Grounds for Agreement: The Political Economy of the Coffee Commodity Chain

Bair, Jennifer

Social Forces; Mar 2007; 85, 3; ProQuest Central

pg. 1449

Book Reviews • 1449

analyzes at length and with subtlety the hidden codes of the Simon Wiesenthal Center Museum of Tolerance in Los Angeles. Brown is good at pointing out how toleration is reduced to an attitude, that is, to a moral commitment bereft of any sociological understanding of structures of power.

One can agree on many points. Liberalism is not, to use a different but related set of concepts, neutral whilst others are ideological: to the contrary it is an ideology, and should be discussed as such (and in my view, given Kantian preferences and continuing belief in the political benefits of "le doux commerce,") and *defended* as such. Then it is very refreshing to have someone on the left say very clearly that the politics of identity can be regressive, questionable culturalism rather than the redressing of class wrongs. Finally, Brown is quite right to stress that the erection of cultural silos may create rather than break down such differences as there are. A good deal more could be said at this point. Many of those who praised difference, at least in Canada, had no experience of living in deeply divided societies, and were so astonished when the slightest difference did emerge that toleration was all-too-quickly abandoned.

Nonetheless, the author is open to severe criticism. Those who tolerate do not always feel themselves to be right. Montesquieu's Persian Letters, for example, mocks the universal pretensions of the Occident as well as of his purported Orient. He argued for absolute intolerance on a very few matters (no fear, no slavery) in combination with relativism elsewhere. Surely the latter point is right: sex is ridiculous which ever way you do it. More importantly, too much guilt at our own failings is expressed; for all that this is a proper corrective. It is not always we who cage others. Quite often the attempt to capture and to mold people is the work of political entrepreneurs far removed from the establishment - as was true, to cite an example I understand, of late 19th century Czech nationalists. In consequence it is sometimes vital to be intolerant, as even cursory recollection of Nazi tactical violence within Weimar surely demonstrates. And at a very general level, the argument is far too idealist, as is so often true of those heavily indebted to Foucault. Mental frames can structure reality, but quite as often reality structures them. Finally, the author's own positive politics are murky. She seems in favor in the end of tolerating differences, but she admires the universalism of the civil rights movement. Which is it to be? She is right to stress that the banner under which our societies live - "consumers of the world unite" - is less than noble. Is there a better practical alternative?

Grounds for Agreement: The Political Economy of the Coffee Commodity ChainBy John M. Talbot

Rowman & Littlefield, 2004. 238 pages. \$77 (cloth), \$29.95 (paper)

Reviewer: Jennifer Bair, Yale University

The current culture of contemporary coffee consumption in the United States, aptly symbolized by Starbuck's status as one of "the world's most recognized brands," may be partly responsible for the spate of recent scholarship on coffee.

Or perhaps it reflects interest in the sociological meaning and implications of movements for ethical consumption, among which campaigns for fair trade coffee are the most prominent. Whatever the reason, this body of work is greatly enriched by the publication of John Talbot's thoughtful book about this much studied commodity.

Grounds for Agreement is driven by a clear set of theoretical questions about how to understand and analyze the mechanisms through which patterned inequality is reproduced in the world economy and to what extent these mechanisms change over time. For Talbot, coffee represents a broader category of "tropical commodities" which, because of their ecology, necessarily flow from the global South to the global North, making them particularly interesting for students of development (as well as prime targets for activists). Arrighi's systemic cycles of accumulation, Polanyi's double movements and Friedmann and McMichael's food regimes all inform an analysis firmly rooted in the world-systems tradition. but Talbot's primary engagement is with the commodity chains approach, first articulated by Hopkins and Wallerstein and elaborated as the global commodity chain (GCC) framework by Gary Gereffi and others. Talbot analyzes the political economy of the coffee commodity chain to show how its governance structure - the rules, regulations and relations of power that determine how activities and profits are organized and divided among different actors along the chain - changed over the course of the past 60 years, mostly to the detriment of the approximately 20 million people whose livelihood depends on coffee.

In the third through fifth chapters, Talbot recounts the rise and demise of the International Coffee Agreements (ICAs), which regulated the coffee trade for the better part of three decades. The coalescence of several factors resulted in the breakdown of the regime during the 1980s, including an oversupply problem that was partly rooted in the way the ICAs had allocated quota among growing countries, but also reflected the increased crop yields generated by "technification" programs, particularly in Latin America. The end of the Cold War gave the consuming countries, which had always seen the ICAs as disguised aid to the coffee-growing countries, less geopolitical reason to support them, and a reorganization of policymaking within the U.S. government that transferred jurisdiction over coffee policy from the State Department to the office of the United States Trade Representative further weakened support for the ICAs in the world's largest coffee consuming country. Meanwhile solidarity among growing countries gave way to a sense of competition among the coffee states, as many sought to increase exports under the aegis of structural adjustment programs.

The rest of the book analyzes events after the end of the last ICA in 1989. A methodologically innovative seventh chapter introduces a needed level of rigor into commodity chain analysis by quantifying the distribution of profit along the chain and showing how much of the consumer's "coffee dollar" returns to the exporting country. This analysis, which makes excellent use of data that is admittedly (if regrettably) much less available for most other products, vividly demonstrates what is at stake in the often abstract discussion of chain governance. The upshot is that since the demise of the ICAs, the profitability of multinational coffee roasters increased significantly, in large part because wholesale prices

have remained relatively stable despite a dramatic and sustained drop in the world market price of green coffee beans. This decline is having a profoundly negative impact on many coffee-producing communities however, with growers earning an average of about 41 cents per year for each coffee tree they tend.

Is "sustainable coffee" the solution? Talbot poses this question near the end of the book, when he traces the rise of first, specialty, and then later, fair trade and organic coffee. He rehearses what is by now a rather familiar argument regarding the limits of these initiatives to differentiate industrial from environmentally- or socially-responsible coffee, which are sufficient neither to improve the situation of most coffee growers, nor to fundamentally alter the balance of power along the coffee commodity chain between growers and the coffee-producing states, on the one hand, and the coffee multinationals headquartered in the consuming markets, on the other. Talbot concludes that only a *reregulation* of the coffee market through a new international agreement can address the root cause of the problem, which is a structural oversupply of coffee.

Although it is a tribute to the richness of the book, Talbot might be faulted for not pursuing more fully some of the issues raised in Grounds for Agreement. For example, the relationship between the coffee-growing states and the individual coffee growers within them is alluded to, but not considered in a systematic way. This is an important point because, as Talbot notes, the coffee state's regulatory apparatus has been studied extensively and criticized roundly; in fact, the rentseeking behavior of coffee agencies and marketing boards was often "exhibit A" in the case made by those urging liberalization of domestic coffee production. Although Talbot acknowledges that state control permitted corruption in some cases, and that reform was clearly warranted, he also mounts a rather vague defense of these institutions, referring to their positive role in agricultural extension, their provision of loans and subsidized inputs to growers, etc. (pp.107-109). Yet the reader senses that what Talbot is actually at such pains to defend here is not the historical performance of these particular agencies (which at any rate varied dramatically across countries), but rather the principle of state regulation, which he implies, but never argues, was the real target of much (though certainly not all) of the critical attention that the coffee agencies received.

Finally, Talbot is overly modest in the claims he makes about the implications of his analysis for the commodity chain framework. He aims to show how tropical commodity chains differ from the buyer-driven governance structure of commodity chains for light manufactures. Unlike the latter, in which lead firms sometimes create upgrading opportunities for developing-country suppliers by externalizing less profitable activities, the coffee chain is controlled by multinational companies that have not spun-off any activities, but have rather defended their control of all links in the chain related to the processing of green coffee beans. When a number of coffee-growing states upgraded by investing in the capacity to produce and eventually export instant coffee, U.S. roasters responded by successfully lobbying for a provision (Article 44) in the International Coffee Agreement which prohibits any ICA member from "discriminatory treatment in favor of processed as opposed to green coffee." Talbot's analysis of the instant coffee segment and the larger commodity chain points to two

conclusions: 1.) the ability of developing country-firms to upgrade via the capture of "market-based" product and marketing rents (i.e. returns based on innovation and/or product differentiation) may be contingent on the strategies of the lead firms which control the chain, and 2.) regulatory rents of the kind secured by the ICAs have been important sources of revenue for developing country producers in global commodity chains. Ultimately Talbot's book is a story about how the collective action of coffee-growing states enabled them to "upgrade" by transforming the governance structure of the coffee commodity chain itself, and why that success was short-lived.

Gilboa: New York's Quest for Water and the Destruction of a Small Town

By Alexander Thomas

University Press of America, Inc., 2005. 205 pages. \$34 (paper)

Reviewer: Stephen G. Perz, University of Florida

There are many ways one might read this book, for it focuses on New York City and its hinterland but provides many angles from which to view the issues at hand. The ostensible core of *Gilboa* is a chronicle of the construction of a dam to create the Schoharie Reservoir during the 1920s, which destroyed the village of Gilboa in order to provide additional water for New York City.

Substantively, I'm inclined to view this book as a case study in water politics, one among a growing number of such cases that have emerged in recent years as debates over water (as a right, a resource, a commodity, etc.) have rapidly intensified. But *Gilboa* is a historically-focused tract with a set of substantive discussions. This has advantages and disadvantages, for *Gilboa* provides an historical counterpart that serves as a cautionary tale for contemporary battles over water, though the story told in this book is somewhat scattered, fragmentary and repetitious.

Let me begin with the strengths. *Gilboa* contains numerous descriptions of fascinating historical contingencies that set the stage for later events involving the Schoharie reservoir and Gilboa village. New York's natural landscape, with its numerous river basins and specifics of topographic relief, later becomes crucial for difficult political choices about where New York City's next best sources are for water. Dutch mercantilism led to the establishment of trade along the Hudson River, later making the New York City a target for immigration, which fueled rapid population growth. Feudal tenure relationships in upstate New York led to revolts by renters, but under specific conditions (e.g., the death of a key landowner), which later proved insufficient to stimulate similarly strong protests against dam construction later (due to rural depopulation, driven by industrialization and better jobs in urban areas).

Another strength is the attention given to cultural assumptions and ideologies among various interest groups that interacted in specific ways to prevent or hamper efforts to resist construction of new reservoirs in place of rural communities. Whereas key New York politicians held to the view that water for the city provided the greater good for the greatest number, *Gilboa* also makes