers, allowing distributors to relocate from the coasts to interior regions of the US, added to the increase in specialty-coffee popularity. Changes in bank lending policies, whereby finance for the purchase of small lots favored large ones, gave coffee retailers the ability to buy smaller batches. This new distribution pattern for coffee, in which it passes through the commodity chain stages more quickly and in smaller batches, has made specialty coffee easier to handle and more accessible without sacrificing quality. Improvements in technology changed the relationship between coffee traders, roasters, and retailers. The regional roasters worked with restaurants, coffee shops and vendors primarily on the coastal cities to service their coffee. Citizens in cities like San Francisco, New York, and Seattle began learning the differences

between roasts and improvements in taste of coffee grown and processed at a smaller scale (Roseberry 1996:766).

One of the more popular shops to rise from this transformation was the original Starbucks in Seattle in 1971. For the first time, coffee drinkers could purchase quality coffee indirectly from small-scale farmers across the world. Shipping, storing, and retailing specialty coffee became more accessible to a wider population in the early 1980s.

Specialty coffee associations organized to promote this better tasting coffee in the 1980s. An increase in coffee entrepreneurs combined with more information on coffee origins brought out new concerns for social, political, and environmental issues (Schapiro 1994:64). This has aided in the promotion of social and ecological issues by organizations such as Equal Exchange and Coffee Kids. Both organizations seek to inform consumers of the disparities that exist between the coffee-growing world and the coffee-consuming world. Businesses must confront environmental and social issues. Corporations doing business in the Third World need to take responsibility for their social and environmental costs.

Consumers are beginning to learn about the conditions under which the people who grow, assemble or create their favorite products live. The dissemination of information on producer living and work conditions by ATOs, church groups, and non-governmental organizations informs consumers in the First World. It also gives them an opportunity to link their purchasing power with a social cause (Pollock 1994:55).

To the coffee drinker, a brewed cup of Ethiopian Harrar or a shot of espresso is relatively harmless to one's health. A strong pot of coffee may keep a person up longer than she or he wants, but the side effects are minuscule. There is some satisfaction in going to a cozy coffee bar and relaxing with a hot drink. For between \$1 to \$3, a coffee drink can provide the simple pleasure sometimes not found in the real world that sits beyond the door of the coffee shop. There must be some truth to the "small indulgence syndrome" those of us experience from splurging on something that tastes good. There is something more than the caffeine that makes a coffee beverage give you the desire to brew it every morning or lead you to a local coffee shop. Whether it is for a tasty brew or for the atmosphere, the millions of us who support all the coffee establishments across the country have an indirect impact on what is happening in the coffee-producing regions across the world.

One way to contextualize this relationship from producer to consumer is by tracing the commodity from one end of a series of stages within the world economic system to the other. By studying global commodity chains we understand the trade inequalities.

Global Commodity Chains

While working at a Starbucks coffee retail shop, a few years ago, I became concerned after learning that Guatemalan peasants were not being fairly compensated for picking Starbucks' highly regarded coffee. I learned that the average wage for a coffee picker in Guatemala was under \$2 a day. This led me to wonder how someone could earn so little from a product, in an attractive bag with a sticker indicating Guatemala as its origin, selling for over \$9 a pound. This discrepancy led me to study the working environment of Guatemalan coffee pickers only to find that the conditions were worse than I had imagined. Between the time a coffee seed is planted to the point that it is consumed in the form of a plain cup of joe or as a double-tall, non-fat, extra-hot latte, the product is transformed. This enables the actors along the path from field to cup to accrue benefits. This commodity chain, linking all the players from start to finish, is useful for learning where revenue is generated and distributed and in understanding why only some benefit greatly. A commodity chain, as defined by Hopkins and Wallerstein, is "a network of labor and production processes whose end result is a finished commodity" (1996:156).

Each node in a commodity chain acquires and organizes inputs (raw materials), labor power, transportation, distribution, and consumption (Gereffi 1994:2). Analyzing a commodity chain allows one to assess the ways social relations at each stage shape the production, distribution, and consumption of the commodity. Global commodity chains

provide the methodological and theoretical basis for analyzing the path of a commodity such as coffee from production to consumption within a world economy. The global commodity chain for coffee involves a string of processors, exporters, roasters, and other middlemen before reaching the consumer.

Prior to the 1960s, manufacturing took place in core countries. In the 1960s, manufacturing began shifting to peripheral countries (Ross and Trachte 1990:76). This transformation in the division of labor can be attributed to three factors: “(1) a worldwide reserve of labor; (2) technological advances which allow for the decomposition of production processes; and (3) technological progress that renders the management of production largely independent of geographical distance” (Ross and Trachte 1990:76). The concept known as the New International Division of Labor (NIDL) explains this global shift in labor processes from core to periphery. Specific jobs were no longer designated to one part of the world. Production relocated to the place where job performance was most “efficient.” The maquiladoras of Mexico, sites of low-skill assembly and manufacturing illustrate the NIDL. Mexico’s maquiladora industry attracts companies seeking cheap and largely female labor where unions are restricted (Kopinak 1996:23).

The division of labor between Northern producers of manufactured goods and Southern primary producers, established by the European conquest, continues with today’s trading relationships. This has prevented the exchange between the North and South to be fair and remains a challenge to those producers dependent on markets in the First World. In general, within the core-periphery system, peripheral producers do not get the benefits their core counterparts receive. This is the same for other commodities. The organizations in core countries that retail and distribute products to the most profitable markets earn the highest returns. Core production is characterized as “allowing a relatively high command over wealth” while peripheral production refers to “little command over wealth” (Korzeniewicz and Martin in Gereffi 1994:80). Not only has this relationship been unequal ever since the original trading relationships but the gap in rewards between core and periphery has been increasing over the past 50 years (Ibid.:73).

Coffee production and consumption have moved toward being more flexible. The growing niche specialty-coffee markets exemplify this trend. The trend in commodity chains is moving from producer-driven to buyer-driven with an abundant low wage labor force and flexibility. Producer-driven commodity chains refer to capital and technology intensive commodities such as automobiles and airplanes and involve large transnational corporations. In buyer-driven commodity chains, retailers, brand-name merchandisers, and trading companies shape overseas production networks typically located in the periphery (Gereffi 1994:97). The periphery assembles or manufactures labor-intensive consumer goods such as garment and toys.

In buyer-driven commodity chains profits are concentrated in the activities of research, design, sales, marketing and financial services. Buyers and brand-name merchandisers strategically establish links between factories and traders in foreign countries with domestic consumer markets. In their study of commodity chains for footwear exports, Gereffi and Korzeniewicz concluded that while each sector can account for differences in economic surplus, “The ‘core’ activities with the highest economic surplus overall are at the marketing and retail end of the commodity chain, where American and European shoe companies and retailers are able to reap the profits generated by footwear brand names, control over retail chains of department stores and specialized shoe outlets, and the steady growth in US consumer demand for a wide range of shoes” (Gereffi and Korzeniewicz, in Martin ed. 1990:65). Early commodity chain activities mainly occur in underdeveloped countries. This system essentially secures the vast majority of profits in footwear in the core countries. Buyer-driven commodity chains, with their retailers and brokers controlling market penetration, require flexibility in the ability to buy from a variety of producers. Segmented specialty markets in rich countries provide the perfect outlet for products made under flexible conditions. More importantly, consumer demand ultimately determines the origin and processes by which production occurs in buyer-driven commodity chains (Gereffi 1994:99).

Similarities exist in the coffee trade whereby niche specialty coffee markets in the US obtain a broad assortment of coffee beans from a variety of producers worldwide. While retailers and consumers benefit from the greater number of choices, producers continue to suffer from the vagaries of international prices and fickle consumer tastes.

Attempts to Break From the Hold of the Core

Attempts by peripheral countries to increase revenue by taking on more secondary sector activities have not always proven to be advantageous. Single crop production allocated to European colonies left them dependent on the swings of demand. Even when innovations developed to add value to a commodity before export, the core country slapped on duties to the product in order to protect its domestic industries. State policies in the consuming or importing country can play a major part in the production and location of a commodity. In some cases, state policies such as quotas, tariffs, and other constraints have led to enormous shifts in commodity exchange patterns. For example, in 1883, the invention of vacuum pan technology in Guyana reduced the proportion of molasses while it increased the proportion of sugar. This process created a high-grade sugar and compelled England to impose high taxes on Guyanese sugar to protect its sugar refineries (Richardson 1992:49). This prevented British colonies from competing with Britain's domestic industries. Another example is Brazil's attempt to process and export instant coffee in the mid-1960s. Fearful of Brazil's "unfair advantage" in producing and exporting competitive products, the United States countered Brazil's "advantage" by lobbying the International Coffee Agreement (ICA) to add Article 44 to the agreement in 1968 (Talbot 1997:126). This Article compelled Brazil to impose an export tax of 13 cents a pound on all instant coffee bound for US markets. Later, the US government limited the extent to which domestic instant coffee manufacturers needed to compete with foreign competition. This was done by an agreement on the part of the US to implement the 1968 ICA which arranged for Brazil to export 560,000 bags of green coffee beans to US instant-coffee manufacturers (Talbot 1997:126).

The US and European foreign policies that served to protect domestic industries while appeasing its consumers exacerbated the difficulties associated with reliance on the production of one or two crops. Regional differences in coffee-producing methods did not affect the unequal structure of trade (i.e., the relationship between local exporters and international firms). Brazil may have taken on other stages in processing coffee but its outcome has been one common with other peripheral countries. The other main obstacle Brazilian instant-coffee exporters faced was the inability to compete with transnational corporations who controlled the distribution channels. It is a problem common to small-scale production, too.

Difficulties in Small-Scale Production

Primary goods producers face numerous challenges. The perishability of many primary products makes it difficult to hold the commodity off the market to prevent a drop in price. Limitations to financing facilities for processing, packaging, and storing hinder getting a better price. International competition as well as a lack of access to credit, technical assistance, marketing, and storage and processing facilities are some of the challenges small-scale coffee producers face. For example, large-scale producers can keep beans in storage facilities until international prices improve; small producers do not have this option.

Because it takes 5 years for coffee plants to mature, producers are vulnerable to the uncertainties of the international market (Wilson 1995:46). It may take only 15 minutes to drink a cup of coffee yet the journey from planting the beans to the final sip involves many intermediary factors. These factors determine the coffee's quality, the price and the money earned by the farmers. The Coffee, Sugar and Cocoa Exchange in Manhattan's World Trade Center is where brokers determine coffee futures contracts. After news reached the traders concerning the 1994 frost in Brazil, producer of one-fourth of the world's green beans, coffee

futures jumped from 75 cents a pound that January to \$2.74 a pound seven months later in early August (Schapiro 1994:62). The prices settled to \$1.80 a pound by mid-August. Without a guarantor who can promise coffee purchases in the future regardless of demand, small producers risk not receiving adequate compensation for the time and labor expended on growing coffee.

Conventional trade generally involves certain links, such as middlemen, between the Third World producers and the First World buyers. Another aspect of conventional trade is that middlemen often purchase commodities below the market price, enabling buyers to pay as little as possible to producers for their own higher profits. In Guatemala and Mexico these middlemen who buy directly from desperate farmers for little money are known as *coyotes*. Farmers lack experience in producing for the international market. They do not have access to satellite dishes, computers or fax machines with which to know world coffee prices. Middlemen with knowledge of the coffee buying system provide an easy way for indigenous producers to sell their beans. The *coyotes* make their profits by shipping the coffee to market in greater bulk than any of the small-scale growers (Watanabe 1994:143). Middlemen extract wealth out of the various stages of processing, transporting, and marketing the product. Fearful of losing out on farmer business, some *coyotes* sometimes resort to violence when small farmers try to exclude them by organizing and joining cooperatives (Greenfield 1994:9). Excluded middlemen or their henchmen have murdered several organizers and member farmers of coffee-growing associations in Oaxaca.

Throughout the 1980s terms of trade worsened for underdeveloped countries while the prices of manufactured goods increased. While the unit value of manufactured products exported by First World countries more than doubled between 1975 and 1993, there had been a decrease in the price of commodity exports. Terms of trade for Third World countries worsened between 1975 and 1993 (UNCTAD 1994). In 1992 they were worse than at any time this century apart from the effects of the 1929 Wall Street Crash (New Internationalist June 1992:18). Primary producers need to export more goods to buy the same quantity of manufactured goods (Dicken 1992:456; Knox and Agnew 1989:170). The current system of agricultural production keeps small-scale producers hostage to the vagaries of the world market. Unlike agricultural production in core regions which benefits from subsidies and protection, peripheral agricultural production does not have those advantages (Knox and Agnew 1989:276).

Contrary to the claims of some globalization writers of about a shrunken world considered a "global village," where all countries share products on equal terms, reality shows us that the global scenario is quite different. It becomes clear that trade is not equally divided among the majority of the countries in this world when taking into consideration trade between transnational corporations. Instead most trade occurs among transnational corporations in the three rich regions of the world: today's global economy is multi-polar with three main regional blocs consisting of North America, the European Community and South East Asia. This triad dominates global production and trade. Together they generate 77 percent of the world's exports (Dicken 1992:45). The core triad regions benefit disproportionately from globalization. From year-round tropical fruits to Caribbean spices, First World consumers can find just about anything produced in the Third World. This has also influenced coffee trade and the varieties of coffee now found across the country.

Post-Fordist Production and Consumption

Coffee roasters and retailers in the US can buy coffee from one country one year and from another the next year. A harsh winter in Brazil will affect its farmers that are dependent on coffee as their main source of income. But if a company in the US learns that coffee from one particular region of the world is not as readily available, they can buy from another part of the coffee-growing world. Coffee retailers have a pool of regions from which to buy coffee. Coffee is grown in over 50 countries and five continents.

Since the 1970s, a post-Fordist pattern of production has replaced a Fordist model (Raynolds 1994:145). Fordism refers to the mass production for mass consumption models that grew after World War II in the US and Europe. In agriculture, large-scale projects calling for many unskilled laborers, working on large tracts of land, utilizing sophisticated technology developed in the US as well as in Third World countries. The shift to large-scale agro-export production has been devastating to small-scale producers unable to compete against heavily subsidized larger farms.

By post-Fordism I mean the shift from mass production to more flexible methods, with smaller firms replacing larger, structurally rigid firms (Hirst and Thompson 1996:6). Post-Fordist production and marketing is characterized by small production batches, niche markets, and flexibility. By flexibility I mean that production sites and marketing strategies vary. Agricultural production follows this pattern. The increase in contract production in the Third World by shippers and processing firms from the US is also illustrated in post-Fordist production (Raynolds 1994:145). The way in which coffee roasters and retailers in the core seek out intermediaries with access to regionally identifiable coffee beans in coffee-growing countries illustrates this scenario. Most coffee shops and retailers in the US offer a wide selection of beans that were not available 20 years ago. It is now possible to find coffee grown under diverse conditions and from a variety of countries from Kenya and Ethiopia in Africa to Costa Rica and Mexico in Latin America. Today, labels sometime identify the village where the coffee is grown. For example, Thanksgiving Coffee Company offers “Mayan Harvest From Atitlan, Guatemala” and “Aztec Harvest From Oaxaca, Mexico” as part of its organic selection. Other labels provide the consumer with the words “altura,” “mountain,” or “organic” to indicate the exact physical and environmental cultivation conditions. This identification of regional coffee origin demonstrates the market niche trend in specialty coffee. The outlet from which coffee production and exportation occur now contains more actors competing to gain access in core country markets. It is in these markets where consumer demand ultimately determines the “coffee of the day.”

State development policies affect the stages of commodity chains within their countries. Many resource-rich Latin American countries such as Mexico made import substitution industrialization their path to modernization 50 years ago. The Mexican state tried to increase agricultural output. These policies directly and indirectly affected all players in the commodity chain, including rural farmers. One result of the desire to obtain higher yields was the introduction of synthetic chemicals. Large-scale producers were the main recipients of state subsidies while small-scale farmers were at the mercy of a state with an agenda based on maintaining power. As Mexico modernized during the 1950s, the state incorporated the peasantry with welfare handouts. The peasantry remained poor and deprived of the benefits of a modern state, however. Mexico’s social and economic policies in the rural sector impacted the peasantry, especially those involved on the production end of the global coffee commodity chain.

Chapter Three -- Development in Mexico and its Repercussions for the Peasantry

Agricultural Reform and Rural Politics in Mexico

To better understand the challenges for small-scale producers in Mexico, it is useful to study the way politics shape farmers' living activities and conditions. The rural policies introduced after the 1910 Mexican revolution by the ruling party were both revolutionary for breaking up the formal hacienda system and granting land to the peasantry, and insidious for creating a relationship of co-optation and inclusion in the countryside. By incorporating the rural sector, the state has been able to control the peasantry and quell opposition. The state's co-optive manner sheds light on the constraining nature of the ruling party on rural societies. Peasant farmers have had to deal with a government more interested in securing political strength than in the well-being of its people.

After the 1910 revolution, the Mexican state enhanced agricultural output (de Janvry 1981:123). The promotion of agricultural production followed two contradictory paths: one emphasized the collectivized ejido and the other focused on large-scale farms. In the northern part of Mexico, there was an emphasis on what de Janvry calls large-scale capitalist enterprises where commercial crops grown for domestic and international markets presided. Southern Mexico is where the small ejido land plots predominated.

With historical roots in pre-hispanic and colonial times, the ejido became the preferred communal landholding system by Cardenas. Cardenas' intentions were not to create an economic panacea but rather to make social and political gains (Meyer and Sherman 1995:600). Cardenas instituted collective ejidos by creating a larger scale agricultural system through the inclusion of former wage laborers into cooperatives (Hewitt de Alcantara 1976:5). After Cardenas' term ended, the collective ejido lost support from the state as its focus turned toward large-scale projects. A tax and credit program established by the state discouraged ejidatarios from working with cooperatives. Individual ejidatarios could gain more money from being on their own initially because they did not have to set aside funds for the cooperative (Ibid:195). The funds collected by the community or cooperative could be invested in the construction of schools, clinics, or for improvements in agricultural production. The disintegration of collective ejidos made a few ejidatarios richer but worsened the conditions for the vast majority of those who relied on the community for representation.

For the members of UCIRI, the collective action they partake in with the state resources they fought for have allowed UCIRI to build up its infrastructure while empowering small-scale farming communities. UCIRI members are paid for the coffee they harvest and in return members give back to the community through a system called *tequio*. Social capital is given through donated labor to build community buildings. In the case of UCIRI, when the union decided to build a processing mill, communities from the *Istmo* region donated different resources. One community provided the wood for lumber, another community brought the gravel, and another gave sand and stone until all the necessary parts were available to construct the coffee mill (Porter 1997:6).

From the Mexican Revolution in 1910 and the Constitution of 1917 came Article 27, which defined private property and determined its ownership. Gustavo Esteva described the objective behind Article 27 of the Mexican Revolution in the following way:

The ownership of land and water within the limits of national territory, belongs first and foremost to the nation, which has had and has the right to transmit this control to individuals in the form of private property. . . the nation will have at any time the right to impose on private property any measures dictated by public interest, as well as to regulate the utilization of natural resources that can be appropriated in order to assure an equitable distribution of wealth and the conservation of these resources (Esteva 1983:29).

After 1910, land redistribution policies broke up large haciendas. Lázaro Cárdenas (1934-1940) redistributed the most land. While Cárdenas' land reform policies had the effect of increasing the ejidal total share of cultivated land from 13 percent to 47 percent, large farms simultaneously emerged as the main component in Mexican agriculture. State policy-makers recognized the need for promoting exports to uphold Mexico's balance of payments. Large-scale farming became the primary means for earning foreign exchange through the export of agricultural products. This policy continued throughout the 1950s and 1960s (Esteva 1985:39).

State policies directed at increasing agricultural output on large farms included promoting irrigation programs, investing in high-yield Green Revolution seeds, and expanding credit to the large farmers. Large-scale farmers received most of the benefits, particularly the producers living in the north and northwest regions of the country. The regions of the south where ejidos and landless peasants predominate received few government subsidies.

Establishing Clientelism in the Countryside

The new Mexican constitution of 1917 set the foundation for the Mexican political system of today. While the authoritarian regime of Porfirio Díaz ended in 1910, post-revolutionary leaders retained characteristics of authoritarianism in Mexican politics although through a more legitimate, bureaucratic state. Mexico's leaders have been able to maintain legitimacy by keeping the amount of repression relatively low (Rueschmeyer, Stephens & Stephens 1992:199). The state has relied much more on co-optation than repression and in the past has granted room for expression and political dissent. The state's ability to be flexible while adapting to changing conditions has been a major source of its political strength and durability.

The post-revolutionary order in Mexico was based on a strong interventionist state and a hegemonic party apparatus. The Institutional Revolutionary Party (PRI) incorporated popular classes through sectorally based mass organizations such as the National Peasant Confederation (CNC) and the Confederation of Mexican Workers (CTM), which formally represent the interests of peasants and workers (Rueschmeyer, Stephens & Stephens 1992:202). In exchange for political participation, popular classes benefited from state intervention in directing markets -- as long as they were loyal. By delivering mass demands, the PRI established legitimacy. Heads of sectoral organizations played critical roles as brokers facilitating representation upwards and exercising control downwards. The PRI has put forth the social welfare benefits and opportunities to gain alliances while controlling and manipulating the people in a corporatist and authoritarian fashion.

The land granted to peasants in rural areas, especially during the Cárdenas years, incorporated the working class into state institutions by collaborating with organized labor. Cárdenas essentially strengthened the ruling Party of the Mexican Revolution (PRM), later to become the PRI, by incorporating lower classes (Rueschmeyer, Stephens & Stephens 1992:202). Dan LaBotz refers to the land distribution process between the 1930s and 1970s as "a socioeconomic safety-valve" for Chiapas. The ruling government's control of peasant organizations and trade unions with land distribution kept peasants relatively pacified, even though they received little government support. While Cárdenas was distributing land, he was also promoting capitalist industrialization. By 1938, in order to prevent direct capitalist involvement in politics, Cárdenas incorporated the sectors of labor unions, the peasantry, the popular sector of the self-employed, government employees and bureaucrats, and the military (LaBotz 1995:56). By appeasing these sectors, the state garnered support while maintaining power.

Prior to reforms to the constitution by President Salinas (1988-1994), the ejido was a complex institution that incorporated a repressed peasant economy through a set of constraints and obligations on the organization of production. The state intervened and managed the internal affairs of the ejido. The government could also intervene through a set of restrictions and obligations for access to public resources. Given the lack of property rights

that could serve as collateral for loans, credit was available through one public source and given to the ejido as a whole with restrictions. Ejidos received subsidies through FERTIMEX, seed subsidies through PRONASE, credit subsidies through BANRURAL, and other perks. To compensate for the government control of the ejido, such benefits were necessary. By developing the ejido system with resources that ejidatarios became dependent on, the state could establish and maintain control over ejidatarios (de Janvry, et al 1996:72).

The State Adopts an Aggressive Approach

During the 1970s, the government and ruling party treated peasants as a distinct social sector separated from labor, industry, and commerce. The subsidized social sector of peasants had access to the ruling party through the National Peasant Confederation (CNC), the Confederation of Mexican Workers (CTM), and the National Indianist Institute (INI). CNC was for peasants, CTM for labor, and INI for indigenous populations. Even though most peasants are indigenous there were no links made between the CNC, CTM, and INI, preventing any kind of horizontal interaction and organizing. The CNC and CTM worked within the PRI, giving members access to and representation within the party. In return the government had access to its constituents and their votes.

The order began to break down when the impacts of the 1982 economic crisis swept across the country. Traditional corporatist political arrangements eroded due to the constraints that austerity measures had on leaders trying to deliver the goods. Partial abandonment of public welfare led to the elimination of the link between formal sector employment and state corporatism. This further weakened support for the state as the proportion of the population outside the formal arena increased. Workers thrown into the informal sector were beyond the reach of mass organizations that had incorporated people into the state through state-led institutions and unions. The PRI created new programs to absorb newly marginalized people, including segments of the peasantry, where PRI support had weakened (Rueschmeyer, Stephens & Stephens 1992:204).

The Implementation of Programs to “Ease the Pain”

Salinas countered the dwindling support of the PRI by changing social policy from general sectoral subsidies to initiatives targeted at specific constituencies. The National Solidarity Program (Pronasol or Solidarity) was one of Salinas’ most important policy initiatives. Salinas instituted Solidarity to lessen the hardships Mexicans were facing as a result of economic restructuring and austerity measures. It is a demand-based poverty alleviation program that provides limited material resources to the most economically deprived segments of the population, including the peasantry, indigenous people, and the urban poor. Using a reduced budget program, Salinas had the intention of easing the suffering of Mexico’s growing impoverished populations; At the start of Salinas’ term, 48 percent of the population in Mexico lived below the poverty line. Some projects include the construction of schools, clinics and hospitals, rural electrification, improvements in road and sewage systems, and the provision of low-income housing. Solidarity continues to absorb vast sectors of the informal sector population who were earlier excluded from the PRI (Krippner 1997:13). While Solidarity was a new source for obtaining credit, overall total value of credit for the ejido sector fell by 19 percent during the year of implementation (de Janvry et al 1996:82). One of the programs problems is that Pronasol loans are small. These reforms limited access to credit for the ejido sector even more. To those ejidatarios who have benefited from Pronasol, the program helps. It has served its purpose as another tool in which to buy the support of selected marginalized Mexicans.

The End of the Mexican Coffee Institution

In 1973, as part of President Echeverrias' plan to modernize small-scale coffee production and increase Mexico's presence in foreign markets, INMECAFE, the Mexican Coffee Institution developed to support marginal coffee producers. Its role ranged from the organizing and financing of coffee to guaranteeing its purchase and export. It also channeled credit and technical assistance to small producers. While Pronasol was providing some assistance to Mexico's poorest citizens, the state was simultaneously dismantling state-run institutions that served the interests of all the sectors of society and eliminating subsidies. In 1989, the elimination of INMECAFE, for example, left coffee producers who had relied on the state to buy coffee, at the mercy of the market. In Salinas' view, the state was returning control to rural people by giving them the power to decide their own conditions for production. While the elimination of certain institutions lost some PRI support in parts of society, the government reverted to targeting a constituency not part of the PRI-based sector, where traditional support did not exist.

The Solidarity program bypassed ruling party affiliated institutions like INMECAFE by establishing relations with communities. Solidarity failed to win popular support in Chiapas because it could not make up for the losses Chiapanecos suffered from years of economic restructuring. According to Collier, funding came too late and was not sufficient "to ease the hardships that economic restructuring brought to the agrarian sector" (Collier 1994:141). For small-scale farmers, Solidarity credits were inadequate -- only the poorest coffee producers received support. Of Mexico's 276,000 coffee producers, around 180,000 farmers could qualify as Pronasol subjects because they lived in extreme poverty (Vasquez and Villagomez 1994:125).

The clientelist relationship between the state and peasantry continued with Solidarity. Much of the support went through INI -- an instrument for which the ruling party could practice clientelism. In 1992, Party of the Democratic Revolution (PRD) sympathizers lost Solidarity's support for a community project after new directors, appointed by the PRI Governor, took charge of INI. This is one way the PRI-dominated state ensured the channeling of funds through municipal governments to ruling party supporters and not to opponents.

According to Armando Bartra, Pronasol served to "co-opt pre-existing leadership and create a new brand of state-run organizations and movements" (Bartra 1996:175). Bartra argues that the creation of programs such as Pronasol were intended to work toward social development while being economically profitable as well. While economic and social gains were its overall aims, politico-electoral gains dominated the agenda. He argues that these programs legitimized the client relationship and functioned to buy votes and loyalties.

Privatization of various industries also has affected rural communities dependent on state support. The National Network of Peasant Coffee Organizations (CNOC) has been able to commercialize coffee on behalf of its members as INMECAFE was in the process of privatizing. The strength of autonomous organizations to coordinate producers abandoned by INMECAFE has not been completely free from a government in search of peasant support. Government programs have bypassed national programs to reach grassroots and regional organizations while seeking support, distributing resources, and negotiating solutions to problems. Credit given to the poorest *campesinos* undermines local and regional organizations by buying peasant loyalty. It becomes difficult to challenge the governments macroeconomic policy when peasants content with government credit choose not to join new peasant movements, such as coffee-growing associations (Foley 1995:69). The Solidarity program has a direct impact on poor communities and has gained popular support for the president. By reaching out to farmers in need of a handout, programs such as Pronasol legitimize the state while taking the wind out of independent movements seeking to empower peasants with more than a one-time payment. This is a problem coffee-growing organizations face in trying to recruit members.

The CNC continues to serve as a tool for the state by organizing farmers in need of assistance and rallying behind the PRI. As an anecdote, prior to the 1997 elections in Oaxaca, an official PRI flag hung in front of the Oaxacan city office of the CNC. However, party

loyalty is less institutionalized today, but handouts are a part of the PRI's everyday incorporation strategies. Farmers affiliated with CNC receive payments from the state to maintain coffee cultivation. Three farmers from the *Sierra Sur* informed me that they have been receiving 300 pesos per hectare a year since joining CNC in 1990, and recently the payment increased to 500 pesos. Yet when I asked these same farmers to whom they sold their coffee, they told me that the last harvest all went to intermediaries who offered higher prices. CNC farmers explained that relative lack of choices are to blame for selling to the *coyotes*. "We sold all of our coffee from the last harvest to intermediaries. We don't have the money to buy or make equipment. . . There is no money. There are no resources. It takes a lot of money to buy coffee and the intermediaries have it" (Interview June 1997). Unlike members of CEPCO and UCIRI who sell most of their beans to their given organizations, CNC affiliated farmers sell to *coyotes*. This kind of assistance is paternalistic. CNC members were aware that the state provided the perks and this increased loyalty to the PRI.

Peasant loyalty to the PRI over the decades has been maintained in part by government officials who construct an image linking the state party to national heroes. After the revolution those same heroes became associated with the newly granted land to communities by the ruling party. The positive image of Emiliano Zapata and Lázaro Cárdenas associated with granting land to the peasantry has always been tied to the PRI. State agrarian officials assisted communities in taking possession of land when hacendados would refuse to give it up. Ejidatarios would return the favor by casting a vote for PRI candidates, keeping loyalty strong up to the 1990s. The image of Zapata and the call for *Tierra y libertad* (land and liberty) remained true to peasants, especially to those who wanted land to till for themselves. The changes made to Article 27 of the constitution in 1992, ended the government's constitutional obligation to redistribute land. The sale of ejido land was now officially legal. Ejidatarios had the "freedom" to make their own decisions and take control over the land. The slogan of the 1990s reads *Libertad y justicia al campo Mexicano* (Stephen 1997:51). Instead of the long-held community decision-making practices, individual actions would control the future of land rights.

During the negotiations over NAFTA, agricultural producer organizations arranged protests in opposition to joining the trade agreement with the US and Canada (Stephen 1997:54). In 1993 the Mexican government responded by establishing a program for peasants. This program, called *Programa de Apoyo Directos al Campo* (PROCAMPO), promised farmers a subsidy for growing corn, beans, wheat, rice, soybeans, sorghum and cotton. Toward the end of 1994, the state phased out the guarantees on price supports for 15 years. This forced Mexican farmers to compete in markets against subsidized US farmers. Terms such as *justicia* and *libertad* filled the rhetoric that accompanied publications for farmers. The government publications read:

PROCAMPO is based on the principle that producers direct their own transformation with liberty and that their progress occurs with justice and equality. . . PROCAMPO forms part of the Federal Government's strategy of modernization of the countryside to achieve more justice, equality, and liberty among Mexican peasants (Quoted in Stephen 1997:51).

In reality, PROCAMPO has not been able to offset the costs of farming that structural adjustments have increased. It is not a mere coincidence that hundreds of thousands of Mexicans received their first PROCAMPO checks just a few weeks before the 1994 presidential elections. Ejidatarios in Oaxaca associated voting for the PRI with receiving PROCAMPO payments. Ejidatarios expressed their loyalty to the PRI with state-party PROCAMPO funds. The "PROCAMPO party" as one ejidatario said referring to the PRI, essentially bought votes to secure the power of the one-party democracy (Stephen 1997:55). One CNC farmer I interviewed pointed out that getting PROCAMPO benefits was one of the services CNC provided. This is another example of the PRI's explicit manner in linking peasant benefits to state politics. A clientelist relationship between the government and the peasantry has

managed to appease the majority of the rural population while keeping the ruling PRI in power. Many of those not a part of this relationship -- or disillusioned by it -- have formed social movements to expose and contest the corrupt authoritarian system.

Unlike the CNC which utilizes the PRI's perks to rally peasant farmers, CEPCO and UCIRI do not link themselves to a political party prior to elections. Even though most UCIRI members tend to vote for the PRD in state and federal elections, UCIRI and CEPCO members are free to vote for whichever party they choose (Porter 1997:15). At the local level, the communities practice a traditional indigenous decision-making approach. Part of CEPCO's and UCIRI's success in mobilizing peasants has been their ability to enmesh cultural traditions with their progressive approach to coffee commercialization.

Social Movements and Their Impact on Reform

Ever since the 1970s in Latin America, larger numbers of individuals have been migrating from rural areas to urban areas within their countries or abroad. Indigenous migrants have attracted the attention of international associations, such as non-governmental organizations (NGOs) concerned with protecting human rights and the environment. The urban setting has provided a massive pool of migrants with similar problems and organizations with which to ally themselves. This exposure of rural issues through urban and international organizations is a means to express rural demands and elicit assistance. When allied with political parties, rural movements have become broader and may adopt demands for electoral reforms (Hellman 1995:170). Social movements in Mexico have supported the PRD.

Social movements in Mexico have not had much success at avoiding the same clientelist relationship with the state that controls other sectors of society. Even though the channels of networks went from rural strongmen or caciques to independent organizations, the clientelistic manner of exchange still functions, and control remains with the state. Hellman argues further that social movements fortify the system of authority. The way in which PRONASOL appeased the interests of various independent groups while it increased PRI loyalty is an example of this new control. The following quotation sums up the impact of social movements in Mexico on the political structure:

Because social movements do not arise in a vacuum, they are to some degree products of the political context in which they grow. Under the circumstances it may be disappointing, but it is not surprising that social movements do not manage to democratize the system in every case. Thus, notwithstanding our wishes to the contrary, popular movements do not necessarily bring about an opening of the political system (Hellman 1995:179).

This does not mean that social movements, as a means of mobilizing rural dwellers, have no chance of transforming the political system. When allied with other movements or political parties at the national or international level, such as has occurred in Mexico with links between the PRD and movements, both parties gain soundness. "Thus, local groups may form a regional alliance that then allies itself with other regional groups to form an overarching national or supranational organization that coordinates its member organizations" (Kearney and Varese 1995:221). The emergence of indigenous movements and their links to international organizations can be referred to as a "globalization from below," stemming from the grassroots level and moving up toward international political actors (Ibid.:223). This is exactly how coffee producers have responded to deteriorating prices and worsening living conditions.

Mexico's coffee producers are the leading peasant movement organizers, having mobilized during times of crisis. During the 1980s, mobilization efforts pressured INMECAFE to pay more for coffee. By 1989, coffee farmers formed the CNOC at the national level (Porter 1997:1). At the regional level, organizations such as UCIRI had already formed and could

easily attach themselves to the national CNOOC further advancing their cause for more control in coffee commercialization. The initial linkages UCIRI made with regional organizations and later joining CNOOC attest to the significance of organizing to counter state austerity measure-driven policies. These policies left farmers relatively free to find other means to process and sell coffee.

Since the early 1980s, the Mexican government has tried reducing its role as social welfare provider. In doing so, it has relied on increasing coercive tactics and selectively aiding individuals to create a controlling mechanism to contain rural dwellers. This has laid the basis from which both national and international NGOs have been able to adopt certain roles in advising the rural sector. Mexican migrants provide the messengers for rural communities from where the emanation of information on general conditions and concerns stems. As new social movements form and evolve, and as the messages garner support, conscientious organizations with the resources to expose the situation establish links to the movement.

Many farmers have had to rely on other resources to commercialize coffee. Farmers responded to changes in rural politics and the imposition of austerity measures by joining coffee-growing associations who function as mobilizers of marginalized populations and processors of coffee. Two organizations that have emerged and grown to perform the duties of coffee commercializers and social movement sympathizers in Oaxaca are UCIRI and CEPCO.

Coffee Grower's Associations in Oaxaca -- The State Coordinator For Coffee Producers from Oaxaca (CEPCO) and the Union of Indigenous Communities From the Isthmus Region (UCIRI)

Unidos Venceremos! (United we will conquer!) -- UCIRI slogan

Up until 1989, small-scale coffee producers in Oaxaca either sold their coffee to INMECAFE through *Unidades Económicas de Producción y Comercialización* (UEPC), to community unions affiliated with *Asociaciones Rurales de Interés Colectivo* (ARIC), and to independent organizations (Aranda Bezaury 1992:97). Of these three forms of organizations, INMECAFE's UEPC had the most coffee producers (90 percent). This organization commercialized between 20 percent and 25 percent of its producers coffee. Small farmers sold the majority of their coffee to intermediaries (Ibid.:98). All of the INMECAFE-supported farmers were considered members of the *Unión Estatal de Productores de Café* of the CNC. This affiliation entitled farmers to the traditional corporatist entitlements of the state. In other words, 90 percent of Oaxacan small farmers were incorporated by the PRI.

The main unions which constituted ARIC up until 1989 were UCIRI and Uni-Ñuu of the Mixteca region. The regional independent organizations such as the *Unión de Comunidades Indígenas de la Zona Norte del Istmo* (UCIZONI), *Unión Campesina Independiente 100 Años de Soledad*, and *Pueblos Unidos del Rincón* also worked with farming communities in Oaxaca.

After INMECAFE became dismantled in 1989, coffee farmers in Oaxaca could sell their beans to intermediaries, continue selling to the CNC or sell to any cooperatives if that were available. Low prices from intermediaries and state policies pushed farmers from the *Istmo* region toward UCIRI and added to an already established membership base. Two of the six UCIRI farmers interviewed sold their coffee to INMECAFE and the remaining four sold to intermediaries before joining UCIRI. None of the UCIRI members belonged to another union before UCIRI. Not one of the CEPCO farmers I interviewed had belonged to a union prior to joining CEPCO. Prior to joining CEPCO, they sold their coffee to intermediaries and INMECAFE. CEPCO would also emerge as a response to state austerity measures, with the intention of retrieving owed funds from the government after INMECAFE was dismantled. The three CNC members I interviewed also found the CNC after INMECAFE ended. According to a CNC representative, CNC support for small-scale coffee production came in 1987. Currently CNC organizes around 12,000 producers from across Oaxaca. Even with less state involvement resulting from the elimination of INMECAFE, the PRI continues to incorporate a significant portion of small-scale coffee producers in Oaxaca.

In Oaxaca, the plight of indigenous inhabitants has drawn attention from progressive clergy who used liberation theology to support rural-based social movements. A general mission among liberation theologians is to empower the underprivileged indigenous people and assist them to be the “subjects of their own development” (Norget 1997:101). In Oaxaca this form of mobilization has been successful, especially in communities where exploitation by middlemen and local government officials has been a problem and where poor living conditions have only worsened. In these coffee-dependent communities, income from coffee production has not kept pace with higher prices for basic goods.

UCIRI evolved from the ideals of liberation theology. One of its tenets is that the *campesino/a* control his or her own development. It is through coffee production that UCIRI members have worked to appropriate the production of their coffee and make gains for themselves. This message of “self-capitalization,” as UCIRI members refer to it, continues to raise the consciousness of Oaxaca’s indigenous producers. At a retreat for coffee producers, the Dutch priest and founder of UCIRI charismatically exclaimed, “Who is our enemy? It is the people who always promised to help us . . . Only the *campesino* can solve his own problem. Not the government. Not a f_ _ _ing blond like myself. . . !” (Cacalotepec June 21, 1997). It is this kind of determination that has inspired coffee producers in UCIRI to work to obtain more control over production. This perseverance has helped UCIRI become known as the most successful cooperative project in Mexico.

Since 1982, there has been a steady rise in the number of communities organized with UCIRI (Porter 1997:19). In 1985, UCIRI decided to switch to organic coffee after some grassroots church activists invited Dutch and German activist agronomists to the organization. During this meeting they discussed the economic potential and ecological benefits of organic coffee. It was during this time that UCIRI chose to sell to the German and Dutch markets by establishing a relationship with two fair-trade organizations in Europe -- Gepa and Max Havelaar (Porter 1997: 21). Today over 10 organizations from seven countries receive UCIRI coffee.

According to Robert Porter (1997), Oaxacan priests have established linkages between the organization and ATOs and this has been vital to UCIRI’s success. The ATO/Co-op connection is crucial in promoting a fairer exchange of goods and in making small-scale producers less dependent on the intermediaries instituted in conventional trade. The number of new UCIRI communities increased the most between the coffee crisis years in Mexico (1989-1993). This increase in co-op involvement corresponds with the dismantling of INMECAFE and the void left with its absence. UCIRI’s 2,800 members cultivate an average of three hectares of land per family and produce an average of 12 60-kilogram sacks of coffee per harvest. The six UCIRI farmers I interviewed communally farm an average of 3.5 hectares of land. UCIRI is fortunate in being able to secure a market abroad for its organic coffee. My interviewees have been cultivating organic coffee for between 4 and 15 years. Of the 773,000 kilograms of coffee produced in the 1996/1997 harvest, 90 percent went to the alternative market and 10 percent stayed in Mexico (UCIRI President, June 1997).

While coffee production is an important aspect of this union, UCIRI does not want its members to solely depend on it. Instead, UCIRI promotes making improvements to the methods of coffee cultivation. UCIRI encourages its members and communities to cultivate corn, beans, fruit, and vegetables along with other foods for their own consumption and not rely on government resources. Some of the other benefits UCIRI members enjoy are access to credit and information on projects that aim to improve daily living conditions. On the benefits members receive, UCIRI farmers responded with the following:

“The *coyotes* did not offer a fair price for our coffee, so we changed our manner of working. UCIRI initiated organic coffee cultivation. We changed the way we work and tried to take better care of our fields, the forest and more. That is how one goes about creating improvements through cooperation -- little by little until one has the basic necessities of the community. They gave us cement to build a

lot for drying coffee. Another benefit is that they gave us cement for a latrine. And they give credit, too. They give us credit without interest.”

“We have a clinic. . . a study center in Lachiviza. These are for the peasant’s children. They learn about coffee and about all types of organic cultivation. There is always support. There is also a supply store in many communities. The prices are lower and all members of the community, including those who are not members of the union, can use the store.”

“The commercialization of our coffee is the most important benefit. Credit support is another benefit UCIRI offers. . . If we become ill or if there is an emergency, UCIRI supports us. . . .”

“. . . Other benefits are the projects for health. . . .We have technical assistance. We have support from other institutions because we are an organization.”

“We feel that our ways of living have changed a lot in the communities with the organization. We feel it is good.” (Interviews conducted June 1997)

UCIRI’s willingness to include its members in all aspects of business with its ability to form partnerships with ATOs in Europe, the US, and Japan are crucial to the success of this organization.

CEPCO emerged in 1989 during a severe coffee crisis in Mexico when prices dramatically plummeted and after the privatization of INMECAFE. The combined efforts of over 20,000 small-scale coffee producers from the various communities and organizations throughout Oaxaca helped establish this association. After two years, CEPCO members numbered over 20,000, consisting of over 39 regional organizations from predominantly indigenous communities. CEPCO’s members made up almost one-third of the state’s 58,600 producers in 1989 (CEPCO President June 1997). CEPCO grew and gained the trust of previously underrepresented farmers based on the idea that small-scale coffee producers should participate in the organization’s discussions.

CEPCO functions as an umbrella organization for several coffee-producer associations, but also performs the same services as a coffee grower’s union. Its initial objectives were to lessen the hardships in Oaxaca’s coffee communities because of the immediate coffee crisis and from the history of a disadvantaged trading position for small-scale coffee farmers.

CEPCO pursues the principles of respect for all member organizations, ideological plurality, acceptance of political and religious preferences of members, collective decision making, and transparency with resource allocation. But above all, CEPCO seeks to improve the socio-economic position of small-scale farmers and their communities by developing strategies to control more coffee processing stages. Like many of the independent rural organizations, CEPCO promotes social change and fights discrimination against indigenous communities. Projects that are consistent with supporting social development, justice and democracy make up this organization’s agenda.

Thirty percent of its 23,000 members are women. CEPCO members come from Oaxaca’s culturally diverse regions. These regions include *Cañada, Mixteca, Papaloapan, Sierra Norte, Istmo, Costa, and Sierra Sur* (map 1, p.6). CEPCO members cultivate an average of 2 hectares per family and harvest an average of around 287 kilograms (631 pounds) of coffee per year (CEPCO President June 1997 and CEPCO Brochure).

Monthly meetings held at CEPCO’s main office in Oaxaca City enable the surrounding member communities to learn about the organization by selecting a representative to attend. These people then report back to the community and share newly acquired information such as project ideas and current coffee prices. The ability to maintain a transparent system of organization allows coffee producers to play an integral part in this association rather than be passive members. CEPCO members and non-members can visit CEPCO’s Oaxaca City headquarters whenever they want. This is one way farmers decide whether or not they want to join the organization. By maintaining an open and transparent structure where farmers can visit, observe, and listen to the organization’s members and advisors, CEPCO attracts producers. CEPCO also provides a place at the Oaxaca City office for farmers to stay

overnight. It is by this manner that CEPCO membership has continued to grow. The following comments from four Zapotec members of CEPCO support the view that, organized with CEPCO, they could receive more benefits.

We consider this organization more transparent with its information. They have helped us learn the procedures involved in the collection and commercialization of coffee. Being organized with this association provides us with the opportunity to receive support. United there is more strength. (Interview conducted June 24, 1997)

INMECAFE kept coffee-processing procedures and export prices confidential and did not inform coffee producers on the milling or the commercialization processes of coffee (Aranda 1992:105). After the loss of INMECAFE, it took a long time before coffee farmers learned commercialization procedures. CEPCO members also receive other benefits similar to UCIRI, but CEPCO's limited resources prevent farmers from meeting their basic needs.

How Oaxacan Farmers Try to Benefit More From Coffee Cultivation

Most of the farmers I interviewed in the Summer of 1997 have grown coffee all of their lives. Family members work together with other community members to cultivate this labor-intensive commodity. While some farmers joined coffee associations before the early 1990s, most became members after the severe coffee crisis in the early part of this decade. They joined coffee organizations for various reasons, but the main one is the need to improve the living standards for themselves, their families, and villages. When asked "What made you join this union?" UCIRI members answered:

"To improve our lives. To improve our families. To improve our village."

"They help peasants."

"This organization fights and seeks to improve the living conditions of the peasant."

"UCIRI informs. . . To fight . . . I like the way the organization works. Their work in organic coffee is good. They give a good price for our coffee."

(Interviews conducted June 1997)

CEPCO farmers responded:

"Out of necessity."

"INMECAFE abandoned us in the collection, storage, and with the commercialization of coffee. . . in all technical aspects. It disappeared."

"Organized we could sell better coffee at a better price and obtain a better warehouse."

"We were free before, we sold to intermediaries. . .now we sell to CEPCO."

"They give support. . . they give credit. Organic coffee is good. It doesn't contaminate with chemicals. It's natural."

(Interviews conducted in June and July 1997)

These organizations are providing benefits that were never available or that were recently eliminated: access to credit, storage and transportation, a better price, technical assistance, and organic cultivation. These remarks point to the need for basic support in improving working and living conditions. There is a strong correlation between improving living conditions and preserving the land. UCIRI members practice cultivation methods that protect and preserve the land so that their children and grandchildren will have a future. Small-scale production does less harm to the environment while promoting biodiversity. These farmers emphasize protecting the environment in their daily activities. It is a perspective harmonious with nature and given to love of the earth (Hernandez 1995:135). While UCIRI only cultivates

organic coffee, CEPCO and CNC are trying to encourage farmers to get certified organic. It may take up to five years for soil to recover from the prior use of chemicals. One CEPCO farmer I interviewed informed me that in 1997 he began to cultivate organically. The reasons he gave me were simple yet insightful: "One reason is that organic coffee is in demand in external markets. The other reason is to protect the environment" (Interview June 1997).

Local organizations working with small-scale producers have had some success at altering the path of production despite discriminating state politics and the profit reaping middlemen found in conventional coffee trade. Without a market available for the coffee offered by UCIRI, the organization could not have achieved its success. Over the past 50 years, there has been a growing movement to assist people in need, especially those in the Third World who have had to deal with unfriendly circumstances.

Chapter Four -- A Non-Conventional Approach to Trade

The History of Fair Trade

Alternative trade began with First World organizations who were interested in providing more than charity to victims of war, famine, and other devastating events. During World War II, Quakers from Oxford, England raised funds for the people of war-torn Europe. The Quaker committees later became known as Oxfam. In the 1960s Oxfam began selling goods from Third World producers organized in cooperatives in small shops. Ten Thousand Villages, formerly known as SELFHELP, and SERRV International also worked in Europe after World War II by buying handicrafts from victims. Their emphasis later switched to the Third World. This switch from charity to assistance through trade led to the establishment of ATOs. ATOs sought to provide economic assistance by creating a market in the First World for products made by Third World artisans and farmers. In addition, producers could receive a better price for their goods. The number of Oxfam's shops increased during the 1970s and 1980s in Europe (Brown 1993; Zadek and Tiffen 1996).

In the United States, organizations offering goods traded with Third World producers also grew during the 1980s. Former US-based fair-trade organization, Pueblo to People, sold handicrafts, coffee, and other goods from throughout the Third World. The 1986 establishment of Equal Exchange -- the largest US alternative-trade coffee organization -- has led the way for alternative coffee consumption in the US. Currently there are over 100 ATOs in the US, representing over 1,000 retail stores, web sites, and church groups. These for and not-for-profit businesses sell fair-trade products such as organic coffee from cooperatives in Nicaragua, Ecuadorian rugs made by Salasaca Quichua Indians, and handmade Tibetan handicrafts (Interhemispheric Resource Center 1998).

As alternative trade evolved from the original charity organizations to traders of goods, so did its goals and ideals. The one objective of alternative trade that has remained constant is the need to improve the quality of life for Third World producers. According to fair-trade advocate Michael Brown, "The main ideal behind alternative trade is concern for people -- the subsistence farmers who are the small-scale primary producers" (Brown 1993:158). ATOs attempt to make living conditions of small-scale producers better by buying directly from and working with cooperatives, where access to markets, transportation, technical assistance and processing facilities are made available to its members. Technological assistance in the form of the introduction of electronic communications provides farmers with market information without having to rely on middlemen for this service. ATOs emphasize adding more value to the product with the processing of commodities, such as coffee, in the producing region rather than in the importing country. Reliance on mid-level traders for purchases and credit is no longer necessary with cooperatives to fulfill the needs of small producers. ATOs provide the knowledge of the marketplace and make credit opportunities more easily available for small producers.

According to the "founding Mother" of Equal Exchange, Myrna Greenfield, all ATOs follow the alternative trade principles established by the International Federation of Alternative Trade (IFAT), which include:

1. Direct trade. ATOs buy directly from cooperatives (or from other ATOs). Producers and ATOs are equal trading partners and treat one another with mutual trust support. They share information freely and help one another reach their respective goals.
2. A fair price. Producers and ATOs set a mutually agreeable fair price that takes both parties' needs into consideration. Producers need to meet their costs of production and make a modest profit. ATOs must be able to market the products to consumers at an affordable price. Some ATOs pay producers an additional premium for organically grown products.

3. Credit. ATOs should attempt to provide credit to producers. One way to do this is by prepaying a portion of the order. ATOs that cannot prepay can make advance commitments to purchase whenever possible.

4. Democratic management. Producer groups should share profits equitably, and all workers should have a voice in how their group is run. Similarly, ATOs must be accountable to their own staff.

5. Public information. ATOs provide consumers with information about the producers and about why alternative trade is necessary. Full financial disclosure of corporate records should be standard practice (Greenfield 1994:10).

ATOs pay a fair price that is well above the market price for commodities such as coffee. More specifically a “fair” price “is one that not only enables the producer to cover material and labor costs but also allows her to earn enough to improve standards of living for herself, her family, her cooperative, and her community” (Interhemispheric Resource Center 1998:3). Equal Exchange will pay as much as double the market price (Carroll, J. 1994:2). Equal Exchange, Transfair of Germany, and Cafedirect of Great Britain guarantee their suppliers that they will never go below the floor price level of US \$1.26 per pound and will pay a 10 percent premium against the market price (Korner 1994:23; Zadek 1996:3). Equal Exchange offers an additional 15 cents per pound for certified organic coffee (Rosenthal 1997:1). Unlike charity, which provides temporary assistance through a one-time donation, alternative trade allows for consumers to provide economic assistance through a continuous act of buying alternatively traded products. Instead of trying to maximize profits for shareholders, as practiced by commercial coffee importers, ATOs focus on stable and reasonable returns to the producing region. For example, Equal Exchange shareholders agree to a maximum of 5 percent in annual dividends. This is another aspect which allows ATOs such as Equal Exchange to reinvest around 80 percent of its profits in furthering fair trade with coffee farmers (Greenfield 1994:8,10).

For a cooperative to gain access to the alternative market it needs to follow certain ATO-established guidelines. The case of UCIRI and CEPSCO demonstrate two coffee-growing associations with similar goals but with different trading partners. While UCIRI’s organic coffee goes to the alternative market, CEPSCO’s coffee remains on the conventional path of the commodity chain.

CEPSCO and UCIRI and the Alternative Market

The future for CEPSCO appears to be one much dependent on the whims of international prices and the Mexican political system. To boost its coffee-commercialization activities further, CEPSCO is making attempts to sell more coffee to four niche markets in the near future. The four niches in which CEPSCO hopes to do more business are the fair-trade market, the specialty coffee market, the organic coffee market, and the Japanese market.

Over the last five years, CEPSCO has been successful at establishing trading relations with three buyers in the alternative market. Yet by 1996, CEPSCO only exported 500 60-kilogram sacks to the alternative market. As figure 1 points out, CEPSCO coffee goes through the conventional channels of trade after leaving the coffee growing association. This inhibits CEPSCO farmers from receiving more money. CEPSCO now is attempting to inform its producers of the merits of cultivating coffee with the quality desired for the alternative market. Part of CEPSCO’s campaign to promote alternatively marketable coffee is by having discussions on the advantages of organic coffee. CEPSCO considers the organic coffee market the most important. For the 1994/1995 harvest, CEPSCO exported 2,500 sacks. Unfortunately for the organization, the 1995/1996 amount fell to 2,209 sacks (CEPSCO 1994-1995 Report p.45).

At the retreat I attended in Asuncion de Cacalotepec, CEPCO advisors gave five requests/points as benefits in organic cultivation. These points included the following:

1. We want an uncontaminated environment.
2. We want sufficient quantities of healthy food for all.
3. We want to be economically and technologically independent.
4. We want a secure future for our children who will live on this land.
5. We want our families to live with dignity.

While the need for a higher price for organic coffee is important, it is secondary to the above desires. As of June 1997 only 1,800 of CEPCO's 23,000 members cultivated organic coffee for the alternative market. While the majority of small-scale coffee farmers do not use chemical inputs to grow coffee, they cannot sell their coffee as certified organic. Certification generally comes from organizations in the US or Europe, and farmers without the funds to pay for inspection costs cannot afford an endorsement. Unless the co-operative can pay the thousands of dollars necessary to cover the cost of certification, farmers will continue to grow *de facto* or passive organic coffee (Rice and Ward 1996:22).

Member coffee communities are being asked to follow certain guidelines provided by CEPCO to make coffee cultivation suitable for ATOs. Farmers may be reluctant to accept the conditions imposed by a foreign organization without the proof that the organization will buy coffee if they follow the conditions accordingly. CEPCO farmers expressed this reluctance to undertake certain conditions in their interviews. There is concern among small-scale coffee farmers that the other side will not fulfill its side of the bargain as promised. When I asked four CEPCO farmers for their impression of alternative trade, one representative, speaking for his fellow community members responded as follows:

To me it seems good because it provides other advantages. They (ATOs) turn in the product and commercialize it directly with the consumer -- from producer to consumer. There are no more intermediaries. They have a set price. If the price rises or falls, the price remains firm. . . . We have had an opportunity to speak with Max Havelaar. . . . We have to find an alternative market that guarantees a price. But that comes with many conditions. Sometimes we don't know about making a promise. To make a promise of that type without knowing is difficult. . . [W]e don't have the resources to promote our product, to inform the buyer. (Interview conducted July 7, 1997)

The same members expressed their feelings of wanting to enter a fair-trade market, but they felt they lacked some resources and information about Max Havelaar. Even though these CEPCO members feel that they are capable of forming a relationship with the alternative market, they continue to be reluctant in pursuing this opportunity. They have a lot more to lose from a relationship gone bad than their European counterparts. Both the farmers and Max Havelaar want the other to make certain guarantees. The following farmer quotation illustrates this apprehension:

We think they can give us guarantees and we are sure that in our region we produce a high-quality coffee. It's very good coffee -- high altitude coffee. We believe that our product guarantees itself. There is some fear in entering recklessly, especially when they give us so many conditions to follow. We want to be sure so that we are not done wrong. . . Since we have not tried it, we are still in doubt. We consider alternative to be good. (Interview conducted July 7, 1997)

Until CEPCO can demonstrate that these organizations are trustworthy and will fulfill their promises, farmer apprehension will remain a constraint to furthering production for the

alternative market. This strategy also involves introducing CEPCO and what it stands for to buyers in the alternative market with the intention of forming an alliance with one or more organizations abroad.

CEPCO's specialty-coffee market niche consists of coffee with regions of origin made available. The volume of this brand of exported coffee went up from 1,250 sacks in the 1995-96 harvest to 5,000 sacks the following harvest. Coffee buyers are now identifying regions of origin more in the coffees they choose to buy. "High-grown" is being replaced with more specific locals such as "Mixtecalt" or "Huatla." The trend in US specialty coffee markets is consistent with this micro-regional identification of coffee.

CEPCO and UCIRI pay its members an advance amount for their coffee and after it sells coffee on the international market, the producers receive another payment. Farmers uncertain of this system sell part of their stocks to middlemen. Because of the cultural legacy of being robbed by regional caciques, UCIRI originally faced opposition to this form of payment by some members (Porter 1997:9). The same cultural legacy may hinder CEPCO members from conforming to this two payment system. Some members continue to sell coffee to intermediaries despite CEPCO's attempts to reduce farmer reliance on middlemen. For some CEPCO farmers there is a problem with the set price in the collection and payment process for coffee when the international price increases dramatically. Farmers feel cheated and will resume selling to the intermediary who is offering a slightly higher price. The short-term benefits of getting extra cash for those who are in severe need of money outweigh the long-term benefits of receiving a later payment.

Both CEPCO and UCIRI continue to raise producer awareness on the destructive nature in selling coffee to intermediaries. They realize that intermediaries are part of the larger problem of state politics and unfair commercialization and trade. These organizations promote the view that collectively they will overcome some of their existing problems. The Dutch priest and founder of UCIRI articulated it best at the retreat I attended when he said, "When we are not organized, the *coyotes* continue making themselves the owners of our coffee, of our land, of our power, and of our sweat." These organizations have succeeded in freeing small-scale coffee producers from their dependence on intermediaries. At the local level farmers are making an effort to alter their ways of producing and selling coffee in order to improve their situation. By joining coffee-growing associations, these farmers have reduced the number of outlets intermediaries have from where to buy coffee. UCIRI coffee goes directly from the farmers to a market overseas where ATOs supply conscientious coffee drinkers. This essentially eliminates a major portion of the stages found in conventional commodity chains. CEPCO's coffee, while cutting out some local intermediaries within Mexico, follows the conventional path after it leaves Mexico (see figure 1). The alternative market UCIRI has succeeded in tapping into is one that brings optimism to producers in Oaxaca and in other peripheral regions. Consumers in rich countries with similar goals of benefiting the small-scale producer by altering the commodity chain also find encouragement.

Concern for the environment is also an issue recognized by ATOs. While farmers receive benefits by selling to the alternative market, concern for the land upon which they sow and the species who rely on a bio-diverse habitat for their survival needs addressing when discussing agricultural production. Many ATOs push the need to cultivate organically without the use of chemicals throughout the production process. In an interview in Oaxaca, Mexico, a small farmer informed me that Dutch fair-trade association Max Havelaar requested farmers to get organic certification before selling coffee to their representative fair-trade organizations. In European markets, where organic coffee is more popular than in the US, the demand for biological cultivation is large, making organic cultivation more important. Fair-trade coffee sells in over 35,000 supermarkets across Europe (Rice and Ward 1996:24). As more consumers across the world become aware of the environmental destruction associated with chemically induced agricultural production, the demand for chemical-free products increases.

In alternative trade, ethics make up part of the agenda in establishing trading relationships. Organizations who support this form of ethical trading value qualitative factors

such as shared aims and solidarity in their relationships. Ethical trading takes into account what mainstream economics does not (Zadek 1994:643). Economists and their business-minded accomplices rarely include these subjective benefits when studying consumer and producer surplus. According to Zadek, economists misinterpret “the underlying nature of the transaction, in terms of what makes it a stable (or unstable) relationship, and how the relationship is related to the wider pattern of exchange relationships between the same and other individuals, groups, and communities” (Zadek 1994:643). Fair trade places value on non-marketable benefits such as solidarity, education, community development and environmental protection. All of these factors should be taken into consideration in trade. The communities with whom alternative organizations trade represent this ethical approach to trade.

Social Marketing Fairly Traded Products

As suggested above, the ATO informs the consumers on the producers’ living and working conditions along with how their work affects the environment. Alternative trade informs consumers by socially marketing the products using concepts and techniques to demonstrate their “socially beneficial ideas and causes” (Fox 1980:25). By attaching a product to the progressive ideas and causes it seeks to promote, it attempts to reach socially and environmentally conscious communities. Some ATOs have targeted church organizations and universities where social causes can be more aggressively pursued. ATOs provide the link between consumers and coffee producers. Their ability to inform consumers of these conditions are at the heart of altering the conventional path of coffee trade.

Probably the most successful campaigns to promote fair trade have involved coffee. Compared to conventional international trade, fair trade is small. With a trade value between \$300-\$500 million a year, there is little competition for large corporations who have established major trading agreements with governments willing to sell off a country’s natural resources. Beyond its aim of trading goods between poor farmers in the Third World and consumers with comfortable disposable incomes in the First World, fair trade is a movement with a long-term agenda -- to eliminate the disparities that exist within conventional trade (Brown 1993; Eakins 1992). By raising consumer awareness on the impact coffee consumption has on the producers of coffee, ATOs expand the parameters of fair trade and open up markets for Third World producers. The socially progressive ideas of fair-trade coffee include its origins and the stages through which the beans passed. Figure 2 is an example of an advertisement for fair-trade coffee found in the UTNE Reader. This ad points out the discrepancies that exist in conventional trade and offers the “alternative” choice.

The ideals of fair trade are distributed through the internet and monthly newsletters such as Equal Exchange’s *Java Jive*. There is relatively little published on fair trade, but the dozens of websites on the internet provide information on alternative-trade definitions and organizations with links to information on how to participate. There are dozens of success stories on the merits of fair trade, identifying coffee farmers in Mexico or artisans in India whose lives changed for the better thanks to access to the alternative market (Brown 1993, Carroll 1994, Greenfield 1994, Korner 1994, Ransom 1995, Schapiro 1994). While these stories are anecdotal, they are representative of a growing number of Third World producers who are getting benefits unavailable through conventional trade.

How Fair Trade and Organic Production have Affected Farmers

While the fair-trade movement has grown over the past 20 years, most accounts documenting its impact on small-scale producers are relatively recent. In 1995, David Ransom, reporting for the *New Internationalist* communicated that “All the farmers I spoke to felt that fair trade would eventually benefit both producer and consumers by reclaiming the resources that presently fall into the gulf between us” (Ransom 1995:30:). British ATOs reported similar praise by farmers who sold to the alternative market. One farmer is quoted

as saying, "It's got a little better since we sold our coffee to the fair-trade market. We have clothing, food. We can buy things we would not before." A different person responded, "It's been a big advancement to sell to the alternative market. . .fair trade has meant we have paid off all our debts" (Zadek 1996:3).

From his research in Matagalpa, Nicaragua, the late Eldon "Bud" Kenworthy reported small farmer adulation on the benefits of organic-coffee cultivation. Since switching to organic, these farmers from the village of Matagalpa earn 50 percent more in profits than when they sold it before converting to organic (Kenworthy 1997:26). With the help from a US non-governmental organization, the communities that constitute Comité Matasano established organic-cultivation techniques that protect the environment and benefit the farming communities.

According to Kenworthy, not only are farmers earning more money for their coffee but they are practicing cultivation methods that are sustainable. This complements a work environment that will be co-habitable for future generations of farmers and the variety of species who flourish in coffee regions. A farmer from the same village in Nicaragua supports this idea: "We're not just doing this for ourselves . . . but for this land that will pass to our children. If we don't take care of it, it will wash away. If the land dies with us, the next generation will have major problems" (quoted in Kenworthy 1997:26). Other sources also depict similar accounts by small-scale producers from Mexico, Guatemala, and El Salvador (Coffee and Tea Trade Journal 1994; Interhemispheric Resource Center 1998). Across the coffee producing world, farmer organizations with access to alternative markets are giving farmers a greater voice.

The Case of Oaxaca, Mexico

My research in Oaxaca, Mexico focused on documenting the impact of fair trade from the standpoint of the farmer. Aware that UCIRI had established trading ties to the alternative market, my intention was to compare UCIRI member responses to CEPCO responses. By holding farm size constant, I sought to determine whether farmers selling coffee to the alternative market were better off than those who did not.

As part of an organization selling to alternative markets in Europe, Japan and the US, UCIRI members know about alternative trade and could comment on what they thought about it. When I asked UCIRI members for their impression of alternative trade and its fairness, they responded:

" . . . it helps very much. . . Their ability to export and consume our coffee. . . is very good. . ."

"Yes, it is good...for example, they give support with organic coffee. They provide support to the *campesino* in the form of a premium of 5 to 10 pesos (per kilo). It's a benefit."

"It seems good to me because . . . even if the price of coffee goes down, they still pay us. . . it has helped us."

" . . . they have given us support with some projects."

" . . . they give us a good price. . . The advertising they do to place more coffee in other organizations also benefits us a lot."

(Interviews with UCIRI members -- June 1997)

The farmers stress the benefits of a higher and stable price for coffee, the promotion of organic coffee, and assistance with community projects. Some of those projects included buying a truck to transport coffee, building a mill to process and store beans, constructing a clinic and school, and opening a supply store for all community members. The above comments also illustrate the knowledge farmers possess on their organization and its business methods. UCIRI's transparency in all aspects of the commercialization of coffee give farmers the ability to learn about and participate in the organization.

When I asked UCIRI farmers the question, "Is alternative trade fair?", they all responded with a firm "yes." In their minds there was no question that this system of trade has benefited them. While other factors influence farmer lives in coffee production, UCIRI members can attest to the fact that the ability to secure prices and guarantee future purchases has made a positive impact on farming communities in Oaxaca.

While farmers organized in cooperatives all receive benefits, those associated with the alternative market such as UCIRI members gain more security and stability. For example, the fact that UCIRI has a set price for coffee was the envy of some CEPCO farmers. While CEPCO organizes farmers and provides some benefits, they do very little trading with the alternative market and cannot guarantee a stable set price. Said one Zapotec CEPCO farmer: "We're not too happy because we don't receive a firm price for coffee like UCIRI. UCIRI has a set price -- It doesn't rise nor does it fall much. They have a market and that is what we want" (Interview June 1997). The small-scale farmers I interviewed clearly reiterated the intangible benefit of an increased sense of security. By knowing that in the future there will be a buyer who will pay a set price for coffee, there is stability and greater peace of mind.

The Future of Fair Trade

While the volume of fairly traded goods is unlikely to approach the amount of trade that occurs between the core triad regions of the US and Canada, Europe, and East Asia, the fair-trade movement continues to grow. In Europe, the popularity in fair-trade coffee is growing. In Switzerland, alternative-trade coffee occupies five percent of the market. The Netherlands, Belgium, Austria, Germany, France, and Switzerland all carry the Max Havelaar label on supermarket shelves. The potential in the US is great. Imagine if Starbucks Coffee Company started offering fair-trade coffee at its 1,400 stores across the US. As Starbucks sets off to achieve its goal of 2,000 stores by the year 2000, the demand for coffee best suited for specialty brands will increase. Starbucks needs to apply the same principles it claims to adhere to with its US baristas to the Third World coffee workers. A responsible coffee retailer should be more accountable for the conditions under which its coffee workers toil. Starbucks has helped shape the way people drink coffee. Regardless of whether or not Starbucks decides to be a socially and environmentally conscious coffee company, the potential to assist the Third World producer remains an issue worth exploring. There definitely is room for expansion and many more small-scale farmers to incorporate into alternative trade.

Unfortunately for coffee producers, demand still is determined in the First World. Commerce does not have to be exploitative to the small-scale farmer and his or her environment. Altering trading relationships to benefit producers is a major step away from the colonial legacy. As long as coffee drinkers continue to need their daily fix there will be a demand for coffee. US consumption habits do affect coffee producers in the Third World: whether that impact is positive or negative depends on what the coffee drinker chooses.

If one can accept that farmers involved in fair trade benefit more than their conventional counterparts, one must also embrace the fact that there is room for improvement. As sincere as the opinions of UCIRI farmers in praise of fair trade, they expressed other concerns and noted necessities that they lacked. While these farmers have relied on trade for generations, other aforementioned factors related to state policies greatly impact their lifestyles. Related to the coffee trade, there are improvements that can better serve the small-scale producer. Four of the six UCIRI members I interviewed identified one or more necessities in their communities that a steady income could fulfill. One farmer told me that many *campesinos* want work. This led me to wonder had these same *campesinos* earned enough money from coffee, would they need the extra work? Another farmer informed me that he was in need of a bathroom -- another basic necessity associated with lack of funds.

It is difficult to accurately predict whether or not higher set prices will enable farmers to fulfill all their basic needs. The higher and more stable prices that alternative coffee trading guarantees have benefited small-scale coffee producers, however. UCIRI's case is indicative of the improvements made in small-scale producing communities.

US college campuses, where consumers have influenced some administrations to take action, provide one sign of the advances in the Fair Trade Movement. Colleges now offering social and eco-friendly varieties of coffee include Brown, Princeton, Bates College, Wheaton College, Hampshire College, Episcopal Divinity College (Chicago), and Evergreen State College (source: Jessie Myska of Equal Exchange). Unfortunately at Miami University, the unwillingness by the head Shriver Center Administrator to make alternative coffee available is slowing down the progress to offer this brand of coffee. One early concern by a Miami University food service administrator was whether the price of alternative coffee would be competitive with what it currently pays. Fortunately, specialty coffee does not vary greatly in price between conventional or fair trade or organic. Even if the cost is slightly higher for coffee that is socially and environmentally responsible, it should be worth paying a little more for it. The results of supporting a fairer system of trade, where producers and their working environment factor above maximizing profit, benefit all parties -- from the producer to the consumer.

In the US, niche market products such as fair-trade and organic coffee have yet to compete with large roasters who specialize in mass marketing. As organic coffee becomes more popular, how will coffee produced at the small-scale compete with a Maxwell House organic, for example? If European supermarkets are any indication of what can happen in the US then the future looks hopeful for fair-trade coffee. There are over 35,000 European supermarkets sponsoring Max Havelaar and TransFair certified coffee seals (Interhemispheric Resource Center 1998). If all small producers started growing organic coffee, would the market become saturated? Unlike exotic produce that may be in high demand one year and out of vogue the next, coffee has remained popular even though consumers are not drinking as much they once did. While more plantations may start using organic methods in their production, large open fields with little or no protection from sun will have to make some changes in order to produce organic coffee without chemicals. Research suggests that modern ways of cultivating coffee, using a variety of chemical inputs without the use of shade is destructive to not only the environment but also to those who work in it.

Environmental Impacts of Coffee Production

Over the 20th century, technological advances in agricultural production have greatly changed coffee cultivation methods while altering the environment. The impacts are local and global concerns with implications that affect a variety of species, water quality, and soils in coffee-producing regions as well as consumers around the world. A switch from “traditional” to “modern” coffee cultivation methods has damaged and continues to threaten forest ecosystems in coffee-producing countries (Rice and Ward 1996; Perfecto et al 1996).

Coffee traditionally grew under shade trees that provided protection from the sun while creating high biodiversity on land ground cover. With the advent of the Green Revolution in the 1950s and the desire by many Latin American governments to “modernize” agricultural industries, coffee-producing country governments began to push for the use of high-yield coffee seeds. While high-yield seeds increased the amount of coffee produced, it also demanded more synthetic chemicals to replace the natural protection offered by the canopy of shade-producing trees. This process also entailed clearing other trees and planting coffee bushes in neat rows.

An original procedure for reducing the propagation and spread of fungal diseases such as leaf rust was the elimination of shade protection in coffee production. In Latin America, coffee leaf rust never became as severe a problem as it was in India and Sri Lanka, where it devastated crops. This was mainly due to the inability of the fungus to proliferate because of the cooler temperatures and a more intensive drying season in Latin American coffee regions (Rice and Ward 1996:11). After the threat of leaf rust lost its significance as an issue of concern, increasing coffee yields came to be the justification for modernizing coffee production. While higher yields have resulted from the reduction of shade and the use of chemical inputs, the cost to produce coffee remains lower using organic methods (Perfecto,

Rice, Greenberg, & Van der Voort 1996:599). J.J. Siman of the Tropical Agronomic Center of Research and Teaching in Managua, Nicaragua found that the cost of producing one hectare of coffee using modern or technified methods cost \$1,738,94. When using traditional methods, the cost came to \$269.47 (Ibid.). Siman's study also determined that the cost to produce one kilogram of coffee amounted to \$1.24 using modern methods and \$0.85 practicing traditional cultivation. Coffee grown in a traditional manner does not require the expensive chemical-based fertilizers, insecticides, and fungicides found in modern coffee cultivation. The human and ecological costs are even greater under "modern" methods.

There are serious health and ecological concerns associated with modern coffee cultivation and its use of pesticides, fertilizers, and other chemical inputs. After cotton and tobacco, coffee is the next most heavily sprayed crop in the coffee producing countries of the world. Of all the coffee produced in the world, 70 percent is sprayed with synthetic chemicals. Some of those chemicals, such as DDT, are banned in the US (Lane 1994:69). The coffee bean remains protected by the fruit covering and the roasting process eliminates most of the toxic chemicals. The consumer is therefore safe, but coffee growers and the ecosystem remain exposed to the chemicals. US government attempts to reduce the use of synthetic chemicals in agricultural production in Latin America over the last decade have been futile. A 1990 report by the General Accounting Office of the US, showed that Costa Rica continues to permit the use of chlordane, a highly toxic and long-lasting insecticide (Rice and Ward 1996:18).

Humans exposed to such chemicals have borne the brunt of the desire to increase coffee exports. In 1987, over 200 people in the coffee-producing state of Jalisco, Mexico became ill after drinking water contaminated from pesticides and fertilizers. In a World Resources Institute report documenting the impact of agricultural chemicals in the Third World, the researchers noted that improper health precautions precluded pesticide use (Rice and Ward 1996:19). This study showed that farmers in Nicaragua lacked an enzyme called cholinesterase, which is vital for proper neural-muscular functions (Rice and Ward 1996:19). Pesticide Action Network North America (PANNA) reported that more than 100 people suffered poisoning and one person died in 1993 from exposure to endosulfan in Colombian coffee production (Ibid.). The same group reported that in 1994 there were 100 poisonings and three deaths caused by endosulfan.

Traditional coffee production maintains high biodiversity and uses all the forest's resources naturally. Traditional planted coffee farms commonly have over 40 tree species. Timber provides construction materials, fuel wood for farmers and a valuable source for extra revenue when sold. The intercropping of trees and plants also aids farming communities by providing food for the consumption of farmers and their families. This enables coffee-farming communities to be less dependent on the whims of the international market and the vagaries of weather conditions. Oaxacan small-scale producers expressed the difficulties resulting from the 1989 to 1993 coffee crisis in Mexico when their diets consisted of mainly beans and corn tortillas due to lack of revenues from coffee sales (Interview June 1997).

Coffee-growing associations in Oaxaca encourage member farmers to grow crops in addition to coffee for their personal consumption and for extra income. At the June 20-21 Cacalotepec retreat for small-scale coffee producers I attended, one coffee-growing association advisor for CEPSCO encouraged the farmers to grow other crops in between coffee harvests. Unfortunately for the farmers, the labor intensity of small-scale coffee production reduces the time needed to grow other crops. Indigenous farmers at the retreat expressed this concern for lack of time and human resources to develop consumable crops. Even though the majority (around 90 percent) of those I interviewed stated that they grew other crops on their limited area of land, they relied on coffee production to provide essential capital for familial and communal needs.

Coffee-growing regions of Mexico, Central America, and parts of the Caribbean serve as habitats for a variety of birds, insects, and other species. Coffee farms across Latin America are also home to billions of songbirds from the US and Canada during the cold winter months. In areas where deforestation has eliminated much of the natural habitats for migrating birds, coffee plantations and farms have provided the necessary refuge. The switch to open-sun,

chemical-rich coffee production over the past three decades has further reduced the winter homes for migrant birds. This procedure exacerbates the current problem of the declining number of birds that make it back north in the Spring. The number of birds found on coffee farms rival natural forests according to Russell Greenberg, president of the Washington D.C. based Smithsonian Migratory Bird Center. On a research trip to Chiapas, Mexico, Greenberg and his colleagues in some instances witnessed more migrant birds in coffee farms than in nearby rain forests (Tangley 1996:1299).

Migratory bird specialists like Russell Greenberg and other birders have identified a problem and are trying to inform the general public about how open-sun coffee production eliminates required habitats for migratory birds. Some coffee organizations in the US have taken the lead and have begun to identify coffee that grows under biodiverse conditions to market as “bird-friendly.” Counter Culture Coffee of Durham, North Carolina is one such company dedicated to importing, roasting, and distributing coffee coming from shade-grown farms and plantations. This company offers a brand of coffee labeled “Sanctuary” to indicate that the product originated from shade-grown coffee trees. Efforts to protect the well-being of small-scale coffee farmers and bird populations through the dissemination of new information has encouraged conscientious consumption habits.

Small-scale farmers in Oaxaca, Mexico and across Latin America and the Caribbean have made major attempts to cultivate coffee in a manner that is sustainable while protecting the environment. These farmers are capable of cultivating organic, shade-grown coffee as their ancestors did before the introduction of chemical inputs. While many of the farmers I met naturally want to cultivate organically and preserve the land upon which they live, they lack the capital to pay for certification. Many ATOs have contacted farmers in Mexico and are making efforts to support the process of protecting the environment and the coffee growers who live in it.

Chapter Five – Summary and Conclusion

Beautiful Oaxaca, Mexico, with its long history of coffee production, provided a setting for documenting the inequalities inherent in conventional trade and for assessing the impact of alternative trade on small-scale producers. The poor coffee farmer and his supporting community rarely experience the riches generated higher up the commodity chain. A farmer toils in his fields for long hours to produce a bean for which the consumer will pay dearly. Whether or not either party realizes it, there is a connection and the decisions of the consumer affect the producer. Coffee farmers have been dependent on the vagaries of international prices, fickle consumer tastes, and local and international policies since the introduction of coffee two centuries ago. The 1980s and 1990s rendered some of the more severe difficulties with Mexico's austerity measures, which devastated rural communities and sparked opposition. The ruling PRI met confrontation during times of crisis by co-opting and incorporating voices of opposition. The PRI's imposition of "pain easing" programs such as PRONASOL, worked to incorporate a formerly disenfranchised sector of marginalized populations.

Salinas' imposition of neoliberal policies to receive an invitation to NAFTA carried with it harsh social side effects. While the Solidarity program attempted to calm social problems with handouts to the poor, it was the states' conviction to decentralize itself that allowed independent social organizations such as coffee-growing associations and independent trade unions to form. The formation of CEPCO is an example. It along with other grower's associations have provided Oaxacan small-scale farmers with the opportunity to empower themselves.

Social movements in Mexico and across Latin America are a response to government strategies that at best ignore and at worst destroy rural communities. Coffee-growing associations provide the outlet through which farmers can express their opinions and participate in a transparent and accountable organization. The thousands of Oaxacan small-scale farmers who have elected to join these associations are responding to state abandonment and repression. These farmers also want to earn a fair living from their hard work as coffee producers. CEPCO and UCIRI are coffee-growing associations that mobilize the peasantry. Their ability to free farmers from the conventional commercialization system gives farmers the benefits and coffee commodity chain knowledge that *coyotes* and INMECAFE never provided.

Both UCIRI and CEPCO promote organic farming and preservation of land. Member farmers from these organizations receive access to credit and information on community projects. These benefits are consistent in both organizations, but because of UCIRI's success in tapping into the alternative market, UCIRI members also earn a firm price for their beans even when international prices plummet and they receive a premium for their organic coffee. Just as important to receiving a higher and more stable price, UCIRI farmers know that there will be a buyer in the future, providing a sense of stability and security not available under conventional trading channels. This sense of a greater peace of mind is an intangible benefit alternative trade offers and it is what distinguishes UCIRI from CEPCO. Porter (1997) discovered that 568 out of 1,293 (44 percent) UCIRI members he questioned, in some way mentioned solidarity as a reason for joining this organization (Porter 1997:4). While material benefits are key attributes within UCIRI, solidarity motives also play an important part in understanding what these farmers value in an organization. UCIRI's ability to make trading relationships with ATOs overseas grants UCIRI members additional benefits. The UCIRI/ATO connection has made the link from farmer to coffee drinker shorter, greatly benefiting its members.

The fair-trade movement has succeeded in promoting ecologically friendly coffee production and responsible consumption. ATOs, with their ethical approach to trade, support sustainable coffee cultivation and promote the continued use of organic production. Traditional and organic production counters the conventional cultivation methods promoted during the Green Revolution, which have shown to be devastating to *tierra madre* and her supporting cast of species.

The globalization process with the imposition of homogeneous neoliberal economic policies has not made small-scale agricultural producers in Mexico better off. However, the exposure to the farmers' work and living conditions through increased information dissemination is an example of a positive impact of a globalization tendency. The unpredictable nature of globalization can lead to improvements in coffee farming communities. One positive outcome of the globalization process is the growing concern for rural peasant communities and their environment through the marketing of fair-trade coffee in the First World. The Fair-Trade Movement has helped coffee-growing associations assist farmers through directly buying coffee at a higher and more stable price. A combination of organizing producers at the local level and establishing trading ties to the alternative market have successfully benefited thousands of Oaxacan coffee farmers. The opinions expressed by the small-scale coffee farmers I interviewed in Oaxaca support the idea that alternative trade provides benefits not available under conventional trade. The potential is there to assist more farmers in receiving a better share from their produce. Oaxaca's small-scale farmers have done their part to alter the conventional path of coffee. It is time that more consumers meet their challenge.

When directed at progressive issues, consumer power can positively impact the small-scale producer, lessening the challenges that persist in global coffee trade. Many concerned citizens and organizations have begun to positively impact small-scale coffee producers and their environment in the Third World. The future of socially and environmentally coffee consumption appears to be bright. It makes perfect sense to buy alternative coffee. It is the socially and ecologically responsible thing to do.

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