The Specialty Question:
Economic Empowerment in the Colombian Coffeelands

by

Tali Robbins
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<tbody>
<tr>
<td>ACI</td>
<td>Andean Counterdrug Initiative</td>
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<tr>
<td>AD</td>
<td>Alternative development</td>
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<tr>
<td>AGD</td>
<td>Almacenes Generales de Depósito</td>
</tr>
<tr>
<td>DANE</td>
<td>Departamento Administrativo Nacional de Estadística</td>
</tr>
<tr>
<td>ECLAC</td>
<td>Economic Commission on Latin America and the Caribbean</td>
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<tr>
<td>FFT</td>
<td>Fairfield Trading</td>
</tr>
<tr>
<td>FNC</td>
<td>National Federation of Colombian Coffee Growers</td>
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<tr>
<td>GVC</td>
<td>Global value chain</td>
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<td>ICA</td>
<td>International Coffee Agreement</td>
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<td>ICO</td>
<td>International Coffee Organization</td>
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<tr>
<td>PECA</td>
<td>Programa de Educación a Caficultores</td>
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<tr>
<td>PIC</td>
<td>Programa del Ingreso Cafetero</td>
</tr>
<tr>
<td>SCAA</td>
<td>Specialty Coffee Association of America</td>
</tr>
<tr>
<td>SCP</td>
<td>Specialty Coffee Program</td>
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<tr>
<td>SMI</td>
<td>Supplier-managed inventory</td>
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<td>SENA</td>
<td>Servicio Nacional de Aprendizaje</td>
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Finally, to 73 Home, for letting me use our kitchen table as my thesis carrel all year, for not complaining when I grind my coffee beans at 7am, and for sitting with me, giving advice, tireless encouragement, and just the right amount of distraction, and supporting me along the way. I am lucky to have you.
Introduction

Miguel Ortega is a busy man. Our hour-long conversation is peppered with several short interruptions, as he periodically digs a cell phone out of his pants pocket to answer queries from colleagues, or ducks out of the room to welcome a new business partner to the office with a jovial handshake. Although his attention is pulled in three or four directions at once, Ortega answers my questions with the poise and presentation of a seasoned *empresario*. His pride in the success of the organization he directs is obvious and unwavering.

Ortega’s professional demeanor, however, does not obscure his rural roots. The self-described *campesino* is a coffee farmer in San Agustín, Colombia and the President of Grupo Asociativo Los Naranjos, a specialty coffee growers’ cooperative. In that role, Ortega embodies the delicate merger of two very different worlds. He is the chain that links the rugged coffee *fincas* of this sleepy corner of southern Colombia to the sophisticated espresso bars of New York City, connecting producers to consumers in a global commodity chain that is radically distinct from the one that has structured the coffee industry for over a century.

The specialty coffee industry is based on this idea of connectivity, which serves to shrink the symbolic distance between rural farmer and urban consumer. In this regard, the specialty sector stands in stark contrast to the mainstream commodity coffee market, whose blending of different beans from a variety of far-flung locations obscures the identity of the coffee and of the farmers who grew it. The specialty market, which has blossomed in Colombia and other coffee-producing countries since the 1990s, is designed to preserve high-quality beans’ traceability as the coffee travels
from a finca to a cooperative warehouse, then to a cargo ship and eventually to an American or European café. It is this traceability that allows specialty coffee farmers, like Ortega and the other members of Los Naranjos, to reap the profits generated by the superior quality of their coffee, whose identity is preserved under the farmer’s or the cooperative’s name.

Specialty coffee farmers sell their high-quality product for prices that far exceed the international price on the mainstream commodity coffee market. In the midst of what many industry analysts label the “coffee crisis,” a period of historically low prices during the last two decades, the recent emergence of the specialty sector is often viewed as coffee’s saving grace. Advocates of specialty coffee claim that the quality premiums paid to farmers represent a shift in the power dynamics that have historically governed peasants’ relationship to the capitalist world-system. As farmers gain the agency to participate in the international capitalist system on their own terms, their livelihoods are transformed along the way. Indeed, for Ortega, the specialty market has offered opportunities that would otherwise be unimaginable to a small-scale cafetero in rural Colombia. Towards the end of our conversation, Ortega tells me proudly that he has reinvested the quality premiums he earns in his children’s education: his son is an agronomist, focusing on rice production, and his daughter is working towards a degree in philosophy at a private university. In the last few years, the Ortega family has taken vacations to the tropical island of San Andrés, to Colombia’s Atlantic coast, and to a surfing village in Ecuador. “These resources, these premiums, we invest them in our families,” Ortega

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1 See, for example, ICO 2002 and Daviron and Ponte 2005.
tells me, describing his fellow cooperative members. “Because at the end of the day, isn’t that what we’re here for?”

The last several decades have seen a growing demand for high-quality coffee in the United States and other consuming nations. This emerging specialty market has offered a growing number of peasants worldwide, like Ortega and the members of Los Naranjos, the opportunity to enter a more lucrative niche of the coffee industry, moving away from the mainstream market considered to be in crisis. In Colombia, where coffee remains the primary source of income for hundreds of thousands of rural citizens, the emerging specialty coffee market could serve as a promising new avenue of rural development. Ortega’s experience indicates that by generating higher incomes, the specialty sector offers the possibility of markedly improving Colombian peasants’ lives, while at the same time preserving the cultural and economic practices that make up rural life. This thesis will investigate this claim in greater depth, examining the extent to which the benefits offered by the specialty coffee industry enable peasants to change the nature of their participation in the capitalist world-system. To begin, a selection of some of the most prominent theories of Latin American development will illuminate the evolving conceptualizations of the economic role of the peasant class. This theoretical framework will allow us to locate the present analysis of the specialty sector, based on the lived experiences of Colombian coffee farmers, within a particular approach to Latin American rural development.

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2 Ortega, Miguel. Personal Interview. July 14, 2014. The majority of the interviews presented in this thesis were conducted in Spanish; all translations of interviews and other sources into English are my own.
I. *The Peasant Class in the Capitalist World-System: Towards a Theoretical Framework for Rural Development*

The rich history of scholarly analysis relating to the economic development of Latin American peasant classes is grounded in the mid-twentieth century intellectual current of dependency theory. Dependency theory was first articulated in the 1950s by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) under the leadership of Raúl Prebisch. The dependency model attributed Latin America’s continuing underdevelopment to structural features of the region’s economy that resulted in declining terms of trade. Historically confined to the production and export of primary goods, like agricultural goods, Latin America was condemned to an endless downward spiral. In order to maintain the same consumption level of industrial goods, Latin American countries had to produce more and more, jeopardizing the economic, social, and environmental stability of their overburdened agricultural sectors. This imbalance was a natural outgrowth of the structural inequality that, according to Immanuel Wallerstein and other world-system theorists, has historically defined the capitalist world-system.\(^3\) As the original ECLAC economists argued, “while the centres kept the whole benefit of the technical development of their industries, the peripheral countries transferred to them a share of the fruits of their own technical progress.”\(^4\) Declining terms of trade therefore led to persistent global inequality, driven by the continual subordination of Latin American peasant classes. To resist this subordination, dependency theorists proposed that Latin American nations shift away from agricultural production altogether, in order to place a larger emphasis on industrialization, considered to be the only route for the region

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\(^3\) For Wallerstein’s original formulation of the world-system model, see Wallerstein 1974.

\(^4\) ECLAC 1950, 10.
to escape its persisting underdevelopment. By attributing underdevelopment to the weakness of the agricultural sector, the proposal to industrialize carried with it an implicit devaluation of the peasant modes of production that have historically defined rural life.

Entrenched in economic development discourse until the 1980s, the dependency model rested on a defined structure – core and periphery – that constrained the range of possible action: Latin America’s status as periphery restricted its potential for development and condemned the region to permanent dependence on the economic core. However, in their efforts to establish a “methodological-formal critique”\(^5\) that could be generalized across space and time, dependency theorists ran the risk of simplifying and misrepresenting Latin American reality. Fernando Henrique Cardoso, one of the intellectual architects of dependency analysis, later distanced himself from more rigid, static conceptions of dependency, which “suffocate the historical process by removing from it the movement which results from the permanent struggle among groups and classes.”\(^6\) Dependent situations do not materialize from thin air; rather, they are actively created and sustained by those who stand to gain from them, and contested by those who suffer from their constraints. As Cardoso writes, “If structures delimit the range of oscillation, the actions of humans, as well as their imagination, revive and transfigure these structures and may even replace them with others that are not predetermined.”\(^7\) Structures are inherently social; they are, therefore, predisposed to transformation by social movements. Departing from the original ECLAC economists, Cardoso sought

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\(^5\) Cardoso 1977, 10.

\(^6\) Ibid.

\(^7\) Ibid., 11.
in a 1969 treatise co-authored with Enzo Faletto to emphasize “not just the structural conditioning of social life, but also the historical transformation of structures by conflict, social movements, and class struggles” in which “a central role is assigned to the analysis of the mechanisms and processes of domination through which existing structures are maintained.”

This more dynamic model of dependency holds responsible the actual people and institutions that actively sustain exploitative relations, while restoring agency to the people that live within dependent situations and struggle to resist or change them.

Any application of dependency theory to empirical reality therefore must incorporate this dynamism and withstand the tendency to view economic dependency as a “supra-historic totality” destined to remain in perpetuity. Structures are, as Cardoso reminds us, impositions: “Even though these impositions may become crystallized, they contain tensions among classes and groups which always make them, at least potentially, dynamic.” With this dynamism in mind, historical research on contemporary relevance of dependency analysis must avoid the simplistic question “How can situations of dependency be eliminated?” and ask instead “Who are the classes and groups which, in the struggle for control or for the reformulation of the existing order… are making a given structure of domination historically viable or are transforming it?” It is this latter question, with its focus on the actions and reactions that shape the dynamics of dependency, that will provide the theoretical framework for this thesis.

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8 Cardoso and Faletto 1979, x.
9 Halperin-Donghi 1982, 121.
10 Cardoso 1977, 16.
11 Ibid.
This emphasis on the intrinsic dynamism of the dependency model is particularly necessary when considering the eclipse of this school of thought in the 1980s and the subsequent rise of the neoliberal model, on the opposite end of the ideological spectrum. Dependency theory had induced Latin American policymakers in the 1950s, 60s, and 70s to implement a wide range of strategies designed to protect local industries from foreign competition. As these import-substitution industrialization strategies created macroeconomic distortions that stifled Latin America’s prospects for economic growth, policymakers were forced to turn to an alternate ideological framework for understanding Latin American development. The neoliberal approach to Latin American development was formulated in the 1970s by the Chilean economists known as the Chicago Boys, and consolidated in the so-called Washington Consensus, a set of policies outlined by John Williamson in 1989. Implemented throughout Latin America in the 1990s, Washington Consensus reforms were designed to achieve macroeconomic stabilization and trade and financial liberalization, providing “the framework for Latin American economies to increase trade with other world regions and increase inward investment and capital inflows from firms and banks in those regions.” These policies were intended to unleash the power of the market on every sector of Latin American economies, including agricultural sectors, in order to modernize and insert those economies more securely into the international capitalist system. In rural areas, these market-oriented policies resulted in what Cristóbal Kay calls “agriculture of two velocities”: large-scale capitalist farmers prospered, as they found receptive export markets and supportive government policies, while small-scale peasant farmers languished, barred from

access to new market opportunities by their lack of sufficient land, capital, and technological resources. Under the aegis of the neoliberal model, Latin American peasant communities suffered. From 1980 to 1990, the rural poverty rate jumped from 59.9 per cent to 65.4 per cent.

Although dependency analysis was no longer in vogue, dependency dynamics continued to define Latin American peasants’ reality. As the global financial market grew increasingly integrated in the neoliberal era, Latin American economies became increasingly dependent on foreign capital. Peasant communities, with no access to foreign capital markets, could not compete with large capitalist agricultural enterprises, and faced heightened vulnerability. These communities were further subordinated by the local capitalist class, as Washington Consensus policies encouraged Latin American governments to eliminate “the few supportive and protectionist measures that the State used to provide to some peasant farmers in the period of import-substitution industrialization.” As a result, Latin American peasant classes suffered from the dual domination of both the foreign and the local commercial capitalist classes, with no recourse to a state-run safety net.

Cardoso’s and Faletto’s analysis of the process they label “internalization of the external” is useful in understanding the dynamics that constructed this dual subordination. Latin American underdevelopment, which refers to a wide variety of distinct dependent situations, is not simply a result of conquest, colonization, and continued economic imperialism; if it were, all Latin American societies would be

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13 Kay 2008, 918.
14 ECLAC 2007, 5.
functionally homogenous. Dependency, however, is not merely the result of external impositions. As Cardoso and Faletto propose, external forces coexist with internal ones, forming “a complex whole whose structural links are not based on mere external forms of exploitation and coercion, but are rooted in coincidences of interest between local dominant classes and international ones, and, on the other side, are challenged by local dominated groups and classes.”

The demands of the capitalist world-system are internalized and rearticulated by local groups and classes, whose logic, objectives, and values may coincide with those of the economic core. It is this internalization of the external that lengthens dependency’s lifespan within any particular context.

In the case of the Colombian coffee industry, the interests of the capitalist world-system have historically been rearticulated through the Colombian commercial capitalist class, subjecting coffee farmers in peasant communities to a double subordination. Since the first commercial cultivations in the mid-nineteenth century, the Colombian coffee industry has been controlled by a local commercial capitalist class whose interests largely coincided with those of the world-system. The particular nature of the commercial class’ domination of the coffee industry has, of course, varied over time; while commercial elites directly owned the coffeelands in the industry’s early days, they later shifted their focus to the more lucrative spheres of trade and marketing in order to maintain their privileged position. On the other side of the equation, coffee farmers have asserted their own logic, experimenting with various strategies – from land invasions to certification schemes to specialty coffee growers’ cooperatives – to increase their power relative to the dominant commercial

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17 Cardoso and Faletto 1979, xvi.
class. This broad collection of actions, strategies, protests, and reforms defines the particular variety of dependency that characterizes Colombia’s socioeconomic structure, and it is within this array of competing interests that this thesis locates the emergence of specialty coffee.

An analysis of the impact of the specialty coffee industry on the role of the Colombian peasant class within the capitalist world-system, then, should not seek to prove or disprove specialty coffee’s radical upheaval of dependency. Instead, research should seek to uncover what Cardoso calls the “‘movement,’ the class struggles, the redefinitions of interest, [and] the political alliances”\(^\text{18}\) that have continually redefined the particular variety of dependency that structures Colombia’s coffee industry, in order to understand how the emergence of the specialty sector has altered this structure. This dynamic analysis is consistent with a recent theoretical approach to Latin American peasant economies known as the “new rurality,” developed in the mid-1990s to capture the new social and economic reality for peasant communities in the contemporary neoliberal era. According to Kay, a central premise of new rurality analysis is to “question the assumptions of many analysts and public policy makers by arguing that rural communities are highly integrated into markets and do not operate solely within an agricultural-based subsistence logic.”\(^\text{19}\) New rurality theorists therefore seek to uncover the emerging strategies of rural communities to compete in the markets of a highly integrated global capitalist system. Kay, for example, focuses on the growing importance of non-farm activities, the flexibilization of agricultural

\(^{18}\) Cardoso 1977, 14.
\(^{19}\) Kay 2008, 922.
labor, and the deepening linkages between rural and urban sectors.\textsuperscript{20} David Barkin argues that these and other innovative strategies comprise “an alternative framework for the productive incorporation of significant groups of communities into the global economy,” grounded in autonomy, self-sufficiency, and productive diversification.\textsuperscript{21} Peasant communities engage with these alternative strategies in order to make rural life sustainable, “defending and strengthening their traditions in a world that requires increasing creativity to assure mere survival.”\textsuperscript{22} The emergence of the specialty coffee sector, and Colombian peasants’ lived experiences in it, is one manifestation of this type of alternate framework. This thesis will examine the extent to which Colombian specialty coffee farmers may incorporate their rural forms of economic and cultural rationality into an alternative form of engagement with the capitalist world-system, thus challenging the structure of dependency that has historically conditioned rural life.\textsuperscript{23}

An emphasis on the “movement” that challenges the enduring hegemony of economic structures is also necessary to avoid the problems that may arise when examining a particular situation solely from the lens of development discourse, analyzed in great detail by Arturo Escobar. According to Escobar, many theoretical frameworks that attempt to explain Latin American underdevelopment, including dependency analysis, run the risk of universalizing and homogenizing Latin American cultures, disempowering Latin American peoples by portraying them as

\textsuperscript{20} Kay 2008, 922.  
\textsuperscript{21} Barkin 2006, i.  
\textsuperscript{22} Ibid., 2.  
\textsuperscript{23} The umbrella term “rural forms of economic and cultural rationality” may refer to a broad range of diverse customs and practices, which vary widely by community. The precise forms of rationality that are preserved by Colombian farmers in the specialty coffee sector will become evident over the course of this thesis.
“lacking in historical agency, as if waiting for the (white) Western hand to help subjects along.”\textsuperscript{24} This dehumanizing discourse is embedded within development projects and practices that seek to bring so-called “backwards” societies into modernity, obliterating alternative subjectivities along the way. Developmentalist discourse upholds the science of economics as its primary guiding force. However, as Escobar reminds us, the field of economics is a cultural production that is necessarily embedded within a particular cultural fabric. Accordingly, when Western development projects are applied to non-Western rural communities, they endanger the viability of rural forms of economic and cultural rationality. If specialty coffee is upheld by coffee industry actors as a potential driver of rural development, then it, too, runs the risk of threatening these rural forms of life. A more dynamic conception of dependency, theoretically justified by Cardoso and Faletto and supported by the new rurality theorists, is essential in order to restore agency to the rural people and other communities that populate the economic periphery. Their actions and reactions are powerful tools to modify the economic structures in which they live, defending their own cultural modes of (re)production within the capitalist world-system. These dynamic models provide the theoretical framework for this thesis and justify my focus on rural Colombians’ lived experiences in the specialty coffee industry.

\textsuperscript{24} Escobar 1995, 8.
II. What is Specialty Coffee?: An Overview of the Industry and its Contemporary Relevance

Arabica coffee is grown in high-altitude tropical areas, almost exclusively in developing countries in Latin America, Africa, and Asia. Among the coffee-producing nations of Latin America, Colombia stands out as the country most historically dependent on the foreign exchange generated by coffee exports. In 2010, for example, coffee production represented 16 percent of Colombia’s national agricultural GDP. About 563,000 Colombian families rely on coffee to make a living. The vast majority of these coffee-producing families are smallholding farmers; the average size of a Colombian coffee finca is only 1.6 hectares, or just under 4 acres. These smallholding farmers often grow food crops alongside their coffee bushes, eking out a living within a rural economy marked by dramatic land concentration and persistent food insecurity.

Although coffee is a historically valuable crop, recent developments in the world market have thrust coffee farmers into an economically precarious position. In accordance with the neoliberal emphasis on market liberalization, structural reforms to the international coffee market have prevented many smallholding coffee farmers from fully benefiting from their product’s value. A 2013 study, for example, found that farmers retain only a small proportion of coffee’s total value on retail shelves;

25 The two most widely cultivated species of coffee are Arabica and Robusta. Essentially all specialty coffee belongs to the Coffea arabica species, which grows at higher altitudes and produces a much more flavorful cup. Colombia produces exclusively Arabica coffee.
27 FNC 2014.
28 Bajak 2013.
29 Colombia’s landowning structure is dominated by an oligopoly made up of traditional elites, the narco-bourgeoisie, cattle ranchers, speculators, and multinational mining and agro-industrial corporations, such that only 22.7 percent of Colombia’s 21.5 million hectares suitable for food production are actually cultivated. See Semana 2011 and United Nations Development Programme 2011.
oligopolistic roasting firms, by contrast, capture an astounding 74 percent of the value.\textsuperscript{30} Driven largely by these market-oriented structural reforms, international prices sank to a historic low in the early 2000s, and they have not since fully recovered. Small-scale cafeteros also suffer from extreme price volatility, and are vulnerable to damaging environmental shocks, such as the recent re-emergence of a deadly fungus known as leaf rust. These aspects of the contemporary international coffee market present serious consequences for the Colombian peasant class. About 43 percent of Colombia’s rural citizens live in poverty,\textsuperscript{31} and coffee farmers are no exception.

The Fair Trade movement, emerging in the late 1980s and gaining in popularity through the contemporary coffee crisis, may be viewed as recognition of the mainstream coffee market’s profound failings. Advocates of Fair Trade hoped that a formal certification scheme would push the coffee market to systemically place a higher priority on social and environmental sustainability, with a particular focus on the wellbeing of smallholding farmers. Fair Trade’s mantra of “trade, not aid” represented the movement’s attempt to “differentiate its philosophy of local development and empowerment through trade from the paternalism of charity and the inefficiency and corruption of foreign aid by (and to) governments.”\textsuperscript{32} However, as Fair Trade grows increasingly prevalent among mainstream corporate giants like Starbucks, several industry observers have questioned the premise that Fair Trade represents genuine economic empowerment, rather than simply charity or foreign aid.

\textsuperscript{30} Rueda and Lambin 2013, 293, Table 2.
\textsuperscript{31} DANE 2013.
\textsuperscript{32} Jaffee 2007, 13.
in disguise. The price premiums paid by Fair Trade organizations are justified simply in reference to social justice ideals; they do not derive from any additional value that farmers add to their product. Indeed, the Fair Trade label makes no claims about the quality of the coffee itself.

Specialty coffee industry leaders have sought to distinguish their market from the Fair Trade movement on this basis. The price premiums paid to specialty coffee farmers directly correspond to their product’s truly exceptional quality; they are not given to farmers, but earned by farmers through their superior agronomic skills and dedication to their craft. By emphasizing quality and traceability, the specialty sector gives cafeteros the agency to incorporate their own rural forms of economic and cultural rationality into the international coffee market. Motivated by the same critical view of the mainstream commodity coffee market that spurred the Fair Trade movement, this thesis will argue that because its benefits to farmers are generated by the farmers, themselves, the specialty industry presents a more sustainable model for rural economic development.

The potential of the specialty coffee industry suggests an interesting counterargument to much of the traditional wisdom, summarized above, concerning Latin American economic development. Colombia’s coffee industry is emblematic of the wider primary product export economy paradigm that has characterized Latin American development strategies for centuries. The dependency school of thought sustained that the region’s confinement to the production of primary goods for export, under the guise of comparative advantage, precluded genuine economic growth. In

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33 While a comprehensive analysis of the efficacy of the Fair Trade movement is beyond the scope of this thesis, the topic has received considerable attention in recent years. See, for example, Jaffee 2007; Raynolds 2009; and Lyon and Moberg 2010.
the contemporary neoliberal era, the resource extraction model criticized by dependency theorists has expanded to include powerful new players, like multinational mining corporations and agro-industrial firms, that further weaken the region’s prospects for sustainable economic development and endanger the viability of peasant communities. However, the success of the specialty coffee sector suggests that even amidst the pressures of global capitalism, the production of agricultural goods for export need not conform to dependency dynamics. If Colombia’s booming specialty coffee sector is any indication, Latin America’s rich endowment of natural resources does not condemn the region to peripheral status within the capitalist world-system. While the specialty industry does not represent a radical upheaval of the international capitalist system, it does offer rural farmers the opportunity to transform their participation in that system. A closer examination of farmers’ experiences in the specialty coffee industry will therefore illuminate possible avenues by which to empower Latin American agricultural communities within the confines of the contemporary neoliberal era.

An analysis of the specialty market’s effects on Colombian coffee farmers also contributes to a wider conversation on the relationship between global capitalism and rural space. In this regard, a focus on coffee farmers in Colombia is particularly useful. Colombia’s armed conflict, dating back to the 1960s, has its origins in the deep-rooted struggle for access to rural land and control of rural production. Fueled by a bitter power negotiation between the state, leftist guerrilla groups, and right-wing paramilitary forces, and further exacerbated by the illicit drug trade and the foreign policy of the United States, these tensions have contributed to a militarization of rural life in a number of Colombian departments, with rural protest and activism deemed
suspect and potentially criminal. In this context, the *campesino* struggle for economic viability comes up against national and international political structures designed to maintain the status quo. The question of specialty coffee’s effects on farmers is thus connected to other questions that are central to contemporary Colombian political life: What is the proper role for peasants within a land-owning system marked by dramatic inequality and political instability? Who has the right to Colombia’s extensive *baldíos* and bountiful natural resources? How can peasants articulate their economic needs within a political system that has historically devalued their citizenship?\(^\text{34}\)

Finally, the question of specialty coffee as a potential driver of rural development offers a new framework for reimagining the relationship between citizens of the global South and the global North. From the onset of the global capitalist system, the two regions have been linked through trade and consumption; citizens of the United States, for example, consume food produced by Latin American agricultural workers. Recent trends like Fair Trade, the local food movement, and organic food certifications have attempted to pioneer alternative forms of consumption that are somehow more ethical – whether the metric used to measure ethics is based on social, economic, environmental, or other standards. The literature on ethical consumption is vast and varied,\(^\text{35}\) but by focusing specifically on specialty coffee farmers in Colombia and consumers in the United States, this thesis offers a fresh angle from which to view the discussion, inserting coffee into a larger plane.

\(^{34}\) These questions are at the heart of the ongoing peace negotiations between the Santos administration and the FARC that began in Havana, Cuba in 2012. In May 2013, for example, the two sides arrived at an agreement regarding land reform, proclaiming, “This agreement will be the start of a radical transformation of rural Colombia.” Many other relevant issues, including the rights of the victims of the conflict, are still unresolved. For more detail on the land reform agreement, see BBC 2013.

\(^{35}\) See, for example, Friedberg 2010; Goodman, et al. 2010; and Holloway, et al. 2007.
conversation on food justice and rural life. The question of the specialty coffee industry’s effects on rural farmers is thus relevant to a wide array of contemporary political and economic issues involving the role of the Colombian peasant class within the capitalist world-system.

**III. Methodology and Map of Chapters**

This thesis merges theoretical, historical, and ethnographic analysis in order to present a comprehensive picture of how the emerging specialty coffee industry has affected Colombian coffee farmers and suggest possible avenues by which to strengthen the specialty sector’s efficacy as a driver of sustainable rural development. The ethnographic approach stems from independent research I conducted in Colombia in the summer of 2014. During my six weeks in Colombia, I interviewed various coffee industry actors in Caldas and Quindío, two of three departments that make up Colombia’s traditional *eje cafetero*; in Bogotá, the nation’s capital; and in Huila, a department in the south of the country. All of these interviews – with coffee farmers, cooperative leaders, exporters, directors of roasting firms, executives from the National Federation of Coffee Growers, café owners, and baristas – were crucial in helping me arrive at a deeper understanding of the contemporary Colombian coffee scene. However, my interviews with coffee farmers in southern Huila were what that led me to narrow my focus to concentrate specifically on the highest-quality coffees that comprise the specialty market. I was inspired by these farmers’ passion for a new kind of coffee industry, whose exacting quality standards promised to revolutionize the way that farmers interact with the market.
Although most of Colombia’s coffee is grown in the *eje cafetero*, I soon learned that the epicenter of the specialty sector was in the southern edge of the country, in the departments of Huila, Nariño, and Cauca. These departments are largely rural, and reflect some of the highest incidences of poverty in the country. My introduction to the region came from Virmax Café, a Bogotá-based specialty coffee exporting firm that sources much of its coffee from Huila. After speaking with one of the firm’s directors, I traveled from Bogotá to Pitalito, a municipality in southern Huila, to meet the Virmax staffers in charge of the Pitalito area. There, I was introduced to many farmers who belonged either to Grupo Asociativo Andino, in Bruselas, or to Grupo Asociativo Los Naranjos, in San Agustín. All of my interviews with these farmers were unstructured and open-ended, allowing them to speak to the aspects of their own experiences in the specialty coffee sector that they considered most important.

The conclusions I draw from these interviews provide a valuable first step in analyzing the efficacy of the specialty coffee sector as an engine of sustainable rural development and investigating the sector’s precise economic and social effects on smallholding farmers. Because the emergence of the specialty sector is a relatively recent phenomenon, its potential as a positive opportunity for rural farmers is largely unstudied, suggested only informally by specialty coffee industry actors attempting to cast their work as socially responsible and ethically sound. The findings presented in this thesis confirm the specialty industry’s potential as a driver of sustainable rural development, justifying its relevance to the field of Latin American economics. This thesis also identifies several structural weaknesses of the industry that limit the specialty sector’s transformative power, and suggests several possible strategies,
based on local innovations witnessed in Colombia, to overcome those weaknesses. The ethnographic approach puts farmers’ lived experiences at the forefront; their comments and concerns were the primary force that guided my conclusions.

Additional large-scale research is needed to substantiate the generalizability of the specialty sector’s effects across space and time. Although the conclusions I draw from my interviews are based on general trends that were common to many farmers’ experiences, my research was geographically limited to Huila, and further restricted by potential selection bias. Because I largely relied on Virmax for logistical support in facilitating interviews, I only spoke with farmers who were already participating in the specialty market. I did not interview anyone who had unsuccessfully tried to enter the specialty sector, nor any farmers who remained solely in the mainstream commodity coffee market. These interviews would have enabled a fuller understanding of the experiences of non-participants in the specialty market, providing a useful control group against which to compare my findings from the interviews with specialty growers. Moreover, because of time constraints and other logistical obstacles, I did not interview any family members of specialty coffee farmers, who are primarily (although not exclusively) male. Because the family labor model characterizes much of the agricultural production in rural Colombia, future studies should incorporate the experiences of women and children in the specialty coffee industry. By taking these marginalized voices into account, future studies can strengthen the analysis of the cultural dimensions of specialty coffee as an engine of rural economic development. Nevertheless, this thesis serves as a necessary first step towards a deeper understanding of farmers’ lived experiences in the specialty coffee industry, suggesting valuable areas for future research.
In order to understand these farmers’ experiences, the specialty coffee sector must be placed within a wider historical context. The first chapter of this thesis traces the history of the Colombian coffee industry, examining the changing role of coffee-producing peasant communities. This chapter encompasses the period between the late-nineteenth century, when the first commercial cultivations of coffee were planted in Colombia’s eastern cordillera, and the breakdown of the International Coffee Agreement (ICA) in 1989. In particular, I focus on two structural features that distinguish Colombia from other coffee economies of Latin America. First, I examine coffee’s shift from the large haciendas of the eastern cordillera to small farms, directly owned and administered by peasant families. Second, I illustrate the creation in 1927 and the subsequent growth of the National Federation of Colombian Coffee Growers (FNC), a semi-public institution responsible for representing coffee farmers’ interests on the national and international stage. These historical developments, I argue, would later facilitate the emergence of a specialty sector uniquely primed to generate sustainable rural development in the Colombian coffeelands.

Beginning with an analysis of the distinctive features of the post-ICA market, the second chapter examines the structure of the contemporary specialty coffee sector. Several industrial features of the post-ICA market coalesced to facilitate the emergence of the specialty sector, driven by a slowly growing consumer market for high-quality coffee in the United States. Based on this history, I demonstrate how the structure of the contemporary specialty market differs from the mainstream commodity coffee market, grounding my analysis in the interviews I conducted with coffee farmers in southern Colombia. Drawing from these interviews, I show how the specialty sector enables farmers to increase their product’s material and symbolic
quality, and I examine how the different realms of coffee quality affect the way that farmers interact with the world market.

The third chapter of this thesis examines three important limitations of the specialty coffee industry that reduce its effectiveness as a driver of sustainable rural development, based on the experiences of the farmers I interviewed. First, farmers rely on exporting firms for the provision of agricultural extension services, which enable them to increase their coffee’s material quality. Second, farmers depend on exporting firms for the access to foreign roasters needed to sustain the direct trade relationships that contribute to their coffee’s symbolic quality. Third, farmers are structurally excluded from influencing the consumer market for specialty coffee, reducing their ability to profit from their product’s in-person service quality. For each of these limitations, I explore several possible solutions, designed by Colombian coffee entrepreneurs to strengthen specialty coffee’s power as an engine of rural development.

Overall, this thesis shows how the specialty sector changes the terms of Colombians farmers’ participation in the capitalist world-system, allowing them to sustain their rural forms of cultural and economic rationality. My research is motivated by a recognition of the pressing need for a rural development strategy that preserves and strengthens these rural forms of life amidst the pressures of an increasingly globalized world. In many rural areas throughout developing nations, the specialty coffee industry has succeeded in giving farmers the opportunity to create a better life for themselves and their families. As the consumer market for specialty coffee grows, driven largely by explosive demand in emerging market economies, the potential of the specialty market as a driver of rural development will become
increasingly relevant to a wide range of rural communities throughout the world. By identifying several ways in which the specialty market can be reformed to better serve the needs of the talented farmers producing exceptionally high-quality beans, this thesis contributes to the wider effort to construct a global economic system that is more equal, more sustainable, and more just.
Chapter One

Cafeteros and Commercial Capital: A Historical Analysis

Since the 1990s, the Colombian coffee industry has seen the emergence of a dynamic specialty coffee sector. The successes and challenges of the specialty sector cannot be understood without examining the two major structural features of the Colombian coffee industry that distinguish it from the other coffee economies of Latin America. First, Colombian coffee production has historically taken place within a land regime dominated by small farms, rather than large haciendas. Second, the evolution of the coffee industry has been channeled through the National Federation of Colombian Coffee Growers (FNC), a peculiar institution that has fused public and private resources in order to modernize production practices, articulate coffee growers’ interests on the national political stage, and promote Colombian coffee on the world market.\footnote{The acronym FNC stands for the institution’s Spanish title, Federación Nacional de Cafeteros de Colombia.} These two characteristics have uniquely positioned the Colombian coffee industry to take advantage of the potential of the specialty sector as a driver of sustainable rural development, facilitating the peasant class’ direct and active engagement with the capitalist world-system.

In order to reveal the significance of these two structural features to the contemporary specialty sector, this chapter will examine the development of the Colombian coffee industry over the twentieth century. The small farm model and the FNC continue to profoundly influence the Colombian coffee industry today. Looking back to the origins of these institutions and exploring the wide range of actions and
reactions that have shaped them will allow us to contextualize the contemporary experiences of farmers in the specialty sector and understand the historical significance of specialty coffee’s transformative potential. By illustrating the many ways in which commercial capital has dominated the industry, and by emphasizing peasants’ diverse strategies of resistance to that domination, this chapter will reveal how the stage was set for the emergence of the specialty sector in the 1990s.

The historical analysis presented in this chapter encompasses the period between the first commercial cultivations of coffee in the late-nineteenth century and the breakdown of the International Coffee Agreement (ICA) in 1989. Beginning in the late-nineteenth century, the first phase of coffee production took place on large haciendas in the eastern cordillera. As the epicenter of coffee production shifted west around the turn of the century, peasant families tenaciously defended their right to the land, firmly ingraining the small farm model into the structure of the Colombian coffee industry. With the creation of the FNC in 1927, these smallholding peasants increasingly faced the pressures of modernization, as the FNC sought to regulate the industry and keep Colombian coffee competitive on the world market. The FNC’s modernizing reforms also altered peasants’ worldviews and self-conceptions, a legacy that would have important ramifications as smallholding farmers increasingly faced the pressures of globalization at the close of the century. A comprehensive account of this complex history will allow us to understand how structural changes in the industry have shaped the peasant class’ participation in the capitalist world-system,

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2 Although the collapse of the ICA did not directly cause the emergence of the specialty coffee industry, the year 1989 serves as a sensible benchmark to mark the beginning of the contemporary era of coffee production, in which the specialty sector has begun to transform the Colombian coffeelands.
suggesting possible avenues by which the emerging specialty sector may be changing the nature of that participation.

I. The First Wave of Coffee: the Rise and Fall of the Traditional Hacienda

The first coffee seeds likely came to Colombia in the mid-eighteenth century, in the hands of Jesuit priests traveling overland from present-day Venezuela. Cultivation of coffee expanded slowly. Early on, colonial authorities called for coffee’s expansion “in the poor and backward areas of the kingdom as a remedy for poverty,” but coffee was merely one of many crops produced for domestic consumption, alongside bananas, oranges, rice, corn, and sugar. Although the first coffee exports were recorded in 1835, coffee generated only a negligible percentage of the total value of Colombian exports until the second half of the nineteenth century.

Export-driven national development had been a cornerstone of Colombian economic policy since the birth of the Republic. The Liberal Party, in particular, saw export-led development as an opportunity for the nation to shed its colonial heritage and to join the ranks of the civilized nations; under the influence of the positivist intellectual tradition, “free trade became a science.” Guided by powerful commercial interests, Colombia experienced its first export boom with tobacco, followed successively by cotton, quinine and indigo. Each export cycle quickly ended with a price collapse: “Colombians found that after an initial boom period, when prices were high, they could not compete with other tropical areas once world supply had met

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3 Palacios 1980, 15.  
4 Beyer 1947, 5.  
5 Palacios 1980, 2.
demand and prices fell.”

Previous export booms, however, set the stage for the eventual expansion of commercial coffee cultivation. Tobacco, in particular, had been “a school of commerce” in which export-import merchants fortified their knowledge of markets, prices, and buyers, and accumulated the capital that would fuel the gradual development of the nation’s financial and banking institutions.

Figure 1: Map of Colombia’s zona cafetera.

Source: FNC 2015.

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6 Bergquist 1986, 7.
7 Palacios 1980, 18.
Consolidation of the export market, however, was delayed by Colombia’s mountainous geography. Because the early Spanish colonizers’ “solitary concern” was the extraction of gold from the interior and its transport to the coast, colonial authorities neglected to construct an internal transportation network.\(^8\) The majority of the Colombian population remained effectively isolated from the rest of the world. In the mid-nineteenth century, despite previous export booms, capital accumulation was still insufficient to build an adequate transportation system.\(^9\) Indeed, before the coffee boom, Colombia’s overall export coefficient remained low, preventing the formation of strong ties between the state and the agricultural sector and hindering efforts at national consolidation.\(^10\)

In spite of these obstacles, the commercial cultivation of coffee slowly expanded in the second half of the nineteenth century, continuing Colombia’s established pattern of export cycles. The first era of commercial production took place in the eastern cordillera departments of Santander and Norte de Santander (Figure 1), cautiously spreading to “those regions which had formed the basis of slave agriculture since the middle of the eighteenth century.”\(^11\) Early production units took advantage of old colonial trade routes, shuttling coffee through Cúcuta into Venezuela for export, or through the Caribbean ports of Santa Marta and Cartagena. Encouraged by increasing world prices and decreasing rates for steamboat travel on the Magdalena River, coffee production continued to expand. By the 1870s, as the tobacco boom was officially coming to a close, coffee accounted for 17 percent of the

\(^8\) Beyer 1947, 10.
\(^9\) Palacios 1980, 4.
\(^10\) Ibid., 6.
\(^11\) Palacios 1980, 15.
total value of Colombia’s exports. World prices continued to rise throughout the 1890s until an expansion in Brazilian supply caused a brief price collapse in 1897. Rebounding from this temporary setback, Colombian coffee reached 40 percent of total export value by the end of the century.

This initial phase of commercial coffee cultivation displayed marked continuity with colonial and post-independence patterns of land ownership. Coffee production in Santander and Norte de Santander took place on large haciendas “established firmly on the foundations of the traditional latifundia,” on land “whose titles could be traced back to the sixteenth and seventeenth centuries.” These coffee-producing haciendas were owned by members of the same export-import elite that had profited from previous export booms. Prior experience with export cycles had demonstrated to the merchant class “the need to diversify as a means of protection against the trough.” Accordingly, most of the original coffee hacendados were also Bogotá-based merchants, land speculators, or investors; many could “still be found securely placed behind their shop counters in the calle real.” That is, the original hacendados were less coffee farmers than astute businessmen who minimized their economic risk by diversifying across various sectors. These were “people of means” who took an “experimental interest” in coffee as a promising source of new wealth. Even as coffee spread southward, down the slopes of the central cordillera into Cundinamarca and Tolima, the same powerful merchant families continued to

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12 Palacios 1980, 18.
13 Bergquist 1986, 36.
14 Palacios 1980, 18.
15 Ibid., 63.
16 Ibid., 8.
17 Ibid., 29.
18 Beyer 1947, 60.
dominate coffee production.\(^\text{19}\) Many of these families benefited from Liberal land reform policies that distributed public domain lands, or *baldíos*, in exchange for certificates of public credit. This process of land adjudication tended to reinforce the landowning structure that benefited the rich and powerful at the expense of smaller farmers.\(^\text{20}\) Merchant-*hacendados* consolidated their landholdings through the creation of commercial companies, destined to remain under family ownership for generations.\(^\text{21}\)

Even wealthy merchant-*hacendados*, however, required external financing in order to open new lands to coffee production. Coffee trees do not reach maturity and thus cannot be harvested until five years after planting. To cover their production expenses until harvesting could begin, merchant-*hacendados* solicited credit from commercial export-import houses in exchange for guarantees of future coffee sales. This financing system further restricted entry into the coffee industry to well-connected businessmen and “isolated and pushed aside many traditional landowners who had not the capital to clear land and open plantations.”\(^\text{22}\)

After coffee plants reached their full productive capacity, some larger merchant-*hacendados* with preexisting connections to foreign businesses exported their product directly. However, most sold their coffee to the same commercial export-import houses that had provided them with credit, so as to minimize their risk.\(^\text{23}\) Because capital was still scarce, many commercial houses, like Pedro A. Lopez y Compañía, “actually export[ed] the goods against which their imports were

\(^{19}\) Palacios 1980, 63.  
\(^{21}\) Palacios 1980, 53.  
\(^{22}\) Ibid., 56.  
\(^{23}\) Beyer 1947, 282.
Depictions of this period of the coffee industry paint a quixotic picture of mule trains inching over the mountains, burdened with heavy loads of the coffee that paid for the imported goods that would return on the same mules’ backs. As the Colombian commercial houses consolidated power, their relationships with foreign commission agents in New York, London, and Hamburg became more integrated. Some exporting firms had longstanding relationships with foreign commission agencies, which also doubled as exporters. For example, the New York commission house G.M. Amsinck “ran an able export business of its own designed to meet precisely the needs of the Colombian exporters and growers,” strengthening its popularity and trustworthy reputation by cultivating personal relationships with Colombian firms. Other business relationships were not so mutually beneficial: “Some [foreign commission agents] exacted exorbitant commissions by concealing the charges in a system of fictitious accounting.” Above all, foreign firms simply had no incentive to seek out the highest bidder when selling their imported coffee, frustrating Colombian exporting firms, which had little power to directly demand higher prices for their product.

Despite these structural limitations, the coffee industry did prove extremely lucrative for Colombian merchant-hacendados and export houses as “the unsuccessful and short-lived export booms of the nineteenth century gave way to a coffee boom of unprecedented proportions and duration.” The original merchant-hacendados, then, can be considered a manifestation of the process Cardoso and

24 Beyer 1949, 282.
25 Ibid.
26 Ibid., 283.
27 Ibid.
28 Bergquist 1986, 247.
Faletto identified as the “internalization of the external.” Merchant-hacendados internalized the profit motives of foreign commission houses and rearticulated them in their local context, creating their own internal structures of exploitation. Bogotá-based, absentee merchant-hacendados experimented with a diverse array of labor organization systems to maximize productivity on their haciendas. Since few could afford to pay their workers in cash, they took the “easy though ill-advised route of securing their workforce through sharecropping, rentals, and other forms of tenancy.” These tenancy arrangements relied on unpaid family labor, by which women and children working on their families’ small plots effectively contributed to the merchant-hacendados’ profits. By allowing for some degree of self-provisioning by tenant families, and in this way reducing labor costs, haciendas would be able to withstand periods of low coffee prices.

However, these pre-modern labor arrangements did not function as well as the merchant-hacendados had hoped. For example, although workers were officially permitted to grow foodstuffs on their small plots only for personal consumption, many secretly produced panela, chicha, and other products for the local market. Some tenant farmers even independently hired day laborers to fulfill their contractual obligations to the hacienda, freeing up time to work on their own plots and in other off-farm economic activities. Taken together, these strategies demonstrate workers’ clear desire for autonomy and direct control of the land, undermining the stability of the hacienda. Even beyond the tenuous control that the merchant-hacendados had

30 Stolcke 1995, 81.
31 Henderson 2001, 121.
32 LeGrand 1984, 37.
over their laborers, tenancy arrangements did not fully satisfy *haciendas’* total labor requirements: “Given the seasonal nature of the harvest, a *hacienda* could not rely only on its resident population and had to rely on the *enganche*, the recruitment of seasonal laborers.”

Labor mobility and increasing urban opportunities for peasants meant that *hacienda* administrators often struggled to amass enough labor for the harvest season. The instability and uncertainty of *haciendas’* labor arrangements were among the main causes of the eventual eclipse of the *hacienda* model and, with it, the end of the eastern *cordillera*’s dominance over Colombian coffee production.

### II. Antioqueño Colonization: Changing Land and Labor Structures in the Central Cordillera

By the turn of the century, the coffee industry of the eastern *cordillera* was in decline. Social unrest among coffee laborers threatened the stability of the *hacienda*, while profits were further eroded by poor soil quality, high transportation costs, and Venezuelan transit taxes.

These factors, among others, combined to shift the coffee-growing axis away from the eastern *cordillera* and toward the central *cordillera*, bounded to the east by the Magdalena River Valley and to the west by the Cauca River Valley. The present-day departments of Caldas, Quindío, and Risaralda were carved from this region, comprising the so-called *eje cafetero*. The expansion of coffee throughout the central *cordillera* marks the beginning of a new era of coffee production in Colombia, characterized by fundamentally new landowning and labor structures.

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33 Palacios 1980, 95.
34 Bergquist 1986, 231.
The nineteenth-century geographer Augustin Codazzi estimated that in 1850, three-quarters of Colombian national territory was still public land.\textsuperscript{35} A significant portion of this land was located in the central cordillera. The enormous expanse of baldíos created the conditions by which the small farm model could predominate. Where land was abundant, merchant-haciendados had no means of recruiting peasant laborers to work on their haciendas. Instead, peasants administered their own small fincas, directly controlling the means of production, either on occupied public domain land or on smallholdings to which the farmers held legal title. As coffee’s importance in the Colombian economy increased, this smallholding land structure lent the small-scale farmer an “ideological importance” in Colombia’s national imaginary.\textsuperscript{36} Despite the state’s ongoing efforts to modernize the agricultural sector over the course of the twentieth century, this idealized image has displayed remarkable staying power.

While certainly based in reality, the image of the smallholding farmer in the central cordillera has been stretched and distorted, contributing to a mythology of the Colombian frontier not altogether consistent with the historical record. Early scholarship of central and western Colombia labeled the region a “rural democracy.” In 1949, for example, the geographer James J. Parsons, for example, claimed that the central cordillera department of Antioquia was “composed of small landowners and homesteaders and is in sharp contrast to most of the latifundian Latin America.”\textsuperscript{37} Antioquia’s social structure was purported to be an egalitarian island in a region of inequality. The mythology of Antioquia and areas of Antioqueño colonization rested on cultural stereotypes of Antioqueños as “energetic,” “thrifty,” “frugal,” and “hard-

\textsuperscript{35} LeGrand 1984, 29.
\textsuperscript{36} Palacios 1980, 13.
\textsuperscript{37} Parsons 1949, 1.
The characteristics ascribed to *la raza antioqueña*, in turn, were derived in part from a historical legend that falsely claimed Antioquia’s original settlers were Spanish Jews fleeing persecution.\(^{39}\) Despite this story’s inaccuracy, the image of Antioquia as an egalitarian society – a place where anyone who worked hard would be materially rewarded - has been firmly ingrained in the Colombian imaginary.

Again, this mythology had some basis in reality, especially when comparing Colombia to Brazil, the other major coffee producer in the Latin American region. In Brazil, large supplies of labor and capital made land artificially scarce by comparison, facilitating the formation of enormous coffee estates based on economies of scale.\(^{40}\) Colombia’s mountainous terrain, however, prevented the mechanization of production and eliminated any potential economies of scale. Since land was readily available in the central *cordillera*, small *fincas* could compete with Brazilian production on the world market. Statistical data for this period is scarce; however, the first national coffee census, conducted in 1932, showed that the central *cordillera* department of Caldas, which at that time produced 35 percent of Colombia’s coffee, had only 28 coffee farms larger than 60 hectares.\(^{41}\) Clearly, small *fincas*, owned and operated by rural peasants, did manage to stay afloat.

The prevalence of small coffee *fincas*, however, cannot be understood merely as a natural outgrowth of the abundance of land. Smallholding society in the central *cordillera* was the result of a long, contested settlement process; smallholders’ survival was not a foregone conclusion. The coffee economy of the central *cordillera*

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\(^{38}\) Parsons 1949, 1.

\(^{39}\) To his credit, Parsons correctly debunks this myth, attributing its endurance to “a feeling of inferiority which seems to exist among other Colombian groups, envious of the economic successes and the ‘Yankee materialism’ of the Antioqueños.” See Parsons 1949, 62-3.

\(^{40}\) Bergquist 1986, 259.

\(^{41}\) Parsons 1949, 144.
developed alongside the ongoing Antioqueño colonization of western Colombia, beginning in earnest in the late-nineteenth century. Population growth in the urban areas of northern Antioquia (including in Medellín, today the second-largest city in Colombia), coupled with insufficient agricultural production, created demographic pressure on the region and caused a persistent southward migration into the present-day departments of Caldas, Quindío, and Risaralda.\(^{42}\) The Medellín merchant class, with capital earned from gold mining in the region, financed the opening of the southern frontier.\(^{43}\) Some Medellín-based commercial companies had anticipated the population shift, asserting legal control over large land tracts in the region as early as 1835. These merchants were real estate developers, rather than traditional latifundistas; subsequent conflicts with peasants largely stemmed from the companies’ desire to “obtain the best price possible for the land, not to block sales.”\(^{44}\)

Despite commercial companies’ early dominance of the land, migrants from the rural highlands streamed into the newly opened frontier throughout the first decades of the twentieth century, pulled by “the promise of free land and by the hope of improving their economic situation through production for markets.”\(^{45}\) Many of these frontier settlers were motivated by the government’s public land policies that enshrined a basic tenet of Colombian law: “the rights of cultivators to public lands which they have cleared or in other ways improved.”\(^{46}\) These policies were designed to stimulate the agricultural sector by bringing more land under cultivation. However, as settlement continued piecemeal and land values increased, large landowners sought

\(^{42}\) Christie 1978, 263.  
\(^{43}\) Ibid.  
\(^{44}\) Ibid., 265.  
\(^{45}\) LeGrand 1984, 31.  
\(^{46}\) Parsons 1949, 96.
to exclude peasants from landownership by illegally establishing claim to vast quantities of uncultivated land. For example, southwest of Bogotá, Hacienda Sumapaz proclaimed dominion over 300,000 hectares, despite holding clear legal title to only 9,300 hectares.\(^47\) Within the legally dubious bounds of such hacien\(\text{\textdollar}\)das, many peasant settlers cleared and farmed land that would otherwise lie fallow. Although Colombian law protected peasants’ legal right to the baldíos that they occupied, few frontier settlers, unlike large landowning companies, could afford the costs of the land surveys needed to prove legitimate occupation in a court of law.\(^48\) In their efforts to “clarify” land titles, large landowners specifically targeted land that was already occupied by peasant settlers, hoping that instead of vacating the property, peasants would agree to sell their labor power by signing tenancy agreements.\(^49\) Often, these strategies worked. However, national legislation in support of settlers’ rights “profoundly influenced the settlers’ perception of their own situation,”\(^50\) and settlers increasingly formed political alliances with lawyers, medium-scale cultivators, or local officials in order to protect their rights to the land.\(^51\) Beyond these legalistic methods of protest, settlers’ confrontations with landowners sometimes turned violent, adding to the turbulence of the era.\(^52\)

In some areas, settlers were successful in their legal struggles for the land they occupied. In others, large landowners managed to monopolize only the lowlands, 

\(^{47}\) Henderson 2001, 216.  
\(^{48}\) LeGrand 1984, 33.  
\(^{49}\) Ibid., 36.  
\(^{50}\) Ibid., 38.  
\(^{51}\) Ibid., 40.  
\(^{52}\) These tensions between rural peasants and the landowning elite would continue throughout the twentieth century, fueling conflicts that would lead to the emergence of guerrilla groups in the 1950s and 1960s. The coffee-growing departments discussed above would be some of the most severely affected by the armed conflict, with profound consequences for coffee farmers, to be discussed in Chapters Two and Three.
inadvertently pushing settlers into “the distant and densely wooded hills which would become with time the most productive land for coffee.”⁵³ A new wave of squatter movements in the late 1920s and early 1930s, particularly in the coffee-producing zones of Quindío, Huila, and northern Valle de Cauca, succeeded in dividing up large haciendas and returning the land to the settlers who had originally cleared it.⁵⁴ But where small farmers succeeded, their success was neither the inevitable result of land abundance nor the natural consequence of Antioqueños’ inherently “industrious” nature. Smallholder society in the central cordillera was built through conflict, “under the shadow of large landowners and private companies,”⁵⁵ and sustained through hard work. Settlers’ legal challenges were motivated by a slowly building rural consciousness leading to their heightened demands for economic independence, defined by “production for commercial markets and participation in the benefits of economic growth.”⁵⁶ Rural protest called for peasants’ unobstructed access to full participation in the coffee economy. However, legal title to land was insufficient to reverse smallholding farmers’ position “on the margin”⁵⁷ of the coffee market, since the industry’s purchasing and marketing firms were still controlled by the same commercial capitalist class that had spurred early coffee production in the eastern cordillera.

As smallholders attained tenuous control over lands that were ideal for coffee production, the political structure of an expanding Antioqueño society continued to be dominated by a small number of “buenas familias” that had controlled early

⁵³ Palacios 1980, 182.
⁵⁴ LeGrand 1984, 44.
⁵⁵ Palacios 1980, 194.
⁵⁶ LeGrand 1984, 46.
colonization efforts through commercial companies. These families, which “came from respectable, white Antioqueño stock,”58 controlled municipal politics in the emerging urban centers of Manizales, Armenia, and Pereira (today the capitals of Caldas, Quindío, and Risaralda departments, respectively), and were disproportionately represented in national politics well into the second half of the twentieth century.59 The establishment of a precarious smallholder society in the central cordillera did not legitimately challenge the buenas familias’ political or economic power. As the landowning structure evolved, the merchant class simply “shifted its ground from production to commerce; capital no longer went to control land and labor, but to control the internal coffee market.”60 These powerful families owned the large commercial export-import houses that, as in the eastern cordillera, mediated coffee farmers’ relationships to the world economic system through the extension of credit.

In the first decades of the twentieth century, many of the most powerful domestic export-import firms – such as Vásquez, Correa & Co.; Londoño Hermanos; and Pedro A. López & Co. - established offices in New York in order to better represent their interests abroad. However, the sharp (though short-lived) decline in prices in 1920 was “too great a strain for the slender financial resources of these new Colombian agencies,”61 and many declared bankruptcy. The reshuffling of resources after the price collapse created “a great gap in the marketing system,”62 paving the way for large American coffee importers, including the American Coffee Corporation

58 Christie 1978, 270.
59 Ibid., 269.
60 Palacios 1980, 145.
61 Beyer 1949, 284.
62 Ibid.
and Hard & Rand, to establish purchasing offices in the Colombian coffeelands. The
entry of these American firms solidified the emerging hegemony of the United States
over the marketing of Colombian coffee. American importing companies developed
exclusive business ties with Colombian commercial firms, which quickly reorganized
and emerged from the price collapse as export houses specializing solely in coffee.
With financial assistance from their American business partners, these exporting
firms established a web of agents scattered throughout the coffee-growing regions
that purchased coffee from farmers and delivered it to company *trilladoras*, or
processing plants, for inspection. Some agents manipulated the system for their own
benefit: “by taking advantage of the peasants’ ignorance of prevailing prices, [agents
would] make a sizable profit.”

But the manipulation of coffee growers by commercial capitalists was not
only the result of the disjointed actions of scattered agents. The monopsonistic
organization of the purchasing market was also a structural impediment to farmers’
economic survival. With the encouragement of American importing firms, which
sought stability of supply by overcoming the regional divisions of the internal
purchasing market, several Colombian exporting firms developed agreements of
cooperation and joint operations. In 1908, for example, several Medellín-based
exporting firms formed a secret commercial association known as Negocio X y Y
(with X representing coffee and Y representing hides, another major Colombian
export). By conspiring keeping the prices paid to farmers artificially low, Negocio X

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63 Palacios 1980, 154.
64 Beyer 1949, 285.
65 Palacios 1980:155.
66 Ibid.
y Y could “exercise effective control over the coffee sector.”67 This control, however, was restricted to the internal market. Once the member firms of Negocio X y Y had distributed the total supply of coffee among themselves, each firm was free to sell its shares to whichever foreign import house to which it was contractually obligated.68 Coffee-growing peasants in the central *cordillera* were thus subject to dual, overlapping structures of exploitation: first, Colombian export firms squeezed maximum possible profit out of the peasant class, and second, foreign import firms continued to increase their own profits on the world market by extending their influence over a growing portion of the coffee value chain. Although the shift in the coffee-growing axis from the eastern to the central *cordillera* did create new market opportunities for smallholding farmers, their economic survival was still subordinated to the needs of the capitalist world-system, internalized and rearticulated by the Colombian commercial elite.

III. The National Federation of Colombian Coffee Growers and the Modernization of the Peasant Sector

By the 1920s, despite the ongoing land disputes in the central *cordillera*, the Colombian coffee industry was well established and primed for years of unbridled growth. Around the middle of the decade, coffee accounted for over 70 percent of total export value,69 providing the foreign exchange necessary for domestic investment and general economic growth. In recognition of coffee’s increasing importance in the economy, members of the “coffee bourgeoisie of Antioquia” began

68 Palacios 1980: 156.
69 Beyer 1947, 233.
to organize, united in their “condemnation of the monopolistic presence of the North American roasters” in the global coffee commodity chain.\textsuperscript{70} Colombia had become the world’s second-largest coffee producer (after Brazil), but the most lucrative parts of the commodity chain – trade, marketing, and roasting – were still controlled by foreigners. Colombian firms had failed to establish successful commercial houses abroad in order to compete with foreign importers. The coffee industry was in need of a more creative solution to reform the industry and wrest control of the global value chain away from foreign firms. The result of this sentiment was the birth of the National Federation of Coffee Growers (FNC), founded in 1927.

The FNC is a peculiar institution that resists easy classification; for almost a century, “political scientists have asked themselves if it is a bureaucracy, an interest group, or a quasi-official body.”\textsuperscript{71} With its origins dating back to the Society of Colombian Agriculturalists of the 1870s, the FNC was spearheaded by powerful merchants-\textit{hacendado} families, mostly from Antioquia, to represent the interests of coffee industry actors and “reconcile coffee policy with macroeconomic policy.”\textsuperscript{72} Today, the institution is a relatively democratic, transparent association of coffee producers, who voice their political demands through elected representatives in a network of departmental committees stretching throughout the coffee lands.\textsuperscript{73} The FNC’s democratic structure makes it distinct from the coffee institutions of other countries, such as the Instituto Brasileiro do Café, a Brazilian government agency.

\textsuperscript{70} Palacios 1980, 206.
\textsuperscript{71} Ibid., 217.
\textsuperscript{72} Pizano 2001, 17.
\textsuperscript{73} Government officials, appointed by the President of the Republic, also serve on the National Committee and share the responsibility of creating coffee policy. The exact division of power between elected representatives and appointed government officials has evolved over time to give more power to the government.
under the Ministry of Industry and Commerce, or the state marketing boards of Tanzania or Uganda. In contrast to its counterparts in other nations, the FNC is essentially a producers’ guild, defying the entrenched assumption that agricultural workers face insurmountable collective action problems that preclude their effective organization. The economist Mancur Olson has explained the Colombian anomaly by citing the country’s extreme geography, which impeded the centralization of political power in a single urban center. Because of Colombia’s sharp regional political divisions, coffee growers constituted a powerful electoral bloc, and national politicians were obliged to court their votes.

The founders of the FNC moved quickly to take advantage of coffee farmers’ potential power by securing for the organization a semi-official status, extending its domain beyond that of a traditional private organization and into the realm of public power. Law 76 of 1927 formalized the FNC’s mandate and gave the institution the power to collect an export tax on coffee. The revenue collected by the tax, managed by the Fondo Nacional de Café, was to be applied to the explicitly stated goals of strengthening the coffee industry. Perhaps most significantly, the FNC instituted a purchase guarantee, giving producers the confidence that they could always find a willing buyer at the world market price, published daily by the FNC.

Many contemporary critics claim that the FNC primarily serves large producers and exporters at the expense of smallholders. Christopher E. London, for example, points out the similarities between the FNC’s policies and the corporatist

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74 Pizano 2001, 16.
75 Ibid., 21.
76 For a fuller explanation of the FNC’s original mandate, see Beyer 1947, 237.
77 See, for example, Palacios 1980, 219.
ideology of the Antioqueño industrial bourgeoisie that managed Medellín’s paper mills in the early-twentieth century: in both cases, elites sought to “rationalize labor processes in terms of a kind of Durkheimian corporatism in which management and labor existed in organic harmony rather than in constant struggle as antagonistic classes.”78 Paternalist ideology notwithstanding, the FNC’s centrality in spurring progress in the coffee industry is undisputed.

The original functions of the FNC were concentrated in the realms of trade, finance, and marketing, leaving actual coffee production free of interference.79 The FNC pursued an aggressive marketing strategy, signing contracts with traders in all major European cities and establishing offices in New York and London to collect information about trends in sales and global demand.80 Soon after the 1929 market crash, in order to “curtail speculation on a captive supply,”81 the FNC launched the Almacenes Generales de Depósito (AGDs), a network of warehouses that provided credit to farmers, who could use receipts from their delivery of coffee to the AGDs as collateral in banks.82 By tying farmers to the institution through debt, the FNC worked toward “consolidating capitalist managerial control over the coffee sector.”83 The financial bond between farmers and the FNC was further strengthened with the establishment of the Compañía Agrícola de Seguros in 1952 and the Banco Cafetero in 1954.

However, the financial functions of the FNC cannot be understood without reference to the increased attention to quality control generated by an escalating trade

79 Palacios 1980, 220.
82 Ibid.
83 Ibid., 280.
dispute with Brazil, the world’s largest coffee producer.\textsuperscript{84} The conflict with Brazil dates back to 1905, when members of Brazil’s Senate Finance Committee wrote that due to its “exceptional position”\textsuperscript{85} as an almost-monopolistic producer, Brazil should act as a price-maker in order to bolster its coffee sector’s profits. By withholding stocks from the world market, Brazil could artificially drive up the price of coffee, thus increasing its foreign exchange earnings. In 1906, with this logic in mind, the São Paulo state government bought 8 million bags of coffee, over half of Brazil’s total production that year, and stored it in warehouses, to be released carefully over the following years to maintain the artificially high price.\textsuperscript{86} However, the capital required for the São Paulo government to finance this policy, known as valorization, made the strategy untenable in the long-term. The responsibility thus passed to the federal government, which carried out additional valorizations in 1917, 1921, and 1925, setting a precedent for state intervention in the international coffee market.

Brazil’s early experiments with valorization succeeded in maintaining the world coffee price at a profitable level for farmers. By 1911, the world price had increased to over 14 cents per pound, a 100 percent jump from its pre-valorization level.\textsuperscript{87} Colombia’s expanding smallholder society was essentially a free-rider of Brazil’s expensive valorization program: without paying the costs of withholding coffee from the market, Colombian coffee farmers benefited from the higher prices. The artificially high prices were partially responsible for the steady stream of people and capital down the slopes of Colombia’s central \textit{cordillera} and into the coffeelands:

\textsuperscript{84} By the early 1900s, Brazil produced 70 percent of the world’s coffee imports. See Bates 1997, 26.
\textsuperscript{85} Bates 1997, 33.
\textsuperscript{86} Talbot 2004, 47.
\textsuperscript{87} Fridell 2007, 119.
“People responded as if they had heard [the] injunction, ‘Go west, young man,’ and had gone west to plant coffee.” However, Brazil’s stockpiles of coffee soon grew unsustainable; by the 1930s, the state began to destroy coffee, and it became clear that Brazil “couldn’t continue to unilaterally intervene in the market without undercutting its ability to intervene in the future.” At an international conference in 1931, Brazil proposed a trade agreement that would allow all coffee producing countries to share the costs of price stabilization. While the Colombian government, which highly valued its diplomatic relationship with Brazil, supported the proposal, the FNC did not. Through political struggle in the following decade, the Colombian government managed to pass tenuous trade agreements with Brazil against the wishes of the FNC, seeking to restrict both countries’ exports and in this way raise the world price of coffee.

Nonetheless, although Brazil and Colombia were by far the world’s largest producers, they did not exercise complete control over the market. Smaller coffee producing countries, primarily in Central America, responded to the higher prices by increasing their production and their exports, flooding the world market with cheap coffee. Negotiations in 1937 for a new trade agreement that would include these smaller producers quickly fell apart, and Colombia soon abandoned its export restrictions and resumed the competitive marketing strategy favored by the FNC. Unfortunately for free-riding Colombian coffee growers, Brazil followed suit and abandoned the valorization strategy, releasing stockpiled coffee onto the world market and causing the world price to fall once again. At the onset of World War II,
as producing nations’ access to European markets was restricted, the situation became dire. By reforming the governing structure of the FNC to give more weight to appointed officials, the Colombian government once again overpowered the coffee growers’ resistance to export restrictions. In 1940, with the support of the United States, the Inter-American Coffee Agreement was born. Under the agreement, Colombia, Brazil, and smaller Central American producers would set limits on their coffee exports, to be enforced by customs agents in the United States. By formally dividing the United States market, the Inter-American Coffee Agreement sought to maintain high coffee prices over the long-term.

Unfortunately, the price stability achieved by the Inter-American Coffee Agreement did not last for long. During World War II, coffee consumption in the United States skyrocketed. Facing growing consumer protest at high and rising prices, the United States abandoned the agreement and enacted price controls. However, many African and Asian nations, motivated by the high world price, had already expanded their coffee production. As a result, when the Agreement broke down, world production volume was higher than ever. Prices began a steady decline around 1956, and the Colombian coffee sector faced quickly eroding profits. Clearly, any return to a collusive marketing strategy would have to stretch beyond the original

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92 The United States’ willingness to sign an agreement that would raise the cost of coffee for American consumers may seem irrational. Its involvement can be understood as a product of the geopolitical context; the Inter-American Coffee Agreement complemented a growing program of Latin American development assistance designed to stamp out communism in the region. Furthermore, the agreement satisfied U.S. roasters’ demands for a stable supply. For more insight into the United States’ motivations for participation, see Bates 1997, Chapter 5.
94 Ibid., 103.
signatories of the Inter-American Coffee Agreement to include all players in the world coffee market.

In 1959, the first International Coffee Agreement (ICA) was signed, and the International Coffee Organization (ICO) was founded to regulate it. By 1962, the ICA included both consuming nations and producing nations; its producing members accounted for an impressive 94 percent of world production.\(^95\) Although the ICA continued to face problems of free riding and corruption, the agreement succeeded in keeping the world price high until its demise in 1989. High world prices, however, were not a silver bullet guaranteeing Colombian prosperity. Although Colombian coffee farmers individually benefited from the high prices, the industry at large suffered from export restraints. By eroding the coffee sector’s power to accumulate endless foreign exchange through steadily rising exports, the ICA caused the FNC to shift its focus: by focusing on quality instead of quantity, the Colombian coffee industry could continue to prosper. Instead of simply utilizing the AGDs as warehouses and providers of credit, the FNC began to incorporate the AGDs into a larger program of quality control.

While the FNC’s emphasis on quality was heightened by the effects of the ICA, its origins were far older. As early as 1929, the FNC marketed Colombian coffee abroad under the slogan “Our coffee is the best in the world.”\(^96\) Since the institution’s inception, the FNC sought to cement its business relationships with foreign commercial agents by fortifying Colombian coffee’s reputation for quality. However, throughout the trade disputes of the first half of the twentieth century,

\(^{95}\) Talbot 2004, 58.
\(^{96}\) London 1994, 53.
quality became more central to the FNC’s marketing strategy. With the ICA’s export restrictions in place, Colombia could not compete with Brazil on quantity. Instead, it competed with the other producers of high-quality, wet-processed coffees: the African nations of Kenya and Tanzania, whose coffee was classified as “Colombian mild,” and the Central American nations of Guatemala, Honduras, and El Salvador, which produced the slightly inferior coffees known as “other milds.” The FNC’s evolving strategy of quality control was intended to secure for Colombia control over the high-quality segment of the market.

The quality control program began by implementing standardized grades, weights, and measures, to be enforced at the AGDs. In 1962, the FNC created a national system of growers’ cooperatives to formally regulate the supply of coffee. In many towns, the FNC cooperatives were the only buyers of green coffee. To find a willing buyer and maintain their livelihoods, coffee farmers were therefore required to adhere to the cooperatives’ quality standards. Together with the credit apparatus of the AGDs, the cooperatives “functioned as a disciplinary mechanism” to formally subject coffee farmers to the logic of the capitalist class.

Disciplinary measures were but one component of the FNC’s campaign to guarantee Colombian coffee quality. In order to profitably compete under the regulations of the ICA, the FNC would have to actively work to modernize coffee production, implementing farm-level reforms aimed at improving quality and increasing productivity. These efforts focused particularly on small farms and were

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97 All but the first iteration of the ICA instituted price differentials for the different classifications of coffee. Colombian Mild Arabicas received the highest price, followed by Other Mild Arabicas, Brazil Natural Arabicas, and lastly, Robustas.
99 Ibid., 281.
grounded in the perception that “quality declined as more coffee came from the ‘provinces,’ that is, as a larger proportion of the total harvest came from small family farms.”\textsuperscript{100} The FNC would have to harmonize the smallholding structure of coffee production with its rigorous commercial goals by “impress[ing] upon farmers of all sizes that coffee should (must) be treated like a business,”\textsuperscript{101} converting peasant families into laborers in an industrial-style agriculture system. London applies the Marxist notion of subsumption to this transformation, noting that the FNC’s modernization programs caused “the labour process as a whole [to be] reconfigured in terms of the designs of the capitalist, allowing the extraction of relative surplus value.”\textsuperscript{102} In short, the modernization of coffee production brought about the formal subsumption of coffee farmers to the logic of commercial capitalism, which prioritized efficiency and profit-maximization above all else.

In 1965, the FNC launched its first program of Development and Diversification in the Coffee Zone, executed by a network of extension agents that would provide technical assistance to small farms.\textsuperscript{103} The perceived need for technical assistance was grounded in the commercial elite’s long-held cultural prejudices against peasants. For example, an FNC publication in 1929 described peasants as lacking “the most rudimentary education that would make workers conscious elements, capable of collaborating with those who are preoccupied with their true well being and betterment.”\textsuperscript{104} The technical assistance program, known in Colombia as technification, would therefore serve the dual purpose of technical

\textsuperscript{100} London 1997, 279.  
\textsuperscript{101} London 1994, 74.  
\textsuperscript{102} London 1997, 275.  
\textsuperscript{103} Palacios 1980, 228.  
\textsuperscript{104} FNC 1929, 87.
reform and moral reform, aligning small farmers with the idealistic image that the FNC deliberately cultivated of peasants as the heroes of coffee production.105

Before the drive towards technification, coffee production had taken place along traditional lines. Colombia’s mountainous topography prevented coffee production from enjoying economies of scale. By planting food for subsistence alongside their coffee trees, however, smallholders were somewhat insulated from price crises, at least in the short-term. Increasing marginal productivity was simply not farmers’ foremost concern, since other factors, like “the certainty of finding reliable outlets on the world market,” were more pressing.106 Since productivity was not a primary focus, the use of fertilizers and pesticides was rare, and the renovation of coffee plants was relatively haphazard.

The goal of technification was to reconstruct the production process according to scientific principles in order to maximize efficiency. First, farmers were to use seed selection and seedbeds to deliberately design and implement new plantings according to their finca’s terroir – its particular topography, soil, and climate (Figure 2). Second, coffee bushes were to be pruned systematically; these extra weeding requirements required additional labor expenditures. Third, farmers were to process their own coffee and dry it thoroughly before delivering it to the cooperatives or other purchasing points.107 The higher standards for processing were a challenge for farmers whose subsistence was earned day-to-day, and who therefore did not have the time to wait for green coffee to fully dry before selling it. Beginning in the late 1960s, farmers were also encouraged to replant their farms in caturra, a dwarf variety that

105 Palacios 1980, 231.
106 Ibid., 228.
can be more densely planted and therefore results in a higher yield. The FNC’s extension agents were responsible both for helping farmers implement these reforms and, more generally, imparting upon the farmers the need to think rationally in terms of costs and profits. By imposing the same standardized production model in a wide range of diverse local contexts, the extension services also devalued farmers’ agronomic expertise, a result of their unmatched experience cultivating their land.

Figure 2: Technified coffee trees planted in straight, orderly lines at Hacienda Guayabal in Chinchiná, Caldas.
The FNC’s ability to dictate production practices on small farms increased with the development of a hybrid variety known as *variedad Colombia*, or simply *variedad*. This new varietal was created in 1983 in the FNC’s research lab, Cenicafé, by crossing *caturra* with a variety of Robusta coffee, which is lower in quality but more resistant to a damaging fungus known in Colombia as *la roya*. Because the FNC controlled access to *variedad* seed stock, it could mandate the adoption of new production practices alongside the new varietal in a comprehensive technical package, which also included the reforms listed above, the use of agrochemicals, and the elimination of shade trees. The FNC pursued the widespread adoption of its technical package by considering compliance a prerequisite for the provision of credit. By effectively forcing peasants to adopt the package of technical reforms, the FNC transformed not only production practices, but also farmers’ worldviews and self-conceptions. As London argues, “technification is not simply a process of applying new means to old situations, but of entering the market as an almost fully capitalized producer. The formation of coffee growers as market actors is a fundamental feature of the technification process.” The transformation of independent peasant families into modernized, efficient laborers within a standardized agricultural system underlies the commercial class’ continuing domination of coffee farmers. No longer was the logic of capitalism expressed only in the purchasing sphere; with technification, extension service agents became capitalism’s active

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109 Sprudge Staff 2010.
110 The scientific literature on the impacts of shade trees on coffee production is extensive (see, for example, Bosselmann et al. 2008). While shade trees may reduce productivity per unit by competing with coffee shrubs for nutrients, they also regulate water availability and solar exposure, provide food for subsistence, and play a role in nutrient recycling. Today, shade trees are widely considered a vital component of an eco-friendly coffee production system.
111 London 1994, 90.
112 Ibid., 93.
evangelists, converting smallholders across the coffeelands into industrial-style workers motivated by the wage logic.

As coffee quality throughout Colombia consistently improved, the FNC increased its power over the industry by expanding its role as an exporter. The FNC became an oligopolistic agent in the internal purchasing market, assuming the role previously played by Antioqueño commercial houses in first decades of the twentieth century. By the 1940s, the FNC already directly controlled about 18 percent of total exports.\textsuperscript{113} With the implementation of technification programs, the FNC manipulated its role as the most reliable guarantor of coffee quality into a larger share of the export market: in the decades after the implementation of the technification programs, the FNC controlled up to 50 percent of coffee exports.\textsuperscript{114} Furthermore, the FNC maintained a total monopoly on the sale of green coffee to Colombian roasters for internal consumption, which would last until the early 2000s.\textsuperscript{115} In recent years, the FNC’s share of the export market has declined to about 30 percent.\textsuperscript{116} While some observers view this change as an indication that the FNC does not seek monopolistic control over the export market,\textsuperscript{117} it is clear that the FNC’s efforts at quality control have strengthened its role as an exporter, allowing the institution to take advantage of its trusted reputation abroad to squeeze all potential profits out of the coffee industry.

\textsuperscript{113} Palacios 1980, 223
\textsuperscript{114} Pizano 2001, 18.
\textsuperscript{115} Palacios 1980, 249.
\textsuperscript{116} Rueda and Lambin 2013, 289.
\textsuperscript{117} Pizano 2001, 18.
IV. The Breakdown of the ICA and the Post-1989 World Market

The tenuous equilibrium reached under the ICA came to a close in 1989, after negotiations to renew the agreement broke down. The ICA’s demise can be partially explained by the immense overproduction that its governing organization had inadvertently incentivized: since producing countries’ voting power in the ICO was determined by their “demonstrated capacity” for production, countries were motivated to continue to expand production, despite their restrictions on exports.118

The FNC’s technification program and other countries’ similar efforts to modernize their agricultural sectors enabled steadily rising production levels. Like Brazil during the first valorization policy, coffee-producing countries accumulated unsustainable stockpiles of coffee. Furthermore, as coffee consumption increased throughout the world, the ICO’s consuming members represented a shrinking proportion of world coffee consumption. By 1989, the consuming members accounted for only 80 percent of world imports.119 New consumer markets, accounting for the remaining 20 percent, served as “outlets for the excess coffee stored in some of the producing countries.”120 These countries purchased coffee at a low price (inaccessible to ICO members nations) and illegally re-exported it as “tourist coffee” to ICO members. Although Colombia did not engage in this form of fraud (and in fact worked tirelessly to bring other countries into line), its bottom line was nevertheless affected by noncompliance from other producing nations. In this context, the 1988 ICO negotiations to sign a new agreement broke down, ushering in a new era of unregulated coffee production.

118 Talbot 2004, 77.
119 Ibid., 78.
120 Ibid.
However, the unregulated market that the Colombian coffee industry faced after the end of the ICA was markedly different from the situation it confronted at the beginning of the twentieth century. After decades of capacity building under the FNC, the Colombian coffee sector was better equipped to survive periods of low prices. Although the social and environmental effects of technification have often been criticized, the FNC’s quality control programs did substantially increase the productivity of the coffeelands. Moreover, the FNC’s role as a trusted exporter guaranteed farmers’ access to lucrative foreign markets. Colombian coffee’s reputation for quality on the world stage was untarnished, suggesting the potential for a value-added strategy in the coming decades that would offer Colombia a unique opportunity to maintain and build on its comparative advantage in coffee.

Although the FNC undoubtedly provided material benefits and institutional support to coffee farmers, the organization nevertheless deprived the peasant class of political and market power. The FNC’s role as guarantor of coffee quality and its control over a significant share of the export market suggest the institution’s classification as the new face of Colombian commercial capital. The logic of commercial capital was first expressed through the merchant-hacendados that directly owned the means of production during the first wave of coffee. When coffee production shifted to the central cordillera, the commercial class altered its focus, abandoning direct land ownership in favor of control of the powerful trading houses, which doubled as providers of credit to farmers. Since its inception, the FNC has adopted many of the functions previously executed by merchant-hacendados and trading houses, and has extended its domain to include the administration of farm-
level modernizing reforms that brought about the formal subsumption of coffee growers to the capitalist logic.

The continuing dominance of commercial capital over Colombian coffee production lends empirical support to Cardoso’s and Faletto’s emphasis on the process of “internalization of the external” as a mechanism to extend dependency’s lifespan within the Colombian context. By internalizing and rearticulating the logic of the capitalist world-system, the various manifestations of local commercial capital have preserved their authority over the coffee industry, maintaining an economic structure that has kept the peasant class subordinate to their interests. Over the course of the twentieth century, smallholding coffee farmers struggled with powerful *hacendados* to retain control over their land, relied on commercial export-import houses for access to foreign markets, and faced the imposition of technical reforms that standardized production and disregarded local experience and expertise. Above all, despite their various strategies of resistance, farmers were denied the power to demand changes to the coffee industry that would alleviate their subordination to an international economic structure that was not designed for their benefit. As the specialty coffee sector began to emerge in the 1990s, however, farmers would find new opportunities to increase both their profits and their power, suggesting the radical possibility of substantially altering that structure.
Chapter Two

The Specialty Boom: Quality, Profits, and Power

At the close of the twentieth century, the Colombian coffee industry faced several new challenges and related opportunities. The breakdown of the International Coffee Agreement ushered in the contemporary era of coffee production, in which thousands of farmers throughout the developing world have encountered serious obstacles to economic survival. Within this turbulent context, the specialty coffee movement began to transform the Colombian coffeelands, driven by consuming nations’ growing demand for high quality coffees. The specialty coffee sector would offer Colombian peasants the opportunity to dramatically increase their profits and their power, slowly reversing centuries of historical exclusion from full economic citizenship in the capitalist world-system. Small specialty coffee exporting firms – many of them Colombian-owned - would begin to assume many of the former responsibilities of the state and the FNC, incorporating rural farmers into the specialty sector by providing agricultural extension services and directly seeking foreign buyers for their product. In this dynamic new sector, farmers would construct an alternative mode of engagement with the world coffee market, offering the potential for new forms of economic empowerment in rural communities.

This chapter will explore those characteristics of specialty coffee that facilitate this type of economic empowerment. To begin, a close analysis of the features of the post-ICA coffee market that created the current “coffee crisis” will outline the historical context in which the specialty sector was born. Taking advantage of this
historical moment, a small number of entrepreneurial roasting firms in the United States began to encourage consumers to drink higher quality coffee. The specialty coffee sold by these small roasting firms was distinguished from mainstream commodity coffee by its superior material, symbolic, and in-person service quality. To understand how these three dimensions of coffee quality are produced, I will draw on my interviews with farmers, exporters, and other industry actors in Colombia. These interviews will begin to illuminate how the specialty coffee sector offers new opportunities for rural coffee-growing communities.

I. The Post-ICA Market

The collapse of the ICA in 1989 marked the beginning of the contemporary era of the global coffee market. The coffee policy implemented throughout producing nations during this period was consistent with the tenets of the emerging neoliberal model for economic development, applied to Latin American countries throughout the 1980s and 1990s. According to neoliberal ideology, the breakdown of the ICA was consistent with the wider development strategy of shifting power away from the state and towards private industry. By reducing inefficient state intervention and eliminating the ICA’s export quotas, it was hoped, neoliberal policy would unleash the full power of the market on the coffee industry.¹

The post-ICA market, from 1989 through the present, has been characterized by overproduction, low prices, extreme price volatility, and increasing concentration

¹ Neoliberal structural adjustment policies forced several producing nations to downsize or privatize their state coffee agencies. Compared to its counterparts in other producing countries, the FNC survived this period relatively unscathed. While the FNC was forced to sell off some of its assets, such as the Flota Mercante Grancolombiana, it retained control over its primary functions and remains arguably the most powerful state coffee agency today. See Pizano 2001, 33.
in the downstream spheres of trading and roasting. Together, these developments in the industry have weakened the standing of coffee farmers throughout the developing world, leading to the current era’s widespread characterization as a “coffee crisis.” Some of these features can be understood as direct results of trade liberalization. However, a comprehensive explanation of the contemporary international coffee crisis must look beyond the demise of the ICA and take into account the shifting power relations among the various actors along the global coffee commodity chain.

Chronic overproduction is a structural tendency of the world coffee market. Coffee trees do not produce a full yearly harvest until about five years after planting. As a result, the coffee market suffers from inelasticity of supply: price signals cannot be used to quickly guide farmers’ decisions to adjust production levels.\(^2\) Even under the export restrictions of the ICA, Colombia and other producing countries were incentivized to maintain high levels of production, with enormous stockpiles of warehoused coffee, in order to maximize their voting power at the ICO. The breakdown of the agreement therefore did not drastically affect Colombia’s total production, which fluctuated modestly between 11 million and 14 million 60-kilogram sacks per year throughout the 1980s and 1990s.\(^3\) In the immediate post-ICA years, most other countries’ production levels remained similarly steady. However, in the early 1990s, the entry of new producing countries, particularly Vietnam and Indonesia, caused total world production to increase dramatically, worsening the pre-existing structural tendency towards oversupply.\(^4\)

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\(^2\) Daviron and Ponte 2005, 110.

\(^3\) FNC 2015.

\(^4\) Vietnam – today the second largest coffee producer, after Brazil but ahead of Colombia – was encouraged by the World Bank to enter the coffee market beginning around 1989. At that time,
While the breakdown of the ICA did not directly affect the total volume of world production, it did reduce the ability of producing nations to effectively manage their coffee stocks, with ripple effects that would soon trickle down to farmers. Under the ICA, excess supply was owned by producing country governments or public coffee agencies like the FNC, which kept Colombian coffee stocks off the market in order to maintain artificially high prices. When the ICA ended in 1989, control of coffee stocks was liberalized, enabling “a massive transfer of coffee stockpiles from producing to consuming countries, at bargain prices.” This newly free market directly benefited private multinational trading firms and other downstream industry actors at the expense of producing nations.

Trading firms’ assumption of control over coffee stocks was facilitated by the development of a supplier-managed inventory (SMI) system, the “mirror image of a just-in-time stock management system.” Under SMI systems, roasting firms may outsource stock management to trading firms, which retain responsibility for the procurement and maintenance of green coffee inventories until roasters make their purchasing decisions. SMI systems depend on continuing global oversupply, which gives roasters the flexibility to purchase the exact quantity of a particular coffee they require at a moment’s notice. The widespread adoption of SMI systems fundamentally changed the nature of world coffee stocks. Unlike green coffee warehoused in producing countries, and unlike coffee that has already been purchased by roasting firms, stocks held by international traders are immediately mobilizable in

alongside political liberalization, the international donor community began to pour capital into the country to modernize the agricultural sector. Coffee exports expanded enormously, jumping from 1 million bags in 1990 to 13 million in 2001, with catastrophic results for the world coffee price. See Pizano 2001, 59.

Talbot 2004, 115.
Daviron and Ponte 2005, 124.
response to changes in demand. Mobilizable stocks are the only ones that “represent permanent availability and exert a full influence on prices.” The widespread implementation of SMI systems therefore magnified the negative effects of oversupply on world coffee prices.

Moreover, SMI systems exert downward pressure on world prices even in the absence of oversupply. This apparent paradox has been evident since the mid-1990s, when the level of world coffee stocks began to decline. Daviron and Ponte’s statistical analysis of long-term coffee production data reveals that since about 1970, the traditional boom-and-bust cycles that have historically characterized coffee production have almost disappeared. New technology and new agricultural practices have better equipped farmers to quickly adjust production levels in response to price signals, reducing overproduction and thus shrinking world stocks. Since the mid-1990s, total world stocks have decreased from the equivalent of eight months of world imports to only four months of imports. However, despite unusually low stocks, world prices have continued their steady decline: in 2003, the price paid to Colombian coffee farmers reached a historic low of only $0.48 per pound, well below the cost of production (Figure 3). Daviron and Ponte conclude that the current low level of stocks alongside low world prices constitutes “a previously unknown situation” in the coffee world, a consequence of SMI systems that empower downstream industry actors at the expense of farmers.

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7 Daviron and Ponte 2005, 120.
8 Ibid., 112.
9 Ibid., 113.
10 ICO 2015.
11 Daviron and Ponte 2005, 246.
Historically low prices are compounded by unprecedented price volatility, perhaps the most troubling feature of the contemporary coffee market. Extreme price fluctuations make it impossible for smallholding farmers, eking out their subsistence day-to-day, to budget yearly expenses or prepare for family emergencies. Due to the structural inelasticity of supply, price volatility has long been an unfortunate characteristic of the world coffee market. However, volatility dramatically increased with the end of the ICA’s price stabilization program, and has continued to rise in response to the recent expansion of the coffee futures market on Wall Street.

The international coffee trade is based on the Mild Arabica ‘C’ market, a futures contract initially traded on the New York Coffee, Sugar, and Cocoa Exchange and now traded at ICE Futures U.S. The C-market uses Central American coffee quality as a baseline and defines other regions’ coffee prices in reference to it; Colombian Milds receive a fixed quality premium above the C-market price.¹² Futures contracts are designed to allow traders to hedge against price fluctuations,

¹² Fischer and Victor 2014, 162.
minimizing their risk. In the last several decades, the size of the futures market has expanded, driven by investment funds’ increasing speculative activity in commodity markets: “In 1980, the amount of coffee traded in the futures market was only around four times the coffee traded in the physical market. By the early 1990s, the ratio had risen to eleven times.”\(^{13}\) Initially, fluctuations in the price of the C-contract were caused purely by “market fundamentals,” or demand-supply-stock relationships. Investment funds, however, are closely managed to respond quickly to “trigger signals,” which may have nothing to do with coffee market fundamentals.\(^{14}\) Trigger signals may include events as distant as developments in European currency markets or OPEC-driven changes in the price of oil. In the face of enormous and unpredictable movements of money at the whims of Wall Street traders, the coffee futures market has lost much of its effectiveness as a hedging tool. While the C-market may provide windfall profits to investment firms, small-scale farmers with no access to sophisticated hedging instruments are disadvantaged in the process.

The proliferation of futures trading benefits large financial firms, with access to up-to-date market information, at the expense of smaller traders. The centrality of financial capital has brought about the concentration and consolidation of coffee trading and roasting firms, mirroring the deregulation, mergers, and acquisitions occurring throughout other sectors of the economy.\(^{15}\) Today, the firms Neumann, Volcafé, and Ecom Trading dominate the international coffee trade, and the food conglomerates Nestlé, Philip Morris, Sara Lee, and Procter & Gamble control the

\(^{13}\) Dijk, et al. 1998, 45.
\(^{14}\) Daviron and Ponte 2005, 90.
\(^{15}\) Talbot 2004, 103.
U.S. roasting market. These powerful companies devote immense financial resources to securing reliable information on weather, crop conditions, and political and economic developments in producing countries, allowing them to negotiate the instability of the world coffee market and maintain high corporate profits. Under the shadow of large multinational conglomerates, “information itself has become a commodity in the coffee trade,” weakening the position of small-scale farmers who do not have the time or money to manage such complex flows of information. In the post-ICA market, power relations along the global coffee commodity chain have shifted decisively in favor of downstream firms. Farmers simply cannot compete with powerful international traders and roasters, and these changing power relations have had drastic effects on farmers’ incomes: during the ICA, consumers spent a total of $30 billion annually on coffee, and producers received $10 billion (33 percent of the total); after 1989, consumers spent $55 billion annually, and producers received only $6-7 billion (12-15 percent of the total).

These structural features of the post-ICA market paint a pessimistic picture with respect to smallholding Colombian coffee farmers’ economic survival. While the volume of Colombian coffee exports has remained relatively consistent in the post-ICA period, their value fell by 25 percent from the mid-1990s to the mid-2000s, exacerbating poverty in the coffeelands. For example, from 1996 to 2000, the income-based poverty rate in Colombia’s coffee regions rose from 52 to 58 percent.

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16 Daviron and Ponte 2005, 93.
17 Talbot 2004, 114.
18 Pizano 2001, 50.
19 Álvarez 2010, 94.
20 Ibid., 101.
These developments are consistent with the adverse effects of neoliberal economic policy on rural communities throughout the developing world.

There is no simple explanation for the stagnation of Colombia’s coffee sector, and no easy solution for hundreds of thousands of coffee-growing families struggling to survive. However, in recent years, an increasing number of coffee farmers – particularly those in “marginal,” high-altitude areas of southern Colombia – have withstood and even thrived during the coffee crisis by turning to a surprising new business endeavor: specialty coffee.

II. The Emergence of the Specialty Coffee Market

The term “specialty coffee” was first used by coffee buyer Erna Knutsen in a 1974 interview with Tea & Coffee Trade Journal. Knutsen worked for B.C. Ireland, a San Francisco-based coffee and spice importing firm, and had pushed the company to begin selling higher-quality beans from Africa, Central America, and Hawaii to the scattered roasting firms that were beginning to proliferate throughout the West Coast. Since these small regional roasters could not compete with the large agro-industrial firms on price, they competed on quality, focusing on a niche consumer market. As Knutsen told the Journal, “There is an emerging group, largely young people… who value good coffee, and I am certain that our end of the business will grow.”

Knutsen was an early convert to the specialty trend, whose origins can be traced to 1966, when Alfred Peet opened his first retail shop in Berkeley, California. Peet, a Dutch immigrant accustomed to sophisticated European coffee culture, had worked for a large importing firm that sold coffee to all of the major industrial

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21 Pendergrast 2010, 282.
brands. He was unimpressed with the American coffee market in the mid-twentieth century. “Folgers bought lots of Brazils, Central American standards, and robustas,” Peet recounted. “I couldn’t understand why in the richest country in the world they were drinking such poor quality coffee.” The roasting arms of large food conglomerates had moved “away from a focus on quality and locality. They started to concentrate on consistency in price, packaging, and flavor.” Since the industry was fueled by brand advertising, overall coffee quality decreased as large roasters settled on “coffee of the lowest common denominator.” Most American consumers bought their favorite brand in supermarkets, and they expected prices to be low: coffee was a utilitarian beverage, not a luxury item.

Peet sought to raise consumers’ expectations for what coffee could taste like, selling only high quality beans roasted dark, in the European style. At the original Berkeley store, he focused on educating his customers about coffee, teaching them what flavors to look for and how to brew coffee at home, and cultivating a more refined consumer base. Peet’s stores spread throughout the Bay Area, and in 1971, the company began selling its beans wholesale to three young men from Seattle, the founders of a new coffee company called Starbucks. Starbucks quickly expanded throughout the Pacific Northwest, and soon began roasting its own beans. By the mid-1990s, Starbucks had reached the East Coast, buying out smaller regional competitors like Coffee Connection, a Boston area chain. By the time of its IPO in June 1992, Starbucks had 165 stores and was worth $273 million.²⁵

²² Pendergrast 2010, 266.
²³ Ponte 2002, 1110.
²⁴ Roseberry 1996, 766.
²⁵ Pendergrast 2010, 337.
Peet’s and Starbucks pioneered a new kind of coffee experience, one that was shaped by the café’s status as a “third place,” a relaxing atmosphere that was neither home nor work. The emergence of the café as a new kind of social space coincided with developments in the world coffee market that made consumers more willing to spend a little extra money on higher quality coffee. In 1975, a devastating frost hit Brazil’s coffee crop, and the next year’s harvest was decimated. ICA export quotas were temporarily suspended, but coffee prices nevertheless rose across the board. Suddenly, the average American consumer encountered higher prices for tasteless supermarket blends. With Peet’s, Starbucks, and other cafés opening throughout the country, many consumers “began searching for something ‘better’ and found that ‘quality’ coffee that used to cost three times supermarket prices was now only about a dollar more.” With consumer demand for higher quality coffee growing, an increasing number of regional specialty roasters entered the fray. The large agro-industries, assuming the specialty trend was a passing fad, did not interfere, concentrating instead on maintaining their national profiles. As specialty cafés increased in number, they not only changed consumers’ coffee-drinking experiences. The specialty movement also began to reverse years of concentration and consolidation in the roasting industry, mounting a growing challenge to an industrial organization dominated by large firms.

Today, the specialty sector is the fastest growing segment of the United States coffee market, growing at an annual rate of 5-20 percent. In 2012, the U.S. specialty

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26 Oldenburg 1989.
27 Roseberry 1996, 766.
28 Daviron and Ponte 2005, 77.
market was worth about $30-32 billion.\textsuperscript{29} However, even forty years after Knutsen coined the term, “specialty coffee” remains difficult to define. The Specialty Coffee Association of America (SCAA), founded in 1982, considers specialty coffee to be any coffee that scores at least 80 points on the 100-point scale on the cupping – or tasting – table. However, SCAA leaders also stress that specialty coffee must meet “all the tests of survival encountered in the long journey from the coffee tree to the coffee cup.”\textsuperscript{30} That is, specialty coffee is not merely an end result, but the product of a long chain of processes, from growing and harvesting to processing, roasting, and preparation, each of which bears significant responsibility in determining the quality of the final cup of coffee.

The importance of growing and processing in determining coffee quality has increased specialty roasters’ attention to “origin” – the farmers that grow their coffee and the communities in which they live. SCAA leaders have encouraged traders and roasters to do business responsibly, with a strict emphasis on sustainability, in order to improve coffee farmers’ livelihoods. Bill Fishbein, owner of Coffee Exchange and co-founder of the non-profit Coffee Kids, puts it this way: “This disparity that exists between the coffee-growing world and the coffee-consuming world is rooted in the centuries and remains the true inheritance of 500 years of colonialism. Although no one in today’s coffee industry created the existing situation, everyone, including importers, brokers, roasters, retailers, and consumers are [sic] left with this legacy either to perpetuate or address.”\textsuperscript{31} Industry actors’ focus on social responsibility was not purely altruistic; it was also motivated by concerns that the world supply of high

\textsuperscript{29} SCAA 2012.
\textsuperscript{30} Rhinehart 2009.
\textsuperscript{31} Fishbein and Cycon 1992, 28.
quality coffees was insufficient and unstable. By strengthening producing communities, roasters and importers would ensure a steady supply of high quality coffees for years to come.

With these goals in mind, several certification programs have emerged since the late 1980s, attempting to regulate sustainability by linking it to private labeling organizations. These labels – among them Fair Trade, Rainforest Alliance, Utz Kapeh, and others – indicate to consumers that the coffee was produced in accordance with specified social or environmental standards. In recognition of the value of sustainability, consumers expect to pay a price premium. However, the precise impact of these certification programs on coffee producers is unclear. Some certifications have significant barriers to entry: they might cost money or require years of investment until payoff, preventing the most marginal producers from reaping the certification’s benefits. Other programs might improve producers’ market access, but have little to no effect on their incomes.32

Can specialty coffee overcome these limitations of certification programs to have sustainable, positive, and meaningful effects on producing communities? A closer analysis of the different dimensions of coffee quality will begin to answer this question. It should be noted, however, that in this thesis, the term “specialty” refers to the highest-quality beans available, a tiny subset of the ever-growing high-quality market that Alfred Peet launched in the 1960s. Many refer to these specialty roasters as “Third Wave.” Under this metaphor, the “First Wave” of coffee was the World War II-era boom of mainstream brands like Folgers and Maxwell House. The

32 For a comprehensive analysis at different certification programs’ impacts on coffee farmers, see Daviron and Ponte 2005, Chapter 5.
“Second Wave” was the so-called “latte revolution” pioneered by Starbucks and Peet’s, which popularized espresso drinks and the café atmosphere among average American consumers. “Third Wave” coffee refers to the many thousands of small specialty roasters throughout the United States. The largest specialty roasters include Counter Culture Coffee, Intelligentsia Coffee & Tea, Stumptown Coffee Roasters, and Blue Bottle Coffee Company. Together, these and other smaller roasters popularized the term “direct trade,” a sourcing model based on personal and direct interaction with coffee farmers, fair and sustainable prices paid to farmers, exceptional cup quality, and supply chain transparency. Unlike formal certification programs like Fair Trade, Rainforest Alliance, and others, direct trade has no central governing authority. However, all Third Wave specialty roasters tend to share direct trade’s central principles. For these roasters, presenting an image of social and environmental responsibility is a central component of attracting their customers, who tend to be more concerned with sustainability than the average American consumer. While many coffees sold by Third Wave specialty roasters are also certified by private labeling organizations, most Third Wave industry leaders believe these certification programs alone are insufficient to make the coffee business more just for farmers. A selection of interviews from industry actors in Colombia will substantiate the claim, fundamental to the Third Wave ethos, that specialty coffee’s emphasis on quality and transparency inherently leads to a more equal trading environment, facilitating farmers’ increased power over the coffee value chain.

33 Counter Culture Coffee 2015.
III. Theoretical Dimensions of Specialty Coffee: Material, Symbolic, and In-Person Service Quality

When Erna Knutsen coined the term “specialty coffee,” she was referring to flavorful coffee beans produced in particular microclimates. For farmers, growing coffee with the complex flavor profiles Knutsen described requires careful attention to genotype, environment, and management. Genotype, in this context, refers to the coffee varietal. Within the *Coffea arabica* species, a wide array of varietals offer subtle differences in flavor profiles and present unique challenges to the farmer. For example, in Colombia, the Caturra varietal is generally considered to yield a better cup, but it is less resistant to coffee rust than the less-flavorful Castillo varietal.34 Environment refers to a particular finca’s soil, climate, altitude, topography, sun exposure, water system, and other local factors that may affect the coffee plant. In the coffee world, environment is often referred to as terroir, a French word historically applied to wine production but more recently extended to describe the production of coffee and other food products like cheese or honey. Management includes everything the farmer does to care for the coffee plants and the cherries they produce, including planting, fertilizing, harvesting, and processing. This model of coffee production, which recognizes each finca’s distinct attributes and the unique challenges they present, stands in stark contrast to the technification model introduced by the FNC in the mid-twentieth century, which standardized production practices under the imposition of “rational” scientific knowledge.

34 For a comprehensive introduction to coffee varietals common in Colombia, see Sprudge Staff 2010. It should be noted that industry experts disagree in their evaluation of different varietals’ cup quality, with profound consequences for farmers’ production decisions. For an overview of the prevailing opinions, see Sheridan 2014.
When a coffee farmer successfully administers the complex interaction between genotype, environment, and management, the resulting coffee displays a combination of flavors unique to that particular finca. It is for this reason that the direct trade model emphasizes coffee’s traceability. Mainstream commodity coffee, upon delivery to a warehouse, is mixed with other coffees from locations near and far, and then mixed again by foreign roasting firms that combine coffees with different national origins to produce a generic, easily replicable taste. By contrast, specialty coffee is sold under the precise name of the area in which it was produced – a particular region, growers’ cooperative, or finca. This traceability of origin allows consumers to recognize and appreciate the subtleties of a particular coffee’s unique flavor profile. In turn, traceability helps to cultivate a direct connection between the geographically distant worlds of production and consumption.

The prices paid to specialty coffee producers are consistently higher than the price of the New York C-market, but they vary according to the score the coffee receives on the buyer’s cupping table – generally assigned at the warehouse of a growers’ cooperative or exporting firm. Often, a given cupping score corresponds to a particular fixed premium above the C-market price; other times, the price is defined without reference to the price on Wall Street. When specialty coffee is of a particularly high quality, it may be sold as a microlot. Counter Culture Coffee defines microlotting as “a system of offering monetary incentives to the exporter or producer for lots (usually small) of coffee which are of exceptional quality.” In addition to the

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35 Watts 2013.
36 The distinction between these two modes of buying specialty coffee has important ramifications for coffee farmers, which will be further explored in Chapter Three.
finca or cooperative name, a bag of microlot coffee typically lists the coffee varietal, the altitude of the finca, the post-harvest processing method, the month of harvest, and tasting notes with lavish descriptors like caramel, passion fruit, or lavender.

The specialty coffee sector offers farmers the potential to increase their profits and their power vis-à-vis the rest of the coffee value chain. Global value chain (GVC) analysis, pioneered largely by Gary Gereffi in the mid-1990s, allows for the conceptual disaggregation of international markets into distinct stages.38 For the world coffee market, GVC analysis facilitates “the identification of the ‘place’ where specific ‘quality attributes’ are produced, and the examination of how value is distributed between different actors.”39 To understand how value is distributed along the global coffee value chain, one must unpack the idea of “value” to understand exactly how coffee quality is determined.

Daviron and Ponte distinguish between coffee’s material, symbolic, and in-person service quality attributes. Material quality attributes are embedded within the product, and they can be objectively measured, either by the human senses or with technology. Coffee’s material quality can be somewhat objectively measured through the cupping process. Specialty coffee farmers increase their product’s material quality through a combination of genotype, environment, and management factors. When farmers increase their coffee’s material quality and receive higher cupping scores, they earn higher prices.

Symbolic quality attributes extend beyond the physical object itself, and cannot be directly perceived or objectively measured. In specialty coffee, these

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38 See, for example, Gereffi and Korzeniewicz 1993.
attributes are tied to the notions of place, ethics, or a particular enterprise, and may be embedded in indicators of geographic origin, sustainability labels, or trademarks.\textsuperscript{40} First, specialty coffee enables the consumption of place by linking the consumer to the particular region, cooperative, or finca where that coffee was grown. When a specialty coffee reaches the hands of a consumer, “it is not only the material coffee that is sold, but also a place, a story, sometimes a sense of exoticism.”\textsuperscript{41} The emphasis on place serves to resuscitate local forms of knowledge that are rooted in rural, agricultural communities. By emphasizing the unique aspects of a particular finca with a particular terroir, specialty coffee places a high value on farmers’ historical connection to the land and acknowledges farmers’ unmatched expertise and experience cultivating that land. Second, specialty coffee allows for the consumption of ethics. The direct trade model, characteristic of the specialty industry, calls for a respectful working relationship and equal partnership between farmers and roasters, communicating ideas of social justice to the specialty coffee consumer. The symbolic attributes associated with place and ethics are generated by the coffee producers, themselves, at the point of production. Finally, symbolic quality attributes may be generated by a particular firm’s identity, communicated to the consumer through branding, packaging, and the ambience of the place of consumption.\textsuperscript{42} These last attributes associated with a particular firm tend to be produced by roasters and retailers.

The third quality classification, in-person service quality, is similarly localized at the point of consumption. In-person service quality attributes include the affective

\textsuperscript{40} Daviron and Ponte 2005, 37.
\textsuperscript{41} Ibid., 129.
\textsuperscript{42} Ibid., 204.
labor performed by baristas when they prepare a coffee beverage and directly deliver it to the consumer. With few exceptions (such as agro-tourism in coffee-growing regions), in-person service quality attributes are generally geographically distant from and therefore inaccessible to coffee producers, and are thus less relevant to the present discussion.

Specialty coffee differs from mainstream commodity coffee in all three respects – material, symbolic, and in-person service quality. The specialty sector offers farmers the opportunity to dramatically increase their contribution to the total value of the final product by enhancing their coffee’s material and symbolic quality. With increased attention to genotype, environment, and management, farmers increase their coffee’s material quality, and earn higher profits. Through their participation in a direct trade relationship, farmers enhance their coffee’s symbolic quality, restore value to their local modes of knowledge, and increase their own power as economic actors. The specialty coffee sector thus helps to level the playing field between producers and the downstream actors on the global value chain.

IV. Specialty Coffee in Southern Colombia: an Overview

The specialty coffee sector in Colombia is small but growing. The traditional coffee-growing regions of the central cordillera – the departments of Caldas, Quindío, and Risaralda – are giving way to marginal lands in the southern departments of Huila, Nariño, and Cauca, which have in recent years attracted the

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43 For an introduction to the notion of affective labor, see Hardt 1999. For an in-depth analysis of how social performances are conditioned by the social space of the café, see Bernson 2011.
44 I will return to the question of coffee farmers’ access to in-person service quality attributes in Chapter Three.
attention of specialty coffee buyers worldwide. These departments are home to the giant Colombian Massif and the headwaters of the Magdalena and Cauca Rivers, which together create a rugged páramo environment ideal for specialty coffee production. The mountainous topography, however, also presents serious obstacles to economic development. Infrastructure throughout southern Colombia is inadequate; roads are poor, and many municipalities do not have reliable sewage or lighting systems. In 2011, Huila, Nariño, and Cauca were found to have some of the highest rates of extreme poverty in the country (17.3 percent, 16.3 percent, and an unbelievable 34.3 percent, respectively). These marginal lands are the regions most vulnerable to the post-ICA developments in the world coffee market, and the farmers who inhabit them are the ones that most stand to gain from the promises of specialty coffee.

Moreover, these departments are some of the most severely affected by Colombia’s armed conflict and the illicit drug trade. Many farmers in these southern departments have historically grown opium poppy or coca, to be used in the production of heroin and cocaine. In 1995, the Colombian government launched Programa Plante to assist farmers in the transition from cultivating illicit crops to growing legal crops for export, including coffee. With the help of this program and others like it, many farmers in southern Colombia entered the coffee market just as the specialty boom was taking off. As coffee production across the nation stagnated,

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45 DANE 2013.
these southern departments rapidly expanded their production levels. In Huila, for example, the total area planted in coffee more than doubled from 2002 to 2013.47

The statistic above is no anomaly. In recent economic analyses of the Colombian coffee market, the departments of Huila, Nariño, and Cauca consistently stand out as exceptions to the general rule. For example, using data from SICA, the FNC’s Coffee Information System, Leibovich and Botello show that across the nation, from 1993 to 2005, the total land area planted in coffee remained relatively unchanged. However, national production volume fell by 13.6 percent, due almost entirely to decreasing productivity per hectare.48 By contrast, Huila, Nariño, and Cauca each significantly expanded their planted area during this time period, and Huila and Nariño increased their total production by 17.5 percent and 11.5 percent, respectively.49 While all departments registered a decrease in productivity per hectare (largely due to the advanced age of the nation’s coffee trees), Huila’s decrease was the smallest, likely a result of programs like Programa Plante that encouraged farmers to enter the market by planting new coffee. The expanded production in southern Colombia has resulted in a corresponding increase in labor demand from these regions, in contrast with the shrinking labor demand in the traditional coffee-growing axis.50 These statistics clearly demonstrate that Huila, Nariño, and Cauca are experiencing dynamism in an industry that has otherwise been marked by “elevated vulnerability.”51

47 FNC 2015b.
48 Leibovich and Botello 2008, 78.
49 Ibid.
50 Rocha García 2014.
51 Ibid., 4.
Because specialty coffee is a recent phenomenon, and because these southern departments are largely marginal, rural and impoverished, there has been little research on the precise effects of the specialty sector on farmers’ livelihoods. To fill this gap in the literature, I traveled to Huila in July 2014 to learn more about what, exactly, specialty coffee means for smallholding farmers. Huila is a leader in the specialty market, and the stakes there are particularly high: over 300,000 huilenses – 68 percent of the rural population - depend on coffee to make a living.\textsuperscript{52} The vast majority of these farmers are smallholders, with an average coffee plot of only 1.5 hectares.\textsuperscript{53} By interviewing farmers, exporters, and other industry actors, I began to answer the questions: How have Huila’s smallholding coffee farmers navigated the emerging specialty sector? Have these farmers been able to construct an alternative form of engagement with the capitalist world-system that preserves their rural forms of economic and cultural rationality?

\textit{V. Southern Huila: The Epicenter of a Movement}

The town of Pitalito is located at the southern edge of Huila (Figure 4), nestled between the central and eastern \textit{cordilleras}, with breathtaking views of the Colombian Massif. Pitalito is (if you’re lucky) a ten-hour journey away from Bogotá on a cold, winding highway; the Colombian airline Satena recently resumed direct air service from Bogotá, but flights only run twice a week, and are often canceled due to stormy weather. With a metro population of about 119,000, Pitalito is the largest

\textsuperscript{52} Comité Departamental del Huila 2014.  
\textsuperscript{53} Ibid.
urban center around; Neiva, the departmental capital of Huila, is 200 kilometers to the north. Surrounded by rolling hillsides and large expanses of farmland, Pitalito serves as a commercial hub for the region’s specialty coffee growers.

Figure 4: Map of Huila.

In July 2014, I traveled to Pitalito to spend some time with the staff of Virmax, a Colombian specialty coffee exporting firm, and see how their business

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54 Alcaldía de Colombia – Huila 2011.
operates. A week prior, I had spoken with Giancarlo Ghiretti, one of the directors of Virmax, in his office in Bogotá. Virmax was founded in 2002 by a group of Colombians living in London who wanted to import high-quality Colombian coffee, but struggled to find coffee that met their exacting standards. Instead of relying on other exporting firms, the founders decided to work with coffee farmers directly, and set up their own company in Colombia. Summing up the initial idea behind Virmax, Ghiretti says, “We basically created a business that is based on a very simple premise. If you can provide better coffee, we can pay you a better price. Simple. Better quality equals better market.”\(^\text{55}\) Today, Virmax works with about 1,300 coffee farmers, mostly in southern Colombia, who belong to about 50 cooperatives. One of those cooperatives, Grupo Asociativo Andino, is located in Bruselas, a tiny vereda just a few kilometers from the center of Pitalito.\(^\text{56}\)

Sunday is market day in Bruselas, the day when cafeteros descend from their fincas to the unassuming town plaza to sell the week’s harvest. The shady plaza, surrounded by stores selling women’s clothing and farming equipment, is covered in unkempt green grass. A cow sits calmly, tied to a tree, as children kick around a soccer ball nearby. Half a block from the plaza, and directly across the street from Cadefihuila (the FNC’s purchasing point) is Grupo Asociativo Andino’s warehouse. As I approach the building with Alexis, the Virmax buyer in charge of Bruselas, I see a couple farmers unloading 60-kilogram sacks of green coffee from the back of a Jeep, hoisting the bags into the warehouse’s dim receiving room to be weighed and recorded. To the right of the entryway is the cooperative’s office and cupping room.


\(^{56}\) Vereda is a Spanish word used in Colombia to describe a territorial subdivision of a particular municipality. In this case, the vereda of Bruselas belongs to the municipality of Pitalito.
Small glass cups fill the perimeter of a circular table in the center of the room, where buyers for Virmax and other purchasing companies taste freshly-roasted samples, giving each sample a score and a corresponding offering price. Alexis gets right to work alongside Jennifer, a buyer for SKN Caribe Café, and Tomás, a teenage boy from Bruselas who wants to learn how to cup coffee. I step out of the cupping room and towards the back of the building, where parchment coffee is laid out to dry on a large covered patio, separated into distinct lots. I pull up a folding chair to a white plastic table and sit down with Pedro Claros, a member of Grupo Andino who also works as a *promotor* – extension agent – for Virmax.

Virmax’s extension service is called PECA – Programa de Educación a Caficultores, or Coffee-Grower Education Program. PECA was started in 2011 to help farmers adopt better practices relating to productivity, cup quality, environmental sustainability, and farm management.\(^57\) Claros is one of PECA’s 17 *promotores* in Colombia, and one of two that work in Bruselas. Each *promotor* is responsible for visiting about 30 *finca* every month. “PECA is like a coffee school,” Claros tells me. “The program is linked with every finca of each caficultor who sells to the company [Virmax], to monitor and follow-up on fertilization, soil care, until the coffee reaches a certain point. That’s the work that I do.”\(^58\) With the attention to detail encouraged by PECA, even the smallest of producers may successfully enter the specialty sector, whose barriers to entry are relatively low. Ghiretti stresses this point: “The amount of investment that a farmer needs to put in, out of pocket expenses, to produce fantastic-tasting coffee is almost marginal. A lot of farmers want

\(^{57}\) Caravela Coffee 2015.

to have this really beautiful looking infrastructure, these really nice looking driers, and this really nice looking machine, but that’s not really necessary for you to produce great coffee.” Ghiretti’s insistence that Virmax’s quality standards are compatible with the small farm model is an interesting counterpoint to the traditional view, upheld by the FNC in the mid-twentieth century, that peasant production must be radically reformed in order to implement successful quality control programs. Extension services like PECA thus serve to restore value to smallholder production, confirming peasants’ ability to participate successfully in the specialty coffee market.

To incorporate smallholding farmers into the specialty sector, Claros says, extension services like PECA must impart a deeper understanding of the entire coffee-growing process, all the way from the tree to the purchasing point. Claros explains how he initiates new farmers to Virmax: “First, I reach out to the client to present the program, and to do an analysis of the soil. That’s the initial part, to understand what the plants really need to produce well - what kinds of fertilizer, how much nitrogen, how much potassium, how much phosphorous.” Soil analysis requires the advanced agronomic knowledge of the promotores, who encourage farmers who think scientifically about their small plots.

Next, Claros teaches farmers how to improve their harvesting methods. This is perhaps the simplest and yet most crucial aspect of specialty coffee production. Coffee growers must instruct their workers to pick only the ripe cherries, bypassing all fruits that do not perfectly match the desired shade of red. Claros explains the importance of proper harvesting: “If you pick immature fruits, the coffee can’t be fermented the way it needs to be of a higher quality. What happens is, immature cherries release their sugars too quickly… So we need to monitor the picking, so that
we pick only and exclusively ripe fruit, and no overripe cherries, either.” This degree of discrimination requires more time and a particularly discerning eye. For coffee pickers who are accustomed to being paid by the weight of their daily harvest, it requires a complete shift in mentality. Arnoldo Hernández, another member of Grupo Andino, says, “What matters is how much it weighs, so some pickers throw in underripe beans, they throw in leaves, whatever they can. So you always have to monitor your workers.”

Hernández takes note of the workers who pick cherries more carefully, and he assigns these workers to those parcels of land that he believes will produce the best coffee. He is cognizant of the extra effort he requires of his workers, and pays them accordingly. Since converting his finca to specialty coffee, he has been able to raise his workers’ pay by 25 percent, using part of the quality premiums he receives from Virmax.

Upon being picked from the tree, coffee cherries must pass through various post-harvesting processes collectively known as the beneficio. These processes separate the fruit of the cherry from the bean inside. To maximize the coffee’s quality, the beneficio requires, above all else, cleanliness. Claros explains, “The hopper, where the coffee goes through to reach the depulping machine, has to be clean, so there are no residual cherries from the week before, because those can contaminate the rest. The depulper has to be clean, and in good condition. The fermentation tank has to be clean, whether it’s cement or plastic, it has to be clean to have a good fermentation process. That depends on the finca’s altitude, and on the climate, the wind currents – there are fincas where the coffee is ready in 18 hours, others where it takes 24 hours, others where it’s ready after 30 or 35 hours.”

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cafeteros working with Virmax are beginning to adopt the use of a tool called a refractometer to more accurately monitor the chemical changes that happen during the fermentation process. Most, however, rely simply on trial-and-error to ensure their cherries are fermenting properly. By stressing that the proper duration of the fermentation process varies widely by finca, Claros illustrates PECA’s flexibility and amenability to local conditions. Specialty coffee extension agents recognize that every finca is different. Rather than compelling farmers to adopt a standardized package of reforms, extension agents take into account farmers’ unmatched knowledge of their land and their extensive experience caring for it.

After fermentation, the beans are washed one more time to strip the mucilage from the beans, which are then ready for drying. Claros recommends that farmers do a “pre-dry” under shade to ensure that the coffee dries slowly (Figure 5). After about a week, the coffee is transferred to a traditional drying patio under the sun. There, Claros instructs cafeteros to use thermometers to regulate the temperature, ensuring a steady drying process of up to 20 days. This is one of the most radical changes for a coffee grower looking to convert his finca to specialty. Most producers of mainstream commodity coffee, who subsist on a day-to-day basis, sell their coffee wet to avoid the lengthy delay that drying requires. Hernández says, “Before belonging to the Group, I sold my coffee to the cooperative [Cadefihuila, the FNC’s purchasing point], and I sold it wet. But when you join the Group, you start to realize that it’s better to dry it. I started to keep careful records and I saw that the more I dried the coffee, the more money I make, and the more I can pay my workers.”
With this reflection, Hernández illuminates the central premise of specialty coffee production: if you put more effort into your crop, you get more money in return. The quality premiums that Virmax pays encourage farmers to stick with the changes that the promotores recommend, even when those changes represent a complete upheaval from old coffee-growing habits deeply rooted in tradition. Claros explains, “This process isn’t easy, even though it may look easy. It’s a process that many coffee growers can’t do, because of the tradition that has persisted, which makes it very difficult for them to do this work.” Hernández adds, “It’s not that producing quality coffees is difficult; you just have to be judicious with it.” Those
coffee growers who have consistently applied the promotores’ recommendations have been rewarded with higher prices. Claros tells me, “I’m doing it, and thanks to God, it’s going well. My coffee is of a very high quality.” With a smile, he adds, “It’s really satisfying – especially for your wallet.”

The precise way in which quality premiums are determined varies by exporting firm. At Virmax, premiums are directly correlated with the coffee’s cupping score. A laminated sign posted in the warehouse’s receiving room lists Virmax’s pricing structure: coffees which receive 85 points on the cupping table, known as AA grade, receive a premium of 160,000 pesos (about US$67) per carga above the internal base price published daily by the FNC.\(^60\) Coffees that score 85.5 – AA+ grade – receive a premium of 180,000 pesos (US$75); AAA coffees that score 86 or 86.5 receive 250,000 pesos (US$105); and the highest grade, AAA+, which scores 87 or above, receives a premium of 275,000 pesos (US$115). On the day that I visited Grupo Asociativo Andino’s warehouse, the FNC’s internal base price was 666,000 pesos per carga (US$279).\(^61\) A dry-erase board hanging on the wall, updated daily, lists the total offering price for each grade of coffee, adding the FNC’s base price to the different premiums so that farmers know exactly how much their coffee is worth (Figure 6).

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\(^60\) A carga is a unit of measurement equal to about 125 kilograms, or two 60-kg sacks. Coffee prices in Colombia are typically defined per carga.

\(^61\) It should be noted that the FNC’s internal base price – that is, the price paid to growers – is different from the international price of the C-market. When I visited Huila in July 2014, the C-market price for Colombian Milds averaged $1.94 per pound, equivalent to about $1,270,390 pesos per carga. Specialty farmers who sold their coffee to Virmax as AAA+ therefore still received significantly less money per unit than did exporting firms selling mainstream commodity coffee on the world market. For historical data on prices, see FNC 2015.
**Figure 6:** A dry-erase board in the receiving room of Grupo Asociativo Andino’s warehouse lists the day’s offering price for each grade of coffee.

![Dry-erase board with prices](image)


To me, the whiteboard represents a crucial tenet of Virmax’s business model and, more generally, of the direct trade ethos: transparency. Virmax’s suppliers understand that the price they receive depends on the results in the cupping room, rather than merely the distant C-market. When farmers deliver their coffee to the Bruselas warehouse on market day, they hang around the cupping lab for an hour or two, chatting with other farmers and waiting for their coffee’s cupping score. Upon each delivery, Alexis quickly extracts a sample, roasts it in a small sample roaster, and sets up a blind taste test to objectively determine the coffee’s score. If a coffee does not meet 85-point minimum score required to sell to Virmax, farmers may sell it to SKN Caribe Café, the other buyer working out of Grupo Andino’s warehouse, whose quality standards are lower. Hernández describes the process: “Here at
Andino, you deliver your lot, and you have to wait. I bring my coffee and I have to wait until it comes out of the lab, and then they tell me, ‘Your coffee is this grade,’ and that’s how they pay me.” Farmers directly interact with the cuppers, and they’re free to ask questions, voice doubts, or even express a desire for a higher point evaluation. As Claros says, “The lab, those people, the analysts, they are really the ones that decide if the coffee is good enough. We have a permanent dialogue there, between the quality analysts and the promotores, between the promotores and the coffee growers.” Some farmers expressed a sense of amused incredulity at the lavish tasting notes used to describe their coffee, flashing a self-deprecating look as if to say, ‘That stuff is beyond my comprehension.’ Most, however, maintained that they believed the cupping process to be objective and reliable.

Claros’ and Hernández’s experiences with Virmax and PECA demonstrate how exporting firms’ extension service programs allow farmers to improve their coffee’s material quality. In turn, the cupping process allows the higher material quality to directly translate into higher prices paid to farmers. In rural areas like Pitalito, without much in the name of economic opportunity, specialty coffee creates a way for cafeteros to earn higher profits. However, for the emergence of the specialty coffee sector to fundamentally change the relationship of the Colombian peasant class to the commercial capitalist class, the industry would have do more than just increase farmers’ incomes. It would have to give peasants the opportunity to participate more directly in the capitalist world-system, actively asserting their own logic to restructure the coffee market according to their needs. In many ways, specialty coffee’s symbolic quality gives coffee farmers this very opportunity.
VI. Place, Ethics, and Rural Consciousness

When smallholding farmers extend their contribution to their coffee’s total value into the symbolic realm, they assume the power to more directly influence the structure of the world coffee market. As defined by Daviron and Ponte, symbolic quality attributes allow for the consumption of place, ethics, and enterprise; attributes relating to place and ethics are generated directly by the farmers. The traceability of specialty coffee facilitates the consumption of place, tying consumers directly to the precise location in which their coffee was produced. For example, a customer at Metropolis Coffee Company in Chicago may purchase a pound of Colombia Andino AAA, accompanied by an informational product sheet detailing the history of Grupo Asociativo Andino. The steep $16 price for a pound of Andino coffee is justified by the consumer’s emotional connection to the farmers in Bruselas. As she sips her cup, she may read about the “pioneering organization” that has “emerged as one of the finest coffee producers in Colombia.” The connection to place is even sharper when coffee is sold as a microlot. For example, consumers of New York-based Dallis Bros. Coffee may purchase a pound of Andino Especial Microlot, a special offering that, according to the Dallis Bros. online store, “seven farmers contributed to assemble: Albiero Calambas, Norbey Macias, Ana Nelly Luna, Sergio Daza, Arnoldo Hernández, Edilma Piedrahita and Helio Roco.” By selling their product as a microlot, these seven producers stake their names and their reputations as knowledgeable, talented farmers on the quality of their product, allowing consumers

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62 Metropolis Coffee Company 2015.
to craft a mental image of the very people who grew the beans that traveled thousands of miles to end up in their mugs.

Beyond their creation of symbolic quality attributes, microlots also immediately benefit farmers by generating additional price premiums. Hernández, one of the contributors to the Dallis Bros. microlot, explains the purchasing system for microlots: “When clients like your coffee, they negotiate, they pay you a little more for the coffee. But the producer doesn’t negotiate directly with the roaster. All the negotiation is with Virmax.” For example, a member of Grupo Andino may deliver his or her coffee to the warehouse, receive an AAA grade assignation from Virmax, and take home the corresponding price. Then, Virmax sends a sample of that coffee to several of its clients – roasting firms in the United States, Europe, and other consuming countries. When a roaster is particularly impressed with a sample, the firm may purchase that farmer’s entire harvest as a microlot, sending an additional microlot premium to Virmax, which then delivers that premium to the farmer. The process can be slow; farmers may not receive their microlot premium until several months after they delivered the coffee to the warehouse. According to Claros, microlot premiums vary between 100,000 and 500,000 pesos per carga; Hernández recalls receiving a premium of 400,000 pesos (about US$170) for a microlot he sold to a Korean roaster in 2013. The premiums are generally high enough to be powerful motivators, giving growers a higher return on their investment and a sense of ownership over their product.

Attracting a roaster’s interest in a microlot purchase, however, can be an arduous and somewhat arbitrary process. Claros explains, “When the grower begins to do a good job, after around a year or two of selling coffee of that quality, and when
the job he’s doing is consistent, that’s when the client gets interested in him…. More than anything, it’s consistency in terms of quality.” According to Claros, this consistency is possible to achieve, as long as “you have the drive to do it.” However, some farmers are frustrated by the unpredictability of the microlot system. A 2012 study into the social impact of microlots in Ihuamaca, Perú found that “there is a lack of trust on the part of members in the cupping methods used, and a frustration around having to wait almost six months post-harvest for their final scores.”\(^6\) The study also suggested that microlots could have negative effects on the intra-group dynamics of a growers’ cooperative, since they single out individual farmers from the wider group for higher remuneration. Although the farmers I met in Bruselas expressed confidence in Virmax’s purchasing system, in other instances, the working relationship between growers and exporters may not be as smooth.

When farmers sell their coffee as a microlot, they begin to develop a personal relationship with the roasting firm that purchased it. In the ensuing years, that relationship may develop into a fixed contract, whereby the roaster purchases the farmer’s entire yearly harvest at a pre-determined price, provided that the coffee continues to meet the same quality standards, as verified by the exporting firm’s cuppers. This direct trade relationship communicates the idea of economic empowerment for producing communities, implying an equal, respectful working relationship between farmers and roasters. This ethical component is the second aspect of specialty coffee’s symbolic quality.

Direct trade can be a misleading term. As Tyler Youngblood, co-founder of Armenia, Quindío-based Azahar Coffee, bluntly puts it, “Direct trade doesn’t exist.\(^6\) Ionescu and Popish 2012.
I’m never just showing up at a *finca* and leaving with bags of green coffee in my backpack.”65 The logistical complexities of shipping green coffee from isolated regions of Colombia to roasting facilities in the United States require the services of intermediaries, such as exporting firms like Virmax. However, in many cases, a high proportion of this logistical work is undertaken by growers’ cooperatives, like Grupo Asociativo Andino, which organize farmers into powerful associations that can advocate for their members’ economic interests on the world stage. The services that cooperatives provide to their members facilitate the direct trade relationship that is so integral to specialty coffee’s symbolic quality. For example, roasting firms must purchase a minimum amount of coffee for that particular sale to be profitable. Often, that minimum is higher than what a single smallholding farmer can produce alone. By organizing into a growers’ association and marketing their coffee under a collectively owned brand, farmers make it financially feasible for roasters to purchase their coffee.

Grupo Asociativo Andino is only one of a steadily growing number of growers’ cooperatives in southern Huila. The day after I met with Claros and Hernández, I took a bus to San Agustín, a small town about 30 kilometers west of Pitalito. San Agustín is famous on the tourist circuit for its pre-Columbian archeological ruins, but is better known to green coffee buyers as the source of some of Colombia’s tastiest coffee. Perhaps in recognition of their product’s outstanding quality, the farmers who produce this coffee are some of the most organized in the country. Miguel Ortega, president of Grupo Asociativo Los Naranjos in San Agustín,

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estimates that the city, with a population of only 30,000, is home to 14 growers’ associations, each with its own infrastructure, leadership, and brand.

To learn more about the development of growers’ associations, I met with Ortega in Los Naranjos’ warehouse, just off the main street that cuts through the center of San Agustín. Grupo Asociativo Los Naranjos was founded in 2004 with 120 members, but its functions have changed drastically since its inception. “When the group formed,” Ortega tells me, “our vision wasn’t selling coffee, but asking for help, for assistance. That was our mentality, asking for assistance from the state. But as the saying goes, the more you give someone, the more you impoverish him. When I joined the group six years ago, I saw that we had to change the group’s vision; we had to be self-sustaining. We had to generate our own resources by marketing our own coffee.”

With this statement, Ortega illustrates the notion that growers’ associations preserve and strengthen coffee farmers’ agency. Ortega’s vision for Grupo Asociativo Los Naranjos was guided by his desire for a sustainable form of economic empowerment that was generated from the ground up, rather than delivered by a paternalistic state. In 2008, with funding from a government program called Oportunidades Rurales, Ortega and his partners attended a Specialty Coffee Fair in Valle del Cauca, a neighboring department. There, the director of specialty coffees for Cadefihuila introduced them to the buyer for Fairfield Trading (FFT), an American specialty coffee exporting firm. With Cadefihuila’s support, the Los Naranjos group began working with FFT: “We sold our coffee to Cadefihuila, they cupped it, and delivered it to FFT,” Ortega recounts. FFT, in turn, sold the coffee to Café Imports, a Minneapolis-based importing firm.

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From then on, the members of Los Naranjos began the shift towards quality. Like Virmax’s PECA, FFT has its own extension service that assists farmers in improving harvesting and fermentation practices in order to meet Café Imports’ demanding quality standards. However, Los Naranjos members did not have their own facilities; they relied on Cadefihuila for warehousing and shipping services, and sometimes the group’s emphasis on quality was incompatible with Cadefihuila’s storage process. “We had some problems with traceability,” Ortega tells me, “so we decided to go our own way.” Since 2013, Los Naranjos has rented its own warehousing facility; group members directly control all processes related to receiving, storage, and cupping. The members hope to buy their own space to use as their headquarters within the next year. The democratically-run association pools the resources of its members in order to extend credit to farmers in need, pay for warehousing and cupping infrastructure, and directly communicate with foreign roasters interested in buying Los Naranjos’ product. By organizing into a growers’ association, the members of Los Naranjos are able to leverage their collective power into a direct trading relationship with their clients, the roasters that purchase coffee from Café Imports. FFT and Café Imports still provide valuable logistical services, assuming much of the risk involved in international trade, but Los Naranjos is responsible for the administrative legwork required to do business with foreign roasting firms.

With complete administrative control over their product, the members of Los Naranjos become autonomous stakeholders in the national coffee industry, with an acute understanding of their historical exclusion from power. Many express frustration that even despite the FNC’s efforts to support the coffee industry,
smallholding coffee farmers have been neglected. With the emergence of growers’ associations like Grupo Asociativo Los Naranjos and Grupo Asociativo Andino, smallholding farmers have increasingly asserted their own economic demands on the national stage. In 2013, for example, coffee-growers throughout the nation launched a series of strikes in protest of unsustainably low prices. The coffee-growers’ strikes soon grew to include other agricultural workers, united under the opinion that the government had failed to take “concrete action to help the farming and agricultural sector.” After months of conflict, including massive mobilizations and blockades of major roadways, the striking cafeteros succeeded in pressuring the government to create the Programa de Ingreso Cafetero (PIC), or Coffee Growers’ Income Program. PIC offers subsidies to all farmers registered with the program, so that when coffee prices fall below 700,000 pesos per carga, the government makes up the difference. After describing how PIC works, Ortega pauses to impress upon me the symbolic weight of the program. “We got [PIC] through upheaval, through strikes. It was a battle,” he tells me. “And when I say strike, I mean - no one was on their fincas! Because now we have consciousness… It was like the wakening of the campesino.”

The rural political consciousness that Ortega describes has its origins in the conflict between settlers and large landowners in the central cordillera in the early-twentieth century, when smallholding farmers began to organize politically to assert their demands for land ownership and economic independence. Contemporary growers’ associations represent a return to this sort of rural consciousness, enabling farmers to leverage their collective power to achieve tangible results.

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67 BBC 2013b.
Certainly, not all specialty coffee is produced by cooperatives. Moreover, not all cooperatives function as smoothly as Grupo Asociativo Andino and Grupo Asociativo Los Naranjos. However, it is clear that specialty coffee’s emphasis on traceability encourages farmers to organize, and in this way, take advantage of their power on the world stage. The centrality of growers’ cooperatives to the specialty coffee industry poses an interesting counterpoint to the neoliberal emphasis on individual effort and entrepreneurship. By organizing into growers’ associations, coffee farmers are able to defend the viability of the cooperative labor practices and communal arrangements that have historically defined rural life.

During my time in southern Huila, I heard the same refrain from farmers, over and over again: “It’s not a finca. It’s a small business.” By reimagining their lifelong work in the coffee industry as formal business, farmers develop the political consciousness necessary to demand economic citizenship in the capitalist world-system. This newfound power enables farmers to begin to incorporate their rural forms of economic and cultural rationality into an alternative form of engagement with that system. However, although the specialty sector offers farmers positive opportunities for advancement, the industry suffers from several structural limitations that perpetuate farmers’ historical exclusion from full, unrestricted economic citizenship. In the next chapter, I will examine three specific limitations of the specialty coffee industry, and suggest possible solutions to those problems, designed to facilitate coffee farmers’ direct and active engagement with the capitalist world-system.

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68 The distinction between smallholder or cooperative coffee and estate coffee will be explored further in Chapter Three.
Chapter Three

Limitations and Innovations in the Specialty Sector

As demonstrated in the previous chapter, the specialty coffee sector enables farmers to add material and symbolic value to their product, increasing both their profits and their power. The specialty coffee sector can thus be understood as a means of economic development, alleviating the ills of rural poverty by incorporating the rural poor into more active participation in the capitalist world-system. As a driver of sustainable rural development, however, the specialty coffee industry has encountered several structural problems that limit coffee farmers’ access to full economic citizenship. This chapter will closely examine these limitations and describe several innovative solutions, pioneered by coffee entrepreneurs in Colombia, that strengthen farmers’ agency to defend their rural forms of rationality within the capitalist world-system.

Drawing on my interviews with specialty coffee industry actors in Colombia, I have identified three structural obstacles that limit coffee farmers’ access to full economic citizenship. First, farmers depend on exporting firms for the provision of agricultural extension services needed to convert their fincas to specialty coffee. Second, farmers rely on exporting firms for access to foreign markets. Together, these two factors preclude farmers’ autonomous participation in the specialty sector; their access to the specialty market is mediated by exporting firms. In this way, specialty coffee exporting firms fulfill a similar role as historically played by Bogotá’s merchant-hacendados, Antioquia’s commercial houses, and FNC technocrats. Like
these previous institutions, specialty coffee exporting firms subject farmers to the
directive of commercial capital, perpetuating peasants’ historical exclusion from
power. Third, farmers are subject to the whims of a foreign consumer market over
which they have no control. With these limitations in mind, coffee farmers appear not
as autonomous economic actors, but economic subjects that are \textit{acted upon} by the
local and foreign capitalist classes. That is, specialty coffee farmers are still
subordinate to the exporters, roasters, and consumers whose power enables them to
ensure that the coffee industry works primarily to their own advantage.

These unequal power relations between farmers and downstream industry
actors recall Arturo Escobar’s critique of developmentalism. Just as the beneficiaries
of Western development projects have historically been powerless to determine the
nature of the projects’ design and implementation, coffee farmers are structurally
prohibited from participating in the specialty sector on their own terms. Farmers’
dependence on exporting firms to provide vital services and on foreign consumer
markets to maintain consistent demand prevents them from reforming the specialty
sector to meet their own needs. Instead, farmers must passively obey mandates from
the commercial capitalist class, even if those mandates conflict with farmers’ own
forms of economic and cultural rationality, accepting an imposition that Escobar calls
“a radical cultural reconversion of rural life.”

However, the three structural limitations listed above are not insurmountable.
The specialty sector in Colombia is still growing, and many Colombian coffee
entrepreneurs have pioneered new ways of structuring the market to preserve farmers’
power of negotiation with regard to exporters and roasters, enabling them to make

\footnote{Escobar 1995, 145.}
their voices heard throughout the industry. The symbolic weight of these innovations may be explored in the light of Escobar’s notion of “cultural hybridizations,” which, he claims, allow traditional cultures to engage with and transform expressions of modernity, creating new cultural expressions that are neither fully traditional nor fully modern.\(^2\) Escobar argues that while development projects are designed in a top-down manner, they cannot be implemented without interacting with local communities. Similarly, while the structure of the Colombian specialty coffee industry is largely determined by local and foreign commercial capital, the specialty sector must yield to the reactions and responses of the farmers themselves. Specialty coffee is not merely applied to rural Colombian communities. Instead, it is experienced by the myriad farmers, families, and firms that populate Colombia’s coffee-growing regions, and it is transformed by that very diversity of experience.

To apply Escobar’s notion of cultural hybridizations to Colombian reality, I will examine several possible solutions to each of the three structural problems that limit farmers’ ability to participate in the specialty sector on their own terms. Some analysts attribute the contemporary coffee crisis to the impenetrable geographic distance between consuming countries, which generate symbolic and in-person service quality attributes through roasting and retailing, and producing countries, which have historically been restricted to the realm of material quality.\(^3\) I will argue, however, that all three quality classifications are within the reach of coffee producing communities. Recent innovations from Colombian coffee entrepreneurs have enabled farmers to profit from specialty coffee’s symbolic and in-person service quality as

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\(^3\) Daviron and Ponte 2005.
much as its material quality, facilitating farmers’ unrestricted access to each potential source of revenue.

For peasant communities, these structural innovations facilitate the construction of alternative modes of engagement with the capitalist world-system. Peasants involved in coffee production have always been, by definition, participants in capitalist modes of exchange, but their participation did not lessen their subordination to local and foreign commercial capital. The innovations discussed in this chapter represent a departure from this historical subordination, empowering peasants to align the particular variety of capitalism characteristic of specialty coffee with the unique patterns of rural life. One example of this restoration of rural practices is the defense of growers’ cooperatives as a legitimate form of labor organization, discussed in the previous chapter. Recent innovations in the specialty coffee sector have further encouraged this and other processes, preserving the cultural fabric that stitches together various economic practices of rural communities.

Although these innovations facilitate farmers’ more active engagement with the capitalist world-system, they do not eliminate the role of exporting firms, which must continue to perform essential functions in order to keep the specialty coffee value chain in smooth operation. However, these reforms allow Colombian coffee farmers to approach the specialty industry from a position of greater power, upholding the value of their rural forms of rationality within the capitalist world-system.
I. Provision of Agricultural Extension Services

Farmers’ reliance on exporting firms for agricultural extension services is the first major structural limitation of the specialty coffee industry. In many rural communities, exporting firms hold an effective monopoly on the provision of technical assistance that farmers need to convert a finca to specialty coffee. Farmers are thus dependent on these firms for access to the material quality attributes that permit entry into the specialty market. To be sure, well-designed extension services like Virmax’s PECA often have an overwhelmingly positive influence on coffee farmers’ lives. During my time in the Pitalito area, it appeared that the relationships between cafeteros and Virmax’s promotores were based on genuine trust and mutual respect. However, exporting firms’ resources are limited, and their willingness to provide technical assistance is directly tied to their own commercial interests. When a particular firm’s demand for specialty coffee has been satisfied, that firm will have no further incentive to bring additional farmers into the specialty fold. As Virmax promotor Pedro Claros tells me, “Every day the number of coffee growers that want to sell to Virmax grows.” With only two Virmax promotores in the Pitalito area, many of those growers will be barred from entry into the specialty market. Moreover, the provision of extension services often creates a paternalistic relationship in which farmers feel beholden to the exporting firms that assist them. By tying farmers to a particular firm, extension services reduce farmers’ ability to effectively seek other clients. A neutral, not-for-profit institution might be more capable of providing technical support to farmers that is unaffected by private business interests.

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The FNC has historically assumed some of this responsibility. Since the 1960s, the FNC’s technification programs have helped farmers improve their coffee’s material quality. Some of the reforms implemented by FNC extension agents – for example, the use of seed selection and seedbeds, systematic pruning, and on-farm processing – are consistent with the demands of the specialty sector. However, some aspects of technification are at odds with specialty firms’ quality standards, and others simply do not go far enough in attaining the high coffee quality that specialty firms seek. The discrepancies between the FNC’s agricultural extension services and a program like Virmax’s PECA are a natural result of the different objectives of the two sectors: the FNC’s mandate is to support the coffee industry at large, rather than concentrate on the relatively minor specialty niche. Moreover, in addition to being a growers’ association, the FNC is also a buyer and exporter of mainstream commodity coffee. Its profit-seeking motives and commercial interests dictate the institution’s particular brand of extension services. Since the FNC does not export specialty coffee, it has no incentive to train farmers in specialty coffee production.

For coffee farmers wishing to enter the specialty sector, then, the FNC can only be of limited assistance. The specialty coffee industry should therefore focus on establishing other channels through which farmers may receive effective technical support needed to succeed in the specialty market. In Colombia, I encountered several alternatives to the existing paradigm, ranging from foreign development agencies to decentralized local institutions. Below, I will discuss two of these alternatives: ACDI/VOCA’s Specialty Coffee Program and SENA’s National School of Coffee Quality.
ACDI/VOCA’s Specialty Coffee Program

ACDI/VOCA, an international development nonprofit organization based in Washington, D.C., has implemented two major development projects focusing on the Colombian coffee industry. The first Specialty Coffee Program (SCP) ran from 2002 to 2007, and the second ran from 2007 to 2012. The projects helped over 30,000 farmers enter the specialty coffee market with the goal of providing “viable licit economic alternatives to rural families.”5 The underlying motives of the program are clear: with funding from the U.S. State Department, the SCP specifically targeted farmers who were engaged in coca and opium poppy production in southern Colombia, contributing to the United States’ War on Drugs.

The programs were part of the United States’ wider drug crop eradication efforts in the Andean region, known as the Andean Counterdrug Initiative (ACI). Since 2000, the ACI has provided funds for the interdiction of drug trafficking, illicit crop eradication (both manually and through aerial spraying), promotion of democracy and rule of law, and alternative development. The SCP falls into the latter category of alternative development (AD), motivated by the idea that farmers will not willingly abandon coca or poppy production unless they are presented with a viable economic alternative. From 2000 to 2006, the United States provided Colombia with $983 million for AD, which funds technical support for farmers, marketing assistance, and the construction of transportation infrastructure.6 These efforts are not limited to specialty coffee; participants in AD programs may be encouraged to plant other crops like cocoa, tropical fruits, and palm oil.

5 ACDI/VOCA 2015.
6 Veillette and Navarrette-Frías 2005, 3.
The SCP was thus specifically designed for the coca- and poppy-growing regions of Huila, Nariño, Cauca, and other southern departments. These regions, which comprised the epicenter of illicit drug crop cultivation and of leftist guerrilla activity, also happen to have environmental conditions ideal for specialty coffee production.\(^7\) Juan Pablo Villota, industry expert and director of Café San Alberto in Buenavista, Quindío, explains this fortuitous convergence between Colombia’s history of political conflict and its reputation for high-quality coffee: “What’s interesting is, the zones that have the most publicity [for specialty coffee], the biggest image, are those that have a security question. Fifteen years ago, Huila was really dangerous. Nariño, very dangerous… What happened? You have to give credit to the United States, to USAID and ACDI/VOCA.”\(^8\)

ACDI/VOCA’s efforts in southern Colombia trained thousands of rural farmers in specialty coffee production. In the bureaucratic language characteristic of developmentalist discourse, ACDI/VOCA’s website proclaims that its training program consisted of six distinct elements: “renovation of coffee plantations, on-farm processing infrastructure, quality improvement, technical assistance in coffee production and appropriate environmental practices, institutional strengthening and training for producer groups and their staffs, and commercialization and marketing.”\(^9\) These elements closely resemble the kind of instruction given by extension services like PECA. Moreover, ACDI/VOCA’s stated emphasis on institutional strengthening for growers’ cooperatives and marketing assistance likely extends beyond the realm

\(^7\) It is also worth considering whether the history of labor militancy in these regions could have helped to lay the groundwork for the formation of specialty coffee growers’ cooperatives, like the ones discussed in the previous chapter. However, a fuller analysis of the connection between the labor history of Southern Colombia and the specialty coffee sector is beyond the scope of this analysis.


\(^9\) ACDI/VOCA 2015.
of logical action for private exporting firms, which must protect their own business interests. Together with a wide range of “strategic partners,” including Colombian government agencies and private organizations like the Specialty Coffee Association of America, the ACDI/VOCA programs facilitated the entry of thousands of peasants into the lucrative specialty market.

The achievements of the Specialty Coffee Program demonstrated the remarkable potential of large-scale agricultural extension services. In Villota’s opinion, the SCP was “a really intelligent program, and it showed that you can teach people to grow quality.” ACDI/VOCA confirmed the efficacy of an education-based model in rural areas and managed to leverage its trusted reputation in the international development community to raise over $10 million from its strategic partners. These resources extend far beyond what a private exporting firm like Virmax could possibly offer in the way agricultural extension services; certainly, the SCP’s sheer magnitude is impressive in itself.

However, it is unlikely that ACDI/VOCA would have devoted such immense resources to specialty coffee promotion had the institution not been guided by the U.S. State Department’s political interests. Regardless of the positive effects ACDI/VOCA may have had on farmers, its true motives did not lie in poverty reduction, but illicit crop eradication, a process with severe social, economic, and environmental consequences for rural communities. AD assistance was made contingent on farmers’ willingness to immediately accept voluntary eradication. Critics of the program alleged that ACDI/VOCA prioritized short-term gains in antinarcotics efforts, measured by the reduction of acres planted in coca or poppy, over genuine long-term economic development. For example, Amira Armenta has
called on Colombia to “re-examine and fix the existing relationship between policies of force and alternative development programmes,” and suggests that instead of being forcibly imposed on campesinos, eradication should be “a gradual and voluntary process.”\(^{10}\) Here, Escobar’s critique of developmentalism is particularly relevant: the Western technocrats who designed the SCP did so without reference to farmers’ experiences and without prioritizing farmers’ actual needs. Coerced into destroying valuable coca and poppy cultivations, farmers had no reason to trust that the development agents charged with implementing the program had their best interests in mind. In line with Escobar’s analysis, Armenta demonstrates the need for Colombia to implement institutional mechanisms to encourage communities’ genuine participation so that they are “integrated with local and regional development processes.”\(^{11}\) Without genuine local participation, AD programs place an unjust burden on campesinos, “one of the weakest links in the drug chain,” rather than addressing the true structural causes of the drug economy.\(^{12}\)

These misplaced priorities are evident in the ways in which ACDI/VOCA measures its success. The SCP website proudly broadcasts its “impressive achievements”: 32,651 hectares free of illicit crop production; 7,391 families benefiting from licit productive activities in coca and poppy areas; 13,686 hectares planted in licit crops.\(^{13}\) Although the website also claims that participants’ household incomes rose by an average of 17 percent, there is no indication that these material

\(^{10}\) Armenta 2013, 3.

\(^{11}\) Ibid.

\(^{12}\) Ibid., 2.

\(^{13}\) ACDI/VOCA 2015.
gains were sustained over the long term,\textsuperscript{14} and since narcotrafficking continues to flourish as a lucrative international business, participants in the SCP had strong incentives to return to poppy or coca production.

Geoff Watts, the Vice President and Green Coffee Buyer for Intelligentsia Coffee and Tea, has expressed skepticism at the ability of development agencies to enact sustainable change in coffee-growing communities: “There has been a long history of failure in that regard… To really accomplish anything, they would need to plan for continuity.”\textsuperscript{15} Watts does, in fact, recognize that the SCP was relatively well designed and well implemented. However, he worries that extension services provided by development agencies, rather than by the specialty coffee industry itself, pay only “lip service” to the idea of quality, assuming that “this whole ‘specialty’ thing is just a niche that isn’t so consequential in the macroeconomic picture.” If farmers are mere beneficiaries of development programs, rather than entrepreneurs truly adding material value to their product, then the long-term effects of the project are called into question. As Watts concludes, “By the time the curtain falls, producers will need something they can hold on to. The ability to produce legitimately and consistently great, high-quality coffees is something of tremendous value that farmers should take with them and use to their benefit long after the development organization has pulled up stakes and moved along.” ACDI/VOCA claims to have trained over 30,000 farmers, but it is doubtful that all of these farmers successfully produce coffees that meet the rigorous quality standards of a company like Virmax. These farmers may have attained an average 17 percent increase in household

\textsuperscript{14} ACDI/VOCA 2015.
\textsuperscript{15} ACDI/VOCA 2015b.
income, but if their coffee is not of the exceptional quality that buyers like Watts look for, then these gains in income are simply a bequest from a development agency, rather than signs of farmers’ sustainable economic empowerment. Interestingly, the allegation that development programs like the SCP are simply charity in disguise parallels many analysts’ view of the Fair Trade movement.

Even if the 17 percent increase in household income was maintained or even improved in the years following the program’s end – and there is no literature that follows up on the SCP’s long-term effects - that fact alone would not be sufficient to declare the program a success. A 2005 report to U.S. Congress listed the difficulty of objectively measuring success as one of the barriers to similar programs receiving further Congressional funding: “It is difficult to assess the success of AD with regard to promoting economic development because we do not know what poverty levels would be in the absence of alternative development assistance.”16 If poverty reduction was the true goal of ACDI/VOCA’s program, it is likely that more resources would be dedicated to impact measurement, so as to ensure the program’s effects would be sustainable in the long-term.

Furthermore, poverty reduction should extend beyond the realm of household income. Were SCP participants able to translate their higher incomes into improvements in health care, education, or other valued aspects of human life? Did their higher incomes give farmers the freedom to seek a better life for themselves and their children? These questions were not at the heart of ACDI/VOCA’s program. Moreover, the government resources spent on AD programs like the SCP represent funds that are directed away from investments in health care, education, and other

valuable social services integral to poverty reduction. Instead of seeking genuine poverty reduction, the Colombian government, complicit in U.S.-led AD programs, has prioritized ineffective drug crop eradication programs that result in the militarization of rural life and displacement of rural peoples. Any benefits that farmers might derive from the SCP were only secondary to the true motivation behind the project, and came at significant societal cost.

The design of the SCP recalls Escobar’s description of developmentalism as “a top-down, ethnocentric, and technocratic approach, which treated people and cultures as abstract concepts, as statistical figures to be moved up and down in the charts of progress.”\(^1\) The farmers that participated in the SCP were unable to voice their demands as autonomous agents, and were instead forced either to accept assistance on ACDI/VOCA’s terms, or reject it altogether. The SCP thus exemplifies the unequal power relations embedded within the foreign development model. Perhaps a better model for agricultural extension services could be found in local institutions, more attuned to the realities of peasant life and more willing to respond to farmers’ needs.

*SENA’s National School of Coffee Quality*

Servicio Nacional de Aprendizaje, or National Service of Learning, is a national vocational and technical training system with regional centers in every Colombian department. Founded in 1957 to complement the formal education system, SENA provides non-degree educational programs designed to connect students with formal employment in commerce, industry, or agriculture. Many of SENA’s local

\(^{17}\) Escobar 1995, 44.
branches have provided various agricultural extension programs for decades, but the institution’s focus on the specialty coffee sector is a relatively new development. In 2012, with funding from the FNC and the Departmental Government of Huila, SENA Huila launched the National School for Coffee Quality, with its headquarters in Pitalito. The School’s objectives are similar to those of PECA: to increase farmers’ economic opportunities by strengthening the specialty sector of Colombia’s coffee industry. However, SENA’s program includes more than the farm-level reforms characteristic of traditional agricultural extension services. What makes the School unique is its focus on complementary coffee-related activities, from business management to barista skills, that extend beyond the finca. This pedagogical model recognizes farmers’ unmatched experience taking care of their land, concentrating instead on training farmers in the off-farm activities from which they have historically been excluded. Fernando Castro Polanía, former member of the Governing Committee of the FNC, explains that this holistic approach to the coffee industry is designed for “coffee growers’ children, adult coffee growers, and whoever else is interested [to] come to the School to get trained as coffee entrepreneurs.”\textsuperscript{18} Castro Polanía’s use of the word “entrepreneur” is significant: the farmers that attend the National School for Coffee Quality already have sophisticated agricultural knowledge and expertise; SENA’s mission is simply to give them the business skills needed to succeed in the downstream spheres of the coffee industry.

During my visit to Pitalito in July 2014, I spoke with Gustavo Vega, SENA instructor and co-owner of Café La Meca, to learn more about how the School works. “There are seven laboratories,” Vega tells me. “We have a lab for threshing, a lab for

\textsuperscript{18} Yañez Vargas 2015.
physical analysis, a lab for sensory analysis, we’re going to have one for roasting, one for evaluation of the final product, one for extraction, and one for preparation… each process will be separate.”

All together, the School boasts 10,000 square meters of laboratory space, each with the capacity to train 25 people at a time. The emphasis on off-farm downstream activities helps coffee farmers arrive at a deeper understanding of their industry. Historically, Vega tells me, “People didn’t know anything about their coffee. They were scared to bring their coffee [to the specialty market] because they always worried if it’d be a yes or a no… Now coffee growers are starting to understand how to interpret quality, the whole dynamic of the specialty coffee market.” SENA’s comprehensive approach to specialty coffee education works to fill the gaps in coffee farmers’ knowledge so that they are fully equipped to advocate for themselves on the specialty market, resisting any potential attempts at manipulation by profit-seeking exporting firms.

The School’s emphasis on downstream activities also helps to attract new growers, particularly young people, to the coffee industry, addressing a problem known as relevo generacional, or generational turnover. “The truth is that, in the Colombian coffee industry, the majority of growers are 50 or older,” Vega tells me. “The children of the coffee growers don’t want anything to do with coffee, because the trajectory has always been bad… They don’t want to do as their fathers did; they want to move to the city.” Indeed, in a 2011 study, a majority of coffee-growing families surveyed claimed that their children wished to do something other than coffee production. By incorporating business management, advanced agronomic

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knowledge, and barista skills into a farmer’s specialty education, the School makes the coffee industry more attractive for these young people. Vega puts relevo generacional at the forefront of his work at SENA: “When a grower comes to SENA, one thing that I always ask of them is that they bring one of their children, or some young person from their family, because it’s the young people that learn most quickly, that can convince their parents to work differently… They’re the ones that are going to fall in love with this new conception of the finca.” A trusted figure in the Pitalito community, Vega is more likely than a stranger from a foreign development agency to successfully convince rural Colombian youth of the specialty industry’s exciting new potential.

SENA’s attentiveness to cultural issues like relevo generacional is but one of the reasons farmers might prefer to work with the National School for Coffee Quality than a foreign development agency like ACDI/VOCA. Instructors like Vega rely on their familiarity with local issues and local forms of knowledge to empower coffee growers and assist their entry into the specialty market, respecting the experiences that farmers bring to the table. To a development skeptic like Escobar, local institutions like SENA appear to avoid the strict reliance on the modern Western knowledge system that is characteristic of developmentalism.21 Instead, SENA incorporates the voices of those who have historically been excluded from the design of the development projects, viewing farmers as genuine stakeholders in their own specialty coffee education.

II. Access to Foreign Markets

In addition to supplying agricultural extension services, exporting firms also provide coffee farmers with access to foreign markets. This is the second structural problem that limits the potential of the specialty coffee industry: farmers must depend on their client, the exporting firm, to connect them with downstream roasters. Exporting firms’ dual role as relationship facilitator and self-interested client creates a potential conflict of interest. Once an exporting firm has purchased a farmer’s coffee, the firm seeks the highest offering price among a selection of potential roasters, acting as a rational economic actor. The farmer, however, is unable to seek the highest bidder. Farmers must trust that when an exporting firm maximizes its profits, a portion of those profits will be passed upstream along the chain, back to the farmers. Unfortunately, depending on the ethics of the exporting firm in question, that trust could prove to be unfounded. Since farmers are left in the dark about crucial market information, they are unable to directly advocate for themselves on the world market by independently seeking foreign clients.

The direct trade model, with its emphasis on supply chain transparency, was designed to alleviate this imbalance of power. It is this transparency that links coffee to the finca on which it was grown, creating symbolic quality attributes that dramatically increase farmers’ profits. Ideally, transparency would work in both directions: consumers would know exactly where and how their coffee was grown, and farmers would know what their coffee sold for in a high-end boutique café in New York City. With this information, farmers could demand fair prices from the exporting firm. In reality, however, this degree of transparency is inconsistent at best, and often absent altogether. As Pedro Claros, the Virmax promoter in Bruselas, tells
me, “We don’t know how they sell it. Virmax buys parchment coffee from us, and it arrives at the clients… but we don’t know how much it sells for there.” In this case, the lack of transparency is not likely proof of brazen manipulation of farmers; according to Giancarlo Ghiretti, director of Virmax, the firm sells to 60 or 70 clients throughout the United States, and each of these roasting firms may sell to dozens of smaller retailers. Keeping track of these retailers’ sales prices may be difficult even for large firms like Virmax, and close to impossible for small-scale farmers. While the farmers I spoke with were aware that their coffee could fetch high prices on retail shelves, their grasp on foreign consuming markets can be vague. Claros, for example, expressed this hope: “Some day we’re going to be able to sell our product better, because we’ll come to really understand the value that a high-quality coffee has.”

While farmers may understand that their product fetches high prices in consuming markets, the magnitude of their coffee’s value means less for them when the prices they receive from exporting firms vary significantly week to week. Ghiretti explains the market situation: “The majority of producers are raw speculators, in the sense that they’re trying to beat the market every day… basically they’re price-takers.” As farmers wait in the Bruselas warehouse in Huila every Sunday to receive their cupping score and the corresponding offering price from Virmax staffers, the value they have added to the product likely seems inconsequential. Despite their creation of high material value, farmers still have little control over the price they receive, and since prices fluctuate week to week, they still suffer the effects of the volatility that characterizes the mainstream commodity coffee market.

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Because farmers rely on exporting firms for access to foreign roasters, they have little ability to directly negotiate for higher or more consistent prices. Without the logistical services that exporting firms provide, how could a smallholding *cafetero* in rural Bruselas solicit the business of a high-end roaster in New York City? The name ‘direct trade’ can be deceptive: while Third Wave roasters generally do have relationships with the producers that grow their coffee, they still rely on exporting firms, and often other intermediaries, to facilitate the sale. Arnoldo Hernández, member of Grupo Asociativo Andino, sees the potential in the direct trade model, but recognizes its limitations: “It would be amazing if the day arrived when the very roasters, the very consumers came and said, ‘Look, we want to buy your coffee, we want to negotiate directly with you and buy your coffee.’ But that could be difficult.”

The formation of growers’ associations is a necessary step towards achieving the sort of seller’s market that Hernández envisions. However, organizations like Grupo Andino and Grupo Los Naranjos still face challenges in seeking foreign clients, with limited resources available to devote towards gathering market information and forming business relationships with roasters. In this regard, large coffee-producing estates might have the advantage over smallholding farmers. Daviron and Ponte subscribe to the view that specialty coffee is biased towards these larger producers: “Estates are better equipped to forge direct links with specialty importers, can better internalize feedback information about quality, and are thus better placed in the quality learning curve.”

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25 Daviron and Ponte 2005, 158.
capable of securing the financing necessary to regularly upgrade their infrastructure and adjust their practices in accordance with market trends. On the other side of the equation, some green buyers may prefer to work with estates rather than smallholding farmers. Some of their reasons for this preference have to do with business strategy: as SMI systems allow roasters to outsource supply management to traders, international buyers must strengthen their supply networks, sometimes even extending their efforts all the way upstream to directly coordinate estate production.26 Other reasons for favoring estates are more superficial: as one member of the Specialty Coffee Association of America put it, coffee buyers may choose to work mainly with estates because they ‘prefer soft toilet paper in their hotel rooms rather than an outhouse in the woods without running water.’27 For these finicky buyers, estates are simply less of a hassle.

A small number of estate owners have managed not only to create and sustain business relationships with foreign roasters, but also to create an estate brand that is recognizable to any self-respecting Third Wave coffee aficionado. Aida Batlle is one of these entrepreneurs. Her four farms along the slopes of the Santa Ana volcano in El Salvador produce coffee that is consistently purchased by the Third Wave giants; Stumptown, for example, sells a 12-ounce bag of coffee from Batlle’s Finca Kilimanjaro for an incredible $36.28 Batlle, who was raised in Miami and managed a Nashville catering company before returning to her native El Salvador, has the business savvy and cultural acumen to cultivate brand recognition throughout the coffee community. A 2011 New Yorker profile, perhaps somewhat self-referentially,

26 Daviron and Ponte 2005, 94.
27 Ibid., 159.
28 Stumptown Coffee Roasters 2015.
described her as “a fifth-generation coffee farmer and a first-generation coffee
celebrity,” making her a member of a very small club, which also includes Bill
McAlpin of Costa Rica’s La Minita and the Peterson family of Panama’s La
Esmeralda.

Despite its reputation for its smallholding land structure, Colombia, too, is
home to a small number of specialty coffee estates, whose owners carefully seek
business relationships abroad to directly market their coffee. In June 2014, I visited
one of these estates, Hacienda San Alberto, a 40 hectare farm in the small town of
Buenavista, about 30 kilometers south of Armenia. Hacienda San Alberto was
founded in 1972, but did not begin the shift towards specialty coffee until 2007.

When I visited, it was clear from the hacienda’s infrastructure, including a gleaming
cupping lab and a brand new Diedrich roaster, that San Alberto took quality seriously.
When I returned to Bogotá a few weeks later, I visited the San Alberto offices to
speak with Juan Pablo Villota, the grandson of the Hacienda’s original founder and
the director of the present-day company, Café San Alberto.

For many decades after Villota’s grandfather bought the property, the family
ran the finca as any other Colombian coffee farm: “We were good coffee growers, but
we didn’t have any commercial visibility,” Villota says. “We sold to intermediaries
and lost the finca’s traceability.” For several years, Villota worked abroad for
Pernod Recard, a French multinational company that produces liquors and wines. He
realized that the wine industry served as an interesting reference point for coffee:

“When you go to California, or to France, and you order a good glass of wine, you’re

29 Sanneh 2011.
able to spend different prices, depending on the wine’s quality, prestige and popularity. Coffee should be the same.” With that experience in mind, Villota returned to Buenavista to revolutionize his family’s finca, running it like “a small vineyard.” Villota quickly realized that the coffee industry was not set up to facilitate the sale of single-origin, high-quality coffee, and began using his business experience to directly seek foreign clients abroad. “Specialty coffee says that it’s ‘direct relationship’ coffee, but it’s not,” Villota says. “But with San Alberto, there’s really no one in between us and the buyer. The buyer comes, visits the finca, likes the philosophy of the finca, sees that we take care of our staff, that we respect the environment… and that our coffee tastes good. And so the buyer signs an agreement with San Alberto. There’s no intermediary between us.”

Villota is the first to acknowledge that his class background and professional experience make him uniquely equipped to directly maintain business relationships with foreign clients, setting him miles apart from the average cafetero: “The industry is not set up for the small grower, on his own, to be able to fight, or to be in contact with microroasters… they don’t know how.” Often, he says, dishonest businessmen take advantage of cafeteros’ ignorance. On this point, Villota would disagree with Daviron and Ponte on the benefits of working exclusively with estates: “Buyers always liked to work with the campesino who didn’t read or write, so they could take advantage of him,” he laments. Estate owners, unlike smallholders, tend to have the market knowledge they need to avoid being manipulated. Villota illustrates this point with a laugh: “We had this client from Canada who said, ‘I can’t believe that you, a Colombian coffee farmer, are tweeting! It’s so great that you guys have Twitter now!’” With significant experience in business and marketing – including, of course,
social media platforms like Twitter – Villota managed to create a coffee brand internationally renowned for its high quality. Traceability is a central component of San Alberto’s business model. “The only commitment we make with the buyer is that, if I sell you San Alberto green coffee, you can’t mix it,” Villota says. “You have to respect traceability.” It is this strict emphasis on traceability allows Villota to build up the San Alberto brand.

San Alberto also takes an active role in educating consumers, both Colombian and foreign, in coffee quality. Today, the Hacienda not only produces high-quality green coffee for export to roasters around the world, but also offers a coffee tasting seminar popular with tourists, who finish their visit with a stop at the Terraza, a gleaming espresso bar nestled into the steep hillside at the Hacienda (Figure 7). Since 2013, San Alberto has also roasted its own coffee for sale at its first café inside Bogotá’s Museo de Oro, patronized mostly by foreign tourists, many of whom purchase a pound of roasted San Alberto coffee to take home with them.

The contrast between Hacienda San Alberto and the coffee fincas I visited in the Pitalito area is stark. None of the farmers I spoke with in southern Huila could ever dream of independently launching an internationally renowned coffee brand, let alone a Terraza for tourists or a café inside Bogotá’s most popular museum. Many of these farmers have not completed high school, and they generally have only a few hectares to their name. They do not have the resources that allow someone like Villota or Battle to directly market their coffee abroad. The formation of growers’ cooperatives may allow some farmers to market their coffee under a proprietary brand name (like Café Andino or Café Los Naranjos) and, in this way, profit from their coffee’s symbolic quality. However, these farmers still rely on exporting firms to do
the legwork involved in marketing their coffee to roasting firms. In recent years, some alternative purchasing structures have emerged on the Colombian coffee scene, designed to reduce farmers’ reliance on exporters for access to foreign markets. In the next section, I will examine two of these innovations: the Cup of Excellence auction and competition program, and the unique sourcing system of Azahar Coffee Company.

Figure 7: Hacienda San Alberto’s Terraza, looking over the Buenavista countryside.

Cup of Excellence

The Cup of Excellence program was founded in 1999, when coffee entrepreneurs George Howell and Susie Spindler hosted a coffee competition and
auction in Brazil. The goal of the competition-auction process was to streamline the way that specialty roasters source their coffee, which, as coffee experts Howell and Spindler knew all too well, can be a lengthy and expensive process. By minimizing the costs associated with sourcing, Howell and Spindler wagered, roasters could afford to pay higher prices to producers. The initial Cup of Excellence competition in Brazil convened an international panel of judges to determine the best Brazilian coffees available: “People from around the world came and drilled down from ‘acceptable’ coffees to masterpieces over several intensive days. Each day they drilled down further, re-cupping coffees that had come from the earlier batches, culling each time, and then arriving to the ten finest,” Howell recounts.\textsuperscript{31} The ten winners went on to an Internet auction, where roasters, who were guaranteed of the coffees’ exceptional quality, paid enormous quality premiums. Since the initial competition in 1999, the Cup of Excellence program has expanded to run annual competitions and auctions in ten countries; Colombia hosted its first Cup of Excellence in 2005.

For smallholding farmers, the Cup of Excellence program is a way to let their coffee’s quality speak for itself. The intermediary role of the exporter is eliminated, and farmers connect directly with the roasting firms interested in purchasing their product. Some critics allege that the program favors “politically connected and financially able” farmers, who are more likely to submit entries than more isolated ones.\textsuperscript{32} However, a quick glance at the list of winning farms in Colombia’s program indicates that many smallholding farmers have placed extraordinary well in the

\textsuperscript{31} Howell 2013, 100.  
\textsuperscript{32} Daviron and Ponte 2005, 157.
competition, with the top-scoring coffees fetching upwards of $10 per pound.\textsuperscript{33}

Producers from Huila have historically fared very well in the Cup of Excellence competitions. In 2013, for example, Alirio Aguilera Ospina of Finca San Isidro, 15 kilometers south of Pitalito, won the competition, and received $20.50 per pound from the top bidder, Japanese roaster UCC Ueshima Coffee Co., Ltd.\textsuperscript{34}

Although double-digit prices are generally awarded only to the top winners, their symbolism can serve as powerful tools to strengthen the entire specialty coffee community. The premiums and the social prestige that Cup of Excellence winners receive serve as strong quality incentives to other growers, demonstrating the potential of the specialty coffee sector in a tangible way. Often, the quality incentives spill over into the wider community, raising the quality of an entire region’s coffee. Cup of Excellence co-founder Spindler says, “We now know that the program benefits more than just the winning farmers, and that after several years, the entire producing country sees economic development… the entire coffee infrastructure changes in support of premium coffees.”\textsuperscript{35} The emergence of Huila as a specialty powerhouse lends support to Spindler’s argument. Gustavo Vega, SENA instructor and National Jury member in the 2015 competition, remembers that at the first Colombian Cup of Excellence, “Huila won the best coffee, a coffee from Bruselas. So then everyone came to Huila. The next year, the next Cup of Excellence, which was in Pereira, another coffee from Huila won. Everyone started to pay attention to this zone, and exporters started to arrive.”\textsuperscript{36}

Roasters closely follow Cup of Excellence

\textsuperscript{33} Alliance for Coffee Excellence 2013.
\textsuperscript{34} Alliance for Coffee Excellence 2013b.
\textsuperscript{35} Pendergrast 2010, 350.
\textsuperscript{36} Vega, Gustavo. Personal Interview. July 12, 2014.
competitions, using the results to guide their sourcing decisions. When Nariño, a previously overlooked region in the specialty industry, produced 8 out of the top 10 winners in 2010, industry analyst Michael Sheridan proclaimed, “the center of Colombian coffee has shifted decisively to Nariño.”

Sheridan’s enthusiasm may have been slightly overstated; Huila has continued to produce several of the top scoring coffees in subsequent years. However, it is clear that the Cup of Excellence program has important effects for entire regions as well as individual farmers.

Without relying on exporting firms as intermediaries, Cup of Excellence competitions also facilitate a clear, direct feedback loop between consumers and producers: roasters learn about the obstacles farmers face when striving to consistently produce high-quality coffees, and farmers learn about the kind of quality attributes valued by the specialty market. Daviron and Ponte suggest that these quality feedbacks loops play an important role in sustaining the direct trade model: “Producers who win awards gain market recognition that can be followed by the building of long-term relationships with buyers.”

Examples of Cup of Excellence winners going on to enter into long-term contracts with roasting firms are numerous; many of the famous coffee estates, in particular, first attracted attention through these competitions.

However, while the highest bids at auction tend to be rewarding for farmers, there is no guarantee that even a successful showing at the Cup of Excellence will secure a long-term contract. For example, when Arnoldo Hernández participated in a competition, his coffee scored well enough to attract the attention of a Korean roaster.

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37 Sheridan 2010.
38 Daviron and Ponte 2005, 158.
“He bought 2,500 kilos, and then the next year he returned and ordered another 1,500 kilos,” Hernández recounts. “About a month and a half ago, they called me and asked if I had coffee to sell them - they wanted 5,000 kilos. But in that moment, there wasn’t any coffee.” Unfortunately, the roaster had called Hernández when the year’s harvest was already over, so Hernández could not make the sale. If the Korean roasting firm had been truly interested in sourcing from Hernández, the buyer would have been in contact with Hernández throughout the year to stay updated on the harvest and other news from Hernández’s finca. This consistent communication between roaster and producer is what defines direct trade relationships, and it is what allows smallholders like Hernández to plan ahead, secure in the knowledge that their coffee will find a willing buyer. Ideally, Hernández would have signed a contract with that Korean firm, promising the sale of a certain amount of coffee for a pre-specified price. For any number of possible reasons, such a long-term contract was never signed.

Hernández’s experience with the Cup of Excellence program demonstrates that while the competition may facilitate lucrative business deals, there is no guarantee that these deals will engender a more sustainable business relationship. Moreover, the competitions themselves, which are managed by the U.S.-based nonprofit Alliance for Coffee Excellence, are not self-sustaining: “Competitions are costly and can be carried out only when donors fund them.” Since the program’s inception in 1999, the Alliance for Coffee Excellence has not had any trouble securing the funding needed to run the competitions and auctions annually in an ever-

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40 Daviron and Ponte 2005, 158.
growing number of producing countries. However, the program’s reliance on foreign
donors makes it vulnerable to the same sort of critiques of foreign development
agencies discussed earlier. While the Cup of Excellence program has created valuable
opportunities for coffee farmers across the world, it is not a generalizable solution to
the problem of farmers’ lack of independent access to foreign markets.

Azahar Coffee Company

A small number of specialty coffee exporting firms in Colombia have
pioneered the use of a distinct purchasing structure that prioritizes the long-term
sustainability of the business relationships between producers and roasters. Under
these arrangements, the exporting firm is responsible for making the initial
connection between a farmer or cooperative and a particular roasting firm. However,
after such a business relationship is established, based on a mutually agreed upon
quality standard and specified price, the exporter steps back to focus simply on the
logistics of quality assurance and transportation. At this point, as Giancarlo Ghiretti,
director of Virmax, explains, “It’s the farmer’s job to really make sure that his coffee
meets that quality criteria, but they have a sale that is guaranteed at a minimum price,
at a fantastic minimum price.”41 With a pre-established price, farmers can budget their
yearly finances, often redoubling their commitment to quality by investing in new
coffee varietals or updated processing infrastructure.

In these situations, exporting firms still have several crucial roles to play.
However, instead of acting as impenetrable walls that block producers’ direct access
to roasting firms, the exporters serve, instead, as relationship facilitators. When

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farmers know exactly which roasters purchase their coffee, they are able to directly interact with these firms, establishing a direct feedback loop through which to voice their demands or communicate concerns. Under this alternative purchasing structure, farmers, exporters, and roasters all work towards the common goal of creating business relationships that are both profitable and sustainable over the long term.

However, for most exporting firms, these long-term relationships are relatively rare. For example, at Virmax, Ghiretti acknowledges, “there are maybe 10-15 success stories, guys that are really able to build this and keep it long term. But the majority of farmers have not gotten to that point.” To arrive at the point where a long-term contract becomes feasible, a farmer’s coffee would need to demonstrate complete consistency in terms of quality. Ghiretti says, “It takes a certain farmer to really create the confidence in the roaster so that they can really commit. Every roaster wants to get to this situation, and every farmer wants to get there, it’s just about finding the right partners.” At a company like Virmax, those steady partnerships are the exception to the norm. While long-term business relationships might motivate farmers to strive for higher and more consistent quality, they do not directly benefit the majority of Virmax’s suppliers.

By contrast, at Azahar Coffee Company, long-term relationships are embedded into the purchasing structure. Founded in 2010 by Tyler Youngblood and Keith Schuman, Azahar set out to create a more equitable and more sustainable coffee supply chain, disconnected from the volatility of the New York C-market. To realize that vision, the Azahar team, based in Armenia, Quindío, began working with Colombian farmers to help them attain the degree of consistency in quality that would attract a roaster’s interest. Like Ghiretti, Youngblood insists that relationships with
producers that are sustainable over the long term are in roasters’ best interest:

“Roasters need access to coffees that they can market year after year, and that consistently stand out in the cup when compared to cheaper coffees at more commercial, non-specialty cafés.”

By maintaining the same offerings year after year, roasting firms cultivate customers’ interest in origin, fostering a growing awareness about the farmers behind their daily cups of coffee. This sense of connectivity helps to justify the higher price of a latte in a specialty café, keeping the specialty market a viable alternative for customers dissatisfied with mainstream cafés.

In recognition of roasters’ need for consistency, Azahar prioritizes consistency in quality above all else. “We prefer to work with farmers that are producing coffees with profiles that can be replicated with relative ease, so long as they exert the same amount of care each year,” Youngblood explains. “We tend to reward farmers whose coffees cup consistently well even more than farmers who produce the occasional, high-scoring lot.” The farmers that Azahar prefers to work with are those that are most likely to be reliable partners in a long-term business relationship with a roasting firm.

When farmers achieve a high degree of consistency, it is because they have a precise methodology behind that consistency. The Azahar team helps its suppliers adopt the processes, similar to those recommended by Virmax’s PECA, that are needed to produce consistently high-quality coffees: using soil analysis to guide fertilization decisions, carefully harvesting only the ripe cherries, maintaining the cleanliness of processing equipment, etc. Youngblood acknowledges that these processes are time- and labor-intensive, and therefore costly; he estimates that the

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additional cost of producing high-quality coffee is about 5,600-7,200 pesos per kilogram of parchment coffee. Those costs are standard to any producer participating in the specialty sector. Unlike other exporting firms, however, Azahar incorporates those higher costs of production into its purchasing structure. Rather than pay a fixed quality premium according to the coffee’s cupping score, which is then added to the highly-variable C-market price, Azahar determines its offering price independently of the C-market. “Once you recognize that guaranteeing quality across time has a specific cost, it makes no sense to pay a farmer based on a supply-and-demand driven market that pays no attention to those processes,” Youngblood argues. Therefore, at Azahar, prices are negotiated without reference to New York’s C-market and maintained over the long term, regardless of any changes in the market price.

Youngblood concedes that this purchasing structure subjects Azahar to a certain degree of financial risk: “We can’t effectively ‘hedge’ our risk with a commodities broker the way most exporters and importers do. That means that if we take on a coffee at a price that has no relation to the market and we aren’t able to sell that coffee before it gets old… we have no way of recuperating the loss we’ll suffer by having to sell that coffee back onto the commodities market.” Regardless, Youngblood sees Azahar’s alternative purchasing structure as a central component of the company’s ideology: “In terms of not making a bad call on quality, well, that’s on us,” he says. “But what we don’t want is to pay farmers in relation to a market that has nothing to do with their costs of production.” By incorporating production costs into its purchasing structure, Azahar brings farmers’ realities to the forefront, respecting their right to make their voices heard.
For farmers, Azahar’s alternative purchasing structure has several important and positive ramifications. When working with a new farmer, Azahar first sends samples of that farmer’s coffee abroad to various roasters, seeking an interested buyer. In this marketing push, timing is crucial: “We must work very closely with roasters to understand their purchasing needs, so that they can taste coffees at a time when they are ready to make a decision,” Youngblood explains. It is only when a roaster agrees to purchase a farmer’s coffee that Azahar purchases that farmer’s entire lot. While this process may be slower than with other exporting firms – Youngblood says it usually takes between a week and a month to make the sale – it results in a business relationship between farmer and roaster that is designed to survive over the long-term. With a pre-established price, farmers are no longer vulnerable to the extreme volatility of the C-market. Gustavo Vega, the SENA instructor who also manages the Huila region for Azahar, believes that stability is an important motivating factor for farmers. “When farmers started to realize the tranquility they would have when prices are guaranteed, they got motivated to work hard. They started to change their way of thinking… Now they’re not worried about the price; they’re worried about their coffee’s quality.”

Since Vega works with suppliers to both Azahar and Café Imports, he clearly sees the difference that Azahar’s alternative purchasing structure makes for producers. When he begins to work with a new farmer, Vega presents each company’s purchasing structure, and lets the farmer make his or her own decision about which firm to supply. In most cases, Vega says, farmers choose to supply to Azahar: “It’s a model that, for them, is much more interesting.”

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When Vega first began working with Azahar, many farmers in Huila had already established a direct relationship with roasters. For example, Vega tells me, Luis Fernando Arroba typically sold his coffee to Flight Coffee, a specialty roaster in Wellington, New Zealand with significant experience sourcing from Colombia. Working with Arroba, Vega simply served as “the filter at origin,” verifying the coffee’s quality before sending it to Azahar’s processing plant in Armenia, Quindío (Figure 8). “I simply coordinate. I tell Azahar, Luis Fernando Arroba has 100 kilos of coffee… I taste, it, send the sample to Jayson [Galvis, Azahar’s Director of Quality], and listo.” Arroba is confident that as long as a harvest matches his previous coffee’s quality, Flight Coffee will readily buy it. These are the long-lasting relationships that Azahar strives to cultivate between producer and roaster. After presenting Azahar’s purchasing structure, Youngblood concludes, “the most important thing we do is show farmers and roasters a different kind of value chain, one that isn’t based on the daily price of an immutable commodity, but rather on a consistent idea of quality that starts in the cup and ends in a better experience for everyone involved.”

Beyond the complicated logistical work involved in shipping coffee internationally, this is perhaps Azahar’s most important role: demonstrating the viability of a purchasing structure that is disconnected from the C-market to actors all along the coffee supply chain. By bringing new farmers and new roasters into this alternative trading system, Azahar helps to legitimize the notion that in the world of coffee, profitability and social sustainability can be complementary goals.
Figure 8: GrainPro bags of green coffee from Edilma Piedrahita’s *finca* in Pitalito, Huila, are gathered in Azahar’s processing plant in Armenia, Quindío. Having passed a final quality control check, these bags are ready for export.

III. Reliance on a Distant Consumer Market

The third factor limiting the potential of the specialty coffee sector is the extensive distance between the worlds of production and consumption. Farmers’ incomes depend on the continued dynamism of a distant consumer market over which they have little control. Most coffee, and especially most specialty coffee, has historically been consumed in the United States and Europe. By definition, specialty coffee is a limited market; the consumer market for coffee is strictly segmented, and the specialty segment occupies only limited real estate at the top of the coffee quality pyramid. Even though the specialty sector in Colombia is growing, its growth is
necessarily limited; it can never include the entire population of Colombian farmers who depend on coffee to make a living. Even for the farmers that do successfully enter the specialty market, the wealthy consumers of their luxury product must seem distant, far outside their sphere of possible influence. But farmers’ livelihoods are strictly tied to these consumers’ continuing willingness to spend money on expensive, high-quality coffee.

It is difficult to conceive of an apt solution to the extensive distance, both geographic and symbolic, between coffee consumers and producers. Since coffee farmers have little direct control over the consumer market, they must simply put their faith in recent years’ market trends, which clearly indicate that global coffee consumption is increasing. The International Coffee Organization claims that global demand will rise almost 25 percent by 2020, jumping from 141.6 million to 175.8 million bags.\textsuperscript{44} Emerging market economies, particularly China and India, are driving much of this growth in global demand. A 2014 report from P&A International Marketing, a Brazilian agribusiness consulting firm, indicates that from 2000 to 2012, consumption in emerging markets grew by 80.2 percent, and shows no sign of stopping.\textsuperscript{45} Nonetheless, farmers cannot be confident that these positive trends will continue forever. With no way to influence the consumer market, the benefits Colombian farmers derive from their participation in the specialty sector are not sufficient to ensure their unobstructed participation in the capitalist world-system.

However, a closer examination of global consumption trends raises the possibility of coffee farmers exerting direct control over a new kind of consumer

\textsuperscript{44} Bariyo 2015.
\textsuperscript{45} Brando 2014.
market, closer to home. Producing countries, with the exception of Ethiopia and
Brazil, have not historically had substantial populations of coffee drinkers, with
even fewer specialty coffee drinkers. Although coffee is firmly embedded in
Colombian culture, Colombians typically do not drink the high-quality coffee for
which their nation is known. As Juan Pablo Villota puts it, “In Colombia, we don’t
value coffee.” Colombians’ disinterest in consuming their prized national product
might seem surprising, but for Villota, the reason is clear: “It’s not the consumer’s
fault. The reason is that exporting bad quality coffee is prohibited… The burned
coffee will never leave the country, because it would damage the good image of
Colombian coffee. Who consumes what can’t be exported? Colombians.”

Historically, these low-quality or burned coffee beans, known as pasilla, were all that
Colombians drank, usually in the form of a small, sugary cup of brewed coffee known
as a tinto. However, since about 2000, this tendency has been changing. P&A
International reported that from 2000 to 2012, coffee consumption in producing
countries increased from 26 million to 43 million bags – an impressive 64.7 percent
jump. Colombians contributed significantly to this trend, as Colombian coffee
consumers grew increasingly familiar with the high-quality beans that give their
country its reputation for producing the best coffee in the world.

The reasons for the emergence of a domestic market for specialty coffee are
numerous. First, the Colombian middle class has seen significant growth as the
nation’s overall income distribution has become more equal. From 2000 to 2012, the

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46 Brazil’s considerable coffee consumption is only a recent phenomenon, the result of concerted effort
by Brazil’s Coffee Industry Association, beginning in the late 1980s, to promote internal
cConsumption. See Kubota 2011.
47 Daviron and Ponte 2005, 75.
49 Brando 2014.
Gini measure of inequality fell from 58.7 to 53.0, a laudable ten percent decrease.\textsuperscript{50}

As income inequality decreases, more and more middle-class Colombians newly have the disposable income to spend on higher-quality coffees. Second, in the early 2000s, a change in the tax structure eliminated the \textit{ley de pasilla y ripio}, which had made it difficult for Colombian roasters to purchase high-quality beans, stifling the domestic consumer market. But perhaps the most oft-cited reason for the explosion in Colombian coffee-drinking culture was the creation of Juan Valdez Café, a chain of coffeehouses owned and operated by the FNC through its subsidiary, Procafecol S.A. Since the first café opened in 2002, Juan Valdez stores have proliferated throughout Colombia. As Colombian consumers develop a taste for high-quality coffees, new, smaller roasters are jumping to take advantage of this quickly growing market, mirroring the emergence of Third Wave roasters in the United States after the initial successes of Peet’s and Starbucks.

In recognition of the growth in Colombian consumption, and to solidify the value-added strategy that it began with Juan Valdez, the FNC created the program Tomacafé in 2010. Tomacafé is a coalition of industry actors, ranging from large roasters like Nestlé and Colcafé to comparatively tiny Café San Alberto, which have committed to work together to promote Colombian coffee consumption. In 2014, after several years of Tomacafé’s diverse advertising campaigns and strategic partnerships, domestic coffee consumption registered its third consecutive year of positive growth.\textsuperscript{51} Interestingly, Tomacafé’s promotional materials place no particular

\textsuperscript{50} World Bank 2015.
\textsuperscript{51} Sierra, Ana María. Personal interview. July 2, 2014.
emphasis on specialty coffee; however, promoting overall consumption certainly creates the impetus and the infrastructure for a thriving specialty market.

The development of a Colombian consumer market for specialty coffee raises two interesting possibilities for the success of the specialty sector as a driver of farmers’ economic empowerment. First, a strong domestic consumer market reduces coffee farmers’ vulnerability to changes in international monetary policy. Ana María Sierra, the FNC executive in charge of Tomacafé, explains, “You want to have a local market, because you never know when revaluation is going to come… What do you do when you sell coffee and your currency revalues and becomes so expensive that they want to substitute you internationally? Where do you go?”

With a sizeable outlet in the local market, the entire Colombian coffee sector will be more resistant to periods of international financial slowdown or crisis.

Second, a domestic market for specialty coffee allows coffee farmers to tap into the value generated by Daviron and Ponte’s third quality classification: in-person service quality. Daviron and Ponte consider in-person service quality attributes to be necessarily beyond the reach of coffee farmers: “Due to the distance between the sites of production and consumption, in-person services do not play a role in the creation of value in producing countries.” However, when the geographic distance between the spheres of production and consumption is eliminated, producing communities may begin to benefit from the downstream activities of roasting, marketing, and retail. A Colombian consumer market for specialty coffee stimulates the emergence of new roasting firms, coffee companies, and cafés, broadening the coffee sector into

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53 Daviron and Ponte 2005, 129.
new related activities outside the agricultural sphere. These service-related activities provide new opportunities to create value in coffee growing communities.

Sometimes, in-person service value may directly accrue to coffee farmers. Such is the case of the Juan Valdez cafés, whose profits, controlled by the FNC, are reinvested in agricultural extension services, credit provision, infrastructure construction, and other valuable services. In other instances, the connection between in-person service quality and farmers’ livelihoods is less tangible, but equally important. For example, a popular specialty café in a producing community may serve as a powerful tool to bring new farmers into the lucrative specialty niche. Gustavo Vega, who co-owns Café La Meca in Pitalito, explains, “When we started with this whole concept, people saw it as a luxury. But when we brought coffee growers here, the ones that we buy from, the ones we work with, they taste their own coffee, they see what the finished product is… Everything works to motivate the producer.”

A strong consumer market for specialty coffee makes the coffee industry, a mainstay of the Colombian economy for over a century, more dynamic, more rewarding, and likely more attractive to the rising generation of younger cafeteros.

In the next sections, I will examine the history of the emergence of the Colombian consumer market for specialty coffee, focusing on two developments in particular. First, I will discuss Juan Valdez Café, looking at the motivations behind the brand’s creation and some of its recent marketing strategies for commercial success. Second, I will explore a handful of the small specialty coffee shops that have opened throughout Colombia in the last decades, riding the wave of consumer interest piqued by Juan Valdez. The proliferation of both Juan Valdez and independent

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specialty cafés suggests additional avenues by which Colombian farmers may sustainably benefit from the specialty sector.

Juan Valdez Café

Juan Valdez was born in 1959, the creation of the New York-based advertising agency Doyle Dane Bernbach (DDB). The FNC had tasked DDB with developing a marketing campaign to promote Colombian coffee on the world stage. The Juan Valdez character is a mustachioed cafetero who, alongside his trusty mule Conchita in bucolic campo scenery, proudly shows television audiences and magazine readers throughout the world the origin of their coffee beans. Edwin García, the marketing director for Juan Valdez Café, says, “He embodied everything the coffee growers represented: dedication, and passion for Colombian coffee.”55 The Juan Valdez advertising campaigns were a resounding success. A 2000 study found that 85 percent of Americans could recognize the logo; today, the Juan Valdez success story is studied in elite business schools.56 Around the world, Juan Valdez contributes to Colombia’s reputation for producing high-quality coffee.

In 2002, in the midst of the international coffee price crisis, the FNC enacted a risky plan to parlay the success of the Juan Valdez character into a new value-added strategy. The rationale behind the retail endeavor is clear: the unit value of coffee that is carefully prepared by a barista and served in a pleasant café atmosphere is drastically higher than that of exported green coffee. García quickly goes through the rough math: “You take one pound of coffee nowadays, it costs around $1.80 right

56 Deshpande and de Royere 2001.
now. If that same pound is roasted, put in a nice package, with a brand on it, you can sell it for $15 or $16… But if you take that same pound and you have a coffee shop, and you convert it into cappuccinos or lattes, you transform it into an experience, you take 70 lattes at $4 each, that would be $280 from one pound.” If this value-added strategy worked, the FNC would profit from a completely untapped source of revenue: coffee retail. In 2002, the FNC created a subsidiary company, Procafecol S.A., to run its new enterprise, to be named – what else? – after Colombia’s beloved icon.

The first Juan Valdez Café opened in the Bogotá airport under the slogan La tienda de los caficultores colombianos – the Colombian coffee growers’ coffeehouse. The implication was that Juan Valdez Café was owned by coffee growers themselves, the members of the FNC. This was an oversimplification of the truth: although affiliated with the FNC, Procafecol is a private company, and it pays only 5 percent of its proceeds in royalties to the FNC’s National Coffee Fund for the use of the Juan Valdez brand. The FNC is the largest shareholder in Procafecol, but the World Bank International Finance Corporation holds additional shares (as do thousands of individual coffee farmers).57 However, it is undeniable that Juan Valdez Café has been a boon for the FNC and, by extension, for Colombian coffee farmers. By November 2014, there were 208 cafés in 29 different Colombian cities, as well as dozens more in foreign countries.58 García estimates that the coffeehouse chain has generated about $20 million for the FNC, which uses the profits to benefit the coffee industry at large.

57 Weiss 2014.
58 FNC 2014b.
Analogous to Starbucks’ impact in the United States, Juan Valdez cafés deliberately developed a consumer base accustomed to drinking higher-quality coffee. They also introduced previously unknown espresso-based beverages like lattes and cappuccinos, and flavored drinks like *malteadas* (similar to a Starbucks frappuccino). Juan Valdez had to familiarize their customers with the concept of drinking coffee in a public space, transforming a mundane morning or afternoon ritual into a full social experience. The company strove to create a particular customer experience that Colombians would aspire to have. As Sierra, director of Tomacafé puts it, “When you walk into one of these shops, it communicates to you an experience. People there look pretty, all of these sensations – you want to have them for yourself.”

Despite its reputation as a luxury brand, the coffee sold in Juan Valdez was, at least for the first several years of its existence, not the best Colombia had to offer. Just as Third Wave roasters in the United States claim superiority to Starbucks, Juan Valdez’s specialty successors cast doubt on the quality of the chain’s product. However, Juan Valdez’s reputation for quality may be improving. When García left Coca Cola to join Juan Valdez as marketing director in 2011, he created a business plan based on three pillars he believed to be “key to understanding the DNA of the brand”: origin, the wellbeing of the farmers, and expertise. The emphasis on origin, in particular, parallels the way that Third Wave cafés in the United States cash in on symbolic quality attributes, hyping the “single-origin” appeal of their coffee.

In Colombia, however, the consumer’s emotional connection to origin is less dependent on the sort of exoticism sought by American consumers, and closer to

national pride. For example, a 2014 print advertisement campaign focused on Colombian coffee’s various origins, with different photographs featuring each coffee-growing department. “This is Huila, this is where the Magdalena River is born,” García tells me, pointing to a promotional photograph in his hand. “So we have a big valley, always surrounded by clouds, so you always have a coffee which is very fresh, there is no climate stress or rains… It's balanced, very smooth, because it captures all of these notes, it has a mantle of clouds all the time, year-round… [We focus on] one characteristic of the region - what effects does it produce in the coffee cup? Keeping it simple. Having these emotional values, that’s what we’re aiming at, to try to educate the consumer.” A select few Juan Valdez cafés have begun promoting the concept of the Perfect Cup, encouraging customers to first pick a particular origin, and then pick a particular brewing method. The Perfect Cup’s high degree of customizability helps to transform coffee into a luxury good in the minds of Colombian consumers.

It was with this goal in mind that Juan Valdez opened its flagship Origins café in December 2013. García recounts reading an anecdote in Steve Jobs’ biography – that the founder of Gap, a member of Apple’s Board of Directors, told Jobs that if Apple was to be a bigger brand than Gap, it needed a bigger store than the biggest Gap store. García says, “There are a lot of local coffee shops, nice, beautiful, big ones. But we have to have the best coffee shop in Colombia.” The three-floor Origins café, in Bogotá’s upscale Zona G neighborhood, is stunningly beautiful, carefully

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60 The success of Juan Valdez Café coincided with the Colombian government’s widespread efforts to cultivate national pride and project a positive image of the nation, culminating in a branding campaign that spawned the slogan “Colombia es pasión” to foster foreign tourism. For more insight into the cultural context surrounding Juan Valdez’s success, see Echeverría, et al. 2010.
designed down to the last detail to pay tribute to Colombia’s coffee-growing regions; its tables, for example, are made from stumped coffee trees. With a staff that includes the 2013 Barista Champion of Colombia, the Origins café demonstrates that Juan Valdez is committed to being a serious contender in the specialty world.

The marketing strategies introduced by García served to defend Juan Valdez’s territory in the face of the increasing competition. By introducing Colombians to high-quality coffee, Juan Valdez Café had created a thriving new market dynamic. When I spoke with García in July 2014, Juan Valdez was readying itself for the arrival of Colombia’s first Starbucks café, which opened in Bogotá a week after our interview. García acknowledges, “Starbucks coming here has given us a sense of urgency, a lot more sense of focus.” Alejandro Londoño, another executive at Juan Valdez, directly attributes Starbucks’ decision to open a store in Colombia to Juan Valdez’s creation of a coffee drinking culture. The influence of Juan Valdez is clear: in a nod to the FNC’s power, the newly opened Starbucks serves only Colombian coffee. However, beyond the Starbucks factor, Juan Valdez has also paved the way for the entry of smaller roasters and retailers to build on its success, with an exclusive focus on truly specialty coffee.

Colombia’s Third Wave: Examples from Manizales, Pitalito, and Bogotá

If Juan Valdez is the Starbucks of Colombia, then a small collection of independent specialty cafés serves as Colombia’s answer to Stumptown, Counter Culture Coffee, Intelligentsia and Blue Bottle. These independent coffee shops,

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61 Allen 2014.
62 S.B. 2013.
scattered throughout the country, are pioneering Colombia’s Third Wave of coffee, with an emphasis on quality that exceeds that of Juan Valdez. However, the managers of these Third Wave-style cafés are almost unanimous in their gratitude to Juan Valdez for sparking a consumer trend towards specialty. Juan Pablo Villota recounts, “With the entrance of Juan Valdez, people didn’t want to drink the worst stuff anymore. The level rose a little bit. The consumer has to realize that, when he arrives in a Starbucks or a Juan Valdez, he hasn’t reached the top. He’s gotten a little higher, but above those guys is the truly specialty coffee.”63 During my time in Colombia, I visited numerous specialty cafés that occupy the pinnacle of the quality pyramid described by Villota, and interviewed many of their proprietors and baristas. In this section, I will present just three examples of such cafés: Santo Kaffeto in Manizales, Café La Meca in Pitalito, and Azahar Café in Bogotá.

Santo Kaffeto is located in Barrio Chipre, a pedestrian-friendly neighborhood that occupies the highest point of Manizales, overlooking the valley below. The manager, Andres Julian Quintero, tells me, “This is one of the most touristy spots in Manizales, here in Chipre.”64 Since the café opened in 2013, tourists have made up a sizable proportion of Santo Kaffeto’s business, but Quintero says the café has been increasingly popular with residents of Manizales: “There’s a new culture of coffee consumption among young people, because people have been learning that coffee has all these diverse methods of preparation, and they’re realizing what it’s like to drink high-quality coffee. And that culture has been translating to other generations.” For Santo Kaffeto’s Colombian customers, particularly the older generations accustomed

to sugary *tintos*, learning to appreciate specialty coffee can be a slow process.

Quintero tells me that a central component of Santo Kaffeto’s mission is educating Colombian consumers about specialty coffee: “People here have always consumed strong, bitter coffee, that they have to sweeten with sugar to cover up all those flavors… So it’s a bit difficult to tell people, ‘This coffee is really high-quality, you should try it without sugar.’” To win over these customers, Quintero’s staff performs what he calls a “coffee show,” a small tasting and demonstration of various preparation methods. “We taste a few cups of coffee so they can identify what a high-quality coffee tastes like, and what a citrus note tastes like, and a sweet note. But it’s a long process.” Quintero’s passion for specialty coffee, and for sharing it with others, comes through: “There are more than 2,000 flavor notes that you can find in coffee!” he says. “That’s what we want to share with people.”

I ask Quintero if it’s any easier to convert Colombians to the specialty market in an area like Manizales, whose development has always been intertwined with the coffee industry. “Basically the entire economy is linked to the production, transformation, and consumption of coffee,” he acknowledges. Steep mountainsides dotted with coffee *fincas* surround the city; most everyone in Manizales knows someone who is a coffee farmer. Santo Kaffeto takes advantage of this personal connection their customers have with coffee, proudly explaining how their business is beneficial for farmers. Santo Kaffeto sources coffee from Chinchiná, just outside Manizales, and from various municipalities in Huila. As Quintero explains, the growers that produce Santo Kaffeto’s coffee say, “‘I have really good coffee in my *finca*, I don’t want to mix it with coffees from other areas… I want to know what notes it has, what quality it is.’ And so they get in contact with specialty companies
that have the right infrastructure, among them Santo Kaffeto… that way, they can get better incomes from their product.” Manizales is one of the major urban centers of Colombia’s *zona cafetera*; in this region, the emotional appeal of specialty coffee is particularly strong.

Pitalito’s Café La Meca is similarly primed to take advantage of consumers’ deep familiarity with the coffee industry. Despite being the heart of Huila’s specialty coffee zone, Pitalito is not where one would expect to find a sophisticated Third Wave café. Farther off the tourist track than Manizales, Pitalito is a rural community, with just a few *cafeterías* and restaurants surrounding the central plaza. A few blocks off the plaza, though, stands Café La Meca, the culmination of Gustavo Vega’s extensive and varied experience in Huila’s coffee industry. For Vega, Café La Meca is just one tool in his broader mission of introducing coffee farmers to the potential of the specialty sector. The sourcing process for Café La Meca operates in tandem with Vega’s work for other exporting firms: “We manage such small volumes that we buy from the same pool of producers that sell to Azahar… We can only buy a minimal part of their production, so we pay them, and then we show the coffee to Azahar and Café Imports, and they can buy the rest of the harvest.” For farmers new to the specialty sector, Café La Meca can serve as motivation to strive for higher quality. Vega routinely brings growers to the café to show them how the entire coffee value chain functions, all the way to the point of consumption.

Like Quintero, Vega speaks of the difficulties involved in converting a consumer base accustomed to sipping sugary *tintos* to more expensive specialty coffee. “We wanted people to stop drinking coffee on the plaza for 300 pesos, with so

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much sugar, and start consuming actual coffee,” he says. Fortunately, Café La Meca can afford to keep prices low: “In this region, we have the raw materials in our hands, and so it’s a lot easier in terms of prices. We charge a very economical price.” Despite the low prices, the drinks served at Café La Meca rival those served at any Third Wave café in New York City in terms of quality. Personally trained by Vega, the baristas prepare coffee on everything from a Hario V60 dripper to an espresso machine to a siphon, a particularly complicated brewing method that involves several glass compartments and an external heat source. “Everyone thought the siphon was beautiful! So they invited their friends,” Vega laughs. Café La Meca is largely responsible for the coffee consumption boom in Pitalito, and Vega has helped many other entrepreneurs open up their own coffee shops in the area. “We want to promote consciousness of what it takes to open up a store,” he says. He sees these new cafés not as competition, but as partners in his commitment to promoting a culture of drinking good coffee and, in this way, making the coffee economy work for Colombia.

Vega is animated when speaking of his life’s work, with a passion that resembles nationalism. His pride in coffee as Colombia’s national treasure is a common sentiment in the country’s Third Wave community. Perhaps the best expression of such national pride comes from Azahar Café, whose tagline is Porque Colombia merece su mejor café – because Colombia deserves its best coffee (Figure 9). Adding to its primary role as green coffee exporter, in 2013, Azahar opened a coffee bar near Bogotá’s Parque de la 93, designed to look like a shipping container. The symbolism is clear: instead of carrying Colombia’s prized coffee away from its
shores, at Azahar, the shipping container is a conduit that delivers Colombia’s highest-quality coffee directly to Colombian consumers.66

Figure 9: A cup of farm-fresh coffee, brewed in a Hario V60 Dripper, displays Azahar’s slogan.

The container is a big draw for bogotanos unaccustomed to Third Wave coffee shops. “Many of our clients are drawn in by the concept,” Manuel Barbosa, the manager of the café, explains. “We’ve seen that many people come to take photos of the container, or to take photos of the bar.”67 While customers may initially be attracted by the café’s sleek design, they are drawn in by Azahar’s consistently

66 Olson 2014.
exceptional coffee offerings. The café serves the same coffees that are exported to American roasters, sourced from small farmers throughout Colombia’s coffee-growing regions, and the staff is highly trained to explain to customers what makes each coffee unique. Sancho, the food critic for the newspaper *El Tiempo*, gave Azahar Café a rave review, noting, “This is a place that worships coffee, prepares it in a sophisticated way, and offers it in diverse varieties. The staff is trained to explain the differences, for example, between a coffee from Antioquia and another from Nariño; to advise – according to your tastes – which variety will hit the mark.” Every day, the staff writes the daily offerings on a blackboard, with extensive cupping notes to help their customers begin to appreciate the subtleties in flavor embedded within each cup.

When I visited Azahar’s container bar on a rainy afternoon in July, it was standing room only, packed with customers wearing identical yellow jerseys. People had gathered at the café to watch the Colombia-Brazil soccer match in the World Cup quarterfinals. As the spectators stomped their feet and blew their plastic trumpets, Azahar’s baristas stayed busy behind the bar, carefully making pour-over coffees and heating *empanaditas* to satisfy the unusually large crowd. It is difficult to overstate Colombia’s veneration for its national *futbol* team, but at Azahar, reverence for Colombia’s coffee-growing heritage comes close to overshadowing it. On that afternoon, despite putting up a good fight in the second half, Colombia lost to Brazil, ending its 2014 World Cup run. Customers began to trickle out of the store, some clapping their hands stoically, others stubbornly waving their Colombian flags. While Colombians’ dreams of World Cup glory had ended, their pride in their nation’s

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68 Sancho 2014.
reputation for producing the best coffee in the world was steadfast. Sancho ends his
*El Tiempo* review on an introspective note, alluding to the pain of his country’s
violent past: “I like when Colombians are spoken of with reference to its coffee
growers – instead of certain shameful epithets – and that’s why I like to find places
like this, that explore and show off one of the best things that we have.” Sancho is not
alone; for many Colombians, coffee is a primary source of deeply felt national pride.
Azahar’s coffee bar is designed to celebrate that pride. As the café’s tagline reads,
*Colombia merece su mejor café* – and at the same time, Colombia’s thousands of
coffee-growing families deserve an industry that is sustainable, equitable, and socially
just.

During my time in Colombia, I encountered a vibrant industry that was clearly
in the midst of a period of dynamic change. Many of the industry actors I
interviewed, from farmers to exporters to retailers, were no longer content with the
way that the coffee industry had functioned for over a century. These stakeholders
were committed to innovating new ways of structuring the specialty industry to
maximize its potential to empower producing communities. The various innovations
discussed in this chapter were designed to ensure that farmers benefit from their
coffee’s exceptional quality. By controlling a larger proportion of specialty coffee’s
value, coffee farmers are able to exert greater influence over the international coffee
market. The specialty coffee sector therefore not only increases farmers’ profits; it
also radically changes the way that coffee farmers interact with the capitalist world-
system. Colombia’s rural farmers become powerful *campesinos*, capable of defending
their own cultural and economic forms of rationality within the capitalist system, and
in this way, preserving and strengthening Colombian rural life.
Conclusion

The long history of the world coffee market has been characterized by the continuing subordination of peasant communities to the dominant interests of the capitalist world-system. Throughout the twentieth century, Colombian coffee farmers struggled to retain control over their land, relied on commercial export-import houses for access to foreign markets, and were compelled to adopt modernizing technical reforms that disregarded the nuances of local experience. In this context, the promises of the emerging specialty coffee industry represent a radical departure for coffee farmers in Colombia and throughout the developing world. By participating in the dynamic specialty sector, coffee farmers may increase both their profits and their power. The transformation of farmers into powerful campesinos enables their construction of an alternative mode of engagement with the capitalist world-system, one that is more aligned with rural life. This new form of engagement resuscitates the rural forms of economic and cultural rationality that have been threatened by the pressures of an increasingly globalized world. These rural forms of rationality underpin the peasant experience; by strengthening them, the specialty coffee model supports peasant communities’ continuing existence.

The economic and cultural practices that define rural life are diverse, and specialty coffee’s impact on them varies widely by community. However, the experiences of the coffee farmers I interviewed in Colombia indicate several commonalities that warrant explicit recognition. First, the specialty coffee industry preserves the viability of the small farm model, an economic institution that has historically defined peasant production. As described by Cristóbal Kay, the small
farm model has been weakened by neoliberal policy, which has created an “agriculture of two velocities” that benefits large capitalist farms at the expense of peasants’ smallholdings.\(^1\) The conflict between smallholders and large landowners is one that has defined Colombian political life for centuries, and in the current neoliberal era, the conflict has expanded to incorporate powerful new players, including multinational mining corporations and agro-industrial firms, that have taken advantage of political instability to displace smallholding farmers and supplant them with enormous accumulations of land.\(^2\) Amidst these ongoing tensions, peasants have experimented with a wide range of strategies to maintain their control over their land, but the weak forms of tenancy that have historically characterized small farms have maintained peasants’ vulnerability to expropriation.\(^3\) The specialty sector thus serves as a powerful resolution to a long-standing friction, strengthening the small farm model by empowering peasants to materially benefit from their finca’s unique terroir.

Second, specialty coffee restores value to local modes of knowledge that are rooted in peasants’ historical connection to the land. The specialty coffee industry is structured so as to recognize the unique characteristics of each finca. This model stands in stark contrast to the type of agriculture encouraged by the FNC’s technification programs, which sought to impose a standardized set of agricultural practices based on Western knowledge produced in technocratic institutions, far from the realities of peasant life. While farmers engaged in specialty coffee production certainly receive valuable guidance from agricultural extension services, the advice they receive recognizes that each finca has its own set of characteristics that present

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\(^1\) Kay 2008, 918.
\(^2\) See, for example, Thomson 2011 and Gómez et al. 2015.
\(^3\) Gómez et al. 2015, 266.
unique challenges. For peasant families, coffee fincas are not only sites of production; they are also places of dwelling. Peasants have extensive experience caring for their land, and they have profound insight into how to manage the particular demands of the fincas they inhabit. As Arnoldo Hernández, for example, confidently affirmed, “The people of the campo are those that know most, from when we plant the coffee until it’s producing cherries.”

By exalting the talents and skills of farmers like Hernández, the specialty coffee industry restores value to these local modes of knowledge.

Third, the specialty sector encourages the preservation of growers’ cooperatives, a form of labor organization consistent with peasant culture’s emphasis on communal work and mutual support. James C. Scott claims that certain communal social arrangements – such as patterns of reciprocity, forced generosity, communal land, and work-sharing tactics – are natural outgrowths of peasants’ vulnerability to economic shocks. These and other cooperative practices have historically been common to many Colombian peasant communities. However, as coffee growers in the eastern cordillera struggled for control over the land in the early-twentieth century, many “abandoned the collective strategies that won their early victories… The collective struggle of workers in coffee production degenerated into private, individual affairs sanctioned by traditional politics.” In the mid-twentieth century, as Colombia faced a mounting guerrilla insurgency, communal practices in rural areas grew even more suspect. As the armed conflict wore on into the late-twentieth century, right-wing paramilitary forces specifically targeted labor unionists and other

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5 Scott 1976, 3.
6 Bergquist 1986, 312.
activists, effectively eliminating any semblance of organized labor in the campo.⁷ The emergence of specialty coffee growers’ cooperatives in the 1990s and 2000s has begun to reverse this trend. By organizing smallholding farmers into collectively managed enterprises, growers’ cooperatives facilitate peasants’ access to the lucrative specialty market, and in the process, they leverage peasants’ collective strength to voice political demands on the national and international stage. Growers’ cooperatives thus safeguard the cultural dimensions of the collective labor arrangements that would otherwise be under attack.

Specialty coffee’s restoration of these rural forms of economic and cultural rationality suggests an additional dimension of symbolic quality, overlooked by Daviron and Ponte, but central to coffee farmers’ experience. Daviron and Ponte define specialty quality as those attributes that enable the consumption of place, ethics, and/or enterprise, three ideas that are valued by consumers and therefore warrant specialty coffee’s price premiums. However, when consumers in the United States drink coffee at Third Wave cafés, their purchase not only enables them to “consume” symbolic attributes; it also lends financial support to the preservation of a form of rurality that, in this neoliberal era, would otherwise face heightened vulnerability. By buying specialty coffee, consumers validate the symbolic quality attributes that peasants have reason to value, and in this way, they validate rural ways of life.

This modification to Daviron and Ponte’s conceptualization of coffee’s symbolic quality suggests that the specialty movement is subtly different from the market-driven form of social justice upheld by consumer movements like Fair Trade.

⁷ Raphael 2010, 171.
The Fair Trade movement works by simply upholding social sustainability as a potential source of profit. Fridell and other critics point out that Fair Trade’s emphasis on market-driven development and voluntarist reforms is entirely consistent with the neoliberal world order. It is this emphasis on market forces that earns the Fair Trade movement so much scrutiny; critics allege that because Fair Trade participates in a neoliberal capitalist system, it cannot be considered a legitimate alternative to the status quo. At first glance, the specialty coffee movement would seem to share this internal paradox: while it criticizes the injustices of the current international trading system, it also encourages more peasants to participate in that system. Consumers’ attention to place and ethics might generate more value for farmers, but it is not immediately clear that the consumption of these symbolic attributes represents a clear departure from the profit-driven logic of the capitalist world-system.

By presenting farmers’ lived experiences in the specialty sector and placing these experiences within a broad historical context, this thesis reveals how the specialty movement represents a clear departure from other market-driven forms of social justice. The specialty sector does not benefit farmers merely by enabling private firms to profit from American consumers’ interest in place and ethics, and then transferring some of those profits to farmers. Instead, specialty coffee puts farmers’ interests at the forefront, strengthening their power of negotiation by recognizing that their forms of economic and cultural rationality must be upheld as intrinsically valuable for rural ways of life to survive. By creating a trading system that strengthens the viability of the small farm model, local modes of knowledge, and cooperative forms of labor, the specialty sector is restoring agency to coffee

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8 Fridell 2007, 39.
producers throughout the developing world. Participation in the specialty sector thus enables farmers to incorporate their rural forms of rationality into the capitalist world-system, adapting that system by more closely aligning it with the patterns of rural life.

The transformative power of the specialty coffee value chain pivots on the role of specialty coffee exporting firms, which magnify farmers’ interests on the world stage. These exporting firms are, of course, profit-driven, capitalist businesses; while certain firms (like Virmax and Azahar) place a high emphasis on social sustainability, their centrality to the specialty sector underlines the sector’s consistency with the neoliberal emphasis on private enterprise. However, the success of the specialty coffee sector should not be understood as a confirmation of the waning role of the state in Latin American society. In Colombia, the FNC still has a number of roles to play in preparing the nation’s coffee growers to withstand tough economic times: guaranteeing the purchase of coffee at the current international market price, and in this way increasing growers’ negotiating power with other buyers; directing research on coffee varietals resistant to rust and other environmental challenges at the Centro Nacional de Investigaciones de Café, or Cenicafé; lessening the effects of relevo generacional by leading programs to encourage the participation of Colombian youth in the coffee industry; using funds from the Fondo Nacional de Café to build physical infrastructure in isolated rural communities; and more. It is this backdrop of institutional support that has enabled the specialty sector to thrive in the last two decades. The success of Colombia’s specialty coffee industry stems from this careful merger of private and public power, with small, innovative private exporting firms operating within the context of a supportive public safety net.
The precise nature of this merger is a topic of much discussion in contemporary Colombian politics. In March 2015, the Commission for the Study of Coffee Policy and Institutions, convened by President Juan Manuel Santos in 2013 in response to the nationwide agricultural strikes, released its final report, recommending institutional reforms to the nation’s coffee industry. The report acknowledges that the FNC is uniquely positioned to deliver technical assistance to growers, conduct coffee research, and promote Colombian coffee abroad, but also proposes drastic reforms to limit the FNC’s role in other areas of coffee policy, transferring much of the institution’s responsibility either back to the state, or to the private sector. As the balance of power between the state, the FNC, and private enterprise shakes out in the coming years, industry leaders would be wise to consider that while the FNC has contributed enormously to Colombian coffee’s success, the extreme poverty rates in the coffee-growing regions of Huila, Nariño, and Cauca point to the need for an aggressive and comprehensive anti-poverty strategy that can only emanate from a strong state. At the same time, while the FNC’s dual role as buyer and exporter has historically helped to construct Colombia’s unmatched reputation for quality abroad, its fusion of regulatory and commercial functions should not be permitted to suffocate the space of private specialty coffee exporting firms, whose innovative approach to social sustainability has facilitated the kind of rural empowerment described in this thesis.

Although the tensions between the state, the FNC, and private firms are unresolved, the recent history of the specialty coffee industry demonstrates that with a careful balance of public and private power, the goals of social sustainability may be

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9 Echavarría, et al. 2015.
firmly tied to the profit-maximizing logic of the current neoliberal era. As rural communities throughout the developing world struggle to compete in an increasingly integrated capitalist world-system, Colombian specialty coffee farmers are proving the enduring viability of their rural forms of economic and cultural rationality, rejecting both the dependency model’s emphasis on industrialization, and the neoliberal model’s preference for large capitalist farms. The effects of the specialty sector are not uniform, and further attention must be placed on new strategies to make the sector more accessible to peasant communities over the long term. Nevertheless, as the consumer demand for specialty coffee continues to grow, lessons from the lives of Colombian farmers in the specialty coffee sector confirm the possibility of a global economic system that defends and upholds the value of rural life.
Works Cited


