International Solidarity in the Era of Neo-liberalism: Fair Trade North in Comparative Perspective

Gavin Fridell, Trent University
gfridell@hotmail.com

Presented to the Canadian Political Science Association (CPSA), June 2006.

ABSTRACT: *This paper provides and analysis of the fair trade network in the North through a comparative assessment of two distinctly different fair trade certified roasters: Planet Bean, a worker-owned cooperative in Guelph, Ontario; and Starbucks Coffee Company, the world's largest specialty roaster The former is a small alternative trade organization that sells 100 percent of its beans fair trade and is devoted to fair trade standards in the North through its cooperative project. The latter is a giant corporation that has made a relatively minor commitment to fair trade, which it views as only one part of its corporate social responsibility program, and has consistently fought against fair trade standards—such as unionization—being applied to its Northern employees. The two organizations are assessed on the basis of their impact on the moral mission, understanding of international solidarity, and long term prospects of the network. It is determined that the objectives of Planet Bean are much more compatible with the moral mission of fair trade, even while the network has become increasingly dependent on the participation of corporations like Starbucks, raising difficult prospects for the future of fair trade north.*

KEYWORDS: alternative trade, business ethics, coffee industry, cooperative movement, corporate social responsibility, ethical trade, fair trade, fair trade coffee, service sector, Starbucks Coffee Company

ABBREVIATIONS:

ATO	Alternative Trade Organizations
CAD	Canadian Dollar
CAW 3000	Canadian Auto Workers, Local 3000
CBC	Canadian Broadcasting Corporation
CI	Conservation International
CSR	Corporate Social Responsibility
EEV	Ecologic Enterprise Ventures
FLO	Fairtrade Labelling Organizations International
FTA	Free Trade Agreement (United States and Canada)
ICA	International Coffee Agreement
ITTA	International Institute of Tropical Agriculture
NGOs	Non-Governmental Organizations
OWCF	Ontario Worker Co-operative Federation
RA	Rainforest Alliance
TNCs	Transnational Corporations
UNCTAD	United Nations Conference on Trade and Development
US/LEAP	US/Guatemalan Labour Education Project

The Cooperative and The Corporation: Fair Trade North and Business Ethics in Comparative Perspective

Over the past few years, many of the world's largest coffee companies have begun selling fair trade coffee and integrating it into their broader Corporate Social Responsibility (CSR) programs.[1] Fair traders have typically maintained that a significant distinction exists between CSR programs, which are "money driven," top-down, and motivated by the desire to protect a given corporation's brand image, and fair trade, which is "mission driven" and motivated by the desire to empower workers and peasants from below and promote social justice (FLO, 2003a; 2003b, p. 3; Bolscher, interview, 2002). Despite these claims, the growing participation of Transnational Corporations (TNCs) in the fair trade network reflects the latter's increasing integration into CSR programs. While many fair trade promoters have been quick to celebrate mounting corporate support—it has, after all, sparked significant growth in fair trade markets—little has been done to critically assess its impact on the network, which has a "moral mission" that is broader than most CSR programs. In fact, fair traders and fair trade analysts have paid little attention to Northern partners in general, from giant TNCs to small Alternative Trade Organizations (ATOs), beyond encouraging them to buy and sell fair trade goods.[2] Fairtrade Labelling Organizations International (FLO), for example, the largest independent certification body for fair trade commodities, does not have any social standards for Northern partners except for those that regulate their exchange relations with Southern partners (a guaranteed price and social premiums, long-term commitments, advanced partial payments, licensing fees) (FLO, 2003a).

While there are no doubt many reasons for the lack of analysis on Northern fair trade partners, two broad assumptions that are apparent among many fair traders and analysts are particularly important in explaining this. First, among fair traders it is generally *assumed* that the fair trade network has a beneficial impact on the North in terms of promoting international solidarity and social justice. As a result, little work has been carried out to assess the extent to which this is indeed the case, and how this impact might vary depending on the actions and objectives of different Northern partners.

Second, many fair traders take as a given that the North has already attained "development" and that the goal of the fair trade network is primarily to assist Southern partners in catching-up. This perspective neglects the fact that while the rich nations in the North have certainly attained a higher standard of living than all but a few Southern nations when measured in terms of most standard indicators of human development, widespread inequality, poverty, alienation, and social conflict still persist in the North. Economist Amartya Sen has criticized the view, held by many in development circles, of "development" as the process required in the South alone and correctly points out that: "Even within very rich countries, sometimes the longevity of substantial groups is no higher than that in much poorer economies of the so-called third world" (Sen, 1999, p. 15,13-34). This is the increasingly the case for rich nations in the North, especially as neoliberal reforms have eroded public spending on health care, education, and social welfare and initiated a process of "downward harmonization" that has reduced working class wages and unionization rates. In Canada, since the signing of the Free Trade Agreement (FTA) with the United States in 1989, inequality between the richest and poorest Canadians has increased significantly—the inflation-adjusted market incomes of the wealthiest 20 percent of Canadians rose by 16 percent from 1989 to 2001 compared to a loss of nearly 7 percent for the poorest 20 percent (Jackson, 2003a). These trends are a reflection of the growing polarization of the workforce between workers with high income "core jobs" and those with low income "precarious jobs" with little or no employment security. The latter tend to be primarily concentrated among youths and "high risk" groups such as single mothers, recent immigrants, Aboriginal Canadians, persons with disabilities, and adults with limited education. In recent years, growing concern among unions and NGOs in Canada has emerged over the need to counter these trends through the promotion of "human capital" and "community economic development" to assist disadvantaged workers in the North (Jackson, 2003b; Human Capital Development Sub-committee, 2003).

Precarious employment tends to be predominant among the service sector in Canada, including the coffee industry, whose service sector jobs are generally low-paid, insecure, and non-unionized, and whose employees by and large lack sufficient capabilities to attain more meaningful and secure work. Although the lives of coffee industry employees in the North are significantly different than those of rural coffee workers and small-scale farmers in the South, they too have been negatively impacted by neoliberal reforms and the "unfair" practices of coffee TNCs. Like fair trade partners, Canadian coffee workers have also mobilized to demand fairer wages and working conditions. Moreover, an important minority of fair trade ATOs in Canada, driven by the desire to promote community economic development, have explicitly devoted themselves toward adhering to the values of fair trade in their Northern operations. Thus the fair trade network must be assessed as much for its impact on the North as its impact on the South. In what follows, this objective is pursued through a comparison of two starkly dissimilar Northern fair trade partners: Planet Bean, a small, worker-owned coffee importer/roaster co-operative in Guelph, Ontario; and Starbucks Coffee Company, the world's largest speciality coffee roaster.

These two FLO-certified licensees offer significantly different visions of "fair trade" in the North that reflect the growing involvement of corporations in the network since the introduction of fair trade labelling in Canada in the mid-1990s. While fair trade standards for Northern partners were never clear within the network, prior to the introduction of the FLO-system the primary agents of fair trade were ATOs which, while still concerned primarily with standards in the South, were generally small-scale, non-profit or not-for-profit organizations with an employee structure that was either voluntary, cooperative, or based on wage labour with a modest pay scale (Simpson and Rapone, 2000; Littrell and Dickson, 1999, p. 61-112). The reorientation of the fair trade network, however, has ushered in the growing involvement of giant, hierarchically-organized corporations with conventional management strategies that employing sophisticated marketing campaigns to increase consumer demand for their products and bolster corporate profitability (Fridell, 2004a; Dawson, 2003). This has given way to increasingly disparate understandings of fair trade north: that offered by Planet Bean, whose main focus is to promote fair trade standards for both Southern and Northern partners; and that offered by Starbucks Coffee, which views fair trade as only one aspect of its CSR program and has consistently fought against providing fair trade standards—such as unionization—to its Northern employees. These competing visions are compared below and assessed on the basis of their impact on the fair trade network's moral mission, understanding of international solidarity, and long term prospects.

Planet Bean and Alternative Trade

> Trade isn't about global control and profit maximization. Trade, economics, and business should be about all people – our relationship with each other, with the earth, and with future generations. Within Planet Bean, fair trade and co-operation are our main focus.
>
> Planet Bean (2004c)

Planet Bean Inc. is a worker-owned coffee importer/roaster co-operative in downtown Guelph, Ontario that sells around fifteen different blends of 100 percent fair trade, organic, arabica coffee. It was originally founded in the 1990s as a co-operative coffee roaster, restaurant, catering business, and bakery owned by the Speed River Co-operative. It added fair trade coffee to its overall project in 1998. The co-operative grew rapidly and was successful, although it suffered from a lack of investment capital that became more apparent as it grew. The undercapitalization of Planet Bean, along with a sense among its workers that they were becoming "consumed by business" and were neglecting their co-operative and social justice goals, led to Planet Bean being closed and then reopened in 2002. The new Planet Bean has abandoned its other operations to focus on roasting, retailing, and wholesaling fair trade coffee and is owned by the Ontario Worker Co-operative Federation (OWCF). Planet Bean coffee retailed for around $12.97 (CAD$17.20) per pound in 2004, which is the high-end of specialty coffee prices and around three times the cost of regular coffee prices.[3] In addition to coffee, Planet Bean also retails fair trade products processed and distributed by other ATOs, including teas and chocolate bars from GEPA in Germany, organic chocolate from Just Us!, and organic cocoa from La Siembra (Planet Bean, 2004b; Barrett, interview, 2004).

Planet Bean is a small-scale coffee roaster whose gross sales figures for fiscal year 2004-2005 are predicted to be a fairly modest $220,000, followed by gross sales in 2005-2006 of around $370,000 (Barrett, interview, 2004). According to Bill Barrett, the Director and Marketing Manager of Planet Bean and the sole continuing member from its pre-2002 days, Planet Bean's small-scale, co-operative fair trade project represents a conscious attempt to provide an alternative to a vision of fair trade dominated by giant TNCs. Barrett asserts that TNCs commitment to fair trade is marginal and driven solely by the need to respond to consumer pressure, and the involvement of TNCs within the fair trade network does not represent the sort of structural changes that are required to build a truly socially just global economy. To Planet Bean, fair trade is a movement that aims to attain social justice in the South *and* the North, which means that Northern fair traders should be oriented toward "the community ownership of the means of production and economic democracy." As giant TNCs are profit-driven and are not interested in local job creation and a more equitable distribution of wealth, Barrett asserts that they do not share the values of "true" fair trade (Barrett, interview, 2004).

The vision of fair trade expounded by Barrett and Planet Bean is representative of a more radical vein within the network. This view was more central to the network during its formative decades but has become increasingly marginalized since the late 1990s with the introduction of fair trade labelling, which has reoriented the network away from its original goal of an alternative trading system and toward the objective of reforming the existing trading system by gaining the support of conventional corporations (Fridell, 2004a). Against this tide, Planet Bean sees fair trade not just as an attempt to reform the existing system, but also as an attempt to lay the basis for an alternative trading system that operates independently of the conventional international market and is composed of democratically-run organizations in the North and the South. According to Planet Bean's, in order for fair trade to truly work:

> We need changes in the structure of business itself. Under public pressure a global company may finally agree to carry a line of fair trade coffee. But this window-dressing doesn't address the core issues of control and profit maximization that are at the heart of the inequities in global trade. Which is why you don't see such companies putting their fair trade products at the center of their marketing and promotion efforts. The dominant global corporations will never create a more just world for all (Planet Bean, 2004c).

At the core of Planet Bean's alternative project is its strategy for developing co-operative ownership and control, which its members view as an equivalent to fair trade standards in the North (Barrett, presentation, 2004). Planet Bean is still in its infancy and as such is still developing its co-operative project. Currently, its labour force is composed of four board members and three employees. The board members run Planet Bean as a team but have a fairly traditional management style toward their employees, except that they are consulted on setting longer-term objectives. However, Planet Bean is in the process of constructing a full worker-owned co-operative that will be connected to other co-operatives in a new model designed to address the undercapitalization experienced by co-operatives in general. According to Barrett, the new model will consist of various co-operatives participating in different activities that will be owned by a larger, "mother" co-operative. Through the mother co-operative, smaller co-operatives will be able to co-ordinate their activities and take advantage of economies of scale by sharing such things as a single accountant or graphic designer, rather than each having to employ its own (Barrett, interview, 2004).

The co-operative model that Planet Bean is constructing has two central dimensions: ownership/control and equity. First, in terms of ownership and control, Planet Bean is in transition to being run at the micro level by its members. At the macro level, Planet Bean will be owned and its operations will be overseen by the mother co-operative. Co-operative workers will be members of both the Planet Bean board and the board of the mother co-operative. Employees will attain membership status after a one year probationary period designed to determine if they fit well into the co-operative and if the co-operative can support the new job. After this is determined, new members will be invited to buy a share of the co-operative (a symbolic $1) and make an equity investment of around $3,700 (CAD$ 5000) which can come through payroll deductions (Barrett, interview, 2004).

The second dimension of Planet Bean's model concerns equity, which will be distributed both through the local co-operative and the mother co-operative to all of the worker-owners. According to Barrett, members of Planet Bean will not have to invest in mutual funds or Registered Retirement Savings Plans (RRSPs) to save for the future, but will build equity in their own co-operatives and can be bought out when they wish to move on or retire. This way, local capital remains in local hands and can be used to provide jobs for the community rather than being invested outside of Guelph on the basis of maximum return on investment. As Barrett states: "Why invest in California when we need jobs here?" (Barrett, interview, 2004). This is central to Planet Bean's mission which places as much emphasis on its role in the Canadian co-operative movement as it does in its role in the international fair trade network (Planet Bean, 2004c; Barrett, presentation, 2004). As a Canadian co-operative, Planet Bean seeks to provide local employment and a democratic work environment and, ultimately, to act as a "regional engine for community development" (Barrett, interview, 2004).

Planet Bean distinguishes itself from conventional corporations that participate in fair trade not just through its co-operative project, but through its commitment to selling 100 percent fair trade coffee beans and the centrality it places on raising awareness about fair trade and the injustices of the current global system. Planet Bean's marketing strategy focuses on relaying the basic goals of fair trade to consumers (in addition to roasting high quality coffee) (Planet Bean, 2004c). Thus, members of Planet Bean have given talks in local forums on the benefits of fair trade, and throughout the years Planet Bean has helped to host Southern fair trade partners for community tours.[4] According to Barrett, these initiatives have the potential to raise awareness about the lives of Southern producers, as can be seen by a recent visit by a Southern partner to a local grocery store in Toronto that retailed Planet Bean coffee. The manager of the store, upon meeting the coffee farmer, said that it was the first time he had *ever* met someone who had produced *any* of the goods sold in his store (Barrett, interview, 2004).

These initiatives reveal the potential that a small ATO like Planet Bean has to build bonds of international solidarity and understanding between producers and consumers. Through the various engagements arranged by its members, Planet Bean is able to offer some opportunities for Northern consumers to develop direct ties with Southern producers. Moreover, with significantly greater frequency, through the interactions between Planet Bean members and local consumers at its small roasting store in Guelph, the cooperative provides an environment in which consumers can develop personal ties with Planet Bean members who in turn have direct linkages to Southern partners. In consequence, the ATO is able to somewhat shorten the "distance" between producer and consumer. This is in sharp contrast to conventional trade, driven by enormous, hierarchically-organized corporations and composed of complex, international commodity chains, which results in a severing of feedback, accountability, and understanding between producers and consumers (Princen, 2002).

Although still in its infancy, Planet Bean has achieved a degree of financial success over the past few years, and it is predicted that sales figures will increase by over 65 percent from fiscal 2004-2005 to fiscal 2005-2006 (Barrett, interview, 2004). There are also some signs of difficulties ahead, however, which are generally common to co-operative projects that have sought to accomplish the very difficult task of constructing "cooperative islands in a sea of capitalism" (McNally, 1993, p. 126). While Planet Bean continues to construct an equitable and democratic work environment, it must engage in the market in order to survive and is therefore subject to competitive market imperatives. These imperatives impose limits on Planet Bean's co-operative model and threaten its ability to survive and thrive in the long-term. This can be seen in three examples. First, like all small-scale co-operatives, Planet Bean lacks sufficient investment capital, which was a major factor in its first closure before it was reopened in 2002. To combat this, Planet Bean has developed its new model, based on interconnected local co-operatives and a mother co-operative, to attempt to take advantage of economies of scale. It remains to be seen if this model will provide the co-operative with the investment it requires, but in all likelihood undercapitalization will remain a major concern to Planet Bean in the foreseeable future.

Second, in order to keep Planet Bean afloat, members of the board frequently have to work beyond their paid hours, essentially participating in a form of self-exploitation. All unpaid hours are recorded and it is hoped that they will be able to withdraw the wages owed to them in the future (Barrett, interview, 2004). This, of course, depends on Planet Bean's long term growth and stability which is by no means certain.

Third, Planet Bean has been impacted by competition from other fair trade licensees which will likely become more intense in the future. In some instances, grocery stores have refused to stock Planet Bean coffee because they are already stocking a single brand of fair trade distributed by large corporate competitors like Van Houtte. In other instances, Planet Bean has lost customers to (as well as stolen customers from) competing fair trade ATOs. Yet, Barrett asserts that these instances are minor so far and will not be a problem as long as the fair trade market in Canada continues to expand (Barrett, interview, 2004). However, there are likely significant limits to the size of the fair trade market which cannot expand indefinitely, and competitive pressures are bound to increase due to the growing participation of TNCs with massive marketing and financial resources (Fridell, 2004a). In consequence, it is likely that Northern ATOs will begin to feel intensive competitive pressures in the near future.

The members of Planet Bean are not unaware of the limits imposed on them by the imperatives of the international market. For this reason they have a short term vision, which is to try to work and trade in as just a way as possible, and a long term vision which, in-line with the goals of the fair trade network during its formative decades, entails laying the ground work for an alternative trading system that is distinct from the conventional trading system (Barrett, interview, 2004). For them, fair trade ultimately involves using "coffee as an agent of change" (Planet Bean, 2004a). As mentioned above, this vision of fair trade is by no means representative of the fair trade network in general and instead represents the most radical position. Along with Planet Bean, there are only two other fair trade co-operatives in Canada, Just Us! and La Siembra, all three of which have strong ties with each other (Barrett, interview, 2004; de Jong, interview, 2004). Together, they represent only three percent of all fair trade coffee licensees in Canada. Nonetheless, to Barrett, "there is a whole bunch of trains going in all sorts of directions," and Planet Bean is part of all the movements that challenge the injustices of global trade: whether its incremental change to provide better daily lives for workers, the Canadian co-operative movement, the movement toward creating an alternative trading system through the fair trade network, or the Global Justice Movement. He states: "Its hard to get on the right train. I'm taking them all" (Barrett, interview, 2004).

<u>Starbucks and Corporate Social Responsibility</u>

> …more investors and consumers today are demanding that companies be accountable for the environmental and social impacts of their operations. There is a growing body of empirical studies demonstrating the positive impact [Corporate Social Responsibility] has on business economic performance and shareholder value.
>
> Starbucks Coffee Company (2003, p. 3)

Comparing Starbucks Coffee Company to Planet Bean is a comparison between a lion and a mouse.[5] Starbucks is the world's largest specialty coffee roaster and buys about one percent of the world's green beans and about ten percent of the specialty coffee market's green beans. Starbucks total net revenue in fiscal 2002 was $3.3 billion, which is well over 10,000 times the size of Planet Bean's. That year, there were 3,496 company-owned Starbucks stores and 1,078 franchises in North America, and 384 company-owned stores and 923 franchises internationally, and Starbucks employed over 62,000 workers and served twenty million customers per week worldwide (Starbucks, 2004c). In April 2000, Starbucks became one of the largest fair trade roasters in North America when it signed its agreement with TransFair USA, which was followed by a similar agreement with TransFair Canada in 2002.

Starbucks opened its first store in Seattle's Pike Place Market in 1971 and underwent a massive expansion beginning in the late 1980s under the leadership of its famous owner and CEO, Howard Schultz (currently Chief Global Strategist). In 1987 Starbucks opened stores in Chicago and Vancouver and by the end of the year had over seventeen stores. Despite annual losses at first, Starbucks expanded rapidly and in 1992 made its first initial public offering at $17 a share with a market capitalization (the value of all shares) of $273 million (Schultz had originally purchased the company in 1987 for $4 million). At this time, there were 165 stores in North America. In 1995, Starbucks went international with its first store in Japan. By the turn of the millennium, Starbucks was the undisputed largest speciality coffee roaster in the world and had over 3,500 stores worldwide, including a new outlet in Beijing's Forbidden City which provoked protests from Chinese nationalists (Starbucks, 2004f; Pendergrast, 2002).

The reasons for Starbucks' rapid success are manifold. First, while relying relatively little on advertising (it spent less than $10 million on advertising during its first 25 years), Starbucks was able to tap into the growing interest in speciality coffee by maintaining strict control of quality and training by using primarily company-owned stores during its initial expansion, as opposed to licensed franchises. Second, Starbucks has employed an aggressive strategy for beating out competitors, which has entailed a variety of actions such as opening up directly across the street from competitors; suing (unsuccessfully) the Second Cup, one of its biggest Canadian competitors, for allegedly copying the look and feel of its stores; pressuring landlords to refuse to renew competitors' leases and instead hand the lease to Starbucks; and in one case trying to buy an entire building to deny its competitor a renewal on its lease (Pendergrast, 2002; 1999, p. 367-379).

Third, Starbucks has made many strategic take-overs which have eliminated the competition and expanded its market share, such as the acquisition of the Seattle Coffee Company in the UK (1998), Pasqua in San Francisco (1998), and the Seattle Coffee Company, Seattle's Best Coffee, and Torrerfazione in North America (2003). Fourth, Starbucks has forged key business partnerships which have broadened and solidified its consumer base, including partnerships with Barnes & Noble, Dreyer's Ice Cream, Pepsi-Cola (to sell bottled Frappuccino), Chapters bookstores in Canada, and an agreement signed with Kraft General Foods, the world's largest coffee company, in 1998, to distribute Starbucks coffee to over 18,000 retail outlets throughout the United States (Starbucks, 2004f).

Another major aspect of Starbuck's success has been its emphasis on providing a comfortable, trendy café environment where customers are allowed to linger and read, creating a sense of local community. Constructing this sort of atmosphere has entailed not just attention to interior design and customer service, but it has also involved a focus on building Starbucks' brand image as a socially and environmentally responsible corporation. This image is actively promoted on store displays, pamphlets, and "sustainable" coffee products that highlight the corporation's ethical claims. In this way, Starbucks has sought to make consumers feel *good* about drinking its coffee by presenting them with a comfortable atmosphere and "ethical" products designed to make them feel as though they have connected with (rather than exploited) workers and farmers in the South.

In addition to its own specific marketing needs, Starbucks has been at the head of the Corporate Social Responsibility (CSR) movement which has grown over the past decade as corporations have sought to stave off bad publicity stemming from the negative impact of neoliberal reforms. The emergence of neoliberal globalization in the 1970s effectively brought a halt to the movement toward an increasingly regulated international economy in which, among other things, the actions of TNCs were more strictly overseen by state policies nationally and internationally. In the coffee sector, this has resulted in a crisis for Southern farmers due to unprecedented declines in green bean prices in the wake of the collapse of the International Coffee Agreement (ICA), but greater profit margins for TNCs in the North (Oxfam International, 2002). Outcomes such as this have given increased impetus to public perceptions that TNCs are purely profit-driven and concerned only with the interests of shareholders, and not with the interests of "stakeholders" (farmers, workers, consumers, local communities) (Reed, 2002; Klein, 2000, p. 334-436). To counter these perceptions, a growing number of TNCs have pursued CSR policies, following the lead of corporations like Starbucks which believes that such efforts are essential to "sustain the prominence of [the] Starbucks brand in the marketplace and build stakeholder trust" (Starbucks, 2003, p. 2).

As a leader in CSR, Starbucks has been granted dozens of awards and honours since the mid-1990s, mostly from corporate-funded magazines and institutions (some of which are heavily sponsored by Starbucks), but also from charities and NGOs.[6] The full list is proudly displayed on Starbucks' website (Starbucks, 2004a) which also includes a maze of links to various pages designed to demonstrate its commitment to CSR. From this maze, four main aspects can be discerned which are central to its CSR program. The first is charitable contributions, which are common to most major TNCs. In 2002, Starbucks donated a total of $8.3 million (0.3 percent of its net revenues) internationally to various charities that participate in a variety of activities, including combating illiteracy, building low-income housing, and responding to emergencies and natural disasters (Starbucks, 2004c, 2003). A second key aspect of Starbucks' CSR is its official commitment to environmental responsibility (Starbucks, 2004d). This entails a variety of activities, including recycling programs at its stores and corporate operations; a program to donate used coffee grounds to customers, schools, parks, and nurseries to use as a soil amendment; a $0.10 beverage discount if you bring your own mug; a commitment to not purchase genetically modified coffee and tea and not to support research in this direction; and annual promotions for Earth Day (Starbucks, 2004c; 2003, p. 13-17). The remaining two aspects of Starbucks' CSR program must be examined in greater detail as they are essential to assessing the TNC's overall commitment to the principles of fair trade: Starbucks' employee relations, and Starbucks' "Commitment to Origins" (which includes the sale of fair trade coffee).

Starbucks' Employee Relations

In sharp contrast to fair trade's Southern partners and to Planet Bean, Starbucks is a conventional corporation driven by the interests of its major shareholders, with a management system that is hierarchical and highly unequal, and an employee base consisting primarily of low-waged and non-unionized "precarious" workers. The wages of Starbucks' thousands of retail workers, which are slightly above the minimum wage in their region, contrast sharply to the total pay (including bonus and exercised stock options) of Starbucks' CEO Orin Smith, the top-paid CEO in North America in 2003, of $38,772,712 ("Million-dollar club," 2003; Pendergrast, 2002). Consequently, it would be impossible for Starbucks to participate in fair trade if certification required that it adhere to FLO labour standards in the North. This fact does not represent merely an oversight on the part of FLO's founders. It is also a necessary aspect of fair trade licensing that is required to gain the support of conventional corporations, the majority of which do not and would not adhere to the strict social and environmental standards in their Northern operations that fair trade demands of its Southern partners.

It is also important to note that fair trade standards do not apply to Starbucks' relationship with *Northern* partners. This means that Starbucks can maintain its certification as a fair trade partner even though it has its Christmas products packaged by Signature Packaging Solution, a company that employs inmate labour from the Washington State prison system. The use of prison labour in North America has been growing since the late 1980s as companies have sought to reduce costs by exploiting prison workers who are paid very low wages without health or retirement benefits, and can be instantly laid off without consequences when they are no longer needed after the holiday rush (Barnett, 2002). Starbucks uses prison labour during major holidays to compliment its own low-wage labour force and keep costs down as low as possible.

Putting its outsourcing policies aside, it must be stated that while Starbucks' employees are generally low-waged and non-unionized, within the retail sector they are relatively well paid and receive better benefits than most service sector employees in North America. Starbucks has even won awards for having one of the lowest annual employee turnover rates of any restaurant or fastfood company, with a rate of 60 percent (Management, 2003). While this is extraordinarily high when compared to most other sectors of the economy, it is low compared to the industry average which ranges from between 150 to 200 percent (Pendergrast, 2002; Gruner, 1998). The reason for Starbucks turnover rate is its payment and benefits plan for full and part-time employees (whom Starbucks calls "partners"), which includes basic medical, dental, and vision coverage, as well as coverage for short-term counselling and basic mental health and dependency treatment. Special coverage for things such as sick-time, long term disability, and life insurance apply only to salaried and non-retail employees. Starbucks also has special plans to sell employees discounted stock or stock options, but as most employees are paid low wages and less than half of them last one year in employment, few employees can take advantage of this. In addition, Starbucks also offers its employees "extra shots," which includes one free pound of whole bean coffee per week; free beverages at work; a 30 percent employee discount on merchandise; and its Caring Unites Partners (CUP) fund, based on voluntary payroll deductions, which provides financial assistance to employees facing emergency situations (Starbucks, 2003, p. 22; 2002; Pendergrast, 2002).

Starbucks' employee payment and benefits plan represents an attempt to offer top-down concessions in order to provide a stable and profitable working environment and avoid more radical demands from below, such as employee unionization which Starbucks has fought at every turn. Yet, while Starbucks employees do receive relatively higher wages and get relatively better benefits than their competitors, this comparative assessment cannot take away from the fact that the majority of Starbucks employees ultimately remain low-paid workers who lack effective, democratic representation—principles which are central to fair trade. Given few other positive alternatives, it is only logical that workers would opt for Starbucks, with its paternalistic, top-down benefits, over other companies that lack such benefits. A 60 percent turnover rate, however, is hardly a strong vow of confidence, and despite Starbucks' efforts, its employees have resisted and demanded higher income and more effective employee representation.

Perhaps one of the greatest examples of employees battling against Starbucks for greater benefits and representation emerged in Vancouver, BC in 2000 when retail employees from ten Starbucks outlets successfully unionized under one master agreement as a member of the Canadian Auto Workers, Local 3000 (CAW 3000), an amalgamated union of employees working in restaurants, hotels, and other service sectors. This marked an important precedent for Starbucks' retail employees worldwide. Since then, CAW 3000 has succeeded in negotiating two collective agreements with Starbucks which have led to wage improvements, guaranteed overtime provisions, made seniority a key factor in scheduling hours, and entitled employees to two consecutive days off rather than Starbucks' policy of split days off. Many of the gains made by CAW 3000, such as wage improvements, were extended afterwards throughout the country, leading union president Frank Sobczak to correctly conclude that they "were bargaining for all of Canada" (Sobczak, interview, 2005). Along with the benefits included in the collective agreement, the CAW 3000 also ensures "that union stores have access to an effective grievance procedure with an effective union to successfully challenge Starbucks' unreasonable decisions or unfair performance reviews and more" (CAW Starbucks Unstrikers, 2002).

Fearing the precedent of unionization among its retail workers, Starbucks has launched a determined effort to demobilize the new union and in the process has revealed itself, in the words of CAW 3000, "to be a paternalistic, anti-union employer despite their veil of social responsibility" (CAW Starbucks Unstrikers, 2002). In 2002, Starbucks refused to bargain with CAW 3000 on all aspects of a third collective agreement and insisted on eliminating previous gains on job security and seniority provisions. In response to these pressures, the union launched an "UnStrike" campaign on May 13, 2002. This has entailed asking consumers in BC to show solidarity with CAW 3000 by ceasing purchases from all Starbucks stores except those that are unionized (CAW, 2002). The UnStrike strategy is not without precedent, and was used effectively by CAW 3000 in the 1990s to unionize stores belonging to the food chains Whitespot and KFC. Through these initiatives, CAW 3000 has been at the head of attempts to unionize the traditionally low-waged, non-unionized service sector in Canada (Sobczak, interview, 2005).

Along with calling on consumers to shop only at unionized Starbucks stores, the Starbucks UnStrike has also involved a request that customers stop using Starbucks charge cards instead of cash, which has lead to less tipping and a decline in total income for employees of around two percent. During the UnStrike, employees continue to go to work, but engage in activities normally not tolerated at work, such as disregarding the corporate dress code (revealing tattoos, coloured hair, and piercings) and handing out flyers to customers explaining their demands (CAW Starbucks Unstrikers, 2002).[7] As they are in a legal strike position, Starbucks cannot fire or discipline workers for UnStrike activities (Sobczak, interview, 2005). According to CAW 3000, the goal of such a campaign has been to "attack Starbucks' corporate image as well as exercise economic pressure on the world's largest coffee corporation" (CAW Starbucks Unstrikers, 2002).

This strategy is very similar to fair trade "buycotting" campaigns, which have entailed social justice activist attempting to raise awareness of fair trade among "ethical consumers" and then putting pressure on corporations to participate in the network both to avoid the threat of negative publicity and to protect and enhance corporate profitability by taping into ethical consumer demand. It was one of these campaigns that first compelled the brand-conscious Starbucks to participate in fair trade. The giant coffee TNC only agreed to begin selling fair trade coffee in the United States in 2000 after a series of protests and letter-writing campaigns initiated by Global Exchange, a San-Francisco based human rights group (Fridell, 2004b; Waridel, 2002, p. 105-109). Like buycotting campaigns, the UnStrike involves workers making appeals of solidarity to ethical consumers and then putting pressure on Starbucks to meet their demands to avoid bad publicity and protect corporate profits.

Starbucks' hard anti-union position in its dispute with CAW 3000, which continued unresolved as of the summer of 2005, reveals the thinness of its official commitment to social responsibility and fairness. Along with refusing to negotiate a new contract, CAW 3000 alleges that Starbucks has unfairly targeted pro-union employees with "job performance reviews" and has inspired and promoted decertification efforts at unionized stores. The later actions are illegal and the case is currently under litigation at the BC Labour Relations Board.[8] Under these conditions, it has at times been difficult for CAW 3000 to maintain its strength, especially given the high turnover rate for Starbucks' employees—none of the employees that were originally on the CAW 3000 bargaining committee prior to 2002 are still working at Starbucks. CAW representatives, however, have responded with continuous efforts to mobilize new members, expand union organizing, and force Starbucks back to the negotiating table (Sobczak, interview, 2005).

The actions of CAW 3000 have a greater potential to promote real improvements in the working conditions of its members than Starbucks' proclamations regarding its purported commitment to social responsibility. In fact, Sobczak asserts that Starbucks' CSR program is in many ways an attempt on the part of the corporation to claim responsibility for employee benefits that were actually a result of pressure from below and never would have occurred "if it wasn't for the union arriving on the scene" (Sobczak, interview, 2005). In the final analysis, Starbucks' CSR program is driven not by the desire to meet the demands of its workers for higher income and democratic representation, but precisely to avoid these demands by offering more mild, paternalistic, top-down concessions while remaining devoted to employing low-wage, non-unionized retail workers in Canada and the world. CSR is designed to obscure this fact and protect Starbucks' brand image, which is essential to gaining consumer loyalty and ensuring its corporate profitability.

Starbucks' "Commitment to Origins"

Starbucks' "Commitment to Origins" entails a series of measures that it has adopted as part of its CSR program to officially promote "sustainability" in the South. This has occurred in response to pressure from social justice NGOs, especially fair trade groups, and due to Starbucks' own fears that continued low prices could lead to a depletion of a steady, long-term supply of high quality coffee which the TNC depends on (Starbucks, 2003, p. 6). The "commitment" includes the import and sale of sustainable coffees (such as fair trade), a "Preferred Supplier Program," and changes to Starbucks' overall coffee purchasing policy.

The first main component of Starbucks' "Commitment to Origins" is the import and sale of sustainable coffees that focuses on three main types: Conservation International (CI) Shade Grown coffee, certified organic coffee, and FLO-certified fair trade coffee. In fiscal 2002, Starbucks international imported 1.8 million pounds of CI shade grown, 1.7 million pounds of organic, and 1.1 million pounds of fair trade coffee (Starbucks, 2003, p. 8). With respect to fair trade beans, this represents a relatively mild commitment—around one or two percent of Starbucks total coffee bean imports—even while it is an important precedent for corporate support in North America (Rogers, 2004). Similarly, Starbucks' efforts to promote and sell fair trade are relatively mild. In Canadian Starbucks stores, fair trade coffee is available primarily in whole bean bags and is offered as a brewed cup only once per month (CBC, 2002). In June 2004, a pound of fair trade coffee at Starbucks retailed for $11.05 (CAD$ 14.95), around 87 percent of the cost of a pound of Planet Bean coffee.[9]

Combined with its relatively mild commitment to fair trade, a disturbing trend in Starbucks' sustainable coffee policy has been its growing tendency toward disproportionately emphasizing the sale of CI shade grown and organic coffee at the expense of fair trade which has much more rigorous social standards. From fiscal 2001 to 2002, Starbucks' imports of CI shade grown coffee increased by 163 percent and its imports of organic coffee increased by 98 percent, while its imports of fair trade coffee increased by only 68 percent (Starbucks, 2003, p. 8). The most alarming aspect of this has been Starbucks' partnership with CI. Beginning in 1998, the two have worked in partnership to provide assistance to small producers in developing shade-grown coffee techniques in areas with immense biodiversity that have been deemed in need of environmental protection, first in Chiapas, Mexico and then in regions in Columbia and Peru. While ensuring biodiversity through shade-grown coffee is important (and is a key aspect of fair trade), CI's project is primarily focused on the environment and its social standards are unclear: while higher prices are paid, it is not apparent what these prices are and how they are determined; and its labour standards are vague and much less strict than FLO's highly codified standards.[10]

Moreover, CI's credentials as an ethical partner are highly questionable. Its major sponsors consist of some of the largest and most environmentally destructive companies in the world—including Citigroup, Chiquita, Exxon Mobil Foundation, and McDonalds—and it has been accused of being a corporate front designed to greenwash its sponsors' images and act as "the friendly face of biocolonialism." CI's tarnished record includes actively assisting giant pharmaceutical companies in gathering indigenous knowledge on local plants and insects in order to patent them; assisting the Mexican government in forcibly evicting poor indigenous communities from the Lacandon Jungle in Chiapas for allegedly destroying the rainforest; conducting environmental "flyovers" in Southern Mexico and providing the information to the Mexican military to use in their campaign against the Zapatistas; and purchasing biodiverse regions throughout the world to put them at the disposal of giant TNCs (Choudry, 2003).

Starbucks' growing relationship with CI represents an attempt to respond to the pressure placed on it by activists with an alternative to fair trade that is more corporate-friendly and environmentally-focused (as opposed to labour-focused). This is an option that is increasingly being favoured by giant TNCs (Lewin et al., 2004, p. 116-127; Giovannucci, 2003). In October 2003, Kraft Foods, which has refused to support fair trade coffee, announced that it would begin importing and selling Rainforest Alliance (RA)-certified coffee starting with an initial purchase of over five million pounds (Rainforest Alliance, 2003). The standards applied by RA were developed in conjunction with CI and other environmental groups—no labour groups were involved—and devote only one of seven key principles to "sustainable livelihoods". Moreover, the standards for sustainable livelihoods are vaguely worded and significantly weaker than FLO standards: instead of coffee being produced by worker-owned co-operatives, RA standards refer to basic rights to freedom of association; instead of a guaranteed price determined by basic needs, RA offers an "equitable price" that will vary according to market conditions (Kraft expects to pay around twenty percent more than the market price) (Carpenter, 2003; Tea & Coffee, 2003; Conservation International et al., 2001). The popularity of alternative options such as this is growing and within months of Kraft's announcement, Procter & Gamble (which does offer some fair trade coffee) announced it would also begin selling RA-certified coffee.

In addition to purchasing sustainable coffees, Starbucks has also developed a "Preferred Supplier Program," which was introduced in fiscal 2002. This followed years or pressure from the US/Guatemalan Labour Education Project (US/LEAP) which compelled Starbucks to make a variety of commitments to a code of conduct for Southern producers, which it continually reneged on (US/LEAP, 2004, 2001). It was not until Starbucks was compelled to begin offering FLO-certified coffee that it paid serious attention to new sourcing guidelines, which it likely sees as an alternative to fair trade. Developed in conjunction with CI, the Preferred Supplier Program is an incentive-based program that rewards farmers with higher prices (an extra ten cents per pound) if they meet various quality, environmental, social, and economic criteria. Suppliers are assessed on the basis of a point system and must attain 100 points: 50 points for environmental standards, twenty points for "economic transparency", ten points for health and safety, ten points for living conditions, and ten points for wages, benefits, and basic rights. By the end of 2002, only 50 suppliers had applied to be considered for preferred supplier status (Starbucks, 2004c, 2004b; US/LEAP, 2001).

Starbucks' Preferred Supplier Program has the same shortcomings as its commitment to CI shade grown coffee. Its standards are disproportionately focused on environmental criteria at the expense of labour criteria, the social standards it does have are basic and general (and oriented toward large-scale plantations), and its price commitment remains tied to market fluctuations. Moreover, the third party verification agents of the program are corporate-friendly and hand-picked by Starbucks. In Guatemala, one of the verification agents for the program is the National Association of Coffee Exporters (ANACAFE), which, according to US/LEAP, "has generally denied that there are any labour problems in the Guatemalan coffee sector, and rejected out of hand the most comprehensive study ever done of working conditions in the sector, a study… financed by Starbucks that found extensive labour violations" (US/LEAP, 2001).

Along with its commitment to CI coffee and its Preferred Supplier Program, Starbucks has also made changes to its overall coffee purchasing policies, beginning in 2001, in an attempt to adopt (or co-opt) several key aspects of fair trade. These changes include a new emphasis on purchasing coffee at "outright prices, independent of the commodity market." In 2002, Starbucks claims to have made 74 percent of its green bean purchases at "outright" prices, compared to twelve percent in 2001. Moreover, Starbucks maintains that its average outright price in 2002 was $1.20 per pound for green bean coffee, only six cents below the fair trade minimum. The changes also include buying coffee directly from producers, with help from a "third-party facilitator" (32 percent of Starbucks' green bean purchases were direct in 2002, compared to nine percent in 2001) and a new emphasis on signing long-term contracts that last three to five years (36 percent of Starbucks green bean purchases were long-term in 2002, compared to three percent in 2001) (Starbucks, 2003, p. 5-7).

Starbucks has also sought to somewhat emulate fair trade's policies for credit access and its social premium. In 2002, Starbucks helped make $500,000 in credit available to small producers in Latin America through a loan guarantee in conjunction with CI and Ecologic Enterprise Ventures (EEV) (Starbucks, 2003, p. 5-7). In addition, Starbucks gave $25,000 to Coffee Kids (an NGO which seeks to improve the lives of children in coffee regions through local micro-credit projects), and gave $85,000 in "premiums" to local communities to set up such things as lavatories, health clinics, and schools. Unlike the fair trade premium, which is granted directly to Southern partners to spend on local social and economic infrastructure, Starbucks' premium is a matching grant which means that local communities must match the funds given them to ensure that "they have a vested interest in the project," which places a greater burden on poor communities (Starbucks, 2003, p. 10). Moreover, the sum total of $85,000, equivalent to 0.2 percent of the total pay of Starbucks CEO Orin Smith in 2003, is very small for a huge TNC like Starbucks ("Million-dollar club," 2003).

The new purchasing policies adopted by Starbucks reveals the success of the fair trade campaign in North America. Under pressure from fair trade activists, Starbucks has been forced to protect its public image by adjusting its policies to meet many of the expectations of fair traders (higher prices, direct purchases, long-term contracts, access to credit and infrastructure). However, at the same time, the changes that Starbucks has made reveals its counterstrategy and the purpose of its CSR project. While giving minimal support to fair trade, Starbucks has buffered up its other projects in an attempt to make the argument that all Starbucks coffee is traded fairly, whether it is certified by FLO or not. According to Starbucks Customer Relations:

> Starbucks and the Fair Trade movement share common goals – to ensure that coffee farmers receive a fair price for their beans, and to ensure they can sustain

their farms in the future (Starbucks Customer Relations, personal communication, 2005).

Just as Starbucks' CSR program in the North represents an attempt to avoid more radical demands for higher wages and unionization, so its CSR program in the South represents an attempt to stymie the more radical demands of fair trade. Starbucks has placed increasing attention on purchasing CI coffee and on its Preferred Supplier Program because they lack fair trade's rigorous social standards and price guarantees, and their verification agents are strongly pro-business. Starbucks has also altered its main purchasing policies in replication of fair trade, while completely neglecting the social standards and independent certification that fair trade entails. Thus, while Starbucks has made concessions that are important to its Southern partners, it has done only the minimum required to stave off public criticism while at the same time developing its own strategy to ensure that it can continue to act independently without any genuine third party involvement in its corporate affairs. In the final analysis, Starbucks is concerned about its brand image and its independence from outside regulation, not the values of fair trade.

Conclusion: Planet Bean, Starbucks, and the Future of Fair Trade North

Planet Bean and Starbucks offer different and competing visions of what fair trade north should look like. To Planet Bean, the moral mission and social standards of fair trade are integrated into its everyday operations and lie at the heart of its organizational objectives. This means that, out of international solidarity, Planet Bean is devoted to selling 100 percent fair trade goods and to educating consumers about global injustices; and, out of the desire to promote community economic development in the North, Planet Bean applies fair trade standards to its own operations through its cooperative project. In contrast, Starbucks devotes only as much attention to selling fair trade products as is required to stave off the threat of bad publicity, and is operated in the North on the basis of "business-as-usual." To Starbucks, the moral mission of fair trade is not at all central to its operations, but is rather a component of its CSR program. While fair trade promoters have frequently argued that fair trade is not the same a CSR, the growing participation of TNCs like Starbucks reveals a growing congruence between the two. This has proven to be a useful entry point for fair traders, who have been able to use Starbucks' image as an "ethical" corporation to pressure it to sell fair trade coffee. Yet, just as CSR was conceived to avoid demands for international and national market regulation, so it can be used ultimately to avoid even the voluntarist demands of fair trade (Klein, 2000, p. 334-347,430-436).

In the end, the cooperative project of Planet Bean is much more compatible with the moral mission and understanding of international solidarity traditionally promoted by the fair trade network, even while giant corporations like Starbucks are key to the fair trade market's current and longer term growth, which raises difficult prospects for the future of fair trade north. Comparing the two organizations, there are several aspects of their overall policies, actions, and commitment to fair trade that reveals this to be the case. First, in sharp contrast to Planet Bean's worker-owned cooperative project, Starbucks does not apply the fair trade principles of democratic organization and paying as high a price as possible for labour to Starbucks' Northern workers nor to its Northern partners. This means that fair trade-certified coffee available at Starbucks can be packaged by prison labour and sold by low-waged, non-unionized labour, which from a social justice perspective hardly seems to be "fair" at all.

Second, a small ATO like Planet Bean, provides much greater opportunities to build bonds of solidarity between producers and consumers than a giant TNC like Starbucks. Planet Bean provides an environment where consumers can develop personal ties with Planet Bean members who in turn have direct linkages to Southern partners, somewhat shortening the "distance" between producers and consumers. In sharp contrast to this, Starbucks is concerned primarily with gaining the brand loyalty of millions of abstract customers and is a massive, hierarchical organization composed of thousands of workers, the majority of whom do not have any connection to Southern producers. When consumers buy fair trade coffee from Starbucks, they are essentially as disconnected from the actual producers and their real lives as they are when they buy any conventional commodity on Northern markets.

Third, whereas Planet Bean sells strictly fair trade products, including those produced by other fair trade ATOs, Starbucks' commitment to fair trade does not extend beyond coffee to other products such as cocoa and tea, where the corporation has not been under pressure from activist groups. Responding to concerns that their chocolate suppliers exploit forced child labour in West Africa, Starbucks asserts that it has encouraged its suppliers to address these "allegations" (which are well-documented by many organizations) but that it does not believe that fair trade is the answer because it only helps "a select group of producers" (Starbucks, 2004e).[11] Fourth, Starbucks' existing commitment to fair trade coffee is mild compared to fair trade ATOs like Planet Bean that import 100 percent fair trade coffee. Yet, for a one or two percent commitment, Starbucks gets 100 percent publicity and a valuable addition to its CSR program that helps divert attention away from the working conditions of the remainder of its Southern partners and its Northern workers (Rogers, 2004; Barrett, interview, 2004; Conlon, presentation, 2004).

Fifth, whereas Planet Bean places as central to its mission educating consumers about fair and unfair trade and has organized a variety of events in pursuit of this purpose, Starbucks has devoted more energy to developing alternatives to fair trade, such as CI shade grown coffee and its own internal policy changes, than it has spent promoting it. These alternatives threaten to swamp the "sustainable" coffee market, adding confusion to ethical consumers over what products to buy (sustainable, shade-grown, organic, rainforest certified) and competing with fair trade over its tiny market share (Conlon, presentation, 2004; Lewin et al., 2004, p. 116-127; Giovannucci, 2003). Sixth, in the long-term, Starbucks and other TNCs may pose a significant threat to small-scale fair trade ATOs that lack the latter's advertising and marketing resources. While Planet Bean does not yet see this as a major threat, their products have been kept off the shelves of various supermarkets due to competition from Van Houtte. Pressures such as this are likely to increase as TNCs become more involved and make greater efforts to monopolize the fair trade market niche.

Finally, while Starbucks' fair trade imports are only a tiny proportion of its total sales, they represent a major gain for the fair trade network. Upon agreeing to sell fair trade coffee in 2000, Starbucks instantly became one of the largest fair trade licensees in North America and nearly doubled the number of fair trade sales outlets in the United States (Global Exchange, 2000). As Starbucks and other major TNCs increase their imports of fair trade they will also increase their power and influence on the network and its future orientation. For example, in 2003 FLO made an amendment to its generic fair trade standards for coffee to allow for the certification of coffee plantations whereas previously only smallholder cooperatives could be certified to produce fair trade coffee. This move, which represents a step back on FLO's overall commitment to cooperative production, has been taken to appease TNCs like Starbucks that have long-term trading relations with large-scale plantations and generally consider them more stable and reliable trading partners than small producers (Lewin et al., 2004, p. 123-125; Wong, presentation, 2004; Giovannucci, 2003, p. 38ft13).

As this power imbalance grows within the network, fair trade may become increasingly top-down as fair trade licensers and Southern partners are compelled to make adjustments to meet the demands of powerful TNCs on whom they have become increasingly dependent, somewhat mirroring international trade relations in the conventional coffee market. This would be a reflection of the growing corporatization of fair trade and its increasing integration with CSR programs, which has become the dominant trend within the network. At the same time, there is another trend represented by Planet Bean, which seeks to expound the objective of creating an alternative trading system and expand the standards of fair trade to include greater grassroots community development in the North. It remains to be seen, however, whether or not Planet Bean's cooperative project will be able to survive and thrive in the long term in the face of growing competition from giant corporations with vast financial and marketing resources. It would appear that the balance is significantly titled in favour of the corporation over the cooperative. If this proves to be the case, then the potential exists that TNCs like Starbucks might, in the longer term, have a greater influence on changing fair trade than the fair trade network will have on changing them.

Notes

[1] According to FLO standards (2003a), "fair trade" certified coffee is exchanged at a minimum guaranteed price and produced in the South in adherence to the principles of no exploitation of child labour, environmental sustainability, democratic organization, and guaranteed labour rights.

[2] An important exception to this is the work of Charles Simpson and Anita Rapone which explores fair trade in the North, through an examination of Equal Exchange in the United States, and in the South, through an examination of UCIRI in Mexico (Simpson and Rapone, 2000). Mary Ann Littrell and Marsha Ann Dickson provide and analysis of Northern fair trade ATOs in their work. The case studies they explore, however, are devoted primarily to cultural products (Littrell and Dickson, 1999).

[3] This price is based on the retail price of a pound of Planet Bean coffee on sale on-line at Weekly Organic Wonder (WOW) Foods on July 6, 2004 at http://www.torontoorganics.com. Regular coffee prices are based on the prices of regular wholesale, freeze-dried, and ground coffee available for sale at Loblaws

grocery store in Toronto on June 28, 2004, which ranged from around $3.70 (CAD$5.00) to $4.80 (CAD $6.50).

[4] Hosting Southern partners and taking them on community tours in the North is a fairly frequent activity among small fair trade organizations in general. The fair trade chocolate co-operative La Siembra in Ottawa, for example, has hosted partners from the cocoa co-operative CONACADO in the Domincan Republic and taken them to meet with people at local shops and churches (de Jong, interview, 2004). La Siembra's members have also expressed an interest in Canadian fair traders expanding their efforts to promote more producer tours in the future (Loftsgard, presentation, 2004).

[5] The author's requests for an interview with a representative from Starbucks Coffee Company about their corporate social responsibility and fair trade policies were refused.

[6] Starbucks is a major sponsor of *Business Ethics* magazine's Business Ethics Awards and has been on its "100 Best Corporate Citizens" list for 4 years in a row. Other major sponsors of the event include Procter & Gamble, Hewlett Packard, Intel, and National City Bank, all of which have at one time or another been on the magazine's top 100 list (Business Ethics, 2004, 2003).

[7] In July 2004, the South Asian Network for Secularism and Democracy (SANSAD) based in BC launched a petition against Starbucks for firing two women of South Asian origin who refused to remove their traditional nose studs at work. See http://www.PetitionOnline.com/sansadbc/petition.html.

[8] CAW 3000 alleges that a human resources representative at a Starbucks management meeting stated that Starbucks was willing to pay the legal council for unionized employees that wished to decertify. This action is illegal under BC labour laws (Sobczak, interview, 2005).

[9] This price is based on the price of fair trade coffee at Starbucks stores in Toronto on June 28, 2004.

[10] According to Starbucks, in 2001 farmers in the CI program were paid a 60 percent price premium over "local prices" (Starbucks, 2004c). While it is unclear what this would be, it is likely to be well under $1.00 per pound as world prices for Brazilian arabicas ranged between $0.60 and $0.40 that year (UNCTAD, 2004). This is significantly lower than the fair trade minimum price of $1.26 per pound.

[11] The International Institute of Tropical Agriculture (ITTA), in conjunction with national researchers, USAID, the ILO, and other organizations documented 284,000 child labourers and 12,000 forced child labourers in the Cocoa industry in West Africa (MacAdam, 2004; IITA, 2002).

Acknowledgements

I would like to thank the Social Science and Humanities Research Council of Canada (SSHRC) for their research funding. Much appreciation is due to Bill Barrett, from Planet Bean, and Frank Sobczak, from CAW 3000, for their assistance in my research. Special thanks are also owed to Greg Albo, David Friesen, Mark Gabbert, John-Justin McMurtry, Liisa North, Viviana Patroni, Darryl Reed, and most of all Kate Ervine, for their helpful advice and friendship.

References

Barnett, E.C.: 2002, "Prison coffee", *Organic Consumers Association*, Dec 27- Jan. 2.

Barrett, B.: 2004, "Presentation on Planet Bean", Paper read at Fair Trade Workshop For Academic and Fair Trade/No Sweat Practitioners, June 22, at York University, Toronto.

———: 2004, telephone interview with author, Guelph, Ontario, May 28.

Bolscher, H.: 2002, interview with author, Utrecht, February 18.

Business Ethics: 2003, "15th Annual Business Ethics Awards", *Business Ethics: Corporate Social Responsiblity Report*.

———: 2004, "100 Best Corporate Citizens of 2003", *Business Ethics: Corporate Social Responsibility Report*.

Carpenter, D.: 2003, "Kraft, activist groups still differ on 'fair-trade' coffee", *The Miami Herald*, 8 October.

CAW: 2002, CAW Starbucks UnStrike for Justice and Dignity: press release: CAW.

CAW Starbucks Unstrikers: 2002, "CAW Starbucks UnStrike for Justice and Dignity", *Organic Consumers Association*, June 1.

CBC: 2002, Starbucks Changes its Brew: Canadian Broadcasting Corporation (CBC),.

Choudry, A.: 2003, "Beware the Wolf at the Door", *Seedling (GRAIN)*, October.

Conlon, T.: 2004, "Presentation on Oxfam Canada", Paper read at Fair Trade Workshop For Academic and Fair Trade/No Sweat Practitioners, June 22, at York University, Toronto.

Conservation International, Consumer's Choice Council, Rainforest Alliance, Smithsonian Migratory Bird Center, and Summit Foundation: 2001, Conservation Principles for Coffee Production: Final Version: Conservation International/Consumer's Choice Council/Rainforest Alliance/Smithsonian Migratory Bird Center/Summit Foundation.

Dawson, M.: 2003, The Consumer Trap: Big Business Marketing in American Life (University of Illinois Press, Urbana).

de Jong, J.: 2004, telephone interview with author, Ottawa, Ontario, July 23.

FLO: 2003a, Fairtrade standards in general. Bonn: Fairtrade Labelling Organizations International (FLO).

———: 2003b, Report 2002-2003: Cum Laude. Bonn: Fairtrade Labelling Organizations International (FLO).

Fridell, G.: 2004a, "The Fair Trade Network in Historical Perspective", Canadian Journal of Development Studies 25 (3), 411-428.

———: 2004b, "The University and the Moral Imperative of Fair Trade Coffee", Journal of Academic Ethics 2 (1), 141-159.

Giovannucci, D.: 2003, The State of Sustainable Coffee: A Study of Twelve Major Markets: International Coffee Organization/International Institute for Sustainable Development/United Nations Conference on Trade and Development/World Bank.

Global Exchange: 2000, Consumers' Wish for a Proven Alternative to Sweatshop Coffee Will Come True When Starbucks Launches 'Fair Trade Certified' Coffee October. San Francisco.

Gruner, S.L.: 1998, "Masters in Business", *Inc. Magazine*, July.

Human Capital Development Sub-committee: 2003, Human Capital Development in Canada: Closing the Gaps: Canadian CED Network.

IITA: 2002, Summary of Findings from the Child Labor Surveys in the Cocoa Sector of West Africa: Cameroon, Côte d'Ivoire, Ghana, and Nigeria.

Jackson, A.: 2003a, From Leaps of Faith to Hard Landings: Fifteen Years of ‘Free Trade’: Research Paper #28: Canadian Labour Congress.

———: 2003b, ‘Good Jobs in Good Workplaces’: Reflections on Medium-Term Labour Market Challenges: Research Paper #21: Canadian Labour Congress.

Klein, N.: 2000, No Logo: Taking Aim at the Brand Bullies (Vintage Canada, Toronto).

Lewin, B., D. Giovannucci, and P. Varangis: 2004, Coffee Markets: New Paradigms in Global Supply and Demand: Agriculture and Rural Development Discussion Paper 3. New York: The World Bank, Agriculture and Rural Development Department.

Littrell, M.A., and M.A. Dickson: 1999, Social Responsibility in the Global Market: Fair Trade of Cultural Products (SAGE Publications, London).

Loftsgard, T.: 2004, "Presentation on La Siembra", Paper read at Fair Trade Workshop For Academic and Fair Trade/No Sweat Practitioners, June 22, at York University, Toronto.

MacAdam, M.: 2004, "Bittersweet Chocolate", *Sustainable Times*, March 8.

Management, W.: 2003, "Workforce Optimas Awards 2003", *Workforce Management*, March.

McNally, D.: 1993, Against the Market: Political Economy, Market Socialism and the Marxist Critique (Verso, London).

"Million-dollar club", 2003, *The Seattle Times*, June 6.

Oxfam International: 2002, Mugged: Poverty in Your Coffee Cup. UK: Oxfam International,.

Pendergrast, M.: 1999, Uncommon Grounds: The History of Coffee and How It Transformed Our World (Basic Books, New York).

———: 2002, "The Starbucks Experience Going Global", Tea & Coffee Trade Online 176 (2).

Planet Bean: 2004a, "The Difference Alternative Trade Makes" [cited May 12 2004]. Available from http://www.planetbeancoffee.com/Fairtrade.

———: 2004b, "Homepage" [cited 2004]. Available from http://www.planetbeancoffee.com/.

———: 2004c, "Investing in a Co-operative Economy" [cited May 12 2004]. Available from http://www.planetbeancoffee.com/investment.

Princen, T.: 2002, "Distancing: Consumption and the Severing of Feedback", In T. Princen, et al. (eds.), Confronting Consumption (MIT Press, Boston), pp. 103-131.

Rainforest Alliance: 2003, "Kraft Foods Makes Unprecedented Commitment to Taking Sustainable Coffee Mainstream" [cited 12 May 2004]. Available from http://www.rainforest-alliance.org/news/archives/news/news77.html.

Reed, D.: 2002, "Corporate Governance Reforms in Developing Countries", Journal of Business Ethics 37, 223-247.

Rogers, T.: 2004, "Small coffee brewers try to redefine fair trade", *The Christian Science Monitor*, April 13.

Sen, A.: 1999, Development as Freedom (Anchor Books, New York).

Simpson, C.R., and A. Rapone: 2000, "Community Development From the Ground Up: Social-Justice Coffee", Human Ecology Review 7 (1), 46-57.

Sobczak, F.: 2005, telephone interview with author, Vancouver, British Columbia.

Starbucks: 2002, Your Special Blend. USA: Starbucks Coffee Company.

———: 2003, Corporate Social Responsibility: Annual Report Fiscal 2002. USA: Starbucks Coffee Company.

———: 2004a, "Awards and accolades" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/recognition.asp.

———: 2004b, "Coffee sourcing guidelines" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/sourcingcoffee.asp.

———: 2004c, "Corporate social responsibility" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/csr.asp.

———: 2004d, "Environmental Mission Statement" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/environment.asp.

———: 2004e, "Starbucks fact sheet: GE-free ingredients, fair trade and cocoa sourcing" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/progress_report.asp.

———: 2004f, "Starbucks timeline and history" [cited 12 March 2004]. Available from http://www.starbucks.com/aboutus/timeline.asp.

Starbucks Customer Relations: 2005, personal communication, March 24.

Tea & Coffee: 2003, "Sustainable Coffee Goes Mainstream", Tea & Coffee Trade Online, 177 (11).

UNCTAD: 2004, UNCTAD Handbook of Statistics On-Line: United Nations Conference on Trade and Development (UNCTAD).

US/LEAP: 2001, Starbucks Issues New Sourcing Guidelines: US/LEAP.

———: 2004, "The Starbucks Campaign" [cited March 15 2004]. Available from http://www.usleap.org/Coffee/coffeetemp.html.

Waridel, L.: 2002, Coffee With Pleasure: Just Java and World Trade (Black Rose Books, Montreal).

Wong, J.: 2004, "Presentation on TransFair Canada", Paper read at Fair Trade Panel Discussion, November 14, at Glebe Presbyterian Church, Toronto.