Unpacking Fair Trade bananas and coffee: private financial investment and the state in Costa Rica


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Title: Unpacking Fair Trade Bananas and Coffee: Private Financial Investment and the State in Costa Rica

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Peter Luetchford has an MA in Anthropology and Sociology (1986) from the University of Aberdeen. After living and working in Spain for many years, he came to study for his PhD at Sussex in 1996. Between 1998-1999 he carried out fieldwork on coffee and cooperatives in rural Costa Rica and he received his PhD in Social Anthropology in 2003. Peter began teaching in the Department in 2002, and in 2004-5 held the Leach/Royal Anthropological Institute research fellowship, which led to a monograph on Fair Trade and coffee in Costa Rica. More recently he has pursued his research interests through an ESRC funded project into the politics of local food and organics in Europe. This included further periods of fieldwork in Andalusia, Spain.
Abstract
Entanglements between the state and agricultural production played a central role in determining the implementation of Fair Trade in the coffee and banana industries in Costa Rica. This paper contrasts a national imaginary of smallholder coffee production with a banana enclave dominated by US corporations. While the former complements Fair Trade practices, the latter precludes its entry to the sector except under exceptional circumstances. However, in neither case are structural inequalities eliminated, but are rather reproduced. The article shows that divergent historical circumstances frame how these industries operate, and thereby directly impact Fair Trade as a private sector development initiative.

Introduction
This article examines the intersections between Fair Trade and longer-term structural factors behind inequalities and uneven development, as constituted through state policies and market practices in coffee and banana production in Costa Rica. Fair Trade, as an example of private sector development, reflects a shift in ideology and practice away from welfarism and poverty alleviation towards market-driven initiatives. The paper argues Fair Trade has severe limitations in transforming deep-seated structural conditions that reproduce inequalities and marginalities experienced by commodity producers and workers.

Fair Trade promotes the idea that private financial investment through markets can be proactive in generating development. We see this among northern consumers who connect financial decisions when shopping with specific ethical forms (Carrier 2012; Doane 2010). In parallel, alternative trade organisations, businesses, and retailers, recognising an opportunity to ‘do well by doing good’, have implemented a moral model that responds to the social and environmental degradations of capitalist markets by flagging green credentials, workers’ welfare, and exchanges with small producers and cooperatives. That is, Fair Trade is constructed around forms of economic and moral agency, enacted through consumption and exchange, and projected into development and production contexts, but this largely reproduces rather than reconfigures structural inequalities in competitive commodity markets (Luetchford, 2008; Zaglul Ruiz, 2019; Besky 2014). In this way Fair Trade can be seen as a kind of
‘double fetishization’ (Graeber 2001), making powerful claims about agency but simultaneously obscuring differential effects on producers and workers.

The article proposes that we need to understand the conditions under which agricultural commodities are produced, processed, and commercialised, as an outcome of located histories, and that this furnishes a deeper understanding of how the financial investments of consumers and Fair Trade organisations play out in context. Our findings show labour conditions in Fair Trade do not substantially differ from conventional practices. This is due to two factors: the locatedness of Fair Trade in the neoliberal market, and a history of exploitation in the banana and coffee industries in Central America.

Our paper contributes to existing theoretical discussions on Fair Trade and agricultural production. It does so, firstly, by expanding analysis on the role of the state and its repercussions for Fair Trade. Other researchers have explored the relationships between the state and agricultural production. Besky, in particular, invites scholars to ‘shift their scale of analysis to explore the role of the state in protecting workers’ rights’ (Besky, 2008: 7). In her work on the conditions of tea plantation workers in India, she suggests Fair Trade standards are undermining state regulations which have long protected plantation workers. Similarly, we focus on the role of the state in the banana and coffee industries in Costa Rica, emphasizing the historical roots of production and labour practices. However, by comparing two commodities in the same country we show how each industry’s relationship with the state plays a central part in determining implementation and outcomes. The idea that the role of the state has led to diversified patterns of Fair Trade practices in different national spheres is also developed by scholars in a special issue of *Business Ethics* (Huybrechts and Reed 2010). This volume concludes that Fair Trade as an international movement cannot be understood without analysing variant practices as these emerge across nations. The main limitation of this collection is the focus on the global north. Our article therefore helps fill a gap by not only highlighting the role of a producing country in the south, but also by comparing two different commodities in the same country.

Secondly, we examine – and challenge - the effectiveness of Fair Trade’s financialised, market-oriented approach to development. Other scholars of Fair Trade have also
deployed this argument (Barrientos and Smith, 2005; Besky, 2014; Blowfield and Dolan, 2010). Fair Trade has been increasingly incorporated into the business model, but does little to generate lasting change, and at times exacerbates inequalities and forms of marginality. That is, because Fair Trade is inevitably subsumed into capitalist relations it can do little to reconfigure long term structural conditions. To support this view, we deploy comparative and longitudinal data, locating Fair Trade in the entanglement between the Costa Rican state and the country’s two principal agricultural commodities.

Finally, the article explores and challenges the effectiveness of private sector engagement in development. Following the arguments of similar studies (Blowfield and Dolan, 2010; Raynolds, Murray and Wilkinson, 2007; Barrientos and Smith 2005) we unveil the limitations of Fair Trade in delivering benefits for disadvantaged producers and workers. In our comparative analysis, we show how Fair Trade can only improve the lives of certain types of growers and only for some products. Fair Trade has significant difficulties applying its standards to large monoculture farms of 300 hectares or more, a distinctive feature of the banana industry in Costa Rica. On the other hand, the coffee industry is more suited to Fair Trade. Smallholder coffee producers are commonly organised into cooperatives, which by their nature complement Fair Trade principals of solidarity.

In developing these arguments, we draw on ethnographic work on coffee and bananas in two time periods, which correspond to phases in the emergence of Fair Trade in Costa Rica. Luetchford’s fieldwork in the late 1990s and early 2000s focused on an emergent Fair Trade market for coffee (see e.g. 2008). He visited producer cooperatives in the second level cooperative consortium, Coocafe, and interviewed managers and administrators across the sector. He also engaged in classic fieldwork, living and working for a year with farmers and labourers. Zaglul Ruiz’s more recent research in 2015-2016 is founded on an ethnographic study of two banana farms (Alianza, a Fair Trade certified farm, and Caché, a conventional farm1). She worked for a year in both farms as a packing plant employee and interviewed over sixty workers from both farms.

1 The real names of the farms have been changed to protect the identity of the participants.
as well as managers and foremen. To complement the empirical material we use secondary sources, mainly historical studies by specialists on the region.

The next section introduces Fair Trade as private investment for development. This is followed by case studies of Costa Rica’s two main agricultural commodities: bananas and coffee. To explain Fair Trade’s involvement in these sectors we sketch the historical events that established the two industries. The article then employs field data to reveal flaws in the Fair Trade system in both coffee and bananas, and how this links to the relationship between the state and economic interests in each industry.

**Private finance, trade, and development**

Fair Trade emerged in the 1980s as a political attempt to reconfigure capitalist trade relations. However, it quickly went mainstream to become an early example of market-driven ‘business for development’ and ‘trade not aid’. By offering a lucrative model of development through commerce it unleashed possibilities for the financialization of development, but this obscures deeper and longer-term structural inequalities that are reproduced in Fair Trade exchanges.

While early forms of Fair Trade enacted by NGOs, such as the Nicaragua Solidarity Campaign in Britain and Max Havelaar in the Netherlands, pursued a social and political agenda, these initiatives were adopted into mainstream business practice to generate profit, and to disarm critiques of capitalism and project business ethics. A key moment in that process was ethical labelling by the Dutch NGO, Max Havelaar, in the late 1980s. This opened a flood of ethical images and ideas, propounded by corporations and circulating and rebounding through commodity relations. We can discern this in the shift in language from an overriding concern with alleviating poverty and establishing trade justice (e.g. Barratt-Brown 1990) towards a more entrepreneurial and corporate social responsibility agenda of partnerships and empowerment (e.g. Blowfield and Dolan 2014).

As a domain in which planned development is conceived as possible through market engagements, Fair Trade has become increasingly enrolled in the neo-liberal move toward entrepreneurial activity as the route to human welfare. Whereas development
was once understood as ‘immanent’ in market growth, financialised Fair Trade reframes capitalism and its agents as an intentional and positive force (Cowen and Shenton 1996). This is part of a recent trend towards what Ilcan and Lacey (2011) call a ‘new global aid regime’, whereby liberal governance reframes and universalizes the poor, emphasising empowerment, partnership, and ‘responsibilization’ (Blowfield and Dolan 2014; Cross and Street 2009). By engaging the poor through business investment, the private sector is cast as a development agent which replaces the state and civic action (Mawdsley 2015; McEwan et al. 2017). The language of ‘shared prosperity’ generated through financial investments ‘beyond aid’ allows for self-interest and provides commercial inroads into development (Mawdsley et al. 2017).

Studies of Fair Trade have likewise been concerned with problematizing its positioning within neoliberal global markets (e.g. De Neve et al. 2012; Fridell 2007; Jaffee 2007, Lyon and Moberg 2010). The approach provides insights by attending to Northern Fair Trade programmes, sometimes considering how these are understood, refracted, or engaged with by producers and organizations in the global south. But one outcome is that agendas are largely understood to emanate from the north, and so agency is attributed to consumers, northern Fair Trade NGOs, and enterprises (Doane 2010). Producers and the industries in which they work are represented and framed as responsive to northern policy directives. Fair Trade becomes largely about ‘us’ as consumers and ‘our’ Western discourses (Moberg 2010: 47), rather than the producers it is supposed to empower, or the contexts in which they are enmeshed.

In this article we explore why and how producers and production in the global south adopt Fair Trade frameworks. Despite both commodities symbolizing national progress and growth in Costa Rica, they take specific and sometimes contrasting material and ideological forms. Coffee is associated in the national imaginary with small farmers and cooperatives, dovetailing with the famous exceptionalism of Costa Rica as a peaceful and democratic social welfare state. As we show below this is precisely an inventive myth (Sahlins 1999), but it is one that reproduces and feeds into the discursive construction of Fair Trade. Banana production, by contrast, operates under the ‘dollar system’ using extensive plantations controlled by transnational corporations and is therefore juxtaposed to the national mythology. Bananas represent an exception to the Costa Rican myth of exceptionalism (Palmer and Molina 2004). Fair Trade therefore
did not enter this sector until a banana cooperative was set up in the *zona sur* under a state-financed development plan, although, as we show, this further entrenched longer-term histories of exploitation.

The distinct features of coffee and bananas result from divergent state policies and legal practices, in relation to initial capital, access to land, and business models. The next section documents these processes chronologically, laying foundations to explore how structural factors related to integration in commodity markets, land, and labour, complicate and compromise Fair Trade. We document how state practices and policies, rather than northern agendas have framed the possibilities and limitations of Fair Trade as a market proposition. Our aim is to show how Fair Trade is contingent upon but also feeds into and reinforces (rather than reverses) the material and discursive construction of coffee and bananas as commodities.

**Building a national economy: coffee and bananas in Costa Rica**

The Costa Rican five *colon* banknote depicts colourfully dressed men and women with sacks of coffee and stems of bananas at the docks: a vivid illustration of ‘banal nationalism’ (Billig 1995). More practically, the commodities provided over 80% of export earnings throughout the modern period (Pérez Brignoli 1994: 98). Banana and coffee production were key drivers in contested processes of capital formation, labour, and land appropriation. We now document the establishment of the nation as a coffee republic and banana enclave through the post-colonial period from 1821, into the turbulent years and aftermath of the 1948 civil war and the post-1980s neo-liberal era. The history demonstrates that state practices and commodity markets pre-set the conditions and consequent limitations of Fair Trade.

As Palmer and Molina (2004: 9) point out, scholars have exposed the false ideological construction of Costa Rica as a country founded on peaceful occupation by impoverished white settlers of an unpopulated region (Pérez Brignoli 1994; Castro 1990; Gudmundson 1995). A pre-conquest indigenous population of some 400,000, decimated to 10,000 by 1611, does not distract from the myth of rural democracy. Foundational to this myth were waves of subsistence settlers claiming unused land through usufruct rights. From the 1830s, coffee cultivation, facilitated by municipalities
selling common land at below market price (Williams 1994: 45), underpinned a transition to private ownership by small to medium-sized farmers using family labour and basic technologies.

This account suggests an emergent equitable and democratic society based on coffee production by homogenous smallholders, while in reality a minority of wealthy landowning coffee barons quickly monopolized the best lands and made common cause with a ‘middle’ peasantry, leaving a landless and land-poor majority (Castro 1990; Gudmundson 1995: 118). Those marginalised in the coffee economy either worked for the wealthy as labourers or migrated out. Simultaneously, an oligarchy emerged in coffee processing and exports (Pérez Brignoli 1994: Cazanga 1987). As a result of monopolizing processes, the structure of the coffee industry came to be composed of workers and marginalised small producers, a ‘middle peasantry’, and a wealthy elite. Powerful lobbying by ‘middle peasantry’ then became the basis for an ideological but somewhat misplaced consensus behind the smallholder model of economy (Acuña 1985).

Unlike coffee, the banana industry was from the start controlled by US corporations. For coffee cultivation British capital was used to ‘stimulate the national economy’ (Seligson, 1980: 56), whereas in the banana industry US capital created an enclave. Nevertheless, the commercialisation of bananas holds national importance as the government and US entrepreneurs found complementary interests. Unfortunately, the legacy was less complementary but established a highly exploitative industry.

In 1884 the US entrepreneur Minor Keith and the Costa Rican government signed the Soto-Keith² contract to connect the Central Valley to the Atlantic coast by rail. Suffering recession, the country required both economic aid and a railway to facilitate coffee exports (Kepner and Soothill, 1935). The contract gave Keith 7% of the nation’s territory (Putnam, 2002: 38). The generous terms became the prototype for the ceding of power to US banana interests. With land at his disposal, Keith founded the United Fruit Company, and the railway became secondary to bananas (Soto, 1985: 22). Until the mid-1920s most of United Fruit Company’s operations were around Limón.

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² It was signed by the cabinet minister Bernardo Soto Alfaro. Therefore ‘Soto-Keith contract’.
(Caribbean province). However, Panama disease and soil erosion led the company to move operations to the Zona Sur on the Pacific Coast (Albertazzi, 1993: 122-123). The Costa Rican government then made contracts with Standard Fruit Company (Dole) and the West Indies Fruit Company (later Del Monte) to reactivate banana production in the Caribbean, marking the end of 100 years of United Fruit Company monopoly (Soto, 1985: 22).

Dependence on foreign investment and the ceding of land to US corporations remains the dominant feature of banana production in Costa Rica. Unlike coffee, and with the one exception described below, this has impeded the entry of Fair Trade into the banana sector. The dominance of US corporations also has implications for labour; in a country famed for its social welfare model, exploitation and unsafe working environments on the plantations are notorious (Marquardt 2002).

The 1948 civil war saw a realigning of interests, ushered in a period of stable government, and a ‘social settlement’ that quelled the threat posed by communist activity to US economic interests in the banana enclave (Paige 1998). In the coffee sector, law 2762 was introduced to control the power of the coffee elite by reconfiguring relations between producers, processors and exporters and implementing policies to promote coffee cooperatives.

Historically, in Costa Rica the coffee cooperative movement has been supported by successive governments. While bananas have remained an enclave, coffee cooperatives are linked to the empowerment of small and medium coffee producers (Winson, 1989:10). The principal remit of cooperatives is to process and market the members’ harvest, partly usurping private and corporate processors and exporters. During the 1990s, about 60% of the total coffee harvest came from cooperatives, a testament to the sector’s importance, although this had dropped to 41% by 2015 (Barquero, 2016).

**Fair Trade Coffee and Bananas – exploring the contradictions in Costa Rica**

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3 Panama Disease or *Fusarium* is a disease caused by the fungus *Fusarium oxysporum* f. Sp. Cubense (Foc), is historically the most destructive disease of musaceae and is considered among the ten most important diseases in the history of agriculture (Corbana, 2017).
This section tracks the emergence of Fair Trade sector in Costa Rica. We have shown through a history of coffee and bananas two divergent regimes. While coffee is associated with a smallholder cooperative model that resonates with Fair Trade imaginaries, bananas are grown in an exploitative enclave. Differences notwithstanding, for Fair Trade to operate requires cooperatives to meet criteria for charitable and private finance initiatives. Furthermore, in both crops, structural factors undercut and challenge Fair Trade’s transformative potential, although in industry specific ways.

**Coffee**

Fair Trade in Costa Rica began in 1985 when a German NGO established an agricultural development agency (CAE) (Orozco 1992). The CAE sought to promote development among ‘small marginal cooperatives’, offering minimum prices for coffee. The national industry had suffered cyclical crises of underproduction and investment since the 1930s (Hall 1991). With the collapse of the International Coffee Agreement in 1989, and consequent market deregulation, prices became volatile. Cooperatives in marginal production zones with uncertain weather patterns and at lower altitudes struggled to compete as they produce lower quality beans (Cazanga 1987: 265).

In these new circumstances the preferential terms offered by Fair Trade offered a lifeline to struggling cooperatives. To access these markets CAE set up a secondary consortium (Coocafe), with entrepreneurial managers and administrators adept at forging alliances and selling through Fair Trade. In operation since 1988, Coocafe is currently made up of seven producer cooperatives, processing the coffee of over 2000 members and negotiating sales through different channels.

Historically, participation in sales to Fair Trade has fluctuated, both for Coocafe and its member cooperatives. Participation is negotiated, with current market price and the quality of coffee produced by the member cooperatives key variables. When interviewed, cooperative managers emphasised how they included all member cooperatives on equitable terms, ‘out of solidarity’ (*por solidaridad*), but in practice participation is contested due to structural market factors. When coffee prices rise, those
cooperatives with a better-quality product seek higher prices on open markets rather than through Fair Trade; solidarity then entails accepting lower prices to underwrite the quality of Coocafe coffee. When world prices are low, conversely, the minimum Fair Trade price is attractive and competitive. This means cooperatives with good quality want to maximise sales through Fair Trade markets, and those with an inferior product face being side-lined (Smith 2007). Here a structural issue with Fair Trade is attendant upon its integration into global markets and indexing to fluctuating coffee prices. This challenges the putative agency of Fair Trade and its ability to construct alternative markets, producers, and consumers.

Labelling coffee growers as ‘Fair Trade producers’ and the attendant transference of agency from north to south is complicit in several further processes of obfuscation. It makes opaque the role of government and local agencies in creating the cooperative sector in the first place. It ignores the fact that cooperatives actively seek out and negotiate a range of coffee markets. It fails to entertain sources of support producers engage with, such as state and cooperative loans and credits. It does not consider farmers may sell through different outlets or have multiple income streams, or that coffee production may play a minor part in financial strategies. Finally, there is the tendency to obscure inequalities that are requirements for competitive commodity production, not least in relation to land and labour.

We saw above how in Costa Rica coffee has long been associated with small farmers and cooperatives. This establishes fertile ground for the kind of humanitarian financial assistance envisaged by Fair Trade, in which small and struggling producers organized into cooperatives are encouraged and supported by preferential terms of trade. While it is true that cooperatives engaging in Fair Trade tend to be in more marginal production zones and have a membership of smaller-scale producers, this does not admit considerable variations in landholdings, and a range of labour practices.

One issue is variations in production by different farmers. This difference can be extreme and is germane to Fair Trade, as prices and premiums are paid according to volumes delivered by each grower for processing. Most producers do grow small volumes. For example, Cazanga (1987: 147) shows that in the 1970s more than 80% of producers delivered under 50 fanegas to their cooperative (1 fanega = 400 litres by
volume of coffee cherries) while half of one percent delivered more than 500 *fanegas*. When translated into income these differences are extreme. Records show that for the 1998-99 harvest the El Dos cooperative paid coffee growers between $24,000 and $40 (Coopeldos R.L. 1999, Luetchford, 2011: 63). Because Fair Trade prices and premiums are indexed to these volumes of production, they reproduce and exacerbate economic inequalities.

Similarly, variations in labour practices compromise the idea of homogenous small farmers living from coffee grown on land they own. The idea that coffee generates family labour and allows families to reproduce is an attractive image for ethical consumers, and there is truth in it. However, as long-term fieldwork in Highland Guanacaste showed, labour needs vary over the agricultural cycle, compromising the image of the independent small family farmer (Luetchford, 2008). Landowners can manage about three hectares of coffee without assistance for most of the year. Fieldwork recorded that tasks such as fertilizing, spraying, shade management, weed control, and regular pruning were mostly completed by the landowner, sometimes with family or paid help from local workers. This can account for limiting coffee cultivation; land use surveys revealed that landowners with up to a hundred hectares generally have under five hectares dedicated to coffee. Above this amount labour management becomes problematic, requiring regular workers and paid employment. Labour availability determines scale of production as much as farm size.

The difficulty of recruiting labour becomes critical during the harvest months, which then compromises the image of the independent small producer flagged by Fair Traders. Coffee must be picked when it turns from green to orange and red. This is not a uniform process. In the early part of the season, unpaid family labour can suffice. However, as the quantity of ripe cherries escalate, so more labourers are required. The second source of harvesters are landless or land-poor locals. Finally, when the harvest peaks and much of the fruit is ripe, or when rains fall, harvesting becomes a race against time, labour is scarce, and migrant workers are employed. In Highland Guanacaste, these workers are predominantly undocumented Nicaraguans.

Effectively, then, we do not have a uniform group of small farmers with complementary interests, in control of their own labour. Instead we have landowners and workers who
receive divergent benefits from Fair Trade guarantees. These differential benefits are contingent on land ownership, which in turn confers the possibility to join a cooperative and sell through Fair Trade. Farmers first mobilize a gendered family workforce for harvesting. As kin, these pickers do not always receive remuneration, but Fair Trade prices can directly benefit their families. On the other hand, landless locals and migrants sell labour, not coffee; as they are not cooperative members, they receive no direct benefits from Fair Trade minimum prices and premiums. These workers remain largely invisible in Fair Trade mechanisms geared towards small land-owning producers (Luetchford, 2009).

The above account shows Fair Trade coffee has uneven outcomes. It benefits some farmers and cooperatives more than others, favouring zones with higher qualities and farmers producing larger quantities, and it fails to provide mechanisms to help landless workers and migrants. That is, Fair Trade tends to reproduce and entrench forms of marginality and historically structured inequalities. These shortcomings are even more evident in the banana sector, to which we now turn.

**Bananas**

Alianza is the only Fair Trade certified banana farm in Costa Rica. The creation of Alianza goes in hand with state intervention to revive the economy in the South Pacific region (known as Zona Sur) of Costa Rica. In the 1980s, after United Fruit Company abandoned production in that area, the government initiated projects to support the local economy. One of those facilitated access to land for small farmers and cooperatives. As a consequence, in 1980 a group of former workers of United Fruit Company founded Alianza cooperative.

Alianza adhered to conventional production standards and dealt with transnational corporations for the first years of its operation, while expanding and gaining economic stability. However, in 1995 Chiquita withdrew its contract with Alianza. In the years subsequent to this withdrawal, Alianza suffered significant economic decline and almost went bankrupt. In 1997, the cooperative saw an opportunity to save their business by gaining Fair Trade certification.
Carlos Eugenio, Alianza’s solicitor, clarified that the relationship between Alianza and Fair Trade was initiated by Agrofair (a Fair Trade distribution company) and Solidaridad (a Fair Trade network organization) who were looking to expand their Fair Trade market into bananas. At first, they were unable to find a farm to work with because of production regimes. Carlos Eugenio explains: ‘They were very large farms and these organizations were used to the coffee sector’s tendency towards smallholders’. Fortunately, they learned of Alianza and other cooperatives in the Zona Sur, although the others soon closed down. According to Carlos Eugenio, the fact that Alianza was a cooperative was a key factor in converting to Fair Trade certification.

Access to land complicates the success of Fair Trade bananas in Costa Rica and impacts the role it may choose to play in the industry. As mentioned above, most suitable land for production is in the hands of big corporations. Three main banana companies (Chiquita, Dole and Del Monte) have been conceded prime and extensive land to grow bananas. The international banana industry has been called a “natural monopoly” (Moberg and Striffler, 2003), because of the extensive plantations, corporate appropriation of land, and vertically organised infrastructures around processing and shipping. Zaglul Ruiz interviewed Costa Rican banana independent producer Eugenia Valerio:

‘For [banana production] to be profitable you need to have at least 90 hectares, and that is a very big investment. The fixed costs are very high, because you need to take into account the cost of a packing plant, transportation and the numerous staff needed. This is not a market for small farmers; this is not coffee or cocoa where the cost is about one eighth of the expenses of banana production’.

While small coffee holdings are economically viable, producing bananas is profitable for corporations or powerful local producers. Alianza’s 223 hectares is considered small within the industry but challenges the association between Fair Trade and small producers. The high-level investment needed to produce bananas that meet stringent export quality standards hinders access by small producers. This can be seen in the fact that 130 years after the foundation of United Fruit Company, foreign corporations still dominate production (Ministerio de Comercio Exterior, 2017). In order for Fair Trade to work with bananas it has to certify large plantations instead of small farmers, as well as corporations such as Dole, Chiquita and Del Monte. This is problematic for Fair
Trade because once corporations are certified, they have the power to reconfigure regulations and standards, opening the door to greenwashing and conventionalization (Guthman 2004). Corporate influence ‘leaves fair trade authorities in a weak position and lowers their bargaining power’ (Doherty et al. 2012:16 in Lyon, 2014: 151)

Today, Alianza is composed of fifty-five associates and seventy workers. The associates - most are workers too - are cooperative members and hold a financial stake. Even though, Fair Trade offers fixed prices and demands they meet all the government social welfare requirements, Alianza does not necessarily grant its workers and associates better conditions than those on a comparable non-Fair Trade banana farm.

To provide comparison, fieldwork at Caché (a non-Fair Trade farm owned by Costa Ricans) revealed differences in working conditions. Alianza has worse conditions in terms of contracts, payment, working hours and freedom of association, criteria that Fair Trade claim to take into consideration with hired labour. In brief, 56% of Alianza’s workforce are employed illegally while at Caché no workers are hired illicitly.

With regards to payment, fieldworkers – who account for nearly half the workforce – enjoy better wages at Caché, the ‘conventional’ farm, than Alianza, the Fair Trade certified one. The packing plant workers in Alianza do earn slightly better wages but this advantage is inconsistent. Alianza has paid workers less than the minimum wage on more than one occasion. By contrast, Caché never failed to pay the minimum income. Paying workers less than the minimum wage was seen as necessary due to Alianza’s precarious financial position. The farm often relied on sacrifices on the part of the cooperative associates, who renounced holiday pay, insurance and as a last resort their salaries, to keep afloat. Each farm has positive and negative aspects, but overall Caché gives workers better conditions in terms of payment, contracts, and working hours than Fair Trade Alianza.

Importantly, none of the farms have independent labour organisations. Trade Unions carry negative associations in Zona Sur, attached to strike action and the crisis occasioned by the abandonment of the region by corporations. Fear prevents labour from organising collectively, resulting in exploitation and abuse by management. In response to Fair Trade’s condition of certification, Alianza’s management created a
group to represent workers. However, the members are hand-picked by the administration, making this representation in name only.

The Fair Trade banana farm is exceptional in Costa Rica. The system under which banana plantations operate does not fit the humanitarian assistance model implied by Fair Trade. The chief reason Alianza secured certification is because it is a cooperative, (the only one of its type in the country). However, they still cannot escape the historical weight of an exploitative banana enclave. Banana production in Costa Rica was forged through market oligopoly by large foreign multinationals which drive down prices and exclude smaller farms from competing. Fair Trade principles cannot challenge these structural constraints.

The findings indicate that under Fair Trade certification workers are not receiving fair wages (according to national legislation), are not enjoying safe working conditions (in terms of insurance and healthcare) and are not free to organise collectively. Some aspects of this are known by the Fair Trade certification body (i.e. that the bonus is used to buy packing material instead of investing in the community), and other issues (i.e. that some workers are casually employed) are easily hidden because of the weak Fair Trade monitoring system. In addition, in comparison to the Fair Trade farm workers from the conventional farm have better working conditions in some respects.

In this section we have shown how coffee cooperatives and farmers have benefitted to different degrees from engagement with Fair Trade, depending on factors such as the quality of the coffee produced and the size of landholdings. Meanwhile, workers without land have no access to Fair Trade markets. The image of coffee as produced by smallholders working their own land is partial and hides structural constraints, which Fair Trade cannot reverse. In the banana industry political influence has given corporations exemption from taxation, low-priced land, market monopoly, and the power to create enclaves. Historical relations between the state and the banana sector over the years defines the scope of Fair Trade. In different ways, Fair Trade bananas and coffee in Costa Rica fail to challenge structural inequalities.

Conclusions
This paper has argued for a contextualised understanding of private sector development initiatives. The literature on the neoliberal turn towards empowerment has provided excellent work on the reconfiguring of development and its subjects as capitalist agents. By contrast we here make a case for considering the structural conditions and constraints that frame the potentialities and agencies of privately financed projects.

The cases of the Costa Rican coffee and banana sectors demonstrate both similarities and differences in outcomes from Fair Trade. Both are predicated on cooperative structures, which in turn were the result of divergent state initiatives. In coffee, state intervention in land distribution and legal processes forged a social contract and a nationalist mythology, establishing a smallholder model of economy as the norm. The cooperative sector in coffee emerged somewhat ‘organically’ from these precedents, providing fertile ground for the entry of Fair Trade. In bananas, the cooperative model resulted from an exception to the enclave dominated by US corporations. Both the creation of Alianza as a cooperative and the US enclave economy were an outcome of state policies as a response to corporate power. As a result, Fair Trade’s intervention in this sector is more complex, contradictory and anomalous than for coffee.

These differences notwithstanding, in both industries the structured inequalities behind commodity production cast a long shadow over marginal producers in general, and workers in particular. As these examples show, market-driven inputs into development are, in different ways, complicit in reproducing pre-existing inequalities and are not, by and large, effective in reconfiguring experiences and practices.

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