

Brokering Fair Trade: coffee cooperatives and alternative trade organisations – a view from Costa Rica¹

INTRODUCTION

Recent enthusiasm among consumers, lobbyists, and development agencies for ethically motivated trade has only recently begun to be met by sustained investigation into the way it operates.² This paper makes a contribution to discussions on alternative trade agreements by examining the strategies, commitments and experiences of the managers of coffee cooperatives, NGOs and other agencies in Costa Rica, who negotiate Fair Trade deals with counterparts in the north. The managers are generally young, professional men, who live with their families in rural areas, close to the cooperatives in which they work. The data was gathered during a series of semi-formal interviews carried out during 1998-1999, and again in 2003.³ The wider context is the Costa Rican coffee economy, and political struggles by and on behalf of producers, but the managers' story, and their perspective on Fair Trade, situates Fair Trade within the history of a specific group of cooperatives and concerns their efforts to engage with commodity markets.

As brokers between coffee farmers and northern organisations, the cooperative managers hold key positions in economic, political and cultural processes. They represent farmers in the coffee market, and their account shows the way they use Fair Trade within commercial strategies to help build strong organisations. The managers describe how engagement with alternative markets emerged out of local and regional development, a history itself informed by their strategies, their vision, and their politics. For them, a prerequisite for success is efficiency and modern organisations, and they have an interest in promoting a particular view of their cooperatives as coherent and effective. In this work the managers express allegiance to cooperative values, and an ethic of service to smallholding coffee producers, a seminal figure in the Costa Rican national imagination.

In my discussions with managers I encountered a contradiction in their encounters with Fair Trade Organisations, between the aim of building strong, successful producer associations, and the requirement agencies perceive for needy beneficiaries

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² Early work on the subject of Fair Trade tended to take the exploitative nature of conventional trade relations as its point of departure, and present it as an alternative, positive paradigm (Barratt-Brown 1990; Coote 1992). More recent approaches have attached importance to globalisation and the drawing together of producers and consumers, with a focus upon networks, "connectivity" and the sharing of meaning (Whatmore and Thorne 1997; Renard 1999; Reynolds 2002a). More recently there have been a series of useful sociological case studies of producer groups, available at www.colostate.edu/Depts/Sociology. For Costa Rica, Ronchi (2002) provides an in depth study of the role Fair Trade has played in strengthening Coocafé as an institution. The tone of these accounts is often optimistic, a view that is not always shared by studies of the operation of niche markets and alternative trading relationships on the ground (Fraser 2003; Mutersbaugh 2002; Tallontire 2000), or research which identifies possible contradictions between the ethical and business components of Fair Trade (Lewis 1998; Renard 1999, 2003).

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marginalized in conventional trade relations. As a result, the cooperative managers are forced to negotiate between the goal to progress in development, and the mission of developers to extirpate poverty. This dual mission, and the discrepancies within it, are implicit in descriptions of Fair Trade, which aim to establish transnational commerce “in such a way that *disadvantaged* producers can increase their control over their own future, have a fair and just return for their work, continuity of income and decent working and living conditions” (Fairtrade Federation 2000, cited in Reynolds 2002b). This is achieved, according to TransFair USA, by “an innovative concept that connects producers and consumers in more equitable, more meaningful and more sustainable ways” (cited in Reynolds 2002a: 404).

Despite this promise of a new kind of relationship between farmers and shoppers there have been few attempts to document those relations, or critically assess Fair Trade. For consumers it is good to imagine an alternative market in coffee, whereby an extra payment can compensate for the disadvantages particular farmers suffer in conventional capitalist markets. To discover that this alternative ethical space is incorporated into the commercial strategies and market practices of producer organisations, is perhaps unsettling. In the final section of the paper I consider this unease, and some expectations and associations attached to the idea of Fair Trade, through writings on the ideology and politics of the gift.

COSTA RICA, COOPERATIVES AND COFFEE: MEETING THE DEVELOPMENT CHALLENGE

In Costa Rica access to Fair Trade markets comes under the auspices of a consortium known as Coocafé⁴, a second level cooperative that mediates between different groups and interests, exports coffee, and runs credit funds and campaigns. Coocafé is presently made up of nine producer cooperatives; these primary cooperatives process and market the coffee cherries produced by their members, and to varying degrees offer agricultural extension services, act as a conduit for credit, and engage in social and environmental programmes.

The Coocafé story begins in 1985, with the arrival in Costa Rica of the Agro-Economic Consultancy (CAE).⁵ The CAE aimed to establish, quote, “a regional project for economic development, which would support decentralisation and encourage producer associations in the rural sector” (Orozco 1992: 20, my translation). In Costa Rica this stipulation effectively meant cooperatives, due to the prominence of the cooperative movement in national life.⁶ Also central to the CAE’s specifications was a requirement to work with small, marginalized farmers; the stated goal was “to make the life of peasants and their families, who have always been the most marginalized in our country, more bearable and decent, by generating

⁴ Consortium of Cooperatives of Guanacaste and Montes de Oro.

⁵ The CAE was organised and funded by the Friedrich Ebert Foundation, a wing of the West German Social Democratic Party.

⁶ The importance of cooperatives is enshrined in legislation; law 6437, for example makes the teaching of *cooperativismo* compulsory in all centres of education in the country, while much of the economy is run under the cooperative system. Today there are over three hundred cooperatives in the country (El Cooperador 1998: 1) and as much as 30% of the economically active population belong to cooperatives (Edelman 1999: 59). In the coffee industry, approximately 40% of processing takes place at cooperatively owned *beneficios* (Fedecoop 1998: 3). For an in-depth account of the emergence of coffee cooperatives in Costa Rica, see Cazanga (1987).

employment and better incomes, with more just and egalitarian participation in decision making at both the economic and political level” (Orozco 1992: 22, my translation). Guanacaste, in the northwest of Costa Rica, met those conditions. In the words of one manager, “it was at that time one of the most marginalized and economically underdeveloped parts of the country”. The historical legacy of cheap lands in that region had led to the concentration of vast tracts of the lowlands in the hands of a few families (Gudmundson 1983), but this did not preclude the existence of large numbers of smallholding peasants in the highlands around the town of Tilarán, and in upland areas on the Nicoya Peninsular. It was just this class of peasant-proprietor that the project aimed to help.

The CAE established offices in Cañas, Guanacaste, and identified six suitable coffee cooperatives. All these cooperatives were deemed to meet the general criteria necessary for assistance; they were situated in peripheral areas with low levels of infrastructure, and had a membership base of small farmers. The CAE arranged a series of meetings between the managers of these organisations. They already knew each other as members of the Costa Rican Federation of Coffee Cooperatives (Fedecoop), but had failed to draw up a common agenda, as their interests were always subsumed under those of the larger cooperatives dominating the federation.

Meeting as a group for the first time, the cooperative administrators realised they faced similar impediments. They had problems accumulating capital and accessing credit. They encountered difficulties in maintaining the quality and quantity of production due to outdated and inefficient processing machinery, and because their members had failed to adopt the modern techniques which had transformed coffee production in other parts of the country (Hall 1991; Paige 1997; Williams R. 1994; Winson 1989). They all had problems marketing their product, so the prices received by the cooperatives and passed on to their members were consistently below the national average. Finally, those running the organisations tended to be drawn from among the ranks of local coffee producers and were prominent figures in local life, but they were untrained in the arts of modern business and were unprepared to put into operation the programme envisaged by the CAE. For this, professionally trained administrators and managers were required.

Plans were drawn up and implemented to change the cooperatives from “traditional” into “modern” organisations, with a professional bureaucracy and trained staff, equal to the task of competing in the modern coffee industry. An assessment of the strengths and weaknesses of each cooperative was carried out, with management training provided to transform the cooperatives. The CAE made loans from its own coffers, and underwrote credit. Agricultural extension officers were appointed to improve production techniques and recruit new members. The regular meetings between management, technicians and administrative staff at the CAE offices set in motion a common agenda and led to the formation of Coocafé.

With a new administration in place, the members of Coocafé were in a position to begin to put into practice the ideas and vision outlined in the CAE brief. This required “vision” and “untiring struggle”. The first director of the CAE is taken as representative of these qualities. He is described as the “tireless instigator” and “the great director” of the project (Coocafé 1998). By positing a radical disjuncture with tradition and putting progress in its place, the modernisers gathering under the

Coocafé umbrella promote a particular vision of the future; organisations such as Coopeldos operate under the motto “we sow progress” (*sembramos progreso*), whilst Coocafé can confidently proclaim their first ten years of operation was spent “harvesting success” (*cosechando logros*).

Coocafé today is a conglomerate of nine cooperatives, with its headquarters strategically located near the capital city. Over the years four others groups have joined the original founders. The new affiliates generally meet the conditions for membership; they are situated away from the principle coffee producing areas,⁷ and very few of their members have the ten hectares deemed by the Costa Rican Coffee Institute (Icafé) to be the minimum required for a family to make a living from coffee (Cubero 1998: 2).⁸

The new cooperatives in the group are historically linked by personal and professional ties, and fulfil specific needs. Coopesanta Elena is situated by a National Park and can project an ecological image, and has direct access to a lucrative tourist market for its own brand of coffee. Coope Llano Bonito, is situated at altitude in a prime coffee producing area, and provides the high quality “hard bean” the group requires. Two of the new members, Coopabuena and Coope Llano Bonito, were independently inscribed in the Fair Trade register, and Coopesanta Elena has preferential agreements with North American coffee businesses. By absorbing these cooperatives Coocafé has come to be the export agency for all Fair Trade coffee that leaves Costa Rica. A final advantage is the greater income generated by the inclusion of other groups. Each cooperative that joins must invest a sum based upon average yearly production into Coocafé. This contributes to the financial strength and overall stability of the group.

Coocafé has developed a bureaucratic structure to market the coffee. The export department handles the complicated arrangements for shipment. The aim is to sell the affiliates coffee exclusively through Coocafé; the export operation, they say, cuts out the need for intermediaries and streamlines the marketing process. In the year 1997-1998, Coocafé increased the volume of exports through its export department by 101%, to reach 35,091 sacks, while the export value more than doubled.⁹

The institutional and financial expansion of Coocafé has been remarkable. In the early days these small cooperatives consistently failed, despite their best efforts, to exercise influence, even within the national coffee cooperative federation (Fedecoop). Today they have links with and representatives in a wide range of government departments, cooperative organisations, financial institutions, export agencies, NGOs and campaign groups. For example, one manager sits on the board of the national coffee institute (Icafé), which controls and regulates the industry. Other

⁷ Except Coope Llano Bonito which is in a prime coffee area, see below.

⁸ Total production from ten hectares should yield in excess of 200 *fanegas* (1 *fanega* = 400 litres by volume of unprocessed cherries); data supplied by Coocafé shows that only about 10% of cooperative members produce this amount, and the average production for all *asociados* is only about 23 *fanegas* per year, or one tenth of the quantity required to support a family⁸. Although the data, based on production, hides certain anomalies, in particular the fact that some producers are large landowners but grow only small quantities of coffee as one of their production strategies, and coffee is seldom the sole source of income, the maxim that Coocafé is composed of marginal cooperatives made up of small farmers largely holds true.

⁹ Figures supplied by Coocafé.

organisations, such as the Latin American Coffee Producers Solidarity Campaign (*Frente de Cafetaleros Solidarios de América Latino*), are more overtly political. By participating in regulative, financial and lobbying groups, Coocafé has gained political influence, and accesses sources of information and funding that would otherwise be unavailable.

The cooperative managers and Coocafé staff are professional business people and administrators. The offices are run on modern business lines. Close contact is maintained between individual cooperative, and with head office. Movements in coffee prices and export opportunities are closely monitored, as are political and organisational changes in the coffee industry. Weekly meetings are held to determine financial and political policy. Since no decision is taken without consideration and representation of the interests of the various member cooperatives the process is deemed highly democratic as well as transparent; my own attendance at these business meetings was always seen as unproblematic. In any case, the ultimate reference point for policy is the membership base of producers, the small and marginalised coffee farmer.

It is no surprise that the efforts of the Coocafé administration has lead to financial growth. In the first five years of operation capital assets reached 50 million colones, but since 1992 the figure has increased by the same amount year on year. By the end of 1998, the total capital stood at 383 million colones, or almost 1 million pounds.¹⁰ For managers, sustained growth is evidence that they know how to run the business in a prudent and business-like manner.

CAMPAIGNING FOR FARMERS: POLITICAL MOVEMENTS AND MORAL MOTIVATIONS

Successful in business, the managers are driven by political commitments. The establishment of the group required a spirit of “cooperation” and “solidarity”, and the work of individuals was geared towards improvement and service for the benefit of the small coffee farmer. The aim of harnessing individual creativity and putting it to work at the service of the many, under the rubric of progress, comes across clearly in the words of the then manager of Coocafé, in his tenth anniversary address:

Ten years have passed since a group of men and women with a future vision came together with the purpose of resolving with valour and solid and practical plans, the problems of the small and marginal coffee producer. Ten years have gone by since a seed of hope was sown, on behalf of a life of dignity and sustainability for the small Costa Rican coffee farmer. A seed, which sprouted with vigour, grew strongly, and today has borne fruit in terms of competitiveness and solidarity in legitimate defence of the interests of the small and medium coffee producer of our country. (Coocafé 1998)

The managers say that this desire to defend others’ interests comes from personal formative experience, often linked to cooperative values, but located in a particular national history.

¹⁰ Coocafé; *Asamblea General de Delegados* No. 11, December 1998.

In Costa Rica there is a close association between the smallholding peasant family farmer, living in a classless and harmonious rural society, and national identity. Although this interpretation of history has been challenged, particularly the dispersed settlement pattern and equality in poverty (Gudmundson 1986), it is alive and well in national discourse. The idea of a nation composed of small, independent yeoman farmers living from the land in peaceful co-existence provides a political model, both for the cooperative movement, and the social-democratic welfare state for which Costa Rica is famous.

The economic reforms and social guarantees that were put in place in the middle of the last century were the product of shared political interests. The property owning peasantry, a rising urban middle class, and the Catholic Church, were all concerned to suppress the power of the coffee elite, but they also wished to outmanoeuvre political radicalism and the threat of communism that had emerged in the 1920s and 1930s (Paige 1997; Williams, P. 1989; Williams, R. 1994; Winson 1989). Although the communists had initial success in politics, and even entered into an unlikely alliance with the church over social reforms, they were soon suppressed and sidelined in the political process.

The reformism that then emerged is heavily influenced by Catholic social doctrine,¹¹ the principle contours of which are the right to private property, particularly land; the central role of the family in social life; the value of independence, with the individual coming prior to the state; the promotion of social justice, based upon rights and duties of employees and employers; the state as guarantor in safeguarding property and protecting citizens, particularly the poor; limitations on the accumulation of wealth, with excess to be dedicated to charity; and finally, the desirability of benign associations for employers and working people, particularly Catholic groups. There is a remarkable similarity between the model of Costa Rican society that began to emerge in the 1940s and this Catholic doctrine, first laid out by Pope Leo XIII in his *rerum novarum* of 1893.

The values expressed in the social doctrine of the church reflect a concern at the effects of unbridled capitalism. To this end it proposes an intermediate position between the capitalist and communist alternatives. Individual autonomy and the right to property are allowed, even celebrated, but the purpose of the economy is not to maximise individual accumulation, rather it serves a social purpose. The Catholic doctrine proposes a model of the economy based upon reciprocal relations within and between families, and a doctrine of moderation and restraint with regard to wealth and material possessions.

These themes are central to the moral ideas and purposes of the Coocafé managers. Carlos Vargas, the present manager of the group, points to the fact that despite its name Costa Rica should really have been called “Costa Pobre” (the poor, rather than the rich coast) since the common background is of well distributed land, but with “humble” landowning farmers, living on small family farms, in shared poverty, which breeds “solidarity”, and requires people to cooperate in adversity. In discussing their

¹¹ The first architect of social reform and social guarantees in Costa Rica was Rafael Calderón Guardia, President from 1940-1944, who had ‘a solid Catholic upbringing’ and ‘declared that his government would be oriented by the doctrine of social Christianity’ (Williams, P. 1989: 109)

work, and commitments, the managers frequently refer to a family background characterised by economic scarcity. Again, Carlos Vargas spoke of the challenges his parents faced raising twelve children, but added that such a large family encourages sharing. Similarly, Juan Carlos, another manager, talked of the sacrifice his parents made, of periods of “financial crisis” and their “great struggle” to put himself and his four brothers and sisters through college and university. Both men are sons of coffee producers and see the experience of growing up in relatively difficult economic conditions as highly formative. Alvaro Gomez, the manager at Coope Sarapiquí, like many of his colleagues, believes his motivation to help coffee farmers comes “from his father and his grandfather and his uncles”, all lifelong members of the cooperative. People, he says, are either *cooperativista*¹², or they are not, it is a “question of origins”. In this way the managers express a common identity with producers. Most of them are themselves coffee farmers and deliver cherries to the cooperatives they manage. This, they say, allows them to empathise with the producers, to, quote, “share in their trials and tribulations”.

Despite being raised in difficult economic circumstances in marginal areas of the country, the managers have had the opportunity to gain professional qualifications. This experience gives them a “personal goal” to use their advantages and skills to help others. They can do this through service to the cooperative and the communities in which they work, by getting good market prices for producers and their coffee, and through engagement with development programmes. The managers combine the qualities of professionalism and efficiency with an ethic of service and adherence to cooperative and Catholic style values. The growth of Coocafé is a testament to their success.

Inspiring the managers’ work is their association with the producer cooperatives that have played a crucial role in the national coffee industry since the 1960s, although the political demands and unrest that precipitated their rise goes back much further. Struggles between producers on the one hand, and an élite of coffee processors and exporters on the other, were ongoing throughout the last century (Acuña Ortega 1985, 1987; González Ortega 1987). Conflict between the two groups centred upon the terms and conditions of sale, and the prices paid to producers by the coffee oligarchs who controlled the industrial and export sides of the business. Discontent led to mass rallies and political campaigns that peaked as the market fell in the 1930s and 1960s. Farmers and their representatives campaigned against what they portrayed as unscrupulous and rapacious coffee processors and dealers, who threatened their right to make a livelihood from the land, and hence undermined economic and political stability.

Over the years, a series of political settlements were reached to regulate the coffee industry. They were eventually brought under a single law in 1961. Arguably the most important part of the legislation fixed the profits allowed from processing at nine percent; in this respect it limited the exploitative power of the processors, while still not guaranteeing profits for growers selling their crop on the commodity markets. To this end, some politicians proposed policies that met the growers’ demands for guaranteed prices, effectively subsidies. These electoral promises were never fulfilled, however, and such a state-sponsored measure has never been introduced in

¹² A cooperative supporter, or one who displays and supports cooperative values.

the coffee sector. So it is clear that the minimum prices offered through Fair Trade addresses demands that have been on the political agenda for Costa Rican coffee farmers since at least the 1930s.

In engaging with government agencies, NGOs and Fair Trade outlets, the managers of Coocafé draw upon tradition; they act as representatives of small family-based producers, marginalized in politics and economically impoverished. Yet these same farmers have long been portrayed as central to the health and stability of Costa Rica. They are organised into democratic producer associations, as befits the Costa Rican way, but have problems accessing markets and maintaining a livelihood. In promoting these features inequalities are obscured from view; those within the household for example, and the fact that much of the coffee harvest is done by landless families, Nicaraguan migrant labourers, women and children (Ortiz 1999; Sick 1999). Furthermore, as we shall see, anomalies emerge and relationships become strained when this representation of marginality becomes difficult to sustain in front of development agencies seeking beneficiaries.

CONSOLIDATION AND GROWTH: TRANSNATIONAL CONNECTIONS AND ALTERNATIVE TRADE

Perhaps the most significant factor in the financial achievements of Coocafé is the access they have to preferential markets through alternative trade organisations in the north, principally in Europe, but increasingly in the United States. The arrival Fair Trade in Costa Rica predates the CAE and Coocafé, and can be traced to the early 1980s and the activities of the Dutch NGO, SOS Wereldhandel.¹³ In May 1982 a representative of this organisation arrived in Costa Rica looking for a suitable producer group with which to develop a relationship based upon preferential terms of trade. Members of the cooperative federation (Fedecoop) took him the 51st Assembly of Coopecerroazul; a meeting that is now seen as historic, for it marked the beginning of alternative trade in Costa Rica. Throughout the 1980s commerce between SOS Wereldhandel and Coopecerroazul remained constant at 750 sacks per year. With the establishment of Coocafé, and the common agenda, the other cooperatives in the group were allowed access to the trade; a decision that was deemed a “generous act” which required a, quote, “lack of egotism” on the part of Coopecerroazul.

A positive assessment of the role Fair Trade has played in the life of the small farmers, the cooperative and Coocafé itself came across clearly in interviews with several managers. One explained that in the period following the failure of the International Coffee Agreement (ICO) in 1989, Fair Trade was a “windfall” or “bargain” (*una ganga*). Prices on the international market fell to below \$US 100 for 46 kg, prompting a five-year crisis in the coffee industry. Many farmers cut down or abandoned their groves. At the same time structural adjustment under the neo-liberal model imposed during the 1980s had meant the withdrawal of state support from social welfare programmes and the privatisation of state owned industries (Edelman 1999). Cooperatives and producer groups had to compete on equal terms with private business. The cooperative sector suffered a crisis; some organisations went bankrupt.

¹³ Information on the origin of Fair Trade in Costa Rica comes from interviews with the manager of Coopecerroazul, Sr. William Zuñiga, as well as the collection of documents put together by that organisation: *Informe Sobre Relación S.O.S. y el Mercado Alternativo. Coopecerroazul, 1982-1990.*

Because Fair Trade organisations pay a minimum of \$121 when the market falls below that watershed, plus a \$5 premium whatever the price, the Coocafé cooperatives were partly immunised against the ravages of declining prices and neo-liberal policies. Some 70% of the extra payments go directly to the producer and the bulk of the remainder is retained by the cooperative, and held as a development fund under the auspices of Coocafé. This gives the group financial strength, but allows the individual cooperatives access to resources. As a result they were able to consolidate their position and develop at a time when many others involved in coffee production and trade faced ruin.

The managers also point to social benefits. Because of the minimum price growers continued their farming activities, maintained investment in production, and took loans without fear of the consequences. They were protected from market instability, and able to remain on the land. In this respect Fair Trade is said to counteract a long-term national trend towards concentration in land ownership, and population drift from the rural to the urban sector. It maintained small producers, families and rural communities in difficult times. When prices are low, alternative trade agreements are said to achieve their purpose of providing stability, and reliable incomes to vulnerable farmers engaged in production for unstable global markets.

A more problematic situation emerges when prices rise beyond the \$121 threshold, which provides a clearer indication of how alternative trade is incorporated into business strategy. The system of a minimum price and the premium were developed during a market low, and intended to offset the difficulties this situation presents. When coffee prices move over the \$121 watershed the minimum price no longer applies; all that then remains to differentiate the alternative and the conventional markets is the five dollar premium. To further complicate matters, the spot price on the New York exchange only acts as a guide during negotiations of sales. When the market is buoyant, and coffee in demand, the managers can achieve prices on conventional markets that exceed the price offered by the Fair Trade organisations, even with the \$5 premium. At such times, abiding by agreements to make future consignments to comply with Fair Trade agreements can be deeply problematic, especially since managers are aware that prices might fall once again. To complete future orders from the Fair Trade sector, and so maintain the relationship, can require them to reserve supplies in the silos and ignore good prices on the open market. At such times the managers' commitment to sell through Coocafé can also be compromised. Agreements to supply coffee to ethical consumers, and the consequent advantage of a sustained minimum price as insurance during market lulls have to be balanced against a lack of freedom to speculate when coffee is in demand.

The advantages of Fair Trade in a bear market, and the relative disadvantage when the market is good, can be illustrated by the negotiations that take place over participation in alternative trade agreements by the separate cooperatives in the Coocafé group. A discussion during a meeting of the Coocafé Administrative Council in June 1999 aimed to fix the criteria. I suspect these negotiations are more likely to occur when there is low confidence in the market, and competition arises to participate in the attractions of Fair Trade as prices fall. A number of systems have been attempted; in the early years loyalty and scale of production of each cooperative were taken into consideration, in equal measure. This aimed to reward cooperatives that retained coffee for Fair Trade customers at times of high prices, but at the same time sought to

distribute some of the advantages equally. Unfortunately, the system proved unsatisfactory; Coocafé still found difficulty in meeting orders from alternative trade organisations when prices rose, as cooperative managers sold off their stocks on the open market. By 2003, and following further manoeuvring, they settled upon a system that used three criteria: the scale of production of each cooperative (45%), loyalty in selling coffee through Coocafé (20%), and a fixed quota of participation for each cooperative to demonstrate “solidarity” (35%). Added to this came an agreed ceiling on participation of 55%, although for many of the cooperatives the quota, in practice, is nearer the 30% mark.

The manoeuvring that occurs around participation shows how Fair Trade is incorporated into professional sales strategies, as managers try to direct sales through different contacts and channels. Their commitment lies in their aim to maximise prices they can pass on to their members. One of these channels is Fair Trade, and as with other market sectors, managers balance the advantages and disadvantages of sales to alternative trade or other markets at any one point, and attempt to argue their case and juggle participation accordingly.

Similarly, the organisations in the north are envisaged as operating by business criteria. The clearest way to see this is through the issue of quality. The oversupply of coffee which has resulted in prices falling to a thirty-year low (Gresser and Tickle 2002), means that buyers can afford to choose only the top quality beans, while inferior grades remain unsold. As the current crisis continues, and with ever greater numbers of producer groups bidding for participation in Fair Trade markets, so the Alternative Trade Organisations are said to be more demanding in terms of quality. To some degree this is understandable. To be a commercial success requires a quality product, but the producer groups who face the greatest obstacles are not generally those producing high quality coffee. The mission to help poor, marginal farmers is compromised by commercial considerations.

WHEN TWO MODELS CLASH: RELATIONS BETWEEN COFFEE COOPERATIVES AND FAIR TRADE ORGANISATIONS

It might be tempting to attribute the success of Coocafé to Fair Trade, but the idea that local level development is directly due to Fair Trade is denied by the manager of Coopeldos. In his view, the relation between these forces should be inverted; involvement in Fair Trade is one *result* of development at the local and regional level. The banishing of tradition, the establishment of modern bureaucratic structures, the setting up of common agendas and networking, opened up the possibility for expansion, and facilitated access to preferential markets. For the brokers involved in administering cooperatives at the local and regional level Fair Trade is a niche, an “alternative market” (*mercado alternativo*) they have managed to access on behalf of their members.

Such has been the success of Coocafé that the managers report discussions with parties in Europe over their right to participate in Fair Trade deals. Coocafé, so the argument goes, no longer needs the preferential terms on offer. The managers deny this and vigorously defend their participation. They point out that to exclude them from Fair Trade would be a punishment for their own success. Their achievement has been possible because they operate in an environment of political stability, unlike

their war-torn Central American neighbours, and to remove them from the Fair Trade register would in effect be a punishment for their country's democratic and peaceful tradition. Further grounds for the right to participate relates to business acumen. By this argument Costa Rica cannot compete in terms of marginality and poverty with, for example, their Nicaraguan neighbours. However they provide what the market requires; efficiency in despatching consignments as and when ordered, coupled with the kind of quality product needed to improve the image of Fair Trade goods in the north. Coocafé is presented as a model that demonstrates the potential of the alternative trade system, and they have offered their services to other cooperative groups who may wish to emulate their success.¹⁴

Some managers and NGO workers were more overtly critical of those who would exclude them, and there is disquiet about the organisation of Fair Trade. This focuses on two key areas: the limited scale of the alternative market and its slow rate of growth, and the nature of the relationship between producer groups and Fair Trade organisations in the north.

We can put the effect of Fair Trade into perspective by looking at production figures and gate prices paid for coffee at one cooperative. For the year 1999-2000, and with prices at rock bottom, Coopeldos sold 26% of its coffee through Alternative Trade outlets, which allowed an increase in payments of just over 9% to the producer.¹⁵ According to Carlos Vargas at Coocafé, the primary effect of Fair Trade today is "psychological" rather than financial; it encourages producers to continue working and boosts morale. On a national scale, however, it has less importance; as Alvaro Gomez from Coope Sarapiquí pointed out, sales to alternative markets vary between 5% and 1%, depending on the country; "this is not sufficient to keep up people's morale", and at current prices the coffee industry in Costa Rica is not viable, since, quote, "producers are not receiving what they should for their coffee". In Costa Rica, as in Europe, Fair Trade remains a niche market.

Some managers put its limited effect down to a failure to evolve, the "unending queue" of producer groups joining the system, and an inability to "project" and "plan" by the organisations in Europe, coupled with an "unwillingness to listen to producers". Managers experience a range of relationships with their European partners, but several expressed concern that terms and conditions are dictated, and they are unsettled by the way they are constituted as subjects suitable for development. The purposes they can express as leaders of their respective cooperative organisations at home, is negated by their experiences when they meet with their northern partners. At conferences and on business trips they report dealing with more junior staff from alternative trade organisations; the higher managers only make cursory visits, a sign to them that the opinions of producers and their representatives are given little importance. This is held up in contrast to the Assemblies held by cooperatives in which they aim at open debate, and an exchange of opinions is encouraged, with policies determined by votes cast by all members.

Certain parties in Europe, it is said, want to deal only with poor farmers. One manager explained that he always takes visitors from alternative trade organisations to

¹⁴ Such exchanges are in any case ongoing, and are part of the regional forums, delegations, and fact-finding missions in which the cooperatives engage.

¹⁵ Source: Coopeldos, Memoria Anual 2002, Asamblea Ordinaria No. 44, 1st March 2003.

visit the poorest families because, quote, “they like to see that, and then they go away happy”. Similarly, it was claimed that some Fair Trade groups expect acquiescent coffee farmers, who do not question decisions taken abroad. This is then related to neo-colonial attitudes, since certain Europeans, it is said, “don’t like to listen to the opinions of people in the Third World”. Others allude to the religious and church background to Fair Trade and one interviewee claimed that some Fair Trade managers in Europe see themselves as “shepherds” and the producers as “their flock”, who should follow, be submissive, and not take initiatives or pose questions. At the same time, it is admitted that the delegates from the south are often “passive”, and afraid to challenge their European partners. Sometimes this is put down to fear that they might lose access to preferential trade outlets.

From this perspective it would be easy to become overly critical and pessimistic, to resign oneself to the ubiquity of power and domination, and dismiss Fair Trade as an exercise in governmentality.¹⁶ Instead, we might try to explore these negative experiences further. For a start, they are at odds with the image projected by NGOs, businesses, and proponents of Fair Trade, and the way it is imagined; neither do they allow for the positive assessments offered by managers; and they are also contrary to the moral intentions of consumers. What is more, ethical consumption is recognised by growers and cooperative staff alike, who state that alternative trade is borne of the “good will” and “solidarity” of consumers. To account for this discrepancy I suspect we need to take seriously the moral and political ambitions of Fair Trade, acknowledge some common ground between participants, but at the same time try to understand how and why it can be experienced as subjection.

EXPLORING THE MORAL DIMENSION: THE IDEOLOGY AND POLITICS OF THE GIFT

Cooperative managers, in common with exponents of Fair Trade, express a commitment to coffee producers marginalized in conventional markets, which implies a socialist or social democratic politics of solidarity. Linked to this is a belief in alternative forms of economic organisations, above and beyond the individual actor in the market, exemplified by producer associations and cooperatives. A further component is the commitment to help others, the desire to express selflessness and sacrifice, in which we can discern religious roots. This is observable in the Catholic social doctrine that underpins the Costa Rican welfare state, in the church background of many Alternative Trade Organisations in the north, in the motivations of managers to use their advantages to help others, as well as in consumers who by paying more offer a premium to producers.

One way to tease out these political and ideological components, and to explore contradictions in Fair Trade is through the concept of the gift. In his reading of “The Gift”, David Graeber (2001, 2004) examines Mauss’s work as a political tract that locates ethical spaces in the economy in acts of reciprocity. This task gains meaning by offering a mirror image to the self-interest of the market. Mauss’s involvement in

¹⁶ This critical perspective would then place Fair Trade in the same bracket as other forms of ‘deconstructed development’; nothing more than an operation of power, what Homi Bhabha has called the ‘neo-colonial tradition of political control through philanthropy – a celebrated missionary position.’ (1994: 242). Even ethically inspired initiatives can be experienced and represented as subjection and a ‘project of rule’ for development subjects.

socialist politics and the cooperative movement are illustrative of his political commitments (Graeber, 2001: 156). While, Graeber notes, many cases of gift exchange require “balance” and therefore involve calculation, other cases veer towards an ideal of “total prestation” that aims to establish social relations; an expression of “timeless human commitment” through the giving of objects, without expectation of return (2001: 225).¹⁷

This interpretation of the gift depends upon an ideology of selflessness. While it must probably be accepted that giving without some return is not possible, this does not deny the existence of an ideology that says it ought to be so, or the possibility of political action that operates on this premise.¹⁸ There are several possible explanations for the idea that the gift should be given without obligation, independent of whether this is logically possible or not. Jonathan Parry associates the idea of perfect giving, or rather the total alienability of gift from donor, with the renunciatory ethic of certain religions. Gifts in this scenario are given in a spirit of expiation and sacrifice, so acts of charity could come to have moral weight. For James Carrier the historical development of capitalism provides another explanation for the ideology of the gift. He identifies two separate domains; one glossed as “work”, in which interest and impersonal relations prevail, the other called “home”, an autonomous space based upon unselfish reciprocal acts (Carrier 1995: 152-156). David Graeber interprets Mauss in a similar, though more political vein, since for him gifts can be used to cement social relations, the model for which are the open-ended relations within and between families, particular individuals, clans, and the like (2001: 27, 159).

In the supermarket, jars of Fair Trade coffee stand alongside other commodities of similar ilk, but remain distinct from them. One distinction lies in the premium, paid voluntarily by consumers who could equally well choose a different brand.¹⁹ This payment is justified in terms of a commitment to the producer, and a more meaningful relationship between them and the consumer. While the motivation to consume Fair Trade products is undoubtedly complex, and is beyond the scope of this paper, it does seem that the purchase choice is freely made and the relationship is constituted as devoid of the obligation to reciprocate. In common with other acts of gifting, Fair Trade seeks to establish an ethical space outside the market; it denies self-interest and acknowledges, even privileges, social relationships in the economy, and paradigmatically those between producer and consumer. Since the model for altruism in western thought is the family, it seems entirely fitting that recipients of Fair Trade are small, family farmers; as the Catholic and cooperative model is based upon individuals sharing private property in reciprocal relationships it is also apt that they are landowners.

The idea that gifts should be given without expectation of return can, and apparently does, obscure many problems. Graeber points out that “total prestation” can easily

¹⁷ This interpretation follows Graeber’s definition of the gift as “to transfer something without any immediate return, or guarantee that there will ever be one” (2001: 225)

¹⁸ Derrida points out that the ideology of the gift, given without interest or expectation of return, constitutes a paradox for the economy, based as it is upon exchange, and hence circulation. Hence the gift becomes ‘the impossible’; it attempts to break the circle, and deny the idea of return, which is the essence of the ‘law’ of economy (1992: 6-7; see also Graeber 2001: 161 for commentry).

¹⁹ The voluntary nature of participation in Fair Trade consumption is made explicit in a recent poster campaign, with the headline: “Trust your Taste: Choose Fair Trade”.

degenerate into relations of patronage and exploitation. For Stirrat and Henkel a similar obfuscation occurs in charitable giving in development:

“[W]hat starts off as a pure gift, an act of seemingly disinterested giving, morally and ethically divorced from the mundane world, becomes in the end an object or a service intimately entwined in the mundane and interested world. Furthermore, in the course of this journey, the gift creates a series of problematic relations, frequently ambiguous in terms of their meaning and often paradoxical in terms of their implications.” (Henkel and Stirrat 1997: 69).

The experience of cooperative managers poses similar problems for Fair Trade, and highlights some of the difficulties in establishing non-market type relations in a market context, on the other hand, the desire for an alternative relationship between producer and consumer has ideological appeal and potential for political leverage.

CONCLUSION

The experience of cooperative managers as they engage with Fair Trade involves a paradox. This can be summarised as a tension between two essential aspects of development; the desire to promote welfare, coupled with the imperative for technical and economic progress. Olivier de Sardan has labelled these the “altruist paradigm” and the “modernist paradigm” (2005: 70). For cooperative managers engagement with Fair Trade comes from modern business acumen, efficiency, and success in the commodity markets they access on behalf of their members. At the same time they reject the paternalism by which consumers can be encouraged to adopt poor southern farmers. For their part, alternative trade organisations in Europe have problems with successful producer groups, since this contradicts the model of marginality and poverty, the need to express concern and political commitment that attracts consumers to Fair Trade in the first place. Populism assumes a commonality of purposes, ideas and representations, but the evidence shows there are disjunctures in the meanings and aspirations of the participants that can threaten the Fair Trade relationship.

As policy, Fair Trade has met with some success by providing an avenue for consumers to give a premium to producers exposed to the uncertainties of commodity markets. Fair Trade indicates that the idea of greater social responsibility, realised by drawing producer and consumer into closer commercial relationships can be good business practice, for both producer groups and northern organisations. It disavows the notion that consumers take only price into consideration while shopping, and seek solely to maximise self-interest. While I have shown that as policy Fair Trade does not operate as envisaged, it is at least implementable. Fair Trade opens up moral, economic, and political possibilities in development, and as David Mosse has argued (2004), from ethnography we can begin to see how policies take shape in practice.