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The True Cost of a Cup of Coffee: Wealth Concentration and Worker Exploitation in the Nicaraguan Coffee Industry

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Introduction

Millions of people all over the world begin their day with a beloved ritual: their morning cup of coffee. The widespread demand for this product, famously considered “the best part of wakin’ up,^a” has positioned coffee as one of the most frequently traded commodities on the international market, second only to petroleum. Generating seven billion dollars in production annually, coffee as an export fuels the economy of 50 countries, simultaneously employing workers all across the developing world.

^a Advertising slogan used by Folger’s coffee

While coffee production and consumption generates a combined total of 55 billion dollars annually, only seven billion dollars remain with the 25 million coffee producers who own farm and produce coffee. The remaining 48 billion generated from coffee consumption stays in the hands of large coffee companies like Nestle, Kraft, Proctor & Gamble, and Sara Lee who do not participate in the production process but rather buy coffee from exporting companies and resell it to consumers¹. Companies like these as well as large markets in the United States and the European Union (EU) import 80 percent of the coffee sold in the world. Not all of this coffee is used for consumption, as a percentage is resold as processed coffee to other markets. With the accumulation of such extensive amounts of coffee, the United States and the EU are able to “juggle with the prices and speculators can make fat profits, stripping producers [in developing countries] of any ability to affect prices²”.

Coffee is produced almost exclusively in developing countries. The top five producers of coffee today include Brazil, Vietnam, Columbia, Indonesia and Ethiopia, while Mexico, India, Guatemala, Honduras, and Peru round out the top ten largest producers³. When the previously mentioned economic figures (concerning who retains the majority of the profits created by coffee) are examined within the context of the countries that comprise the world’s largest coffee producers, a paradoxical inequality emerges. While coffee production fuels the economies of these producers and labor forces, international free trade

and powerful transnational corporations simultaneously subordinate the economies, producers and profits of producer countries.

Nicaraguan coffee only contributes to two percent of the coffee produced and sold on the international market. That said, because coffee is such a critical component of the Nicaraguan economy, there is great diversity in the models of production. For this reason, Nicaraguan coffee serves as an excellent model for analyzing the different actors, types and levels of production, and concomitant inequalities that exist at both international and national levels of coffee production.

Ninety-one percent of Nicaraguan coffee is grown in four primary regions of the country: Jinotega, Matagalpa, Nueva Segovia, and Madriz. These four regions are most conducive to the production of Nicaragua's famous Arabica coffee. Arabica coffee is derived from a bean that is typically grown in a semi-tropical region at an elevation ranging from 3,000 to 6,000 feet⁴. Because the bean is grown at a higher elevation, there is less oxygen which allows the bean to develop a richer and more concentrated flavor. This rich flavor is reflected in a higher price on the international market. The alternative to Arabica coffee is Robusta coffee, meaning a bean grown on flat land at lower elevations, and frequently with the absence of shade. This type of bean, while cheaper, has a more bitter taste and is also prone to more parasites and diseases⁵. While the quantity of Nicaraguan coffee is not substantial when viewed in the context of the global market, it is widely esteemed for its quality

as such a large percentage is of the Arabica variety. This distinction between types of beans is important because Arabica coffee is sold at a much higher price on the free market. As such, when producing countries such as Vietnam grow large volumes of Robusta coffee, the demand for Arabica coffee is reduced because more Robusta coffee can be obtained at lower prices⁶.

Despite Nicaragua's perfect geographical location for the cultivation of coffee, as well as the crucial role coffee plays in the country's economy, coffee is not a resource natural to Nicaragua. Although coffee was initially discovered in Ethiopia in 575 A.D., it did not arrive in Nicaragua until the 1800's⁷. When a German couple, Luis Elster and Katharina Braun, travelled through Nicaragua en route to California, they got sidetracked and ended up in Matagalpa, Nicaragua in search of gold. They settled in San Ramón and planted coffee beans that Elster brought from Germany, ultimately founding Nicaragua's first coffee farm in northern Nicaragua called "*La Lima*" in 1859. While coffee was initially used by clerics and Spaniards as an ornamental plant, in 1882 the Nicaraguan government offered land to European and North American immigrants on the condition that they plant coffee; thus creating the coffee dependent national economy that still exists today⁸.

Following the introduction of coffee into the Nicaraguan economy roughly 150 years ago, coffee as an export continues to fuel the national economy, contributing nearly 140 million dollars annually. As of the early 2000's, sowing coffee occupied 255,000 acres of Nicaraguan land⁹. While the

numbers have changed slightly since then, the Nicaraguan coffee industry supports 45,334 families that own and operate small farms and provides roughly 280,000 workers with permanent jobs. The number of job opportunities increases during the harvesting season¹⁰.

Even though Nicaraguan land is rich with coffee and its production employs approximately 30 percent of the population, the economy remains one of the poorest in the Western Hemisphere, second only to Haiti¹¹. Although Nicaragua is the second poorest country in the Western Hemisphere and many coffee-pickers live in extreme poverty, there are certain actors in the industry such as large-scale producers and international exporting companies who enjoy tremendous profits from the production process. While the strength of the international forces previously discussed undoubtedly limits the economic wealth generated by coffee in Nicaragua, inequality and exploitation of workers within the national production process only exacerbates existing inequalities that result from global economic conditions.

Why does so much of the wealth created by coffee stay in such concentrated circles? Is there a way to more equally distribute the profits to benefit a larger majority of the country's population? In this paper, I offer an in-depth analysis of the multitude of actors and levels of production that exist within the coffee industry. In addition to this overview, my paper discusses the creation of haciendas in the context of Karl Marx's theory of primitive accumulation as a way to understand the root of the existing inequality. I

provide this overview in attempts to explain the disparity in levels of wealth as well as exploitation of workers that frequently exists in the coffee production process. Finally, I conclude with a detailed discussion of potential movements and restructurings of the coffee-industry that have the potential to serve as equalizing factors, allowing a larger percent of the Nicaraguan population to benefit from the production of this natural resource.

Researcher's Lens

As part of our semester with The School of International Training (SIT), we spent a week in small community of 300 people called *La Ceiba*, located about an hour outside the small municipality of San Ramón. We spent a beautiful week in their community, playing with children, planting vegetables, hiking through the forested terrain, and learning to pick coffee and prepare it for market. While almost everyone in the community worked in the coffee industry, only 2 families in the community owned their own land. The rest of the community worked as wage-laborers for nearby *haciendas*^b.

One day, while walking through the roads surrounding the community's center, a large pick-up drove through, the back filled with six or seven armed men. After spending nearly three days in a seemingly peaceful community, the presence of so many armed men confused me. From conversations with my host father in the community, Marco Rugamo Espino, I learned that the armed men guard the *haciendas* and visit bi-weekly to inspect the land and ensure that

^b Large-scale coffee plantation

workers are properly doing their jobs. Marco worked for a *hacienda* before the revolution but now works as a *campesino*^c on land that he shares with his father. In describing the differences between *campesinos/as* and *obreros/as*^d, he explained the way in which *campesinos/as* technically have no limits on what they can earn, whereas *obreros/as* only have access to the salary they receive. He emphasized that the true advantage of working as a *campesino/a* lies in the ability to live and profit from one's own strength.

In the weeks and months that followed our visit to *La Ceiba*, I had trouble erasing the images of the giant pick-up trucks from my mind. Their presence so obviously illustrated the powerlessness of the workers as well as the significant gap between the "haves" and the "have-nots" in the coffee industry. As we pondered our ISP's throughout the semester, I felt committed to investigating the realities of life for these *obreros/as*, but also the source of this inequality. Through my college education and experience, I have learned a lot about my political values- specifically from two classes that offered very critical Marxist perspectives on the reality of the system in which we live. These classes left me pondering profound questions relating to whether or not our society can even achieve economic equality with a capitalist economic system as a starting point. My father also works as a labor lawyer for a federation of labor unions so very central to my radar of important issues are those relating to economic equality and workers rights. As a white, straight, upper-middle class girl, I have had

^cSmall-scale agricultural producer

^d A worker who sells his/her labor-power for a wage

access to a world of privilege my entire life. This world has allowed for exploration, the opportunity to give back, as well as experiences that expand the window through which I see the world- and for this, I am thankful every day. Because I am so grateful for what I have and fully cognizant that so many do not share in these blessings, this has fueled my desire to understand the roots of global inequality in all its forms, so as to play whatever role I can in attempting to “level the playing field.”

Methodology

When I set off to Matagalpa, Nicaragua to begin my Independent Study Project (ISP), I wanted to investigate the relationship between actual coffee pickers and the exploitation I perceived within the broader context of the Nicaraguan coffee market. Specifically, I wanted to develop a stronger understanding of the root of the disconnect between the natural-resource wealth created by coffee with the poverty experienced by so many workers living in the *campo*^o communities outside the Matagalpa area. *La Ceiba*, the community where we spent a week earlier in the semester, is also located in the Matagalpa area and our visit there undoubtedly spurred my continued interest in investigating the Nicaragua coffee industry. I initially made contact with Santiago Dolmus, the communications director of a local coffee cooperative, Cecocafen, and arrived in Matagalpa with the hope that he could guide me in the direction of the appropriate contacts.

^o Countryside/rural areas where a majority of the Nicaraguan population lives

After meeting with Santiago for the first time, I developed several lenses through which to begin researching my topic. My investigation commenced with interviews of three major actors in the world of Nicaraguan coffee: *La Asociación del Trabajadores del Campo*,^f (ATC), *La Asociación de Cafeteleros*,^g(AsoCafeMat) an association that coordinates and supports large coffee producers as well as assists them in the process of exporting their coffee, and an additional large exporting company called CISA Exports. The people with whom I spoke with at the A.T.C and *AsoCafeMat* seemed to want to provide as much as information as possible whereas the man from CISA appeared to eagerly await my departure. I had not previously scheduled any of these conversations so the disparity in responsiveness could also have resulted from differences in availability.

Responsiveness aside, these contacts proved useful because they covered a wide range of players within the coffee industry. My conversations provided information from the perspective of actual coffee-pickers but also gave insights as to the process of selling coffee on the international market. As I quickly learned, the world of coffee is a giant web of actors ranging from the smallest micro-producer to the largest hacienda owner to the exporting company that sells both of their coffee. Thus, my preliminary interviews proved effective in navigating this web and developing four primary categories through which to pursue future research: worker's rights organizations, international actors

^f Association for the Workers of the Campo

^g Association for Coffee Producers

(exporting companies, large-scale producers, etc), actual coffee pickers, and members of the cooperative movement. I hoped to develop an understanding of the reality of the day-to-day life of coffee pickers and the worker's rights movement, but simultaneously analyze the external, international forces at work in contributing to the lack of equality that I perceived.

My advisor Santiago initially recommended the ATC as an excellent place to start in developing a sense of the worker's rights movement. I spoke with the secretary of women and also the legal advisor to the union. Additionally, I observed a capacity-building training put on by the *Frente Nacional de los Trabajadores*,^h(FNT) an organization that brings together different federations of unions, including the ATC. I also talked to the legal advisor at *El Ministerio de Trabajo*ⁱ (MITRAB) to better understand how the two groups work together. I think that the combination of interviews and participant observations worked very well in this case because I was able to hear the motivations and guiding principles of groups like the ATC and MITRAB but also see their work in practice.

To gain a better understanding of the way coffee travels from producers to the international market and large-scale production, I used interviews with actors involved in different steps of the process. I talked with several hacienda owners, several exporting companies, as well as people who work with Fair Trade coffee to get a better sense of what distinguishes the Fair Trade market

^h National Workers Front

ⁱ Nicaraguan Department of Labor

from conventional trade. Because I interviewed exporting companies before talking with actual producers, I felt more equipped to ask producers about the nature of their relationships with the different companies and was able to ask more appropriate questions with a deeper understanding of the international market.

Santiago also made arrangements for me to stay in a *campo* community called *Las Escaleras*, a larger coffee growing community representing haciendas, small-independent producers and cooperative (COOP) members alike. I stayed with a family who are members of the coffee cooperative with which Santiago works. During my time in this community, one of the family's sons helped me in coordinating and interviewing small-scale producers, hacienda workers, workers who work for COOP-affiliated farms, as well as the owner of one of the nearby haciendas. Following my stay in Las Escaleras, I also went to *la Union de Cooperativas Agropecuarias*,^j (UCA) which is a COOP that helps organize coffee producers. I spoke with the legal advisor to La UCA as well as a member of the cooperative central, Cecocafen, to get a better sense of the way the cooperative system works between affiliated producers, local COOPs and COOP central organization.

Throughout my research, interviews proved to be more beneficial than observations because I could get direct information and opinions straight from my sources. For example, it was difficult to obtain information concerning

^j Union of Agricultural Cooperatives

workers' salaries or the international stock market price of a *quintal*^k of coffee through observation. Participant observation offered an effective way to distinguish, for example, between the working conditions at the haciendas and a smaller cooperative, but interviews also proved necessary to supplement my observations. Direct conversations helped to obtain more concrete information concerning the hours of a coffee-picker's working day or regulations concerning child labor in the coffee fields.

Haciendas in the Context of Karl Marx's Theory of Primitive Accumulation

As I initially analyzed the seemingly intrinsic inequalities to coffee production in the *haciendas*, Karl Marx's theories regarding the origins of capitalism as well as the ways in which the system is inherently exploitative seemed to perfectly describe the existing inequalities and disparity in wealth. Marx defined capitalism as a social relation of domination and exploitation, arguing that the ultimate goal of the capitalist system is the production of surplus-value through the exploitation of labor-power.^l He argues that "the capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor¹²." He argues that

^k 100 pounds of coffee- coffee is sold on the international market per quintal

^l For Marx, labor-power is a commodity that workers sell to capitalists in return for access to means of production and a wage and is a special commodity because it is the only commodity that produces value during consumption. To illustrate its exploitation, Marx divides the working day into two components: necessary labor-time and surplus labor-time. He asserts that the worker only needs the necessary portion of the day to reproduce the value of their wage but that to receive the full wage, they are forced to work the entire working day, partially unpaid. It is this unpaid portion of the day, or exploitation, that the capitalist then uses to create surplus value or additional capital.

once this system of production is developed it only continues to expand in scale, transforming the social means of subsistence and production into capital as well as immediate producers into wage laborers, robbed of their own means of production. Coffee production in the *haciendas* illustrates perfectly the validity of this theory, concerning both the origins of capitalist production as well as the inequalities that continue to drive capitalist profit.

Before addressing the inequalities that exist in the *haciendas* today, it is important to understand how Marx's theory concerning the initial process of accumulation directly relates to the creation of *haciendas* in the late 1800's. In *Capital Volume 1*, Marx describes a pre-capitalist era of communal property and the violent expropriation of that property at the hands of the state, transforming socially owned land into capitalist private property. This transition pushed peasants off of their formerly owned land and onto the market, forcing them to sell their labor-power to capitalists to survive. Thus began an era of the capitalist mode of production, producing capitalist private property as opposed the previous system of individual private property^{13.m} Under this system, capitalists privately appropriate the means of production and assume the right to products of someone else's labor. Marx argues that "the expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole

^m In this section of his argument Marx makes an important distinction between capitalist private property and individual private property. Marx describes individual private property as a system where "the worker is the free proprietor of the conditions of his labor" and works for him/herself whereas capitalist private property is founded on capitalists exploiting the labor of the working class to amass surplus-value themselves. Marx considers these two property forms as opposites (Marx, 1867).

process [of capitalist production]¹⁴. Both capitalist production and capitalist private property are completely dependent on the “exploitation of the nominally free labor of others, *i.e.*, on wage labor¹⁵.”

This theory of primitive accumulation describes almost perfectly the development of *haciendas* in Nicaragua. As previously mentioned, coffee is not a resource that was naturally produced in Nicaragua. In the 1880's the Nicaraguan government provided incentives to *extranjeros*ⁿ to grow coffee on land that previously belonged to the Nicaraguan indigenous populations in attempt to expand the coffee industry¹⁶. In attempts to lay the foundations for the development of large coffee plantations, the conservative government of Jose Zelaya passed a law proposing the abolition of indigenous communities as well as the privatization of their land. Indigenous villages were comprised of councils of elders that were suppressed by the government in attempts at “civilizing” indigenous communities through forcing inhabitants to live in concentrated populations. This repression of political autonomy included the breakdown of indigenous economic and social organizations, controlling the population and creating a labor-market for *hacienda* owners¹⁷.

Zelaya's government expropriated nearly 340,000 acres of indigenous territory, the most fertile and productive land in Nicaragua. This forced indigenous populations onto the least fertile land where they were unable to continue cultivating their own means of subsistence¹⁸. This privatization of land

ⁿ Immigrants that came from other countries and settled in Nicaragua

forced indigenous people to start working as wage-laborers for the *haciendas* that formed on the land they previously owned. The government believed that the expropriation of this land was necessary for the expansion of the coffee industry, employing and empowering agricultural judges whose job was to recruit voluntary servants for the coffee plantations. These judges delivered those who were unwilling to offer their services voluntarily to the military authorities¹⁹.

This process of land expropriation did not pass without conflict and significant resistance. The expropriation of indigenous lands and concentration of the population into centers of government control ultimately fueled a massive rebellion of nearly 3,000 indigenous people in August of 1881. While the army called for the abolition of forced labor, they were ultimately unable to overtake the strength of the Nicaraguan government and 5,000 indigenous people died during the year of the uprising²⁰. While 30,000-35,000 indigenous people lived in the Matagalpa area before the rebellion, comprising nearly 10 percent of the national population, 20 years following the rebellion only between 20,000-25,000 indigenous inhabitants remained²¹. The expropriation and domination of indigenous peoples in the name of expanding the coffee industry directly fueled the existing inequalities in coffee production today and corresponds almost exactly with Marx's theory regarding the origins of capitalist production.

The relations of production that exist in *haciendas* today are also incredibly indicative of Marx's analysis of the disconnect between labor-workers and the means of production. Large-scale producers have privately appropriated land that was once owned by *campesinos/as*, using this land and wage-labor to realize a profit. It is difficult to directly apply Marx's theory of exploitation to the Nicaraguan economy and coffee industry because of the lack of industrialization. However, in analyzing the working and labor regulations in *haciendas* in 2010, it is important to keep in mind the historical events that led to the inequality and exploitation of workers inherent to this system of production.

While *haciendas* and large-scale producers only represent three-and-a-half percent of Nicaragua's 48,000 coffee farms, they produce 85 percent of the country's annual coffee harvest²². *Haciendas* are characterized primarily by large-scale producers who have over 1,000 *manzanas*^o and access to significantly more economic resources than small-scale producers. Their sole purpose is to create large profits from the production of coffee, typically employing roughly 500 workers, depending on the size of the farms. While coffee season begins in September, the most intense periods of harvest are between the months of November and January when most *haciendas* receive an influx of additional labor. Migrant workers flock to northern Nicaragua from all over the country in order to gain additional income during this time period²³. During the other

^o Form of land measurement; used similarly to acres but is equivalent to roughly 1.68 acres

months of the year, permanent workers cultivate the soil, preparing for the next season's coffee harvest, as well as work to upkeep other parts of the farms.

The work of picking coffee is by no means an easy task. It is very labor-intensive and work days are incredibly long and gruesome. Because Nicaragua does primarily produce Arabica coffee, most of the coffee is grown in the depths of the jungle. Picking the beans involves climbing through brush, balancing on forested hillsides, or crouching down low so as to pick as many beans as possible. Although *hacienda* owners are mandated by law to provide housing to all *obreros/as*, many *obreros/as* live in the communities surrounding *haciendas* and must leave their houses at 3:00 in the morning in order to arrive at work for the commencement of the workday at 6:00 a.m.²⁴. Workers typically pick coffee from 6:00 a.m. until roughly 3:30 p.m. with a short break for lunch. At 3:30 p.m., the process of daily collection begins. Following this process, workers are given the third daily meal included in their salary and either start their journey home or return to their residence in the *hacienda*. Conversations with two women who work for the *haciendas* demonstrated the way in which *obreros/as* literally have no choice but to sell their labor-power if they want to put food on the table. As challenging as the working conditions are in *haciendas*, the lives of *obreros/as* actually improve during coffee season as for temporary employees, other parts of the year are spent in constant search for day-to-day work²⁵.

During the week that I spent in *Las Escaleras*, I had the opportunity to visit a local *hacienda* called *El Diamante*. We arrived at the *hacienda* just as the collection process began. As we walked down the road toward the *hacienda*, roughly a quarter-of-a-mile before the entrance, several armed men stood guarding a large pick-up truck. Meanwhile, large masses of men, women and children in tattered clothing stood waiting on the side of the road, holding huge sacks filled with coffee²⁶. While some of the workers took turns loading their bags of coffee onto the truck before walking to the *hacienda*, others set off by foot, carrying the heavy sacks above their heads. Continuing down the road, we joined the procession of coffee workers, witnessing the process of loading the coffee onto pick-up trucks three additional times. Upon arriving at *El Diamante*, the scene was complete chaos. As pick-up trucks arrived, workers shoved their way forward to ensure that they received all the coffee they had picked that day. Once workers had re-collected their sacks of coffee, lines of as many as 200 workers formed, waiting to register their day's work with the *dueño*^p. This process can last up to three hours as each worker's coffee is measured and recorded on a card. The cards are used to record the quantity of coffee picked daily. Workers are paid their salary at the end of every 15-day period²⁷.

While coffee is sold on the international market in *quintales*, *hacienda* workers are paid by *la lata*^q instead of through an hourly wage. Each *temporada*, or coffee picking season, the price per *lata* is negotiated between the MITRAB,

^p Spanish word used to describe the owners of *haciendas*

^q A 20.5 liter basket of coffee

dueños/as, and workers' rights organizations alike. This annual negotiation regarding the normative salary for *obreros/as* is mandated by Article 186 of Nicaragua's *codigo laboral*²⁸.^r For example, in the year 2010, *hacienda* owners are required to pay 27 *cordobas* per *lata*. This salary includes three meals daily, under the conditions that workers pick at least three-and-a-half *latas* in a day²⁹. Some producers do not offer food to workers in which case the mandated salary increases to 35 *cordobas*³⁰. This normative salary is only one of the ways in which the MITRAB attempts to regulate the conditions of production in the *haciendas*.

Through Nicaragua's *codigo laboral*, the MITRAB attempts to push back against the the exploitative working conditions on the *haciendas* through certain regulations and demands on owners. The *codigo laboral* attempts to prevent discrimination, inequality and mistreatment of employees, entitling workers to the following: a minimum-wage, a work-day of no more than eight hours, the right to organize and form unions, social security, as well as prohibits *obereros/as* under the age of 14 from working without the supervision of their parents. Children are, however, allowed to work under parent supervision. The *codigo laboral* also mandates that *dueños/as* provide employees with housing on *hacienda* property, medical services, and three meals a day³¹.

Even though such regulations do improve the working conditions to some extent, there are still far too many instances where the *hacienda* owners do not comply with the mandated policies. Zoilo Zeledón Martinez is the labor

^r Nicaraguan code of labor that determines normative salary as well as defines workers' rights with which *hacienda* owners must comply

inspector for the MITRAB in the Matagalpa area. His job includes monthly inspections of local *haciendas* in order to ensure that *dueños/as* are complying with the *codigo laboral*. He said that out of the 60 *haciendas* that he inspects every month, he finds an infraction in at least 30 percent of them. Most infractions involve a failure to comply with the mandated minimum salary but other challenges for workers include the terrible quality of the food served as well as the inability to miss more than three days in the case of illness³². Though mandated by the *codigo laboral*, many *hacienda* owners also do not provide their workers with adequate medical care, forcing workers to seek treatment elsewhere. Simultaneously, because they are unable to pick coffee, they no longer have access to the food included in their wage.³³

Hacienda owners' choice not to comply with the *codigo laboral* is a strong indicator of the way in which *haciendas* are structured with the pure intention of profit. Not only are owners willing to sacrifice compliance with the law to realize additional earnings, workers are solely viewed as means to an end rather than recognized as human beings with rights. This profit gained by large-scale coffee producers comes entirely at the expense of the *obreros/as*, who are forced to work long hours for low wages, solely as a means of survival. Lack of additional employment opportunities is at the very root of the exploitation and powerlessness of *hacienda* workers. The production of coffee's stronghold on the Nicaraguan economy makes it nearly impossible to obtain land and very few jobs exist outside the coffee sector. This creates a system of forced labor,

essential to the continuation of capitalist production³⁴. My research on the relations of production in *haciendas* validated my initial identification of *hacienda* production as the most demonstrative of capitalist exploitation in the Nicaraguan coffee industry.

There is an important distinction in the world of Nicaraguan agriculture between the realities of life for an *obrero/a* and a *campesino/a*. As previously defined, an *obrero/a* describes worker who sells their labor-power to a producer for a wage, whereas a *campesino/a* is a small-scale producer who works their own land. Throughout the course of my research I had the opportunity to speak with many *campesinos/as* that all took great pride in their status and emphasized the advantages they enjoyed when compared with *obreros/as*. That said, conversations with these small-scale producers about their process of production and *canales de venta*^s showed me the way in which *campesinos/as*, and even to some extent large-scale producers, experience exploitation as a product of exporting companies and the international market.

Scales of Production and Exploitation in the International Coffee Market

Although *hacienda* workers undoubtedly work under exploitative conditions, this exploitation doesn't exist within a vacuum of Nicaragua's borders. International forces at play define the parameters in which producers can operate, only to the further detriment of workers. In analyzing exploitative working conditions on *haciendas* it is also important to develop a sense of the

^s Canals through which producers sell their goods

context within which this exploitation occurs. The reality of the Nicaraguan coffee industry is that nearly all of the coffee is exported to other countries. While very few producers directly export their coffee to buyers in other countries, large exporting companies and other intermediaries help coffee produced by even the smallest producers somehow find its way out of the country. In analyzing the exploitation of producers as a product of exporting goods on the international market, it is necessary to distinguish between the different scales of production in the Nicaraguan coffee industry as the degree of exploitation varies depending on the type of producer.

Nicaraguan coffee production can essentially be divided into three distinct scales: micro-producers, small-scale producers, and large-scale producers. Micro and small-scale producers typically own between three-and-a-half and 10 *manzanas* of land while most large-scale producers own anywhere between 500 and 1,000 *manzanas*³⁵. The distinction between micro and small-scale producers is that while both primarily grow nearly half of their food and produce coffee primarily as a means of subsistence, small-scale producers employ temporary day labor during the peak of the coffee-harvesting season³⁶. It is important to make these distinctions because the means of selling their coffee as well as incomes differ significantly between the different scales of production.

Although different sized producers do sell their coffee in diverse ways, and often times to distinct markets, the reality remains that very few producers

sell their coffee directly to buyers in other countries³⁷. This creates an international market based entirely on intermediaries; middle-men whose sole purpose is to spin profit through buying a good at a lower price or even price-value before reselling it at a higher price on the free market. These middle-men exist on all levels of the coffee market, from companies who actually export coffee from Nicaragua to roasting companies to additional buyers in the United States or European Union. These buyers also buy processed coffee before selling to consumers or other buyers at even higher prices³⁸. It is important to analyze the relationship between Nicaraguan coffee and the international economy within the context of the capitalist system that characterizes our global economy.

In the early stages of my research, I paid a visit to an exporting company called CISA Exports to better understand how coffee is sold on the international market. The assistant manager painted a very cut-and-dry image of how they do business. He told me that they simply buy coffee from producers- small, medium, and large- before reselling that coffee to buyers for the same price³⁹. This seemed very oversimplified and entirely evaded any recognition of the huge profits I knew exporting companies made.

Through further investigation, I realized these profits primarily stem from premiums, a sum of money added to the New York Stock Market selling price of coffee. A numerical example proves useful in understanding exactly how the international market and premiums function. The stock market price of

coffee constantly changes although it currently sits roughly at 205 dollars/*quintal*. This is the price at which exporting companies purchase coffee from producers. After purchasing this coffee, they sell it to buyers and markets primarily in the United States and Europe⁴⁰. These buyers pay the exporting company the market price but also an additional seven-dollar premium. While seven dollars is the base-level premium, premiums are raised when the coffee is organically produced or is produced under Fair Trade regulations. Premiums also increase with the volume of coffee exported at one time⁴¹. In this sense, producers lose out on seven dollar's worth of profit on each *quintal* exported. What happens with this premium is an extremely political issue as from these premiums, exporting companies derive their largest profits.

CISA Exports and Atlantic are two of the largest exporters in the Nicaraguan coffee industry, working with producers on all scales of production. Because these companies export such huge volumes of coffee, they receive very high premiums from international buyers. While the company's primary role involves the exportation of coffee, they also offer credit to producers to maintain their land or undertake projects such as building a *beneficio humedo*[†] on their own property⁴². I had the opportunity to speak with a

[†] Literally translates to humid mill; Coffee passes through several stages before it reaches the form in which it is consumed. After the bean is initially picked, it must be de-pulped, and then the pulp must be separated from the beans that remain. Next, the bean is fermented before being laid out to dry in the sun. For small-scale producers who can't afford to build a humid mill on their land, they must perform this project by hand with a much smaller machine. This process of the humid mill creates *pergamino* coffee. It still must pass through a dry mill before reaching the form in which it is exported but the presence of a *beneficio humedo* facilitates production, allowing producers to produce more coffee in less time (Conversation with Erbin Jose Martinez, 15/11/10).

small-scale producer named Erbin Jose Martinez who exports his coffee through CISA. He said that while companies like CISA offer credit, it is not always in a just manner. This credit is frequently pushed on producers with the sole intention of creating more coffee that CISA can then export. The credit has an interest of 14-15 percent but when producers are unable to pay back the loan, CISA immediately confiscates their land rather than aiding producers in paying back debts⁴³. These policies apply to producers of all sizes but are much more detrimental to those who work on a smaller scale because large-scale producers inherently have access to more capital. The way companies like CISA handle credit and loans is only further indication of the way in which they exploit producers and only view them as a means to maximize profit.

Small- and micro-scale producers without direct relationships to exporting companies are taken advantage of to an even greater extent in the process of selling their coffee. Many of these small-scale producers bring their coffee into local markets like Matagalpa's *Mercado Norte* and sell their coffee to intermediaries who work out of these local markets. These smaller-scale middle-men buy the coffee from *campesinos/as* at a value below the market price and then sell this coffee to larger exporting companies like CISA at price-value. There are also small buyers that travel to very rural communities, such as *La Ceiba*, and buy coffee straight from producers before bringing that coffee back to sell in the Matagalpa area⁴⁴. Because many *campesinos/as* living in rural areas are

unaware of coffee's market price, these buyers lie about the prices in this situation as well.

During our time in *La Ceiba*, I discussed this process of selling coffee with my host father Marco, a micro-scale producer. He said that he sells his coffee to buyers who come every six to eight days because it is much easier than carrying the coffee an hour to the nearest bus to Matagalpa. His decision to sell his coffee to the buyers who come to *La Ceiba* comes at the expense of a considerable percent of his profit. In addition to likelihood that these buyers are lying to *campesinos/as* like Marco about the market price, they subtract a percentage of the price for the cost of taking the coffee to Matagalpa⁴⁵. This is only another example of the way in which capitalist middle-men prey on those with little capital to realize a large profit.

An analysis of the international market illustrates the way that Nicaragua's coffee industry involves many different and interlinked levels of exploitation. Producers of all sizes are exploited to some degree while international forces and intermediary profit-seekers have the most detrimental effect on small producers who already have difficulty competing on an international scale. Because producers are also subject to forms of exploitation, this makes it that much more challenging to push for additional benefits or increases in wages for *obreros*.

AsoCafeMat offers a perfect example of this reality. While *AsoCafeMat* does not work directly against the MITRAB or workers' rights movements, their

work is entirely geared toward supporting producers. This means that when it comes time each year to negotiate salary and regulations on working conditions, the association pushes for a lower normative salary and working conditions that favor producers⁴⁶. Rather than a product of bad intention, this behavior is a direct indication of the international forces contributing to exploitation in all levels of production. Producers and workers alike are struggling to defend their rights against these structural inequalities. A primary challenge lies in the dialectic relationship between worker and producer: each can only succeed to their own potential at the other's expense.

Because there are so many different levels of production, and therefore forms of exploitation, it is difficult to find a comprehensive solution that simultaneously addresses these differing needs. One of the largest problems in Nicaraguan coffee is the concentration of wealth- even if the wealthy are still experiencing exploitation. I will focus my discussion of potential solutions on *obreros/as* and small-scale *campesino/as* workers. This is partially because I have identified these actors as those who experience this exploitation most intensely, but also because improving working conditions and access to profit for these two groups has the greatest potential to simultaneously work against this wealth concentration.

Fighting Wealth Concentration and Worker Exploitation

Challenging the realities of inequality as a product of the international market is a daunting task requiring a long-term course of action that includes

wide-spread and structural change. Throughout the course of my research, so many of the people with whom I spoke emphasized the incredible potential of coffee in Nicaragua. Coffee has the capacity to stimulate economic development, improve quality of life all across Nicaragua, as well as contribute to environmental sustainability. The existing concentration of wealth and worker exploitation completely impedes coffee's ability to help Nicaragua in this manner⁴⁷. Instead, for the large-scale producers and actors in the industry, coffee exists for one purpose: profit. It is for this reason that discussing factors that work against the current reality holds such weight in shaping the future of the Nicaraguan economy. An analysis of the role of the A.T.C., Fair Trade coffee, as well as the cooperative (COOP) movement demonstrates which factors have the greatest capacity to work against wealth concentration, worker exploitation, and contribute to a restructuring of Nicaragua's coffee industry.

La Asociación de Trabajadores del Campo

The ATC is a labor union that deals specifically with the rights of agricultural workers in Nicaragua's *campo* communities. The union represents 2250 *hacienda* owners as well as 3100 children in the *campo*⁴⁸. My preconceived notion of the union-movement as more relevant to the exploitation of *obreros/as* by *hacienda* owners than the international exploitation of producers proved correct throughout my research. The primary projects of the ATC deal with capacitating workers (raising awareness and consciousness), improving workers' wages and benefits, helping workers form assemblies, creating access

to both verbal and written contracts with *hacienda* owners, and promoting awareness of rights specifically relevant to women and children in the work place⁴⁹.

Assemblies play a particularly important role in empowering and educating workers as to their rights and are central to the organization of the union movement in campo communities. Each *hacienda* with a union presence is required to have a *centro de trabajo*, or central meeting place where workers meet annually with *hacienda* owners to negotiate salary, working day, benefits, etc. The MITRAB mandates these annual meetings as a requisite for maintaining the legitimacy of different union branches. Here, the union members also have the opportunity to elect the *junta directiva*, or the board of people who represent the specific interests of that union branch to the broader A.T.C. The *junta directiva* allows the A.T.C. to help union branches more specifically with needs and goals identified by smaller communities rather than applying blanket policies to all members⁵⁰.

One of the A.T.C.'s primary roles includes providing support to workers attempting to organize themselves clandestinely. The development of this *junta directiva* is also one of the ways in which workers go about organizing clandestinely⁵¹. Many *hacienda* owners are against union membership as it reduces the extent to which they can exploit their workforce. This reality frequently forces workers to organize clandestinely if they want to join a union. If workers send a list of the elected *junta directiva* to the union, the union passes

the information to the MITRAB who then certifies the union branch. Once the union receives certification from the MITRAB, the *codigo laboral* requires *hacienda* owners to recognize the legitimacy of the union and hold annual assemblies⁵².

While not all workers desire a union membership, workers who are union members have certain benefits that unorganized workers do not enjoy. Tomasa Cortedano, seconding the opinion of the MITRAB inspector, explained that the greatest challenge *obreros/as* face is guaranteeing that they receive a fair wage every 15 days. If workers organized in unions are not receiving the normative salary guaranteed by the *codigo laboral*, they can report this to the union who passes the information on to the MITRAB. These accusations are used as grounds for additional inspections of the *haciendas* in question and if infractions are found, the MITRAB can sue the owners for this violation⁵³. This is an additional example of the way that the union movement supplies workers with additional support.

Capacity-building trainings offer another example of this support. Creating consciousness among workers as to their rights serves as another one of the union's primary initiatives. I had the opportunity to attend a capacity-building workshop in San Ramón, put on by the *Frente Nacional de los Trabajadores*^u (FNT). The primary goals of the training included developing a consciousness among participants as to the state of working conditions in

^u National organization that organizes together different unions and federations- similar purpose to ATC but on a larger scale

different workplaces, increasing the effectiveness of *centros de trabajo*, establishing stronger plans of action to defend workers' rights, as well as emphasizing the importance of safety and hygiene in the workplace⁵⁴. Capacity-building trainings work to provide leaders of union branches with resources to continue creating consciousness within their own communities.

Though the ATC clearly plays an important role in developing class-consciousness and supporting workers in the struggle for their rights, the movement also faces significant challenges that hinder the extent of their effectiveness. *Hacienda* owners resistance to the union movement poses one of the largest challenges to the ability of the ATC to create meaningful and structural change. Many *dueños/as* use methods of intimidation, threatening to fire any workers who attempt to organize themselves in a union⁵⁵. This directly relates to the lack of additional opportunities available to workers, previously discussed. As a result of this lack of opportunity, many workers are hesitant to risk their salary and means of survival. The resistance of *hacienda* owners to unions also inhibits the ability of the ATC to organize workers and spread their message, directly contributing to this lack of consciousness.

When I visited *El Diamante* in *Las Escaleras*, I understood this challenge to a greater extent. One of the workers I spoke with had never heard of the *codigo laboral* and Norvin forbid me from asking workers about union membership, insisting that none of them knew what it meant⁵⁶. The legal advisor to the ATC described this challenge as diminishing the breadth of the scope that the union

has the ability to effect. While the union can create consciousness and improve the lives of the union members they work with directly, without widespread organization and movements for change, it is hard to create meaningful and structural transformation⁵⁷.

While organized workers undoubtedly enjoy a higher quality of life and possess a stronger sense of consciousness, the union faces an additional challenge of working entirely within the context of the existing system. Returning to Marx's analysis of the capitalist system and primitive accumulation, Marx argues that the root of capitalist exploitation is the disconnect between workers and the means of production, or in the case of Nicaraguan coffee, the land they previously owned⁵⁸. This directly leads to the concentration of wealth and lack of additional employment for *hacienda* workers, whether or not they are organized in unions. For this reason, increasing wages and providing additional rights does not promote the structural change necessary to truly empower the labor force.

Continuing the Marxist analysis of the capitalist exploitation in the coffee industry, piece-wages^v and the structure of the working environment in *haciendas* hinders the capacity of organized labor to demand less exploitative conditions of production. In Marx's theory concerning the capitalist system, organized labor plays an essential role in ultimately combating exploitation.

While unions offer a modern-day example of organized labor, there are

^v A wage that is paid by virtue of how much you produce (or how much coffee you pick) instead of how many hours you work

challenges in applying this analysis to Nicaragua's coffee industry. An industrialized economy, as well as an hourly-wage as opposed to a piece-wage, would create different conditions through which the union movement could act as a more powerful force.

For Marx, piece-wages serve capitalist production in several ways, particularly exemplified in the *hacienda* setting. Because piece-wages are paid according to amount produced, "it is naturally the personal interest of the laborer to strain his labor-power as intensely as possible⁵⁹." Through paying by the *lata*, *hacienda* owners squeeze every ounce of labor out of *obreros/as* through encouraging them to pick as much as possible. Of heightened importance, however, this wage-system breeds individuality as there is "great variety according to the different skill, strength, energy, staying-power, &c., of the individual laborers⁶⁰." This disparity in skill and levels of production between workers leads to the development of an individualistic mindset in the workplace. Individualism simultaneously breeds "the sense of liberty, independence, and self-control of the laborers, and on the other, their competition one with another⁶¹."

The structure of the working conditions in *haciendas* only exacerbates this individualistic mindset. Coffee-pickers are assigned their own section of coffee trees and spend their day individually striving to pick as much coffee as possible⁶². Rather than working together in different parts of the production process as occurs in an industrialized factory, coffee-pickers are only dependent

on their own production. This inhibits their ability to realize their shared interests as well as inspire organized labor movements that work towards increasing rights. These factors hinder the potential of the union movement to structurally transform the exploitation of the coffee industry.

Fair-Trade Coffee Market

While workers' rights movements such as the A.T.C. work against the exploitation experienced by *obreros/as* in the *haciendas*, fair trade coffee more directly tackles exploitation experienced by small-scale producers as a product of the international free market. Fair trade markets exist for a wide array of goods in addition to coffee and are more specifically intended to create a direct partnership between small producers and consumers. It is a system of international trade intended to help small farmers prevent against the negative effects of globalization, international trade policies, loss of farms, and inability to afford the necessities of life⁶³.

How do small-producers benefit from selling their coffee on the fair-trade market? In order to have access to the fair-trade market, small-producers must also affiliate with associations or cooperative movements that regulate the exportation of their coffee. These organizations are controlled democratically by their members and attempt to contribute to the social and economic development of member communities⁶⁴. An additional benefit relates to the incredibly political nature of premiums paid on coffee exports. When coffee is exported through large-scale exporting companies, the entire premium stays

with companies in the form of profit. Small-producers have no way of guaranteeing a fair price for the coffee they sell. The fair-trade market guarantees a fair-trade minimum price and/or additional premium that farmers invest in improving their production or the quality of their lives⁶⁵. For example, in 2010 the regular premium price for coffee is seven dollars but the fair-trade premium price is 10 dollars. Seven of these dollars are returned directly to the producer, while the remaining three dollars are put towards maintaining the cooperatives/associations and investing in projects that benefit the producers and their surrounding communities⁶⁶.

In addition to affiliating themselves with a cooperative movement or other central exporting association, there are additional standards with which producers must comply to produce coffee eligible for the fair trade market. These regulations are created by the Fair Trade Labeling Organization (FTLO) and are geared towards ensuring that sustainable and productive production occurs. In order to participate in the fair-trade market, the two most important requisites are identifying as a small-scale producer as well as democratic transparency in the process of allocating fair-trade premiums to different community development projects⁶⁷. Though the FTLO considers these requisites as the most important, regulations also include standards for hired-labor.

Helping small-scale producers is essential to the mission of the fair trade market and for that reason, the FTLO is very explicit about the definition of a small-scale producer. Four primary characteristics define small-scale

production for the FTLO: the producer's labor as well as the labor of the family members must comprise a large percent of the agricultural labor performed on the farm; most of the producer's working time is spent on agricultural work on their own farm; revenues from agricultural activities comprise the majority of their total income; and the capital and infrastructure require collective marketing (or selling through a cooperative or association) to reach the international market⁶⁸. Because coffee is considered a product that is not highly dependent on labor, the FTLO also specifies that coffee-producers cannot structurally depend on hired-labor for production. For products that are considered labor-dependent, regulations provide them with greater lenience in the extent to which they can use hired labor⁶⁹. This ensures that fair trade production gives small-scale producers additional means through which to compete on the international market instead of simultaneously providing support to larger-scale producers.

Because of the very political nature of premiums, democratic transparency plays a vital role in fair trade coffee. With the additional premium received through the fair trade market, associations and cooperatives that help fair trade producers access the international market must allocate the funds through a democratic process. The organizational structure of these associations must enable control by the members, holding annual assemblies to allocate funding to different development projects. The organization's annual budget, reports, and accounts must receive approval from the General Assembly each

year to guarantee accountability. The FTLO also attempts to guarantee that participation in the organizations by small-producers is facilitated through trainings that increase their understanding of the organization's structure as well as encourages more active participation⁷⁰. Democratic transparency in the allocation of fair trade premiums ensures that support is effective and relevant to producer communities.

The FTLO also includes standards for hired labor. For this reason, many coffee consumers think that the primary function of fair trade lies in improving working conditions. In reality, fair trade primarily works to aid small producers while conditions for hired labor, specifically in the case of Nicaragua, are very similar to regulations already mandated by the *codigo laboral*. The FTLO mandates that small-producers guarantee workers the right to organize in a union as well as the right to a wage equivalent to or higher than the minimum wage of the region⁷¹. Granted, small-scale producers comply with these regulations at a much higher rate than large-scale *hacienda* owners but fair trade does not affect *obreros/as* to the same extent as it does small-scale producers.

Because a larger number of producers have access to more resources, fair-trade aids small-producers in competing with large-scale producers on the international market. This works against the concentration of wealth previously addressed. That said, fair trade does not contribute to fundamentally changing the power relations between producers and hired labor⁷². The danger of fair-trade coffee lies in accepting fair-trade as a comprehensive solution. Many

coffee consumers believe that buying fair trade coffee works against the exploitative working conditions through which coffee is produced. As the market for fair-trade increases, the focus shifts solely to aiding small producers, continuing to leave behind *obreros/as* who experience the greatest degree of exploitation.

The Cooperative Movement

I began my research very excited and optimistic about the ability of the cooperative movement to shift the dynamic of the power relations inherent to coffee production and restructure the industry in an equalizing way. During one of our semester excursions, we had the opportunity to visit a coffee cooperative in rural El Salvador. One of the cooperative members gave us a tour of the coffee farm, the *beneficio* that processes the coffee, and explained to us how production works in the cooperative model. Each of the cooperative members own a share of the land and all work together in planting, harvesting, producing, and selling their coffee. They share a percentage of the profits but also reinvest money in their community for projects relating to education, construction and community health⁷³. In this model, the people who worked the land also owned the land and shared access to the totality of the profits produced.

When I arrived to Matagalpa and began my research I realized that the structure of the cooperative that we saw in El Salvador is only one model in a cooperative movement comprised of several different models and levels. The

cooperative movement surged out of the land reform that took place under the *Frente Sandinista Liberacion Nacional*,^w (FSLN) Nicaragua's revolutionary government of the 1980's. While individual land titles were granted, the government also gave cooperative land titles to groups of approximately 50 *campesinos/as*. When the government of the 1990's attempted to re-appropriate *campesino/a* land, this fortified certain cooperative movements as they protested newly implement neoliberal policies. Land titles granted during the revolution continue to directly influence the different levels of cooperative involvement today⁷⁴.

There are three different levels of organization involved in the cooperative movement, defined by the "*Ley General de Cooperativas*".^x The first level is that of the associates who work directly with the production of coffee in Nicaragua's *campo* communities. These associates include individual land owners who chose to affiliate with the cooperative movement as well as cooperative farms like the one in El Salvador. The next level includes the actual cooperative organizations in municipal areas that work with associates in *campo* communities. Associates pay an initial fee to affiliate themselves with the cooperative and in exchange receive benefits by virtue of this membership. As associates, they are also required to sell all their coffee to through cooperative. The cooperative organization then brings this coffee to the third and broadest level of the movement, cooperative centrals. Central organizations provide

^w Sandinista National Liberation Front

^x General law of the Cooperative Movement

support to each of the member cooperatives as well as commercializes their coffee on the international market⁷⁵.

In addition to providing small producers access to the fair trade market as previously discussed, producers enjoy many additional benefits through cooperative affiliation. Cooperative centrals provide incentives for each *quintal* produced, a benefit not enjoyed when producers sell coffee through the conventional market⁷⁶. Many cooperative members emphasized this higher and guaranteed price per *quintal* as a critical advantage to cooperative membership. Also, exporting through a central organization allows producers to stay with a much larger percentage of their earnings. This is because the premiums are distributed between the associates in the form of community-development projects rather than staying in the hands of wealthy exporting companies⁷⁷. Additionally, if the cooperative buys coffee from a producer at a certain price and the price increases the next day, rather than keeping the additional money earned on the international market, this money is reallocated within the cooperative. This works directly against the concentration of wealth in the coffee industry today.

The cooperative movement also supports producers through providing technical support that facilitates increases in production. Central organizations such as Cecocafen provide local cooperatives with fertilizers, capacity-trainings, and lower interest rates on credit provided for projects like a humid mill. The cooperative then passes these resources on to associates in *campo* communities⁷⁸.

When I stayed with the Urbina family in *Las Escaleras*, the father Don Julio Urbina explained to me that the cooperative had paid for courses in both computation and financial administration to help him more successfully manage the business component of his farm. His family also built a humid mill on their land through credit provided by the cooperative, allowing his family to produce a much larger quantity of coffee at a quicker rate⁷⁹.

Cooperatives also provide credit in a way that promotes development and success for small producers. Large banks and credit companies only give loans for large sums of money at high interests over a short period of time. If producers cannot pay back the loan within the allotted time frame, their land is confiscated. Cooperatives provide credit at low interest rates and give producers between five and six years to repay their debt. If they cannot pay at the end of this period, the cooperative offers additional support geared towards increasing the producer's yield so that they can afford the loan⁸⁰. Cooperatives are founded in accordance with the socialist mindset of capacitating producers to best utilize their resources instead of working to increase their personal profit.

In addition to providing producers with assistance from a business standpoint, cooperatives also place great importance on social development in the communities of associates. They frequently provide grants so that children can go to school, fund uniforms for kids' baseball teams, as well as aid women

in the battle against *machismo*^{81,y}. The organizational structure of the cooperative also contributes to these goals of social development. Cooperatives hold annual assemblies to ensure that associates and community members play a central role in choosing development projects. Each cooperative sends two delegates to this assembly to ensure that projects directly correspond to the needs and interests of individual communities. These assemblies also work against the culture of *machismo* as cooperatives mandate that a woman serves as at least one of the two delegates⁸². As the legal advisor to a local Matagalpan cooperative so eloquently stated, “cooperatives stand in solidarity with producers to create leaders that can foster community development⁸³.” Even though fair trade and the means of handling of premiums are essential to the mission of cooperatives, this social component distinguishes the cooperative movement from other attempts to aid small producers.

Earlier, I attributed the fair trade market’s inability to contribute towards transformative change in the coffee industry to its focus on small producers rather than *obreros/as*. While this same argument applies in some ways to the cooperative movement, the cooperative movement roots itself in fighting the individualistic and competitive nature of capitalist production that leads to these exploitative working conditions. Central to the cooperative movement is the understanding that “united, we have more power than divided” and that shared strength is the only means through which small producers can compete

^y *Machismo* describes a cultural phenomenon in Nicaragua as well as other Central American countries that perpetuates a view of women as inferior to men

with large companies on the international market⁸⁴. Norvin described the culture of the cooperative as a “culture of sharing,” adding that coffee is not an individual production but an interlinked network of shared production. If someone’s equipment is broken, a neighbor will lend them a replacement. If someone is sick, they can find a ride to the hospital⁸⁵. These are the elements that create among associates “the harmony of a family; a cooperative vision⁸⁶.” Rather than focusing on profit, “helping people when and where they need it most” drives the cooperative movement⁸⁷.

Despite the focus on small producers, the communal mindset that drives cooperative production has the most potential for structural and transformative change of all the solutions addressed in this paper. While the cooperative movement as a whole works against the capitalist, profit-gearred mindset that drives coffee production, the cooperative model that we saw in El Salvador works particularly well in addressing the disconnect between workers and their means of production, characterized by Marx as the root of capitalist exploitation.

It is important to acknowledge, however, that some independent cooperative members still hire temporary contracted-labor during the peak of the harvesting season⁸⁸. Norvin maintains that the workers hired by his family are considered as brothers, paid according to the law, and work under the best conditions possible, receiving three full meals a day⁸⁹. Observations of the working conditions in both the *hacienda* and cooperative setting definitely

validated Norvin's analysis of cooperatives as more friendly to *obreros/as*⁹⁰. That said, by sheer virtue of working for a wage, the same power dynamics are still in play. In the cultivation of this socialist mindset, laborers are still left without full access to the profit of their production. Cooperatives undoubtedly play a vital role in working against exploitation of small-producers as a product of the international market, and simultaneously fight the dominant capitalist mindset driving coffee production. Yet still, the cooperative movement does not fully address the entirety of the exploitation central to coffee production. More people need access to the benefits provided.

The Case for Land Reform

Even though the cooperative movement is a crucial aspect of changing the realities of the Nicaraguan coffee industry, it does not fully address the powerlessness of coffee-pickers, identified at the outset of this paper as those experiencing the highest degree of exploitation. Returning to Marx's analysis of capitalist exploitation illustrates why land reform, if implemented in addition to the cooperative movement, provides the only means of comprehensively addressing exploitation experienced in all realms of the coffee industry.

The case for land reform stems directly from Marx's analysis of the origins of capitalism previously addressed. As capitalist producers privately appropriated the land of the Nicaraguan indigenous, the expropriated land holders were forced to work the land as wage laborers. The history of the Nicaraguan coffee industry is living proof of the validity of Marx's theory of

primitive accumulation. Accompanying Marx's theory of primitive accumulation, however, is his theory concerning how this capitalist exploitation will reach its end. Although centralization of private property and expropriation give birth to the capitalist economic system, Marx argues that ultimately, the "centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument⁹¹." As capital continues to become more centralized, the amount of landless, "the mass of misery, oppression, slavery, degradation, [and] exploitation" continues to grow. Marx explains that this creates a strong working class movement that will ultimately revolt to "expropriate the expropriators," or reassume the means of production/land that they previously owned, thus ending the exploitative relations of production⁹². When analyzing the situation of the Nicaraguan coffee industry, Marx would argue that nothing short of restructuring land ownership so that landless, forced laborers have access to their own land and means of production will bring about true empowerment of coffee-pickers.

After the 1979 revolution in Nicaragua, the government of the *FSLN* recognized the centralization of wealth as one of the primary problems plaguing the country. Before the *Sandinista* revolution, the country experienced 44 years of dictatorship at the hand of the Somoza. During this dictatorship, coffee-pickers experienced even more egregious working conditions than exist today. *Dueños/as* only paid *obreros/as* 20 *cordobas* per day, barely enough to

survive⁹³. The concentration of land and wealth was even more pronounced during this time period as well. There were, for example, 5000 *manzanas* owned by one person while 5000 people owned not one *manzana*. The government responded to this challenge with the implementation of a *reforma agraria*^z that drastically restructured land ownership across Nicaragua. Elements of this agricultural policy included: land redistribution^{aa}; formation of state farms and agricultural cooperatives in the redistributed land; reallocation of agricultural credit (specifically for the *campesino/a* sector); technical assistance and training programs for small producers; price ceilings on agricultural land rented during the growing season; and a system of guaranteed prices for agricultural producers⁹⁴. This initial land reform provided many previously landless *campesinos/as* with access to their own land, directly giving birth to the cooperative movement that still exists today.

Although the government granted some individual land titles, cooperative land titles given to groups of 45-55 people were a more common method of reallocation. Many associates of cooperatives today received their land in this manner⁹⁵. Because many of the people who received land had never before worked as small-scale producers, cooperatives also played a critical role in capacitating producers to successfully work their land⁹⁶. While the cooperative movement surged directly from the revolution, the 1990 elections

^z Land reform

^{aa} Most of this land was formally owned by *hacienda* owners before being taken as state land. The state then reallocated this land as well as unused farm land to the many landless *obreros*.

took a disastrous toll on the movement. When the right wing government came to power, the implementation of neoliberal economic policies impeded the ability of *campesinos/as* to maintain their recently acquired land. In 1990, *hacienda* owners began to reappropriate their land, claiming that the government had robbed them of their property. The *dueños* pressured cooperativists to return “their” land and the cooperativists had no one to speak on their behalf⁹⁷. Also, when banks privatized in 1993, they gave cooperatives 72 hours to pay back the debts they owed. If small producers could not pay, the state confiscated their land or previous *hacienda* owners bought the land at incredibly low prices⁹⁸. The 1990’s represented a decade of much hardship for small producers. While these challenges only served to strengthen several cooperatives in their fight against these new economic policies, many disappeared entirely as previously large-scale producers re-appropriated *campesino/a* land⁹⁹.

One of the primary challenges that prevented *reforma agraria* from accomplishing sustainable change stemmed from the previous distinction between the culture of *obreros/as* and *campesinos/as*. Armengol Rugama Alonzo claims that many cooperativists lost their land for reasons related to cultural challenges. When the revolution gave land to *obreros/as* who had previously worked for *haciendas*, despite acquiring land, these workers still had the mindset of *obreros/as* and did not know how to administrate, harvest, or profit from their land. Also, because so many *obreros/as* had grown accustomed to forced labor from *dueños/as*, they felt as if they no longer needed to work

because no one was forcing them¹⁰⁰. The cooperative movement developed to help teach these small producers how to most effectively work their land but this capacitation was not large enough in scope to realize sustainable change. The loss of *campesino/a* land forced many people to revert back to working as wage laborers, recreating the wealth concentration and worker exploitation inherent to the Nicaraguan coffee industry today.

While the *reforma agraria* enacted by the FSLN did not produce long-term change, it provides valuable information about the type of reform required to fight inequalities inherent to coffee production. This reallocation of land lacked foresight as to what would happen following the redistribution but the principle idea of reuniting workers with land/means of production is completely consistent with Marx's call for the "expropriation of the expropriators." This land reform also gave birth to the cooperative movement whose work today continues to most directly contrast the exploitative *hacienda* working conditions. Armengol emphasized that additional *reforma agraria* is necessary to provide a larger percentage of the Nicaraguan population with land¹⁰¹. Learning from the FSLN's previous attempt also indicates the importance of immediately capacitating producers to take advantage of their newly acquired property.

My research demonstrates that an additional attempt at land reform combined with a fortified cooperative movement has the greatest potential to restructure and transform the coffee industry in a way that benefits the majority

of the Nicaraguan population. Providing land to the landless would alter exploitative power dynamics inherent to *hacienda* production and guarantee that benefits of Nicaraguan coffee are distributed rather than concentrated. This would only serve to strengthen the cooperative movement and increase the importance of the fair-trade market as more people could share in these merits. If the government implemented a new land reform policy complimented by a fortified cooperative movement, this potent combination would work simultaneously against both exploitative working conditions in Nicaragua- as well as exploitation experienced by small producers on the international market.

Conclusion

In Nicaragua, coffee equals power; power to truly promote economic development through the elimination of wealth concentration and exploitative relations of production, as well as the exploitation experienced by producers through the international free market. Coffee has promising potential to contribute to economic development in one of the world's poorest economies. Ironically however, this commodity can only aid economic development if produced in a way that emphasizes sustainability rather than profit creation. When coffee production is viewed only in terms of profit, it harms the country, failing to consider the human component inherent to coffee production¹⁰². Competition between producers and wide disparities in wealth only heighten the ability of the international free market to exploit producers. In contrast,

when producers unite, they are much more capable of ensuring fair prices for their coffee. Policies such as land reform alongside the already existing cooperative movement serve as equalizers and gear all actors in the industry towards shared success and shared profit.

My research originated as a quest to understand the realities of exploitative working conditions in *haciendas* as well as the disparity of wealth between the “haves” and the “have-nots” in Nicaragua’s coffee industry. I wanted to understand the roots of these inequalities to understand what possibilities existed for restructuring the industry in an equalizing way. As I delved into conversations with *hacienda* owners, *obreros/as*, independent small-producers, and cooperative associates, I quickly realized the complexity of the industry I chose to investigate. The sheer quantity of actors who affect or are affected by Nicaraguan coffee makes the task of dismantling exploitative relations of production and exportation nearly impossible. Though few of the forces attempting to tackle this exploitation, work against wealth concentration and worker exploitation with fundamental structural reform as the solution, the presence of the union, the fair trade market, and the cooperative movement, undoubtedly contributes to diminishing the extent of exploitative relations of production of exploitation. As such, these forces do thus improve the quality of life for a larger percentage of the Nicaraguan population even though they do not create fundamental change in the economic structure. It is up to these existing forces to recognize that structural change to the industry would only

strengthen their movements and that to truly combat wealth concentration and worker exploitation, this change must come at any cost.

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