AT WHAT COST:
Coffee

The global coffee trade presents complex challenges for the promotion of the rights of workers. In Guatemala, for instance, coffee growers do not face the grave labor rights violations that afflict other industries: they are not systematically forced to work without pay, nor are their ranks swelled by children facing hazardous conditions. Rather, the income provided by this work is simply not enough to sustain life. A good seasonal coffee picker can make about $6 a day by picking 100 pounds of coffee. This amount is just under the official minimum wage for the industry, and about 80 percent of the minimum cost of nutritious food recommended by the Guatemalan government. These figures help explain why half of all Guatemalan children are malnourished.

Beyond malnourishment, children are often trapped economically. Even the meager income that a child can earn may be necessary to provide food and medicine for a family. As a result, many children who do attend school starting at seven years old have to drop out by the age of 12—the legal working age is 14—because their families simply cannot afford to miss out on their employment. If they are to continue their education, these children need carefully tailored curricula and educational support.

Why are producers' wages so low when Starbucks—which purchases 25 percent of Guatemalan coffee exports—can make healthy profits by selling a pound of roasted beans from Guatemala's Antigua valley for $12.95? The current price of coffee on New York's commodity exchange is around $1.30 per pound; why can't Guatemalan growers cut out the middlemen and capture more of that value for themselves? Many barriers would stand in the way of a small growers' cooperative that wanted to take their product directly to the U.S. market.

First, in order to avoid fierce local competition and the market power of large local exporting firms, the cooperative would need to apply to the Guatemalan National Coffee Association, Anacafé, which controls export licensing. Consumers have complained that the association is capricious and slow in issuing licenses; moreover, dealing with bureaucratic paperwork is essentially impossible for the 27 percent of the population that is illiterate. Second, order to capture some of the ten-fold price difference between green coffee beans purchased on the exchange and the roasted beans sold by retailers, the cooperative would ideally be able to roast its own beans. This requires capital: roasting equipment can run in the range of $25,000; loans from both microfinance organizations such as Kiva and the Guatemalan bank Banrural carry interest rates of about 25 percent. Finally, if the cooperative managed to cross these barriers, it would still need to actually market its product to American consumers. This poses a major challenge for rural coffee growers, who lack the necessary language skills and business connections to make inroads in the North American market—not to mention the web development skills. And if these obstacles are overcome, growers still remain highly vulnerable to weather conditions and price shocks from a competitive global market.

The volatility of the coffee market has led many small growers to leave the crop all together. Many families have slid into much more dangerous and