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# The Impact of the Fair Trade Market on Coffee Farmers in Costa Rica

Kerri L. Loveless  
*SUNY Cortland*

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The exponential growth of the human race over the past few centuries has caused major alterations to the natural environment. As these radical environmental changes result in drastic climate changes, it is imperative that individuals become more aware of the effects that their actions have on the earth. The increased demand for natural resources as human expansion proceeds has resulted in the exploitation and overdevelopment of once fertile areas. Farmland around the globe has been stripped of nutrients due to overuse. Costa Rica, a primarily agrarian country, uses its rich soil to grow and export coffee. Coffee farming has helped provide Costa Rica with a stable economy, but coffee farmers find it increasingly difficult to succeed in the global market with ever fluctuating market prices fueled by corporate monopolies and rampant commodity speculation. As a result, some small-scale farmers have turned to organic and fair trade markets where their products yield higher prices. Fair trade organizations give coffee farmers a chance to participate in the global economy in a more just way and to be global citizens. Fair trade raises consumer awareness, to the plights of coffee farmers in coffee producing countries. Fair trade organizations fight the mainstream ideals of global capitalism to help farmers and consumers to unite through the common thread of global citizenship.

### **Theoretical Framework**

The capitalistic market creates the unfair selling prices that coffee farmers see today. The proof is in the fact that a fair trade market has emerged, which strives to offer fair prices to its growers. Why has the conventional market not met the needs of the farmers? The theories that Karl Marx created to explain the rise and eventual fall of capitalism are helpful in understanding the reality of the coffee market. Individuals pursue their interests though the market which do not coincide with communal interest. Either of these interests do not coincide with the interest that coffee corporations have, so each interest group is at odds with one another and this scene is played out on the stage that is the capitalist market (Marx and Engels 2004: 79). Capitalism inherently creates conflicting interests. Trade, simply the exchange of goods, dominates the entire world. In today's world there is an extreme division of labor, without which the modern world could not exist. Capitalism encourages trade, trade utilizes the principle of a division of labor in order to function most efficiently. For instance coffee growers will not have time to make their own clothes if they are trying to maximize the yield of the land. When farmers cannot produce everything that they need they will have to trade to obtain these necessities. This process in and of itself destroys freedom and creates alienation: "...[alienation] refers to the separation of the individual from either the preconditions or the products of labor..." (Marx and Engels 2004:78). Throughout history, people have grown more and more enslaved by the inexplicable power of alienation, as the importance of a global market has

increased (Marx and Engels 2004:79). Marx believes that the only solution to the problem is communism. However, perhaps livable wages from fair trade is a good way to improve the lives of millions of individuals.

The world market is not providing living wages for its producers, and as a result fair trade organizations have arisen to provide farmers with wages that are more fair. Fair trade organizations provide an income that is protected from market inconsistencies because the organizations provide a minimum price at which they buy fair trade certified coffee that reflects the cost of production. “[Fair Trade is] theoretically, premium prices that socially and environmentally conscious consumers pay to help small and disadvantaged producers earn higher and more reliable incomes from commodity production” (Sick 2008:194). With fair trade, farmers hope to improve their position within the market and are often successful. However, despite its successes, fair trade is lacking in many respects.

The cooperation of producers and consumers is essential in today’s economy, and division of labor allows the current economic system to function. At the same time, it creates interdependence and room for exploitation. Fair trade works to correct the abuses that the capitalist system places on the farmers but fair trade should not be touted as the solution to free market capitalism. Despite the benefits of fair trade organizations, these organizations face many obstacles before they can move beyond the status of a minor player in the global market.

### **History**

Coffee began its import life as a colonial cash crop. Prior to the age of imperialism, the Arabs had a monopoly over coffee and kept it a guarded secret. In 1616 the Dutch smuggled coffee seeds out of a port in Mocha and established plantations in their colonies in Java. The drink quickly became a delicacy in coffeehouses in Europe and trickled down to the middle classes becoming a widely consumed beverage. Coffee was brought to the Americas by French colonists, and was first grown in Martinique in 1719. It was grown and harvested in the Americas using slave labor (Jaffee 2007:39). In the 18th century coffee quickly went from being a crop grown with various other products to a monoculture, or cash crop, creating dependence (Jaffee 2007:41).

After independence from Spain in 1821 the Costa Rican government offered land plots to people that wanted to farm, and they encouraged coffee farming as it was a stable family business that generated wealth and a livelihood for the Costa Rican people. In 1969 coffee provided 10% of Costa Rican national income and 50% of its exports. Originally coffee was only produced on the highest lands of the central region but as time went on crops expanded to the

lower lands on the Atlantic side of the country (Rowe 1963:87). Today two thirds of the farms in Costa Rica are still owned and operated by families. Coffee farms are passed down through generations. Costa Rica grew as a rural democracy of small landowners and has, for the most part, remained as such (Valenti 1999; Rowe 1963:91). Consequently, cultural practices and traditions have been shaped by small-scale family farming.

From the 1960's to the 1980's coffee sales were regulated by the International Coffee Agreement which set quotas, controlled prices and maintained prices according to different grades of coffee. The world price for coffee set by commodity traders on the New York Coffee, Sugar and Cocoa Exchange fluctuated at this time between \$1.00 and \$1.50 per pound. At this time the price was relatively high and stable so more farmers were converting over to coffee production. However, on July 4, 1989 the International Coffee Agreement collapsed because of changing consumer preferences, a surplus of coffee from non International Coffee Agreement members, and the government of the United States. The U.S. government shifted its foreign policy in the 1980's from a focus on South America to its nearer neighbors Mexico and Central America. (Jaffee 2007:42). The collapse of the International Coffee Agreement as the regulating body, exposed all farmers to a free-market. Prices fell to 49 cents per pound in 1992, a price that did not even cover the cost of production for small-scale producers, who grew over 2/3's of the world's coffee. Farmers suffered after being exposed to the volatile free market. There was a rebound in the market between 1994 and 1997 but the price of coffee again fell below the cost of production in 1999. Coffee prices hit an all time low in December of 2001 dropping to 41 cents per pound. Often times farmers received even less for their coffee because of the supply chain, all the intermediary hands that the product passed through on its way to the consumers (Jaffee 2007:43). The shockingly low prices continued until 2004, when the market rebounded itself slightly because of frosts in Brazil. In July 2006 prices were at 95 cents per pound. When factoring in inflation these prices are half of their pre-1989 value (Jaffee 2007:44).

### **Current Trends**

In times of crisis the only real winners are large multinational corporations that buy dried beans and roast the coffee beans themselves. Five coffee corporations control 69% of the world's roasted and instant coffee and during these times of crises for the farmers, coffee corporations still reported record profits. In 2001 Starbucks reported a 41% jump in first quarter profits. Nestlé, the world's leading coffee corporation had a 20% increase in 2001 followed by a 13% increase in 2003. For the consumer, prices have continued to rise despite the wholesale drop in coffee prices. One estimate said that coffee corporations gained

an additional eight billion dollars during the crisis (Jaffee 2007:49,50). This corporate gain has led to an increase in poverty.

Coffee is the second most popular drink in the world, only to water. In New York on the Stock Exchange, far from the farms where coffee is being monitored, and grown and ripened for nine months, like a pregnant woman, the price of coffee is fixed. Coffee is the most volatile freely traded commodity in the world. It is the second most important raw material on the global market today (oil is first) (Valenti 1999). The four corporate giants are Procter & Gamble Co., Philip Morris Cos.'s, Kraft Foods Inc., Sara Lee Corp. and Nestle SA of Switzerland. They control about 40% of the world's coffee. They buy it in bulk and then roast, grind and blend it into brands such as Kraft's Maxwell House and P&G's Folgers (Fritsch 2002). Domination of the market by corporations has created a niche market; a place for fair trade institutions. In turn, fair trade institutions have become advocates for the growers, raising awareness on such issues as sustainable growing practices and farmers' rights.

To provide relief from these controlling corporations the fair trade organizations movement has emerged through a social movement that attempts to raise consumer awareness while simultaneously promoting improved economic, social, and environmental conditions for producers. These goals are realized by creating an alternative market which cuts out exporters, importers and brokers so that more money can go to producers. This market helps to alleviate uncertainties for small-scale producers by setting a minimum price that provides a living wage for workers and producers. A living wage is a salary that covers the farmer's operation or farming expenses and provides enough money for the farmer and his/her family to buy food and pay the bills (Jaffee 2007:37). Coffee is a cash crop which farmers rely on to make a living, so no matter the market prices, they must trade and sell it. (Jaffee 2007:37). Farmers who are fair trade certified receive a set price from the fair trade organizations that they sell their products to. The majority of fair trade coffee is certified organic, meaning that farmers attain an even higher price for their crop (Sick 2008:196,197; Jaffee 2007:1). In 2003 Vandana Shiva described fair trade by saying "Fair trade is...the practice of what trade should really look like if it has to serve the earth, protect farmers, protect our biodiversity, and protect our cultural diversity" (Jaffee 2007:133). Fair trade has emerged as a solution to global corporate dominance.

Fair trade organizations are important because they provide small-scale farmers with the tools that they need to be more competitive. Small-scale farmers gain organizational skills, knowledge and connections through their participation in local cooperatives. Cooperatives are organizations of farmers who come

together with a common interest to gain economic benefits from the partnership. They are an important part of the fair trade system, provide small producers with a way to gain access to markets. Cooperatives are democratic organizations that incorporate workers who have been marginalized, such as women, with equal voting power, and collective ownership no matter the size of their plot of land. Perhaps the greatest contribution of fair trade has been its ability to bring social concerns to the world's attention while simultaneously creating a niche for small-scale coffee farmers in the global economy (Sick 2008:197,198).

Fair trade is a growing trend among consumers. There has been a 12 percent growth rate of fair trade sales from 2008 to 2009. In 2009, 73,781 metric tons of coffee were sold through Fair Trade International, a fair trade organization based in Germany ("FairtradeLabelling"). Douglas Murray examined fair trade cooperatives in Central America and Mexico and found "revenues for fair-trade coffee to be twice the street price for conventional coffee, even after deductions were made for cooperative management and other expenses" (Jaffee 2007:95). Fair trade is better for the farmers because it provides them with higher wages for their crops.

Fair trade can be extremely beneficial but it is also seriously lacking in some aspects. There are four major problems with fair trade, supply and demand, price fluctuations, production costs, and certification. It is estimated that fair trade only accounts for about one percent of Costa Rica's overall coffee production (Sick 2008:198). Fair trade markets are still relatively small and production sometimes exceeds demand, forcing farmers who are certified fair trade to sell to conventional buyers for a lower price. Fair trade prices are not always much higher than conventional market prices. Fair trade functions because of its covert exclusivity, only farmers who can obtain fair trade certifications are able to sell to fair trade buyers but one can understand the fundamental flaws of fair trade when the supply that the farmers are producing is exceeding the market demand (Sick 2008:200).

Fair trade organizations promise to buy coffee beans from farmers at a price that is above the average world market price. Fair trade organizations have set buying prices but the price offered is not necessarily always the highest price available for farmers. Those farmers that produce high-quality beans sometimes feel that they can make more money on the conventional market. On the world market prices fluctuate constantly so if the market is on a high, farmers may sell their coffee on the global market to earn a higher price for their product. Farmers who grow Arabica beans at high elevation have more bargaining power because they have a more attractive product (Sick 2008:201). Conventional markets still

provide farmers with the ability to find buyers who will pay premium prices for high quality Arabica beans (Sick 2008:204). Furthermore, when coffee prices rise on the global market, other farmers may also want to take their chances on the conventional market to receive higher prices. Even though the market has created many of the problems that farmers have, they use the market as a mechanism to earn higher prices for their coffee (Jaffee 2007:56). Yet despite global market fluctuations, fair trade farmers are generally content to be part of fair trade organizations and to have consistent, dependable prices all season.

Costa Rica has a relatively high standard of living, but the fair trade organizations do not take this into account. The cost to produce fair trade organic coffee is more expensive than producing coffee using conventional techniques. Coffee farmers in Costa Rica receive the same prices for their products as farmers in less developed countries where the people can live off of fewer U.S. dollars per day. Living in Costa Rica, one of the most stable coffee producing countries, can have an unanticipated disadvantage, in that the farmers are earning the same wages but they do not go as far (Sick 2008:201). Fair trade organizations promise to provide farmers with wages that cover the cost of organic production and certification and a higher selling price than the conventional market, all to provide a higher standard of living. These are ambitious goals that fair trade organizations have not been fully able to live up to yet.

Intermediaries who deal with the coffee are said to decrease the price the farmer receives and increase the price per cup for the consumer. Fair trade was established to deal with that. In some instances fair trade organizations themselves can be thought of as middle men. Farmers of Coopeagri Costa Rica, have stopped selling to their Fair Trade Organizations and have begun to sell directly to the buyer, York University and Timothy's World Coffee (Sick 2008:203). This is an impressive accomplishment for farmers with such direct connections to consumers, but for the average coffee farmer this is not feasible and fair trade remains the best way to sell coffee on the global market.

Beginning in 1989, but more severely from 1997 to 2004, prices of coffee in the global market dropped dramatically making it extremely difficult for farmers to survive based on wages earned from their crop (Jaffee 2007:37). Coffee farmers sell their product in a highly volatile market; this leads to competition, hostility and the need for some farmers to seek alternative markets and in extreme cases alternative lifestyles. A farmer expressed his concerns about the market by stating "Coffee prices have been so bad that we can no longer support ourselves. I don't want to divide my family by going away to the [United States] to work. Maybe it is time to tear out my coffee and get dairy cattle like so

many others are doing” (Sick 2008:196). Coffee farmers sometimes find it necessary to convert their land to engage in a different economic niche like cattle farming, a more profitable venture. Cattle farming may be more profitable when the price of beef is high, but cattle farming can have devastating environmental impacts: “The coffee production crisis in Central America is taking a toll on environmental equilibrium, say experts, because the abandonment of thousands of hectares of plantations reduces the process of carbon fixing and oxygen production, while leading to increased soil erosion...” (Jaffee 2007:138). During this time some farmers abandoned their plots, alternatively, they moved to the cities to find employment or seek out a temporary form of employment. Others cut costs by reducing investment, using family labor rather than hired help and increasing food production on their land (Jaffee 2007:52). A coffee farmer in Sarapiquí, a county of Heredia Province in Costa Rica, expressed his frustration with the fair trade market when he stated “It [fair trade] is still the same: those who really make money from our coffee are those who sell it cup by cup in the coffee shops in the North. That is where the profit is. We don’t see it here.” (Sick 2008:202). Disheartened farmers in Sarapiquí are looking to the domestic coffee market to meet their needs. They hope to sell their coffee in Costa Rica, give coffee farm tours and open up coffee shops of their own (Sick 2008:202). Although farmers express their grievances, having access to fair trade markets can mean the difference between making enough money to support one’s family or searching for alternative employment.

One major challenge to the success of the fair trade process is the necessary certification. Fair trade certified cooperatives must cover the cost of production as well as exportation of the product. As a result of these limitations, one organization, Coocafé, keeps an extra \$1.65 USD per quintal, a unit of measurement in the metric system that is equal to one hundred kilograms, to cover its operating costs (Sick 2008:200). Fair trade growers are forced to deal with the often stringent demands of certification. Certification is crucial to ensure the customer that the coffee being purchased has been grown according to social and environmental standards. Certification is problematic because cooperatives must pay for the certification of their farmers, leading to a high start-up cost and maintenance fee (Sick 2008:200). Fair trade presents difficulties, as does the certification needed to participate in it. Certification is based upon an initial inspection of the farm followed by regular inspections there afterward (Jaffee 2007:148). Until very recently inspection was carried out directly by U.S. and European representatives of certification companies. The representatives charged rates that they would in their respective countries, which are considered high for most small-scale farmers. International representatives were not available to troubleshoot problems except during inspection, so small problems grew because



of time lapses between inspections, distance, and language barriers. Some farmers felt that the representatives lacked cultural sensitivity as well. Representatives were not always sensitive to the plights, problems, or realities of the Costa Rican coffee farmers (Jafee 2007:149).

The process of certification can be associated with certain fears. There is always the danger that a farmers' certification will be taken away because he failed to meet requirements or because of incorrect paperwork. It can be very costly to be re-certified and even more devastating if an entire cooperative is de-certified. It shows the control that the certification process has on the lives of the people. As fair trade coffee becomes more popular, fair trade organizations are making the requirements for certification more rigorous, in order to maintain their legitimacy amongst the consumers (Jafee 2007:150).

In some cases it has become mandatory that all subsistence food being grown on the property be organic (as well as the coffee). This can be costly for the farmers to maintain the fertilizer requirements for organically grown food stuff that is being raised to simply feed their families. Some of the food crops that are grown by farmers are far more susceptible to insects, but the farmers may not use any type of chemical on their crops because they would be breaking their contract. In this way the farmer has lost some of his free agency and he has entered into a conundrum of restrictions (Jafee 2007:151).

It is important to note that local conditions undoubtedly play a role in the farmers' opinion of fair trade. Soil and altitude that affect coffee quality, infrastructure, distance from market, available alternatives, and the size of the local cooperatives affect the farmers' success (Sick 2008:204). These factors that farmers cannot control impact their lives, some farmers, simply through geographic location and soil quality, become wealthy while others struggle to get by. The location of a plot of land or the richness of the soil can help or hinder a farmer but, as in any profession, creativity can lead a farmer to be more successful. Innovation can help farmers to deal with a volatile market as well. New techniques may be used for cutting costs and increasing profit. Many farmers have installed wastewater purification systems and coffee-husk composting systems. Coope Montes de Oro, a coffee farming cooperative in northern Puntarenas province in Costa Rica, with the help of a U.S. solar company, has created one of the first solar-powered coffee-drying factories (Sick 2008:201). The costs, risks and benefits involved in fair trade and conventional practices affect the farmers' outlook.

To cope with these hardships Fair Trade International, the German based organization that brings fair trade prices to a variety of products, has increased its minimum buying prices. These changes went into effect as of April 1, 2011 (Pasquini 2011). Fair trade minimum prices have increased from USD 1.25 to per pound for washed Arabica to USD 1.40. Fair trade premium prices (for high elevation Arabica beans) have increased from USD 10 cents per pound to USD 20 cents per pound (this is in addition to the agreed upon fair trade minimum price that the producer is already receiving). Prices for organically grown bean will increase from USD 20 cents per pound to USD 30 cents per pound (this is in addition to the agreed upon fair trade minimum price that the producers are receiving). Fair trade buyers and producers negotiate a contract that sets a minimum buying price for a pound of fair trade certified coffee. Farmers have the opportunity to earn a higher price than the set minimum if they have premium beans or organic certifications. Trading standards have also been revised to encourage negotiations, clarify price fixing, and reduce speculation. These changes create a stronger safety net for farmers and help cooperatives with pre-financing to purchase coffee from its members (Pasquini 2011).

Fair trade certification implies a social element of a fair price while certified organic is just about the physical coffee. Growing organically implies a social concern as well, a conscious choice of health for the farmer, his family, and a concern for the world. The two often go hand in hand and are often used synonymously. Buyers for non-organic fair trade coffee constrict and pressure the market even further but are hard to find because it is simply more marketable for fair trade organizations to buy organic coffee and market it as organic and fair trade so that they can receive a higher price per cup of coffee (Jaffee 2007:148). Certified organic coffee beans bring an extra 15 to 30 cents per pound. That price is in addition to the fair trade minimum price (Jaffee 2007:56).

Much of the organic coffee produced in Costa Rica is sold to western nations, in particular, countries in Europe. In Costa Rica the internationally recognized certification systems are called Ecologica and the Central American Institute for the Certification of Organic Products. These two domestic organizations certify organic products for consumption in Costa Rica and abroad (Willer, Yussefi-Menzler, Sorensen 2008:172,180). Costa Rica's certification system was recognized as equivalent to that of the European Union. Because of this Costa Rica has gained a Third Country status in the European Union which means that the coffee they grow does not need to be re-certified to enter the market in Europe. (Willer, Yussefi-Menzler, Sorensen 2008:172).

### **Organic Practices**

Organic and sustainable practices allow farmers to apply their ancestral knowledge about the land. Organic farmers draw upon familial knowledge of farming because organic methods are similar to that of the farming methods used in past generations. These methods are labor intensive, use the sun's energy to dry the coffee beans, grow coffee that is planted amongst other crops and use natural solutions to problems. Fair trade connections allow farmers to simultaneously have access to new information, technologies and techniques as well (Jaffee 2007:146). Information about the organic process, tips and tricks are often shared among farmers. Workshops are held to train new members, as well as to demonstrate new techniques to current members (Jaffee 2007:154). Through Jaffee's research (2007:155) he has found that conventional farmers have begun using organic practices like composting, building live barriers and terracing because they have seen how effective these methods have been for the organic farmers. Conventional farmers are not receiving organic prices because they lack the certifications required but the incorporation of organic practices is a way for farmers to increase the sustainability of their practices and the productivity of their land plots.

Organic processes allow soil to retain higher levels of organic matter and high levels of nitrogen, allow for lower fossil fuel energy input, greater soil moisture, and greater water conservation (Pimentel et al 2005). A reliance on synthetic chemical fertilizers and pesticides has serious complications for both people and the environment. Farmers typically use herbicides to control unwanted weeds and as a result these herbicides may be found in streams and ground water. Runoff of nitrogen fertilizers can create "dead zones" in the ocean, places where living organisms cannot survive due to nutrient depletion. Conventional practices, like herbicide use and intensive weeding can lead to soil erosion. Organic coffee farming means no chemical fertilizers, pesticides, insecticides, or herbicides are permitted. Organic coffee must be kept separate at all times and it must at no time come into contact with any chemical products. This all must be recorded and documented throughout the entire process (Jaffee 2007:147).

Organic coffee is shade-grown coffee which is important for protecting biodiversity among species. Coffee grows best around the equator in tropical and sub tropical regions, where biodiversity of plant and animal species is the greatest. In developing countries deforestation is often high, so shaded coffee farms are crucial areas of refuge for animals and plants. These niches often contain much of the diversity that once resided in the original forest, including insect species, soil dwelling organisms, reptiles, birds, and mammals (Jaffee 2007:135). Northerners were first introduced to the importance of shade grown coffee farms when the

number of migratory song birds began declining. The decline of song birds coincides with the increased popularity of full-sun grown coffee. Scientists linked the decrease in song bird species in part to the destruction of their habitats in the southern hemisphere. It became apparent that shaded coffee farms had helped to protect the species in the past, but with the popularization of full sun grown coffee the birds' homes were disappearing fast. In the 1990's the Smithsonian Migratory Bird Center has created a Bird Friendly Seal specifically to certify shade grown coffee that protects birds. The seal of approval distinguishes coffee farms that preserve the habitats of birds and essentially save important species by creating a niche for them to live in on the shade-grown coffee farms. This certification is separate from other organic or ecologically friendly certifications, having the central goal of raising consumer awareness of the loss of birds' habitats (Jaffee 2007:136-137).

There is not just one type of shade grown coffee but a gradient scale. Jaffee (2007:139) explains the scale by ordering coffee production from most shade and greatest biodiversity to the least. Rustic or mountain coffee involves removing the understory of the natural forest and replacing it with coffee. This method is most commonly used in remote, indigenous areas and yields low production. The second is traditional polyculture, where farmers plant coffee below native forest canopy while simultaneously planting other useful plants, creating *unasevahumanizada*, a humanized forest. Thirdly there is commercial polyculture, where the natural forest cover is removed and trees are planted that are specifically intended to provide shade to the coffee. Fourthly there is shade monoculture, where trees of one species are planted for shade cover and agrochemicals are often used. Lastly there is full sun technified coffee growing (Jaffee 2007:139).

Originally the coffee plant required shade to be grown. In the 1970's a hybrid coffee plant was created that could handle full sun exposure and farmers rapidly switched over, often because this change was government subsidized. The U.S. Agency for International Development encouraged coffee growing countries to use these "modern" coffee plants. This full sun coffee allows more plants to be planted in a given area, increasing the number of plants three-fold per hectare because it is not necessary to leave room for shade trees. Full sun coffee has stripped shade cover from over 40 percent of coffee-growing areas in Latin America. Further, this type of coffee requires the use of more pesticides and fertilizers (Sick 2008:196). These new "full sun plantations" often lead to soil erosion and water runoff, threatening the sustainability of the system. By 1990 in Latin America almost half of the land used to grow coffee had been converted to the full sun growing technique (Jaffee 2007:137).

The widely used full sun technique for growing coffee has meant the use of more chemicals on coffee crops as they are grown closer together and thus are more susceptible to disease, henceforth creating the need for a viable organic market. With such rapid and destructive changes occurring people have turned to organically grown food to demonstrate their desires for environmentally conscious practices. Today there are approximately 63,000 certified organic growers of an array of products in Latin America with an average of two to four hectares of land. In Latin America there are over 300 certified organic exporters, mainly cooperative groups and farmer's groups (Willer, Yussefi-Menzler, Sorensen 2008:170). In 2000 in Costa Rica there were 8,974 hectares of certified organic land in use. In 2006 there were 10,711 hectares, totaling .4% of the agricultural land with 3,000 producers working that land (Willer, Yussefi-Menzler, Sorensen 2008:180, 233). In Costa Rica organic coffee farmers grow other crops that they sell to the local market, a process they call 'Organic Integrated Farms.' Similarly Costa Rican organic farmers find local markets and supermarkets to sell their organic coffee. Specialized health food stores can cater to informed individuals who are seeking out organic products (Willer, Yussefi-Menzler, Sorensen 2008:166). It is important to understand that organic coffee farming became a feasible way to make a living only with the creation of fair trade organizations to sell the organic coffee through.

### **Governmental Involvement**

No country in Latin America provides subsidies or support for organic farmers but they are often protected through laws. Some countries have promotional programs but mostly the organic movement has grown of its own accord. International Aid agencies from the Netherlands, Switzerland and Germany often give aid to support organic practices. In Costa Rica in particular there are funds for research, experimental projects and teaching about organic practices (Willer, Yussefi-Menzler, Sorensen 2008:173).

In comparison to other countries in Latin America, the Costa Rican government has played an active role in the lives of Costa Rican coffee farmers. This activism has led to increased rights of farmers and a better quality of life for the farmers. On the official government website for the coffee sector (Instituto del Café de Costa Rica, ICAFE) the Costa Rican government sees the importance of coffee "Since the 18<sup>th</sup> century through our history, coffee has been a fundamental pillar of Costa Rican society and the motor of our national economic development. Because of this [coffee] is called the golden grain" ("Instituto del Café," 2011). The Costa Rican government believes that trade in coffee is positive because it increases foreign exchange. It works hard to support farmers'

rights, cooperatives and advancement in education, health care and infrastructure. Today tourism is the largest and most important part of the Costa Rican economy but coffee is the largest crop and it is the source of income for some seventy-eight thousand small-scale highland farmers who produce 2.5 million quintals per year (Sick 2008:195).

Oscar Arias, the former president of Costa Rica notes “how vulnerable coffee farming makes his country because we [Costa Rica] must rely on the export of raw material. We can never be sure of prices because they are fixed by the international market” (Valenti 1999). The Costa Rican government has implemented laws to regulate, control, and protect coffee farming and the farmers who participate because coffee is the backbone of the economy. Costa Rica is the only coffee-producing country that has a law in place that dictates that only Arabica coffee is to be grown (Arabica coffee typically commands a higher price on the market). The government also implemented a law that only red berries may be picked. Farmers harvest their coffee crop in several waves, leaving the unripened berries on the plant to ripen, giving Costa Rica the greatest yield per acre in the world. Through government regulations like these the small country of Costa Rica can be competitive and successful on the global market. (Valenti 1999).

### **Case Studies**

Through the results of my own fieldwork in the fall of 2010, I can conclude that El Toledo, an organic coffee farm that is part of a larger cooperative of families in Atenas, Costa Rica has succeeded because of the local government’s support. El Toledo, owned by the Calderon Vargas’ Family, has the government on its side, both parties believe that organic practices are better for the people and the environment. In the past the family practiced conventional farming but they decided to turn to organic practices for a number of different reasons. Herardo Vargas, the head of the house was suffering from health problems due to the pesticides, insecticides, and herbicides that he had been exposed to. The family became increasingly concerned about not only their health but the land, which they worked and lived on. The family’s coffee plant had a fungus that was out of control and slowly taking over and killing all the plants. They were spending more money on herbicides that did not even appear to be working. The Calderon Vargas’ have two sons and they began to think of the future of their children. They expressed their interest in organic farming to friends and neighbors and created a small group of families dedicated to the cause. The dire economic state that the global coffee market was in, made it worth the risk to turn towards organics and to look to enter into an alternative market (the fair trade market).

It took the cooperative three years to become certified organic. They are certified under Ecologica, the globally recognized certification from Costa Rica. With this certification they sell the dried, unroasted beans to companies in Germany, Japan and the United States. The group shared costs for the equipment necessary to undertake this operation. The Calderon Vargas family de-shells the coffee, dries it and stores it for the other members of the cooperative. Once the coffee is dried it must be maintained at 11% humidity until it is sold. It has to be kept in a secure shed until it is shipped abroad at the end of the harvest season.

For the Calderon Vargas family switching to organic practices was a lifestyle change. Since they have switched to organic production, they spread eighty bags of fertilizer on their crops, spreading so much fertilizer on the side of a mountain requires substantially more man power, than the family previously had to employ. They began to hire help to fertilize every season. Members of the cooperative, like many others across Costa Rica hire Nicaraguans as seasonal wage laborers. Nicaraguans can make approximately four U.S. dollars for working eight hours a day in Nicaragua. They can make approximately ten U.S. dollars for working six hours a day in Costa Rica.

The Calderon Vargas family, staying true to their commitment to sustainability uses all organic techniques. The family invested in a machine from Colombia to de-shell the coffee cherry from the bean that uses a very minimal amount of water. In the organic coffee process much of the honey remains. This means that the bean takes longer to dry out but also that the coffee maintains a subtle flavor and a natural hint of sweetness. The remnants of the coffee cherry are put back on the field as fertilizer, the organic process requires eighty bags of fertilizer to be dumped on their crops every season. The coffee is dried via solar energy, which takes at least a week, if not more, dependent upon cloud cover, rain and hours of direct sunlight. Gathered from personal experiences, I can attest that the coffee must be rotated by hand using a wooden rake every hour, to keep it drying evenly and as quickly as possible on all sides. The family became unofficial meteorologists, always predicting rainfall because the coffee needs to be covered immediately by plastic tarps or tin sheet at the first sight of rain. The coffee is also covered every night to prevent dampness. For the family, turning to organic processes is more expensive and timely, the family does not always see the rewards of switching to organically grown coffee in the form of significant financial gain. However the family does feel morally satisfied, they are living in a healthier way and through the use of techniques that impact the earth less, they are creating a better future for everyone. Due to the changes in farming practices

that the Calderon Vargas family has made, they are living their lives as globally conscious citizens.

Conventional and organic methods differ substantially. After switching to organic methods the members of the cooperative produce less coffee, but it is more sustainable coffee of higher quality. Most often conventional coffee farmers grow the full-sun coffee, which allows for a greater yield of coffee per acre. Conventional techniques require as little as ten bags of fertilizer and a substantial amount of chemicals. Conventional methods for coffee production require huge amounts of water to de-shell the coffee cherry from the bean and to wash the natural honey away. The process requires large amounts of water and often times the contaminated, highly acidic water runs unfiltered into streams. Conventional methods entail huge cylindrical dryers, heated using wood, in order to dry the coffee. This process takes no more than a couple of hours, so more coffee can be dried faster, but with a greater carbon footprint, at the cost of the environment and the natural resources.

Shade grown coffee is an important aspect of the organic process. In the Vargas' seven hectare farm there are 100 different kinds of trees. The land is considered 80% forested, which means that the coffee is growing in and amongst many different trees. The "forest floor" is covered with grass and weeds to prevent runoff. The family and the other cooperative members have worked closely with the local university to create balance and diversity in the *finca*. They have planted fruit trees, bananas, plantains, limes, and many other foods that they consume. Planting other crops besides coffee helps to oxygenate the roots of the coffee plants. The diverse variety of trees causes nitrogen fixation, nutrient uptake from the roots and promotes growth through diazotrophs (bacteria) and other microorganisms in the soil. These organisms help the plants to process nitrogen and be healthy. After changing the mini ecosystem of the farm the fungus that was killing the plants was under control within five years.

Gabriel, the son of the family, intends to teach others about his passion for organic farming. He works as a certified tour guide during the tourist season. He is interested in bringing tourism to the coffee farm. He bought a *toastadora*, a machine to toast his own coffee. He sells the families' organic coffee at the local market every week and to a hotel that he previously worked for. He is in the process of re-modeling to create a *soda*, a Costa Rican slang word for a small restaurant. He wants to bring tourists to the farm, give them a tour and sell them traditional food and coffee. Gabriel needs to be innovative in order to make up for the void that is created from the market, a void that even the fair trade market cannot patch. Even with the families' organically grown coffee being sold on the



fair trade market, the family still must engage in other forms of employment. The mother of the house bakes bread to be sold at the local market every week, the father works as a mechanic for his neighbors and Gabriel, the son, is working to create a tourist attraction out of the coffee farm, in order to supplement the income earned from the coffee grown.

The cooperative El Dos in Tilarán, also called Coopeldos is located in northwest Costa Rica (Luetchford 2008:32). The government helped interested farmers with the creation of the cooperative through financial incentives and support. The farmers received a loan of 100,000 colones from the Cooperative Department at the National Bank of Costa Rica to purchase the equipment to process the coffee. With that the El Dos coffee cooperative was founded in May of 1971 (Luetchford 2008:34,35). Coopeldos has two certifications for its coffee, one to distinguish it as quality coffee and the other to ensure the consumers that it was grown and processed in an environmentally friendly way (Luetchford 2008:39). These certifications are important to show the legitimacy of the organizations but they have created rigorous standards that the farmers must live up to in order to remain apart of the cooperative.

Farmers initially had an interest in organic practices because "...farmers are aware of the effects of their actions, concerned about sustainability and, given incentives and possibilities for gaining a livelihood, are able and willing to alter practices" (Luetchford 2008:88). The motto of the cooperative, "*sembramos progreso*", ("we sow progress") demonstrates the cooperatives' investment in the earth and agriculture as an avenue to progress. The cooperative system provides equality and participation for its members (Luetchford 2008:36). Money to expand comes from loans, grants and funds from their involvement in fair trade (Luetchford 2008:38). The cooperative is very active within the community, giving scholarships to students, making donations to elderly people's homes, as well as other development organizations.

The cooperative has addressed environmental problems through innovative solutions. To address energy usage, the cooperative installed solar panels on the roof of the building. To combat problems of water contamination, they treated the used water and lessened the amount of water needed for coffee production. To create more biodiversity, they established niches by the river as a safe haven for wildlife. The cooperative also grows saplings and sells them to its members so that they can restore land. Trees are very effective in creating windbreaks to protect the delicate coffee cherries. Trees on coffee farms are increasing in importance as the market for shade grown coffee increases

(Luetchford 2008:40). The cooperative toes the line between efficiency and providing well-being for its cooperative members (Luetchford 2008:46).

Coopeldos is a large cooperative, with thirty full time employees. Because of its size it needs administrators to run its affairs. With the implementation of administrators “middle men” are created, and the unfair advantages gained by middle men are seen even in an organization as small as a cooperative. One farmer expressed his opinion by referring to the cooperative as a mother. He stated, “we want *mama cooperativo* look after us, to nourish and feed us, we want her to be a good mother, but she is not. She keeps us lean and hungry while she grows fat, and we only manage to keep our heads above water” (Luetchford 2008:139). Luetchford (2008:140) describes conversations that he had with farmers who refer to the clerical work being done in the office of Coopeldos as *vago*, lazy. The farmers describe people who engage in physical labor, or agricultural work as *valiente*, strong and *muytrabajadora*, hard-working. Although there exists a discrepancy between the two types of work it is recognized that they need each other in order to function. Coffee farmers in Tilarán need the cooperative to sell their product on the market. This dependency exists at every level of the market structure and causes grievances between individuals and organizations.

### **The Effect on the Family and the Community**

Coffee farming creates jobs for local families and individuals and migrant workers. “A major benefit associated with coffee farming, and one often referred to by growers, is the employment it generates. As a labor-intensive industry with a high rate of return per hectare it is suited to small landowners with large families, and is said to encourage equity in the social distribution of wealth and resources” (Luetchford 2008:71). The Alvarado family of the cooperative is an example of a typical family in the region. The woman of the house and her daughter run the domestic sphere. They also help pick the coffee during harvesting season. The man of the house, in his seventies, spends his time leisurely and oversees the coffee processing. The three sons work on their own coffee plots and do other activities to supplement their incomes’, one owns a mechanic shop (Luetchford 2008:54). Both men and women work to pick the coffee. In El Dos 44% of women pick coffee (Luetchford 2008:75). During picking season Costa Rican laborers in the Tilarán Highlands cannot keep up with the amount of ripe coffee that needs to be picked, so they turn to Nicaraguan wage laborers. Coffee farming is laborious and requires many hands to make it successful but does not generate enough income so families like the Alvarado family must seek out additional employment (Luetchford 2008:85).

According to Luetchford's (2008:107) ethnographic work, he finds that the culture of the rural Costa Rican plays a role in the behavior of coffee farmers. The notion that God has provided land as a way for humans to create sustenance for themselves is why they are so conscientious of the sustainability of their practices. The Catholic patriarchal idea of an autonomous household, where the man is supporting the family is played out in the lives of the coffee farmers. In El Dos, and Costa Rica in general, identity is shaped around the idea of the family farm. Though these ideals certainly exist, the reality is that there are landless individuals, single parents, 'free unions' between couples, separations and conflict (Luetchford 2008:107).

The belief in God plays a large role in everyday life in Costa Rica and explains why family farms became the backbone of the Costa Rican economy after independence from Spain and why they remain an important part of the small country's economy. The farmers recognize that they cannot control nature by constantly using the expression *si Dios quiere*, God willing. Despite this the farmers still do everything in their power to do what they can. If periods of high rainfall occur near the time of harvest many ripe coffee cherries will fall off the plant, often times farmers and their families are on their hands and knees salvaging what they can (Luetchford 2008:87, 90). Local knowledge of the environment is also used to optimize efficiency. For example pruning should be done under a waning moon because it is said to encourage better growth of new shoots. In order for trees 'to take strength' they should be planted in the days after a full moon (Luetchford 2008:101). Organic farmers of the El Dos region used manure mixtures to fertilize the land. Traditional knowledge of the medicinal properties of plants grown on the farm are used in the household to keep family members healthy as well (Luetchford 2008:102). Through traditional knowledge, faith, government intervention, collaborations through the cooperative, and determination the people of El Dos are working to make a living off of fair trade coffee farming.

These two case studies, El Toledo and Coopeldos illustrate that despite the benefits that the involvement of fair trade obviously has, there are still some problems. Certifications can be burdensome, stressful, and demanding but provides a necessary link between the farmers and consumer's trust in fair trade and organic products. Organic production can be costly with the amount of fertilizer required, organic equipment and the time commitment that growing organically entails. The farmers turn to local markets to sell off surplus crops and even to other occupations to supplement coffee farming.

### Conclusions

By breaking down the elements that come into play in the market, such as certifications, competition, falling prices, alternative buyers and day to day hardships, one can begin to understand the difficulties that Costa Rican coffee farmers have in today's globalized economy. The manager of Coopeldos said "if we can look one another in the eyes, we can understand each other's needs" (Luetchford 2008:185). Hopefully unconventional markets, like the Fair Trade market can continue to create a livelihood for coffee farmers with fair trade certifications in the future. With the establishment of fair trade markets perhaps the world will begin to see that conventional practices and conventional markets are neither serving the environment nor the farmers. Improvements need to be made to fair trade markets to provide greater access to the markets and higher selling prices for the coffee. As they stand today fair trade market alternatives, provide fairer selling prices and a social concern for the people growing the coffee. Fair trade organizations are working to mend injustices found within their organizations and to improve the lives of individual farmers. If these organizations can continue on the path that they are on, providing for small-scale farmers, then they are doing their jobs and making a difference.

Fair trade is important for the success of small-scale farmers, for the environment and for the consumer, as all three entities benefit from it. Fair trade organizations provide a consistent income for farmers that reflect the cost of production of the coffee beans, allowing them to participate in a reasonable way in the world's market as content and productive global citizens doing their part and making a contribution on a global scale. Fair trade organizations work to correct the abuses that the capitalist system places on the farmers but fair trade is not the solution to the freely traded volatile capitalistic market, in fact it exists within that market, making it a part of the market, meaning that some of the inconsistencies and problems found in the global market remain problematic within the fair trade market. Fair trade is situated within the capitalist framework, it may be difficult to find a long term solution if individuals are only looking for ways to resolve the problem within the current capitalist system. In order to really find a solution to the problems of global inequality, individuals may need to look to a new economic or societal organizational system. Until a new system is conceived and recognized by the masses, fair trade helps to alleviate inequalities, by first recognizing that they exist and providing producers with fair prices. According to Marx, division of labor and the capitalist market have created disadvantages for farmers, fair trade is the first step in correcting these injustices.

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