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Fairness for Whom? Regulating Banana Production through Voluntary Certification and Labeling

By

Sandra Lynn Brown

A dissertation submitted in partial satisfaction of the requirements

for the degree of

Doctor of Philosophy

in

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Graduate Division

of the University of California, Berkeley

Committee in Charge:

Professor Richard Walker, Chair

Professor Laura Enriquez

Professor Julie Guthman

Professor Nathan Sayre

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## Abstract

### Fairness for Whom? Regulating Banana Production through Voluntary Certification and Labeling

by

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Doctor of Philosophy in Geography

University of California, Berkeley

Professor Richard Walker, Chair

This study examines the role of Fairtrade certification and labeling in mediating the socio-ecological relations of banana production. Bringing to bear ideas from literature on agro-industrial development and restructuring, agrifood governance, agrarian change, agricultural labor relations, and sustainability, it examines how banana farmers, workers, and their communities are affected by participation in Fairtrade commodity networks under conditions of market liberalization. It concludes that, while, under certain conditions, Fairtrade can benefit some farmers and workers, it fails to address the broader social and ecological conditions of banana production. It attributes the challenges facing the Fairtrade system to the internal dynamics of its consumer-driven, market-based, and developmental model. Specifically, I argue that Fair Trade actors' focus on the terms of exchange fails to address the imperatives of growth and accumulation inherent in capitalist commodity production, which shape outcomes for banana farmers, workers, and environments.

The analysis is based on research conducted at two key sites in the banana sector: Ecuador's South Coast and the Urabá region of Colombia. These regions have played an importation role in the expansion of Fairtrade banana supply, albeit under different conditions. In Ecuador, Fairtrade protection has primarily been extended to small farmers under the Fair Trade Labelling Organizations (FLO) Small Producer Organization standards. Meanwhile, the majority of Urabá's producers are certified under FLO's Hired Labor standards. Drawing on in-depth interviews with farmers, workers, administrative and technical staff of Fairtrade-institutions, as well as labor representatives, I find that Fairtrade certification generates uneven outcomes for different groups participating in the system. Activists and researchers have critiqued the expansion of certification to plantations and to the enrollment of transnational agribusiness companies, which they argue has undermined the position of small farmers within the Fairtrade system. Yet these critiques overlook significant socio-ecological complexity and differentiation in Fairtrade banana production. They also obscure the critical role of hired workers on small and large farms alike. The study, thus, attempts to reframe the mainstreaming debate, to place

workers at the center of the Fairtrade banana story. In so doing, it argues that international Fair Trade actors must engage more fully with banana unions and labor solidarity movements in order to achieve their purported goals of supporting social and environmental justice in the global banana economy.

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## Introduction - The Fairtrade Banana Initiative: Market Growth, Agrarian Imaginaries, and Labor Standards

This project began with a question: under what conditions might voluntary certification and labeling initiatives provide leverage for agricultural producers and workers to redress social and environmental injustices in their communities and workplaces? A particular interest in the potential for certification to facilitate collective action for wage laborers drew me to the Fairtrade labeling initiative, and to one of its most rapidly expanding product markets – bananas.<sup>1</sup> With the greatest export volumes of all certified commodities (FLO 2012), “the banana sector is the most visible example where Fairtrade could legitimately be argued to have moved from a niche into the mainstream” (Smith 2010: 8). Because of the way the industry is organized, based upon highly consolidated supply chains and large-scale production units, market growth has required engagement with conventional agribusiness actors. It has also required increased use of the Fair Trade Labeling Organization’s (FLO) Hired Labor Standards to certify plantations. Banana certification has thus thrown some of the Fair Trade system’s most fundamental challenges and debates into sharp relief.

Over the past several decades, alternative and fair trade networks have emerged to challenge the negative social and environmental consequences of increasingly consolidated and globalized agrifood systems. Mobilizing discourses of ecological sustainability, social justice, and community development, Fair Trade actors urge consumers to ‘vote with their dollars’. Their goal is to improve the position of farmers and workers located in the global South vis-à-vis the shippers, processors, and retailers who control supply chains from their headquarters based largely in the North. In this regard, Fair Traders have been phenomenally successful. By 2011, sales of Fairtrade-certified products had reached over US\$6 billion, reflecting double-digit annual growth rates for the previous decade (FLO 2012). However, this growth has required the movement of Fairtrade-certified products into conventional marketing channels. This shift has led to an enduring controversy within the Fair Trade movement over the consequences of so-called mainstreaming.

At its most fundamental level, these debates revolve around the question of which producers are the appropriate beneficiaries of Fairtrade’s market-based protection. Many activists and researchers suggest that, because the system was originally intended for marginalized, resource-poor small farmers, these producers should not be made to compete with larger, more capital intensive operations *within* the Fairtrade system. More technologically advanced and productive operators benefit from lower production and transaction costs, thus increasing Fairtrade supply and allowing global marketing firms and retailers to squeeze certified producers in much the same way as in conventional markets (Raynolds 2007, Moberg 2008, Smith 2010). Mainstreaming also allows buyers to push for standards to be made more flexible and less rigorous, through the promise of increased sales (Jaffee 2010, Jaffee and Howard 2010). Many activists and researchers, thus, argue that the enrollment of transnational corporate actors has undermined Fair

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<sup>1</sup> Throughout this dissertation I use the term ‘Fairtrade’ to refer to the certification and labeling initiatives associated with the Fairtrade Labelling Organizations International (FLO), while ‘Fair Trade’ refers to the broader constellation of institutions and actors working to promote fair or ethical trade relations between marginalized producers in the global South and consumers in the global North.

Trade's principles of solidarity, reciprocity, and sustainability. In contrast, FLO and its national labeling partners suggest that extending Fairtrade's benefits to new groups of producers and workers necessitates engagement with conventional agribusiness and retail players.

It is important to note that, given its market-based model, such an extension of Fairtrade benefits *necessarily* requires increased consumption of certified commodities. Yet the consumer politics underpinning this seemingly progressive initiative is, itself, a product of the circumscribed realm of political possibility in which contemporary social movements operate. Indeed, the rollback of state-based regulatory frameworks, the evisceration of social safety nets, and the liberalization and integration of markets appear to have undermined possibilities for regulating labor and environmental standards. This has occurred in global production networks, as well as within national and local economies. Market-based approaches thus offer alternative possibilities for social movement action and supply chain governance, where more traditional modes of regulation and production-based collective action (specifically through trade unions) have been foreclosed. However, at the same time that they seek to oppose the inequities of conventional agrifood systems, consumer-based models like Fair Trade also seem to reproduce many of the logics and forms of market production (Guthman 2008). This is a dynamic that Moberg (2008) refers to as the "Fair Trade paradox".

Utilizing the case of the Fairtrade banana initiative, I explore the possibilities and limits of voluntary, consumption-based approaches to social and environmental change. Drawing on fieldwork conducted across certified commodity chains, I consider the potential for Fairtrade's governance model to alter production relations in the global banana industry. To explore the dynamics of Fairtrade growth, and its role in mediating production relations, I conducted research at two key sites in the global banana industry: Ecuador's South Coast and the Urabá region of Colombia (Map 1) (See appendix A for research methodology).

**Map 1. Research Sites: Fairtrade Banana Producing Zones in Ecuador and Colombia**



**Map Courtesy of Emma Tome, 2012**

While these regions have both played a central role in the growth of Fairtrade banana markets, banana certification has been extended to producers operating across highly differentiated production scales, contexts and technological capacities, from diversified to monocrop farming systems. In Ecuador, Small Producers' Organizations have been the primary vehicle for Fairtrade expansion. Meanwhile, Colombia's banana industry has fueled growth of certified markets through plantation certification using FLO's Hired Labor Standards.

My research with different producer communities suggests that, under particular conditions and at particular moments, Fairtrade certification has provided critical supports for farmers and workers. However, it also highlights the complex landscapes in which certified production takes place, as well as its uneven outcomes. In many respects, my findings echo those of previous studies pointing to the limits of the Fairtrade certification and labeling system as it is currently configured. In particular, scholars have founds that new requirements associated with certification place unequal burdens on producers, at the same time that basic market structures go unchallenged. The challenges experienced within Fairtrade producer communities call in to question the potential of voluntary, consumer-based initiative to redress the social and environmental injustices inherent in agro-export commodity networks. Still, the question remains as to whether Fair Trade's failure to meet its purported goals is the result of cooptation by market forces (as many activists and researchers contend) or if it is attributable to the internal dynamics of the Fair Trade model itself.

In this dissertation, I argue for the latter. More specifically, I suggest that contradictory role and outcomes of Fairtrade certification must be viewed in the context of several, inter-related dynamics. First, the Fair Trade model's focus on the *exchange* realm to affect *production* conditions obscures the class relations that secure the value of certified commodities. Second, a preoccupation with the smallholder or family farm leads Fair Trade activists to focus on "bad actors" (specifically transnational corporations and plantations) rather than the internal dynamics of commodity markets. Third, Fair Trade's agrarian idealism contradicts its developmental model, which promotes the expansion and intensification of production as a means to improve livelihoods. As Fridell suggests, Fair Traders prefer to view capitalism as a "specific *attitude* towards commercial exchanges" (Fridell 2007: 15), as opposed to a system that necessarily relies on logics of competition and accumulation in order to function. Taken together, these dynamics lead Fair Traders to: 1) conflate fair prices for farmers with fair wages for workers, 2) to overlook significant complexity in production, and 3) to obscure the central role of hired workers at virtually all scales of export banana cultivation. Because bananas grow year-round and, therefore, require a relatively consistent application of labor time, this sidelining of labor issues is particularly problematic.

The case of the Fairtrade banana initiative, thus, provides an opportunity to explore the 'labor question' within Fair Trade as it intersects with debates over mainstreaming. In export banana production, wage labor relations stretch far beyond the corporate plantation, to a variety of farms operating across highly differentiated scales and socio-ecological contexts. The construction of Fairtrade standards around the two distinct categories of Small Producer Organizations (SPOs) and Hired Labor situations has, in many ways, reinforced dualistic characterizations of small, marginalized farmers versus large-scale corporate plantations. By allowing small farmers to effectively operate with few formal labor standards, while requiring plantations to comply with a set of requirements related to wages, labor rights, and protections, certification facilitates the uneven experiences of workers across different production contexts. While Fairtrade retailers and marketing agents promote their relationships with small farmers to market certified products, they sideline the variegated conditions under which these producers operate, even within the small farm category. This includes vastly different patterns of land tenure and quality, access to capital for infrastructure and inputs, market

relationships, and the employment of wage labor in the production process. Of course, all of these factors affect farmers' productivity and possibilities for success within competitive world markets.

The agrarian idealism driving progressive elements within the Fair Trade system has, likewise, obscured this complexity. Preferring to focus on notions of the small or family-scale farm, self-described "mission-driven" actors have opposed plantation certification. As such, they have found themselves at odds with banana workers' unions and international labor solidarity movements in debates over Fairtrade growth and mainstreaming. Thus, while certification provides some theoretical possibility for consumer-based movement to support workers' collective action, and perhaps to even strengthen labor standards, in practice Fair Trade actors have failed to develop the structures, strategies, and relationships that might provide leverage for such action.

This dissertation draws on research about the historical development and current organization of the banana industry and the Fairtrade system to explore the challenges facing the Fairtrade banana initiative today. Chapter One provides an overview of Fair Trade's development and explores the theoretical underpinnings of its market-based model. In addition to reviewing recent scholarly work explicitly focused on Fair Trade, I draw on various bodies of literature to explore how processes of capitalist development, agrarian change, and the rise of market-driven modes of governance intersect to complicate dominant framings of Fair Trade's role and effects for producer communities. In Chapter Two, I trace the history of the banana industry, focusing on how the socio-ecological contradictions of banana production have shaped agro-industrial development in particular ways. While primarily focused on the forms of production and trade that evolved within the dominant Latin American banana sector, I suggest that smallholder contract farming has also played a limited, albeit critical role in shaping the contemporary organization of the industry. In particular locations and at particular moments, smallholders have provided opportunities for powerful transnational banana marketing firms to guarantee supply and externalize political, social, and ecological risks associated with agricultural production. Two production regimes, thus, emerged – one based on smallholder production for protected European markets and the other based on capital and labor intensive, rationalized production on Latin American plantations.

Chapter Three focuses on the contemporary social and spatial organization of the industry, highlighting some of the major shifts that have allowed banana marketing firms to maintain profitability in the face of accelerating crisis. However, increased awareness about the negative social and environmental consequences of export banana production has resulted in significant critiques of the industry and sparked a variety of social and labor movement calls for improved practices. It is within this context that the Fairtrade banana initiative emerged in the late 1990s. Around this same time, the trade liberalization policies pushed by multilateral institutions provided an opening for key banana industry players to challenge the protective European banana regime. Import quotas and tariffs had enabled the survival of Caribbean banana production. Many Fair Trade activists, thus, viewed certification as way to save smallholder farmers by supporting them in the face of increasing retailer demands and market competition. Yet the successful growth of the Fairtrade banana initiative has largely been underpinned by the enrollment of conventional agribusiness corporations and plantations, sparking significant debate within the Fair Trade movement.

Chapters Four and Five explore some of the contrasts in how Fairtrade certification plays out at the point of production in both small producer and hired labor contexts contexts. Chapter Four examines the experience of a Small Producers' Organization with ties to so-called mission-driven traders on Ecuador's South Coast. In this case I find that competition within a Small Producer Organization has threatened the continued participation of those who farm most closely to Fair Trade's agrarian ideal. I also argue that the failure of Fairtrade standards to address labor issues on farms certified under the SPO standards means that workers on Fairtrade farms do not necessarily benefit from certification. Chapter Five investigates the role of certification on banana farms in the Urabá region of Colombia. These operations are certified under the Hired Labor standards and work with conventional exporters and importers. First, I argue that Fairtrade certification fails to address the regionally specific realities of banana production, specifically the ways in which control by agrarian elites and armed conflict have undermined the possibilities for banana workers. Second, I investigate how the Fairtrade model tends to resonate with earlier forms of corporate philanthropy rather than promoting solidarity with union-based collective action.

The two regions and countries have distinct socio-historical trajectories and quite different banana-industrial contexts, which I explore within the chapters. Yet their respective experiences point to the more general limitations of market-based regulation to address the socio-ecological contradictions of banana commodity production. These cases shed light on Fair Trade's mainstreaming debate. First, they complicate arguments made about the differences between market- versus mission-driven actors within the Fairtrade system. While powerful global retailers and marketing firms clearly play a role in shaping the fortunes of banana farmers, my research shows how the logics of competition, growth, and development drive Fairtrade-certified production. Furthermore, I argue that these dynamics shape the practices of producers operating at multiple scales and in differentiated production contexts. My findings, thus, suggest that Fairtrade's challenges and limitations can be traced to the system itself, rather than simply to corporate cooptation.

I conclude by reflecting on the implications of Fair Trade's mainstreaming debate for the hired workers who produce the vast majority of bananas consumed within the global North. Placing workers at the center of this debate, I consider the differing strategies and goals of international Fair Trade actors and labor solidarity movements in the particular context of the global banana sector. I suggest that Fair Trade's market-driven model and the agrarian imaginary of consumer-activists have limited its potential to meaningfully engage with trade union movements to provide leverage for workers' collective action at the point of production. I also argue that this has limited the potential for Fair Trade actors to challenge the broader politics of agrifood system consolidation and neoliberalization.



## **Chapter 1: The Historical and Theoretical Roots of Fairtrade - The Intersection of Developmentalism, Agrarianism, and Neoliberalism**

### ***Fair trade in historical context***

The origins of the contemporary Fair trade movement can be traced to the 1940s, when a handful of faith-based organizations began selling the handicrafts of marginalized producers in the global South. By the 1960s a small group of alternative trade organizations (ATOs) and “world shops” were marketing “fairly-traded” handicrafts and tropical commodities (all with long colonial histories) in Europe and the U.S. (Fridell 2007). From a small, but dedicated, group of ATOs promoting direct links between producers and consumers, Fair trade has developed into a complex network of civil society and market actors and institutions. These groups are engaged in a variety of activities, including: standard-setting, supply chain certification, product labeling, marketing, and social movement organizing. FINE, an umbrella group comprised of the major Fair Trade networks (which are based in consuming countries of the global North) coordinates activities and guidelines related to standards, monitoring systems, and communications across its member organizations.<sup>2</sup> In addition, development NGOs such as Solidaridad, Oxfam, and Global Exchange have played a major role in the growth of the Fair trade network (Macdonald and Marshal 2010). These groups promote the concept of fair or alternative trade as a means to support sustainable development in the global South, by engaging in “development cooperation” (Wilms 2009).

The shift from direct trade relationships to certification and labeling began with the 1989 breakdown of the international coffee agreement (ICA), a system that had managed global coffee supply since World War II. The crisis that ensued for smallholder coffee farmers prompted the Dutch development NGO, Solidaridad, to launch the first Fairtrade certification and labeling initiative, Max Havelaar, in 1988 (Bacon 2005, Jaffee 2007). Over the next decade, similar labeling initiatives proliferated throughout the global North, opening up the potential for certified-commodity sales in mainstream retail markets. At first, the various national labeling initiatives functioned as separate, autonomous schemes, although they shared similar principles and standards. Realizing the need for harmonization of standards and audit processes to facilitate growth in international markets, these groups came together in 1997 to form the Fairtrade Labelling Organizations International (FLO) (Knapp 2010).<sup>3</sup>

By standardizing the standards in this way these Northern groups hoped to establish one globally recognized system (and label) through which to support artisans and farmers in the global South through improved terms of trade. FLO’s standards are based on a set of “common principles” that include: 1) the promotion of social development through participation in democratically organized associations and

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<sup>2</sup> FINE members include the Fairtrade Labelling Organizations International (FLO), the International Fair Trade Association (IFAT – now the World Fair Trade Organization), the Network of European Worldshops (NEWS!) and the European Fair Trade Association (EFTA), as well as the Fair Trade Federation in the US (Raynolds 2007).

<sup>3</sup> The development of the Fair Trade network has been well documented by many Fair Trade scholars, and will not be reviewed in detail here. For comprehensive histories see: Fridell 2007, Jaffee 2007, and Raynolds and Long 2007, Hutchens 2009.

transparent decision-making; 2) support for economic development through minimum prices, which ostensibly exceed farmers' costs of production, social premiums to improve community health, education, and environment, and local economies, and access to credit for producers who require it; 3) requirements for environmentally sound agricultural practices 4) a prohibition on child labor and forced labor.<sup>4</sup>

As the Fairtrade certification system has expanded, standards have proliferated and become more complex. FLO now has Small Producer Organization (SPO), Hired Labour (HL), product, and trader standards, as well as additional commodity specific standards, including the minimum pricing requirements and, in the case of some products, quality standards. Fairtrade standards mediate trading relationships between producers and buyers, delineating a per-unit minimum price that must be paid directly to farmers, regardless of market fluctuations.<sup>5</sup> These criteria can provide relative stability and advantage for small producers in the face of volatile markets, exploitive contract relationships, and decreased national and multilateral protection. Indeed, some studies, as well as my own research, suggest that certification does generate material benefits for marginalized producers in the global South (Bacon 2005, Jaffee 2007, Levi and Linton 2003, Reynolds et. al. 2007). Another cornerstone of the Fairtrade system is the social premium, paid directly to the farmers' or workers' organizations to finance a variety of so-called sustainable development goals, including social and environmental projects and productive improvements on member farms.<sup>6</sup> The social premium varies by commodity, and can total between 8 percent and 12 percent of the minimum price (FLO 2010). Farmers' and workers' organizations determine how social premium funds will be allocated, albeit within parameters set by FLO. As we will see, uneven power relations across Fairtrade commodity networks, as well as within producer communities, have made the social premium a subject of intense conflict.

FLO's standards for Small Producer Organizations (SPOs) stipulate a variety of socio-ecological criteria to which members must conform, including production practices, environmental protection, integrated pest management, training and occupational health and safety standards for use of agrochemicals and equipment, soil and water management, waste management, protection of biodiversity, and prohibitions on genetically modified organisms (GMOs) (FLO 2011a). Although organic practices are not required, FLO limits use of some of the most toxic agrochemicals through a prohibited materials list (FLO 2007).<sup>7</sup> FLO minimum prices also reflect a higher price premium for products that are also certified organic. In some commodity categories and consuming regions, dual organic/Fairtrade certification is increasingly becoming a requirement for market access. Still, a majority of Fairtrade bananas (sixty-nine percent in 2011) remains conventional (FLO 2012), in part due to the challenges of using organic

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<sup>4</sup> For the full list of FLO principles and objectives see:

[http://www.fairtrade.net/aims\\_of\\_fairtrade\\_standards.html#c3782](http://www.fairtrade.net/aims_of_fairtrade_standards.html#c3782), accessed September 12, 2012.

<sup>5</sup> Units vary based on the particular commodity being certified (e.g. box, quintal, bunch).

<sup>6</sup> Projects include organic transition and infrastructure improvements for irrigation, composting, distribution, as well as schools and health clinics.

<sup>7</sup> FLO's Prohibited Materials List is derived from the World Health Organization's Class 1a and 1b list, the Pesticide Action Network's "dirty dozen" list, and the Food and Agriculture Organization/United Nations Environment Program's Prior Informed Consent Procedure, as well as some prohibitions developed by FLO itself. In the case of FLO specific prohibitions, many of the chemicals are allowed "under exceptional conditions" (FLO 2007).

methods in existing growing regions. The labor standards applicable to SPOs are limited to occupational health and safety, and no child or forced labor. Other labor standards, such as freedom of association, collective bargaining, and wages apply only to farms hiring “a significant number of workers” (*Ibid*: 24). Furthermore, in the case of bananas, FLO’s focus on permanent workers in audits sidelines the widespread use of temporary workers who perform work on a year round basis. As we will see, the Fairtrade standards may even promote ongoing use of a permanent, but contingent, workforce.

In addition to compliance with all of the above-referenced standards, farms certified under the standards for “Hired Labour Situations” must also meet a variety of additional requirements related to workers. These include minimum wages, workplace health and safety requirements, the extension of “social rights and security”, training, non-discrimination, and worker management of the social premium (FLO 2011b). A critical difference between the two sets of standards is the requirement that workers have access to freedom of association and collective bargaining rights (*Ibid.*). In practice, however, workers’ committees can be substituted for trade unions. This practice has led to critique by international labor movement actors, as some growers have maintained certification even while engaging in union busting activities (author interviews, May 15, 2009 and February 22, 2010). Hired labor standards are thus framed as suitable for plantation agriculture, but unnecessary for SPO operations. Indeed, some argue that small farmers’ marginalized position makes it impossible for them to improve conditions for workers (author interview, May 12, 2009, Smith 2010). This view resonates with sustainable food movement adherents in the global North, who argue that organic production should not entail social criteria due to the marginalized position of “movement-oriented” farmers vis-à-vis industrial organics (Shreck *et al.* 2006).

It is important to note that, just as the terms of trade in conventional export markets are dominated by consuming countries’ interests, Fairtrade standards and monitoring processes are largely set by actors in the global North, where FLO and the national labeling initiatives are located (Mutersbaugh 2002, Shreck 2005, Bacon 2010, Doane 2010). This control clearly plays a central role in determining which producer groups have access to the system, the rigor of social and environmental requirements, and distribution of benefits within the system, as well as across the certified commodity chain. Certified producers and traders are audited against these standards by FLO-CERT, an independent and wholly owned subsidiary of FLO. FLO touts itself as the first and only social certification initiative to be accredited by the International Organization for Standardization, which it claims provides consumers with a guarantee of quality management systems, transparency, and independence (FLO 2008).<sup>8</sup>

Nonetheless, the historical lack of producer representation within Fairtrade’s governance structure, combined with a perceived failure to address farmer concerns, has prompted sustained activist and small farmer critiques. After a decade of criticism, in 2009, FLO adopted a new constitution, included producer groups on its Board of Directors, and undertook an evaluation of pricing mechanisms for some commodities

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<sup>8</sup> The International Organization for Standardization, ISO, is a non-profit organization that has issued over 18,500 different standards, including for food and agricultural products (Busch 2000). ISO’s goal is to facilitate cleaner, fairer, and more efficient product development and trade through standards that can supposedly be made universally legible ([http://www.iso.org/iso/about/discover-iso\\_what-standards-do.htm](http://www.iso.org/iso/about/discover-iso_what-standards-do.htm), accessed January 5, 2012).

(FLO 2010, Knapp 2010).<sup>9</sup> Still, some Fair Trade activists and researchers argue that FLO's recent reforms are insufficient (Bacon 2010, Jaffee 2010). According to Bacon a, "fairer Fair Trade would include a governance process with more Southern civil society, grassroots development stakeholders, and consumer interests" (2010: 113). These critiques of FLO's governance structure and operational systems are bound up within a broader set of tensions, which have emerged in the context of the rapid growth of Fairtrade markets.

***Fairtrade's Polanyian orientation: Re-embedding and mainstreaming***

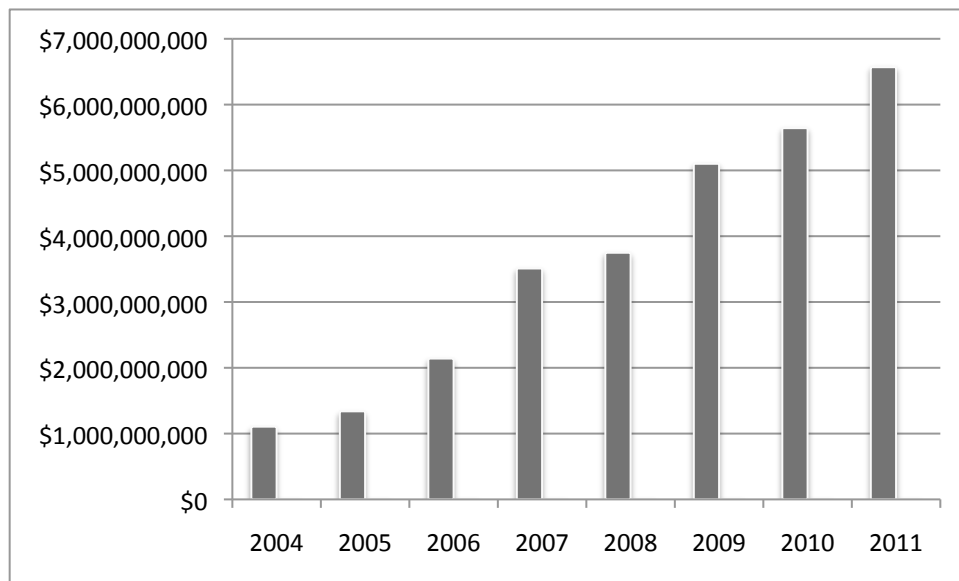
FLO contends that the shift towards certification and labeling was a response to increasing demand from producer groups, activists and consumers. Indeed it was this strategic embrace of certification that has made Fair Trade's phenomenal growth possible, by making a universal label legible to consumers and thus allowing Fairtrade-certified commodities to be sold in supermarkets. Over the past decade, Fairtrade certified markets have witnessed double-digit annual growth (See figure 1:1). In addition to rapid expansion in sales of traditional commodities such as coffee, tea, cocoa, and bananas, new products have also been introduced, bringing the total to 25 different certified-commodity groups (FLO 2005-2012). For 2011, FLO reported US\$6.3 billion in certified annual sales and US\$89.6 million in social premium funds distributed (approximately 1.4 percent of total sales) (*Ibid.*).<sup>10</sup> This represents a 12 percent increase in annual sales over 2010 and a five-fold increase since 2002 (*Ibid.*). Also in 2011, 991 certified producer organizations were certified in Latin America and the Caribbean, Asia, Africa, and the Middle East, representing approximately 1.2 million farmers and workers in 66 countries (*Ibid.*). Fairtrade sales-growth has consistently outpaced that of conventional agrifood markets, transforming the system from a patchwork of alternative supply chains into a multi-billion dollar global industry.

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<sup>9</sup> FLO's standards are now set by its governing members, including 19 national labeling initiatives, 3 producer groups with geographical representation from the major Fairtrade-producing regions -- Africa, Asia, and Latin America, and 2 marketing organizations (FLO 2010).

<sup>10</sup> FLO's 2011 annual report (accessed 17 November 2012 at [www.fairtrade.net](http://www.fairtrade.net)) listed sales and social premium total in Euro. To derive sales and premium estimates in US dollars, I used the official euro-dollar exchange rate for December 2011.

**Figure 1.1: Fairtrade-certified sales growth, 2004-2011 (USD)**



**Source: FLO annual reports, 2005-2012**

As measured by market growth, then, Fairtrade has been quite successful. However, meeting these broader distribution goals has required the enrollment of transnational corporations and mega-retailers, generating significant critique from within the movement over the processes and consequences of “mainstreaming”. According to Hudson and Hudson:

Expanding sales to a wider audience requires either a long and uphill battle to develop sufficient consumer-demand to warrant space on supermarket shelves or access to mainstream distribution channels through the brands that already dominate the market. Given these alternatives, it is little surprise that fair-trade labeling took the latter option” (2009: 242).

Growth has also entailed the enrollment, via the Hired Labor standard, of plantations that are better equipped to guarantee the predictable, timely, and high quality volumes required by branded retailers and large supermarket chains (*Ibid*: 240). Supporters of this growth trajectory view it as a win-win situation, bringing benefits to increased numbers of marginalized farmers and workers and meeting increased market demand. In justifying plantation certification, Paul Rice, the founder and CEO of the US-based labeling initiative, Fair Trade USA, (formerly Transfair) argues, “[o]ur objective is to help the poor, whether they own a plot of land or not” (Gogoi 2008: 1). With respect to the potential competitive challenges posed to more marginalized farmers within the system, Rice suggests, “[w]e’re all debating what do we want fair trade to be as it grows up,” Mr. Rice said. “Do we want it to be small and pure or do we want it to be fair trade for all?” (Neuman 2011).

Proponents of market growth also point to concerns over competition from a burgeoning array of social and environmental certification schemes, many of which are viewed as less rigorous than Fairtrade. Indeed, transnational actors have eschewed Fairtrade's minimum pricing standards and doubted whether the system could sufficiently "scale up" to certify their large volumes, preferring other certification schemes such as the Rainforest Alliance and Utz-Certified (Hudson and Hudson 2009). Some argue that large industry players have actively undermined Fairtrade by working to establish such competitor certification initiatives (Fridell 2007, Fridell *et al.* 2008, Renard 2010). With lower standards and no minimum price requirements, these initiatives have arguably lowered barriers to entry for TNCs and plantations wishing to capture a share of the growing ethical market (Renard 2005, Jaffee 2007, Renard and Pérez-Grovas 2007, Linton 2008). Utz-certified, for example, claims one third of the ethical coffee market<sup>11</sup> and 100 percent of Chiquita bananas have been certified by the Rainforest Alliance's Sustainable Agriculture Network certification program (Taylor and Scharlin 2004). In a similar vein, Starbucks has established its own private certification program (CAFE standards) in consultation with Conservation International and certified by the for-profit Scientific Certification Systems, purchasing 65 percent of its coffee through this system (Starbucks 2007). While some argue that this proliferation of voluntary certification creates confusion among consumers (Renard 2005), others point to the potential for competition among multiple schemes to lead to a "virtuous circle" of competition and continuous improvement (O'Rourke 2003).

Many accounts of the dynamics of Fairtrade growth characterize the mainstreaming debate as a fundamental ideological divide over Fair Trade's goals, as well as its appropriate beneficiaries. At one end of the divide are so-called mission-driven ATOs that have worked to develop long-term, direct trade relationships with farmers cooperatives, or SPOs, based on principles of solidarity and reciprocity (Renard 2003, Low and Davenport 2005, Jaffee 2007, Raynolds and Long 2007, Bezençon 2011). At the other end are "market-driven corporate buyers who may meet audited certification requirements, but otherwise advance mainstream business practices" (Raynolds 2009: 1083, also see Fridell 2007, Jaffee 2007 and 2010). By "fostering competition and intensive buyer control" these market actors cause "a shift in network relations from partnership to traceability" (*Ibid.*). For some Fair Trade researchers this divergence "has become the most significant issue facing the U.S. Fair Trade movement" (Jaffee 2010: 273). Locating various Fair Trade efforts and actors on a spectrum from "embeddedness" to "marketness", Jaffee argues that, as companies with otherwise poor records of social justice and environmental sustainability enter Fairtrade markets, products have become disembedded from fair trade practice (2007: 22-23).

This reference to embeddedness in the context of alternative markets recalls the work of Karl Polanyi. In *The Great Transformation*, Polanyi (1944) argues that the attachment of exchange-value to land, labor, and money (what he terms "fictitious commodities") under capitalism results in the disembedding of markets from their social fabric. He traces the rise of an ideological separation between social and economic spheres and ideas about the infallibility of markets in directing economic life. This central tenet of liberal capitalism has been bolstered in recent decades by the ascendancy of neoliberal discourse and practice on a seemingly global scale and the concomitant

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<sup>11</sup> <http://www.utzcertified.org/> accessed January 27, 2012.

disembedding of global production networks from national state-centered regulatory frameworks and societal institutions (Ruggie 2004). In contrast, Polanyi argued that attempts to govern these fictitious commodities purely through market relations result in social exploitation, environmental degradation, and dislocation. These crises, in turn, call forth protective counter-movements from within society to challenge the contradictions of the self-regulating market. Polanyi termed this dynamic between capital's attempts to disembed markets, and social movement efforts to reembed them, the "double movement". Polanyi argued that markets need regulation to survive and that the dynamic of the double-movement was, thus, an inevitable tension within capitalism. However, he was also reacting against the determinism of mechanical Marxism. Polanyi, therefore, suggested that the forms that protective counter-movements will take depend on multiple political-economic, cultural, and institutional factors, and are thus contingent across time and space.

Polanyi's analysis of crisis in early twentieth century capitalism has significant analytical purchase for understanding the crisis facing the world's small farmers and landless workers, as well as the response of the Fair Trade movement (Utting-Chamorro 2005). Perhaps nowhere have the effects of neoliberal globalization been felt more acutely than in the agricultural sectors of the global South. Scholars have taken up the Polanyian analytic to conceptualize the multifarious social movements that have emerged to challenge processes of agricultural restructuring, corporate consolidation, and market liberalization that have undermined the position of smallholder producers, landless workers, and rural communities on a global scale. As Polanyi predicted, these social movements have taken different forms and approaches to processes of agrarian change. On the one hand, producer movements in the global South, such as Via Campesina, engage in collective action to make broad, rights-based claims vis-à-vis local and national states and multilateral institutions (Wittman 2009). On the other hand, a host of consumer-based alternative food networks have emerged to challenge liberal market conventions by inserting values-based claims into exchange relationships and, thus, reembedding markets in conventions based on quality, trust, and social and environmental ethics (Whatmore and Thorne 1997, Hinrichs 2000, Reynolds 2000, Murdoch *et al.* 2000, Barham 2002, Renard 2003, Renting *et al.* 2003, Bacon 2005, Murray *et al.* 2006, Sonnino and Marsden 2006, Higgins *et al.* 2008).

Broadly speaking, the concept of embeddedness has been utilized to capture the complex interplay among different sets of actors, social relations, and institutional arrangements that constitute and mediate markets (cf. Granovetter 1985), from food re-localization to food labeling. Barham (2002) is particularly laudatory of the potential for food labels, including organic and Fairtrade, to rehumanize markets and to mobilize a reflexive and solidaristic consumer politics, albeit with little empirical evidence to support this contention. Macdonald and Marshall also characterize these initiatives "as attempts to re-embed capitalism in social justice norms" (2010: 7). With respect to food localization, scholars have suggested that the face-to-face interactions of on-farm sales, farmers' markets, and community-supported agriculture (CSAs) promote producer-consumer interactions that can build trust and improve production practices (Renting *et al.* 2003, Higgins *et al.* 2008).<sup>12</sup> Alternative food networks in Europe and North America

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<sup>12</sup> However, some caution that a romantic acceptance of local relationships between producers and consumers as more socially embedded risks conflating spatial and social relations (Hinrichs 2000: 301) and

are viewed as promoting rural development, food quality, and sustainable agricultural systems (Marsden *et al.* 2002, Marsden 2003, Buller and Morris 2004). On the other hand, an increasingly complex set of private rules, standards, and monitoring systems have developed (and are believed necessary) to promote consumer trust and solidarity, and thus to reembed “longer” supply chains that may stretch across considerable social and spatial distance (Renting *et al.* 2003, Buller and Morris 2004, Giovannucci and Ponte 2005, Sonnino and Marsden 2006).

Many Fair Trade researchers have acknowledged the tensions inherent in efforts to work simultaneously “in and against the market” (cf. Barratt Brown 1993, Murray and Reynolds 2000, Goodman 2004, Renard 2005, Shreck 2005, Taylor 2005, Jaffee 2007). Recognizing the constraints imposed by competitive global markets, some insist that the Fair trade system can, nonetheless, work to promote “poverty reduction, social development, and democratic governance goals...*through*, rather than *in spite of*, the international trading system” (Knapp 2010: 53, author’s emphasis). Given the Fair Trade system’s focus on markets as the source of social and environmental ills, *and* as the locus of change, it is not surprising that fair trade researchers would invoke Polanyi. Nor is it surprising that Fairtrade’s market growth would be viewed as a tension “between embedding and disembedding,” or mission and market forces (Sonnino 2007: 62). However, whether and how such tensions can be resolved remains an open question.

Activists and researchers alike attribute the current challenges facing the Fair Trade network to the potential for cooptation by market forces as mainstreaming proceeds apace. At the same time that they seek to build consumer trust by dedicating small percentages of their overall purchases to Fairtrade, transnational corporate actors are actively working to ratchet down the standards (Jaffee 2010). Researchers point to the failure of minimum prices to keep up with production cost inflation and the ability of buyers to undermine minimum pricing by refusing to offer even year-long contracts as evidence of the erosion of Fairtrade standards and benefits (Jaffee 2010, Smith 2010, van Heijningen 2011). Lightning rods like Nestlé and Chiquita are invoked as especially egregious examples. The U.S. labeling initiative, Transfair’s (now Fair Trade USA) 2005 announcement of a partnership with Nestlé sparked major protest from mission-driven Fair Traders. Citing an ongoing boycott over the company’s sale of banned (in Europe and in the U.S.) infant formula to mothers in the global South, one representative of the Fair Trade pioneer and worker-owned ATO, Equal Exchange, publicly stated, “[f]or generations, Nestlé has been anything but a friend to small farmers. A token gesture of this scale will only serve to mislead consumers that the company has suddenly reformed itself” (Dickinson 2005).

If the Nestlé decision brought the growing rift within the Fair Trade network to a head (Knapp 2010), the Fairtrade banana initiative has stoked the fires of this debate. The Fairtrade banana initiative will be discussed in detail in Chapter Three. Here it is important to note several important points about the relationship between the banana sector and the Fair Trade network. First, the vertically integrated and consolidated structure of the export banana trade has created particular challenges for the Fair trade network and, according to FLO, necessitated an engagement with transnational corporate

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promoting a “defensive localism” (Winter 2003). Goodman (2004) warns against reifying the local as a legitimate or authentic space in opposition to the “placeless” global.



actors and plantation agriculture. As such, it has raised the profile and intensity of the debate over use of the Fairtrade Hired Labor standards. Second, the banana multinationals' legacies in Latin America have exacerbated activists' concerns about corporate engagement with Fair Trade. Indeed, companies such as Chiquita and Dole are notorious for their long histories of engaging in unfair trade practices, marginalizing small farmers, devaluing workers, and degrading the environment (Robinson 2011). The mainstreaming debate, thus, embodies a "growing conflict with producers over hired labour plantation production displacing the benefits and market access from the small farmer producers that Fairtrade was initially designed to support" (Knapp 2010: 51). As Fair trade pioneer Jonathan Rosenthal argues, "[p]lantations are the legacy of an unfair system where the elite and the wealthy classes denied small producers their land, and small farmers always got the raw end of the deal" (Gogoi 2008: 2).

Implicit in the contention that Fair Trade's central challenge is to fight co-optation or capture by market logics and dominant market actors is the notion that these tensions can be resolved within the protected realm of alternative or niche markets good point (Raynolds 2002, 2009, Renard 2003, Low and Davenport 2005, Taylor 2005, Barrientos and Smith 2007, Bacon 2010, Jaffee 2010). Bacon (2010: 112) conceptualizes these differences as particular "models of Fair Trade: a corporate-centric, profit-oriented model focused on rapidly expanding high margin niche markets for certified products, an alternative trade model oriented towards a social economy and including a larger campaign to 'reform the global trade system', and hybrid models" (also see Reed 2009). Indeed, this view is widely accepted among even the most critical of Fair trade scholars, who argue that ATOs and direct trade relationships with small farmers can foster the mutual understanding, solidarity, and trust needed to overcome market contradictions (Fridell 2007, Raynolds *et al.* 2007, Hutchens 2009, Jaffee 2010). "Shorter" supply chains comprised of ethical actors and small producers have thus become goals to be pursued, even as the social and environmental ills of conventional markets remain unfortunate features of contemporary global capitalism. Informed, ethical consumers, then, can avoid these ills and practice solidarity through appropriate purchases. It's worth noting that many of these same scholars do suggest that consumption of Fair Trade products alone will not alter the unfair global trading system and that broader institutional reforms are needed (Fridell 2007, Raynolds *et al.* 2007, Moberg 2008, Jaffee 2010). What is less clear in much of the Fair Trade literature is how a consumer-based politics might translate into other forms of political action or collective demands. Thus, consumption-based approaches to social and environmental change are characterized as creating potential channels for broader political mobilization for consumers to pursue (Holzer 2006), when they are not out shopping.

### ***Re-embedding and its limits: Fairtrade as neoliberal governance***

Debate within the Fair Trade literature regarding its role in challenging market conventions by protecting land and labor extend into a consideration of its potential to contest the intensified and expanded forms of market disembedding associated with the rise of global neoliberalism (Moberg 2008). On the one hand, scholars have argued that Fair Trade activism has emerged to resist these trends, by protecting smallholder farmers and workers in the global South – groups that have arguably born the brunt of neoliberalization efforts, from the exploitation, degradation, and dislocation that Polanyi

argued inevitably arise through self-regulating markets. Indeed, roll back of regulation and safety nets and market liberalization in agriculture and food sectors has prompted fervent activist resistance. On the other hand, Fair Trade's emphasis on working "in and against the market" has caused some to argue that its focus on consumer choice, as opposed to overt political action, makes it a mild-mannered and paradoxical anti-neoliberal social movement (Moberg 2008). Fridell (2007) notes that the Fair Trade model actually fits with many of the tenets of liberal, and indeed neoliberal, capitalism. As Guthman argues is the case with many consumer-driven alternative food movements, Fair Trade activism produces and reproduces "neoliberal forms and spaces of governance" even as it opposes "neoliberalism writ large" (2008: 1172).

Fair Trade must be understood within the context of a broader set of private, voluntary, and flexible modes of agrifood governance that have emerged over the past several decades in response to massive restructuring of agrifood production, distribution, and consumption occurring on a global scale (Higgins and Lawrence 2005, Busch 2011). Scholars have long attempted to understand the rapidly changing spatial and social structures of agrifood systems and commodity chains. Beginning in the 1970s, scholars associated with the "new political economy of food and agriculture" (Friedland *et al.* 1991) began to investigate these processes of restructuring and their implications for producer and consumers. This involved a re-energized interest in the classical agrarian question (cf. Kautsky 1899) to explore dynamics of agrarian change in the global South (explored in detail Chapter Two). It also led to broader, Marxian-inspired inquiries of food and agriculture systems. Among these, Friedmann and McMichael deployed the concept of "food regimes" to better understand the strategic role of agriculture in the development of the world capitalist economy. Food regime analysis has involved identifying periodized phases of capital accumulation associated with particular configurations of geopolitical power and forms of agricultural production and consumption (Friedmann and McMichael 1989, Friedmann 1993, McMichael 1995, McMichael 2009).<sup>13</sup>

This analytic has been used to frame the current configuration as a "corporate food regime" (McMichael 2000), characterized by: increasing monetization of food economies within and across multiple regions; the financialization and consolidation of agrifood firms; the enclosure and privatization of natural resources and agricultural inputs, from land and water systems to seeds; the liberalization of markets (albeit unevenly, given the persistence of agricultural subsidies within the global North); an increasing control of supranational institutions over relations of production and distribution, through structural adjustment programs and so-called free trade rules; and the erosion of national state-centered safety nets and regulatory frameworks in favor of flexible modes of governance (Friedland, *et al.* 1991, Friedmann 1993, Bonanno *et al.* 1994, Goodman and Watts 1994, McMichael 1994, Magdoff *et al.* 2000, Lang 2004, Higgins and Lawrence 2005). Taken as a whole, these processes and practices have

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<sup>13</sup> French Regulation Theory (Aglietta 1979, Jessop 2001) and World Systems Analysis (Wallerstein 2004) influenced Friedmann and McMichael's food regime concept. As McMichael (2009) argues, these configurations are inherently unstable due to the contradictions of capitalism. Food regime analysis thus seeks to explore these tensions, as revealed in moments of crisis within these configurations, as well as transitions between regimes.

undermined stability for rural communities and contributed to new patterns of inequality and uneven geographical development (McMichael 1994, Harvey 2005).

Recent work in the field of geography has taken up the analytic of neoliberalism to better understand socio-spatial transformations under contemporary capitalism, in the context of cities (Brenner and Theodore 2002, Jessop 2002, Peck 2004) and natural resources and environmental change (Mansfield 2004, McCarthy 2004, McCarthy and Prudham 2004, Robertson 2004, Heynen and Robbins 2005). While viewing neoliberalism, broadly, as an ideological framework and set of material practices and structures aimed at freeing capital from the constraints of regulation and social provisioning, geographers have also highlighted the contingent and conjunctural character and uneven outcomes of neoliberal capitalism (Harvey 2005). The era of neoliberal capitalism has witnessed new and intensified processes and forms of privatization, enclosure, and valuation of land and natural resources (McCarthy and Prudham 2004, Heynen and Robbins 2005). It has also led to the vertical and horizontal rescaling of governance and the shift of the locus of regulation from public to private spheres under multifarious circumstances (Brenner and Theodore 2002, Jessop 2002, Heynen and Robbins 2005). Peck and Tickell (2002) have referred to this as “roll-out” neoliberalism, whereby traditional modes of public regulation and safety nets are eroded in favor of flexible and voluntary systems and devolution to “local” and individual levels.

Following Guthman (2007), I argue that food labels like Fairtrade are a form of regulation, which devolves responsibility to individuals and validates consumer choice as a mechanism for determining socio-ecological conditions of production. These are tendencies that Swyngedouw (2005) characterizes as both depoliticizing and de-democratizing. The roots of the Fair Trade system pre-date the neoliberal turn. However, the strategic embrace of Fairtrade certification and labeling *has* coincided with a set of sweeping changes in agricultural and food sectors around the world. These changes have largely been imposed through neoliberal ideology and practice. In this regard, growth of the Fair Trade network does signal a growing awareness of, and opposition to, the agrifood system consolidation, de-regulation, and market liberalization that are hallmarks of the neoliberal turn. Fair Trade, like other food certification and labeling initiatives focused on socio-ecological concerns, has thus come to be viewed as a strategic alternative, where possibilities for state intervention and collective action have seemingly been foreclosed. Proponents argue that certification and labeling can support small farmers and workers by offering an alternative to (failed) state-based regulation, a means of differentiation within global markets, and a form of protection to buffer marginalized producers and workers through price premiums.

As discussed in the previous section, an early focus on Fair Trade’s theoretical potential led some scholars to argue that the system provided an opportunity to defetishize commodities and re-embed markets in ethical conventions (Raynolds 2000, Barham 2002, Renard 2003, Watson 2006). However, when viewed from the point of production, Fair Trade’s transformative potential appears more ambiguous.<sup>14</sup> On the one hand, studies have shown that participation in Fairtrade markets does benefit small farmers in important ways, a finding corroborated in my own research on the Fairtrade banana industry. Fair Trade has been particularly effective in improving and stabilizing

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<sup>14</sup> In other words, research focused on what ATOs and labeling initiatives intended to do or believed they were doing has tended to be more laudatory than empirical research at the point of production.

incomes and providing access to credit, production technologies, and technical assistance (Levi and Linton 2003, Bacon 2005, Jaffee 2007, Raynolds *et al.* 2007). Some studies have shown that participation in Fairtrade markets also correlates with improved conservation practices and reduced agro-ecological risk (Melo and Wolf 2005).

On the other hand, a number of production-centered studies point to the limits of certification as it is currently configured. Despite some clear benefits for participating producers and their communities, certification serves more of a redistributive function (Shreck 2005) or a form of “shaped advantage” (Fridell 2007) than one that is “market-breaking” (Jaffee 2007) or “counter-hegemonic” (cf. Evans 2000, Shreck 2005). By buffering some producers from the market imperatives that result in socio-ecological degradation, Fairtrade certification can thus be considered protective a la Polanyi (Guthman 2007). Yet, the evidence suggests that Fairtrade’s transformative potential may be overstated among activists and scholars alike.

The question remains as to why Fair Trade has failed to achieve its purported goals. While many researchers point to the dynamics of mainstreaming discussed in the previous section, I argue that Fair Trade’s primary challenge is its failure to contest the underlying logic that makes exploitation and degradation possible and, indeed, inevitable in capitalist production. The increased presence of transnational corporate actors and the competitive pressures placed on smallholders due to the entry of more rationalized, productive farms in the Fair Trade system clearly play a role in undermining benefits for small farmers. However, these dynamics are not simply the result of corporate cooptation but rather are internal to the Fair Trade system. If Fair Traders question the consequences of disembedded markets, they leave the logic of capitalist production and market exchange intact. Despite purported attempts to challenge market conventions (Raynolds 2000, Renard 2003), the Fair Trade movement has also legitimized the market as an independent agent of change by propagating “the idea that markets can trade in justice” (Doane 2010: 231). Indeed, the notion that markets can be regulated through voluntary mechanisms and the hailing of consumers as agentic actors in this process is a key neoliberal conceit (Guthman 2008). As Guthman (2007) argues, food labels like Fairtrade also facilitate the *creation* of new markets. Despite claims to respond to market failures, the Fair Trade system may therefore signal the success of market rule. That Fair Trade attempts to challenge the self-regulating market through voluntary, market mechanisms calls into question the extent to which a Polanyian framework can adequately explain the dynamics of Fair Trade (Munck 2004).

As a private, voluntary market mechanism, Fairtrade protections are highly uneven and transient. Indeed, *exclusion* from these alternative, niche markets provides the basis for securing the economic rents, or price premiums, that protect particular producer groups (Guthman 2004). These rents are achieved through the rights that inhere in the label, themselves a new form of property right (Guthman 2007). Protection is also uneven within *Fairtrade*, due to the construction of standards to protect particular groups within the Fairtrade commodity chain (e.g., among producer groups, between farmers and workers, and between producers and buyers). Barriers to entry are not only the result of the way standards are constructed and operationalized, but also due to contingencies across time and space. For example, producers report long waitlists to enroll in existing certified producer groups, although they may meet all of the same standards as the peers within a particular producing region (Moberg 2005, Jaffee 2007). Certification also

appears to grow within particular producing regions in a manner that is path dependent. As attention is drawn to, and resources invested in, particular communities, certification proliferates, while other regions may remain outside its orbit.

At the same time that certification and labeling relies on barriers to entry to inhibit market supply and, thus, maintain premiums, dynamics of overproduction continue to be reproduced within Fairtrade. Studies suggest that cooperatives are often only able to sell a percentage of their coffee in Fairtrade markets (Bacon 2005, Jaffee 2007). Still, market growth calls for the constant opening up of new sites of Fairtrade production, as well as encouraging existing participants to increase their production.<sup>15</sup> Furthermore, competitive dynamics that lead to potential oversupply are not limited to the enrollment of transnational corporations and plantations. Increasing numbers ATOs and SPOs have also sought entry into Fair Trade markets, and small farmers also end up competing with each other (Levi and Linton 2003, Fridell 2007, Reynolds 2007). Indeed, oversupply has historically been a problem in the coffee sector, where FLO has prohibited plantation certification. In this way, certification may facilitate participants' wider and deeper engagement in capitalist production relations, by providing incentives for small farmers to enter agro-export markets and to, then, intensify and expand their production in order to meet market imperatives. Indeed, this is a central goal of Fair Trade's developmental model, and a tension generally overlooked by Fair Trade actors.

Relatedly, alternative food movements have been critiqued for leaving conventional agrifood systems intact (Guthman 2003, 2011, Allen 2004, Harrison 2008). While certified products are characterized as demystifying exchange relations, challenging price as the sole basis of 'value', and providing a progressive opening for "taking back" the food system from TNCs (Reynolds 2000), these products' non-certified counterparts remain their neighbors on the grocery shelf, continuing to suffer the commodity fetish. This "peaceful coexistence between the alternative product and the criticized one reflects the logic of the niche market", thus undermining proponents' claims regarding the need for scrutiny of production and trade relations (Guthman 2003: 139).

Scholars have also noted that standards purportedly designed to protect marginalized farmers and workers simultaneously generate new burdens at the point of production. These include the implementation of management systems, new infrastructure requirements, and increased agrochemical inputs to ensure product quality, traceability, and food safety for consumers (Mutersbaugh 2002, Moberg 2005, Lyon 2006, Jaffee 2007, Lewis and Runsten 2008). Researchers have noted, in particular, the increased labor demands associated with the reduction of chemical herbicides, the need for quality assurance, and record keeping, as well as increased debt burdens to finance farm infrastructure and inputs (*Ibid.*). As a result, non-rationalized, resource-poor producers face often insurmountable barriers to entry and those who are already certified risk losing market access due to the accumulation of new demands. Thus, while consumers' understandings of Fair Trade may be shaped by narratives and images of certified farmers and their mutual participation in a "moral economy" (Busch 2000, Goodman 2004), producer understandings of Fair Trade's "meaning" are shaped by the

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<sup>15</sup> This dynamic was corroborated by my own research in the Fairtrade banana industry, where the SPO I worked with had closed its membership rolls, but was also instituting new production quotas. At the same time cooperatives and plantations were being certified in other regions and countries.

challenges of standards compliance and monitoring. It is worth noting that securing and maintaining access to the Fairtrade market involves meeting a variety of other standards, including the European supermarket-initiated GlobalGAP (Good Agricultural Practices) and organic standards.<sup>16</sup>

In addition, farmers and workers often have quite different understandings of the networks in which they are imbricated than do Northern social movements and consumers. Some studies suggest that producers do not necessarily articulate their participation in Fair Trade networks in terms of solidarity-producing or reciprocal relationships, but rather as “the market that we have right now” (Doane 2010: 252, also see Lyon 2006). Others view Fairtrade certification as a “new kind of dependence” (Moberg 2005: 13). In a study of Fairtrade banana farmers in the Dominican Republic, Shreck (2005) found that some cooperative members had little information about the terms of certification and in some cases were unaware that they are producing for the Fairtrade market (Shreck 2005). Lyon (2006) found similar dynamics in the case of Guatemalan coffee farmers. My fieldwork in Ecuador resulted in similar findings. While most producers indicated a basic understanding that they were producing for a market called *comercio justo* (Fair Trade), many were unable to explain what the initiative entailed, and few expressed agreement that they were receiving fair treatment within the system. In addition, workers often did not know that they were working on Fairtrade certified farms, much less the meaning that might hold for those who would consume the bananas they were cutting, washing, packing, and labeling.

Certification and labeling schemes demand production and management systems that resonate with Western sensibilities and which exclude non-rationalized producers (Freidberg 2003, Campbell 2005). What may be read as rigor and transparency to build trust among Northern activists and consumers may thus be viewed as burdensome, inappropriate, or even incomprehensible to producers. Such findings raise questions about the potential for the certification and labeling model employed in Fair Trade to reproduce power asymmetries or neocolonial relations across certified supply chains (*Ibid.*). Noting the unequal distribution of responsibility and accountability across the Fairtrade commodity chain Shreck (2005) asks why similar surveillance has not been applied to buyers in the global North. Shreck also notes that the preoccupation with market access as a means of empowerment and progress can be viewed as paternalistic, particularly given that the system relies on the audit technique to verify appropriate production practices. As Strathern argues regarding the broader growth of “audit culture” within contemporary society, the idea of visibility as a conduit for knowledge is easily elided with visibility as a form of control (2000: 309). Just as market-based strategies have the potential to conflate consumption with citizenship, the audit process has the potential to conflate so-called transparency with justice and empowerment. In seeking such transparency, even well intentioned certification agents risk engaging in practices, which at best leave producers and workers’ structural position intact and, at worst, undermine the potential for collective action and rights based claims.

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<sup>16</sup> GlobalGAP standards focus on a variety of phytosanitary, sustainability, and work-related issues, which are believed to assuage consumer concerns about food safety and, to a lesser extent, the health and safety of the workers who are producing their food. Many producers also seek dual Fairtrade/organic certification, which, in some cases, is a virtual requirement for Fairtrade market access. The implications of multiple standards compliance will be discussed in further detail in subsequent chapters.

If Fairtrade is protective in the Polanyian sense, the question remains of what, or more perhaps more importantly, of whom is it protective? On what basis are questions of legitimacy and authenticity determined, and by whom? Fair Traders' insistence that smallholders must be protected sidelines wage labor relations and the commodification of labor, a fundamental component of Polanyi's analysis. Viewed in this light, the debate over mainstreaming should be as much a quarrel over Fairtrade's appropriate beneficiaries as it is about the degree of marketness of supply chain actors, which has preoccupied many Fair Trade scholars.

### ***Capitalist development, agrarian change, and the agrarian imaginary***

The Fair Trade model, with its focus on protecting small farmers within international markets, shares many assumptions associated with a body of work elaborated primarily by Marxist scholars known as underdevelopment and dependency theory (UDT) (Fridell 2007). Indeed, Fair Trade pioneer Michael Barratt Brown (1993) writes that early initiatives were heavily influenced by this line of thinking. Vigorous debate among scholars within this framework notwithstanding, UDT theorists share a general understanding that surplus wealth transfers from "peripheral" spaces in the world economy to the industrial "core" have fueled highly uneven capitalist development. These transfers play out on an ever-widening world stage as new regions become incorporated into the world capitalist economy. Due to historically unequal power relations, poor (peripheral) countries are reduced to dependence on rich (core) countries for technology, capital, and markets. While natural resources and primary commodities produced in the periphery are sold at comparatively low prices in world markets, manufactured goods can be sold at relatively higher prices. Consequently, peripheral spaces (communities, nations, regions) are impoverished, while core spaces (metropolises, nations, and regions) are enriched through differentiated processes of integration into the international division of labor (Baran and Sweezy 1966, Frank 1974, Wallerstein 1974).<sup>17</sup> Arguing that underdevelopment in the periphery is not simply an unintended consequence, but rather a necessary product, of capitalist development, Frank (1966) referred to this condition as the "development of underdevelopment". Capitalist penetration had failed to develop the periphery due to internal dynamics of the world system.

Taken together this body of work raises critical questions about the highly unequal global distribution of wealth and the structural causes of 'combined' and uneven development. The concept of combined development signifies its unity on a world scale, while the concept of uneven development acknowledges that these processes are unequal across time, space, and individuals (de Janvry 1981). However, it has also engendered significant critique for a focus on distribution and promotion of a trade-based depiction of capitalism that overlooks the historically specific class relations driving capitalist production, namely private property and the commodification of labor (Brenner 1977, de Janvry 1981). Brenner (1977) was particularly critical of dependency theory, calling it a "neo-Smithian" Marxism, which inaccurately defines capitalism in reference to the exchange realm, which predates capitalist social relations. The UDT approach and its critiques can be traced to longstanding debates about the drivers of capitalist

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<sup>17</sup> Wallerstein notes that "core" and "periphery" are not necessarily spatially or temporally fixed or physically separate geographies, but rather change over time and space (date).

development, originating with the political-economic theories of Adam Smith and Karl Marx.<sup>18</sup> While analysis of the particular lines of debate regarding the historical trajectories of the transition to capitalism is beyond the scope of this dissertation, it is important to note that the focus on exchange inherited from UDT has caused Fair Traders to “downplay the imperatives of the capitalist market and focus on the market as a place of opportunities for those willing and able to take advantage of them. In line with a neo-Smithian understanding of political economy, they depict capitalism less as a particular set of social relations than as an attitude towards commercial exchanges” (Fridell 2007: 15).

In a similar vein, recent agrifood literature has drawn on Global Commodity Chain (GCC) analysis and its variant, Global Value Chain (GVC) analysis, to investigate questions of market coordination and the role of ‘lead firms’ in shaping agricultural commodity networks (Gibbon 2001, Hughes 2001, Ponte 2002, Raynolds 2007, Jackson *et al.* 2006, Smith 2010). Scholars have used the GCC and GVC frameworks to explain the organizational processes and power relations that shape the relative position of actors across the supply chain. Using the “buyer-driven value chain” concept (Gereffi 1994, Gereffi *et al.* 2005), this work has highlighted the growing power of consolidated agribusiness firms and retailers to control conditions of production and trade, often at the expense of farmers and workers (Dolan *et al.* 1999, Lang 2004, Barrientos and Smith 2007, Burch and Lawrence 2007, Raynolds and Long 2007, Smith 2010). In the case of the vertically integrated and highly consolidated banana sector, the buyer-driven chain heuristic provides particular analytical purchase for understanding the challenges facing small producers and workers (Raynolds 2007). Specifically, buyers’ power to capture an increasing share of end product value results in declining prices and profitability for farmers.

Bair and Werner (2011) note that GCC and GVC approaches have tended to overlook significant complexity and differentiation within the realm of production and to focus on the potential for producers to capture more of a product’s overall value through upgrading. In agricultural sectors, where opportunities for upgrading are limited, certification and niche marketing are viewed as substitutes for other value-added activities (Kaplinsky 2000, Fitter and Kaplinsky 2001, Gibbon 2001). As such, these strategies can reduce barriers to entry for less rationalized producer in agro-export markets (Gibbon and Ponte 2005). Indeed, “intangible assets” “now often contribute more to the value of a product than labour and raw materials” (Hutchens 2010: 77). GCC analysis has also been deployed to explain the emergence of Fairtrade as an alternative to conventional supply chains. Raynolds (2004) modifies the traditional GCC approach to encompass a broader set of social and political actors and activities, which also play a role in the construction and governance of certified agro-food networks (also see Smith 2010). Certification, then, can serve as a mechanism for adding value, through price premiums, and, in the case of Fairtrade, for capturing value through minimum price rules (Liu 2009). While the unit of analysis shifts from unequal wealth and power relations within the capitalist world system (a la Wallerstein) to individual commodity chains, the problem of value distribution remains the focal point.

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<sup>18</sup> Frank (1974) notes that the critique of dependency theory came from both the Marxist left, for its focus on distribution rather than the class structure of production, and from the New Left, for its focus on the world system as the unit of analysis (Wallerstein 1974).



This preoccupation with rent-seeking strategies presents a fundamental problem for those seeking to improve security and livelihoods for otherwise marginalized producers. For example, price premiums may be eroded as more rationalized producers enter the system or as current producers develop their own productive capacities, helped along by the protection of certified market access. Through its embrace of value chain redistribution, the Fair Trade model fails to recognize how protection in the exchange realm may result in quite different outcomes for producer groups, likely leading to further differentiation. As Guthman (2007) notes, mitigating barriers to entry for some producers simultaneously requires that new barriers be erected. It also fails to address unequal social relations within the realm of production, which also play a role in securing the value of Fairtrade commodities.

The Fair Trade model also intersects with a set of questions regarding the role of agriculture in capitalist development, in particular questions regarding the fate of the peasantry as capitalism takes hold of agriculture. Following Marx, Lenin (1977 [1914]) predicted that the peasantry would ultimately dissolve into a rural proletariat and an agrarian capitalist class. While Kautsky (1988[1899]) also predicted the demise of the peasantry, empirical evidence appeared to refute the positivist rendition, leading him to question the conditions under which the peasantry persisted. The peasantry posed both a theoretical and political problem for Marxists – a theoretical problem because the fundamental logic of capitalism is to raise the forces of production through accumulation, competition, and control of labor, and a political problem because they could serve as a conservative force in the context of proletarian revolution. The agrarian question thus raised critical questions regarding obstacles to capitalist penetration in the countryside. Kautsky (1988[1899]) and Chayanov (1986 [1924]) in particular highlighted peasants' willingness to self-exploit in order to hold on to land as a fundamental dynamic underpinning the survival of peasant production.

First posed by observers of agrarian change in nineteenth century Europe, the 'agrarian question' remains relevant to the dynamics of contemporary food provisioning. Particularly since the 1970s, the decline of the family farm in the U.S. and the increasing integration of smallholders in the global South into international markets have re-energized interest in these questions and debates regarding processes of agrarian change and capitalist development. Watts and Goodman (1997) suggest that recent reconfigurations of food provisioning systems call for a renewed engagement with the agrarian question as a means to better understand the relationship between rural spaces of production, agro-export markets, and the shifting nature of food politics. Scholars have highlighted the need to understand the internal class dynamics, as well as the diverse and differentiated trajectories of agrarian change (de Janvry 1981, Byres 1995, Bernstein 2010). Preferring Chayanov's concept of demographic differentiation of the peasantry over Lenin's class dualism, some scholars have pointed to the ways in which household production could be more effective in handling the significant barriers to mass production in agriculture. Indeed, increased utilization of (often highly exploitive) contract farming arrangements in agro-export markets would seem to support this view (Watts 1994, Wells 1996, Grossman 1998). Friedmann (1978) and Djurfeldt (1982) highlight the role of household production in facilitating capital accumulation in off farm segments. Djurfeldt (1982) attributes this to the atomization of family farmers and argues that cooperatives can lay the basis for alternative development trajectories.

Chayanov's argument for a cooperative road to development animates current debates within the Fair Trade movement regarding the appropriate beneficiaries of Fairtrade certification. On the one hand, Fair Traders argue that cooperative production can provide the best of both worlds, in the form of economies of scale and small-scale ownership, and thus challenge agribusiness. On the other, the Fair Trade strategy embraces a linear notion of development based on a diffusionist model, in which technologies are transferred to marginalized producers in order to improve their market position. Although they form a part of the circuit of capital, small farmers are viewed as somehow apart from the dynamics of capitalism. Yet successful articulation into markets requires producers to develop their own internal productive capacities, leading to differentiation and new social contradictions in and beyond the countryside.

The Fair Trade model recalls earlier reformist efforts to resolve agrarian crises resulting from the contradictions of capitalist development.<sup>19</sup> Beginning in the 1940s, as part of the Cold War effort, national states and international institutions turned their attention to programs aimed at stimulating democratic forms of government that would prevent revolution and undertake development activities under the rubric of 'community development' in the global South (de Janvry 1981). On the heels of the Cuban Revolution, some states legislated land reform programs. Grindle (1986) notes that land reform programs had diverse and often conflicting goals both within and across different national contexts. Reform projects aimed at land redistribution were short-lived (*Ibid.*). By the mid-1960s agricultural development was again the dominant policy, based on the transfer of Green Revolution technologies adapted to the particular environments in which they were to be diffused (de Janvry 1981). These technologies increased agricultural output and accelerated capitalist penetration of the countryside, leading to rapid transformation of the peasantry. In an effort to address ensuing social contradictions, states introduced integrated rural development programs (IRDPs), beginning in the 1970s, in order to "induce the diffusion of Green Revolution technology through the ranks of impoverished peasants" (*Ibid.*: 3). De Janvry argues that these programs were inherently contradictory. While intended to support resource-poor agriculturalists and to increase cheap food supplies for local and national markets, they inevitably led to further differentiation in the countryside (also see Campana, *et al.* 2008). The IRDPs, thus, served to help some peasants work better within the existing order, by facilitating the ability of a rural petty bourgeoisie to develop into agrarian capitalists.

The Fairtrade initiative has followed analogous strategies of technology transfer and extension, with similar outcomes, among small producer cooperatives. There are also important differences, however. While IRDPs were state-based, and thus offered the possibility of more coordinated reforms, the Fair Trade model is contingent upon the voluntary, decentralized activities of market based actors and their NGO partners. In addition, while IRDPs were ostensibly targeted towards production for household consumption and internal markets, Fair Trade accepts the agro-export led development model promoted by institutions such as the World Bank and International Monetary Fund. As such, it also implicitly accepts the spatial division of labor between the global North and South, which has been (critically) viewed as central to processes of combined and uneven development. In some sense this is about the broader trajectory of the

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<sup>19</sup> In some sense, then, Fair Trade can be viewed as another iteration of the peasant question (Engels [1894] 2001).

development project writ large, in particular the shift from state- to market-based initiatives and liberalization of global markets that is part and parcel of the neoliberal turn.<sup>20</sup>

### ***Conclusion***

The Fairtrade initiative, then, might be considered a neoliberalized version of earlier state-led reformist programs, one that reproduces the contradictions of neoliberal capitalism as it helps (some) under-resourced farmers to become more productive and competitive in international markets. According to FLO, through access to capital and technical assistance, Fairtrade standards help producers “overcome what can be one of the biggest obstacles to their development. This promotes entrepreneurship and can assist the economic development of entire rural communities”.<sup>21</sup> As such, Fair Trade can be viewed as “a continuation of an apparently endless Western will to develop the world” (Slater 1995: 64), based on linear, unifying, and taken-for-granted notions of progress (Ferguson 1994, Escobar 1995, Hart 2002, Mitchell 2002).

In seeking to support under-resourced small farmers and to alter the socio-ecological conditions of production through the exchange realm, activists and researchers sideline these contradictory tendencies between Fair Trade’s developmental model and its insistence on the virtue of smallholders. Instead, Fair Traders blame the capitalist forms and relations that they find most objectionable, specifically the transnational corporation and the plantation. Fair Trade scholars have argued that Fairtrade certification has the potential to defetishize commodities (and thus challenge capitalism), by revealing the socio-ecological conditions of production (Raynolds 2000, Hudson and Hudson 2003, Goodman 2004, Watson 2006). However, in accepting the potential for commodity exchange to reflect an exchange of information between producers and consumers (Ericson 2006), Fair Trade simultaneously produces new fetishes, based on an idealized notion of the smallholder producer operating with only family labor. For example, while Hudson and Hudson (2009) argue for Fairtrade’s de-fetishizing capacity in the case of small farmer certification, they argue that plantation certification contributes to the commodity fetish.

In the case of Fair Trade, the agrarian question, then, presents itself in the form of an idealized agrarian imaginary, which obscures forms of difference within the small farmer sector and obscures the role of workers in agricultural production. These representations are based largely on a consumer “gaze” (Goodman 2010), which serves to further mystify production relations (Luetchford 2008). Indeed, a preoccupation with farm size belies the complexity of production contexts and processes that secure the value of Fair Trade commodities and (in the case of bananas) the reliance on wage labor to accomplish export production at virtually all scales. Fair Trade’s convergence of agrarian idealism, developmental logic, and an embrace of markets as the locus of social change, thus, begs the question: if producers follow Fair Trade’s developmental path, and succeed within certified markets, at what point are they no longer deserving of the protection that certification provides?

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<sup>20</sup> Multilateral institutions also promoted the IRDPs (de Janvry 1981) in an era when state-led development models were still considered acceptable.

<sup>21</sup> [http://www.fairtrade.net/aims\\_of\\_fairtrade\\_standards.html#c3782](http://www.fairtrade.net/aims_of_fairtrade_standards.html#c3782)

In the following chapters, I examine how the banana sector's historical development and current organization intersect with Fair Trade principles and goals. Through case studies with producers certified under FLO's Small Producer Organization and Hired Labor standards, I also interrogate the uneven outcomes experienced by different groups of producers and workers within Fairtrade's market-based system. Finally, I consider how the Fair Trade network's sidelining of labor issues limits its potential to promote social justice in the banana industry, a sector that has long been critiqued for its role in the devaluation of producers and the degradation of producing spaces.

## **Chapter 2: Banana Natures - Obstacles, Opportunities, and Crisis in the Making of a Modern Industry**

The banana has, for over a century, been a truly global commodity. Grown throughout the tropics and consumed worldwide, the fruit contributes to food security for millions and comprises a significant portion of the gross domestic product of exporting countries.<sup>22</sup> Although hundreds of varieties exist, the vast majority of bananas consumed in the global North today come from just one, the Cavendish. Upon this narrow genetic base rests a highly consolidated global commodity network controlled by powerful transnational companies with ties to colonialism and imperialism (Moberg and Striffler 2003). The banana's rise to global prominence began in the late nineteenth century with the aspirations of a handful of entrepreneurs, who built transnational commercial enterprises based on the tropical fruit trade. At first bananas were secondary, imported as occasional deck cargo to recoup costs from other endeavors (Wiley 2008).<sup>23</sup> As a highly perishable luxury item sold in specialty markets, bananas were high risk but offered the potential for significant returns. The "banana men", as they came to be called, quickly realized the potential in bringing the fruit to growing consumer markets in the U.S. and Europe. They set about amassing the land, labor, and capital needed for scale economies based on mass markets and innovation in the arenas of production, logistics, and marketing.

The banana men constructed a model of agro-industry, predicated on control of vast tracts of freshly deforested land, construction of enclave economies, and exploitation of workers and contract farmers in Latin America and the Caribbean. Due to Latin American political elites' collusion with foreign capital and their reliance on the fruit as a major source of GDP, some producing countries came to be known as "Banana Republics". While imperialism and corruption are highlighted in many accounts of this history, the industry's rapid rise was contingent on many factors. The banana industrialists did not succeed simply through political and economic domination of land, labor, and markets. Business organization, investment strategies, and technological change were also central. The characteristics of the banana itself also played a role, creating both obstacles and opportunities to capital accumulation. Early rootstocks proved vigorous and amenable to mass cultivation, making initial plantings sufficiently productive to warrant continued investment. While bananas were highly perishable, new technologies developed during the period facilitated long distance transport. Offering a simultaneously exotic and predictable food choice, the fruit was well received by a consuming public.

Everywhere that it has been grown for export, the banana has profoundly reconfigured physical and social landscapes. Forests have been felled, soils and

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<sup>22</sup> The banana is the world's fourth most important staple crop, after rice, wheat, and maize (Arias, et al. 2003: 1).

<sup>23</sup> In 1866, Carl B. Franc arranged for a steamship company to bring small quantities of the fruit from Colombia to New York. By the early 1870s, others had followed suit. Minor Keith, who had taken over railroad construction operations for his uncle, Henry Meiggs in Costa Rica, began importing bananas into New Orleans. Meanwhile Lorenzo Baker, a schooner captain involved in gold mining expeditions in South America, stopped in Jamaica on a return trip from transporting a gold mining expedition to the Orinoco River in Venezuela in 1871 and began importing Jamaican bananas into Boston (Adams 1914).

ecosystems degraded, peasant farmers dispossessed, workers devalued, and political interventions made to ensure the steady flow of bananas to Northern consumers and profits to a handful of transnational corporations. To understand how the banana industry has accomplished this requires a consideration of the historical and spatial trajectories of its development, as well as an engagement with the commodity itself, specifically its basis in nature. Towards this end, and drawing on the work of geographers, environmental scientists, and sociologists, I adopt a political ecology approach to the global banana industry, focusing on historical patterns of uneven development, socio-ecological relations of banana production, as well as the environmental requirements and biophysical properties of the banana. The goal is to link the ecology of bananas to the social division of labor along the banana commodity chain, in order to better understand the dynamics of production.

While the early banana barons aimed to “conquer the tropics” and build their empires, such conquest has always been partial. Indeed, the imperatives and practices of commercial banana production have consistently created new contradictions to be overcome, which have, in turn, undermined the socio-ecological bases for continued production. In this chapter I explore these intimately intertwined stories of capitalist development and conquest, on the one hand, and “banana natures”, on the other, in order to lay out the context in which the Fairtrade banana initiative has emerged (the subject of Chapter Three). I trace the development of the modern banana industry, paying particular attention to the difference that nature has made (Boyd *et al.* 2001). I, then, consider the social and ecological consequences of commercial banana cultivation, with particular attention to the disruptions experienced by producer communities. I also explore how capitalist imperatives have intersected with functions of nature to produce new challenges and contradictions in efforts to maintain the conditions for accumulation.

### ***The difference that nature makes***

Scholars have long considered how the social, economic, and ecological processes and structures of agricultural production pose obstacles to capitalist penetration (Kautsky 1988 [1899], Lenin 1899, Chayanov 1986 [1924], de Janvry 1981, Djurfelt 1982). In order to understand the challenges and possibilities faced by the banana men in their efforts to build agro-industry in the tropics, I consider multiple dimensions of the classical agrarian question originally posed by Kautsky (1988 [1899]). One dimension of the agrarian question investigates the role of pre-capitalist social relations, or peasant production, in the development of agrarian capitalism. Following Marx, Kautsky and Lenin viewed the peasantry as a problem for capitalist agriculture. The problem lay in peasants’ willingness to self-exploit in order to maintain control of land, and thus their means of production, social reproduction, and independence. This created the potential, particularly for better off peasants, to serve as a conservative force that would undermine revolutionary struggles. While Kautsky and Lenin argued that this tension would resolve itself as peasants became differentiated into agrarian capitalist and rural proletariat classes, Chayanov (1986 [1924]) argued that peasants’ tendency towards self-exploitation and their ability to work *with* nature’s obstacles provided a competitive advantage for smallholder agriculture. In this view, a cooperative road to agricultural development was possible, without consolidation (also see Friedmann 1978 and Djurfeldt 1982).

Another dimension of the agrarian question centers on the landed basis of production, specifically its basis in nature. For Mann and Dickinson (1978) the fundamental question was to understand the significance of nature to a theory of capitalist agricultural development. They argued that the seasonality and “natural” risks of crop production explain capitalism’s uneven and protracted penetration of the agricultural arena. Because biophysical and environmental processes largely determine production time, as opposed to the labor process itself, agrarian capitalists must find ways to attenuate the gaps between the two (Mann 1990). This is important both for managing the flow of wage labor and for managing the turnover time of capital, or the overall time required for a product to be sold at market and capital returned through the process of expanded reproduction and circulation that Marx (1967 [1885]) considers in detail in Volume 2 of *Capital*. While, much of the literature has measured capitalist penetration of agriculture in terms of the social relations of production, the sphere of circulation is also critical to understanding the particular ways that commodity production based in nature both attracts and repels capital (Henderson 1999). From this perspective, on-farm obstacles can become opportunities for capital accumulation in the sphere of circulation.

In a similar vein, scholars have explored the ways that capital contends with nature – or the biophysical properties and biological processes of plants – through technological innovation. This has included work on: the dynamics of seed hybridization (Kloppenborg 2004); the appropriation of on-farm processes as industrially produced inputs and the substitution of agricultural products for industrial ones (Goodman *et al.* 1987); and the uneven potential for capital to subsume nature (a parallel to Marx’s concept of the formal and real subsumption of labor) (Boyd *et al.* 2001). These texts highlight the need to understand not only obstacles to capitalist penetration, but the particular ways in which capital has taken hold of and transformed agricultural production processes. In an effort to “take the problem of nature seriously”, Boyd *et al.* argue for the need to consider how agribusiness firms grapple with the “unexpected events, challenges, and profit-making opportunities that emerge from their interactions with the biophysical world” (2001: 556). Like Henderson (1999), they highlight the potential for obstacles to become the basis of competitive advantage for particular firms. They also argue that a focus on social relations obscures the dynamism that exists within the forces of nature. In other words, it is not simply the dynamism of capital that produces opportunities for accumulation, but also the variability and unpredictability inherent in nature-based industries (Boyd *et al.* 2001: 560). As Boyd *et al.* note, these risks and contingencies are not exogenous to capital, but rather they are “part and parcel of the basic problem of organizing and implementing production” (2001: 561). In effect, firms can work the problems of nature to carve out niches as they successfully confront and improve upon natural processes.

However, as Boyd *et al.* also note, “efforts to further control and subordinate biological processes to the dictates of industrial production will almost inevitably generate new risks and vulnerabilities for the production process” (2001: 561). Taking O’Connor’s (1988) second contradiction of capital as a point of departure, Boyd *et al.* suggest that the obstacles and opportunities inherent in agriculture derive from capital’s inability to subordinate nature to the dictates of commodity production, in other words to fully reproduce nature according to the logic of capital. O’Connor’s central argument is that the contradictions inherent in capitalist commodity production derive from the

antagonism between capital and labor, which leads to overproduction on the one hand (the first contradiction), and a capital-nature antagonism, which leads to environmental degradation on the other (the second contradiction). Moore (2011) emphasizes the significance of this second dynamic, arguing for the need to bring ecological degradation to the center of our understanding of capitalist crisis. The basis for this, he suggests, is to be found in Marx's concept of metabolism, or the division of labor that shapes, and is shaped by, material exchanges with nature (*Ibid.*). According to Marx, the division of labor under capitalism disrupts nutrient cycling of local ecosystems, leading to depletion of soils in the country and the buildup of waste in the city. "Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth – the soil and the labourer" (1967 [1867]: 475).

As the social division of labor extends over wider terrain, from town-country to core-periphery, the metabolic rift widens and deepens (Moore 2000), both in terms of class relations and with respect to the society/nature interface. This work provides a framework for understanding the ongoing crises of the global banana industry as simultaneously social and ecological, or two sides of the same coin. Viewing ecology as a social relation (Robertson 2004) allows for a broader and deeper analysis of the difference that nature makes in conditioning the organization of production, labor processes, patterns of capital investment, and the structure of agro-industry. Likewise, viewing the capitalist social order as an ecological relation opens up space for understanding how degradation is not simply an external consequence of agro-industry, but inherent in its ongoing operation (Moore 2011).

### ***The conquest of the tropics: primitive accumulation of land and labor***

Mann and Dickinson (1978) suggest that some commodities are, for a variety of reasons, more amenable than others to capitalist penetration. This has certainly been true in the case of bananas. Although banana production was a risky business, the early fruit companies organized in ways that allowed them to construct (and to remain competitive in) a global industry based on the mono-cultivation of an ecologically demanding species with a narrow genetic base. In short, bananas were commodified in this particular way because they could be, given sufficient land, labor, and capital. However, as we will see, while bananas were amenable to large-scale monoculture, the model has entailed substantial socio-ecological risk. It has also required an ever-widening terrain (to hedge against) and ever-intensifying efforts (to manage) that risk. These risks have included political instability, labor militancy, and climatic and biologically driven events such as droughts, hurricanes, flooding, and crop disease.

Land was key, and the early banana capitalists were successful at securing it. There were, however, limits to where banana production could be installed. Successful commercial cultivation requires tropical climates, with consistently high temperatures, abundant rainfall, and nutrient-rich, well-drained soils (Chambron 1999). Such conditions were to be found in the Caribbean and Latin American lowlands, an environment that Mintz (1986) notes was also pivotal in the establishment of the sugar economy. In Latin America, much of these lands were frontier zones, comprised of tropical rainforest, which had to be cleared, and swamplands, which had to be drained and remade to meet the



demands of intensive monoculture. The banana men thus approached the “problem of nature” as one of conquest.

As banana cultivation expanded across the tropics, elimination of rainforest and mangrove swamps proceeded apace, with the greatest deforestation occurring between 1870 and 1960 (Astorga 1998). This created major upheavals and decimated biologically rich and diverse ecosystems inhabited by many species plants, mammals, birds, reptiles, and insects. Freshly deforested lands provided high nutrient soils in which the banana rootstocks introduced by the banana men temporarily thrived. Soils were depleted rapidly, however, leading to the need for new lands to be opened up. Deforestation and the loss of groundcover vegetation thus played out on an ever-widening geographical terrain. As soils are compacted by intensive mono-cultivation, involving machinery, trampling, and the removal of organic material, they are effectively degraded into silt, making the land unusable for other crops and contributing to sedimentation of waterways during period of heavy rainfall (Harari 2005).<sup>24</sup> The combination of hydrologic change (through irrigation and drainage channeling), erosion, and silting increases vulnerability to flooding, often felt most acutely downstream of the plantations. These processes, begun in the late nineteenth century, are ongoing and intensifying.<sup>25</sup>

Land was needed, not only for direct production, but also for transport lines, installations to house equipment and workers, and reserve lands for planting in case of soil exhaustion or crop failure. Successful development thus required control of significantly more land than was actually needed for cultivation at any given time.<sup>26</sup> A massive workforce was also needed to clear, drain, plant, and tend the land and to install needed infrastructure. The fruit companies proved extremely successful at securing both, through processes of primitive accumulation (Marx [1867] 1967). These processes continue to the present day, albeit in iterations that more closely resemble Harvey’s (2003) concept of accumulation by dispossession, which suggests that they are ongoing processes. Indeed, the process of commodifying land and labor was ongoing, as new zones of production were established or as the fruit companies looked to replace militant workers in established regions. As Walker (2004: 67) suggests in the case of California, “the agrarian labor market...is never a finished product”.

For Marx, primitive accumulation was the starting point for the capitalist mode of production, involving a set of processes through which land and resources were privatized and laborers were separated from the means of production, their labor

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<sup>24</sup> Moore (2011) provides an analysis of similar dynamics in the development of the sugar industry.

<sup>25</sup> While the pace of deforestation slowed after 1960, it increased again during the 1990s, as the banana companies expanded production in anticipation of the opening of new markets in Europe (Astorga 1998), leading to dramatic increases in flood problems in banana producing countries during the late twentieth century (Chambron 1999). U.S. based banana companies anticipated the opening of new markets in Eastern Europe following the fall of the Berlin Wall, as well as increased access to the previously protected markets of European Union countries (Taylor and Josling 2003). In Central America’s Caribbean lowlands, the area in production increased from 20,000 hectares in 1985 to 52,000 hectares in 1996 (Vandermeer and Perfecto 1995, Mora 1998).

<sup>26</sup> In the late 1950s, United Fruit owned over four times as much land as it had in production. According to May and Plaza, this was because: 1) some land was needed for provisioning workers and transporting fruit; 2) some land was needed for hydraulic engineering (keeping low lying areas irrigated and drained; 3) the constant, unrelenting combat with a variety of diseases and pests required constant movement but also a need reserve land in case of the need to abandon wholesale (1958: 82).

commodified, and a new set of social relations established based on capital, on the one hand, and wage labor, on the other. In order for capitalist production to move forward, land needed to be placed in private hands and a mobile workforce made available to fuel production. During the late nineteenth and early twentieth century, Latin American governments provided this impetus, in an effort to develop rail lines linking urban centers with coastal lowlands (Kepner and Soothill 1935, May and Plaza 1958). Land concessions were offered to foreign, private sector industrialists to build hundreds of kilometers of rail lines in Central America, opening up new production frontiers with fertile soils and access to deepwater ports for ease in export (Moberg 2008, Wiley 2008). While not the original impetus for penetration of the tropical rainforest frontiers, bananas quickly became central to the companies' operations in the region. Originally planted to feed construction workers and generate freight revenues for the rail lines, these early industrialists soon saw the potential for large-scale banana cultivation for export markets.

While the rail lines were part of national states' strategies to promote agricultural development, in practice the fruit companies' designed them to meet transport needs for their own burgeoning plantations (Kepner and Soothill 1935). Acquisition of land through concessions became a central strategy of the fruit companies, and thus the basis on which the banana industry grew and on which particular actors competed (*Ibid.*). The Costa Rican government offered the first of the concessions, in 1871, to Henry Meiggs, a land speculator who had made millions in Gold Rush era San Francisco then headed south to Peru to amass even greater fortunes.<sup>27</sup> The Costa Rican project was the first rail line of consequence in Central America, spanning from the inland capital of San Jose to Puerto Limón on the Caribbean Coast (Adams 1914). In return for its construction, Meiggs received 8,000 acres of land, a total equivalent to seven percent of the national territory, a twenty-year tax exemption, guaranteed use of the rail lines for 99 years, the right to tariff free imports, and one million dollars from the national exchequer (Wiley 2008: 7). Meiggs enlisted his nephew, Minor Keith to manage the process of clearing rainforest, draining swamplands, and constructing the rail line, during which 5,000 people were reported to have died of malaria and yellow fever, including three of Keith's brothers (Chapman 2007, Frundt 2009). Although beset by financial and other troubles, the project was completed in 1890 and became the model for future land concessions in the region (Kepner and Soothill 1935). Keith then proceeded to expand operations, first into Guatemala (to serve coffee growing elites), then into other parts of Central America, through the International Railways of Central America (IRCA) (*Ibid.*). By 1904 Keith had amassed concessions totaling 125,000 acres (Wiley 2008: 9).

The Honduran government followed suit, granting 200,000 acres in concessions to several companies. These included the Vacarro Brothers (1906), Sam Zemurray's Cuyamel Fruit Company (1912), and the Tela and Trujillo Railroad Companies (1913) (Kepner and Soothill 1935, Wiley 2008: 10), all three of which have ties to the contemporary banana multinationals.<sup>28</sup> Because the lines linking coastal lowland rail

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<sup>27</sup> Meiggs fled San Francisco to avoid prosecution for stock market fraud and theft of city funds. In Peru he expanded into the guano trade and railroad development, reportedly making \$500 million dollars mining guano from Peru's Chincha Islands (a considerable sum at the time and twenty times the amount with which the United Fruit Company was originally capitalized in 1899 (Chapman 2007: 28). This was the guano trade that provided fertilizers for intensifying, capitalist agriculture in Britain during the 18<sup>th</sup> century.

<sup>28</sup> The Vacarro Brothers would go on to found the Standard Fruit Company (now Dole) in 1924 and the latter two were subsidiaries of the United Fruit Company (now Chiquita).

networks to their host countries' urban centers were difficult to construct, the rail companies rarely fulfilled their commitments to build those portions, focusing instead on networks to service their banana enterprises within the lowlands. By charging the countries in which they operated substantial fees to operate the rail lines, the companies also managed to funnel public funds into their own enterprises (Kepner and Soothill 1935: 125). Unlike the Costa Rican and Guatemalan deals, Honduran land concessions included penalties for non-compliance. But the fruit companies found it easier to pay them than to fulfill their obligations. The substantial public investment of the Costa Rican government notwithstanding, it remained easier to get from Puerto Limon to Boston than to the capital, San Jose, even after construction of the railroad (Wiley 2008).

Aside from land concessions, the fruit companies managed to purchase large tracts of land at low prices, as it was brought into the private domain. Proponents of these endeavors argued that this was land that had been previously impenetrable, land that had already been rejected by locals (Adams 1914, Wilson 1968 [1947]). However, other accounts call into question this characterization of the banana frontier as empty space, particularly given that national agrarian capitalists and peasants were also being granted land to incentivize colonization of the lowlands (Kepner and Soothill 1935). Still, the banana frontiers were sparsely populated and national laws granting land to nationals facilitated opportunities for the companies to purchase or lease lands at low prices (Wiley 2008:17). Early waves of land entry thus occurred with little contestation. In this sense some of the questions animating Kautsky, Chayanov, and others regarding the persistence of the peasantry in the face of capitalist agricultural development were not as relevant in the case of bananas. However, smallholders and contract farming did provide the motor force of production in some locations, particularly in the Caribbean (Grossman 1998, Myers 2004, Moberg 2008), but also within Latin America (Chomsky 1996, Striffler 2002, Bucheli 2005). While in many cases an established order based on peasant agriculture did not have to be swept away to make way for foreign-owned plantations, in others smallholders did prove a problem for the fruit companies. First, their presence interrupted possibilities to consolidate landholdings. Second, as producers supplying bananas on contract to foreign marketing firms, their lower productivity and quality control affected supplies.<sup>29</sup> In many cases, intransigent smallholders were handled through refusal to purchase their crops and, in some cases, even violent dispossession (Kepner and Soothill 1935, Chapman 2007).

Opening up these new frontiers for production required labor, an input that was in short supply in the banana producing regions. In Marx's formulation, the central feature of primitive accumulation was the commodification of labor, through a process of expropriation in which new property relations annihilated the existing social order. As Page and Walker (1991: 283) note, capitalism may expand into "unlikely sites such as frontier territories seemingly far from markets or inputs, because they offer fresh social territory in which class relations put on a new face, possibilities seem unlimited, and resistance is little developed". Because bananas could be produced on a year round basis, it was easier for the fruit companies to attenuate the gaps between production and labor

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<sup>29</sup> In the Caribbean, where independent smallholders were the norm, they posed a particular challenge to the fruit companies, complaining to their governments about exploitive contracts and unfair prices (Chapman 2007: 66).

time with respect to labor recruitment and management.<sup>30</sup> This allowed capitalist social relations to be rapidly installed and a rural proletariat to form in previously sparsely populated zones (see Striffler 2002). It is worth noting, here, despite its year round production cycle, the banana's basis in nature – specifically its seasonal ebbs and flows, potential for crop losses, and the timing of harvests – did produce uneven labor demands and instability for workers.<sup>31</sup>

In the early days of banana industrialism, finding workers willing to relocate to the humid tropical lowlands, for the express purpose of toiling under exhausting and dangerous conditions, proved challenging. This required the banana companies to utilize a variety of recruitment mechanisms, ranging from financial incentives and promises of shared prosperity from frontier development, to coercion. When local workers could not be found in sufficient numbers, which they generally could not, the fruit companies imported foreign workers, primarily from the West Indies (Kepner and Soothill 1935). For example, Jamaicans built Minor Keith's Costa Rican railroad and it was they who bore the brunt of the malarial and yellow fever deaths that plagued the project (Chapman 2007, Wiley 2008). As is the case with millions of immigrant workers around the world today, dispossession (the basis of primitive accumulation) was happening elsewhere, whether in other countries or proximate regions. Therefore, the banana industry's successes were entangled with social transformations taking place across uneven, differentiated geographies, which manifested most visibly in producing regions (Soluri 2005).

As the banana zones became more established, and as some of the early dangers were mitigated, workers from the interior of producing countries were more willing to migrate. This was particularly true where the fruit companies offered wages exceeding those available in local industry. For example, the United Fruit Company boasted paying the highest wages in regions where they operated (Adams 1914, May and Plaza 1958, Striffler 2002, Wiley 2008). Still, the fruit companies' strategy of low priced mass production drove the imposition of hyper-exploitative working conditions and rigid divisions of labor, and working and living conditions were generally terrible (Koeppel 2008, Wiley 2008, Frundt 2009). Such control was critical to rationalizing the banana labor process, in order to ensure the highest possible quality and productivity, which were essential components of mass production and consumption systems. Detailed divisions of labor and Taylorist methods, as well as flexible production systems, were employed in banana production. The United Fruit Company was, for example, conducting time motion studies in Guatemalan banana operations as early as 1914 (Chapman 2007: 82) and on-call labor systems under which workers could be called in day or night, then sent away to await their next call-up.<sup>32</sup> When faced with production losses or price wars, the fruit companies ratcheted down wages and working conditions, employing tactics such as switching to piece rate, extending work hours, and laying off workers. Labor

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<sup>30</sup> Mintz (1986) notes that similar conditions prevailed in the development of the sugar industry.

<sup>31</sup> Prior to mechanical refrigeration, bananas had to be harvested within two days of being loaded onto ships, or risk becoming overripe in transit. This meant that fruit had to be harvested and loaded en masse, requiring significant amounts of workers over a forty-eight hour period, who, then, had to wait for the arrival of the next ship (Wilson 1968 [1947]).

<sup>32</sup> Such studies were used to justify the payment of workers on piece-rate systems. Workers were, however, not entirely without agency and resisted such moves. In the case of Guatemala, the imposition of a piece rate for stevedores (or ship loaders) led to an outbreak of strikes at the time (Chapman 2007: 82).

management also entailed the employment of a workforce characterized by differentiated racial, ethnic, and gender composition (Bourgois 1989, Enloe 2000, Striffler 1999). This, of course, contributed to the emergence of divided labor forces and impeded labor organizing, allowing the companies to exercise even greater control over the workforce (*Ibid.*).

When workers organized to make demands for improved conditions, including an eight-hour day, six-day week, health care, and payment in cash rather than scrip to be used in company stores, the fruit companies responded with violence, often with the complicity of national and local governments (Bourgois 1989, Forster 2003, Bucheli 2005, Chomsky 2007). Organizers were harassed, fired, and evicted from their homes. At different places and in different moments, the fruit companies had different constellations of problems to overcome, as well as different resources with which to respond. In some, albeit rare, instances they conceded to workers' demands. More commonly, when faced with work stoppages in Central and South America, they responded by calling in strikebreakers and, on some occasions, the military. At times they did nothing, allowing the fruit to rot until workers returned. Through these tactics, owners maintained firm control.

### ***Smallholder farming***

At the same time that the fruit companies were building their empires based on direct control over production in Latin America, they were also sourcing directly from independent banana farmers of varying scales and levels of technological advancement in multiple regions. This strategy served to supplement supply and to overcome barriers where consolidated landholdings either could not be achieved or were not desirable. This was the case in the Caribbean, where a thriving banana trade was also emerging, based on contract farming relationships with smallholders. Here, as in many other regions of the global South, such interventions into the peasant production process served as a vehicle for smallholder integration into global commodity markets and agro-industrial production. In a comprehensive study of the St. Vincent banana production complex, Grossman (1998) explains how contract banana farming became entrenched in the region. Grossman distinguishes the coordinated production and marketing arrangements of Windward Island farmers from the open-market sales and vertical integration that historically characterized Latin American banana production. While acknowledging the benefits that such arrangements can provide, including technical assistance, credit, and market access, he also acknowledges the often challenging and exploitive conditions faced by contract farmers (cf. Watts 1994).

The development of the Caribbean banana economy occurred in the context of European colonialism and, in particular, a desire to challenge the United Fruit Company's domination of the European banana market (Taylor 2003, Myers 2004, Moberg 2008, Wiley 2008). In 1901 the British government subsidized the establishment of the Elder and Fyffes Corporation to import Jamaican bananas. Due to the high costs of long distance transport, and the challenges of creating stable supply and markets, the Elder and Fyffes enterprise quickly got into financial trouble. The company's financial vulnerability was compounded by a series of weather related events. By 1910, the company had sold 50 percent of its stock to United Fruit. Despite the British government's attempt to thwart

United Fruit's entry into Europe by subsidizing an alternative importer, the tentacles of "the octopus" began to reach beyond the US market (Myers 2004).

Nevertheless, the British government continued to support expansion of banana production in the Caribbean. By the 1920s, the British colonial authorities were encouraging smallholder farmers in the Windward Islands to plant bananas, with the help of private entrepreneurs (Fruendt 2009). Another impetus for this was the colonial authority's need to find a replacement for the struggling sugar economy (Myers 2004). However, it was not until 1949 that banana production would really take off in the Commonwealth countries, with the arrival of a Dutch fruit company run by John van Geest (Myers 2004). Until Fyffes and Wibdeco purchased the company in 1995, Geest was the exclusive marketing agent for Windward bananas. The company benefitted from import arrangements established by the UK, giving preferential treatment, including quotas and guaranteed higher prices for bananas from Commonwealth countries (Myers 2004).

Following independence, these preferences were maintained through the logics and strategies of state-led developmentalism dominant in post-colonial Europe. By promoting banana imports from its colonies, the UK was able to meet growing consumer demand (despite a lack of dollars) and incorporate smallholder producers into its economic orbit, thus strengthening ties with and relieving social unrest in its former colonies (Fridell 2010).<sup>33</sup> This was the benevolent side of empire. Other European States set up similar quota and tariff arrangements with their respective colonies, including France (in West Africa and the Caribbean) and Italy (in Somalia). These protective arrangements solidified during the second half of the twentieth century, ensuring the continuation of smallholder banana production in the face of ever-increasing competition and market demands (Raynolds and Murray 1998, Moberg 2008). During the process of establishing the European Community (EC), these systems laid the foundation for the African, Caribbean, and Pacific (ACP) trade preferences codified under the Lomé convention. The ACP-EC banana trade regime would lead to a series of challenges before the General Agreement on Tariff and Trade (GATT) and, later, the World Trade Organization (WTO). As we will see (in Chapter Three), this process, which came to be known as the "Banana Wars" (Josling and Taylor 2003), played a central role in the development of the Fairtrade banana initiative.

It was widely understood that smallholder production could not be sustained without preferential trading agreements, particularly in the Windward Islands, where producers farm an average of less than one hectare and the terrain is less than hospitable (Myers 2004). Within this context, small banana farmers were able to aggregate supply, secure contracts and market access, and ensure higher prices than those paid for Latin American "dollar bananas" (Myers 2004, Moberg 2008, Wiley 2008). Still, it is important to note that, in Central and South America, small farmers have also played a role in export banana production. Indeed, at different moments and for different reasons, the fruit companies purchased bananas from small and medium scale producers in countries such as Guatemala (Kepner and Soothill 1935), Costa Rica (Chomsky 1996), and Ecuador (Striffler 2002). In many cases, these bananas were purchased on contract, as well as in "spot markets" and small farmers served as secondary suppliers when the

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<sup>33</sup> After World War II, Britain lacked access to US dollars and Caribbean bananas could be traded in pounds.

companies experienced production problems on their own plantations.

Small producers proved problematic for the banana companies. Their low level of technological development and lack of access to capital undermined quality controls. Higher production costs often made them unwilling to sell their fruit as cheaply as the companies could produce on their own plantations. Thus, while smallholder farming played an important role in the banana industry's development, the fruit companies' primarily focused on the development of vertically integrated operations and the installation of large-scale production systems, which were essentially isolated from their surrounding regions.

### ***The banana enclave and monopoly control***

In Latin America, these new zones of production operated as “enclave economies”, revolutionizing both the social relations and forces of production (Wiley 2008). The companies constructed port facilities, shipping fleets, and ripening facilities to move the fruit to its consuming destinations, over which they exercised monopoly control. They brought rail service, electricity, and communications to multiple zones on the Atlantic and Pacific coasts. They constructed company towns in which workers lived and on which they were dependent, not only for livelihoods, but also recreational opportunities, commissaries; in short, all aspects of daily life. With few backward linkages or mutually reinforcing activities occurring in proximity to these production zones, there was little opportunity for regional development of territorial production complexes, as was the case in the U.S. Midwest (Page and Walker 1991) and California (Walker 2004).

These production complexes were isolated from the population and political centers of the countries in which they had been established, which made it easier for the companies to acquire and maintain control over land and labor (Moberg and Striffler 2003, Wiley 2008). The banana men were “keeping the flame burning in the jungle proper, out on the system's periphery where the pure spirit of capitalism could flourish in line with the forces of nature” (Chapman 2007: 46). This capitalist spirit produced company boom towns described as, “vast feudal estates composed of drab artificial settlements similar to factory towns. Labour camps, long lines of miserable and hot bunkhouses [which] stood next to smoky railway yards and noisy machine shops...so this was progress (*Ibid*: 103). Within these enclaves, infrastructure was established solely for banana production and was owned and controlled by the fruit companies, which essentially existed outside the rule of law of the states in which they operated. The fruit companies enjoyed exemptions from taxes, tariffs, and labor regulations at the same time that their operations were subsidized by Latin American governments. All of this provided them with significant advantage in monopolizing global banana exports. The companies exerted considerable control over host countries, often through the purchase of political influence, and when governments were less accommodating, through foreign policy interventions backed by the U.S. government (Kepner and Soothill 1935, Schlesinger and Kinzer 1982, Wiley 2008).

Among the early banana enterprises, the transnational company that epitomized the banana industry's excesses was the United Fruit Company. United Fruit was unrivaled, in terms of its geographical reach, the scale of its operations, the power exerted over producing countries, and the controversy surrounding its practices. It was known to

many as *el pulpo*, or The Octopus, so deep did its tentacles extend into the political, economic, and cultural life of producer communities. The company's vast production and distribution network would dominate the banana trade for a half-century, and the company became synonymous with degradation of land and labor, monopoly capitalism, imperialism, and the re/production of unequal power relations between producing and consuming countries.<sup>34</sup> United Fruit achieved notoriety for its role in directing political and military interventions in the countries where it did business. Notable among these were the Colombian military's massacre of striking workers in Ciénega, Magdalena and the 1954 coup that ousted Guatemala's democratically elected President, Jacobo Arbenz. Arbenz had dared to challenge the system that had allowed the company to maintain control of massive amounts of the national territory, although only a fraction of it was under cultivation. Through its board of directors, United Fruit had ties to the Dulles brothers, who headed the U.S. State Department and Central Intelligence Agency, both of which were involved in backing the coup (Schlesinger and Kinzer 1982). It is worth noting that such machinations are not simply historical artifacts. Indeed, similar abuses continue to this day, albeit in different iterations – trade union leaders continue to be threatened, attacked, and murdered in countries such as Colombia, Guatemala, and Ecuador (US/LEAP n.d., Bananalink n.d.).

As we have seen, extensive territorial control was required to guarantee supply, keep prices low (by playing different producing regions off against each other), and hedge against risk. Faced with market volatility, climatic and biological vulnerability, a highly perishable product, and lack of access to transport infrastructure and markets, small operators could not compete. While the small companies were always one hurricane or Panama Disease epidemic away from bankruptcy, several early companies achieved the geographical reach required to overcome myriad crises. With few obligations and essentially the right to do whatever they wanted in the countries where they operated, these enterprises provided favorable conditions for investors and, thus, the penetration of foreign capital throughout Latin America's banana zones. By the turn of the twentieth century, these companies would go on to form United Fruit.

In the early years, the banana men had trouble convincing investors that bananas were a sound investment. Investors were not concerned with the exploitive or imperialist nature of the trade, they simply doubted that it was "respectable business; that is, a sound investment" (Wilson 1968 [1947]: 103). At the time, "mention of the banana trade conjured up visions of rusty ships that unloaded cargoes to be peddled on side streets by swarthy, mustached Italians, sometimes with monkeys on brass chains" (*Ibid.* 102). The banana men, however, persisted. In 1885, Andrew Preston and Lorenzo Baker convinced eight partners to each contribute \$2000, with which they incorporated the Boston Fruit and Steamship Company (Kepner and Soothill 1935: 33). By reinvesting their returns into business expansion, the company was valued at \$531,000 five years later (*Ibid.*). Soon Boston's old money began investing and when the company merged with Minor Keith's Tropical Trading and Transport Company (following the bankruptcy of his banking operations, which had financed Tropical Trading and other ventures) to form

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<sup>34</sup> Indeed, Latin American scholars and dependency theorists have raised the case of bananas to highlight the role of foreign capital in the development of underdevelopment in Latin America, whereby natural resource wealth flows from the periphery to core, consuming countries and regions (Galeano 1973).



United Fruit in 1899, it was worth \$5.2 million – a tenfold increase in value in less than a decade (Kepner and Soothill 1935: 33, Chapman 2007).<sup>35</sup>

Incorporation brought together a vast production and distribution network, with authorized capital of \$20 million (Wiley 2008:12); holdings including 212,394 acres (61,263 acres in production) throughout Central and South America and the Caribbean (Kepner and Soothill 1935: 35); and control over most of the railroads in Latin America's banana zones (Wiley 2008).<sup>36</sup> As a result, United Fruit owned or controlled 80-90 percent of the global banana trade, with subsidiaries spanning the bulk of the supply chain (Taylor 2003, Frundt 2009). Following incorporation, horizontal integration proceeded apace. United Fruit kept dividend rates low and devoted returns to new land and infrastructure acquisitions, buyout of existing enterprises, improved business organization, and increase productivity (Taylor 2003, Bucheli 2005, Wiley 2008). The investments paid off fabulously for both the company and its investors. By 1930, United Fruit's capital stock and surplus stood at \$206 million and its total assets were valued at over \$242 million (Kepner and Soothill 1935: 36). Even with relatively low dividends, the company's stockholders realized average annual returns of 17 percent between 1900 and 1930 (Kepner and Soothill 1935: 36).

By 1906 the company held a 50 percent or greater share in twenty-one corporations (Taylor 2003: 70). This strategy also helped them skirt anti-trust laws, because growth through subsidiaries disguised the company's true scale (Wiley 2008). However, the mergers were not always voluntary. The late nineteenth century had been characterized by competition, but smaller operations failed rapidly, in part due to their own limited capacity (see above) and in part due to the predatory tactics of United Fruit.<sup>37</sup> With control of most of the rail network in Central America, and port facilities, the company could delay movement of competitors' shipments causing it to rot before arrival (Kepner and Soothill 1935). In addition they negotiated better deals with competitors' supplier farms and bought up land to prevent their expansion (*Ibid.*).

Meanwhile, United Fruit's competitors were following a similar path of incorporation and stock issues to increase working capital and build their operations. In Honduras, Zemurray's Cuyamel Fruit Company, the number two banana supplier at the time, raised millions through bond issues brokered by large investment banks, including Lehman Brothers and Goldman Sachs.<sup>38</sup> Meanwhile, the Vacarro Brothers were

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<sup>35</sup> For his part in the merger, Keith received \$4 million for Tropical Trading assets (Kepner and Soothill 1935: 35). Keith's Colombian Land Company, Ltd. and the Snyder Banana Company also formed part of the initial merger (Adams 1914).

<sup>36</sup> United Fruit owned land in Colombia, Costa Rica, Honduras, Guatemala, Panama, Cuba, the Dominican Republic, and Jamaica and its railroad holdings included the IRCA in Costa Rica, the Tela and Trujillo in Honduras, the Changuinola on the Caribbean Coast of Panama, branch lines serving all of Central America's banana zones, and the Magdalena National Railway of Colombia (Wiley 2008: 14).

<sup>37</sup> Even before United Fruit's incorporation, the number of firms engaged in the banana trade had decreased dramatically, from 114 in the 1880s to 22 in 1899 (Adams 1914: 71). Some attempted to remain independent and compete by merging with other small operators, but most were eventually forced to sell out. Among these was the Atlantic Fruit Company. Atlantic was owned by Joseph Di Giorgio's, who went on to become one of California's largest grower-shippers (Walker 2004), turning some of the key strategies of the banana empires to the goals of domestic production after selling out to United Fruit in 1906 (Kepner and Soothill 1935).

<sup>38</sup> Zemurray also gained an interventionist reputation, smuggling deposed President Manuel Bonilla back in to Honduras and sparking a revolution, for which he was rewarded with lowered taxes and land concessions

competing with United Fruit, particularly in the New Orleans regional market, where one of the brothers, Joseph, had purchased the bulk of ice houses along the Gulf Coast and became known as the “Ice King” (Wiley 2008). The Vacarro Brothers gained a reputation for paying higher prices than United Fruit and offering credit to supplier farms (Frundt 2009). After buying up surplus ships at a discount following World War One, the Vacarro brothers would go on to form the Standard Fruit and Steamship Company (now Dole) in 1926. While the “battle for concessions” among the fruit companies raged on during the early part of the twentieth century, United Fruit’s merger with Zemmurray’s operations in 1929 resulted in a period of company dominance and cooperation with its most notable rival, Standard Fruit (Kepner and Soothill 1935: 123). For a time United Fruit owned an interest in Standard, but the company was saved from the Octopus when US anti-trust regulators forced United Fruit to divest (Koeppel 2008: 93). By 1930, the company controlled more than 3.4 million tropical acres in Guatemala, Honduras, Costa Rica, Panama, Colombia, and Ecuador (Wiley 2008: 15).<sup>39</sup> With such widely dispersed sourcing possibilities, the company’s exports increased from 8,219,343 stems in 1900 to 43,332,224 stems in 1930 (Wiley 2008: 13).

For United Fruit boosters, the company’s success represented “far more than a mere money return. It meant the realization of years of hard work, relentless energy, courage, and fortitude...[i]t proved to the world that the industrial and commercial conquest of the American tropics was possible” (Adams 1914:115). In his 1914 paean to the company, *Conquest of the Tropics*, Frederick Upham Adams explained the formula for the company’s success:

It is all very simple, but it is also very stupendous. There are great plantations scattered 2,000 miles along the coasts and islands of the Caribbean; there are railroads and tramways with their thousands of cars and hundreds or more of powerful locomotives; there is a great fleet with ships plying back and forth from the coasts of the United States and Europe; there is a wonderful wireless flashing instantaneous instructions and warnings to this banana squadron; there is a swift unloading of these tens of millions of bunches of bananas all along the Gulf and Atlantic seaboard of the United States; and there is this perfected system of distribution by which this fruit goes out all over the interior sections of the nation (Adams 1914: 323-324).

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(Kepner and Soothill 1935). United Fruit initially tried to eliminate Cuyamel through price wars, but in 1929 purchased the company. When company stock value fell from \$158 to \$10 per share (and with it Zemmurray’s fortune) during the Depression, he returned to take the helm of the company. He promptly replaced the conservative financiers who had been in control of the Board since Preston and Keith’s deaths and ushered in a new (and more brutal) era for United Fruit (Koeppel 2008: 95). He remained at the helm until 1954, playing a role in approving the covert operations that removed Jacobo Arbenz from office in Guatemala.

<sup>39</sup> By 1955, this figure had been reduced considerably. At that point, United Fruit directly owned 1,726,000 acres in Guatemala, Honduras, Costa Rica, Panama, Colombia, and Ecuador, 25 percent of which was in production (May and Plaza 1958: 80). Although this does not reflect an actual loss of millions of acres, as they still controlled much, much more indirectly – through leases, associated producer agreements, and hidden subsidiaries (Frundt 2009).

In these early years, United Fruit did indeed appear to be unstoppable, impervious even to economic downturn. The financial panic year of 1907 provides a case in point. Even as recession spread throughout the country (which was serious enough to spark the creation of the federal reserve), people were consuming more bananas and little doubt remained that the banana trade was a profitable investment. Indeed, investment in United Fruit was viewed, by some, as “an effective insurance against the effects of general business depression” (Adams 1914: 113). While many state and local banks and trusts were going bankrupt, the company sold \$2.84 million in new stock and invested \$3.53 million to improve its operations (*Ibid.*). Within a decade of its founding, United Fruit had become one of the largest corporations in the world, a position it would maintain for the next six decades.

By 1954, the company owned or controlled eighty-five percent of land in the American tropics suitable for banana cultivation (Myers 2004: 43). A 1958 study of United Fruit’s operations attempted to quantify the company’s contributions to the local economies of producing countries and to inventory the its extensive role in promoting social welfare in producer communities, including housing, health and sanitation, education, agricultural training, and food services (May and Plaza 1958).<sup>40</sup> Even as the company worked to bolster its image of promoting progress and order, it faced mounting critiques over predatory business behavior, failure to meet its obligations with respect to promised infrastructure development, as well as its connection to foreign policy interventions. The company also faced occasional rounds of anti-trust action by the national government as domestic political sentiments shifted. The first occurred during the “robber baron” era. Then, in the 1950’s the Federal Trade Commission used the Sherman Anti-Trust and Wilson Acts to force the company to divest of some of its landholdings, restructure its operations, and agree to no additional acquisitions (for a time). Still, the company maintained its political and economic dominance abroad.<sup>41</sup>

### ***Revolutionizing production, producing mass markets***

It is not a simple success story from the beginning; it is more than that. It is a story of dreams and ambitions, of struggle and despair, of misunderstanding and even of hatred, of trial and error; all of this against the backdrop of sodden humidity, heat nightmares, tropical rains, hurricanes, murderous yellow fever, dysentery, and malaria. It is also the story of improvement through experience; it is the saga of the rise of stout-hearted men, big as Ulysses in their achievements. It could be written as a romance, its pages bathed in the clean salt spray of the tropical seas as flying fish scatter before the bows of the graceful Yankee clipper ships (May and Plaza 1958: 2).

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<sup>40</sup> The study was part of the National Planning Association’s (NPA) series on U.S. Business Performance Abroad. The NPA was a nonprofit organization, founded in 1934 by leaders in agriculture, labor, and business, and dedicated to promoting the interests of private enterprise, fighting communism, and securing US access to vital resources (May and Plaza 1958). It failed to acknowledge the unequal distribution of such benefits, which were primarily reserved for the company’s largely foreign, managerial workforce (Chapman 2007).

<sup>41</sup> Ironically, at the same time that the company faced anti-trust action during the 1950s, other US government agencies were providing foreign policy support on its behalf, most notably in the form of the coup in Guatemala (Chapman 2007).

The incentive to create the world market, to reduce spatial barriers, and to annihilate space through time is omni-present, as is the incentive to rationalize spatial organization into efficient configurations of production... Innovations dedicated to the removal of spatial barriers... have been of immense significance in the history of capitalism, turning that history into a very geographical affair – the railroad and the telegraph, the automobile, radio and telephone, the jet aircraft and television, and the recent telecommunications revolution are cases in point (Harvey 1989: 232)

The above quotes both provide apt depictions, albeit from quite different perspectives regarding the capitalist development of the banana sector. By consolidating land, labor, and capital in multiple locations, United Fruit positioned itself to bring a tropical commodity to the growing middle classes in the industrializing centers of the U.S. and Europe, at prices they could afford (Chapman 2007). Securing consumer markets was key, but they had to be produced. Bananas were exotic, and the fruit companies worked to market them as such, through tropicalized and racialized narratives and imagery, perhaps the most conspicuous example of which was Miss Chiquita (Smith 2012). The geographical imaginary constructed by the banana companies also resonated with long-standing colonial representations of the tropics. The fruit companies' advertisements mobilized ideas about tropical zones of production as naturally endowed, yet primitive and thus needing the entrepreneurial spirit of Yankee ingenuity to escape from isolation and backwardness (Soluri 2005). According to one observer, “[t]hese tropics are productive just about in proportion as American initiative, American capital, and American enterprise make them productive” (Adams 1914: 36).

In the hands of banana industrialists, the exotic banana also became nutritious, hygienic, predictable, and affordable. Theirs was a civilizing mission, which harnessed the jungle's productive powers to construct safe and sanitized agricultural zones for the good of both consuming and producing nations. The combination proved key to the successful establishment of a thriving banana trade. In many ways, this tropical commodity resonated with the sensibilities of Progressive Era social reformers and a growing belief in the role of science in societal betterment. Scientific discovery of the link between germs and disease in the late nineteenth century led to the enlistment of mothers and housewives in the projects of “home economics, ‘scientific motherhood’, and ‘household bacteriology’, to ensure the health of the family and nation (Bobrow-Strain 2008). The emerging field of nutritional science had also discovered the importance of fresh fruit for a healthy diet (Walker 2004, Chapman 2007: 39). Arriving in their own, natural packaging and with high nutritional value, bananas quickly became popular among the growing middle classes. Discourses of progress, order, and hygiene helped to secure the banana's place as the second most widely consumed fruit (after apples) by the early 1900s (Soluri 2005). They also served to both obscure and justify the highly exploitive and interventionist material practices engaged by the banana companies to secure the conditions of production (Cook *et al.* 2004).

While these discourses were critical to producing a market, the material conditions underpinning banana production and distribution provided the pivot for the industry's development. Through scale economies and tight supply chain coordination the company was able to “reach the consumer with a unit of profit per banana so small

that it cannot readily be comprehended” (Adams 1914: 45). This was achieved through improved transport and processing infrastructure, as well as technologies to address the “problem of nature” in the tropics, and the nature of bananas in particular. Control over extensive land in multiple locations had allowed the banana companies to achieve consistent supply in the face of environmental and biological risk. However, it required the development of modes of business organization and supply chain coordination to maintain a smooth and profitable product flow. The social and spatial organization of the industry that crystallized during the era of land concessions was reinforced through incorporation and capital investment. By the turn of the twentieth century, the fruit companies were well positioned to turn an emergent set of technologies to the project of agro-industrial development, referred to by Frederick Adams (1914) as setting “the Machine” in motion. In the banana industry as in other sectors, this was a period of rapid technological change with respect to both cultivation and logistics.<sup>42</sup>

In the first place, technologies were directed at overcoming the obstacles of nature to allow for large-scale banana cultivation to occur. At the point of production, land clearance, drainage, and infrastructure development required large-scale machinery (Adams 1914). Biological controls were also employed to rid swampland-turned-plantations of diseases, such as malaria and yellow fever (May and Plaza 1958). It is important to note that these processes have been ongoing, as new zones of production are cleared and old zones must be maintained. Kepner and Soothill note that “banana cultivations are never static” and the process of reversion to jungle happens quickly (1935: 31). Growers are thus either battling the jungle or abandoning land to it, and “civilization crumbles away to little or nothing” (*Ibid.*). The development of long-distance logistics networks also proved a formidable challenge, which few firms were able to overcome.

During the industry’s early phases of development, the fruit companies’ strategies revolved around processes that Boyd *et al.* (2001) characterize as the formal subsumption of nature, whereby natural processes and products are not subject to direct industrial transformation, but are simply exploited by firms in the process of commodity production” (563). These early firms confronted the material specificities of the banana, not only as obstacle, but also as opportunity (*Ibid.*: 561). Perishability presented particular time-space constraints for the fruit companies, given the long overland and oversea distances across which it had to be transported. As we have seen, this opened up rent-seeking opportunities for firms that controlled railroad networks and ports. It also created opportunities for firms that innovated in the arenas of production and logistics. The fruit companies invested heavily in improving their landholdings with tramways and cableways, which reduced the labor time needed for the movement of harvested fruit from within the plantations to railroad spur lines. Zemurray’s Cuyamel Fruit and United Fruit were known for innovating in these areas (Adams 1914, Koeppl 2008).<sup>43</sup>

Development of logistics technologies was also critical. Beginning in the 1880s, the conversion from sailing vessels to steamships substantially reduced transport time and

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<sup>42</sup> The pace of technological change would accelerate even more rapidly in the realm of production during the final decades of the twentieth century, in response to importer and retailer productivity and quality demands (Grossman 1998, Arias *et al.* 2003).

<sup>43</sup> The companies would later make significant investments in packing plants for post-harvest handling and processing, with the shift from the Gros Michel to the Cavendish variety.

increased shipping capacity, allowing bananas to arrive more rapidly, reliably, and in greater quantities to consuming destinations (Taylor 2003). The companies that developed early steamship fleets, including Preston and Baker's Boston Fruit Company, Zemurray's Cuyamel Fruit, and the Vacarro Brothers obviously had considerable advantage. In this endeavor too, United Fruit proved the most successful, amassing a "Great White Fleet" of one hundred ships by 1915 (UFCO archive n.d.).<sup>44</sup> At the same time that United Fruit was bringing products and ideas from the tropics to Northern consumers, it was bringing consumers (or at least a privileged few) to the tropics. As both a marketing strategy and method for increasing revenues, the company initiated passenger service through its extensive shipping fleet (Bucheli 2005), creating an early opportunity for consumers to learn about the origins of their food. Still, while the fleet did play a role in increasing passenger service to the tropics, bananas remained the company's most profitable cargo (Adams 1914).

New logistics technologies also facilitated expansion of the banana trade. Refrigerated transport became widespread, through innovations in manufactured ice, ventilation, and insulation systems. Ice-cooled ship holds delayed ripening during the long maritime journey and permitted better management of sales volumes and flows.<sup>45</sup> Refrigerated rail cars allowed fruit to be shipped to inland destinations, providing an outlet for surplus supply and generating new markets.<sup>46</sup> New communications technologies, including telegraph, telephone, and radio service, also revolutionized coordination of banana production, harvest, and transport. United Fruit was in fact, a pioneer not only in the use, but also in the development, of wireless telegraphy and the first to establish reliable communication links with Latin American countries (Adams 1914: 240). For example, it formed the Tropical Radio Telegraph Company as a subsidiary in 1913 and which still exists today (Read 1983, Cited in Taylor 2003: 72). The ability to communicate across extensive territories provided a significant benefit to the company and made the work of the local fishermen, who became message runners announcing the arrival of steamships and delivering production quotas along the banana frontier, much easier (Wilson 1968 [1947]).

These technologies were on display at the 1876 Philadelphia Centennial Exposition, where visitors flocked to the horticultural hall to see the *musa sapientum*, or banana plant, which stood three and one half meters high and required full time security to keep the marveling crowds from pulling it apart (Chapman 2007: 36).<sup>47</sup> Advertised as a tribute to the wonders of nature, the horticultural hall was also an indication of the revolution in plant technology that was underway, as breeders and agro-chemical

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<sup>44</sup> The name was an obvious reference to the US Naval fleet that had circumnavigated the globe in 1907 during a period of growing US imperial dominance (Chapman 2007).

<sup>45</sup> For United Fruit, refrigeration provided an added bonus, as air flows from refrigerated holds provided air conditioning for passengers on the Great White Fleet (Adams 1914: 126).

<sup>46</sup> United Fruit was not the only fruit and shipping company innovating at this time. In fact, refrigerated banana shipments were arriving in Britain via the Fyffes Company (SS Morant) around the same time that United Fruit's first refrigerated shipment arrived in the US (SS Venus) (United Fruit Company archive).

<sup>47</sup> Over its six-month duration, ten million visitors, or almost 20 percent of the US population visited the Philadelphia Expo, which showcased Corliss' fifty-six ton steam engine, Bell's telephone, Edison's telegraph, the early combustion engine, and the Line-Wolf Ammonia Compressor that would revolutionize refrigeration and ice making and fuel the banana boom (Chapman 2007). That same year, bananas were being wrapped in tinfoil and sold for ten cents each (Adams 1914).

scientists worked to find ways of “working nature harder, faster, and better” (Boyd *et al.* 2001: 564). While the technologies described above were focused on gaining strategic advantage through processes of formal subsumption, Boyd *et al.* note that the potential for manipulation of biological production (including production time, and thus turnover time) opens the door for what they term the real subsumption of nature (2001: 561).

***The drivers and consequences of agro-industrial production: real subsumption and the technological treadmill***

Finding ways to expand, intensify, and rationalize production through modern plant breeding, biological controls, and more recently genetic modification, has of course been central to the accumulation strategies of agro-industry. The development of agrochemical biological controls has been one of the key innovations of the banana industry. Costly aerial spray regimes, as well as the installation of a massive spraying infrastructure (miles of pipe, thousands of pumps, and reels of firehoses and nozzles), and the conversion of twenty-five percent of banana workers into pesticide applicators, resulted in a chemical remaking of the tropics (Marquardt 2001, in Koepfel 2008: 107). Here again, United Fruit had a significant advantage over small operators, transforming the way people reacted to, and controlled, agricultural maladies (*Ibid.*). While early investments in plant technology were limited, increasing losses due to plant disease and a more general drive towards intensification led United Fruit to establish a plant-breeding program in 1910. By the 1920s, a broad research agenda focused on the agronomy, handling, agricultural engineering, and processing of bananas had been developed and was operating through universities and publicly and privately financed research institutes (Ostmark 1974, Arias *et al.* 2003). United Fruit invested millions in banana breeding programs in places such as the Lancetilla Experiment Station, established in 1926, and the Zamorano School, established in 1941, both in Honduras (Ostmark 1974). More recently, collaborative programs have also been established elsewhere in Latin America, Africa, and Asia to share knowledge regarding *Musa* germplasm collection and improvement.<sup>48</sup>

The initial impetus for plant research was the search for disease resistant varieties to replace the Gros Michel. Genetic improvement, however, proved challenging (given the banana’s narrow genetic base) and a suitable replacement was not discovered until the 1950s. At this time, United Fruit and Standard Fruit essentially exercised a duopoly in the U.S. market, controlling production and distribution networks and with significant investments in rail lines, irrigation systems, company towns, shipping fleets, and port facilities. The fruit companies were thus in a position of needing to make greater capital outlays in order to keep their fixed assets operating (Hord 1966). This included investment in research and development, a process in which Standard Fruit led the way. Under the control of Joseph d’Antoni, who took the helm in 1953, Standard invested heavily in adoption of new varieties from the Cavendish group, which gave them competitive advantage over United Fruit. However, the company ultimately adopted the Cavendish as well.

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<sup>48</sup> Major programs include the International Network for the Improvement of Banana and Plantain (INIBAP), created in 1985, and the Global Program for Musa Improvement (PROMUSA), established in 1997 (Arias *et al.* 2003: 50).

The shift to Cavendish cultivation was characterized by technological change in multiple arenas. In addition to disease resistance, Cavendish plants were more productive and less susceptible to hurricane damage (due to their shorter height) (Taylor 2003). However, they were also fragile and required careful post-harvest handling. While the hardiness of the Gros Michel variety had allowed it to be harvested and shipped on the stem, the Cavendish required on-site packing to prevent damage during transport. This led to the development of new packing plant technologies (Wiley 2008), as well as agglomeration effects from input and supply industries (Taylor 2003).<sup>49</sup> Cavendish strains were also susceptible to a host of other pests and diseases, which required increasingly intensive input regimes.

The power of the fruit companies to control an ever-expanding terrain of production and to harness new technologies to overcome obstacles, increase productivity, and gain competitive advantage was, indeed, remarkable. From the early days of innovation, banana production technologies and divisions of labor became more sophisticated. As capital accumulated it was invested in machinery, inputs, and management systems, in plantations, ports, and ripening rooms, and in the banana germplasm itself. However, the system created was one of constant crisis, subject to boom and bust cycles and requiring ever more land and increasingly intensive input regimes. The more successful they became, it seemed, the more vulnerable they were. As production complexes became established, workers organized to demand better wages and working conditions; political shifts threatened the fruit companies' territorial control; climatic events and disease outbreaks destroyed large-scale plantings overnight.

While many accounts of the banana industry's development locate these challenges as external, they were in fact an integral part of the capitalist production systems installed by the banana industrialists. The banana companies' drive to maintain profits caused them to hedge against possible production losses in one location by opening up new territories of production. This occurred through the installation of new plantations and through purchasing agreements with independent farmers. In this sense, the banana companies' success in overcoming potential scarcity reflected the true nature of the crisis, namely one of oversupply. The favorable terms initially offered by the companies encouraged local farmers to plant bananas, which could then serve as reserve supply in times of scarcity. As consolidated equity operations, buyers could control supply at the same time that they placed supplier farms on a "technological treadmill" (Cochrane 1979). Extensive production combined with the introduction of new technologies increased supply and productivity, thus reducing prices to a bare minimum and squeezing supplier farms.

This condition prevails today, with the banana serving as retailers' "loss leader" in the produce aisle. Bananas are, in fact, so abundant that they can be sold indefinitely at a loss. Banana growers, then, are faced with the imperative to further reduce production costs to either maintain profits or reduce losses, placing them on Cochrane's technological treadmill. While the assertion that this dynamic would ultimately lead to larger farms seems to have largely been realized in the banana industry, a history of smallholder contract farming suggests that, at the farm level, dynamics may be working against consolidation. Indeed, increasing numbers of growers throughout the tropics are

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<sup>49</sup> Including cardboard, plastics, and agrochemicals.



being swept in to these dynamics, with significant socio-ecological consequences for producer communities.

Because commercial bananas propagate through underground rhizomes, rather than seed, they lack genetic variability and, thus do not evolve, to resist the wide array of plant pathogens, nematodes, and insects that thrive within banana monocultures. Over time, these pests become more virulent. The combination of narrow genetic base and monoculture makes the export banana industry particularly vulnerable to new diseases or new strains of old ones (Henriques *et al.* 1997). The banana is, today, the most chemical intensive export food crop in the world (and second only to cotton in terms of chemical pounds per acre applied). On the one hand this has opened up new opportunities for accumulation in the realms of plant biotechnology and agrochemical inputs. However, these technological advances have inevitably resulted in the need for increasingly intensive input regimes.

Panama Disease (*Fusarium oxysporum cubense*) was the first epidemic to hit the banana plantations. A plant pathogen transported through soil and water, the fungus attacked the banana plants' roots (rhizome) system, cutting off its ability to take up moisture and nutrients from the soil. While first identified in tropical America in 1890, the first major outbreak occurred in Panama in 1903 (hence the common name) (Chapman 2007: 62). From there the disease spread northward, becoming a significant problem by 1910 (Ostmark 1974:143). With no effective biological control, it "ranks with the half dozen most catastrophic plant diseases" known in modern agriculture (Simmonds 1966: 367). By the 1930s, the fruit companies knew what Panama Disease was and how it spread, but its resistance to fungicides provided few options but to abandon existing plantations and seek out new territories for production (in some cases turning to independent producers to externalize risk) as it spread throughout Central America and into Colombia and Ecuador by the 1930s (Striffler 2002, Bucheli 2005, Wiley 2008).

As previously discussed, the shift to Cavendish stimulated technological change in cultivation and post-harvest handling. These changes coincided with the introduction of Green Revolution technologies. While the variety was more vigorous and higher yield, Cavendish monocultures are, like the Gros Michel before them, susceptible to a variety of agricultural pests and diseases, including a host of root, foliage, flower, and fruit feeders (Ostmark 1974).<sup>50</sup> Among these, the most critical is Black Sigatoka, an airborne leaf spot disease caused by the *Mycosphaerella fijiensis* fungus that thrives in the humid tropical climates where bananas grow. Sigatoka grows epiphytically, in the air chambers of leaves, killing them almost overnight (*Ibid.*). The reduction in leaf cover leads to smaller fruit and, even more troubling, the fungus may cause fruit to ripen erratically during transport. Fruit that does not display any problem during packing may arrive at destination ports unsaleable. Unlike with Panama Disease, biological controls do exist for these maladies, albeit with varying degrees of effectiveness. In addition, while the Cavendish was considered resistant to Panama Disease for several decades, a newer more virulent strain of the disease has emerged, threatening this banana variety and increasing demands for genetically modified varieties.<sup>51</sup> Thus far, this new strain has been found in

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<sup>50</sup> Nematodes attack the root, or rhizome, structure; insects include the hard to control thrips and the banana weevil. Moko attacks the plant's pseudostem (Ostmark 1974).

<sup>51</sup> Production of genetically modified banana varieties is still in its early stages, although commercial companies, universities, and research institutes have devoted considerable resources to the project since the

Africa, Australia, and the Canary Islands, but has not yet arrived in the Americas. Efforts to develop new resistant varieties have progressed slowly, due to low genetic variation in the seedless triploid banana cultivars that have been bred for export production (Koeppel 2008).

Banana monocultures lack the genetic diversity and soil-building techniques offered in agroforestral or garden cultivation systems, which involve crop rotations, intercropping, and, in some cases, animal pasture. Instead they rely on a variety of off-farm inputs to sustain production and to achieve blemish free fruit. Because bananas require significant nutrient content in the soil, a variety of fertilizers, including nitrogen, potassium, and phosphorous are applied throughout the year, by broadcast and fertilizer injected irrigation (fertigation) methods. Herbicides, including the highly toxic Paraquat and suspected carcinogen Glyphosate (PAN n.d.), are applied manually to keep plantations free of groundcover (up to twelve times per year) to reduce root-attacking nematode worms (Chambron 1999). In addition dangerous nematicides must be applied directly to the soil and plant bases to protect the roots. Insecticides are used to treat the polyethylene bags in which bananas are wrapped during maturation, including the highly toxic Chlorpyrifos and Parathion. In packing plants, workers apply fungicides and disinfectants, including (dermatitis-causing) tisabendazol and aluminium sulphate (*Ibid.*)<sup>52</sup>

Today, aerial spraying of fungicides for Sigatoka is by far the most intensive and costly of control systems and “the cost of the fight against Sigatoka is rapidly pushing against the borderline of benefits” (Koeppel 2008: 199). Spray regimes that, ten years ago, occurred once or twice per month have been increased to weekly in some cases (*Ibid.*). The virulence of contemporary Sigatoka strains is the result of the banana companies’ decades-long battle with the disease. Until the 1960s copper sulfate, or Bordeaux mixture, was utilized to control the disease. While widely credited with saving the banana industry and highlighting the importance of agrochemical research (Ostmark 1974), it was banned in the 1960s due to its highly toxic and deadly effects on workers. Because exposure turned their skin blue, workers were nicknamed *perico*, after the brightly colored parakeet. Within several months of working with the substance, workers’ respiratory and digestive systems failed and many died (Koeppel 2008: 108). While exposure to contemporary fungicides may not result in such immediate or ghastly outcomes, current agrochemical controls are also highly toxic. Specifically, they leach into groundwater and also have significant negative effects on worker and community health, as in the case of mancozeb, a suspected carcinogen now widely used as a broad-spectrum fungicide on banana farms.

In addition, over time these inputs become less effective due to the evolution of pests. This requires increased applications of existing treatments, and a constant search for new ones. As Goodman *et al.* (1989) and Boyd *et al.* (2001) note, this treadmill increases opportunities for accumulation in agrochemical input and related industries, including equipment and aerial fumigation services. However, “after many years of

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1990s. Still, timing for the release of a genetically modified banana for commercial production remains unclear (FAO 2001).

<sup>52</sup> Two frequently used pesticides, Paraquat and Parathion, are on the Pesticide Action Network’s “Dirty Dozen” list because of their toxicity and potential danger to humans and wildlife (Astorga, 1998), while others, like Chlorpyrifos and DBCP have been banned altogether (PAN n.d.).

massive applications of pesticides, the incidence of pests in banana plantations has not been noticeably reduced. On the contrary, scientists argue that there are more pests today than 50 years ago as insects are becoming increasingly resistant” (Chambron 1999: 53). Central American plantations utilize approximately thirty kilograms of agrochemicals per hectare per year, more than ten times the average for intensive agriculture in industrialized countries (Wheat 1996). A report by the Escuela de Agricultura de la Region Tropical Humeda (EARTH college) in Costa Rica suggests that much of this is either lost to drift or runoff, resulting in up to a ninety percent loss of aerially applied fungicides (Chambron 1999: 53).

This intensive agrochemical use has resulted in widespread poisoning of workers, communities and the wholesale contamination of banana producing regions. Due to prolonged direct exposure, workers face the greatest risks in an industry with the highest incidence of reported on the job accidents of any agricultural sector (Wheat 1996). The internal structure of banana plantations (leaves are low lying and plantings are not in neat rows) prevents the entry of mechanical spray rigs, requiring most of these agrochemicals to be applied manually, with backpack sprayers. Aerial spraying often occurs without adequate warning. As a result, workers are exposed to a variety of highly toxic chemicals, often without appropriate protective equipment, which can burn the skin, eyes, and lungs. On many plantations, growers have addressed exposure issues by hiring rotating temporary crews on three to six month contracts (Chambron 1999: 53). This has made the work of pesticide applicators both dangerous and precarious.

Incidents of pesticide poisoning in the banana industry have been well documented. One of the most widespread cases was that of DBCP (1,2-dibromo-3-chloropropane), a potent nematicide that is also a suspected carcinogen and endocrine disruptor, and a known developmental, reproductive, and neuro-toxin (PAN n.d.). Its use resulted in the mass sterilization of banana workers in Central America, the Caribbean, the Philippines, and West Africa during the 1970s and ‘80s, as well as birth defects and liver and kidney damage (Thrupp 1991a, Chambron 1999). Despite ample toxicological evidence of health and reproductive hazards (Thrupp 1991a), and a U.S. prohibition in 1977, DBCP was not banned in banana producing regions until 1987 (Barry 1987). Over 24,000 workers have levied lawsuits against the banana companies, Dole, Del Monte, Chiquita, as well as the chemical companies, Dow, Shell, and Occidental, for their responsibility in producing and utilizing chemical that caused significant harm to workers (*Ibid.*). The realities of agrochemical exposure, combined with multifarious workplace hazards that banana workers face (e.g., from heavy lifting, climbing, machete accidents), underscore how the system of banana production as a whole has been constructed to subordinate worker and environmental health to the imperatives of capital accumulation.

The wider experiences of producer communities with respect to excessive agrochemical use are no less problematic. Agrochemical residues have been detected in soils, ground, and surface waters in regions surrounding banana production zones. Abandoned plantations have been found to have high concentrations of copper and other toxic substances (Thrupp 1991b, Wheat 1996, Astorga 1998). Land is, thus, rendered unviable for cultivation of other crops. According to Chambron, “[i]n the Philippines, farmers who settled on land that previously grew bananas lamented that their maize dried up in such a way that one might think the seedlings had come into contact with sulfuric acid” (1999: 52). She goes on to note that the banana companies refuse to acknowledge

the existence of these problems and resist independent scientific analysis on their plantations (*Ibid.*). During heavy rains and flooding, drainage canals overflow into nearby streams and rivers, effectively broadcasting pesticide- and fertilizer-laden water and sediment into regional water supplies, damaging regional ecosystems through fish die offs, algal blooms, and other problems. Industrial waste from pesticide-treated plastics, often disposed of in open-air dumps, also contributes to the contamination of waterways and public health hazards. One estimate suggests that every ton of banana exports produces two tons of waste, including bags and chemical containers.

### ***Conclusion***

This chapter has considered how the banana's characteristics, including its biophysical properties, environmental requirements, and cultivation and transport requisites, have influenced the development and organization of the modern export industry, creating both obstacles and opportunities for capital accumulation. Those who succeeded in building the banana empires, did so precisely because they were able to secure sufficient land, labor, and capital to not only contend with the obstacles of nature, but to use the unpredictability and risk of commercial banana cultivation to their advantage. The banana industry's development underscores the ways in which the risks, uncertainties, and surprises inherent in biological systems "can have profound influences on industrial organization and regional development" (Boyd *et al.* 2001: 561). As we have seen, the banana companies utilized strategies of both vertical and horizontal integration to acquire and maintain control of a vast production and transport network capable of consistently bringing quality, affordable bananas to consumers in the North. Through private investors, as well as the exchequers of host countries, they amassed capital, to establish technologically advanced production and transport systems and develop a complex division of labor, which allowed for economies of scale and tight coordination of the supply chain. And they were supremely successful in their endeavors.

As we have also seen there were socio-ecological consequences to the systems established by the banana companies, the legacies of which continue to be felt today. Indeed, processes of environmental degradation, labor exploitation and devaluation have continued apace within the contemporary industry. In attempting to trace the historical development of banana agro-industry I want to suggest that political, social, and ecological constraints and consequences are, not only intimately intertwined, but also internal to the dynamics of agro-industrial capital. The ever-expanding geographical reach and ever-intensifying production dynamics employed in efforts to overcome crisis, have in turn created new crises and contradictions and undermined the social and ecological bases for continued production and profitability. In other words, the dynamics that have chased the banana companies around the globe, from political unrest and labor militancy, to climatic events and crop failure, are inter-related and internal to capitalist production.

It is this system, which makes bananas consistently available to Northern consumers while degrading social and environmental landscapes in the South. And it is this system that the Fair Trade system seeks to change. The idea that smallholder production systems are more socially and ecologically sustainable has led many Fair Trade activists and scholars to focus their attentions on the smallholder banana producers who have long been articulated into global markets. Much of the literature has focused on

the Caribbean farmers whose survival is now being threatened by the neo/liberalization of international trade. As we have seen, small banana farmers in Latin America have also played a role in the global banana trade, albeit without the same protective arrangements offered to Caribbean farmers. Their ongoing struggles to maintain a place in the highly consolidated global banana economy led to the development of the Fairtrade banana initiative, which I discuss in detail in Chapter Three. Chapter Four considers the case of small Fairtrade farmers in Ecuador, a case that diverges somewhat from the (thoroughly researched) Caribbean banana sector. Given the challenges of socio-economic viability for small farmers and socio-ecological degradation of banana monoculture, Fairtrade can in some sense be seen as new technology aimed at ameliorating crisis. Yet, as we will see in the following chapters, Fairtrade's failure to address the underlying logics of agro-export commodity production has (like other technologies before it) created new contradictions, which are felt most acutely in producing communities.

### **Chapter 3: Fairtrade Banana Wars - Free trade, Fair Trade, and the Banana Commodity Chain**

As the banana industry moved into its second century, the dominant production and distribution patterns established by the fruit companies remained largely in place. More recent developments in the industry have likewise been driven by the logics and challenges discussed in the previous chapter. However, certain aspects of the industry's structure and spatial organization have shifted substantially since the days of *el pulpo* in the face of deepening and widening crises. Indeed, the banana industry's evolution has been marked by accelerated efforts to overcome the time-space constraints of banana accumulation. It has also been shaped by the demands of increasingly consolidated retailers, who now require a host of demands be met as a condition for establishing purchasing contracts. Requirements include rigorous quality specifications, phytosanitary, food safety, and traceability protocols, as well as environmental and occupational safety and health requirements.

The Fairtrade banana initiative has emerged within the context of these ever-new, ever-same challenges. Fair Trade researchers rightly argue that the industry's historical and contemporary organization provides an important impetus for certification and labeling as a means to address the industry's socio-ecological consequences. At the same time, they suggest that market forces have undermined the initiative's potential. Yet, the certification strategy itself also plays a contradictory role in mediating banana production relations. Despite claims to support small farmers and workers through a solidaristic form of consumer politics, research suggests that the highly uneven terrain of the conventional industry is, in many respects, reproduced in the realm of Fairtrade banana production.

Drawing on the tradition of commodity systems analysis pioneered by Friedland (1984, 2001), this chapter explores the distinctive characteristics of the contemporary banana sector, including production practices, labor processes, grower organization, marketing channels, and distribution networks. As we have seen, bananas are both risky and technologically complex to grow, harvest, pack, and ship, a fact that has contributed to the sector's extensive landscape of production, as well as its vertically integrated and consolidated structure. Yet the forms of social and spatial organization that historically conferred competitive advantage upon companies like United Fruit and Standard Fruit have been challenged in recent years, as broader processes of food system neoliberalization have taken hold. As within agrifood sectors more broadly, the banana industry has been reconfigured through mergers and acquisitions, divestiture of productive capacity in favor of flexible sourcing, geographical expansion and a shifting terrain of production and consumption, the growing control of retailers over production and trade, and shifts in the international regulatory frameworks governing the international banana trade. In the case of the banana sector, this has played out in particular through the elimination of market protections for particular producer groups and the emergence of new, flexible modes of agrifood governance (including third party certification initiatives like Fair Trade).

An important case in point has been the Banana Wars, which erupted during the 1990s at the level of the World Trade Organization (WTO). It is here that the dominant players in the global banana trade have fought to pry open the tiny, remaining market

segment in which small, resource-poor African, Caribbean, and Pacific (ACP) producers still had an advantage, through protective trading arrangements with their former colonizers within the European Union (Josling and Taylor 2003, Myers 2004, Moberg 2008). The WTO dispute has reinforced an image of the banana multinationals as exploitive and controlling representatives of an unjust world trading system, making it an important target of Fair Trade activism. On the one hand, activists and researchers have highlighted the potential for certification to contest the neoliberalization of the banana trade, by protecting smallholder banana farmers following the breakdown of the European Union's quota system (Raynolds and Murray 1998, Myers 2004, Raynolds 2007, Moberg 2008). On the other, the voluntary and highly uneven forms of market protection that Fairtrade provides fits with the ideological and policy frameworks of neoliberal institutions like the WTO. In addition to the question of whether and how the Fair Trade system challenges neoliberalization, its ability to alter production conditions through mediation of exchange relations is also questionable. Much of the debate within the Fairtrade network has focused on the role of conventional agribusiness players in undermining the position of alternative trade organizations (ATOs) and small farmer cooperatives. However, I argue that Fair Trade's failure to address banana production relations, specifically the central role of wage labor within complex and differentiated farming systems, limits its potential to promote equity and sustainability.

This chapter places the Fairtrade banana initiative in the context of the contemporary organization of banana production. Section one traces the path of the global banana from farm field to supermarket, focusing in particular on the labor process at various stages in the journey. Section two lays out the major shifts contributing to the contemporary structure of the industry, highlighting processes of financialization, labor/technological change, the banana multinationals' divestiture of land, the growing power of the retailing segment of the supply chain, and the shifting geographies of export production. This paves the way for a discussion of the two regimes of accumulation that have characterized the industry – the dominant Latin American dollar regime and that of the ACP states.

Finally, I explore the uneven and contradictory development of the Fairtrade banana initiative as it has intersected with broader spatial and structural dynamics shaping the banana industry. I discuss the emergence of the Fairtrade banana initiative, focusing on its historical development and current dynamics. I highlight the differentiated forms that export banana production takes and the multifarious ways that transnational banana firms secure value, through both direct production and sourcing from producers of differing scales, productivity levels, and resource access. In conclusion, I suggest that the experience of the Fairtrade banana initiative paints a more complex picture of the potential for market-based governance strategies to adequately address the realities of social exploitation and environmental degradation that have endured throughout the banana industry's tumultuous history.

### ***The path of the global banana***

A typical export banana travels thousands of miles by land and sea, taking anywhere from four to five weeks to reach its final destination. The journey from farm field to supermarket shelf requires the utmost coordination and care in handling to ensure that the fruit arrives suitable for consumption. That the banana has become the world's

most widely consumed fruit, made reliably available to consumers 365 days a year, belies the technologically complex and labor intensive processes undertaken to make this global supply possible. The process begins in farm fields of varying scale and productivity. Modern banana cultivars propagate through a network of underground rhizomes, or vegetative material, from which new plants emerge. The plants' pseudostem is packed with leaves, which unfurl as it matures. Depending on climatic conditions and input regimes, the plant will produce what appears to be a single flower (fluorescence) within nine months to one year, which develops into a full grown banana stem (*racimo* in Spanish) over a ten to twelve week period.<sup>53</sup> Under favorable conditions and helped along by human intervention and copious industrial inputs, this process may continue indefinitely, producing stems weighing up to one hundred pounds, at least until the point of soil exhaustion.<sup>54</sup>

Commercial success requires those engaged in banana cultivation to have an intimate understanding of the plant, how it grows, and its needs along the way. Each step in the process – from tending and harvesting, to processing, packing, and transport requires particular knowledge and skill. In most commercial production this is achieved through a specialized division of labor. Furthermore, accelerating technological change has not decreased but, rather, increased the level of skill required in the labor process (Grossman 1998). Scholars of farm labor processes have noted that much agricultural labor has retained its skilled character, challenging the notion that deskilling is an inevitable outcome of technological development, at the same time that production has been industrialized (Friedland *et al.* 1981, Thomas 1992, Grossman 1998, Moberg 2008). While this characterization may apply unevenly across different tasks in the production process, knowledge of the fruit and care in handling is critical at every step. Furthermore, the intensifying quality demands of global retailers have increased the labor time and expertise required for growers to remain competitive. As one Caribbean farmer notes, “[b]ananas are like babies because of all the care you have to give them” (Grossman 1998: 1).

During cultivation, field crews must carefully monitor plant growth, ensuring adequate spacing for healthy growth and steady succession by selecting the most vigorous offshoots and eliminating others. Because plants propagate randomly underground rather than being planted in neat rows, mechanized cultivation is virtually impossible, meaning tractors cannot replace human labor.<sup>55</sup> Once the fruit has sufficiently matured, workers insert plastic or foam sleeves between the individual hands to protect them from blemishes and wrap the entire stem in an insecticide treated polyethylene bag

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<sup>53</sup> The fluorescence is actually a group of male and female flowers bunched together along a stem. Upon pollination, the male flowers quickly die and the female flowers transform into banana hands, which run along the length of the stem.

<sup>54</sup> Stem weight depends on a variety of factors, including soil quality and moisture, climate, agronomic practices, and overall plant health. Cavendish stems generally weigh between 65 and 110 pounds. On Ecuador's south coast, the growers and workers I interviewed reported an average stem weight of about 80 pounds, while agroforestral farmers reported stem weights closer to 50 pounds. On Colombian plantations, where productivity levels are generally much higher, workers reported stem weights of 100 pounds.

<sup>55</sup> However, there is evidence that this method of propagation is changing, as modern, technified plantations increasingly turn to cultivating new plants from starts in an effort to better time harvests, a process known in Latin America as “la cosecha programada” (author interviews, April 22, 2009 and March 10, 2011).



to deter pests and regulate ripening.<sup>56</sup> A colored ribbon system (*cinta* in Spanish) is utilized to track fruit development and signal to cutting crews which stems are ready for harvest, although variability in the maturation process requires workers to use visual cues and measurements as well.<sup>57</sup> Workers in the field perform a host of other tasks to ensure that quality standards and productivity are maintained. Maturing plants must be shored up with wooden poles or rope; old leaves must be removed; fruit deflowered; weeds eliminated; and proper fertilization, irrigation, and drainage ensured. Workers are also trained to detect a host of pests and plant diseases and, as discussed in Chapter Two, crews must follow intensive pesticide regimens.

The harvest is no less labor intensive. Workers have only a short window within which to identify which stems are ready. Fruit that appears less than ready one day may grow too large by the following week's harvest. Retailers' increasingly strict standards regarding fruit length and thickness mean that selection requires precision. "Cutters" then use a machete or pole with a thick, crescent shaped blade to cut into the plant's pseudostem, allowing it to bend under the banana stem weight to the appropriate height to wrap a chain or rope around its cut end and lower it onto the shoulder of a waiting "backer". The backer then carries this heavy load, up to one quarter of a mile, to hook it onto a cableway system. Once a sufficient number of stems have been hung (up to twenty stems, the equivalent of one ton of bananas), a worker connects himself to the load and drags it along a pulley into the packing plant. With the exception of farms operating with household labor, men perform virtually all fieldwork on banana farms. While arduous and low paid, these jobs tend to offer more job security and pay better wages than packing house work, much of which is performed by women.<sup>58</sup>

Upon arrival at the packing plant, successive groups of workers rinse and inspect, the fruit for size, color, and defect. Farther down the line, workers cut clusters from the stem and place them in a series of treated baths to remove remaining debris, as well as the latex sap, which is released when bananas are cut and which stains everything with which it comes into contact. Along the way, successive groups of workers cut the fruit into smaller hands of no more than five bananas; then label the hands with stickers announcing a variety of brand names and, if applicable, certification and labeling programs; another group sprays the cut end of the stem with fungicides to prevent crown rot during transport. Finally workers weigh out forty-two pound trays and send them further down the conveyor to a packer, who delicately coaxes the fruit into position with a set of wooden paddles.<sup>59</sup> Within the packing plant's division of labor, this task is among the most challenging, as the hands must fit together precisely in order to avoid bruising, and these workers are generally paid at a higher rate than others on the packing line.

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<sup>56</sup> The same process is used in organic production but the bags are untreated.

<sup>57</sup> Workers explained that the ribbons are changed weekly and that the fruit harvested according to ribbon color, although this can vary due to uneven ripening. Workers rely on a combination of chronological age and caliper grade, or size, to determine in which week a stem should be harvested. In Ecuador, for example, an eight-color system is used although the average time to readiness is nine-eleven weeks and can take longer during the cooler months of June through August.

<sup>58</sup> For detailed discussion on the masculinized and feminized divisions of labor in banana production and processing see Striffler 1999 and Enloe 2000.

<sup>59</sup> Exporters generally supply the boxes directly to growers, who mark each box packed with a producer code to ensure the product traceability required by most supermarkets.

While the work is repetitive and tedious, it nevertheless requires meticulous handling at every step. Even the most minor cosmetic defect or abrasion, not readily visible in the field or packing plant, can lead to spoilage during transport. The challenges of maintaining care in processing are compounded by the pace of work, as the fruit moves in assembly line fashion at remarkable speed. In a modern packing facility, it takes only minutes from the time a stem is stripped to the moment it is packed into a cardboard box, a process which itself can take mere seconds when performed by a skilled handler. While the productivity of modern, technologically advanced operations places small producers at a disadvantage, each step of banana production requires significant amounts of human labor, which cannot be avoided. The labor process on small farms can appear strikingly similar. The exception is that of smallholders on hilly, marginal land, based largely in the Caribbean but also in parts of Latin America, who must carry banana stems or packed boxes long distance by foot or with pack animals (to be discussed in greater detail in subsequent sections).

Once boxes are palletized and loaded into trucks, the remainder of the journey involves a high-tech logistics infrastructure (including ports, refrigerated container ships, and ripening facilities) controlled by transnational corporations. Following additional pre-shipment inspections at the port of embarkation, mechanical cranes load palletized banana boxes into the holds of high-speed cargo vessels, refrigerated to suppress the metabolic processes that lead to ripening.<sup>60</sup> Even with such technologies, filling a “reefer” to full capacity of 240,000 boxes (5,000 tons) can take two days (Finagro 2011: 10). As the most delicate of all agro-export cargo, bananas require precise temperatures and handling during an overseas journey that can take several weeks. The suppression of ripening during the sea journey means that bananas arrive in consuming countries still green. After fruit is inspected, customs cleared, and import duties paid (if applicable), it is placed in a storage facility where ethylene gas is applied to restart the ripening process.<sup>61</sup> Ripening is a complex and tightly regulated process, requiring constant monitoring to ensure appropriate temperature, humidity, gas composition, and ventilation, and buyers are increasingly turning to costly computerized systems to ensure uniformity (Arias *et al.* 2003). Once the ripening clock restarts, fruit must move quickly through subsequent segments of the commodity chain to ensure it arrives in saleable condition on grocery shelves.

By this point, producers located thousands of miles away must rely on a network of wholesalers, distributors, and retailers to ensure that they receive non-discounted payments. While, the major banana transnationals own their own shipping fleets, and sometimes their own ports, independent exporters must contract with shipping companies. The associated costs and lack of control over shipment schedules make it difficult for independent producers and exporters to compete with the consolidated and vertically integrated banana companies that control the vast majority of world banana markets.

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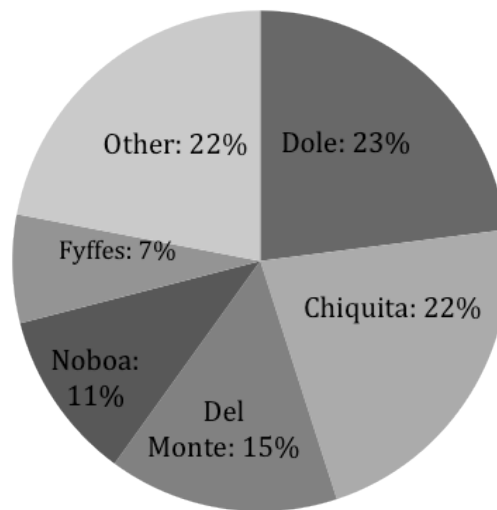
<sup>60</sup> Throughout banana producing regions, mechanization has replaced the labor of thousands of stevedores and thus eliminated many of the better paying, unionized positions in the banana industry.

<sup>61</sup> Ethylene gas is a naturally occurring substance released by decaying plant material, a process that begins when the banana is cut and which is suppressed through cooling in transit. Once ripening begins again, fruit starches are converted to sugars and the skins’ tissues soften, eliminating chlorophyll and turning them yellow.

### ***The contemporary structure of the banana industry***

As we have seen, consolidation and vertical integration have been hallmarks of the industry. The industry remains consolidated today, with eighty percent of global exports controlled by five transnational corporations and sixty percent controlled by the Big Three operators -- Dole, Chiquita, and Del Monte (Arias *et al.* 2003, Van de Kastele and van der Stichele, 2005) (see fig. 3.1). Of these top five, only the Ecuador-based Noboa does not have roots in the United Fruit Company (Taylor 2003). Long after the apparent demise of “El Pulpo”, many historical features of the banana agro-industrial structure remain firmly in place.

**Figure 3.1: Global Banana Exports 2003**



**Source: van de Kastele and van der stichele, 2005: 15**

Furthermore, the imperatives that drove early technological innovation, input intensiveness, and hyper-exploitation of labor have intensified in recent years, a function of the deepening socio-ecological crisis within the industry as a whole. While the global banana industry has weathered many storms, both literal and figurative, the risk and volatility inherent in production of this highly perishable and ecologically vulnerable commodity have forced the reconfiguration of its social and spatial organization. As discussed in the previous chapter, banana production faces challenges unique to both agriculture and the particularities of the banana commodity, itself. Still, the broader neo/liberalization of agricultural markets over the past several decades provides the overarching context in which more recent changes have unfolded. These shifts began in the late 1960s and have proceeded apace with processes of neoliberal agricultural restructuring linked to global capital accumulation crises (Harvey 2005).

In food and agriculture sectors (as in other sectors), neoliberalization has been operationalized through the coercive policies of multilateral institutions, including the World Bank, International Monetary Fund, and the World Trade Organization, as well as trade agreements negotiated based on the historical inequities of uneven development.

Such policies have hit farmers in the global South particularly hard, by deregulating markets, eliminating safety nets for rural sectors, and forcing price competition and volatility on a global scale. While small farmers have been the obvious losers in this process, agricultural producers as a whole have suffered declining prices, price volatility, and a shift in profitability away from the farm gate towards off farm segments of the commodity chain. At the same time, the elimination of trade barriers in food and agriculture sectors has been uneven and protracted (McMichael 2000, Guthman 2008).<sup>62</sup>

Within the context of capitalist crisis and neoliberalization the banana industry underwent a series of shifts, with highly unequal outcomes for different actors within particular segments of the commodity chain, as well as across segments. A commodity chain approach, and in particular its commodity systems variant (Friedland 1984, 2001), helps to illuminate these shifts, as well as the dynamics within and across various nodes in the banana commodity chain, and the power relations in which these changing relations are embedded. The major shifts considered here are: 1) the financialization and diversification of the banana multinationals; 2) increasing divestiture of on-farm segments, including land and productive functions; 3) efforts focused on branding and market differentiation; and 4) the growing power of increasingly consolidated retailers.

#### Financialization and diversification

With respect to financialization, the industry has, since the late 1960s undergone a series of mergers and acquisitions that have linked the banana multinationals to holding companies operating across diversified agrifood and other sectors. In earlier periods of United Fruit hegemony (1899-1930) and Standard Fruit/United Fruit duopoly (1930-1970), company leaders were also linked to other enterprises. However, the widespread emergence of global finance capital (cf. Harvey 1989) has deepened these connections. By 1973, the Big Three banana companies were part of larger, more diversified food corporations (Wiley 2008). Over the next two decades these companies' business strategies would become tied to those of larger, financialized corporations (Taylor 2003). Diversification within the fresh fruit trade has helped to buffer the banana companies from increasing competition from other tropical commodities, as well as a raft of counter-seasonal produce. It also laid the foundation for the current competitive landscape (Taylor 2003).

Purchased by the sugar distributor, Castle and Cooke, Inc., in 1968, Standard Fruit was the first of the banana companies to undergo a merger. Having innovated in the arena of new Panama Disease resistant cultivars and secured financial backing for future innovation, the company was in a competitive position to overtake United Fruit as the number one supplier to the U.S. market, which it achieved in 1973 (Taylor 2003). In 1991, Standard Fruit changed its name to Dole, the brand name under which the company's fruit was sold, and spun off Castle and Cooke as a separate business, which specialized in real estate development (1995). Since then, Dole Food Corporation has

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<sup>62</sup> With the exception of the Caribbean banana trade, the industry had been constructed based on relatively liberal trade arrangements. Banana growers in Latin America had been living the realities of competition and market volatility for almost a century before the neoliberal project came to dominate the world stage. In the early stages of the industry's development, producers were often rapidly articulated into and disarticulated from global markets through contract farming arrangements with the major banana companies.

become the largest fruit company in the world. Dole continues to purchase fruit and vegetable operations, transport and ripening infrastructure, processing capacity, and other related businesses around the globe.

As United Fruit's financial troubles mounted throughout the 1960s, the company followed suit, merging in 1969 with AMK Corporation, a holding company controlled by financier Eli Black, which also held meatpacking interests (John Morrell and Co.), renaming it United Brands. Black's years at the helm of the newly formed United Brands proved disastrous on many fronts. First, his attempt to launch a banana price war failed (Wiley 2008). Then, despite efforts to shed the company's former reputation, Black was accused of bribery to prevent the recently formed Union of Banana Exporting Countries (UPEB) from imposing a 2.5-cent per pound tax on Central American banana exports (Chapman 2007).<sup>63</sup> Then Hurricane Fifi destroyed most of the company's Honduran operations in 1974. That same year, Gale Business Resources called the company a "case study in corporate calamity" (Taylor 2003: 80). As the company's stock prices plummeted, Black threw himself out the window of his 44<sup>th</sup> floor office (Myers 2004: 44).

United Fruit's mounting financial troubles, coupled with a series of anti-trust actions levied against it by the Federal Trade Commission, led it to divest its entire Guatemalan banana division in 1972 (Taylor 2003). This launched Del Monte as the newest entrant into the banana trade in seventy years.<sup>64</sup> One of the world's oldest and largest fruit and vegetable companies, incorporated in California in 1917, with roots dating back to 1886, Del Monte moved aggressively into the Latin American banana export market. Tobacco and food giant, RJ Reynolds, acquired Del Monte in 1979. With the help of San Francisco private equity firms, Del Monte subsequently bought back its fresh fruit division in 1989 (Taylor 2003, Walker 2004). In the mid-1980s, the American Finance Corporation's Carl Lindner took over United Brands, changing the company name to that of its brand label, Chiquita, and streamlining operations. This included shedding its ownership stake in Fyffes, which would later prove disastrous to Chiquita's position in the European market (and launch the WTO Banana Wars). As a result, Fyffes became the fourth major banana company, with a large shipping fleet and control over the largest network of ripening facilities in Europe.

### Divestiture

A second set of shifts involves vertical disintegration with respect to the on-farm segment of the commodity chain. Historically, the banana companies' vertical integration facilitated tight coordination and allowed them to capture a larger share of total product value. However, as new communications and logistics technologies improve coordination in global sourcing, the banana transnationals are increasingly able to maintain their position in off-farm segments. These segments bring higher returns than production,

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<sup>63</sup> UPEB had formed in 1971 to increase leverage vis-à-vis the banana multinationals that controlled much of the export market. The funds raised through the export tax were reinvested in social and economic infrastructure in producer communities, including investments in roads, bridges, and schools (Bermudez, quoted in Farquhar and Smith 2006: 4). Eli Black offered Honduran President General Oswald Lopez Arellano a bribe to go against the other UPEB members.

<sup>64</sup> Between 1954 and 1984 United Fruit cut cultivated lands in Central America from 135,000 to 35,000 acres (Stover and Simmons 1987, in Frundt 2009).

while allowing buyers to shed the riskiest segment – farming (Watts, 1994, Arias *et al.* 2003). Since the 1980s, these companies have been divesting their productive capacity. This has involved the sale of landholdings and field infrastructure (in particular, irrigation and cableways), packing facilities, and housing installations (Chambron 1999, van de Kastele and van der stichele 2005). In 1991, the Big Three were producing roughly seventy percent of their own bananas (Glover and Larrea Maldonado, in Raynolds and Murray 1998:18). By the end of the twentieth century, these figures had shifted dramatically. Table 3.1 provides an overview of the top five banana companies’ ownership over production, as of 2003.

**Table 3.1: Plantation ownership and employment of top five banana companies, 2003**

	<b>Plantations directly owned (Latin America)</b>	<b>Percent of company’s total production</b>	<b>Number of direct workers</b>
<b>Dole</b>	27,000 hectares (banana)	25%	36,000 (full time) 23,000 (seasonal)
<b>Chiquita</b>	30,000 hectares (mainly banana)	40% <sup>65</sup>	24,000
<b>Fresh Del Monte</b>	16,000 hectares (banana, melon, pineapple)	28%	26,000 (full time) 2,000 (seasonal)
<b>Noboa</b>	7,000 hectares	0%	n.a.
<b>Fyffes</b>	All plantations divested	20%	2,700

**Source: van de Kastele and van der stichele 2005: 15**

According to Chambron:

Companies increasingly try to free themselves of direct ownership of plantations, in favour of guaranteed supply contracts with medium- and large-scale producers in the countries where they operate. It allows the Northern-based company headquarters to shift the responsibility for labour and environmental conditions in the plantations onto local shoulders, saying that these conditions are not under their control and that national legislation is in place to ensure that minimum standards are respected (1999: 56).

This process of land divestiture allows the banana multinationals to avoid responsibility for labor and environmental standards; it also allows them to externalize risks associated with crop losses due pest outbreaks and climatic events and to push responsibility for increasingly rigorous quality, phytosanitary, and supply demands onto suppliers. Local growers are left with the consequences of unusable land due to soil exhaustion and agro-chemical contamination (Chambron 1999). It is worth noting Del Monte pioneered this model in California during the early nineteenth century (Walker 2004).

If the corporate enclave is rapidly becoming an historical artifact, the banana transnationals maintain multifarious ways to control supply, through contract farming

<sup>65</sup> By 2008, seventy percent of Chiquita’s bananas came from supplier farms (Blowfield and Murray 2008).

arrangements supplemented by spot market purchases in periods of under-supply (Arias *et al.* 2003). By shedding the farming segment and buffering themselves from potential losses and fixed capital devaluation at the point of production, flexible sourcing has become a central strategy on which the banana companies compete. These companies do, however, continue to be constrained by capital fixed within existing production complexes as well as established social relations, meaning that banana capital has not succeeded in becoming entirely footloose, as we will see in the following section. Nor is sourcing from independent producers without historical precedent. While many accounts mobilize the transnational corporate plantation as the archetype of modern banana production, the banana companies have long sourced from national planters in many regions in the Caribbean and Central and South America (Kepner and Soothill 1935, Chomsky 1996, Grossman 1998, Reynolds and Murray 1998, Striffler 2002, Moberg and Striffler 2003). It is worth noting that while the majority of suppliers today are larger, more technologically advanced operations, importers source from independent suppliers of a variety of scales, technical capacities, and levels of resource access. As we will see this plays heavily into competitive dynamics *within* Fairtrade certified markets.

#### Branding and product differentiation

With these shifts towards financialized consolidation and away from production, the banana companies are essentially becoming shippers, or branded marketing firms, that control supply, logistics, and retail relationships. This has made market differentiation all the more critical. Due to its genetic uniformity, the banana has not been amenable to the development of niche markets. Still, early efforts focused on developing brand recognition and loyalty based on quality, consistency, and pricing. Fyffes was the first to introduce a banana sticker, rolling out its “Blue Label” in 1929. While Del Monte was not yet operating in the banana sector, its parent company, CalPak had also aggressively promoted the brand through national advertising during the “dawn of food branding” (Walker 2004: 244). In the case of bananas, it was not until United Fruit introduced the Chiquita label (1962) and Standard Fruit implemented the Cabana label that branded labeling became an industry norm. The banana companies have used brand identity to establish long-term contracts with retailers (Taylor 2003).

The rise of organic, Fairtrade, and other eco-labels has provided the banana transnationals with new opportunities to differentiate and capture particular market niches. For example, Chiquita has worked to develop the Rainforest Alliance Sustainable Agriculture Network label (Taylor and Scharlin 2004), using an endearing image of a frog on its label, to garner public trust in the social and ecological sustainability of its fruit. Dole has moved aggressively into the organic banana market and has also worked to dominate Fairtrade certified production in Ecuador and Peru (author interview, January 14, 2011). Fyffes has also taken a particular interest in Fairtrade as a way to make inroads into the U.S. banana market, developing a partnership with, Turbana, the largest Fairtrade supplier to the U.S. specializing in certified production from Colombia (author interview, March 16, 2011).

#### The growing influence of retailers

A final set of shifts concerns the role of retailers in the context of global sourcing. Gereffi (1994) argues that the expansion of globalization has fostered increased control

on the part of distributors to direct design, production, branding, and market access. These “buyer-driven” value chains (*Ibid.*) have become dominant in agrifood sectors (Lang 2004, Reynolds and Wilkinson 2007), where corporate food giants control much of the world’s food supply (McMichael 2000, Freidberg 2003). In the case of bananas, branded marketing firms do control supplier contracts (Chambon 1999, Smith 2010). However, increasing retailer concentration has given supermarkets considerable leverage vis-à-vis suppliers, including the banana marketing firms. Through control of ripening facilities and inland transport networks, as well as a near monopoly on retail shelf space, chain supermarkets are thus able to direct production practices and terms of trade (*Ibid.*).

This control has had several significant effects. First, retailers are increasingly demanding ever-higher levels of consistency and quality of supply and requiring an array of certification standards and monitoring (Reynolds 2007, Smith 2010). In European markets, GlobalGAP has become a requirement for virtually all fresh produce imports under European Union trade rules (Moberg 2008).<sup>66</sup> GlobalGAP is an audit system established by twenty-two major European food retailers, which seeks to increase consumer confidence primarily by ensuring food safety and, secondarily, quality, and sustainability, through tight supply chain management (Arias *et al.* 2003, Campbell 2005). Couched as a collaborative effort between supermarkets, NGOs, and environmental and consumer groups, GlobalGAP has served to harmonize and control food standards and auditing processes for the vast majority of produce entering the European market. As Campbell argues, the program is a flexible, private mode of governance, which effectively reinscribes a colonial food order through its required ecological and cultural practices and management systems, thus limiting access and disciplining small farmers in particular ways that resonate with European sensibilities. While favoring larger, more technologically advanced farms that are equipped to meet the quality, traceability, occupational health and safety, phytosanitary, and record-keeping requirements that GlobalGAP certification entails, the initiative also promotes an idealized agrarian imaginary to sell ideas of safety and sustainability (*Ibid.*). More generally, quality standards have become so preeminent that the share of harvests rejected as unacceptable for export due to blemishes has risen from 10-15 percent in the 1980s (Stover 1986: 84) to up to 30-40 percent today (Hamer 2008).

Large supermarket chains are able to operate at a loss in particular product markets and regions at any given time in order to drive out retail competitors. The tactic, known as “price flexing”, had led to downward pressure on prices, as well as increasing price volatility as retailers engage in price wars (Farquhar and Smith 2006). This dynamic has been striking in the banana sector, a commodity that has long been viewed as a loss leader. In one particularly egregious case, the 1999 takeover of the UK-based ASDA chain by Walmart led to a price war that brought banana prices to record lows almost overnight (*Ibid.*). In this case Walmart’s global reach allowed it to price flex throughout an entire national market, effectively regulating market conditions.

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<sup>66</sup> Originally named EUREPGAP, after the Euro-Retailer Produce Association (EUREP). While certification does not confer a direct label, the initiative does claim to connect growers with branded buyers worldwide (<http://www.globalgap.org/>).



Such price wars have proceeded apace, erupting quickly, driving down prices in a matter of weeks (or even hours), and whipsawing suppliers (Thompson 2009).<sup>67</sup> Most of these suppliers sell the bulk, if not all, of their production to one retailer, making them even more vulnerable to such price manipulations (van de Kastele 1998). As commodity chain analysis suggests, the control exerted in buyer-driven value chains permits off farm segments to capture a substantial share of overall product value. The banana marketing firms have, in turn, forced supplier farms to absorb price reductions and the costs of retailer demands. Indeed, Chambron (1999) notes that the distribution of banana value is increasingly skewed towards retailers and away from the point of production (also, Reynolds 2007, author interview, January 14, 2011). By 1999, only twelve percent of the banana's final retail price remained in producing countries (Chambron 1999: 47). On average, small farmers received an even lower share, some five to seven percent, leaving workers with anywhere from one to three percent of the final retail value (*Ibid.*).

Banana researchers note that a major consequence of these changes in industry structure, spatial organization, and governance framework has been the ratcheting down of wages and working conditions in producing regions (Chambron 1999, Arias *et al.* 2003, Frank 2005, Farquhar and Smith 2006, Frundt 2009). While these changes have allowed the banana marketing firms and retailers to engage in more flexible sourcing practices and drive down prices, growers have limited capacity to reduce production costs. Efforts to outrun the accelerating socio-ecological contradictions of banana monoculture are, indeed, costly. In traditional production locations, agrochemical inputs can comprise one third of production costs (Chambron 1999). And, as we have seen, buyer demands have increasingly required the installation of costly infrastructure and management systems to ensure product quality, safety, and traceability.

With few efficiency gains to be made through restructuring at the farm level and the inability to reduce the costs of constant capital, most growers utilize labor devaluation as a primary strategy for dealing with their cost-price calculus. For example, the UK Price Wars that occurred during the 1990s coincided with Del Monte firing its entire unionized workforce in Costa Rica (4,300 workers) and rehiring workers on piece rate and short term work contracts (Farquhar and Smith 2006). These moves reversed a trajectory of improvements that began with increased unionization during the 1970s. According to Gilbert Bermudez, General Secretary of the Costa Rican union, SITRAP, "it was almost a source of pride to work in banana plantations. Good wages were paid; there was respect for the dignity of workers and for their human rights; there were collective agreements...one hundred percent of the workers were organized (in unions)" (cited in Farquhar and Smith 2006: 3). Today, growers pay low wages, often below legally mandated minimums, citing supermarkets' failure to pay adequate prices for the reductions (*Ibid.*, Smith 2010). This is the case on both transnational corporate farms and on nationally-owned supplier farms, where conditions are often reported as being worse than on the transnational plantations (Chambron 1999). It has also occurred with sales of certified bananas, causing some activists to argue that the supermarkets are devaluing Fairtrade (Smith 2011).

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<sup>67</sup> In 2005, the price went to 66 p per kilo (Farquhar and Smith 2006). According to the global produce new bulletin, in 2009, prices dropped to an astounding 32p per kilo (Thompson 2009), and in November 2010, prices again dropped to 55p (accessed September 22, 2012 at: [http://www.freshplaza.com/news\\_detail.asp?id=86883](http://www.freshplaza.com/news_detail.asp?id=86883)).

### ***Shifting geographies of production***

The transformations in agro-industrial structure over the past several decades have been accompanied by shifts in the spatial organization of banana production and consumption. On the production side, this has entailed the decline of some traditional growing regions and expansion in others, as well as the opening up of new territories for cultivation. Arguing that capital's efforts to annihilate space through time leads to the "production of particular spaces (railways, highways, airports, teleports, etc.)" (Harvey 1989: 232), Harvey also notes that the spatial configurations designed to meet the imperatives of capitalist competition and accumulation in one moment, may become obsolete under new political and economic circumstances (*Ibid.*). This is no less true in the case of bananas than other sectors, as the technologies and social organization that have undergirded accumulation are constantly undermined, a dynamic that has chased banana capital around the globe in an effort to sustain the socio-ecological conditions for continued profitability.

Across the industry as a whole territorial expansion has fueled massive growth in production and export markets. Between 1985 and 2000, the number of cultivated hectares rose from 3.1 million to 4 million (Arias *et al.* 2003: 5). Productivity gains also played a role, with average yields increasing 15 percent, from 13.7 to 15.8 tons per hectare over the same period (*Ibid.*) Annual output rose from an average of 42.5 million tons during 1985-87 (Arias *et al.* 2003: 5) to 81 million tons in 2010 (FAO-STAT 2012).<sup>68</sup> During the period 1985-2002, exports increased in all regions (Arias *et al.* 2003). Since the 1980s, the Big Three have moved aggressively into Africa and the Asia Pacific region in order to increase supply, open up new disease-free cultivation, and reduce labor costs, and secure access to the European market (van de Kastele 1998, Smith 2010).<sup>69</sup> In a move that portends a potentially massive spatial reconfiguration of the industry, the world's two largest banana-producing nations, India and Brazil, have recently begun exporting bananas (Smith 2010). This growth has been driven by traditional banana transnationals, as well as the entry of import companies based in new regions, in anticipation of growth in traditional markets (primarily the U.S. and Western Europe, which account for over sixty percent of imports) and in new consuming regions (including Eastern Europe, Russia, and China), which in ten years had captured ten percent of imports (Arias *et al.* 2003)<sup>70</sup>

Financialization and divestiture of productive capacity have, to some extent, facilitated increased mobility and expansion, allowing the banana multinationals to increasingly make sourcing decisions based on the relative costs of production in traditional and emerging locations. On the one hand, in "a technologically dynamic, (and necessarily) unevenly developed industrial world, one in which localities sometimes have real strengths from which to build", (Walker 2004: 438) new producing regions have emerged to challenge traditional ones. Even in a primary commodity sector, such as

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<sup>68</sup> Of the 81 million tons produced, 18.3 million tons were exported (FAO-STAT).

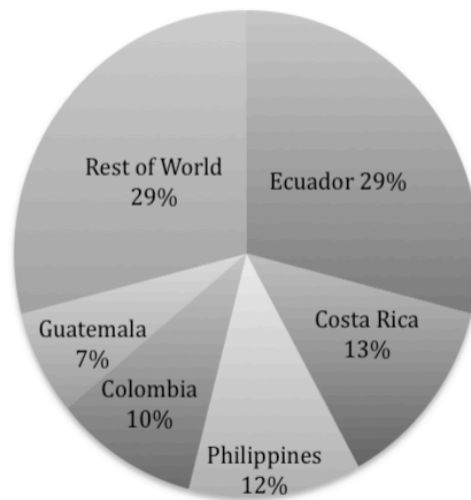
<sup>69</sup> For example, Dole and Del Monte increased production in West Africa (particularly in the Ivory Coast and Mozambique) to import licenses for the Single European Market (Arias *et al.* 2003, Moberg 2008, Smith 2010). By 2002, the Philippines had become the number three global exporter (UNCTAD n.d.).

<sup>70</sup> In 2008, a group of vertically integrated Russian companies jointly became the world's fourth largest exporter (Smith 2010).

bananas, producing regions and firms are able to develop their own versions of “strong competition” (cf. Storper and Walker 1989) as buyers seek out production locations based on producers’ ability to meet buyers’ demands. Nor is this advantage simply based on low wages and lax regulatory environments. Rather it involves a variety of factors and competencies related location, path dependence, and innovation in both the technological forces and social organization of production.

On the other hand, the drive to constant movement is, as Harvey (1991 [1982]) suggests, checked by the cost of movement. Banana capital’s efforts to overcome space through time are thwarted not only by local socio-ecological conditions and national and international governance frameworks, as well as by competitive advantage in production. In some cases, traditional producing regions remain more competitive, despite higher labor costs, precisely because of their competencies in developing technologies and management systems, which allow them to deal with risks and uncertainties and to operate in ways that fit with northern sensibilities regarding quality, safety, social responsibility, and supply chain traceability. Although there is evidence that the industry’s spatial organization is shifting, the territorial distribution of production has not changed substantially over the past several decades. With strong growth, particularly in Ecuador, during the period 1985-2000 and 80 percent of global exports in 2000, Latin America remains the clear leader in production (Arias *et al.* 2003). Figure 3.2 shows the top exporting countries during the period 2002-06.

**Figure 3.2: Distribution of World Banana Exports by Country 2002-2006**



**Source: UNCTAD Secretariat/FAO 2007**

The African, Caribbean, and Pacific States have provided a critical, if limited, source of bananas to several European states, in particular the United Kingdom (Arias *et al.* 2003: 7). The dominant Latin American banana trade and the protected ACP trade represent two regimes of accumulation. As discussed in Chapter Two, these regimes developed under quite different socio-historical contexts and have diverge widely in terms of the social relations and forces driving their respective production and distribution systems

today (Grossman 1998, Josling and Taylor 2003, Raynolds 2003, Myers 2004, Moberg 2008, Wiley 2008).<sup>71</sup>

Largely controlled by the Big Three banana transnationals, plus Noboa, Latin American bananas have come to be known as Dollar Bananas.<sup>72</sup> These operations utilize advanced production and logistics technologies and boast annual yields of 2,000-2,500 boxes per hectare (van de Kastele 1998:4). With extensive global sourcing networks, the banana transnationals can even out regional variations in production and guarantee consistent supply, thus securing their place with chain retailers. In contrast, the ACP banana production system is decentralized. The banana companies act as traders, with limited involvement in cultivation (Raynolds 2003). Instead the system relies on thousands of small-scale banana producers, most under five hectares, who are organized into state-sponsored banana grower associations (BGAs) that facilitate production and coordinate exports (Fridell 2010: 288). Despite state-support in aggregating and marketing their bananas, Caribbean banana producers face significant challenges vis-à-vis world banana markets, due to their small-scale and limited resources.

These challenges stem from differences of nature (e.g., variability in landscape and climate), as well as socio-economic conditions. In particular, mountainous terrain intersects with limited resource access to make the installation of productivity-enhancing infrastructure prohibitive. First, the already labor intensive work of banana cultivation, harvest, and processing is exacerbated by the mountainous topography and marginal land on which most production occurs. Irrigation, agrochemical applications, and all other maintenance must be performed by hand. Without access to roads or cableways, harvested fruit must be carried long distances over uneven terrain to reach distribution centers. Cash poor farmers rely on substantial unpaid household labor to perform these tasks, supplemented by hired day laborers who are generally paid higher wages than their Latin American counterparts (albeit as intermittent/unstable) (Moberg 2008).

Second, agro-ecological practices often differ considerably from the input intensive (and environmentally-destructive) Latin American production systems. Farmers often cannot afford the costly fertilizers and pesticides recommended by agronomists and, increasingly, required by buyers. Many farmers engage in intercropping of food crops for household consumption and/or sale in local markets. According to Moberg (2008), approximately thirty percent of Windward Island banana farmers intercrop, despite technicians' recommendations against doing so. These conditions mean that both quality and yields are lower and production costs significantly higher on Caribbean farms. Average yields are 762 boxes per hectare (Myers 2004:21) and overall low yield is exacerbated by annual variability because growers are dependent upon rainfall, rather than irrigation systems.

Third, with no way to access export markets on their own, Caribbean producers have had to rely on the state-sponsored Banana Growers' Associations (BGAs) to facilitate production. This has occurred through extension services, bulk input purchases, credit, and collective aerial spraying, transport, and packing facilities (Raynolds 2003, Moberg 2008). The BGAs also coordinate exports to varying degrees. In some Caribbean

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<sup>71</sup> More recently, a third regime has been developing in East Asia, with production based in the Philippines and exporting primarily to Japan and China (Arias et al. 2003).

<sup>72</sup> Fresh Del Monte Produce is incorporated in the Cayman Islands and owned by a holding company located in the United Arab Emirates, although its business headquarters remain in the US.

countries, such as the Dominican Republic, Jamaica, Martinique, and Guadeloupe, the BGAs facilitate transport but leave producers to market fruit on their own (Raynolds 2003). However, the state-run Windward Islands Banana Exporting Development Company (Wibdeco) has historically handled all aspects of sale and export for island producers (Myers 2004, Moberg 2008).

While representing only a fraction of global trade (four percent in 1990, down to two percent in 2000), bananas have represented the single most important contributor to the economies of the Windward Islands, including fifty to seventy percent of export earnings, one third of employment, and a significant share of livelihood opportunities for island residents (Myers 2004:2).<sup>73</sup> While much of the literature on Fairtrade bananas has focused on the fate of these Caribbean producers, small farmers have also been articulated into banana export markets within particular regions of Latin America, albeit without the same reach. Contract farming is most prevalent in highly perishable, labor-intensive commodities such as bananas, where buyers have an incentive to shift risks and costs back onto producers (Watts 1994). Given the power wielded by buyers within these systems, some have suggested that farmers in this role are simply rural proletarians, with little control over their means and conditions of production (Lewontin 2000). However, under certain conditions, small banana farmers have managed to maintain some level of independence, despite the challenges of operating in highly consolidated and increasingly competitive markets. It is worth noting that significant variation exists with respect to small farmers' scale of production, level of technological development (irrigation infrastructure, drainage systems, cableways, input regimes, and processing facilities), and landscape conditions (soil, drainage, weather). For example, in the case of Ecuador (the subject of Chapter Four) traditional systems yield an average of 1,000 boxes per hectare per year, while modern operations yield up to 3,000 boxes per hectare per year (Arias *et al.* 2003: 19).

In sum, the banana transnationals have secured value through a variety of differentiated systems and forms of production, from large scale vertically integrated plantations to well-capitalized large and medium scale suppliers, to smallholder farmers, selling on contract or in spot markets. In fact, the complexity of social relations and productive forces on which the industry has rested have undergirded its ability to sustain capital accumulation, despite constant conditions of crisis. The export banana's seeming uniformity and homogeneity, which has become taken-for-granted by consumers, thus belies the diverse and differentiated local conditions under which it is produced. Whether grown by a smallholder in the Caribbean or on a transnational corporate plantation, bananas end up on the grocery shelf, virtually indistinguishable from one another. While most fruit consumed in the North does originate from farms between 100 and 4000 hectares (van de Kastele and van der stichele 2005: 9) particular legacies within the political economy of the banana trade have allowed small farmers to survive. This has occurred despite the fact that, on average, Dollar Bananas can be produced for less than half the cost of ACP bananas, or US\$150-\$200 per ton for Latin American fruit compared to US\$400-\$700 per ton for Caribbean fruit (Raynolds 2003: 37). However,

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<sup>73</sup> The Windward Islands are four small island nations, all former British colonies, with a combined population of 420,000 people. They include Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines. Of the four, only Grenada has not depended as heavily on bananas to fuel its economy (Myers 2004: 18).

this system is unraveling in the context of global capitalist crisis and trade neoliberalization.

### ***Banana Wars: The Single European Market and the WTO dispute***

As the European Community (EC) set about the process of developing the Single European Market in the early 1990s, the banana sector was one of the many commodity sectors requiring negotiation (and it has proven one of the most contentious to resolve). Member states had to create an integrated market that would harmonize the multiple existing trading arrangements while maintaining access for traditional ACP suppliers in the face of an influx of Latin American bananas. Under the Lomé Convention, first signed in 1975 in Lomé, Togo, EC States committed to providing duty free imports and billions of Euros in aid and investment to the seventy-one developing ACP countries within the colonial orbit (Myers 2004). With the EC, however, there was significant disagreement about these continued protections. Former colonial powers, most notably the UK, France, Spain, and Italy, argued for maintaining historical quotas and tariffs while the countries lacking colonial ties, which had therefore relied on Dollar bananas, lobbied for exemptions to the tariffs and refused to impose quotas. By this time, the EC represented thirty-five percent of global banana imports, so the stakes were clearly high for the industry.

The Single European Market system established a complex set of rules, which treated various producer groups and their respective importers differently. EU and traditional ACP producers were granted tariff-free quotas, while Dollar countries were to maintain access based on historical import levels, albeit with tariffs.<sup>74</sup> As previously mentioned, the Big Three banana companies had already begun to encourage increased cultivation in traditional production zones, as well as developing new ones, in anticipation of the Single European Market and the expansion of consumer markets in Eastern Europe and Asia. This resulted in a flooding of the European banana market in 1992, with devastating effects for Caribbean producers. The Single European Market effectively forced competition among ACP countries. Moberg (2008) notes that prices immediately fell to well below Windward Island farmers' production costs, signaling an end to a period that island farmers had characterized as the era of "Green Gold" (2008: 80). Still, Commonwealth banana exporters maintained some limited protections from the more competitive Latin American exporters through the tariff and quota system (Myers 2004).

The Single European Market system faced sustained critique for contravening principles of trade liberalization. Even as it went into effect, Latin American producing countries immediately filed a complaint before the General Agreement on Tariff and Trade (GATT), which found in their favor and forced the establishment of a framework agreement to settle the dispute, allocating quotas to the complainant countries, during the

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<sup>74</sup> EU producers (the Canary Islands, Martinique, and Guadeloupe) were provided with income support for up to 854,000 tons in the event that prices fell below the cost of production; traditional ACP countries were given duty-free access up to 857,700 tons per year; non-traditional ACP countries (e.g. the Dominican Republic) were to share a quota of two million tons with Dollar countries, with the non-traditional ACP producers receiving duty-free access and the Dollar countries paying a 75 ECU (European Currency Unit) per ton tariff (van de Kastele 1998: 11). Higher tariffs of 680 ECUs were imposed for imports above these levels, effectively creating a cap on the overall quantity of banana imports (Raynolds 2003: 40)

1994 Uruguay Round.<sup>75</sup> The EU immediately faced another challenge, this time in the form of a U.S.-based complaint before the World Trade Organization (WTO), the GATT's permanent successor. While both Dole and Del Monte had developed strategies to better access the European market in anticipation of the Single European Market quota and tariff system (specifically increasing imports to improve their baseline and by expanding sourcing among ACP producers), Chiquita suffered under the new regime. Having sold its Fyffes subsidiary, the company had lost its primary access to the EU and its share of European imports fell from 30 to 15 percent (Raynolds 2003: 41). As with its predecessor, United Fruit, Chiquita used political pressure to persuade the Clinton Administration's Trade Representative to bring the complaint (Moberg 2008). Specifically, the company lobbied U.S. government representatives and made substantial contributions to the Democratic Party to achieve its goal. Once the Administration decided to pursue the case, it recruited the Ecuadoran government to join the complaint, in order to widen the case beyond a single aggrieved corporation (*Ibid.*).

Not surprisingly, the WTO ruled in favor of the U.S. and issued sanctions against the EU. In several rounds of negotiations, the EU attempted to revise its policies to the satisfaction of the U.S. government (and, by extension, Chiquita), to no avail. The U.S. insisted on an end to all preferential trade agreements between the EU and ACP countries (Josling and Taylor 2003). In 2001, Chiquita and the U.S. agreed to a proposal to eliminate all quotas and licenses in favor of a tariff only system to be fully implemented by 2006, although the dispute has persisted over tariff levels (Moberg 2008: 86). While the story could be viewed as one of a powerful corporation exercising its political and economic power to its advantage (as with many accounts of United Fruit before it), it must also be understood within the context of the broader crisis facing global capital today, and the concomitant moves to aggressively, if unevenly, liberalize trading regimes and markets. In the banana sector, crisis played out through the neoliberal institutional framework of the WTO, as banana capital interests attempted to resolve their own contradictions by penetrating the last vestiges of the global trade, which by that point represented only 4 percent of the export market. The WTO Banana War was, thus, part and parcel of the broader imperatives of capital accumulation and competition driving banana commodity circuits.

Although it was well known that the Caribbean banana trade had significantly decreased poverty in these countries (Myers 2004, Moberg 2008), trade preferences were characterized by dominant political economic actors as an affront to free trade and their elimination was viewed as essential to promoting economic growth and development (Fridell 2010). At the same time, the process of liberalizing the EU banana regime produced new avenues for strategic maneuvering, even as the major players deployed a discourse of "free trade". In particular, the evolving EU regime resulted in a lively trade in import licenses, through which license holders engaged in rent seeking behaviors selling licenses for up to \$7 per box, or more than 50 percent of the total import price (van de Kastele 1998:16). Unable to formally access licenses or pay exorbitant prices in secondary markets, the position of independent producers without connections to the top five corporations has been eroded (*Ibid.*).

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<sup>75</sup> The five countries that brought that complaint were Costa Rica, Venezuela, Colombia, Guatemala and Nicaragua. While Venezuela was not a banana exporting country, the government, at the time, was favorable to US interests.

For Caribbean farmers, the situation has been even more dire, as they have been increasingly forced to compete, not only within the ACP, but with all zones of production, along with their divergent scales and capacities. In the decade following the implementation of the Single European Market (1992-2002), the share of Windward Island bananas fell from sixty-five percent to seventeen percent of the British retail market (Moberg 2008: 81). The number of Windward Island banana producers has fallen precipitously, to approximately 4,000 in 2012 (Fair Trade Foundation 2012) from a peak of 27,000 in 1991 (Myers 2004: 20). By 2000, the share of global exports coming from traditional Caribbean producers had fallen to 2 percent (*Ibid.*). Those who remain face formidable challenges. Beyond basic price competition from more technologically advanced, lower cost producers, farmers must comply with the increasingly rigorous standards imposed by retailers discussed in previous sections. In particular, lower quality fruit, that cannot meet traceability requirements, as well as fruit that is not GlobalGAP certified, is no longer viable for export markets.

Furthermore, it is not only consolidated retailers and branded marketing firms backed by powerful nation states driving these changes. Instead, actors across the banana commodity chain argue that smallholders must invest in productive improvements and dedicate themselves to quality production in order to survive. Moberg notes that managers and technicians with the state-sponsored marketing agent, Wibdeco, as well as the BGAs, argue that the problem for small farmers lies in their own lack of education and in cultural values that undermine their dedication to investing in development (2008: 90). My own research found that this perspective resonates with that of many of the administrative and technical professionals working with Fairtrade farmer cooperatives.

Finally, it is worth noting that critique of the protective European-ACP regime emerged, from a variety of perspectives, well before the 1990s Banana Wars.<sup>76</sup> Some argued that such protections were neo-colonial in nature and promoted dependency by forcing rural residents to produce for the world market (as part of the international division of labor that fostered uneven development) and inhibiting the independent development of Caribbean economies (Slocum 2003, see Moberg 2008: 87-88 for a review). Others argued from the increasingly dominant perspective that such protections served as a market distortion, by artificially raising prices. In these cases, UK authorities defended the policies using the language of “ethical trade” (Myers 2004:32), a precursor to more recent efforts to construct a Fairtrade banana regime. Policies viewed through the neoliberal lens as protectionism can, thus, also be viewed as efforts to internalize the social and environmental externalities of conventional banana production or, in other words, to re-embed markets in ethical conventions (Raynolds and Murray 1998, Moberg 2008). This has been precisely the argument made by Fair Trade scholars and activists.

### ***The Fairtrade banana initiative***

In the wake of the WTO Banana Wars and the dismantling of the EU-ACP trading regime, activists and researchers have argued that Fair Trade has the potential to save smallholder banana production. Taking up the analytic of Polanyian re-embedding (see Chapter One), they suggest that alternative trade networks rooted in ethical conventions can buffer smallholders in the face of neoliberal agricultural restructuring and agrarian

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<sup>76</sup> The US had mounted complaints at the GATT regarding the UK banana regime as early as 1972 (Myers 2004: 32)



change (Murray and Reynolds 2000, Myers 2004, Moberg 2005, Shreck 2005, Reynolds 2007). In the case of the Caribbean, there is evidence to support this claim. Of the approximately 4,000 remaining Windward Island banana farmers, 3,400 are certified Fairtrade and a full ninety percent of production is sold in Fairtrade markets (Fairtrade Foundation 2010). Small producers organizations (SPOs) like the Windward Island Farmers' Association (WINFA) have, in many respects, replaced the state-based BGAs, extending technical assistance, credit, bulk input purchases and assisting with the coordination of social development funds and marketing (Moberg 2008).

As with state-led development projects before it, the goal of Fairtrade supports has been to assist resource-poor producers in improving productivity and supply, through technological change, as well as changes in the social organization of their operations. Yet, while Fairtrade certification does buffer small farmers, it is quite different from previous state-based agreements, which protected small farmers as a class (at least in the ACP nations). In contrast, Fairtrade protection is highly uneven. First, it is extended only to those farmers who have achieved certification -- a process that is highly contingent in time and space. Second, unlike state-led programs that guaranteed producers' market outlets, Fairtrade does not provide such guarantees. Instead, certified cooperatives rely on a voluntary system, which does not guarantee that 100 percent of farmers' production will be sold as Fairtrade.

Recognizing that small farmers face similar challenges throughout the global banana economy, Fairtrade actors have developed market relationships with SPOs throughout the Caribbean and Latin America. In 1996, Agrofair, an independent importer founded by the Dutch NGO, Solidaridad, was the first organization to bring Fairtrade bananas into the EU. Forming the Association of Small Banana Producers "El Guabo" in 1997, a group of fourteen Ecuadoran small farmers was among the first to become Fairtrade certified, beginning shipments in 1998.<sup>77</sup> Windward Island shipments to the UK soon followed (in 2000). Since that time, conventional industry operators have joined independent importers, developing relationships with SPOs in the Dominican Republic, Colombia, Panama, Costa Rica, Peru, Honduras, Nigeria, and Sri Lanka.<sup>78</sup> It is worth noting that, in some cases and for a variety of reasons, importers have been central to the formation of these cooperatives. Independent importers, like Agrofair in Europe and Equal Exchange in the U.S., have been directly involved in SPO development as a strategy for aggregating supply and supporting democratic decision-making among farmers (Smith 2010). Others have engaged in small farmer organizational development as a strategy point of entry into the Fairtrade market due to historical limitations on plantation certification (author interview, May 6, 2009).

Since the establishment of the initiative, Fairtrade banana markets have grown fabulously, experiencing double-digit growth in most years and expanding almost tenfold, from 36,641 to 320,923 metric tons, between 2002 and 2011 (See figure 3.3). Bananas now represent the largest volume of any certified commodity and are second only to coffee in terms of total market value (FLO 2012). Still, Fairtrade sales represent

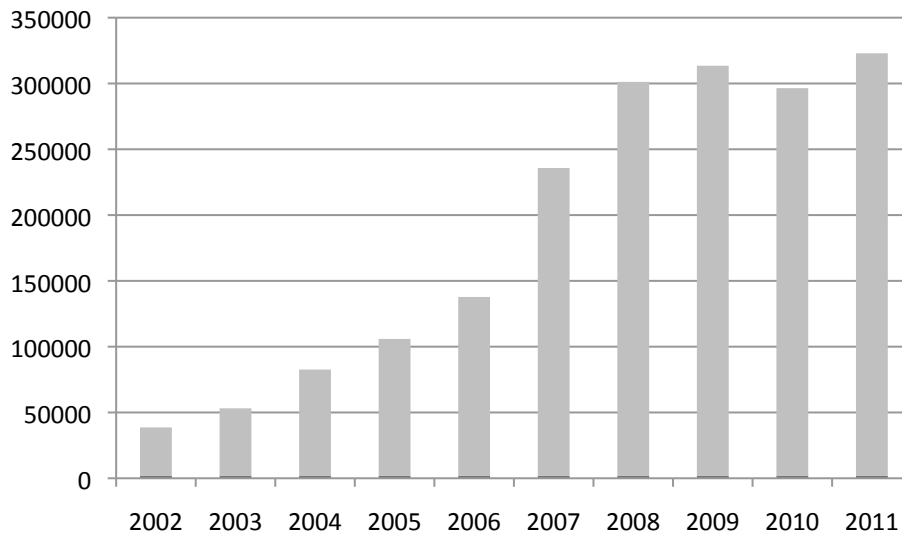
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<sup>77</sup> The El Guabo cooperative is one of the producer organizations involved in this study, to be discussed in detail in Chapter Four.

<sup>78</sup> See the CLAC website: <http://clac-comerciojusto.org/redes/red-banano> and FLO-CERT website: <http://www.flo-cert.net/flo-cert/29.html>.

only a fraction of conventional exports, or under two percent in 2009.<sup>79</sup> Furthermore, the majority (70 percent) of Fairtrade-certified bananas continue to be produced with conventional methods (FLO 2012).<sup>80</sup> The increasing prevalence of dual certification (particularly in the coffee sector) notwithstanding, organic-Fairtrade certified banana markets have stagnated. This is in part due to supply challenges. As we will see, significant growth in Fairtrade banana production volume has occurred in traditional producing regions, which are not amenable to organic methods due to the longstanding presence of crop diseases. Instead, new zones of production have been opened up to fuel the dual certified banana market, for example in Southern Ecuador and in Peru’s Chira Valley. Indeed, growers in Colombia almost universally stated that organic certification would be impossible due to the need for Sigatoka control. The failed expansion of the U.S. Fairtrade banana market has also played a role here (Raynolds 2007). While European supermarkets often source only non-organic Fairtrade bananas, U.S. markets for Fairtrade bananas have preferred dual certified organic-Fairtrade (Smith 2010). Still, U.S.-based Fairtrade banana sales continue to represent a small percentage of the total market (Raynolds 2007).

**Figure 3.3: Fairtrade Banana Volume Sales Growth 2002-2011 (Metric Tons) (Conventional and Organic)**



**Source: FLO annual reports, 2003-2012**

This growth has conferred important benefits on certified producers, in the form of more stable market access and social premium funds paid to producer and worker

<sup>79</sup> According to FLO, 311,465 tons of certified bananas (both conventional and organic) were exported in 2009, compared with estimates of the Food and Agriculture Organization of the United Nations (FAO) of 18.3 million tons of banana exports total (FAO-STAT).

<sup>80</sup> FLO did not begin distinguishing between organic and conventionally produced Fairtrade bananas until 2008 (FLO 2009) and, until that time, dual certified banana supplies were negligible.

organizations, which were estimated at US\$19.2 million in 2011 (*Ibid.*). Growth has, however, been uneven within various producing and consuming regions, due in part to the strategies of market actors across the Fairtrade commodity chain. Exports are dominated by Colombia, the Dominican Republic, Ecuador, and Peru. While Fairtrade bananas represent a majority of imports in particular European nations (Switzerland and the UK), they remain a tiny fraction of the U.S. market due in large part to the structure of U.S. retail markets (Raynolds 2007, author interview, January 14, 2011).

Furthermore, while smallholders represent a higher proportion of the Fairtrade banana market than their representation in the conventional banana trade, recent growth has largely been fueled by enrollment of plantations under the Fairtrade Labeling Organization (FLO) Hired Labor standard. Indeed, the consolidated structure of the industry, combined with the social organization of most banana production (in plantation operations), has intersected with the principles of equity and sustainability espoused by Fair Trade actors. As a result, “the case of the banana sector is the visible example where Fairtrade could legitimately be argued to have moved from a niche into the mainstream” (Smith 2010: 8).

As discussed in Chapter One, activists, alternative trade organizations, small producer groups, and sympathetic researchers insist that the entry of transnational corporate actors and plantation production has undermined small banana producers’ position within Fairtrade markets. Specifically, increased supply increases competition and smallholders’ production and transaction costs are higher than those of larger operations (Raynolds 2007, Moberg 2008, Jaffee 2010, Smith 2010). Many argue that certification should be reserved for small producers or, at a minimum, that an additional small farmer designation should be established to further differentiate within Fairtrade markets (author interview, April 2, 2009). Indeed, the Coordinadora Latinoamericana y del Caribe de Pequeños Productores de Comercio Justo’s (CLAC) Banana Network states that one of its major goals is limiting plantation entry. As they have been unable to achieve this goal and plantation certification continues apace, they have spearheaded the establishment of the first-ever Fair Trade small farmer label, Fundeppo (Robinson 2012).

It is certainly not surprising that an industry with such profound socio-ecological contradictions and consequences would be a target of Fair Trade activism. Nor is it surprising that mission-driven Fair Traders would oppose engagement with the very transnational corporations that have long been connected to unfair, socially exploitive, and ecologically destructive practices. Moves by FLO and the national labeling initiatives to expand the Fairtrade banana market by working with plantations and TNCs have fueled these suspicions. In particular, these actors argue that this involvement has undermined the strength of Fair Trade standards (Jaffee 2010). However, FLO and the National Labeling Initiatives, in particular Fair Trade USA, have argued that plantation certification was necessary to guarantee supply and to avoid loss of market share to certification initiatives viewed as less comprehensive and rigorous, such as the Rainforest Alliance and Social Accountability International (Chambron 2005).<sup>81</sup> Fair Trade USA

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<sup>81</sup> Social Accountability International (SAI) and the Rainforest Alliance-Sustainable Agriculture Network (RA-SAN) are third-party certification initiatives focused on labor and environmental standards in global production networks. While SAI was developed to focus on responsible supply chain management for industry, the initiative has more recently moved into the agricultural sector. RA-SAN was established

CEO, Paul Rice, underscores this perspective: "[t]he disadvantaged majority would be locked out of the market if I were to look for only small farms for bananas and tea" (Gogoi 2008: 1).

Raynolds (2007) notes that Fair Trade USA sidelined social movement actors in its negotiations with Chiquita to certify a Honduran plantation (a case that is further discussed in Chapter Six). Citing Dole and Chiquita's historical legacies, as well as their more recent implication in payments to right-wing paramilitary groups in Colombia (for more on this see Chapter Five), Equal Exchange has questioned Fair Trade USA's decision to work with these two transnationals:

Could small farmer bananas ever successfully gain market access and compete in a market with Fair Trade plantation bananas sourced from a multi-national company as large and sophisticated as Chiquita Brands? Did a company with the kind of history that Chiquita has had "belong" in an ethical Fair Trade system? Could Transfair have the capability to ensure that plantations were respecting worker rights and Fair Trade agreements such as the use of social premiums? Many labor organizations were in favor of giving Fair Trade certification to unionized plantations, as a way of further promoting workers rights and they were at odds with the Fair Trade activists. Chiquita itself appeared uncomfortable giving a stronger voice to labor unions and vetoed the idea of Fair Trade premiums being decided by union members. In the end, amidst much controversy (and some secrecy), the deal collapsed. Now, without much fanfare, Dole Fruit Company bananas will soon "appear" in the Fair Trade system and on the shelves (Robinson 2009).

Yet, as we will see, a commitment to working with small farmers and eschewing traditional banana supply chain actors does not guarantee a fair deal for the most marginalized and resource-poor Fairtrade farmers. In fact, so-called mission driven importers have largely had to accept the broader imperatives of a liberalized agrifood system (author interviews, April 22 and May 12, 2009, January 14, 2011, van Heijningen 2011). Understanding the extent to which this contradictory position is a result of transnational corporate and plantation entry, as many Fair Trade researchers suggest (Raynolds 2007, Jaffee 2010, Smith 2010), requires a further consideration of the complex and contradictory dynamics of the Fairtrade banana industry today.

Some of the major questions regarding mainstreaming focus on the position of small farmers vis-à-vis a consolidated and retailer-dominated industry driven by ever-increasing buyer demands around quality, phytosanitary controls, and management systems. As one independent importer representative stated while discussing efforts to develop U.S. markets for Ecuadoran and Peruvian small farmer bananas, "vertical integration is a challenge for both farmers and importers. Dole has its own port, customs agents, ships, etc. No one else is set up to deal with these logistics" (author interview, January 14, 2011). Retail consolidation does pose a serious challenge for independent importers. Unable to meet pricing and supply demands, it is difficult to establish contracts with supermarket chains, which in the U.S. are primarily controlled by the Big

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through a partnership between NGO actors and Chiquita (Taylor and Scharlin 2004). While the standards include labor issues, the primary goals of the initiative concern environmental practices.

Three. In the U.S., thus far, independent importers have only been able to sustain small niches in regional markets, based largely on dual certified organic-Fairtrade bananas sold in natural foods markets and consumer cooperatives (Raynolds 2007). This entails more complex (and costly) logistics, with low margins exacerbated by limited volumes (author interviews, April 15, 2008 and January 14, 2011).

For its part, Fair Trade USA, the national labeling initiative that has recently split from FLO, has proposed a reduction in the social premium from one dollar to fifty cents per box for bananas imported into the U.S. (author interview, February 21, 2011). While thus far framed as a proposal, growers worry that future access to U.S. markets may require them to accept such the reduction (author interview, March 16, 2011). As traditional importers with historical patterns of market access and better ability to meet retailers' supply demands enter the U.S. Fairtrade banana market, independent importers will undoubtedly face competition in their own efforts to expand their operations. Yet, while independent importers are confronted with a perceived problem of undersupply, they also face the potential for oversupply to undermine price premiums. This dynamic reflects the tension between the tendency towards oversupply inherent in capitalist commodity production and the certification strategy's reliance on price premiums through the construction of scarcity (Guthman 2007). This is not simply a problem caused by transnational corporations, but one that is present within capitalist markets in general. While larger operators do have greater capacity to flood the Fairtrade market, SPOs also promote increasing production among their members. The example of one alternative commodity chain involving an Ecuadoran SPO and an independent importer selling primarily to small natural food stores is illustrative here. In an effort to increase its production, the supplier SPO implemented a rule requiring its members to produce a minimum of 50 boxes per week, or face suspension. The quota for one farmer is equivalent to the quantity that one successful natural foods coop in Philadelphia boasts as an "astounding" sales level (Masko 2010: 3).

In Europe, where Fairtrade markets are better established, similar dynamics are at play. While independent importers have managed to develop stable contracts with EU supermarket chains, in particular with the Swiss-based COOP, this has required a re-orientation towards market imperatives (Smith 2010, van Heijningen 2011). According to one representative of Agrofair, the all-Fairtrade importer that supplies the COOP chain (among other European retail outlets):

Like commercial companies we now work with a commercial sales staff. In the past our focus was characterized by a surplus of attention for farmers, in stead (sic) of aiming at our own results. We now continue to be attentive to new developments in the market while pursuing our new strategy of reliability, quality, and availability (cited in van Heijningen 2011: 42).

Other retailers, such as the Dutch-based Albert Heijn and UK-based Sainsbury's, have shifted to one hundred percent Fairtrade-certified banana sales. Still they have maintained similar prices to those charged for conventional fruit and largely work with traditional importers, including Dole and Fyffes (*Ibid.*). Interestingly, the UK market has one of the highest percentages of Fairtrade-certified banana sales of any country (twenty seven percent in 2008) (Fairtrade Foundation n.d.) at the same time that the country has

experienced some of the most intense price reductions and wildest price swings, as discussed above.

The intersection of Fairtrade certification with the retailer-driven standards discussed above, most notably GlobalGAP, has also played an important role in the shifting dynamics of Fairtrade markets. In part to address the rigorous demands of banana markets FLO has developed quality standards specific to fresh fruit certification. Although quality is obviously critical in all export commodity markets, FLO’s fresh fruit quality standards provide buyers an opportunity to either deny payment or to “discount” payments made to producers for fruit considered to be inferior in quality (FLO 2012). Smith (2010) notes that the standards required for Fairtrade markets act as a disincentive to participate. Obviously, the traditional consolidated banana transnationals who work with well-capitalized, larger-scale producers are better equipped to meet these demands. As a result, these disincentives may be stronger for smallholders, particularly when the Fairtrade minimum price falls below the cost of production, as it has for some producers in recent years.

In the early years of Fairtrade banana certification, the per-box price paid to farmers was significantly and consistently higher than conventional market prices (author interviews, April 15 and October 15, 2008). FLO claims that minimum prices are designed to offer a return above farmers’ cost of production and to provide a price floor to stabilize farmer incomes. However, while conventional prices began to rise in 2006, Fairtrade banana prices have stagnated (Smith 2010:11). At the same time, production costs have continued to increase as a function of general market dynamics, as well as the increasing demands of certification and, in some cases, reduced yields due to chemical restrictions (Moberg 2008, Smith 2010)

Increasing discontent and lobbying by activists and small producer groups led to the first price increase in the Fairtrade banana initiative’s history in 2009, as well as an agreement to evaluate and incrementally increase prices based on a more thorough investigation of production costs. According to the CLAC Banana Network, the first price increase in 2009 represented a 6.7 percent increase over 2005 base prices (CLAC presentation, Machala, Ecuador 2009). Figure 3.4 shows recent price increases for the major Fairtrade banana producing countries.

**Table 3.2: Fairtrade Labeling Organization Banana Prices (USD per 42-pound box)**

<b>Countries</b>	<b>FOB Price March 2009</b>	<b>FOB Price Jan 2010</b>	<b>FOB Price Jan 2012</b>
<b>Colombia</b>	\$6.75/\$8.50	\$8.50/\$10.70	\$9.10/\$11.75
<b>Costa Rica</b>	\$6.75 (conventional)	\$8.50 (conventional)	\$8.85 (conventional)
<b>Dominican Republic</b>	\$8.50/\$10.00	\$10.10/\$12.30	\$10.55/\$13.05
<b>Ecuador</b>	\$6.75/\$8.50	\$8.20/\$10.40	\$8.45/\$11.00
<b>Ghana</b>	\$8.00/\$10.00	\$9.25/\$11.25	\$7.03/\$8.70
<b>Panama</b>	\$7.00 (conventional only)	\$8.50 (conventional only)	\$8.85 (conventional only)
<b>Peru</b>	\$8.50 (organic only)	\$10.10 (organic only)	\$11.25 (organic only)
<b>Windward Islands</b>	\$9.00	\$9.00 (conventional )	\$9.28 (conventional)

**Source: FLO 2009, 2012**

Still, FLO's cost of production analysis demonstrated that the cost of production remained higher than FLO minimum prices in seven out of nine countries studied (Smith 2010: 56). In these seven cases, the shortfall in farm gate prices (paid directly to producers) ranged from US\$ 0.48 per box to US\$ 2.28 per box and was generally greater for organic production than conventional (*Ibid.*). At the export level (FOB), there was a consistent shortfall, ranging from US\$ 1.36 to US\$ 3.73 per box (*Ibid.*).

As seen above, FLO pricing does take geographic variability of costs into account and the initiative has established country- and/or region-specific minimums to reflect cost differentials. It is important to note that such differentials are based on averages and thus fail to reflect the significant variability in costs *within* countries, and even within producer organizations. In addition, the price actually paid to farmers varies across time and space, depending on such factors as costs charged for inputs, packing supplies, and transport, as well as discounts against producer payments for quality breeches. Some research suggests the Fairtrade minimum may even act as a ceiling, at least in terms of the price paid directly to farmers. One study in Ecuador suggested that certification did not necessarily provide a guarantee that FLO minimum prices would be paid throughout the year (Smith 2010), a phenomenon corroborated in my own research in the country. Exporters reported European importers and ripeners in Europe did not want to sign contracts obligating them to pay the Fairtrade price year-round because of: 1) speculation within the Fairtrade market, presumably due to competition from lower cost locations and/or operators and 2) their own lack of contracts with retailers (*Ibid.*).

So, while Fairtrade certification has continued to, at least partially, buffer Small Producer Organizations, arguments made by "mission-driven" activists and scholars about TNC and plantation participation undermining smallholders' position are warranted. However, these arguments tend to overlook the internal dynamics of market growth and to present a dualistic view of the marginalized smallholder versus the transnational corporate plantation that does not sufficiently capture the differentiated forms (and scales) that banana production takes, nor the complexities of certified banana commodity chains.<sup>82</sup> With respect to the latter, it is worth noting that there have been multiple roads to Fairtrade penetration by the banana transnationals. When Chiquita and Dole's early attempts to secure plantation certification failed, Dole began working to establish relationships with small producers to export Fairtrade certified SPO bananas. In the words of one representative of a Fairtrade SPO, "when Dole could not gain entry to Fairtrade through one door, they opened another" (author interview, April 12, 2009).

Dole's record in Peru has been particularly controversial. Since establishing operations there, it has worked to prevent smallholders from developing independent export operations, by raising prices paid to farmers then lowering them once alternative buyers have been pushed out of the market (author interviews, January 14, February 21 and February 24, 2011, van Heijningen 2011, Robinson 2012). Over the past decade, Northern Peru's Chira Valley has become a center of dual certified organic/Fairtrade banana production. The region boasts an arid climate, which inhibits the spread of Sigatoka, and a lack of crop disease associated with long-term cultivation, making it an

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<sup>82</sup> Research on Caribbean smallholders has been particularly focused on making such distinctions. Myers (2004) discusses Latin American plantations of up to 1,000 hectares; Fridell (2010: 288) notes that plantations can be up to 5000 hectares.

ideal region for organic cultivation (at least temporarily). These factors have permitted 5,000 resource-poor farmers, with an average of less than one hectare, to shift from subsistence and other cash crops to dual-certified (Fairtrade/organic) export banana production. Despite Dole's attempts to control exports from the region through a Latin American subsidiary, COPDEBAN, small farmers have formed independent SPOs and some have managed to establish their own export operations or to develop ties with alternative exporters. Preliminary research in the region during February 2011 suggests that a major reason behind these farmers' success has been the relative ease with which they have managed (thus far) to grow organic bananas. Their experiences have, furthermore, been highly uneven, reflecting the uneven protection offered by certification.

The construction of standards around the categories of SPOs and Hired Labor also serves to reinforce the importance of farm size and to reinforce a dualistic view of small versus large farms. First, as Guthman (2004) has shown in the case of the U.S. organic agriculture movement, Fair Trade actors' focus on the small farm as a measure of social justice has obscured the processes and social relations of banana production. Supply chain actors promote their relationships with small farmers (van Heijningen 2011, Robinson 2012), while sidelining the variegated socio-ecological conditions under which these producers operate, from land tenure and quality of landholdings to access to capital for infrastructure and inputs, market orientation, and use of wage labor (cf. Walker 2004). Viewed from this perspective, scale is clearly not the only factor determining farmers' position in the marketplace. FLO rules governing SPO certification serve to further elide the significant differentiation that exists among small banana farmers. FLO (2011a) defines small farmers in labor intensive sectors (a category that includes bananas) if the following criteria are fulfilled: they are producers who 1) hire less than a maximum of permanent workers, as defined by the certifier (this is commodity specific), 2) cultivated land is below the regional average, 3) spend most of their time working on their farm, and 4) most of their income comes from their farm. These already lax criteria must, furthermore, only be met by one half of the membership, thus allowing larger, better-capitalized farmers to market their fruit under Fairtrade SPO rules (Smith 2010).

Such differences are apparent across producing regions. For example, SPOs in the Eastern Caribbean and Peru are largely comprised of resource-poor members with an average of little more than one hectare in banana production (Moberg 2008, Robinson 2012). In contrast, SPOs in the Dominican Republic and Ecuador include larger, better-capitalized farmers. In these cases, significant differentiation can exist *within* the SPOs themselves (Shreck 2005). My own research suggests that SPOs can benefit greatly from the participation of these better off farmers and that better-off farmers can, likewise, use Fairtrade's small farmer protections to improve their own position in global markets and even expand their operations (see Chapter Four for a full discussion). In addition, at least some of the importers who promote themselves as being mission-driven and sourcing only from small farmers purchase bananas under these conditions. While aware of the contradictions in fighting plantation certification at the same time that they purchase SPO bananas produced by questionably small farmers, they acknowledge that they benefit from the quality and supply consistency of these better off farmers (author interviews April 15, 2008, May 15, 2009 and Jan 14, 2011). As we will see, in some cases this has occurred to the detriment of SPOs' most marginalized members. However, my own



research suggests that only the most marginal of banana farmers producing extremely low volumes fit this idealized agrarian image.

### ***Conclusion***

Because hired labor is not simply the domain of plantation agriculture, the case of the Fairtrade banana initiative provides an opportunity to explore labor questions as they intersect with debates over mainstreaming. Specifically, the case suggests that the promotion of the small, family-scale farm obscures the central role of hired workers, even in relatively small-scale operations certified under FLO's SPO standards. The widespread use of wage labor is also confirmed in other recent studies of Fairtrade banana production. In a survey of Windward Islands farmers, Moberg (2008) found that 71 percent of Fairtrade farmers employed workers, albeit part time. Smith (2010) found that Fairtrade banana farmers certified under the SPO standards make use of casual workers on a year-round basis. Yet, as discussed in Chapter One, FLO's standards include few requirements for farmers certified under SPO rules in their capacity as employers, regardless of where they fit within the spectrum.

Yet, in preferring to focus on an idealized agrarian vision of smallholders operating with family labor, Fair Trade scholars overlook the part of Polanyi's analysis that focused on the commodification of labor. This presents two critical challenges facing the Fair Trade system with respect to workers. First, by allowing SPO producers to operate with few labor standards, the Fairtrade certification and labeling system actually facilitates the uneven experiences of workers across different production contexts. Second, so-called mission-driven activists' insistence that certification should be restricted to small farmers, as well as their own failure to recognize diversity among small producers, undermines the movement's potential to develop solidarity-motivated relationships with banana labor. Indeed, these mission-driven actors have found themselves opposing the position of banana unions and international labor solidarity activists in debates over how Fairtrade's labor standards should be constructed and operationalized. Here it is important to note that, by ceding the debate over labor entirely, more progressive elements within the Fair Trade movement have sidelined an opportunity to strengthen Fairtrade standards for plantations and to support workers' collective action.

FLO's movement into plantation certification opens up the possibility of extending benefits to those traditionally left out of the Fair Trade system, namely wage laborers. It also opens the possibility to move beyond the notion that small-scale signifies socially just production.<sup>83</sup> The question remains, on what terms do they gain entry? The following chapters attempt to respond to these questions, by exploring dynamics within two producing regions. Chapter Four considers the experience of a Small Producers' Organization with ties to so-called mission-driven traders on Ecuador's South Coast. Chapter Five investigates the role of certification on plantations that are certified under the Hired Labour standards, and that are working with conventional traders, in the Urabá region of Colombia. These countries have distinct socio-historical trajectories and different banana-production contexts, which are explored within the chapters. Yet their

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<sup>83</sup> According to Reynolds (2007), Fairtrade-certified plantations are still generally smaller than the operations of the banana transnationals. Still, the FLO-CERT database lists affiliates of Chiquita, Del Monte, and Dole among its registered traders (see <http://www.flo-cert.net/flo-cert/>).

respective experiences point to the limitations of market-based regulation to address the socio-ecological contradictions of banana commodity production. While the two cases are not developed in a comparative framework, they both shed light on the extent to which the challenges facing Fairtrade may not be the result of corporate cooptation as much as the internal dynamics of capitalist commodity markets.

## Chapter 4: Who is a Real Bananero? Fairtrade Certification in a Small Producers' Organization on Ecuador's South Coast

On a somewhat incongruous drive down a rutted dirt road on Ecuador's south coast, the driver of our sparkling late model SUV was opining the lack of consensus at the farmers' meeting we had just attended. "They're not even *real* bananeros. They're just in it for the social benefits, but they don't *produce*. What are we supposed to do with ten or fifteen boxes a week", she asked impatiently. In contrast, her monocrop farm in the coastal plain yielded up to 250 boxes of bananas per week. As an elected leader of, Asoguabo, a Fairtrade-certified Small Producers' Organization (SPO), she was charged with helping to convince her less productive colleagues to "dedicate themselves" to banana cultivation, in order to increase productivity and meet the traceability demands of European supermarkets.<sup>84</sup>

The bananeros in question were *agroforestales*, small-scale, diversified producers who operate on marginal land in the Andean foothills, incorporating tree crops and animal pasture with banana cultivation. As members of a Fairtrade association, these farmers occupy a privileged position relative to most of Ecuador's small farmers. Prior to the meeting I had interviewed one of the participating farmers. When I asked how long she had been growing bananas, she responded that she and her family "had almost been created that way" (author interview, April 30, 2009). From her perspective, banana cultivation was an integral component of their household production system and livelihood strategy.

At this particular meeting the farmers had been told that their ability to maintain membership in the association, and thus their right to sell in the Fairtrade market, was contingent upon substantial, if not impossible, production increases. Many were as frustrated as their monocropping counterparts.<sup>85</sup> Arguing that they had already made substantial sacrifices to plant and maintain export quality fruit, some suggested that their association had lost its sense of solidarity as it had grown. Some were angry that their images were being deployed to market Fairtrade products at the same time that they were being told to rationalize and intensify their production or risk expulsion. In the words of one producer, "they have our picture on the bags in Italy, but here they tell us we'll be suspended if we can't make the quota".

This debate playing out within Asoguabo provides a window into a set of broader, deeply rooted tensions within the Fair Trade system. Fair Trade producers negotiate a complex set of relationships, which shape their positionality in important ways. On the one hand, more productive monocrop producers were responding to pressures from their

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<sup>84</sup> I use the term 'Fairtrade' to refer to the certification initiatives under the Fair Trade Labeling Organizations International (FLO), while the term 'Fair Trade' refers to the broader constellation of market and social movement actors. The Association of Small Banana Producers "El Guabo" (Asoguabo) is a Fairtrade-certified organization comprised of small banana farmers in El Oro, Azuay, and Guayas Provinces in Southern Ecuador. Asoguabo also serves as the exporter for its members' bananas (<http://www.asoguabo.com.ec/>).

<sup>85</sup> My observations are based on participation in meetings of various *gremios*, or geographically based subgroups of farmers who are members of Asoguabo, as well as individual interviews with cooperative members, workers, agricultural technicians and professional staff of the association during the winter and spring of 2009 and 2010. See Appendix A for methodology.

Fair Trade importer. On the other, agroforestral farmers indicated awareness of an implied connection with ethical consumers, whose (often fetishized) ideas about peasant production, sustainable agroecological practices and development cooperation motivate their purchases. While expressed here as a question of producer identity and legitimacy, both with respect to a particular commodity, bananas, and an ethical commodity chain, Fairtrade, this chapter explores the material realities of competition and accumulation underlying such debates.

In this chapter, I utilize the case of Asoguabo to consider the role of Fairtrade certification in regulating the socio-ecological relations of banana production across a range of scales, agronomic practices, market orientations, and labor arrangements. The association's diverse membership base reveals significant complexity among small farmers and highlights the centrality of wage labor relations, even in small-scale production units. Understanding this complexity provides a basis for critically engaging debates over the so-called mainstreaming of Fair Trade, as well as assertions about the initiative's appropriate beneficiaries.

I first explore Fairtrade's proximate effects on small farmers. I find that participation in Fairtrade has endowed a relatively small but significant group of otherwise marginalized producers with a level of market access and stability not enjoyed by most of Ecuador's small farmer class. I also discuss the association's utilization of the Fairtrade US\$1 per box social premium, which has increased producers' health care access and supported education and food distribution programs for small farmers and their communities. However, while I suggest that certification does offer advantages to participating farmers, I also find that benefits are conferred unevenly, and that they are accompanied by additional productivity, quality, and traceability requirements, which tend to affect the most marginalized and resource-poor Association members most negatively and profoundly. Perhaps most significantly, those farmers who operate most closely to the Fair Trade ideal of the smallholder peasant farmer are obliged to intensify production in ways that may undermine household livelihoods and sustainable agroecological practices in the long term. Finally, I discuss the role of certification in mediating labor practices on SPO members' farms. I suggest that, for hired workers on these farms, Fair Trade's role is even more ambiguous and its benefits more illusory than for small-scale producers.

My findings complicate several of the key claims made by Fair Trade actors about the benefits of certification and labeling. I attribute the contradictory outcomes associated with certification to the Fair Trade model's focus on regulating the terms of market exchange and value distribution, as opposed to questioning the social relations of production and distribution in the industry as a whole. I further suggest that, as a privatized form of supply chain governance relying on voluntary compliance (O'Rourke 2003), the Fairtrade banana remains a blunt instrument for addressing the widespread and deeply rooted inequities of a highly consolidated global commodity network, one which may preclude other possibilities (Guthman 2007). I also interrogate the claims made by "mission-driven" actors that the enrollment of transnational corporations and plantations are to blame for Fair Trade's dilemmas. While the banana multinationals and major retail buyers clearly play a role in ratcheting down standards and undermining more solidaristic relationships, I argue that it is the logic of the market model itself and the growth imperatives of capitalist commodity production which lead to the uneven and

contradictory outcomes seen in the case of the Fairtrade banana initiative, a logic which goes largely unchallenged.

The chapter first situates Ecuador as a key player in the international banana trade, highlighting its historical and current role as the world's top banana exporter. I trace the country's agro-industrial development through its history of utilizing contract farming and flexible labor relations to undermine global prices. I also discuss the Fairtrade banana initiative as it has emerged in the Ecuadoran context, specifically through the efforts of Asoguabo's founding members. I, then, turn to an analysis of Fairtrade's role in mediating the social relations and agronomic practices of banana production, drawing on interviews with small farmers, hired workers, agricultural technicians and professional staff from Asoguabo, as well as other institutional actors across the Fairtrade commodity chain.

### ***The development of Ecuador's banana production-complex***

Ecuador's ascendancy in the world banana trade occurred with remarkable swiftness, following a cacao boom that lasted from 1880-1922. While bananas represented less than four percent of national exports in 1947, by 1954, Ecuador had become the leading global banana exporter (Larrea 1987: 38). This transformation occurred through a set of political-economic processes that greatly expanded the agricultural frontier, opening up new lands for settlement and drastically reconfiguring the country's socio-ecological landscape. In his seminal study of the industry Larrea notes that, "[it] is difficult to find a case in the history of the international banana economy that has produced such wide demographic and migratory effects as that of the Ecuadoran coast between 1948 and 1965" (*Ibid*: 30). Since that time, the country has played a major role in shaping the conditions of banana production on a global scale.

The region's favorable hydrologic and climatic attributes, including fertile soils, abundant water (from rainfall and coastal fog), and protectedness from hurricanes, made it amenable to banana production. According to geographer James Parsons, "[t]hrough bananas the country has been awakened to the unrealized potentialities of the alluvial and volcanic soils of its coastal lowlands, which are perhaps as promising as any to be found within the rainy tropics of the New World (1957: 216). Because bananas were new to the region, it was also free of Panama Disease, a soil-borne pathogen that had devastated plantations elsewhere in Latin America. Environmental conditions combined with low rural wages and a devalued currency to make the country an attractive location for capital investment by the banana multinationals (Wunder 2001). Recognizing the potential for banana exports to support national economic growth, the Ecuadoran state invested in opening up transport routes, including road, rail, and port networks, encouraging migration from the Andes, and providing access to credit for would-be banana producers (Sylva 1987, Striffler 2002). In the short term, these policies were successful, facilitating establishment of large plantations on the coast.

During the 1950s, foreign banana companies played a major role in both production and export. Most notable of these was the United Fruit Company's Hacienda Tenguel on Ecuador's south coast, which at the height of production in the 1950s controlled over 22,000 hectares and employed 2,500 workers (Striffler 2002: 42). Faced with declining production due to the arrival of Panama Disease, declining world prices, rising worker militancy, and the threat of peasant land invasions United Fruit abandoned

Hacienda Tenguel in 1962. By 1965, there were virtually no foreign-owned plantations in the country. Since the departure of “*el pulpo*”, production has been in the hands of national elites and smallholder farmers and contract farming is the norm (Moberg and Striffler 2003: 7). Today, one of Asoguabo’s most active producer groups is located in Tenguel, on the site of the former United Fruit hacienda (Katajamäki 2011).

National agrarian reform laws, passed in 1964 and 1972 also served to underwrite the establishment of the banana industry, albeit along somewhat different lines than that of the Central American banana enclaves. Low entry barriers meant that relatively small-scale producers could establish banana farms, although not all succeeded (Striffler 2002). Agrarian reform laws promoted colonization of so-called vacant land, to relieve social pressures caused by highly unequal feudal land distribution, modernize the agricultural sector, and increase production. As institutionalized by political and economic elites, the national vision for agrarian reform was for productive, capitalist farmers to work high quality lands for export production, while peasants brought marginal land into production to supply rising urban populations (Striffler 2002: 119). Agrarian reform policies also introduced Green Revolution technologies, including hybrid seeds, monoculture, mechanization, chemical fertilizers and pesticides, which facilitated the further expansion of the agricultural frontier and promoted the growth of export-oriented agriculture.

As Striffler (2002) notes, while agrarian reform did not necessarily achieve all of its purported goals, it did reformulate the dynamics between the peasantry, labor, capital, and the state. Military governments oversaw implementation of both reforms. While the second regime provided some space for peasant organizing, it was not enough for most of the peasantry to benefit (Striffler 2002). In particular, peasants and former United Fruit Company workers who received land generally lacked resources to bring land in to production and were thus forced to sell to better off growers and investors. National elites thus took control of the fertile coastal lowlands. Peasants ended up working in the plantations of the new hacienda owners under unstable and exploitive conditions, far worse than those experienced by the previous generation of banana workers (Striffler 2002: 4).

Agricultural development on the Ecuadoran coast has also entailed one of the greatest and most rapid instances of deforestation in world history (Wunder 2001). The Ecuadoran state’s agrarian reform programs contributed to this process, by requiring existing property owners to clear land and bring it into production to avoid expropriation and for colonizers to do the same in order to achieve legal title to their lands.<sup>86</sup> Deforestation to make way for banana cultivation has led to soil erosion, watershed degradation, and stream sedimentation in the region and the intensity and frequency of seasonal flooding in the coastal lowlands has also increased (Mecham 2001).

The broader environmental consequences of banana production, in particular those associated with intensive agrochemical use, are discussed in detail in Chapter Two of this dissertation. Here it is worth mentioning that the Ecuadoran coast has been no exception in terms of the negative effects of an agrochemical intensive banana monoculture production system (United Nations Environmental Programme [UNEP] 2002, Soluri 2005). It is thus, an important site for considering the potential for eco-certification initiatives, such as Fairtrade, to improve performance (Melo and Wolf 2005). Soil degradation and increasing susceptibility to agricultural pests have led to a growing

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<sup>86</sup> This law remained on the books until the 1990s (Mecham 2001).

dependence on synthetic fertilizers, pesticides, and fungicides. Ecuadoran banana producers use more than 30 agrochemicals, with an average of 10 different pesticides used per banana farm in any given year, to control a variety of pests, including black sigatoka (Matamoros 1999). Contamination of waterways and exposure of workers and communities to a wide variety of highly toxic agrochemicals are persistent problems in Ecuador's banana zone (Trujillo 2007).

### ***Leading the race to the bottom: Ecuador's role in the global banana trade***

Since its rise to preeminence in the 1950s, Ecuador's banana sector has experienced an almost continuous expansion. Between 1980 and 2000, cultivated surface area increased 153 percent, from 63,235 to 160,001 registered hectares between 1980 and 2000 (UNEP 2002: 84) and production increased from one million tonnes in 1985 to 3.6 million tonnes in 2000 (Arias *et al.* 2003). However, total cultivated hectares declined in the early 2000s following a drop in world market prices. This was exacerbated by dollarization of the Ecuadoran economy, which made it more difficult for Ecuadoran producers to compete in global markets (Rubio 2008: 66).<sup>87</sup> Still, the country remains the world's largest producer, with 30 percent of annual exports (Arias *et al.* 2003).

Just as Ecuador plays a critical role in the world banana trade, so are bananas critically important to Ecuador's national economy. Second only to oil, the crop accounts for 20 percent of the country's annual exports, providing an important source of employment for a significant portion of the population (Ledesma 2007). While accurate figures are difficult to come by due to the informal nature of the banana industry, it has been estimated that anywhere from 130,000 to 380,000 people are directly employed in banana production as wage laborers (UNEP 2002, Arias *et al.* 2003). Up to 2.5 million people rely on the banana industry, either directly or indirectly, for their livelihoods, representing 20 percent of the national population of 12.5 million (Ledesma 2007).<sup>88</sup>

In the provinces of Los Rios, Guayas, and El Oro, which account for 92 percent of national production, the banana economy plays a fundamental role in virtually all aspects of social, political, and economic life (Rubio 2008: 67). El Oro Province, where much of the research for this chapter was conducted, is the most important banana-producing province in the country (Ledesma 2007) (See Map 2). Officially, the province boasts the highest per capita income of any in the country. However, Ecuador's banana boom has not necessarily served all of those who rely on it for sustenance well and the region is also characterized by significant disparity and widespread poverty. In fact, Ecuador's banana industry is considered one of the most exploitive internationally, and its growers and exporters have been recognized for leading the "race to the bottom" with respect to labor conditions (Pier 2002). In the following paragraphs, I detail the ways in which the national organization of the banana industry has contributed to this impoverishment,

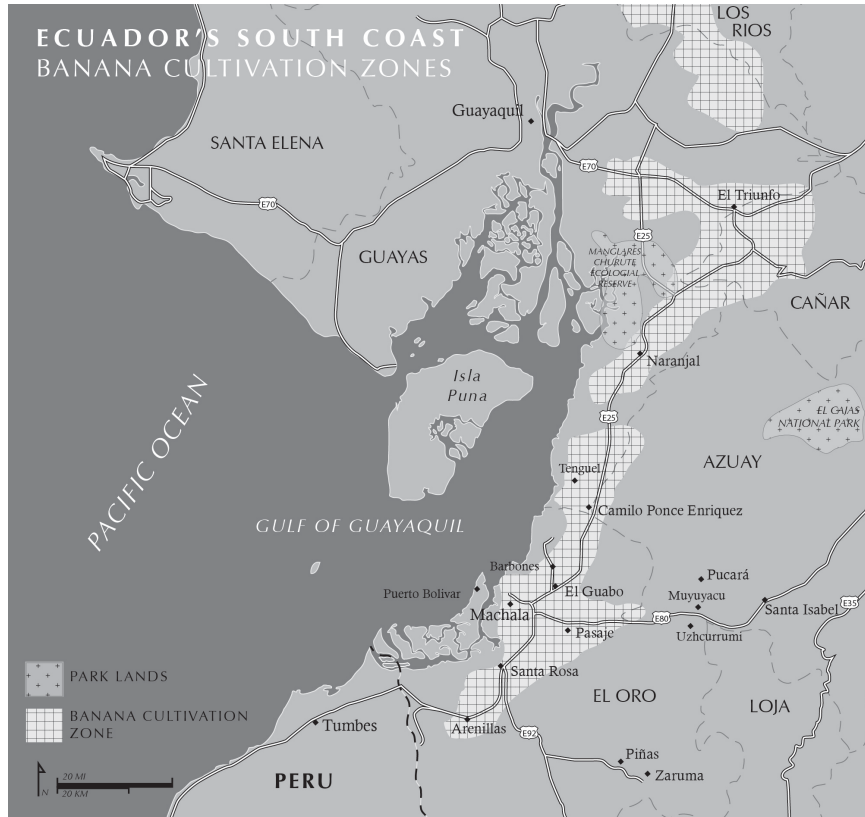
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<sup>87</sup> Dollarization has precluded the Ecuadoran national government from using currency devaluation to compete in export markets.

<sup>88</sup> These figures are highly variable. Another study suggests that approximately 1.2 million people "benefit" directly or indirectly from banana cultivation, representing about 10 percent of the population (Melo and Wolf 2005: 291). This includes workers in related industries, which include processing, agrochemicals, fertilizers, irrigation equipment, plastics, and cardboard packaging suppliers, fumigators, certifiers, and trucking and shipping, and their families. The banana sector accounts for 60 percent of these industries' business (Ledesma 2007).

through exploitive contracting relationships between the country's small banana producers and repressive and unstable labor relations.

## Map 2: Banana Production on Ecuador's South Coast



Map Courtesy of Emma Tome, 2012

As Striffler (2002) argues, the departure of foreign companies from direct production allowed for the development of new opportunities for profit making through contracting relationships with former workers and peasants. Prior to its introduction in Ecuador, the contract farming strategy had been utilized in other banana producing regions, including in Costa Rica (Chomsky 1996) and Colombia (Bucheli 2005). Yet perhaps nowhere has it been more widespread than on Ecuador's south coast, where national planters manage virtually all production and transnational companies control only one percent of cultivated land (Arias *et al.* 2003: 18). Of the Big Three banana multinationals, only Dole reports owning land in the country (about 800 hectares), less than one percent of registered landholdings (Pier 2002: 1).

Significant variation exists among these national producers. Overall, the country has smaller average landholdings than most banana-producing countries in Latin America, 30 hectares compared with a 360 hectare average in Costa Rica, for example (Arias *et al.* 2003: 18). Of the 6,216 banana producers registered, 71 percent are small farms of less than 20 hectares (Ledesma 2007) and 90 percent register less than 50



hectares (Ministerio de Agricultura y Ganadería del Ecuador [MAGAP] 2000).<sup>89</sup> However, production still remains somewhat concentrated. Despite being the majority, small producers control only 24 percent of the 153,000 registered hectares under cultivation, and produce only 16 percent of export bananas. In contrast 30 percent of landholdings are controlled by 3.4 percent of producers who have more than 100 hectares, accounting for almost half the bananas produced (Ledesma 2007).<sup>90</sup>

Not surprisingly, differences in the scale of production, as well as land quality and capital access, correspond with significant disparities in productivity. High-input plantations with irrigation and drainage systems and cableways to transport harvested fruit to modern processing facilities, greatly reduce the number of workers required for tending and harvesting the fruit. Other farms are rain-fed, have inefficient drainage, use few external inputs, rudimentary packing plants, and thus require significantly more workers per hectare (Arias *et al.* 2003: 19). Productivity thus varies widely, from 1,000 boxes in “traditional” systems to 3,000 boxes per week in “modern” plantations. Labor demands are also highly variable. One study suggests that each hectare of bananas requires anywhere from .5 to 1.1 permanent workers per hectare, depending on the technologies employed (SIPAE 2009: 4). This could mean up to 5 workers per hectare, including day laborers for the harvest (Arias *et al.* 2003: 19).

Technology transfers have resulted in a widening gap in productivity between “modern” and “traditional” producers. During the 1990s the total cultivated area benefitting from water pumps, drainage systems, and cableways increased from 24 percent to 71 percent of the total area planted to bananas (*Ibid.*). As these technologies were introduced, Ecuador was able to move from its position as supplier of secondary quality, or reserve, bananas to a premium quality supplier to the world market (Rubio 2008). Associated (and increasing) quality demands from retailers in Europe and the U.S. have also placed new burdens on producers. Declining productivity due to years of agro-chemical intensive, monocrop production is also a major concern for the industry, and one which disproportionately disadvantages the country’s small producers, who generally lack land and capital with which to move, expand, or intensify production. Thus it appears that the smallest and most resource-poor producers are increasingly being left behind.<sup>91</sup> Differences between smallholders’ and “modern” growers weigh heavily in determining their relative position vis-à-vis exporters. As suggested at the beginning of

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<sup>89</sup> The Ecuadoran state considers small farmers to be those with less than 20 hectares. Cropping patterns, intensity of production, and farm revenues, all of which weigh heavily in determining producers’ relative market position, are not included in the definition.

<sup>90</sup> Because of informality in the sector, these figures are widely considered to undercount the actual land under cultivation. In an effort to regularize production in the banana sector, Ecuador’s Agriculture Ministry is currently engaged in a campaign to require producers to register their land and to require exporters to pay the national minimum per box price, a campaign which has raised vociferous objection from exporters and small producers alike (MAGAP 2011). Furthermore, the large number of small and medium sized farmers may present a somewhat inaccurate picture of actual concentration in the industry, given that holdings are often divided into separate parcels controlled by the same interests, in part to avoid unionization (Krochmal 2004: 62).

<sup>91</sup> Average land productivity remains lower than in other Latin American banan-producing countries. Ecuador reports lower per hectare production levels than its major competitors, Colombia, Costa Rica, and Guatemala (Ledesma 2007). For example in 2000-01, average per hectare productivity was 1,800 boxes, compared with 2,600 boxes in Costa Rica (Arias *et al.* 2003: 19).

this chapter, this holds true, not only within the conventional market, but also within the landscape of Fairtrade-certified production.

Arias *et al.* describe Ecuador's conventional banana export market as having monopsony characteristics, in which a few key intermediaries purchase fruit from many, weakly-organized small farms (2003: 19). With the exception of Dole, national export companies dominate the market. Still, while foreign companies do not directly control production or export (as in Central America), national exporters must compete in a world market that has historically been dominated by three transnational companies, whose ability to control supply and price on a global scale gives them significant leverage (Wiley 2008). As the world's fourth largest supplier, Noboa also plays a major role in shaping the overall context of Ecuador's banana sector. By 1977, Noboa had attained a 46.7 percent share of the banana export market (Larrea 1987: 75). Although this figure has decreased as other companies have increased their market share, Noboa continues to be one of the most important entities shaping Ecuador's economy, with sales of US\$212.6 million as of June 2006 (Rubio 2008: 70). According to the Association of Ecuadoran Banana Exporters, a total of 32 traders account for 97 percent of annual exports, with no single company dominating the sector (Ledesma 2007). However, a handful of companies do dominate the export trade, including Noboa (18 percent), Ubesa/Dole (16 percent), Rey Banano del Pacifico (Reybanpac/Favorita) (10 percent), Palmar, and Del Monte (*Ibid.*).

Exporters benefit from contract farming relationships in multiple ways, including reduced risk associated with problems of nature, including disease and climatic events; reduced risk of land expropriation; self-promotion through relationships with local producers; and circumventing compliance with labor laws, unionization drives, and responsibility for environmental degradation. Meanwhile, exporters can maintain control over agronomic and phytosanitary practices, production schedules, quality standards, and per box prices, and discourage smallholders to take political stands in opposition to exporters' interests (Hellin and Higman 2002). Rubio refers to this as characteristic of exporter domination (2008: 65). These terms are shaped by the relative power of producers vis-à-vis export companies, which, not surprisingly, varies based on producers' scale and resource access. Between 78 and 80 percent of Noboa's, 90 percent of Ubesa's, and 56 percent of Reybanpac's bananas are grown by "independent" suppliers, under such arrangements (*Ibid.*), although the term independent is clearly a relative one (Hellin and Higman 2002).

A significant body of literature exists on the role and dynamics of contract farming (often called associated producer or outgrower schemes), through which smallholder farmers in the global South have been articulated into international markets. Some researchers have noted the potential for such contracts to improve smallholder livelihoods and promote agricultural development through financing, technology transfers, and market access (Key and Runsten 1999, Gibbon and Ponte 2005). Others critique contract farming as a mechanism of surplus extraction and labor control by transnational capital, that leads farmers to self-exploit and to exploit household labor, while providing few benefits to rural communities (Carney 1992, Watts 1994, Wells 1996). However, Little and Watts (1994) note that the diversity of contract relations requires a consideration of power relationships and institutional arrangements rather than the institution *per se*. Echoing the need for such empirical inquiry, Glover (1983) further

suggests that contract farming studies should examine its effects in terms of processes of empowerment and organization of farmers.

Research on the Ecuadoran banana sector suggests that contract-farming relationships with national and transnational exporters do not necessarily improve conditions for resource-poor small farmers (Hellin and Higman 2002, Striffler 2002, Rubio 2008). While some producers have clearly benefitted, exploitive contracting practices have contributed to instability in the sector and poverty in banana-producing communities. In some cases, contracts have been found to be predatory. For example, some smallholders who have associated with Noboa have lost their land through contract-related debts.<sup>92</sup> Smallholders are also often forced to sell land because they are unable to keep it in production due to declining productivity and increasing wage-labor burdens in the banana plantations, thus contributing to a de-structuring of the household production units that supplemented banana workers' livelihoods through cultivation of crops for household consumption (Rubio 2008). In addition, Noboa refuses to participate in third-party certification programs, even those that would require compliance with minimum labor and environmental standards, much less the Fairtrade initiative, which would also require set pricing (Chambron 2005).

Problematic contracts notwithstanding, producers selling to exporters or intermediaries in the spot market face an even more precarious existence. The term "spot market" signifies an open, public market in which commodities are sold to the highest bidder without existing contracts. Spot market prices vary depending on local and global market conditions. It is generally the most marginalized producers who have little knowledge of the broader market landscape, who are forced to sell in this manner. A full 60 percent of the country's export bananas are sold in spot markets (Ledesma 2007), a reality that is widely viewed as disadvantaging farmers and keeping prices low, although spot market prices can be high during periods of lower national production (due to seasonality) or international market shortage (for example due to hurricanes, flooding, or plant disease in other banana-producing regions).

Farmers' marginalized position has translated into an even more precarious position for workers, who lack basic workplace rights and protections. Third party contractors employ a significant percentage of workers as *eventuales*, or day laborers, who move among farms on harvest days and for other intermittent tasks, never working the minimum period required to become eligible permanent workers. In fact, Ecuador's entire banana production complex relies on this subcontracting system. As a result, employers are able to avoid paying social security, health benefits, and compensation for workplace accidents (Harari 2009: 2, Rubio 2008: 75). Studies have highlighted the poor working conditions under which Ecuadoran banana workers struggle. In addition to the lack of stability and benefits, studies have also cited widespread incidents of child labor, sexual harassment, and multiple workplace hazards (Pier 2002). Exposure to a host of toxic chemicals is exacerbated by the lack of enforcement and informality in the sector, due to lack of protective equipment and no warnings prior to aerial fumigation (Rubio 2008).

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<sup>92</sup> According to Rubio (2008), the associated producer system utilized by Noboa was actually pioneered by Standard Fruit (Dole), although the United Fruit Company (Chiquita) also contracted with small farmers, including some of its former workers (Striffler 2002).

As with exploitation in contract farming arrangements, Noboa has also been at the forefront in the creation of this exploitive and flexibilized labor system, paying the lowest wages in the industry and often refusing to pay overtime and blacklisting workers who appear to engage in any form of workplace organizing (HRW 2002, Rubio 2008: 71-2). In 2002, *La Federación Nacional de Trabajadores Agroindustriales, Campesinos e Indígenas Libres del Ecuador*, the banana workers' union (FENACLE), reported that over 400 severance pay cases had been filed against Noboa on behalf of workers who were fired for trying to organize unions on Noboa controlled plantations (Krochmal 2004: 169). Noboa has also used armed militias to keep union organizers out of its operations and to attack workers causing fear, not only of blacklisting, but also of violent repression (Krochmal 2004).

Such tactics, combined with the Ecuadoran government's failure to enforce its agricultural labor laws, and the flexible day labor system under which small farmers operate have produced intractable challenges to unionization. It is, in fact, illegal for workers to unionize in operations employing less than 30 people, which provides an incentive to maintain small and rotating work crews. As a result, less than one percent of banana workers are unionized (Krochmal 2004: 63). As a representative of the Corporation for the Development of Production and the Working Environment, an Ecuadoran NGO, suggests:

One of the most harmful impacts [of labor subcontracting] though has been the almost complete loss of memory about the role of trade unions amongst the new generations of workers. In their workplaces they have no reference-point that would allow them to learn from history in order to construct a better future. In most cases, it is like starting from scratch as workers have had no training during all those years, apart from a few isolated efforts by trade union organisations like FENACLE that have sought to defend workers' rights (Harari 2009: 2).

Conversations with banana workers, producers, and union representatives underscored the challenges that FENACLE faces in organizing workers. While growers and industry representatives argued that it was the workers themselves who opposed unionization due to concerns about FENACLE in particular, FENACLE organizers and rank and file workers who had engaged in past unionization efforts reported harassment, blacklisting, and violent attacks (author interviews, February 22 and March 5, 2010).

Without a vehicle through which to make collective claims, wages have remained among the lowest of any banana-producing region. Although recent improvements in banana prices have benefitted producers and exporters, wages have not risen accordingly (UNEP 2002). The workers I interviewed reported earning between twelve and fifteen dollars per day, although few eventuales were able to complete the workweek, meaning that their overall monthly earnings remained low. While the minimum wage has risen to \$218 per month, this is insufficient to meet the basic household basket of \$500 per month for the region (Harari 2009: 2).

With the election of a leftist President, Rafael Correa, in 2007, there is evidence that the situation for the country's banana workers may be changing. The government has outlawed third party employment and has told registered banana producers that it will begin to enforce laws governing social security contributions. While approval of

“Mandate 8” by the Correa government has led to some improvements, as written it precludes workers from registering years spent working for subcontractors in pension calculations (Harari 2009: 2). These policy shifts notwithstanding, the existing system appears to remain firmly entrenched, due to a lack of resources for enforcement, and perhaps a lack of will to enforce as well (author interview, February 22, 2010). Indeed, while small and medium scale producers have concentrated recent efforts on securing acceptable prices, “there has been no real questioning of the system of production and trade as such” (Harari 2009: 1).

Farmers’ marginalized position is often cited as the reason for their inability to provide better wages or more stable working conditions. As we have seen, there is clearly some truth to this claim. With a high percentage of small farmers and a market dominated by powerful national and transnational export companies, many of the country’s farmers are engaged in a struggle to survive, much less get ahead. It is fitting then, that Ecuador would serve as one of the earliest examples (along with Caribbean countries whose bananas are produced almost entirely by small farmers) of Fair Trade organizing. In what follows, I discuss the origins of Fair Trade and its evolution over the past fifteen years from the perspective of certified small farmers.

### ***Growing Fair Trade in Ecuador: Small farmers organize for change***

The story of Fair Trade bananas in Ecuador begins with attempts by a peasant organization, the Regional Union of Peasant Organizations of the Litoral (Southern Coast) (UROCAL), to cooperatively organize small farmers to sell their product through alternative marketing channels during the early 1990s. UROCAL emerged out of the peasant movements of the 1960s and 70s and the process of land legalization initiated by Ecuador’s agrarian reform laws. However the organization was granted legal status by the Ecuadoran Ministry of Agriculture and Livestock in 1974, towards the end of the agrarian reform period. When the populist military dictator, Rodríguez Lara, was replaced by a military dictatorship that actively repressed peasant movement and adopted laws to preclude peasants from gaining land through invasions, opportunities for peasant mobilization were foreclosed (Striffler 2002: 178).

UROCAL thus turned its energies to mobilizing resources from the state for peasants who had already acquired land, becoming a pass through organization for funds from the Central Bank’s Fund for the Development of Marginal-Rural Areas (FODERUMA), Ecuador’s version of Integrated Rural Development being promoted by the World Bank at the time. FODERUMA provided peasants with access to credit and funding for a variety of rural development projects, such as clinics, childcare, and cultural centers. As Striffler notes, “FODERUMA was also a friendly way of unofficially announcing the death of agrarian reform” (2002: 181). By channeling popular organizations and demands in particular ways, the program intensified the uneven process through which peasants became clients of the Ecuadoran state (*Ibid.*). This resonates with the findings of other scholars who suggest that Integrated Rural Development policies were designed to tinker with agricultural production and thus to avoid more profound reforms and that these programs had uneven outcomes that led to increased differentiation among the peasantry (de Janvry 1981, Grindle 1986, Enriquez 1991). Interestingly, UROCAL’s relationship to Integrated Rural Development, and IRD’s

practical effects in the countryside, prefigures the role that the organization would play in promoting Fair Trade and its market-based development projects.

Due to peasant producers' reliance on cacao production in the region where UROCAL operated, initial efforts to develop cooperatives focused in this sector. However, because producers were particularly vulnerable to world market volatility and unequal power relations, UROCAL moved into that sector as well (Salinas and Matamoros 2007, Sarango 2005). By 1997, one of the producer groups associated with the UROCAL project, the Association of Small Banana Producers, "El Guabo" (Asoguabo) registered with FLO as a Small Producer Organization (SPO).<sup>93</sup> Asoguabo's fourteen founders received support from the Dutch NGO, Solidaridad and, after securing an agreement with Agrofair, a "mission-driven" European importer, delivered their first shipment of Fairtrade-certified bananas to Europe in 1998. Recounting the early difficulties of filling and moving a single container, a founding member suggested that the Association, at times, resorted to leasing space in one of Noboa's shipping containers (author interview, March 25, 2009).<sup>94</sup>

From these tenuous beginnings, Asoguabo's membership has grown to approximately four hundred producers divided into fifteen *gremios*, shipping approximately 55,000 boxes of bananas, or fifty containers, per week and with US\$20 million in annual sales. *Gremios* are producer sub-groups within the Association that are generally regionally organized and divided between coastal monocrop and *agroforestral* zones in the provinces of El Oro, Guayas, Azuay, and Bolivar.<sup>95</sup> Asoguabo is governed by an elected directorate comprised of nine members, elected to two-year terms at a General Assembly of all members. The Association's professional staff has grown to include management, quality control, agronomy, logistics, marketing, and accounting, as well as staff of PROMESA, the social and environmental program, which oversees the Fairtrade premium.

Asoguabo is also a registered exporter, holding the 22<sup>nd</sup> position among the country's approximately forty major export companies, accounting for .6 percent of annual exports (AEBE 2005). The Association has historically had a close-knit relationship with Agrofair, an alternative trade organization based in the Netherlands. In 2006 Asoguabo supplied 46 percent of Agrofair's total volume in 2006 (Ruerd, *et al.* 2008). The Association also used Fairtrade premium funds to purchase shares in Agrofair in 2008 and 2009, when the company was facing financial difficulties and now holds a 5 percent ownership stake (author interview, March 1, 2009). In 2007, Asoguabo bananas made their way into the U.S. market, through a partnership between Agrofair and Red Tomato, a U.S.-based farmers' marketing organization, selling under the Oke-USA label.

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<sup>93</sup> As one of the earliest and most developed SPOs, Asoguabo has been the subject of multiple research projects (see Coronel 2009, Katajamäki 2010, Melo and Wolf 2007, and Ruerd *et al.* 2008, Salinas and Matamoros 2007, Sarango 2005, SIPAE 2009). The Association also provided the basis for the primary research conducted for this chapter and the majority of farmers I interviewed were either current or former members.

<sup>94</sup> Accessing space on the refrigerated boats that transport bananas to markets in the 'global North' poses a persistent and significant challenge for smaller, independent exporters. One shipping container holds approximately 1,000, 42 lb. banana boxes.

<sup>95</sup> Historically, the term "*gremio*" signified guild. The term "*agroforestral*" refers to farming systems that combine trees, crop cultivation, and animal grazing, utilizing agroecological principles of sustainability, productivity, and adaptability.

Due to financial difficulties, Agrofair has since abandoned the U.S. market and Equal Exchange, a pioneer in the alternative trade and cooperative movements, has taken on the project. More recently, the Association has begun exporting a portion of its bananas through Dole.<sup>96</sup>

Although all of Asoguabo’s members are considered small farmers, significant variation exists among members with respect to size and quality of landholdings, production technologies employed, farming practices and experience, all of which affect producers’ yield and farm incomes. Ruerd *et al.* note that such heterogeneity is typical of smallholder banana production, making Fair Trade impact assessments difficult (2008). As of 2007, Asoguabo members cultivated a total of approximately 2,000 hectares, with producers registering less than one to twenty hectares.<sup>97</sup> In May 2009 members harvested an average of one hundred thirty four boxes per week, with yields varying between several boxes to almost one thousand boxes. It is worth noting that the membership and production data vary from month to month and year to year due to the Association’s shifting membership. The conditions under which producers enter and exit the Association, either voluntarily or through suspensions, will be discussed later in this chapter. Here I note the fluidity to account for discrepancies in the data points.

Asoguabo producer data for May 2009 suggested that average per hectare production hovered around a total of 1,100 boxes per year, or 21 boxes per week, a figure that approximates the low end of the productivity spectrum noted in the FAO study (Arias *et al.* 2003, Wilms 2009). One study of Asoguabo farms suggested that productivity levels for farmers with limited technologies were around 20 boxes per hectare per week, while “modern” farms registered 55 boxes (Ruerd *et al.* 2008: 157).

**Table 4.1: Asoguabo Member Farm Size and Productivity**

	<b>Total</b>	<b>Average</b>	<b>Low</b>	<b>High</b>
<b>Hectares in production*</b>	2,000	5	>1	20
<b>Total boxes per week**</b>	57,695	134	2	982
<b>Productivity (boxes per week per hectare)***</b>	N/A	21	>1	90

**Sources: \*Ruerd *et al.* 2008:156, \*\*Asoguabo May 13, 2009, \*\*\*Ruerd *et al.* 2008: 156, Wilms 2009**

Producer heterogeneity is touted as an asset for Asoguabo members, operating in competitive and consolidated export markets (Ruerd 2008). However, the divergence in resource access, and agricultural practices, and levels of productivity, which could theoretically be attenuated within a “re-embedded” Fair Trade market, also creates tensions within the Association in the context of competitive market dynamics. These tensions revolve around one overarching distinction: that of the coastal monocrop vs. the agroforestral farm. Although the contrasts are not entirely black and white, lowland

<sup>96</sup> As noted in Chapter 3, the company has attempted to move into the Fair Trade market, primarily through contract relationships with small farmers in Peru, after they were unable to achieve plantation certification in the early days of the Fairtrade-banana initiative (author interview, April 12, 2009).

<sup>97</sup> Fairtrade standards determine small farmer definitions at a national level, based on each country’s official categories (FLO 2009b). As previously mentioned twenty hectares is the limit established by the Ecuadoran Ministry of Agriculture.

farmers grow bananas almost exclusively and enjoy higher levels of technological advancement, including cableways, packing plants, irrigation systems, and fertilizers and agrochemicals purchased off farm. Agroforestral farmers operate on more marginal lands in the Andean foothills. Their production is more diversified, including varying levels of production for household subsistence.

Such differences in access to land and capital, production scale, productivity, and market orientation weigh heavily in determining the relative position of producers within Asoguabo and, indeed, within the broader Fair Trade value chain. Specifically, the agroforestral producers are being obliged to expand and intensify production in order to maintain their privileged place in the protected Fair Trade market, thus compromising the sustainable basis of their production. Interestingly, these are the cooperative members who farm more marginal land, use limited inputs, practice more diversified farming, and operate primarily with household labor – in other words, those who most resemble Fair Trade’s fetishized agrarian ideal. These realities illuminate a fundamental tension between consumer understandings of Fair Trade, as they have been socially constructed by actors in the global North, and the material realities of the producers who are purportedly being supported by Fairtrade purchases. It also calls in to question FLO’s claims to support more environmentally sustainable agroecological practices.

At the heart of these tensions, I argue, is the growth imperative inherent in the market-based Fair Trade model. In contrast to many scholars and activists who attribute this to external pressures associated with the mainstreaming of Fair Trade, I suggest that this growth imperative is central to the internal logic of the Asoguabo itself, as articulated by the organization’s more productive members and professional staff. I thus argue that the growth imperative *within* the Fair Trade system precludes more solidarity-producing behaviors, despite the market protection provided by certification. In the following sections, I explore these tensions in further detail.

### ***Stable markets, stagnant prices***

My research with Asoguabo suggests that Fairtrade certification does offer important benefits for participating producers. The farmers I interviewed consistently ranked market access and stability as the primary advantages of Association membership. They also cited access to credit for productive improvements, including resources to expand and intensify cultivation, install modern irrigation systems and cableways, and improve packing stations, as a major benefit. Technical assistance from Association staff, including a twenty member quality control team, comprised of agronomists and other technicians, was also cited, although less frequently than market access, stability, and access to credit.

For small farmers growing a perishable export commodity and operating in a highly volatile world market, such benefits cannot be discounted. Consistent market access and pricing attenuate fluctuations associated with seasonality, climate variability, plant disease, and speculation. In the case of Fairtrade, contracts also allow them to avoid exploitive relations with exporters such as Noboa and Reybanpac and other intermediaries. Many of the farmers I interviewed recounted struggles selling their fruit prior to their enrollment in Fairtrade. Some indicated that, even with a contract and despite consistent quality, Noboa often refused to purchase agreed upon quantities.



Others recounted resorting to selling bananas on the highway when local intermediaries did not arrive or refused their fruit.

The notion of Fair Trade as market stability and access resonates with Fridell's argument that Fair Trade "shapes advantages" for its participating producers within the confines of existing market structures (2007). Jaffee echoes this perspective suggesting that, rather than providing a form of resistance to neoliberal capitalism as many activists insist, Fair Trade enhances *some* farmers "capabilities to live within the existing order" (2007: 222). In this way Fairtrade certification can succeed in buffering participating producers from market volatility, at least partially.

In theory, the Fairtrade minimum price benefits farmers by internalizing the costs of complying with environmental and social standards (Smith 2009). As the entity responsible for price setting, FLO claims that the banana price is "calculated on the basis of real production costs in each country" using available industry data and in consultation with producers.<sup>98</sup> They also suggest that the price can be twice the market price, creating a strong incentive for participation (FLO 2001). In the context of declining commodity prices and increasing value capture by off farm actors in the commodity chain, attempts to address price in this way are critical (Arias *et al.* 2003).

Despite rising production costs, including for labor and agrochemical inputs, FLO has failed to adequately adjust minimum prices over the past decade, thus undermining the cornerstone of the Fair Trade system. During 2009, Agrofair, as the importer, paid Asoguabo, as the exporter, \$9 for each 42-pound box of conventional bananas during the first 22 weeks of the year, \$8.25 per box during weeks 23-34, and \$8.50 during weeks 35-52, reflecting seasonal variation in supply. Of this total, the minimum price paid to farmers was \$5.05 per box, \$1 per box went to PROMESA (the Fairtrade social premium), and approximately \$2.90 per box went to cover costs of land transport, port workers, and packing supplies (author interview, April 7, 2009).<sup>99</sup> By 2011 farmers reported receiving \$5.40/box, suggesting that the official Fairtrade price in Ecuador now approximates the minimum subsistence price set by the Ecuadoran government (at \$5.50 per box in 2011), one that producers claim is already too low.<sup>100</sup> These figures were also

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<sup>98</sup> There are also price differentials based on the terms of the purchase agreement. The Farm Gate price is the price paid for products purchased at the Small Producers Organization premises. EXW, or Ex Works, is the price paid for product delivered to the buyer at a location besides a cargo ship. FOB, or Free on Board, is the price paid to the seller for product already loaded onto a cargo ship. In this case, the seller must clear a quality check and the buyer then assumes responsibility for subsequent losses (FLO 2010). It is worth noting that Asoguabo members cited variation in the per box price paid to them, although the differences were minimal and likely reflected the additional costs for quality control and logistics for remotely located agroforestral *gremios*.

<sup>99</sup> Organic prices were higher, with farmers receiving \$7.20 per box for dual certified Fairtrade-organic bananas.

<sup>100</sup> Since 1993, the Ecuadoran government has regularly set a minimum referential price for bananas (UNEP 2002). With the election of a left-leaning President in 2006, the national government has pushed exporters to actually pay the minimum price, even threatening to sanction those who fail to comply. While small producers have generally supported such price policies, they have opposed the other reforms intended to regularize the banana industry, including attempts to compel producers to register their lands, which would make them subject to regulatory scrutiny, including a requirement to enroll their workers in the national social security system (IESS).

well below spot market prices, which can reach \$10 per box in the high season and \$6.50 on average for conventional fruit (Ledezma 2007).<sup>101</sup>

Indeed, the overwhelming majority of farmers I interviewed suggested that the price was insufficient to get ahead, although many said it was enough to survive. When considered within the framework of market-based governance, this price stagnation makes sense. Although Fair Trade markets are, in theory, embedded in ethical norms (Raynolds 2000, Renard 2003, Goodman 2004), market dynamics continue to push commodity prices downwards, exerting pressure on Fair Traders to keep prices low in order to compete in the major retail markets on which they depend for continued expansion. Because the costs of land, infrastructure, and purchased inputs are less flexible and generally increasing, keeping production costs below commodity prices is primarily achieved through the devaluation of farm labor, either in the form of stagnant wages or self-exploitation in the case of agroforestral farmers operating with household labor.

FLO insists that low world market prices and competition from other eco-labeling initiatives preclude any meaningful increases in the official Fairtrade price. Nor are FLO-registered traders required to pay more when spot market prices rise above the Fairtrade price. Responsibility for producers' marginalized position is thus attributed to the banana multinationals and retailers. The Association's European importer, Agrofair, maintains that their problem lies with the entry of Chiquita and Dole into the Fairtrade market (author interview, March 22, 2009). Many of Asoguabo's members seem to agree. In the words of one member, "*eso nos pasa por meternos con los grandes* – this is happening to us because we're in with the big guys" (author interview, March 25, 2009).

Although these competitive pressures clearly disrupt the potential for certification to act as a stabilizing mechanism, the underlying market-driven model remains largely un-interrogated. Instead, problems are attributed to TNC brands and retailers. It is worth noting that, while Asoguabo and Agrofair differentiate themselves from the banana multinationals, the Association has initiated a partnership with Dole to sell conventional Fairtrade bananas in the U.S. market, through the Sam's Club chain (author interview, May 12, 2009).

### ***Fairtrade's growth imperative: uneven outcomes for small producers***

While Fairtrade certification does provide clear benefits for small producers, it simultaneously produces new management, recordkeeping, infrastructure, quality, and productivity demands. Nor surprisingly, under-resourced agroforestral farmers have the most difficulty complying with these requirements. In the context of such inequitable outcomes, the implications of producer heterogeneity are placed in sharper relief. Producers are regularly suspended for a variety of reasons, from failure to meet documentation requirements to production quotas and quality demands. The protection offered within Fairtrade markets is thus uneven and, for those who are unable to meet the proscribed requisites, transient.

In this section I discuss two key requirements adopted by the Asoguabo, which place disproportionate burdens on its most marginalized, resource-poor members and potentially undermine more sustainable production practices. First, is the requirement that

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<sup>101</sup> As of January 2011, the price for the Ecuadoran EXW bananas is \$5.90 for conventional and \$8.10 for organic and for Ecuadoran FOB bananas, \$8.20 and \$10.40 organic (FLO 2010).

all producers become GlobalGAP-compliant. Second is the institution of minimum weekly production quotas. While neither of these conditions emanate directly from the Fairtrade standards, FLO has, by default, allowed Asoguabo to pursue implementation. They have done so in spite of the fact that the rules undermine FLO's basic claims of promoting equity and sustainability for its member producers and their communities. Mutersabugh (2005) suggests that, as certification initiatives (such as Fairtrade) have expanded they become disembedded from their original movement contexts and re-embedded in a multilateral framework that has increased barriers to entry and placed new burden on small farmers. Indeed, Fairtrade-certified farmers face a variety of challenges related to compliance with a complex set of norms and standards. In some cases, as with minimum production quotas, FLO standards may come into conflict with the demands of other third-party certifiers and supermarkets. In this case FLO appears willing to allow other standard setting actors to prevail and to allow the Association itself to implement unfair requirements.

Asoguabo is in the process of securing GlobalGAP certification for all of its members, GlobalGAP is an audit system established by the major European retailers in concert with NGOs. While its purported goal is to inspire consumer confidence that agrifood products are "safe and sustainable", its complex and rigid standards tend to exclude non-rationalized production systems (Campbell 2005). Asoguabo staff and leadership argue that the requirement has been imposed by the European supermarkets who buy the vast majority of their certified bananas and that they have taken steps to assist producers with compliance. For example, the Association has provided a phase-in period to bring all members into compliance. It also gave each producer \$500 to meet GlobalGAP infrastructure requirements, including individual packing plants, adequate agrochemical storage, and dining and sanitary facilities for workers. Although some Asoguabo members were already in compliance, many lacked even basic infrastructure. Yet the Association provided the same \$500 cash transfer to each producer, despite the fact that some producers faced much greater hurdles than others. The Association has also invested considerable resource for ongoing internal auditing, although it is unclear that such investment in surveillance would result in compliance for these members. Indeed, as of April 2011, not all members had achieved GlobalGAP certification and some were facing imminent suspension as a result (author interview, April 1, 2011).

Visits to several agroforestral farms, located on a mountainside in the Andean foothills one full hour's hike from the nearest dirt road, underscored the failure of both GlobalGAP policies and Association responses to acknowledge the reality of the differential burdens placed on members. It further reflected the differing levels of development of Asoguabo members and the refusal of Association staff and elected leadership to meaningfully address the challenges faced by agroforestral farmers with respect to infrastructure improvements. In addition, the requirement that each producer have their own packing plant would preclude several agroforestral *gremios* from utilizing communal packing plants, in which they had previously invested considerable resources. Many Asoguabo staff expressed frustration with this process. Several admitted that the \$500 payment would be insufficient to bring the most marginalized producers into compliance. One manager viewed agroforestral farmers as a "problem" for the Association and suggested that they should be eliminated rather than provided with a disproportionate share of the organization's resources (author interview, April 7, 2009).

The decision to impose weekly production quotas on all members provides another case in point. Producers are required to sell a minimum of one pallet, or fifty boxes per week, to the Association or face suspension and, ultimately, expulsion. Clearly, the quota has a greater negative effect on those members with the lowest weekly production rates – the agroforestral farmers who operate primarily with family labor, use limited inputs, and practice more diversified agricultural production.<sup>102</sup> To put this fifty-box minimum in perspective, one Asoguabo manager cited 1,100 boxes per hectare as the Association average, an annual average equivalent to 22 boxes per week. A producer with average productivity would thus need more than two hectares to meet the requirement. As might be imagined, many agroforestral producers expressed concern and frustration over the newly imposed minimum. Several producers noted that the quota system had not been brought before the General Assembly for a vote, speculating that management had worried it would be rejected. These members expressed frustration about the failure of the organization to operate in a democratic way, another claim made by FLO as one of the benefits of certification (Shreck 2005).

Asoguabo staff explained that retail buyers had imposed the pallet minimum to allow the bananas to be more effectively traced back to individual producer codes. According to the retailers, produce workers needed an efficient system to track whose bananas were on store shelves at any given time, in case of quality or contamination issues. Although the pallet requirement initially came from a Swiss retailer, also Agrofair and Asoguabo's largest buyer, product traceability requirements are proliferating rapidly due to a growing preoccupation with food safety and quality controls (Freidberg 2004). Asoguabo's managerial staff further suggested that increasing competition from other eco-labels and new entrants into Fairtrade markets left them with little leverage in negotiations with buyers. When asked why producers could not enter into code-sharing agreements to meet the minimum pallet requirements, professional staff acknowledged that this was a possibility. However, they consistently returned to the principle that producers should be taking steps to achieve minimum production levels on their own.

At one point, FLO suggested that the Association's decision to implement the minimum quota without providing alternatives for low-volume producers might be out of compliance with Fairtrade standards (author interview, March 1, 2009). In response, staff and elected leaders grudgingly offered to allow producers in some *gremios* to co-pack. However, they insisted that, in order to do this, only one of the partners would be allowed to maintain their producer code. Of course this raised the potential to create new power differentials among even the most marginalized of members and to place some producers at even greater risk of losing Fairtrade market access due to loss of their own code (author interviews, April 30, 2009).

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<sup>102</sup> Several opponents of the quota suggested that the 2009 FLO audit found that the Association was in violation of Fairtrade standards with implementation of the production minimums, due to the hardship it imposes on the most marginalized producers and the manner in which the decision was made. As of this writing it is unclear how this difference of opinion will be resolved. While this presents a case in which FLO may provide additional protections for the most marginalized producers, the importer has said that this will result in the loss of market access for all of the organization's producers. This leaves open the question of how much protection Fairtrade can actually provide, particularly given that it does not regulate Fairtrade buyers who benefit from selling certified products at higher prices, without additional requirements (Mutersbaugh 2005).

These developments can rightfully be viewed as a case of retailers imposing ‘Northern’ sensibilities and demands on ‘Southern’ producers in buyer-driven value chains with neo-colonial characteristics (Campbell 2005, Reynolds 2007). Small farmers do face formidable challenges with respect to demands from buyers and competition from large-scale producers who benefit from economies of scale in production and distribution and who are better equipped to meet retailers’ food safety and traceability demands. Yet, decision-making structures *within* the Association also privilege more rationalized, resource rich farmers, undermining associational ties and sentiments of solidarity and placing additional burdens on the most marginalized producers.

FLO standards require democratic and transparent decision-making via a General Assembly of all members. In practice, however, professional staff and elected directors often make major decisions affecting the membership. Given that more productive and commercially successful farmers in the coastal plains dominate the directorate, it is not surprising that the Association’s elected leadership shares the vision of growth and rationalization articulated by staff, and demanded by buyers. With greater resource access, and located in proximity to existing infrastructure (specifically paved roads and water and sewer lines), these producers are better equipped to meet the quality and traceability demands of importers and retailers.

They are also better positioned to use Fairtrade certification as a mechanism for accumulation. Indeed some Asoguabo members had, not only increased productivity in their existing farms, but had also brought new land into production through new plantings or through the purchase of new parcels. In some cases this meant that farmers no longer had to perform manual labor in their fincas and instead took on the managerial duties of their farm enterprise. One worker with whom I spoke recounted how, in the early days, his boss had worked alongside him and the other workers. More recently he stated, his boss was rarely seen on the farm and he had also become less amenable to addressing workers’ concerns (author interview, March 5, 2010).

Staff and leadership often suggested that the proper role of the Association was to provide economies of scale in distribution and transport and technical assistance to increase quality and productivity. The Association President clearly articulates this vision:

Asoguabo is an enterprise, and as an enterprise we have to walk hand in hand with the market and the globalisation. We have to fulfill the demands of the market... We can’t expect the supermarkets to change. We have to help the small farmers grow and comply with the demands of the market. Fair Trade can’t do anything about the supermarkets’ demands, and Fair Trade doesn’t mean that small producers should stagnate and remain small the rest of their lives (Wilms 2009: 6).

Indeed, technological advancement to promote productivity and competitiveness were common themes among staff and farmers alike. Interestingly, the increasing differentiation occurring within Asoguabo resonates with the outcomes of earlier state-led development programs, in particular the Integrated Rural Development programs implemented throughout Latin America following agrarian reform. Scholars have noted that IRDs were intended to channel demands for change in the countryside into more reformist efforts, and thus undermine possibilities for structural reform (de Janvry 1981,

Grindle 1986, Enriquez 1991). The consequence was increased differentiation of the peasantry, as better off farmers disproportionately benefitted from access to credit and other development investments. While the IRD programs were primarily government-sponsored efforts rooted in a state-led developmental model, it appears that Fairtrade's market-based developmental model may result in similar outcomes both within the Fairtrade system and between certified and non-certified small farmers.

Development of a 'Precision Agriculture' program provides another case in point. In partnership with its importer, Agrofair, Asoguabo received significant funding from the Dutch Ministry of Economic Affairs' PSOM Program.<sup>103</sup> The program's goal is to disseminate "efficient and technologically advanced" farming techniques, including irrigation, seeding, aerial spraying, and fertilization and business technologies. A centerpiece of the program is implementation of an agricultural software system, Banaxass, intended to facilitate use of the management systems and administrative practices applied by the major producers and exporters in the Ecuadoran banana trade".<sup>104</sup> PSOM Funds were also utilized to set up an experimental farm to test precision farming techniques and programmed production cycles (called the "*cosecha programada*"). According to the project's sponsors, technologies "that until now have only been available for banana multinationals such as Dole and Chiquita will be made available to 400 small producers of the Asoguabo" (EVD-NL 2008).

According to one Asoguabo manager, the programmed harvest could allow producers to intensify per hectare production to 4,000 boxes annually, in comparison with the 3,000 boxes per hectare average for modernized Ecuadoran farms and the current 1,100 box average for Asoguabo farmers. It would also allow farmers to time production cycles to coincide with periods of higher prices. In theory, the Association's goal is to move all of its members towards precision farming. However, vast differences in the material realities and agricultural practices of members problematizes the notion that such technologies can be universally applied, at least in the short term. For farmers operating on marginal lands in the foothills and living in communities without plumbing or electricity, the immediate possibilities seemed particularly constrained, thus calling in to question the potential for the technologies of coastal monocrop systems to be applied to agroforestral production.

Whether policies are proactive, like technology dissemination, or punitive, like the institution of quotas, they are driven by logics of development and expansion that are not simply being imposed by outside competitors, but also embraced from within. The growth imperative driving such decision-making illustrates a fundamental contradiction within the Fair Trade system, which leaves producers simultaneously open to over- and undersupply crises. Implementation of the precision agriculture program was touted as a way to help Agrofair meet supply demands and thus remain competitive with the conventional transnational companies that are increasingly entering the Fairtrade and organic markets (EVD-NL 2008). However, at the same time that Asoguabo farmers were being prodded to increase production, management suggested that they were not

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<sup>103</sup> PSOM stands for Programma Samenwerking Opkomende Markten, or Cooperation emerging Markets. The Program has since been replaced by PSI, the Private Sector Investment Program, [http://www.evd.nl/business/programmes/programmamaint\\_psm.asp?land=psm](http://www.evd.nl/business/programmes/programmamaint_psm.asp?land=psm), accessed Jan. 29, 2011.

<sup>104</sup> EVD-NL 2008, <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=235856>, accessed March 14, 2009; Banaxass, <http://ecuador-it.gob.ec/productos/banaxass-net/>, accessed Jan. 20, 2011.

accepting new members because the Fairtrade market was saturated (author interview, April 7, 2009).

Furthermore, current members reported that they produced more bananas than the Association could sell as Fairtrade. In 2009 Asoguabo staff stated that they had committed to exporting 100 percent of their members' weekly production, even if that meant selling some bananas in conventional markets. One manager indicated that up to one third of the Association's weekly exports might be sold under the non-Fairtrade Elephant label during high production weeks (author interview, April 22, 2009).<sup>105</sup> The Association's commitment to purchase its members excess production was not entirely selfless. The strategy also fit with management's goals of pushing members to increase productivity. It also was intended to keep members from selling their product externally when the spot market price exceeds the Fairtrade price, which would undermine Asoguabo's supply in times of scarcity. Still, farmers I interviewed throughout the period of study (2009-2011) reported receiving weekly purchasing quotas below their actual production and having to search for external markets for surplus bananas. The policy of 100 percent purchasing, thus, appeared to be applied somewhat flexibly and unevenly.

### ***Tensions at the point of Fairtrade production***

Just as tensions have emerged within the broader, global Fair Trade network over mainstreaming, this growth imperative also produces tensions within Asoguabo. As the Association has matured, and as it attempts to compete in global export markets, its administration has become more complex and professionalized. Staff now plays a significant, albeit varied, role in promoting the development of its members and their communities. Some staff members discussed their early work with under-resourced farmers on issues such as logistics, infrastructure, production methods, and occupational health and safety. They also discussed the process of recruiting agroforestral farmers to join the Association, which in some cases required traveling several hours into the foothills on foot or on horseback. More recently arrived staff, including managers and agronomists who may not share a philosophical commitment to the Fair Trade mission, were less inclined to support the most marginalized producers, although almost all expressed sympathy about the challenges these producers face.

Calling into question the redistributive function of the one-dollar per box social premium, one manager stated that she would prefer that it be distributed directly to individual members, in order to reward those who were dedicating themselves to banana production.<sup>106</sup> She added that social premium programs, such as education and health care, ought to be in the purview of the state (author interview, May 12, 2009). While Fairtrade rules do not allow for such a shift, the Association has recently created a separate juridical entity, PROMESA, to manage the social premium apart from the business enterprise, UTE. The Association has also used Fairtrade premium funds for

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<sup>105</sup> To put these production figures in further perspective, at an annual production rate of 4,000 boxes per hectare, a one hectare farmer could supply 150 percent of the bananas needed by an independent natural foods cooperative with whom they do business (Masko 2010). With approximately 2,000 hectares in production, the Association would need to sell one pallet per week to over 3,000 stores.

<sup>106</sup> Under Fairtrade standards, producers receive a \$1 per box social premium, which is to be used for social and environmental projects and productive improvements. In the case of Asoguabo, the premium is shared between the Association 80 percent and its member *gremios* (20 percent).

business investment, for example purchasing shares in Agrofair, its major import partner in 2008.

Asoguabo's more productive members echoed managerial staff's sentiments that the social premium's redistributive function, in fact, treated them unfairly. From their perspective, less productive farmers received more than their share of the benefits from social premium projects. While acknowledging that some agroforestral farmers were genuinely trying to increase production, they accused others of manipulating the system, making use of health, education, and food distribution programs, while producing only a few boxes per week. In interviews and group meetings, Association staff, elected leadership, and other coastal farmers expressed frustration with those who do not "invest" and "dedicate themselves" to expansion, intensification, and rationalization of their banana production. In the words of one staff member, "if they want to live, they have to plant" (author interview, April 7, 2009). To return to the chapter's introductory vignette, some members and staff repeatedly suggested that these farmers were not even "real bananeros". Staff pointed to producers' failure to follow proscribed fertilizer and spray schedules, failure to plant increase their banana plantings, and inappropriate use of cash transfers from the Association, for example to purchase a motorcycle or a used pickup instead of an irrigation pump.

Concerns about some members' failure to expand and rationalize their production along the Association's proscribed schedules were often expressed in terms of lack of motivation, even cultural backwardness. When probed about the possibility that some producers may not be in full compliance due to a lack of land and operating capital, as opposed to individual initiative, most critics within the Association conceded the possibility that material realities also played a role. However, the socio-historical trajectories of different producer communities, and the resulting disparities in levels of community and farm-level development were often bracketed in favor of ideas about the need for dedication to banana production. In addition to material conditions, these attitudes overlook the different logics by which agroforestral farmers may operate. Specifically, agroforestral farmers may choose not to risk increased debt to finance expansion and intensification or to remove other crops to make way for increased banana cultivation, preferring to minimize the probability of disaster, as opposed to maximize return (Scott 1976). Indeed, the cropping diversity and subsistence ethic of agroforestral farmers have historically served an important risk management function.

Meanwhile, agroforestral farmers' agricultural practices and interrelated position on marginal lands have also made them attractive as participants in the Fair Trade system. In fact, Asoguabo recruited several of the agroforestral *gremios*, in part to increase supplies of both organic and baby bananas. Many of these agroforestral farmers expressed frustration that their image has been deployed to market Fairtrade products at the same time that they are being told to rationalize and intensify their production in unrealistic ways or risk expulsion. This view was articulated primarily by producers in a *gremio* with a somewhat conflict-laden history with the Association. Interestingly, a key figure in the *gremio* had also been a longstanding member of the directorate and outspoken critic of the policies that disproportionately burdened the least productive farmers. Given this member's historical interactions with Fair Trade actors beyond the point of production, it is perhaps not surprising that an understanding of the broader Fair Trade network and ethical consumer's imaginary played a role in shaping producer perspectives in this case.



Increased productivity has essentially become a requirement for continued participation. While participation in Fairtrade has opened up new opportunities for producers to access credit and technical assistance, Fair Trade's development strategy, particularly as interpreted by Asoguabo, has significant socio-ecological implications. As producers are obliged to intensify and expand their operations, they are often pushed into less environmentally sustainable production practices. Producers are urged to substitute off-farm inputs for fertilizers and pest-management systems that had previously been handled within the farming operation. The Association provides recommended fertilization and spray schedules for both conventional and organic members and requires farmers to attest to following these schedules.

In contrast, agroforestral producers have traditionally operated using systems, which have been developed over time and which are adapted to their particular social and environmental conditions. This has involved the intercropping and rotation of cash crops with production for household consumption. In the Andean foothills of southern Ecuador this includes citrus, avocado, and other tropical fruits. Already operating on the ecological margin for bananas, these farmers often lamented their low productivity and suggested that even when they "pushed" their plants they could not make them produce according to the agronomists' expectations. As one agroforestral producer stated, "they told us that 80 coastal producers cover the same supply as 340 small agroforestral producers and that we need to specialize. But I don't see how that is possible. You also need *pasto* (pasture) for your animals and cacao for *abono* (fertilizer)" (author interview, March 19, 2009). Mapping the agronomic practices of coastal monocrop production onto agroforestral farms thus appears, not only less sustainable, but futile. Rather, the Association would benefit from working with agroforestral farmers to assist them in improving agroecological systems that appropriately respond to agroforestral producers' particular conditions, including land sensitivity and resilience (cf. Blaikie and Brookfield 1987) and incorporating existing local knowledge (Fortmann 2008).

To some extent, my findings contrast with those of some Fair Trade researchers who have found that Fairtrade certification promotes improved environmental practices (Bacon 2005, Perfecto *et al.* 2009, Mendez *et al.* 2010). In the case of Ecuadoran bananas in particular, Melo and Wolf (2005) identified superior agroecological and conservation practices on Fairtrade certified farms relative to non-certified farms (including in the Association which formed the basis for this research). FLO's promotional materials highlight Fairtrade's strict environmental development standards. This includes "[m]inimizing the use of synthetic and other off-farm fertilizers and pesticides" and encouraging crop rotation (FLO 2009a). Agrofair likewise argues that their goals is "to produce a conventional Fairtrade banana in harmony with nature", with production practices that promote biodiversity and "require NO use of herbicides or nematicides and only a minimum use of chemicals (for protection against Sigatoka only)...that makes the conventional bananas produced by El Guabo the cleanest in the industry".<sup>107</sup>

However, the practices I found within this Fairtrade-certified SPO undermine these claims. While Association policies and technician's recommendations do not explicitly suggest reducing crop diversity, cacao and other crops are widely viewed as interfering with banana cultivation, due to land and labor requirements. Consequently producers are, in practice, encouraged to clear land of other crops. During one meeting

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<sup>107</sup> From: <http://www.agrofair.nl/site/sustainability.html>, accessed September 17, 2010.

with agroforestral farmers, a technician asked each member for a report on the status of their banana crop, as well as the number of remaining cacao trees on their parcels. Some producers sheepishly admitted to still having cacao, but another stated simply that they had lost it all in the process of planting bananas (author interview, April 20, 2009).

The Association's strategies and acceptance of intensive monoculture as the path to growth, not only undermine individual producer communities, but also their own status as a supplier of organic bananas. Testing conducted on Ecuadoran bananas during 2010 found pesticide residues in the overwhelming majority of certified organic export bananas, including those from Asoguabo. This resulted in a temporary suspension of the Association's organic certification. In this case, Asoguabo continued to pay the Fairtrade organic price to the agroforestral producers who have historically followed agroecological farming practices, to keep them in the system until reinstatement of the organic certificate (author interview, January, 14, 2011). However, the incident reveals a contradiction between Fairtrade's stated agroecological principles and the realities of production for Fairtrade markets.

Association policies are also reshaping the labor process on agroforestral producers' farms. Because agroforestral farmers are generally resource-poor, even in comparison with their coastal monocropping counterparts, they must find ways to absorb the increased labor time needed from within their own familial units. Indeed, many agroforestral farmers recounted working long hours to meet Fairtrade and GlobalGAP requirements, as well as the newly imposed minimum quotas. One farmer stated that she had taken her older children out of school to meet the increased labor demands of conversion to banana production. Others reported working well into the night on a consistent basis. To return to the point that Fairtrade's trajectories and outcomes are both uneven and contradictory, producers also noted that, over the longer term, their participation in Fairtrade had allowed them to reduce the number of hours they had to work on their farms.<sup>108</sup> Some also reported that Fairtrade participation allowed them to stop leaving their farms to work in the coastal plantations for part of the year.

Still, the implications for future sustainability, both in terms of producer livelihoods and the agroecological basis of production, are somewhat unclear. Labor relations on small farms also remain an open question. If being a "real bananero" means making productive investments and intensifying and rationalizing production, it also means an increasing reliance on hired labor. Despite Fair Trade's ideological construction of the small farmer, "real bananeros" are thus also employers relying on the same flexible labor relations that have allowed small and mid-sized farmers to remain competitive in the Ecuadoran banana industry. In the following section I explore how workers have fared on Asoguabo members' Fairtrade-certified farms.

### ***The role of wage labor on small banana farms***

If Fairtrade's failure to address production and supply chain realities has proved challenging for small farmers, its potential to deliver improvements for hired workers is even more ambiguous. While the FLO Small Producers' Organization standard (2009a) does include a section on labor conditions, most of its provisions apply only to "producer organizations where a significant number of workers are employed and to individual members of producer organizations who employ a significant number of workers" (FLO

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<sup>108</sup> Similar outcomes have been found in studies of Fairtrade coffee production (Jaffee 2007)

2009b: 26). Determination of what might constitute a “significant number” of workers is left to the discretion of the SPOs themselves. The vast majority of regular and day laborers employed on Asoguabo members’ farms, then, are not formally covered by Fairtrade standards. FLO simply recommends that farmers and their organizations work to ensure that workers share in the benefits of Fair Trade, *if feasible* (2009b: 26, author’s emphasis). Other rights and protections, such as freedom of association, employment contracts, and occupational health and safety measures are thus not guaranteed for any of the Association members’ workers, although the Association does provide some incentives for producers to enroll their regular employees in the national social security program, IESS, such as offering food distribution and health clinic access to enrolled workers.

Ecuador’s small banana producers rely on a highly flexible contract labor system, in which producers or farm manager’s communicate with contractors about weekly labor needs. Contractors dispatch day laborers on harvest days, as well as to perform occasional clearing or other tasks beyond what a given farm’s regular, directly hired workforce can manage. Like small farmers in general, most of Asoguabo’s members harvest bananas only once per week and hire few regular workers directly, because non-harvest labor demands are minimal relative to those of harvest days. Consequently, the majority of workers employed by Asoguabo members fall into this day labor category. Researchers have noted the flexibility and transience of Ecuador’s banana workforce, suggesting that this contributes to a highly exploitive labor structure (Pier 2002, Striffler 2002).

Interviews with Fairtrade banana farmers and workers suggested that the Association’s members essentially operate as all Ecuadoran banana producers do, through the labor contracting system. In some cases day laborers returned to the same farms on a weekly basis, due to direct relationships with producers or an ongoing relationship between the labor contractor and the producer. In others, harvest workers reported laboring on different farms from week to week. Just as this flexible system makes it virtually impossible to engage in collective action, it also precludes them from participating in Fairtrade’s benefits in any formalized way. None of the day laborers with whom I spoke reported receiving a pay differential for work on Fairtrade-certified farms. Nor did they indicate an understanding that they were working on a Fairtrade-certified farm, much less what the FLO requirements entailed. Because conversations were conducted on-site at Association members’ packing plants, comparisons were therefore framed as a difference between “here” (the Fairtrade farm) and other worksites.<sup>109</sup>

Some day laborers did suggest that conditions were better on the Fairtrade farms. For example, some workers wore uniforms and protective equipment and potable water was readily available, as were sanitary and first aid facilities. One day laborer said that, while he was not paid more for his work and the pace of work was more or less the same, he preferred the Fairtrade worksite. When asked to explain why he stated simply “no one bothers me here” (author interview, April 27, 2009). In this case the worker in question could not provide any specific reason for expressing this sentiment. However over the course of an open-ended conversation, he discussed having been involved in a workplace action while working on a Del Monte farm, in which workers were verbally and physically intimidated and, ultimately, fired without remuneration.

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<sup>109</sup> It is worth noting that some day laborers seemed almost amused by such questions.

The situation was somewhat mixed for directly employed regular workers. The primary benefits cited were lack of exposure to chemical fumigants (on farms that were dual certified Fairtrade/organic), access to coupons for their children's educational expenses, a food distribution program, and health care access. Some reported earning higher wages than in their previous jobs, while others indicated that they were unaware of the Fairtrade's certification. One regular worker stated that he had experienced a pay cut when his employer became Fairtrade certified and began the transition to organic production, because he had to hire more people to perform the additional work required. He had not received a pay increase in the subsequent seven years (author interview, March 20, 2010).

While FLO standards do not prescribe specific mechanisms for extending Fairtrade's benefits to hired workers on small farms, Asoguabo does provide some limited guidance in this arena. The two major areas of guidance are in the realm of occupational health and safety and the enrollment of regularized workers in the country's public social security system, IESS. Affiliation of workers offers access to programs funded by the social premium, including educational stipends for workers' children, food distribution, and health care. Association members are required to regularly report on how many workers are affiliated.

Despite IESS affiliation being obligatory for all employers under national law, few small farmers actually comply, making Asoguabo's small farmers somewhat unique in this regard (Wilms 2009). However, this requirement also appears to be applied unevenly and at the discretion of the individual farmers within the Association. Of 431 producers reporting during May 2009, only 294 non-family member workers were affiliated in social security. Some farms that reported significant production had no affiliates. One Association employee expressed frustration that some members enrolled their own family members in IESS, even when they did not work directly on the farm, leaving hired workers unaffiliated (author interview, May 1, 2009). The failure of the association to sanction its members for failure to comply with national labor law stands in sharp contrast to the punitive actions taken against farmers who cannot meet the production quotas discussed earlier.

When asked about labor relations on members' farms, Association members and staff also pointed out that small farmers' marginalized position makes it difficult for them to deliver improvements to hired workers. Nor did farmers necessarily believe it was their responsibility to do so, a reflection of how entrenched the labor contracting system is in the country. One member who had been active in efforts to secure small farmers' place within Fair Trade markets stated that he did not know what the contractor paid workers on the crew that came to harvest his bananas, nor did he believe it was his business. From his perspective, Fair Trade was intended to support small farmers, not workers (author interview, March 25, 2009). Another producer suggested that, while his regular workers did receive some benefits through social premium funded programs, the day laborers who came to process and pack bananas each week were not "professionals". He attributed the transience associated with the contracting system to the workers themselves (author interview, March 20, 2009). Still others suggested that they would like to increase their capacity with respect to labor practices, but that they had not received any (author interviews, March 20, 2009 and April 11, 2009)

Some Asoguabo farmers argued that workers have more leverage within the existing system than they, themselves, did. While the Fairtrade price had not increased in over a decade, average wages for day laborers were reported to have risen substantially in certain regions.<sup>110</sup> In contrast, a representative of FENACLE, the banana workers' union, suggested that getting sufficient work to "complete" the workweek was one of the most significant challenges for the banana workforce. More generally, he cited the instability of the day labor system as the major barrier to workers' organizing to demand better wages and working conditions (author interview, May 15, 2009).

The previously discussed diversity of scale, technological advancement, and productivity level also shapes differences in the division of labor and labor processes on Association members' farms. The number of workers employed per hectare varied considerably within the Association, and to a lesser extent, the number of workers needed for cutting, processing, and packing on harvest days. These variations reflected differences similar to those found in industry studies, which suggest that "traditional" farmers labor demands can be much higher than in "modern" plantations (Arias *et al.* 2003, SIPAE 2009). Another significant difference lies in the amount of time registered producers spend working on their own farms. While some producers worked seven days a week on their parcels, others employed farm managers and spent very little time at the farm. The majority of farmers with whom I spoke were operating somewhere between the two extremes, with some combination of directly hired workers, day laborers, and/or family members, as well as their own labor.

In a study of Costa Rican coffee farmers, Luetchford (2008) echoes the idea that the Fair Trade system often "mystifies" production relations, in favor of an idealized image of small-scale farmers operating with only family labor. While he suggests that such mystification is unintentional I argue that FLO's sidelining of the labor question, through the construction of standards and definitions, continues to undermine the claims made in its promotional materials. Historically, FLO standards defined small producers as "not structurally dependent on wage labor". In recent years, Fairtrade's rapid market growth has sparked internal debates about the role of hired labor within the system. However, discussions have centered on plantation agriculture and less attention has been paid to the centrality of hired labor on small farms.

Facing criticism over the failure of Fairtrade norms and definitions to match up with on the ground realities, FLO has begun to revise its standards (Smith 2010). In 2009, FLO's Generic Standards were revised to make a distinction between labor and non-labor intensive commodities (FLO 2009a: 4). With this new distinction, producers are now able to hire permanent workers according to a commodity specific per hectare formula and producers can meet the definition of small farmer if their own labor, as well as family members' labor, represents "a significant proportion of the total agricultural labour undertaken on their farm" (*Ibid.*). Here again, the term significant is left open to interpretation. On the one hand, rules were changed to more accurately reflect existing

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<sup>110</sup> Systematic data on average wages for banana workers, particularly day laborers, is virtually impossible to attain, due to a lack of recorded data and variation between different producing zones. For example, while day labor rates in part of El Oro Province, particularly around the city of Machala, were cited in the \$12-15 per day range, wages in Guayas Province to the north and the border region to the south were reported around \$8-10 per day. Further north, in Los Rios Province, workers are paid as little as \$6 per day, and children are paid half of that amount (Rubio 2008: 71).

reality, particularly in production of a commodity like bananas, where year-round harvest labor requirements make all but the smallest operations impossible to operate with only family labor. On the other, this represents a significant change in terms of who can be certified under the SPO standards. In many respects, it has allowed for the divergence and the concomitant tensions seen in the Asoguabo case. Taken to its logical conclusion, allowing farm employers to benefit from Fairtrade certification, without additional labor requirements, could lead to workers being better off on certified plantations than on family farms, due to the proscription of labor rights and protections in large-scale agriculture.

In raising questions of labor relations and processes in a Fairtrade Small Producers' Organization, my intention is not to suggest that small farmers have a particular responsibility to improve labor practices in the Ecuadoran banana industry. However, to the extent that the Fairtrade initiative makes marketing claims about worker benefits, these claims must be interrogated through empirical research. Small farmers and association staffers accurately note their inability to alter the broader context of Ecuadoran banana production, which has placed the country at the forefront of a "race to the bottom" on labor practices. Yet Fairtrade-certified small farmers continue to rely on the existing labor contracting system, at the same time that they seek improvements in their own contract pricing. The system further promotes simultaneous claims to deliver fair prices *and* fair wages, at the same time that it deploys images of resource-poor farmers operating with family labor to obscure the central role of hired workers in banana production.

### ***Conclusion***

In this chapter I have explored the social and environmental contradictions within the Fairtrade system, as they have played out in one Small Producer Organization. First, I argue that small farmer differentiation produces uneven outcomes for different producer groups. The vast majority of farmers interviewed agreed that Fairtrade participation had improved their position, in terms of market access, stability, and (to some extent) livelihoods. Still, the mechanisms by which Fairtrade has delivered these benefits create new contradictions and inequalities among "small" certified producers. As farmers are pushed to intensify and expand production, agrarian class differentiation is thrown into sharper relief. Better-off farmers, who rely on both permanent workers and *eventuales*, are able to use Fairtrade protection to their advantage. Meanwhile more marginalized farmers, in particular those who most closely resemble Fair Trade's agrarian ideal, are pushed into less sustainable practices in order to maintain their place in Fairtrade markets. These realities raise important questions about how Fairtrade benefits are delivered, to whom, and under what circumstances. My findings also complicate some of the underlying assumptions of Fair Trade's mainstreaming debate, particularly with respect to the system's appropriate goals and beneficiaries. How small and/or marginalized should producers be in order to warrant the protection provided by Fairtrade certification? And if and when farmers succeed as a result of their participation, becoming more productive and profitable, at what point should they be disqualified?

I also argue that the fact that hired workers on SPO members' farms are largely left out of the protections and benefits offered by Fairtrade certification is particularly problematic, given their central role in export-banana production at almost all scales.

Viewed from the perspective of banana labor, the mainstreaming debate is, thus, placed in a different light. I attribute the failures of Fairtrade to deliver on its promises to both farmers and workers to its voluntarist, exchange-based approach to regulating production. By relying on markets as the locus of change, Fair Trade actors take the dynamics of competition, accumulation, and speculation as inevitable. And, by sidelining these structural realities, the Fair Trade model circumscribes the realm of possibility for broader changes at the point of production.

## **Chapter 5: “We were Fairtrade Before it Existed” - Armed Conflict, Corporate Social Responsibility, and Plantation Certification in Urabá, Colombia**

While sitting around a table in the dining hall of Finca Maria Leticia, waiting for the aerial fumigation plane to complete its rounds, Carlos, the farm manager, was discussing the history of violence that had swept the Urabá region of Antioquia, Colombia during the previous decades.<sup>111</sup> “The difference between wars in Africa and here”, he said, was that “there they kill you hungry and here they kill you with your stomach full” (author interview M4, March 2011). Still, he was hopeful. The farm on which he had worked for the past twenty-five years had recently received Fairtrade certification. From his perspective, there were two stages in the evolution of the farm: before Fairtrade and after. While not entirely convinced that the system was truly fair for producers, the initiative had brought new resources to the workforce and, with it, the potential to address some of the longstanding inequities associated with banana production. It had also ushered in a heightened sense of partnership between labor and management following a period of intense conflict, which had penetrated deeply into the region’s banana production complex. During the course of my research in Urabá, workers, managers, growers, and export-company representatives echoed this perspective. For them, certification provided both material and symbolic evidence of a shift in on-farm social relations in a region and an industry that had been “bathed in blood” during the armed conflict (Uribe 2001: 8).

This chapter explores the role of Fairtrade in mediating socio-ecological relations on plantations certified under FLO’s Hired Labor standards in Urabá’s banana zone. Unlike in certification of Small Producer Organizations, where workers are offered few formal benefits or protections, here workers are the primary beneficiaries of certification. Most notably, Fairtrade’s one-dollar per box social premium has made funding available to some groups of workers for housing, education, and other community projects. In addition to these tangible benefits, identification with Fairtrade facilitates growers’ and exporters’ efforts to frame themselves as socially responsible corporate citizens with a commitment to labor concerns and promoting peace in the region. In some respects, then, Fairtrade participation secures conditions for continued capital accumulation in a highly competitive world market.

FLO and the national Fairtrade initiatives have likewise benefitted from their relationship with a regional banana industry that is well equipped to meet the imperatives of retail-driven export markets. These include quality, traceability, phytosanitary, and food safety requirements. In addition, industry-wide union representation and relatively stable relations with the National Union of Agricultural Industry Workers, Sintrainagro, have made the region an attractive site for Fairtrade actors seeking to increase supplies of certified bananas and achieve market growth. Consumers enjoy access to consistently high quality, rigorously monitored products that, at least in theory, embody greater

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<sup>111</sup> The names of the banana farms, as well as the individuals interviewed for this chapter, have been changed to protect their identities. Rather than include interview dates in this chapter, I have also coded interviews.



environmental sustainability and social equity. Viewed through the lens of the Fairtrade commodity chain then, certification could reasonably be viewed as a “win-win” for banana growers, workers, consumers, and international Fairtrade actors alike.

The emergence of Fairtrade in Urabá also challenges the concerns expressed within the Fair Trade movement over the effects of market growth and mainstreaming. As we have seen, mission-driven Fair Trade actors have opposed plantation certification because it undermines the position of smallholders *within* the system. Indeed, the articulation of Urabá’s more technologically advanced and capital-intensive growers into Fairtrade-certified markets has increased competitive pressures for Small Producer Organizations operating both within Colombia, and in other producing regions. Yet plantation certification also extends Fairtrade benefits and protections to hired workers, who have traditionally been excluded from the system. Therefore, it also opens up the potential to increase consumer/labor solidarity and to provide leverage for workers’ struggles.

However, there are both limits to, and contradictions in, how Fairtrade functions on the ground in Urabá. First, as we have seen in the case of Small Producer certification, Fairtrade’s benefits are both uneven and, potentially, transitory. Second, as practiced in Urabá, Fairtrade supports a philanthropic model through which workers have become administrators of social premium funding, essentially serving a similar function to that of the industry’s own charitable foundations. This trickle down approach, which relies on private funding to meet social and economic needs, is quite different from the trade union model, which prioritizes workers’ collective action and labor-management negotiations to achieve wage and workplace goals. At the farm level, the interactions between Fairtrade organizational structures, in particular the Joint Bodies established to oversee the social premium, and trade union committees remain intentionally limited. Third, by providing a wage supplement for some privileged groups of workers, certification has created differences in the material resources available to workers on certified versus non-certified farms, perhaps mitigating demands for better wages. This is a critical point, in that it calls into question the very mechanisms by which workers make claims over wages and benefits. Unlike the collective bargaining process, whereby employers are required to negotiate with workers, grower participation in Fairtrade is entirely voluntary.

Fairtrade certification thus plays an ambiguous role in mediating labor relations. While workers have a voice in administration of the premium, they have little, if any, say over which farms are certified. This has produced tensions among workers due to uneven access to Fairtrade benefits. It has also generated ongoing concerns among workers that employers may abandon Fairtrade, due to increasing burdens of certification and stagnating Fairtrade prices. I argue that these tensions must be understood both in the context of Fairtrade’s market-based model and the region’s shifting social, political, and economic conditions, which have reworked banana production relations over time. Indeed, the articulation of Urabá into the Fairtrade banana commodity chain has depended upon prior patterns of peasant dispossession, despotic forms of labor control, and a decidedly neoliberal political-economic orientation. Alongside a lack of public investment and regulatory controls, state-sponsored repression created a highly favorable environment for transnational investors, national, and local elites that, in turn, contributed to the rise of leftist guerrilla movements and paramilitary backlash (Chomsky 2007, Ortiz 2007, Carroll 2010, Hough 2010). The banana industry’s softer responses to the left’s

growing political power, including sponsorship of social foundations and accommodation of some labor demands, have also been critical to the region's history, setting the stage for the emergence of Fairtrade. Viewed through this socio-historical lens, I argue that Urabá's reinvention as a site of 'ethical' banana production is thus contingent upon multiple forms of marginalization, devaluation, and resistance, expressed in their most extreme form through the armed conflict.

### ***The making of Urabá's agro-industrial complex***

The chapter's title is a reference to the Garcia Marquez (1967) novel, *One Hundred Years of Solitude*, in which the author draws on historical events to highlight the violent means through which Colombia's banana production complex functioned. The novel is set in the fictional Macondo, a community whose fortunes shift dramatically following the arrival of the American Fruit Company, with its promise of progress and order. Of course, bananas bring neither to the people of Macondo. The story culminates in a bloody massacre, followed by years of heavy rains that wash away all traces of the company. It is an archetypal story of a place that perhaps would have been better off had it remained outside the circuits of capital. Unlike Macondo's ephemeral engagement with the banana trade, Colombia's banana industry has endured for over a century. The title, then, also refers to the social orders and production relations that have sustained conditions for banana capital accumulation, both within Colombia and globally.

This section provides an overview of the development of Urabá's banana production complex, considering how capitalist imperatives and violent armed conflict have intersected to shape production relations in particular, and at times contradictory, ways. Indeed, establishment of a capitalist agrarian social order in the region can be viewed as productive of impoverishment, displacement, and the conditions of violence (Hough 2011, Thomson 2011). Beginning in the late 1950s, bananas provided a major impetus for Urabá's rapid growth. Situated along an alluvial plane stretching to the Caribbean Sea near the Panamanian border, the area is geographically, climatically, and hydrologically well-suited to banana cultivation. Following the 1954 completion of a highway linking the region to Central Colombia, investors from Medellín and Bogotá, along with a group of local entrepreneurial small farmers, established banana plantations along the lowland corridor known as the "banana axis" (Map 3) (Ortiz 2007).

### Map 3: Urabá's Banana Axis



Map Courtesy of Emma Tome, 2012

The institutional weakness, or even absence, of the Colombian state has been highlighted to explain the ease with which private interests were able to exert territorial control over the region (Uribe 2001). However, it is also important to recognize the interventionist role the state played in facilitating agrarian capitalist development. This occurred through extension of credit and the transfer of Green Revolution technologies, as well as the repression of demands for land redistribution and other reforms to support smallholder farmers (Grindle 1986). As a result, capitalist, or non-subsistence, production grew from 15 percent of total agricultural output in 1950 to 65 percent by the late 1970s within the country as a whole (*Ibid*: 69).

The United Fruit Company's affiliate, La Frutera de Sevilla, also played a major role in this initial phase of development. Since 1899, the company had been cultivating bananas in the Santa Marta region, where United Fruit operated in much the same way that it did in the banana enclaves of Central America. This involved direct control over the entire infrastructure required for production, processing, and distribution. By the mid-twentieth century, the company faced a host of problems in Santa Marta, including labor militancy, political opposition, and declining productivity due to soil exhaustion, as well

as a crippling Sigatoka epidemic.<sup>112</sup> As United Fruit sought new production sites within the country during the 1960s, its strategy shifted away from the enclave model and towards the establishment of sourcing contracts with national planters (Bucheli 2005). In Urabá, the company partnered with the national government to provide credit and other incentives for growers to plant out vast tracts of land, constructing an agrarian elite that would come to dominate local politics (Botero Herrera 1990, Hough 2010). While less profitable, it was more politically palatable in Colombia at this time. Furthermore, the strategy allowed the company to externalize many of the risks associated with banana cultivation.

Bolstered by national policies and incentives from transnational capital, national planters constructed a technologically-advanced labor and input intensive production complex, which today represents 85 percent of the country's banana exports (<http://www.augura.com.co/> accessed Jan 11, 2012). Growers adopted similar technologies to those of the banana multinationals, from irrigation systems to cableways for transport within the plantations, to modern packing plants, allowing them to compete with Central America's corporate-run plantations (Ortiz 2007). Not content to remain dependent on the foreign marketing firms that dominated world markets, Urabá's banana growers quickly established their own export companies (*Ibid.*). The first of these, the Unión de Bananeros de Urabá S.A (Unibán), was founded in 1966 and remains the nation's largest export company, as well as the largest supplier of Fairtrade bananas to the world market today.

In addition to using integration with exporters to develop a competitive agro-export model, growers formed their own trade association, the Colombian Association of Banana Producers and Traders (Augura) in 1963. Since that time, Augura has facilitated grower solidarity, mutual support, and a unified voice in the political arena.<sup>113</sup> Within a short time, agro-industry and urban settlement had transformed the region from an isolated backwater dominated by impenetrable tropical rainforest, to a commodity frontier, which is now dubbed the "best corner of the Americas" for transnational capital investment (Uribe 2001, Aparicio 2009). Banana production brought roads, ports, communications systems, and electrification (Gonzalez-Perez and McDonough 2007). However, it failed to bring the infrastructure needed to support the region's booming population. In the early years, migrants included peasants fleeing other regions of Antioquia during the partisan conflict of *La Violencia* (Roldán 2002).<sup>114</sup> Completion of the highway and opening up of the banana fields attracted a new wave of, primarily Afro-Colombian, migrants from the neighboring Chocó region (Chomsky 2008). As Carroll notes, this influx substantially altered the demographic makeup of the region, setting the stage "for future confrontations in which race and political affiliations further inflamed land and class conflicts" (2010: 60).

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<sup>112</sup> The political opposition faced by United Fruit stemmed, at least in part, from fallout from the company's role in the 1928 massacre of striking workers, which provided the impetus for the previously referenced novel by Garcia Marquez (1967).

<sup>113</sup> The industry experienced consistent growth until 1994 and has maintained production levels ever since (Chambron 2005).

<sup>114</sup> *La Violencia* was the civil war waged between the two major political parties, the Liberals and Conservatives, which swept the country between 1948 and 1958, leaving 200,000 dead and two million displaced. It hit the least populated areas, such as Western Antioquia particularly hard.

Despite efforts to portray the industry as progressive and modern, its success was predicated on both the dispossession of small-scale agriculturalists and the hyper-exploitation of a newly proletarianized workforce. The excesses engaged by agrarian elites to secure land and labor would set the stage for the violent armed conflict to come. Having already taken control of the most productive flatlands, agrarian elites, including cattle ranchers and banana growers, evicted peasants and tenant farmers from the surrounding peripheral areas, often forcibly (Hough 2010). This mass displacement served the dual purpose of clearing lands for cattle ranching and generating a labor force to fuel the banana boom, as landless workers streamed into the zone. Coercive and archaic plantation labor systems facilitated the ongoing devaluation of the workforce, as expressed through low wages, poor working conditions, and instability. Although wages were nominally better in the plantations than in other sectors of the rural economy, conditions were deplorable. Growers refused to follow labor regulations, often with the complicity of the Ministry of Labor. (Carroll 2010: 65). “Dogs and guns” were the favored mechanisms of labor control (Ortiz 2007). Given the growers’ high level of organization and political influence, and a lack of state-sponsored labor protections, workers also faced high barriers to unionization (Carroll 2010). Throughout the 1960s and 1970s, efforts to organize workers were countered with repression, including dismissal or assassination and military occupations of banana plantations (Botero Herrera 1990, Hough 2010).

At the same time, the (communist-leaning) Revolutionary Armed Forces of Colombia (FARC) and (Maoist-linked) Popular Liberation Army (EPL) guerrilla groups were moving in to the region. The excesses of agrarian elites with respect to land concentration, labor control, and a disregard for the deplorable living conditions of banana workers and the rural poor created opportunities for armed insurgencies to form links with the banana unions.<sup>115</sup> Still, it was not until the peace process initiated by President Betancur in 1984 that labor was able to make gains through more open union organizing and a more neutral stance from the national government regarding labor conflicts in the region (Carroll 2010). The resulting cease-fire agreements with both the FARC and the EPL opened space for leftist political parties to gain legitimacy and support. They began winning local elections and challenging agrarian elites’ control. In this regard, the 1985 formation and electoral success of the FARC-linked Patriotic Union Party (UP) in the region was key.

Once elected, leftist representatives strengthened the banana labor movement, as well as squatters’ movements that were linked to banana workers (*Ibid.*). The democratic opening ushered in “a period of unprecedented labor militancy” (*Ibid.*: 71). As a result, banana union membership skyrocketed. The two major unions representing banana workers at the time were the EPL-linked Sintagro, which grew from 147 members in August 1984 to approximately 9,000 by 1986 and the Communist Party-linked Sintrabanano, whose membership grew from 100 to 4,000 workers (Ortiz 2007: 97, Carroll 2010: 73). By 1987, 87 percent of the hectares planted in bananas had union representation (Ortiz 2007: 97). Union density, in turn, bolstered labor’s collective bargaining power, allowing workers to achieve key demands, including an eight-hour

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<sup>115</sup> As the FARC gained influence over the union, they also played a role in peasant communities in land distribution, settlement, occupation, public works/infrastructure, social supports, and in some cases in performing juridical functions (Uribe 2001).

workday, establishment of labor courts to oversee violations, and an increase in average wages from \$3700 Colombian pesos per month (approximately US\$77/month) in 1978 to \$7700 pesos per month, or double the 1978 wage in real terms, by 1987 (Uribe 1992, Carroll 2010: 73).

At the same time that the peace process created an opening for the left to achieve political and union gains, when guerrilla fighters laid down their weapons it also created a vacuum for armed right-wing paramilitary force to take control of the region (Chomsky 2008, Carroll 2010). In some respects, Urabá's elites appeared to accommodate challenges to their power. However, they also fought back to protect the existing social order that had served them so well, albeit at the expense of extreme worker impoverishment. Indeed, there is substantial evidence that banana growers and exporters participated in financing paramilitary groups. In 1987, Augura's president called for the organization of "self-defense" committees, which landowning elites justified by arguing that the State lacked the capacity to deal with the violence (Chomsky 2008: 196).<sup>116</sup> Although elites insisted that private security was needed due to State absence, the Colombian army supported the paramilitaries' reign of terror against peasants, workers, and trade unionists. They targeted anyone they perceived to be connected with the guerrilla movements, as well as those who were simply in the way (Gray 2007).<sup>117</sup> Their tactics included economic blockades, raids and illegal detentions, targeted killings, and massacres, which left thousands dead and tens of thousands displaced, in what LeGrand (2003) characterizes as a process of reverse agrarian reform.

Throughout the 1980s, the paramilitaries gained strength, decimating the unarmed left and causing the EPL to abandon the peace process (Chomsky 2008). The threats to elite dominance caused by the success of non-violent labor organizing and leftist political gains had been the catalyst for the paramilitary backlash (Carroll 2010). However, it was the connection between the armed left and the banana unions, and the flow of union members in and out of the ranks of the guerrilla groups, which provided justification for armed forces and paramilitaries to target banana labor (Ortiz 2007). Between 1982 and 1988, 699 people, mostly banana workers, union leaders, and activists were killed in Urabá (Pearce 1990: 254, cited in Chomsky 2008: 197).

In addition to violent antagonisms between right wing and leftist organizations, deep factions within the left undermined union strength and allowed elites to regain their political advantage. Carroll (2010) notes that during times of unity within the left, banana workers were able to make economic gains. Indeed, banana workers from the FARC-dominated Sintrabanano and the EPL-dominated Sintagro did collaborate during periods of heightened repression in the 1980s. However, underlying competition for control of the labor movement and historical ideological antagonisms undermined this unity (*Ibid.*). Faced with violent repression and grower maneuvering to resist labor's demands, the two unions merged in 1989 to form Sintrainagro. However, internal conflict remained.

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<sup>116</sup> The most famous case is that of Chiquita, which admitted to paying \$1.7 million to the United Self-Defense Forces of Colombia (AUC), which, by 1997, had become the umbrella for paramilitary groups. However, less attention has been given to the fact that the entire industry was making similar payments to the AUC from the mid-1990s until at least 2004 (Gray 2007).

<sup>117</sup> Despite significant attention to the issue, by both national and international actors, it is difficult to accurately state the extent of violence in the region. One source suggests that the AUC killed 3,778 people and displaced 60,000 from their lands (Gray 2007: 1).

These internal conflicts were exacerbated by the divergent responses of armed-leftist groups following a new round of peace talks, initiated in 1991. When the EPL demobilized, they formed a new party, *Esperanza, Paz, y Libertad* (Hope, Peace, and Freedom), and signed an agreement with Sintrainagro and Augura (Chomsky 2008). The pact was ostensibly intended to promote the reintegration of former guerrilla members into mainstream society and to promote economic opportunity through employment in the banana sector. It was lauded as evidence of industry, labor, state, and civil society actors' commitment to developing a regional Social Responsibility Network (Gonzalez-Perez and McDonough 2007). However, some leftist elements viewed *Esperanza's* move with suspicion, and relations with the FARC, as well as with EPL dissidents, worsened (Chomsky 2008). The targeting of *Esperanza* by the left combined with the paramilitary's success in purging leftist elements within Sintrainagro to push the union further into an alliance with the right. Indeed, some suggest that the purge may have occurred with the complicity of union leadership (Chomsky 2007 and 2008, Carroll 2010).

While the complex relationships and internal dynamics of the armed-conflict/banana industry nexus are beyond the scope of this chapter, it is important to note that banana workers bore the brunt of the wave of violence that swept the region. Indeed, in a country known for politically motivated violence and repression, the territorial concentration of violence in Urabá during this period is striking. Between 1995 and 1997, 2,105 assassinations were recorded in the banana zone and, between 1995 and 2005, 27,080 people were officially designated as displaced (Ortiz 200:101, Aparicio 2009:105).<sup>118</sup> Yet the reassertion of control by elites has only been partial. In fact, Sintrainagro has maintained union density and many of the workplace improvements that were gained during leftist dominance.

Today, Sintrainagro represents the vast majority (95 percent) of Urabá's 17,600 banana workers (Gonzalez-Perez and McDonough 2007). Industry-wide labor-management bargaining means that virtually all workers on the 344 registered banana plantations in the region are represented by one collective contract, giving workers a fair amount of power in negotiations. As a result, workers receive better pay than their non-unionized counterparts, albeit still low considering that the work is arduous and regimented (Harari 2005, Frundt 2009). The average monthly banana wage is, according to Augura, US\$263 per month, compared with the national minimum wage of US\$135/month (Hoyos 2004: 14). By some accounts, the region has achieved a level of stability, which makes it the "envy of its major competitors" (Chambron 2005).

Given the ratcheting down of wages and working conditions experienced by banana workers throughout Latin America over the past two decades (Frank 2005, Chambron 2005), this success has been all the more remarkable. Sintrainagro's success is attributed to its effectiveness in adopting positions focused on workplace issues and building international labor solidarity. As a member of the Latin American Coordination of Banana Workers' Unions, COLSIBA, Sintrainagro participated in the 2001 development of an international framework agreement (IFA) with Chiquita, the world's second largest banana supplier. Through alliances with trade unions and NGOs located in

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<sup>118</sup> As Carroll (2010) notes, while some of this was due to fighting within the left, the main social antagonism was between banana plantation owners and workers.

consuming countries, the agreement was viewed as an innovative mechanism for defending workers' rights and creating space for union organizing and collective bargaining in the face of globalization. While the IFA did not prove successful across the entire industry, it did provide leverage for Sintrainagro to increase its membership through local organizing activities tied to international solidarity (Riisgard 2005). However, the union's approach has also served to unite workers' goals with those of management, specifically to promote the regional industry's productivity and profitability (Chomsky 2008).

Positive labor-management relations have framed banana work as an antidote to violence and, thus, helped to bolster the industry's strategic position in competitive global markets. Still, this has come at the expense of the broader political goals linked to the revolutionary strategies that accompanied earlier armed struggle and leftist power (Chomsky 2007, Frundt 2009). Organized labor's position, thus, remains precarious and union strength is constantly being undermined. While workers' demands for modest wage and workplace improvements are tolerated, broader demands for social and political justice continue to be grounds for harassment and targeted killings. The union's ability to extract concessions from growers at the same time that its own members are targeted underscores the tradeoffs Sintrainagro has made in order to survive, one which constrains the realm of possibility for labor in significant ways (Romero 2001, Chomsky 2007). Meanwhile, growers (represented by Augura) continue to put forward regressive demands in the collective bargaining process, forcing the union to fight rearguard battles (Frundt 2009).

### ***The rise of corporate social responsibility in Urabá***

At the same time that the banana industry was aggressively fighting unionization and increased political power for workers and the rural poor, it was also developing "soft" strategies to respond to the growing strength of the left. Beginning in the 1980s, growers and exporters established charitable foundations, contributing a percentage of industry profits to housing, education, health, and other basic needs. More recently, some actors have adopted voluntary standards, monitoring systems, and international labor-management agreements, which dictate a host of social and environmental criteria. These combined efforts have, over the past several decades, promoted an image of Urabá's banana industry as one that is committed to social responsibility and social investment. However, as we will see in the case of Fairtrade's social premiums, they also obscure the lived realities of banana workers and their communities in a region beset by chronic under-investment in public services and infrastructure, as well as state-sanctioned violence.

Writing about the complex and contradictory history of Urabá, Chomsky argues that for decades the region has offered investors "the ideal neoliberal state", one that has "relinquished all redistributive attributes, established optimum financial security for corporations, and privatized virtually all of its functions except for repression – although in effect even the military and police have been privatized" (2007: 90). The state's absence, or rather its selective presence, offered significant advantages for banana growers. These included low or uncollected taxes, lack (or non-enforcement) of environmental and labor regulation, and subsidized credit (Chomsky 2008, Carroll 2010). Alongside this favorable investment climate, conditions on the plantations and in banana



workers' communities were deplorable. Camps on company property had no water or electricity and workers, at times, slept in cardboard boxes (Botero Herrera 1990, Chomsky 2008). In settlements outside the camps, including the main town of Apartadó, housing and public services were practically non-existent (*Ibid.*). Despite a lack of roads, sewer systems, schools, and adequate health services, 75 percent of workers had moved out of the fields and into inadequate urban settlements by 1987, in part to escape the increasing violence on the plantations (Botero Herrera 1990, Uribe 2001, Chomsky 2008: 190).<sup>119</sup>

Into this breach stepped the banana industrialists, albeit reluctantly at first. Guerrilla resistance and the non-armed left's growing political power caused growers and export companies to reconsider the need for social investment. In Urabá, the preferred path was voluntarism over public investment for services and infrastructure. In 1984 the industry began to establish private, charitable foundations to support social programs for banana workers and the surrounding communities. Within two years, Augura approved a plan to improve the banana labor camps involving grower contributions into social funds. When the union gained sufficient strength, these contributions became subject to collective bargaining. In 1987, growers contributed 30,000 Colombian pesos per cultivated hectare, which grew to 80,000 Colombian pesos (or US\$30) per hectare in 2004. (Ortiz 2007: 96). Over the past two decades, growers' social investments have taken the form of contributions based on both hectares planted and boxes harvested (*Ibid.*). This network of grower-associated social foundations has by now become institutionalized in the region, funding a variety of housing, health, education, recreation, and community development programs. Interestingly, by the mid-1990s, even growers were expressing concern about the state's absence (Chomsky 2008: 192). Not only did violence in the region disrupt banana business, growers were increasingly called upon to fund social services that the state had failed to provide, in part due to elites' refusal to pay taxes (*Ibid.*).

The philanthropic support provided by the social foundations provides an important cornerstone in the growers' competitive strategy. The industry has framed itself as technologically advanced, socially responsible, and, thus, well positioned to meet the demands of global retailers. Quality assurance, traceability, and consistent supply are key, as are social investments and good management-labor relations. The major trade association representing banana growers, Augura, plays an important role in this process. According to Augura, the banana industry's total social investment between 1987 (the year the foundations were first funded) and 2003 was US\$43,426,031 (Hoyos 2004: 14). Still, these grower commitments are carried out voluntarily, through private sector initiatives or public-private partnerships. In the words of one Augura representative:

The objective of the banana sector in Colombia, led by AUGURA and the Social Foundations in representation of banana producers and traders companies, is to sponsor better living conditions for the banana workers and their families. It also involves some specific complementary objectives regarding regional social

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<sup>119</sup> A 1979 plantation survey by the University of Antioquia revealed that only 6.6 percent of work camps had running water, only one-third had latrines, and only half had electricity (Carroll 2010: 65). In 1971, twenty-five percent of workers had tuberculosis (*Ibid.*).

chores, dealt with by the institutional coordination of the public and private sector (Hoyos 2004: 14).

Grower-sponsored philanthropy has thus been deployed as evidence of a commitment to social investment, albeit in terms of charitable benevolence, rather than as a fundamental responsibility of either capital or the state.

More recently, the work of the social foundations has intersected with relatively stable relations and the emergence of a variety of third party certification initiatives (including Fairtrade) to provide evidence of a “Social Responsibility Network” (SRN) operating in Urabá’s banana zone. In a study sponsored by the International Labour Organization, Gonzalez-Perez and McDonough (2007: 139) coin the term SRN to refer to the “network of civil society actors and stakeholders as well as private corporations and state agencies that together provide a platform for social responsibility initiatives”.<sup>120</sup> Their study focuses primarily on the roles of industry (represented by Augura), labor (represented by Sintrainagro), and the Colombian state to highlight the significance of these actors’ roles in the peace process, and in the reintegration of former EPL guerrillas following the group’s demobilization in 1991. A major component of reintegration has involved the training and employment of former EPL members as banana workers. The authors note that, “it was through the process of social incorporation of those who voluntarily decided to lay down their arms and participate in the banana labour market that the pacification and social ‘integration’ of the Urabá region was achieved” (*Ibid*: 144).

The banana industry’s high road strategy has involved pursuing the “high value” ethical segment of the banana market through a variety of corporate and third-party initiatives (Gonzalez-Perez and McDonough 2007). Value chain studies have framed supply chain monitoring and certification as a way for agricultural producers to capture value in a sector with little potential for upgrading (Ponte 2002). Furthermore, the global banana industry’s long history of immiserating producer communities has made it an obvious target for consumer-driven activism. Indeed, the demand for ethical bananas has grown exponentially over the past decade and market-based social and environmental certification schemes have become central to banana commodity chain governance.

The region’s promotion of its CSR commitment is widely disseminated and accepted within the local institutional framework of state, religious, and NGO actors. This commitment has also reached the international arena, through international labor solidarity and human rights organizations (Carroll 2010). This CSR framework has served a dual purpose. First, it responds to the particular conditions of regional social conflict, framing social investment and stable labor relations as a path to overcoming violence. Second it undergirds a repositioning of the industry vis-à-vis world markets, differentiating it as modern, enlightened, and progressive.<sup>121</sup> While this has involved

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<sup>120</sup> Although the SRN terminology is not used widely within the regional banana industry, it encompasses much of the discourse adopted by industry actors in their own promotional materials.

<sup>121</sup> Of course, the highly competitive global banana market largely favors importing countries’ interests and Colombia’s banana exporters face significant challenges in maintaining their position as a key supplier to both the US and the European Union. While production costs remain relatively low due to production technologies and economies of scale, competition from its lower cost neighbor, Ecuador, and increasingly centralized control by global retailers, have exerted downward pressure on banana prices threatening the

some concessions to labor, these practices give Urabá's elites the ability to "perform" corporate social responsibility, while maintaining a decidedly neoliberal environment.

Even as it appears to respond to growing international interest in ethical sourcing and supply chain management, Urabá's CSR network has, in many respects, emerged out of the particular history of violence in the region. Its prior existence has, furthermore, facilitated the emergence of Fairtrade. The Fairtrade initiative fits particularly well with the region's existing structures and discourses of social responsibility and development. It also resonates with the industry's ideological commitment to private philanthropy as the best way to address social problems in the region – problems that stem from a lack of public investment and from the banana industry's own efforts to devalue labor through economic and extra-economic means.

### *The Fairtrade banana initiative in Urabá*

Fairtrade production has expanded rapidly since Colombia's largest export company, Unibán, first encouraged several of its supplier plantations to seek certification in 2004 (Corporación Rosalba Zapata Cardona n.d.). Since then, Unibán has added to its Fairtrade division and now has twenty-five certified plantations in the region (author interview M5, March 2011). This makes it the world's largest supplier of Fairtrade bananas and the first to bring them to U.S. supermarket shelves, under the Turbana label.<sup>122</sup> Banafrut, the country's third largest exporter, followed suit, linking the company's growth to expansion of Fairtrade sales (Echavarría 2011). As of March 2011, ten of its 33 operations had been certified, with a goal of one hundred percent Fairtrade exports (author interview E3, March 2011).<sup>123</sup> The region has achieved relatively high Fairtrade density in a short time, with 35 plantations certified, or approximately ten percent of its 344 farms (FINAGRO 2011: 8).

Urabá's plantations are certified under the Fairtrade Labeling Organization's (FLO) Hired Labor Standards. These standards are derived from internationally recognized conventions, including those of the International Labor Organization (ILO) and include requirements for minimum wages, occupational health and safety, and freedom of association (FLO 2009c).<sup>124</sup> The standards also require certified operations to establish their own non-profit corporations to receive social premium funds. A Joint Labor-Management Body (Joint Body) is elected to oversee use of the one-dollar per-box social premium for the purposes of "socio-economic development" in workers' communities (FLO 2007: 4). The Joint Bodies survey workers regarding critical needs and interests and develop programmatic proposals and budgets for workers' approval.

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ability of Urabá's growers to maintain current standards. These dynamics have caused many in the region to talk of an industry "in crisis", despite its apparent stability (Londoño, et al. 2002).

<sup>122</sup> Unibán reported \$US200 million in annual sales (Global Business Monitor 2011) and 35 percent of the regional export market in 2011 (Lombana 2011). Since 1975, Unibán has exported to Europe through Fyffes, the world's fifth largest banana importer. In 2005 Fyffes bought a fifty percent stake in Unibán's US brand, Turbana, in order to compete in the US market ([http://www.freshplaza.com/news\\_detail.asp?id=70712](http://www.freshplaza.com/news_detail.asp?id=70712), accessed September 22, 2012).

<sup>123</sup> Banafrut sales totaled approximately US\$50 million in 2011. Through its integrated ownership structure, the export company directly owns a majority share in over 3100 hectares of banana plantations on which 2100 workers are employed (author interview E3, March 2011).

<sup>124</sup> However, Fairtrade's standards do not require representation by an official trade union and FLO's allowance of worker committees in lieu of trade unions has been the subject of some controversy (Chambron 2005, Frundt 2009).

Although workers have a large hand in determining use of the premium and the benefits are directed to them, management also plays a role in Joint Bodies' decision-making.

Through the social premium, Fairtrade has brought critical resources to workers on certified plantations and their families. Unibán reported distributing approximately US\$3.5 million in premium funds during 2010.<sup>125</sup> Banafrut reported making US\$1.5 million available to workers (Banafrut Fairtrade report 2011), for a regional total of US\$5 million. In a region plagued by poverty and a dearth of public financing, these funds are significant. During the course of my research, workers did express positive perspectives about the benefits that certification had conferred. One Joint Body representative stated that Fairtrade had brought about a "90 degree change", significantly improving the lives of workers and their families (author interview W8, March 2011). Workers I interviewed raised housing as, by far, the most important benefit of the social premium. Members of Joint Bodies also reported that, in surveys conducted on their respective plantations, workers reported housing assistance as their most critical need. In response, a majority of Fairtrade funds on all of the plantations I visited were dedicated to housing, although percentages varied and exact figures were not available for all operations. Banafrut reported that 76 percent of their certified plantations' Fairtrade funds were dedicated to housing in 2010 (author interview E3, March 2011).

The forms of housing assistance offered also varied across the different operations. On some plantations, benefits primarily took the form of loans and subsidies for housing purchases or improvements. In other cases, Fairtrade funds had been used to purchase lots and finance new housing construction. Members of one Joint Body reported that, in addition to some loans and grants, they had allocated the equivalent of approximately US\$22,000 for new construction (author interviews W3, W8, and W10, March 2011). The plantation had been certified in 2007 and, since then, 80 percent of social premium funds had been dedicated to housing and 60 percent of workers had received housing assistance. In another case, the Fairtrade-funded Rosalba Zapata Foundation, named after the head of the grower group with which it was associated (Bananeras de Urabá) had recently financed a new worker housing development in Apartadó, through a public-private partnership with the municipal government (author interview W7, March 2011, Corporación Rosalba Zapata 2011). Homeless banana workers had previously settled the site as squatters, and had lived there without access to sanitation and basic services for years. The project was thus widely viewed as an important contribution to improving the quality of life for banana workers and their families.

In other cases, interviewees also reported that Fairtrade funds had been used to leverage public funding for housing, including direct subsidies from local government, as well as national programs. For example, one export company representative stated that they had secured nineteen such subsidies for housing programs (author interview E5, March 2011). Indeed, the notion of public-private partnership was highlighted as an important component of the Fairtrade approach, one with roots in the banana industry's broader social foundation network. It is also one that reflects an arguably neoliberal model, with uneven results across different plantations and different groups of workers. Among the plantations I visited, the percentage of workers who had received Fairtrade-financed housing assistance varied, depending upon the kinds of assistance offered,

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<sup>125</sup> Source: ([http://www.turbana.com/index.php/fair\\_trade/good\\_for\\_consumers](http://www.turbana.com/index.php/fair_trade/good_for_consumers), accessed October 12, 2011

length of time in the system, and the size of the workforce. Yet, even in cases where few had, thus far, received housing assistance, all of the workers I interviewed were aware of the programs and hopeful that they would one day also benefit.

Workers cited educational assistance as a major secondary benefit of the Fairtrade premium. Banafrut's ten certified plantations reported utilizing 23 percent of their 2010 social premium budget on educational programs (author interview E3, March 2011). The notion that educational opportunity provided an important means through which to challenge pervasive violence in the region was widely shared by workers, growers, and civil society actors. In the words of one farm manager, "the other side of education is violence" (author interview M11, March 2011). Fairtrade premium funds were primarily used for workers' children and, in some cases, spouses to attend primary, secondary, and technical schools.<sup>126</sup> The extension of educational opportunity to workers themselves was more limited, as full time, year round work made it difficult to attend school, except at night.

Joint Body representatives also reported that health care costs were high in the region and some funding was, therefore, dedicated to health programs. All farms reporting having programs that provided some basic services and medicines. Some reported that a loan fund had been established for emergencies and catastrophic injuries (author interviews M3 and W9, March 2011). The premium also financed a range of recreational and cultural projects, from soccer leagues to theater and art programs. One Joint Body representative discussed a project established among six of the region's Fairtrade-associated corporations to develop a performance depicting the realities of life in the region and to highlight how people were working to overcome past traumas (author interview M3, March 2011). Fairtrade funds had provided some support for this endeavor, which the group hoped to show to buyers and consumers one day. However, this effort at reconstructing historical memory was primarily driven by a small group of dedicated volunteers and the opportunities remained limited for reaching a wider audience at that time.

In addition to the benefits associated with the Fairtrade premium, plantation representatives and workers reported improvements in environmental and agronomic practices as a result of certification. Some plantations had established environmental projects aimed at restoration of rivers and streams adjacent to their operations. These projects involved systems to reduce agrochemical runoff, restore vegetation along stream banks, and engage in reforestation projects (author interviews M2, M5, M6 and M8, March 2011). While all of the plantations I visited appeared to be meeting Fairtrade minimum requirements regarding environmental management, the perspectives of growers and managers about the importance of such management systems and projects varied. As a result, some operations appeared to be pursuing a more comprehensive set of restorative and agro-ecological practices. For example, several plantations were experimenting with nitrogen fixing ground cover as an alternative to wholesale clearance of undergrowth (author interviews M1 and M8, March 2011). One plantation had

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<sup>126</sup> While workers reported that most educational grants were used for primary, secondary, and technical schools, two workers reported that Fairtrade funds had assisted in sending their children to university (author interviews W6 and W11, March 2011).

established a composting system to recycle organic matter on the farm and to reduce the need for off-farm inputs (author interview M8, March 2011).

The Fairtrade standards also include a list of prohibited inputs, which apply to all producers, whether certified under the Small Producer Organization or Hired Labor standards (FLO 2011a and 2011b). FLO's Hired Labor standards also require growers to follow occupational health and safety guidelines, including the use of protective equipment and limitations on chemical exposure (FLO 2011b). Several of the workers I interviewed did, indeed, report reduced exposure to agrochemicals. Workers on one farm explained that, since receiving certification, the time they spent applying herbicides with backpack sprayers had been reduced to 25 percent of their previous schedule (author interview W21, March 2011). Others noted that workers' exposure to agro-chemicals, applied aerially and with backpack sprayers, was a high priority for FLO auditors, which required improved protective equipment, ventilators, and reduced contact time.

In many respects, then, Fairtrade's emergence in Urabá can be viewed as a successful effort to improve conditions for workers on certified farms. More broadly, there was widespread consensus among different actors that Fairtrade had been of enormous benefit to the regional banana industry. Certification had brought in new resources for worker and community needs, training to improve labor and environmental management systems, and more stable market access for some growers. The region has experienced strong growth in Fairtrade exports over the past decade, bringing in new buyers from both the US and European markets and bolstering its image as a site of ethical banana production. However, certification has also created new challenges for growers and workers alike. In the following section I consider how Fairtrade's market-based model has intersected with the region's complex history to produce new tensions and uneven landscapes within the banana production complex.

### ***Fairtrade's ambiguous role in mediating banana labor relations***

In this section I look beyond Fairtrade's proximate effects for plantation workers, to consider a broader set of questions about how certification has functioned as a mode of labor governance in Urabá. First, I consider how structures established to administer the Fairtrade premium resonate with the banana industry's longer-term approaches to addressing social problems in the region. Second, I argue that, at the same time that the social premium offers important benefits for workers, its uneven distribution produces new tensions that may undermine labor solidarity within the region's unionized workforce. Third, I highlight how Fairtrade's voluntary, market basis allows banana capital to determine which farms and, by extension, which workers gain access to Fairtrade benefits. I also explore the competitive dynamics shaping growers' decision-making regarding Fairtrade participation. Finally, I return to Fair Trade's mainstreaming debate, to suggest that mission-driven actors' opposition to plantation certification has circumscribed the potential for Fairtrade's Hired Labor standards to promote worker justice.

### **Fairtrade, philanthropy, and corporate social responsibility**

As it has been operationalized in Urabá, the Fairtrade banana initiative offers important continuities with the regional banana industry's discursive framework of corporate social responsibility and past voluntarist practices. While technically

maintained through separate nonprofit corporations administered by Joint (labor-management) Bodies, projects funded through the Fairtrade premium bear a striking resemblance to those of the industry's previously established social foundations. Grower/exporter foundations highlight their investments in housing, health, education, sports, culture, and recreational programs, as well as community development and land use planning (FINAGRO 2011, Fundaunibán n.d), programs which resonate with those of the Fairtrade-affiliated corporations. In addition, the industry's historical practice of making per-box (or per-hectare) contributions to social funds (Ortiz 2007) prefigured the Fairtrade social premium, which is also based on the number of boxes sold in certified markets. Thus, an institutional framework for "social investment" existed in Urabá prior to the emergence of Fairtrade certification and labeling. Indeed, Unibán's export partner, Turbana, states that it has been "a pioneer of corporate social responsibility since 1970" and that it was "Fair Trade before it existed" ([www.turbana.com](http://www.turbana.com), accessed Oct 17, 2011).

Fairtrade's presence in the region bolsters the industry's image of corporate citizenship, development, and progress. However, it is important to remember that industry-sponsored social foundations were largely established at the height of leftist dominance. Urabá's social responsibility network, comprised of supply chain monitoring programs, third-party certification initiatives, and international industry-labor framework agreements, has emerged *alongside* its sponsorship of targeted and structural violence against workers and their organizations. Within this context, violence is framed as historical artifact and social development as the way forward. Turbana, for example, suggests that growers have had to "create a more desirable environment with improved living conditions" in order to continue to do business. FLO and the national Fairtrade initiatives have picked up on this discourse, imbuing the region's Fairtrade bananas with a "post-conflict" identity. According to one producer profile:

Urabá has experienced some of the worst violence in the decade-long civil war. Even though the region is relatively peaceful and communities are rebuilding themselves, it is still a significant through-way for drug traffickers...so legitimate employment, which offers workers and their families a real chance to escape poverty, is vital to keep the youth out of the drug trade... By selling their bananas under Fair Trade terms, the people of Martha Maria are using their economic power to keep their community peaceful (Fair Trade USA 2011).

From this perspective, social conflict reflects the chaotic violence of drug trafficking, rather than demands for redistributive justice.

In highlighting the opportunities to be found in plantation work, the banana industry presents itself as a vehicle for ameliorating violence and obscures its historical role in using violence to mediate labor-capital relations. This also contributes to an arguably false narrative that processes of dispossession, exploitation, and social and political marginalization are a thing of the past. Although violence has shifted outside the farm gate, social conflict and repression of dissent remain salient features of everyday life along the banana axis. Indeed, threats of violence remain a powerful, though veiled, undercurrent in the region's social order. At its 2009 conference, COLSIBA issued to the following statement regarding the situation facing banana unionists in Urabá:

In Colombia SITRAINAGRO continues to bear the effects of the political situation in the Urabá region, where leaders and associates are on the look-out for anti-union groups, who resort to practices which mean loss of prestige and threats with the purpose of undermining the bases of the organization. COLSIBA reaffirms in this conference their solidarity with SITRAINAGRO and rejects all directed effort to weaken this organizations credibility. Furthermore we rejected the policy of union persecution of some banana industrialists against the workers who demand that those affiliated with the union organization resign the union organization and the collective convention as a guarantee to conserve their jobs (COLSIBA 2009).

The September 3, 2011 murder of Sintrainagro member, Jorge Alberto Durante, in the El Cortijo neighborhood of Carepa, went largely unreported in the U.S. media (and entirely ignored by FLO and its national labeling initiatives). Durante was targeted for his leadership role in the Democratic Pole, one of the remaining leftist parties in the region.<sup>127</sup> There are, therefore, many incentives for workers to maintain cooperative labor relations and many disincentives to dissent.

The Fairtrade system has created opportunities to enroll workers in the voluntarist, philanthropic project long advocated by the banana industry. Through the Joint Bodies established to administer the social premium, workers are charged with allocating a percentage of their budgets to community programs. Although the Fairtrade standards do not formally quantify what portion of funds must be used to serve the community at large, Joint Body representatives reported that anywhere from five to twenty percent of the premium was allocated for this purpose (author interviews W6, W10, and W19, March 2011). Growers, managers, and export company representatives consistently stated that the learning curve for workers in their new role as fund administrators had been steep and that significant training has been required. In the words of one farm manager, “it took time for everyone to learn that the Fairtrade premium was not just for them (the workers elected to the Joint Body), but was rather for them to administer for the benefit of all workers and their communities” (author interview M4, March 2011).

Industry representatives attributed these challenges to workers’ lack of training in this regard, as well as to differences between workers’ objectives and those of the Fairtrade actors located in consuming countries. According to one grower:

“[I]t was a challenge when the money first appeared. The problem was giving money to people who have no experience managing money. It was an opportunity for them to be socialists, but they just wanted to divide the money up between themselves. But that’s not what the Europeans want to see” (author interview M2, March 2011).

Other industry representatives echoed this perspective. One export company representative reported that, at first workers had attempted to use the social premium for

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<sup>127</sup> <http://www.justiceforcolombia.org/news/article/1088/sintrainagro-trade-unionist-killed>, accessed October 21, 2011.



purchases such as cellular phones and bicycles (author interview E1, March 2011). Some lauded the Fairtrade system for the “culture it brought” to the workforce, through training and education in a variety of areas, including fund administration (author interview M4, March 2011) and home economics (author interviews E5 and M11, March 2011).

In contrast to the paternalistic view offered by growers and other industry representatives, the workers I interviewed were engaged and clear about their experiences and objectives. They talked about their interest in using resources to increase awareness among consumers and buyers about the realities of banana production in the region. Workers who participated in the Joint Body leadership were also becoming accustomed to their role as social fund managers. Fairtrade-affiliated corporations were making contributions to support projects for vulnerable populations, including people without work and those who had been displaced by the armed conflict. For example, one plantation had established a support center serving 70 to 80 vulnerable families annually (author interview W10, March 2011). Fairtrade thus allows workers, in collaboration with management, to share in the act of performing social responsibility.

By channeling worker participation into philanthropic fund administration, Fairtrade’s Joint Body structure is, then, a relatively safe locus of worker engagement. First, Fairtrade-affiliated corporations offer an additional private sector response to social and economic inequities. This model resonates with what Peck and Tickell (2002) have referred to as “roll-out neoliberalism”, whereby private sector actors move in to fulfill previously public obligations. Interestingly, while Fairtrade’s social premium structure largely accepts neoliberal notions of voluntarism, in Urabá the state has never invested in the social reproduction of the banana workforce. In this case, then, Fairtrade is not a response to state withdrawal but, rather, provides an alternative to making new demands on the state. Second, the social premium’s trickle-down approach is quite different than the trade union model, which prioritizes labor-capital negotiation over the share of surplus generated from banana production. The importance of social fund administration on certified-farms may also distract from workplace commitments to labor’s broader collective goals.

#### Farm-level relations between Fairtrade and union committees

At the farm level, Fairtrade’s Joint Body and union committee structures have different objectives and serve different roles with respect to workers’ wellbeing and rights on the job. FLO (2011b: 7-8) narrowly delineates the purpose of the Joint Body as management of the social premium, stating that:

All levels should include senior and middle management, supervisors, workers, and their representatives (e.g. unions, committees). The objective is to reduce potential conflict between trade unions/workers committees and the Joint Body and to ensure that responsibilities do not get confused.

While the Joint Bodies are intended to administer social benefits among workers and their communities, the goal of farm-level union committees is to address conflict and ensure that workers and employers comply with the terms of the collective contract (author interviews M1 and M2, March 2012). For example, one farm manager stated the role of a union representative was that of “conciliator” and “defender” (author interview

M4, March 2011). For many management representatives, the Joint Body provided an example of positive relations between management and workers. In contrast, the union was viewed as “a product of necessity” (author interview M4, March 2011).

Fairtrade standards also require that interactions between the Joint Bodies and Sintrainagro’s union committees remain intentionally limited. Interviews with various actors on Fairtrade plantations suggested that relations between the two entities were generally productive. Virtually all worker representatives from both union committees and Joint Bodies were positive about the working relationship between their respective organizations. However, several management representatives acknowledged that, at the farm level, there had been tensions between the two entities, particularly early on when the relationship had been more ambiguous. Several Joint Body representatives suggested that the union had tried to involve itself in the Fairtrade corporations to gain control of premium funds (author interviews M3 and W15, March 2011). In one case, relations between the two groups had deteriorated to the point that modified statutes and training were required to address the problem (author interview M2, March 2011). Others echoed the notion that training and capacity building were needed to overcome conflict related to Joint Body administration of the Fairtrade premium.

Interviewees also described differing levels of engagement between the Joint Bodies and union committees on their respective farms. In some cases, Joint Bodies reported that they conducted joint meetings and trainings with their farm’s union committee (author interviews W2, W3, W8, and W13, March 2011). In order to maintain open lines of communication with Sintrainagro, a member of the union committee also participated in the Joint Body (author interviews W1, W5, W8, W15, W23, March 2011). Within individual certified plantations, the politics of Fairtrade premium distribution is, nonetheless, complex and not always entirely transparent. Joint Body members reported differing levels of understanding regarding the protocols and processes for decision-making about which workers would receive benefits in any given year. In some cases, interviewees suggested seniority played a role (author interviews W7 and W13, March 2011). One export company representative reported that workers on all of its Fairtrade supplier farms could, in theory, qualify for housing programs if they: 1) had at least one year working with the company, 2) could demonstrate an ability to repay loans and access matching funds, and 3) had intact nuclear families or parents also in need of housing (author interviews E1 and E3, March 2011). Still, in some cases workers reported that they did not really know how decisions over premium distribution were made (author interview W11, W12, and W18, March 2011).

In addition to the issue of uneven access among workers within certified operations, Fairtrade has created significant differentials in the resources available to workers on certified versus non-certified farms. By serving as a wage supplement for some privileged groups of workers, Fairtrade, thus, has the potential to destabilize existing mechanisms through which workers negotiate collective demands for better wages and working conditions.<sup>128</sup> For these workers, collective bargaining may become less urgent if, for example, their housing needs can be met without contractual wage increases. While the number of workers who have benefitted from Fairtrade premium

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<sup>128</sup> Based on research on Fairtrade-certified tea plantations in the Darjeeling district of West Bengal, India, Besky notes that the hierarchical structure of plantations makes it impossible for the social premium to be managed “jointly” through Fairtrade-established structures (2010: 118).

funds is not publicly available, several figures underscore the disparity of resources created through certification. In 2010, the region's two Fairtrade exporters reported premium funds totaling US\$5 million. That year, ten percent of the region's 344 banana plantations and seven percent of the region's banana exports were Fairtrade-certified.<sup>129</sup>

These operations varied in terms of the number of hectares planted, workers employed, and boxes produced. With an average farm size of 93 hectares, Fairtrade-certified farms tend to be smaller than conventional farms.<sup>130</sup> This meant that fewer than ten percent of workers had access to Fairtrade-funded benefits. However, because larger farms are often more productive due to economies of scale and levels of technological advancement, smaller farms tend to require a greater number of workers per hectare. Given this potential variability, I estimate that the number of workers on Fairtrade farms may total ten percent of the workforce, or 1,760 workers, although it represents only seven percent of production. For 2010, then, I approximate that the Fairtrade premium represented a contribution of US\$2,840 per worker. This figure contrasts sharply with the industry's average annual social foundation investment US\$153 per worker reported by Augura (Hoyos 2004: 14). It is also important to remember that social foundation funds, whether Fairtrade or industry-based, are not distributed evenly among all workers, making the potential disparities even greater.

Fairtrade, thus, has the potential to create new tensions within the region's unionized workforce. Given Sintrainagro's history of internal conflict, it may also exacerbate old ones. Such tensions may, in turn, undermine solidarity within the union's ranks. While, Fairtrade rules and structures are set up so as to not interfere directly with trade union activities, the above-mentioned disparities are clearly felt by the workers. One interviewee suggested that, while Sintrainagro did not view Fairtrade as a threat to the union because of its strength and industry-wide density, there had been some challenges when Fairtrade first arrived. Because some plantations found themselves with new and significant resources from the social premium, some questioned why the union was needed (author interview W7, March 2011). While this had not been of much consequence, labor representatives did feel that Fairtrade benefits should be extended to all workers (author interview W7, March 2011). For their part, workers from non-certified plantations had questioned why some operations received certification over others (*Ibid.*). Others expressed similar questions, noting that, because labor relations are dictated by industry-wide bargaining, all farms should presumably be able to meet FLO's labor requirements (author interviews E5, W19, March 2011).

One export company representative said that workers from one of their non-certified supplier farms had recently come to their offices to demand that their plantation become certified so that they, too, could access sorely needed housing assistance (author

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<sup>129</sup> The US\$5 million in social premium funds distributed through Fairtrade channels in 2010 represents five million of the approximately 80 million boxes estimated exported that year (<http://augura.com.co>, accessed October 27, 2011).

<sup>130</sup> Information was not available for 100 percent of Urabá's certified farms regarding the size of their operations. However, by cross-referencing the Fair Trade Labelling Organization's list of certified producers with data from the Colombian Agricultural Institute, or *Instituto Colombiano Agropecuario*, (ICA) I was able to identify the number of hectares registered for 22 of the 35 operations certified under the Hired Labor standards in the region (<http://www.ica.gov.co/>, accessed January 15, 2011). These farms ranged from 14 to 215 hectares, for an average of 93 hectares. The nine farms I visited ranged in size from 32 to 215 hectares, also reflecting an average of 93 hectares.

interview E3, March 2011). At the time, the company was selling 70 percent of the fruit from their certified farms into the Fairtrade market. Although it was currently unable to sell all certified product as Fairtrade, the company was working to extend certification to a greater number of its suppliers. The move was motivated by an interest in Fairtrade market growth. However, the company suggested that, even in the absence of increased demand, it would still likely expand its certified supply base in order to spread existing social premium benefits across a greater number of farms. While this would expand access to benefits for new groups of workers, it would also result in decreased benefits for existing operations (author interview E1, March 2011).

This dynamic raises a complex set of questions about the limits of Fairtrade's market-based model in the specific context of Hired Labor certification, in particular with respect to its potential to promote worker empowerment. These questions must be considered both within the context of structural relations between capital and labor, as well as the particular history of social relations in Urabá. Most growers interviewed for this study accepted Sintrainagro's presence as a condition of doing business in the region. Some expressed that the union had its place and that it had been needed to address the previously poor conditions (author interviews M1, M4, M8, and M11, March 2011). Those who held this view were, in general, cautiously optimistic that the current round of negotiations was going well, although they did not discount the possibility of a strike.

At times, however, growers' contradicted a general sense of ambivalence towards the union with statements of resentment over past tensions, and anxiety over potential future demands. Some growers and managers noted the history of strikes, which they believed had threatened to cripple the industry. In the words of one grower, "[h]ere the unions are strong and they bring long lists of demands to negotiations" (author interview M2, March 2011). He went on to say that "[t]he unions want to destroy business. They are not interested in shared benefit" (*Ibid.*). Noting the history of violent conflict in which the banana industry had been imbricated, one buyer stated that, "even a few years ago, it was impossible to even visit the region" (author interview E6, 2011). This was a problem, which impeded business and which he attributed to "*los malditos sindicatos*" (the wretched unions) (*Ibid.*). A common theme was that of promoting a "new syndicalism", focused on developing alliances between capital and labor to maintain the regional industry's competitiveness.<sup>131</sup>

#### The limits of voluntary regulation: Market dynamics and industry participation

In contrast to unionization, which requires employers to negotiate with workers over wages and working conditions, employer participation in Fairtrade is voluntary. Because industry, not labor, decides whether or not to become certified, workers must depend on their employers to seek out and to maintain certification. They also have a limited voice in determining which farms get certified. Because Fairtrade benefits accrue to workers, while growers must absorb the costs of compliance, workers worried that their employers might abandon Fairtrade, particularly if the burdens of certification became too great. Growers likewise expressed concerns about losing access to a program that provided additional resources to support workers and, thus, maintain good labor-management relations.

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<sup>131</sup> Chomsky (2008) provides further analysis of the implications of this alliance for workers' long-term power.

My interviews suggested that Urabá's banana growers had both practical and philosophical motivations for Fairtrade participation and that there had been multiple paths to enrollment in the system. Some had actively sought certification as a way to improve their market position and to support their pre-existing commitments to workers (author interviews March 18 and 23, 2011). In their efforts to expand the Fairtrade segment of their businesses, export companies' had also recruited supplier farms. While it was not entirely clear why particular farms were selected, growers believed they had been solicited because they were already pursuing good labor and environmental practices (author interviews M2, M4, and M8, March 2011).

Most growers agreed that the most important reason for participating in Fairtrade was for the positive effect it had on the workforce. Many echoed the statements that, "almost the only benefit of Fairtrade has been the positive effects for the workers" (author interview M13, March 2011) and that there would be a "huge negative social impact if Fairtrade disappeared" (author interview M4, March 2011). Some said that their workers would never accept it if they chose to decertify (author interviews M2 and M6, March 2011). In addition to worker benefits, Fairtrade had brought improved training and management systems. Some also believed that Fairtrade had brought more stable market access and allowed them to continue operating. In the words of one grower, "we would not be here today if it weren't for Fairtrade. Everything you see here is because of Fairtrade" (author interview M1, March 2011).

Other growers and managers expressed more philosophical commitments for participation. Some viewed Fairtrade as a way to promote "the concept of human dignity" and "stability" for workers (author interview M2, March 2011). One manager explained that the farm owner had come from humble origins and that Fairtrade had permitted the farm to follow through on its commitment to workers (author interview M10, March 2011). Another stated that Fairtrade had allowed workers to better understand the farm's financial situation (author interview M1, March 2011). Some viewed Fairtrade benefits, not in terms of financial gain for their operations, but more as a social benefit to promote the interests of workers. In the words of one farm manager, "for us (Fairtrade) benefits are not quantifiable" (author interview M7, March 2011). Another said that, "when you believe in something, not everything is economic" (author interview M1, March 2011).

Certification had further provided support for growers' purported commitments to operate using fewer agrochemicals, in order to promote worker and environmental health (author interviews M1, M4, and M8, March 2011). One manager expressed this commitment in the following terms: "I am not the owner of anything but rather the administrator of the land...the idea is to leave it in better shape than I found it" (author interview M1, March 2011). Another suggested, "our philosophy is sustainability...we need to preserve what we have here" (author interview March 24, 2011). While several farm personnel expressed concern about the economic and ecological sustainability of single crop production (author interviews M3 and M8, March 2011), there was a general acceptance that Urabá's banana monoculture model remained their only option. As noted in previous chapters, while the Fairtrade system encourages reduced agrochemical inputs and environmental management, it does not challenge this model, which has obliged producers to engage in input-intensive production.

These benefits notwithstanding, some growers expressed the ongoing need to weigh benefits for workers against the costs of Fairtrade participation, highlighting

several key issues directly related to certification. First, growers are required to pay for the costs of monitoring. This is in contrast to Small Producer Organizations, where costs are subsidized by FLO, and the remainder covered by the producer group. One plantation representative stated that annual audits cost their operation approximately US\$1,900 annually, a cost which remained hidden to workers (author interview M2, March 2011). Another reported the cost being closer to US\$3,800 (author interview M4, March 2011). Second, growers reported increased costs for paperwork and management systems specifically aimed at Fairtrade compliance. While the direct costs paid for audits are relatively low, growers noted that these were in addition to the broader costs of compliance with other monitoring and certification programs (discussed in detail in Chapter Three, and below).

The third, and most critical, area was that of increased labor costs and productivity declines due to changes required in the production process, primarily as a result of changing agrochemical input regimes. While aerial fumigation for Sigatoka control remained a necessity for all farms, Fairtrade standards required reductions in ground-level fumigation for weed and nematode control. This entailed increased labor time to replace herbicides. The standards also involved stricter application protocols to protect workers against agrochemical exposure, including the use of protective equipment and limitations on the time individual workers could perform fumigation tasks (author interviews March W10, W18, W21 and W26, March 2011). Changes in the labor process meant that more workers were needed to maintain the same level of production. One export company representative estimated that their Fairtrade-certified farms required an average of .7 workers per hectare, while their non-certified farms required only .5 workers per hectare (author interview E3, March 2011).

Another issue was that of how plantation maintenance, including preparing land for new planting and clearing irrigation and drainage canals, was handled. Urabá's banana growers have developed a system of independent contracting with *paleros*, or shovelers for these tasks, which occur intermittently and seasonally. The *paleros* I interviewed stated that, within the regional industry, approximately 600 independent contractors performed 90 percent of this work. With no job security, they "suffered" without work for four to five months of the year. To make matters worse, they argued, many in this category had worked for years in regular positions on the plantations, but were later dismissed so that their employers could avoid paying required pensions (author interviews W24 and W25, March 2011).<sup>132</sup> The age at which plantation workers were deemed too old was approximately 40 years. Sintrainagro has also reported that labor contracting had become a growing problem in the regional industry, leading to disputes during several rounds of contract negotiations (Amorín and Iglesias 2009). While these labor arrangements evolved independently of Fairtrade and reflect a broader dynamic within the regional industry, it was a topic of debate on several Fairtrade farms. Management and labor representatives had differing perspectives regarding the legality of contracting out and Fairtrade monitoring had not resolved the question (author interviews M5 and W7, March 2011).

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<sup>132</sup> These interviews were not conducted on Fairtrade farms, nor did the *paleros* I interviewed state that they had performed work on Fairtrade farms. However, the issue of contracting out came up during interviews with several Fairtrade growers (author interviews M2 and M8, March 2011).

In Urabá, the failure of Fairtrade minimum prices to keep up with the costs of banana production has also become an issue. This has left some growers with little incentive to maintain certification, aside from the pressure exerted by exporters and workers to do so. Several growers stated that, when they had first entered the Fairtrade system, exporters offered to pay US\$1 per box above the market price but that the price had eroded over time due to rising costs of production. Despite assertions from FLO and the national labeling initiatives that the Fairtrade price is higher than for conventional bananas (Gonzalez-Perez 2010, [www.fairtrade.net](http://www.fairtrade.net)), virtually all of the growers with whom I spoke reported receiving comparable per-box prices for Fairtrade and conventional fruit. In March 2011, all growers reported receiving \$7.20 per 42-pound box for certified bananas.<sup>133</sup> Several reported that the price had not increased sufficiently to cover the increasing costs of labor, agrochemical inputs, and transport. One grower estimated that the Fairtrade minimum price (US\$7.20) did not meet the farm's cost of production, which he estimated at US\$7.69 at that time (author interview M2, March 2011). According to one manager, "outside the farm, costs will keep rising" and this will require the farm to continue to find new ways to rationalize production (author interview M4, March 2011).

The cost/benefit challenges faced by growers underscore the limits of a market-based system for addressing the unequal relations inherent in global commodity networks. Indeed, the case of Urabá's Fairtrade banana initiative highlights how the broader logics of capitalist competition and accumulation continue to shape conditions, even within the context of Fairtrade's protected market. While my interviews with industry actors focused primarily on their direct experiences with certification, they did not necessarily articulate these difficulties as distinct from the broader challenges of operating in increasingly demanding and competitive global markets. In addition to ever-increasing costs, the broader themes that growers highlighted included buyers' demands, in particular those of supermarkets; increasing requirements related to product quality, traceability, and production practices; and the effect of currency fluctuations on income from production.

The role of supermarkets in ratcheting down prices and increasing burdens on producers (discussed in Chapter Three) played a significant role in shaping growers' perspectives about the viability of continued banana production, regardless of Fairtrade certification. One grower suggested that, "today we are victims of the tyranny of the supermarkets...the farmer is a masochist, and all the world needs him (author interview M5, March 2012). Concerns about retailers' increasing demands were widespread. In addition to the European supermarket price wars, which had driven down prices for both conventional and Fairtrade bananas, U.S. supermarkets' "demand for fruit at the lowest possible price" (*Ibid.*) was undermining growers' position. Several growers reported that the US Fairtrade labeling initiative, Transfair (now Fair Trade USA), had circulated a proposal requesting that growers accept a decrease in the social premium from US\$1 to 50 cents per box for conventional bananas. Transfair argued that this move was needed to persuade U.S. retailers to increase their purchases of certified bananas. The fact that the U.S. Fairtrade banana market had stagnated (Raynolds 2007) provided an incentive for

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<sup>133</sup> In Urabá, Fairtrade-certified plantations sell conventional bananas only and thus do not receive an additional premium for organic certification.

growers to accept the reduction. However, as of the spring of 2011, Urabá's growers were not willing to accept the proposal.

Increasing demands for product quality, traceability, and management systems and controls were also of concern. As discussed in Chapter Three, these demands emanate from a variety of actors within international banana markets, including supermarkets, third-party certification bodies (such as Fairtrade and GlobalGAP), and international trade regimes.<sup>134</sup> Although Urabá's growers are better positioned to meet these requirements than their resource-poor counterparts in Ecuador and the Caribbean, they face competition from Central American producers who benefit from greater scale economies.<sup>135</sup> Direct linkages with the banana multinationals that control distribution and logistics networks also mean lower distribution costs. Growers also echoed the concerns of international advocates that Ecuador is leading the "race to the bottom" on labor and environmental conditions in the banana industry (Pier 2002, Chambron 2005), at the same time that they receive the same per-box price under Fairtrade standards. Of course, multiple factors shape the competitive dynamics within global banana markets, from productivity, to political considerations, to the "problems of nature" discussed in Chapter Two. Furthermore, the competitive advantages of particular producing regions shift over time.

In theory, Fairtrade aims to mitigate these competitive dynamics. Yet, as we have seen, Fairtrade's market-based model tends to reproduce the imperatives of growth and competition that characterize conventional commodity production and distribution. First, as in conventional markets, buyers may play different Fairtrade producing regions off against each other. For example, while in Ecuador, one representative of a Fairtrade producer group informed me that their association was concerned about the loss of an important supply contract with a European supermarket that sold 100 percent Fairtrade bananas (author interview April 1, 2011).<sup>136</sup> Several weeks later in Urabá, representatives from the same supermarket chain were visiting the region to discuss sourcing their bananas from its certified plantations (author interview M8, March 2011). Second, as we saw in Chapter Four, these dynamics exist, not only between plantations and smallholders, but also among small farmers. The case of Urabá likewise demonstrates that these dynamics are at work among certified plantations as well.

Several small growers expressed that the enrollment of larger operators within Urabá placed them at a disadvantage within the Fairtrade market. While not necessarily critical of their participation, they questioned what it meant for the international Fairtrade market to utilize the same standards and label for farms with 30-50 workers compared with operations that employed up to 500 workers (author interviews M1 and M2, March 2011). One grower noted that higher production volume gave "the really big and powerful" operators an advantage and wondered why they needed Fairtrade support (author interview M1, March 2011). Another suggested that an assembly of 30 workers

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<sup>134</sup> For example, European Union rules now require GlobalGAP certification for most agricultural imports. In addition, the US government has moved towards establishing strict food safety rules for both domestic and international agricultural products and GlobalGAP representatives have lobbied for the FDA to accept its certification program as a mechanism for compliance with the new rules (author interview E6, March 2011).

<sup>135</sup> For example, all of the plantations I visited were GlobalGAP certified, and had been even prior to their entry into Fairtrade markets.

<sup>136</sup> The contract was mediated through Dole.



was likely to function more democratically (and the business more transparently) than on a large plantation (author interview M1, March 2011). For some, Fairtrade had allowed them to sustain their operations at existing levels and they were not interested in further expansion. Others suggested that Fairtrade had presented opportunities for expanding their plantations, echoing the growth dynamics seen in the case of Ecuador's small producers discussed in Chapter Four.

Export companies' differing organizational structures also played a role in shaping growers' relative position within Fairtrade. Specifically, one exporter held supply contracts with farmers and the farmers received shares in the company, based on their level of production. The other export company held direct ownership, ranging from 51 to 100 percent, over its supplier farms. This resulted in a different price calculus between the exporter and individual production units. As one export company representative suggested, "in our case, what comes out of one pocket goes into the other" (author interview E3, March 2011).

### ***Conclusion***

This chapter has considered the role and consequences of FLO's Hired Labor certification of banana plantations in Urabá, Colombia. Placing the region within its socio-historical context of agro-industrial development, I discuss how Fairtrade certification plays out at the point of production, with a particular focus on workers and labor relations. In many respects, this story highlights how forward-thinking plantation owners and exporters operating in a zone of violent conflict have collaborated with international Fair Trade actors to promote the export of 'ethical' bananas. In so doing, they have garnered resources for social development, benefitting workers and their communities. They have also followed a "high-road" strategy of philanthropic social investment and good labor-management relations, in order to secure conditions for continued capital accumulation in a highly competitive international banana market. Fairtrade's emergence has bolstered efforts to reframe the region as being in a "post-conflict" period and it has intersected with a broader and longer-term set of efforts by state, civil society, industry, and union actors to support a social responsibility network in the region (Gonzalez-Perez 2010).

The region's socially responsible image and technologically advanced production systems have, in turn, offered Fairtrade actors an ideal location in which to pursue market growth. Fairtrade was, in effect, superimposed onto a complex, pre-existing institutional framework. And, while, the initiative appears to have a comfortable existence alongside these earlier institutions and discourses, market imperatives combined with underlying conditions of social conflict complicate the initiative's role in the region. In theory, Fairtrade could facilitate workers' collective action, by bringing consumer attention to the challenges workers face and by calling upon consumer-activists to support labor campaigns. However, as we have seen, this has not occurred in the case of Urabá's Fairtrade banana initiative. Instead, certification has brought new resources, which are unevenly distributed through voluntary, philanthropic organizational structures. The system of Fairtrade benefits' distribution thus contrasts sharply with Sintrainagro's trade union model of collective bargaining.

The appearance of good labor-management relations offers growers both advantages and disadvantages. While the region's image of corporate social

responsibility is attractive to buyers, higher labor costs relative to some producing countries also places pressure on growers to contain costs. When faced with increasing production costs and diminishing returns on production, labor is one of the only costs over which growers have any control. Thus, while Urabá's growers remain in a position to continue making nominal concessions in union bargaining, the specter of job losses due to international competition discourages more ambitious labor demands (Chomsky 2008).

Fairtrade's market model has, in fact, done little to challenge these competitive dynamics, much less to contest the conditions of structural and targeted violence that continue to constrain the realm of possibility for workers and their communities to make broader redistributive claims. Today, Colombia remains "the most dangerous place in the world to be a trade unionist" (US/LEAP n.d.).<sup>137</sup> The banana labor movement has managed to survive despite this for several reasons. First, the union's historical strength, density, and industry-wide bargaining model have helped it maintain leverage vis-à-vis employers. Second, the union has made alliance with the region's political and economic elites and largely accepted a neoliberal agenda intended to secure capital investment and profitability. As we have seen, this was facilitated by the purge of leftist elements within the union. Third the union has established ties with other Latin American banana unions, through COLSIBA, as well as to an international labor solidarity movement focused on defending the labor and human rights of banana workers.

In this chapter I have suggested that Fairtrade plays an ambiguous role in mediating labor relations, due to its market-based model and to the particular conditions shaping of Urabá's banana production complex. Indeed, Fairtrade standards utilize a one-size fits all approach that ignores particular regional histories, just as they do not account for differentiation and complexity among producer groups.<sup>138</sup> Still, the Fairtrade initiative does provide some theoretical potential to promote the kinds of transnational consumer/labor alliances, which could empower workers to fight for workplace improvements and, potentially, redress injustices. However, international Fair Trade actors have failed to engage with these broader questions of labor solidarity. I locate this failure within the context of Fair Trade movement debates over mainstreaming and, more specifically, mission-driven actors' wholesale opposition to plantation certification. As we have seen, the idealized image of smallholder farming adopted by many Fair Trade activists sidelines labor issues and obscures the system's internal growth logic. Fair Trade actors have, thus, ceded the question of labor rights and labor standards in the banana industry entirely. This leaves labor solidarity activists alone in the struggle to bring international attention to the question of workers' rights not only in Urabá, but also in other banana-producing regions where workers face deteriorating wages, working conditions, and, increasingly, violent repression. I explore this dynamic in further detail in the conclusion that follows.

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<sup>137</sup> The US Labor Education in the Americas Projects reports that 2,700 trade unionists have been killed in the past two decades, 51 union activists during 2010 alone (<http://usleap.org/usleap-campaigns/colombiamurderandimpunity>, accessed October 11, 2011).

<sup>138</sup> A more accurate characterization might be two-sizes fit all, given that FLO certifies operations using separate standards for plantations and small producer organizations.

## **Conclusion: Fair Trade's Agrarian Imaginary and the Prospects for International Banana Labor Solidarity**

My conclusion highlights some of the theoretical and practical implications of the Fairtrade banana study presented in this dissertation. First, I briefly review some of the analytical underpinnings of the Fair Trade model and the ways in which they have both challenged and limited Fair Trade actors in achieving their purported goals. Second, I locate debates occurring within the Fair Trade movement over the growth of Fairtrade markets within the particular context of the highly consolidated and retail-driven global banana industry. Here, I examine the intersection of the mainstreaming debate with labor relations in the context of hired workers' presence on small and large farms alike. Third, I provide an overview of my primary arguments about the role and effects of the Fairtrade Labelling Organization's (FLO) certification and labeling program in two distinct banana producing regions. Drawing on fieldwork conducted in the Ecuadoran and Colombian Fairtrade banana sectors, I highlight the uneven and contradictory experiences of producers and workers across highly differentiated production contexts. Finally, I look beyond my particular case studies to consider a broader set of questions about the relationship between Fair Trade's consumer-based model and union-based models focused on workers' collective action. In this final section I offer some concluding thoughts about the current relations between the international Fair Trade and labor solidarity movements. I suggest that stronger engagement between these actors could contribute to strengthening the kinds of consumer/labor solidarities that might lead to meaningful improvements in the lives of banana workers.

### ***The limits of consumer-based social change in food and agriculture sectors***

The rise of consumer-based movements focused on promoting more socially just and environmentally responsible agricultural production reflects a broader trend away from state-based regulation and towards more flexible, market-driven modes of governance. Among these initiatives, Fairtrade has been viewed as one of the more comprehensive and rigorous attempts to ameliorate the negative socio-ecological consequences of increasingly consolidated and neoliberalized agrifood systems. However, while Fair Trade's purported goal is to improve conditions at the point of *production*, it attempts to do so by redistributing value towards producer communities through mediation of the *exchange* realm. Scholars have used a Polanyian analytic to argue that, in seeking to re-embed markets in ethical social and environmental norms, Fair Trade presents an opportunity to promote solidarity and reciprocity between consumers and producers. However, a focus on market relations has led Fair Traders to overlook the dynamics inherent in capitalist commodity production. Fair Trade, thus, sidelines critical differences among agricultural producer groups and conflates the provision of a *fair price* for small farmers with *fair wages* for exploited workers.

This problematic has taken on added salience as rapid market growth motivates the expansion of Fairtrade certification to plantation production and agribusiness corporations. As Fairtrade products have moved into conventional marketing channels, supermarket chains have also become increasingly involved in determining outcomes for certified producers. Activists and researchers argue that the engagement of large-scale

producers, branded marketing firms, and global retailers has undermined Fair Trade's original goals of supporting marginalized small farmers. Already at a disadvantage in conventional markets, these producers are hard-pressed to compete with more capital-intensive, technologically advanced operations within the Fairtrade system. However, as a market-based system, Fair Trade inherently relies on the imperatives of growth and accumulation in order to function. Indeed, whether in mainstream or alternative commodity chains, Fair Trade's success is defined by its ability to expand and, thus, to extend benefits to greater numbers of producers and workers. Given this reality, debates over Fairtrade's mainstreaming are more about the appropriate beneficiaries of market protection than questions of market orientation.

### ***The banana industry, mainstreaming, and labor in export-banana production***

The Fairtrade banana initiative provides a rich case through which to explore the mainstreaming debate as it intersects with labor issues.<sup>139</sup> In tracing the history of the banana trade, as well as its contemporary organization, I have attempted to show how the socio-ecological contradictions of export production have shaped the industry's strategies and structures in particular ways. The drivers and consequences of export banana production have played a major role in the development of the Fairtrade banana initiative, as well as its major challenges. The industry is primarily organized around highly consolidated supply chains and large-scale production units. As a result the smallholder farmers who rely upon banana production for their livelihoods have been placed at a considerable disadvantage vis-à-vis global market actors. Fairtrade certification has been viewed as means to help these producers survive, in particular given the breakdown of protective quota and tariff arrangements between Caribbean farmers and EU member states. At the same time, small Latin American farmers have also been integrated into global banana commodity chains, albeit without the benefit of trade protections. Over the past decade, some of these farmers have also organized to seek Fairtrade certification.

Aided by supermarket chains, FLO and its national labeling partners market Fairtrade products using the imagery of marginalized small farmers. Yet the successful growth of the Fairtrade banana initiative has largely been driven by the enrollment of transnational corporations and plantations, leading to increased use of FLO's Hired Labor standards. Indeed, Fairtrade organizations argue that the successful expansion of certified banana supplies requires engagement with these conventional agribusiness players. While Fair Trade activists and researchers oppose these moves for undermining small farmers, they tend to ignore the role of hired workers in making export banana production possible on small and large farms alike. Debates over mainstreaming, thus, tend to sideline labor issues, by focusing on the relative position of farmers within banana commodity chains.

### ***Uneven outcomes at the point of Fairtrade production***

Drawing on fieldwork conducted on banana farms certified under both Small Producer Organization and Hired Labor standards, I consider Fairtrade's role in mediating production relations on Ecuador's South Coast and in Urabá, Colombia. My

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<sup>139</sup> The case also contributes to an exploration of how agrifood activism based in the global North, and particularly in the US, obscures the role of hired labor in valorizing the agricultural landscape (for further discussion see: Allen et al. 2003, Guthman 2004, Brown and Getz 2008, Getz et al. 2008, and Harrison 2008).

research suggests that Fairtrade has provided critical supports for particular groups of farmers and workers. However, these cases highlight the significant complexity and uneven outcomes of certified banana production. Indeed, both between and within these two regions, certification plays out across highly differentiated production forms and socio-ecological contexts. This involves diversified and monocrop farming systems of multiple scales and technological capacities. Fair Trade's market model is ill equipped to address such complexity. First, FLO utilizes dualistic standards (SPO and Hired Labor) to certify and label its products. Second, activist framings of the marginalized smallholder versus the transnational corporate plantation further obscure more widespread differences within the realm of banana production.

My research also highlights how local, regional, and national conditions play a role in determining outcomes for the certified producer communities engaged in international commodity networks. In particular I point to the inability of the Fairtrade system to respond to the particular political and cultural contexts in which banana producers and workers operate. In the case of an SPO operating on Ecuador's South Coast, I find that producers who farm marginal land in the Andean foothills, use limited inputs, lack access to credit, and operate with primarily household labor are being pushed out of the Fairtrade system. In this case it is not only importers and retailers, but the leadership of their own cooperative, that has threatened the continued participation of those who farm most closely to Fair Trade's agrarian ideal. In this case I also argue that the failure of Fairtrade standards to address labor issues on farms certified under the SPO standards has allowed association members to operate using the highly exploitive labor contracting system, which has developed across the country's entire banana sector.

The case of Urabá, Colombia's banana production complex explores the role and effect of certification in operations certified under the Hired Labor standards. Here I argue that Fairtrade resonates with the corporate philanthropy strategies adopted by the banana industry in the context of agrarian elite dominance and violent armed conflict. Although workers maintain union representation (gained prior to Fairtrade's emergence), certification has failed to address the broader challenges facing the banana workforce. This is particularly problematic in a region where banana workers have been targeted by violent repression and union gains are constantly being undermined. I argue that these point-of-production realities complicate the mainstreaming debate occurring within Fair Trade's consumer-based network. Rather than focusing solely on differences between mission and market driven actors across the commodity chain, I suggest that workers must be placed at the center of the Fairtrade banana story.

### ***Fairtrade's agrarian imaginary and the prospects for international labor solidarity***

Finally, my dissertation draws tentative conclusions about the potential for both the Fair Trade movement in general and Fairtrade certification more specifically to influence labor relations in the global banana industry. In this dissertation I have argued Fair Trade actors idealized 'agrarian imaginary' privileges notions of smallholder farming and obscures the role of farmworkers in Fairtrade production. Mission-driven Fair Traders' opposition to plantation certification (which, they argue, is a consequence of mainstreaming) has effectively placed them at odds with banana workers' unions and international labor solidarity movements. Meanwhile, FLO and its national labeling partners have historically failed to include workers and their organizations in the

development and monitoring of Hired Labor standards. Thus, while Fairtrade certification provides some theoretical possibility for consumer-based movement to support workers' collective action, in practice Fair Trade actors have failed to develop the structures, strategies, and relationships that might provide leverage for such action.

#### Fairtrade, labor standards, and the banana labor movement

FLO's construction of standards around the two distinct categories of SPOs and Hired Labor situations has, in many ways, reinforced the dualistic characterization of Fair Trade activists about small, marginalized farmers versus large-scale corporate plantations. As we have seen, the SPO standards allow small farmers to operate with few formal labor requirements. Meanwhile, Hired Labor standards, at least in theory, require farmers to comply with a set of conditions related to wages, working conditions, and labor rights and protections. As a result, certification results in uneven outcomes for workers across different agricultural settings. While workers on "small farms" do not necessarily share in the benefits of Fairtrade, workers on large farms are the primary beneficiaries, with respect to both workplace protections and access to the Fairtrade social premium.

While mission-driven Fair Traders have remained silent on labor issues, international labor organizations have attempted to engage with FLO about the content of Hired Labor standards and the ways in which they have been operationalized in particular locations. The primary groups that have been involved in efforts to strengthen the Fairtrade system as a vehicle for worker empowerment and solidarity include the Coordination of Latin American Banana Unions (COLSIBA), the International Union of Food Workers (IUF), the European Banana Network (Euroban), Bananalink, the U.S. Labor in the Americas Project (US/LEAP), and the International Labor Rights Fund (ILRF). The majority of these groups, based in Europe and the U.S., have worked to support the formation and development of COLSIBA. According to historian and banana labor expert, Dana Frank:

COLSIBA is itself an unprecedented achievement, the product of new global strategic thinking on the part of trade unions...in all of Latin America, COLSIBA is the only organization that joins unions in the same sector across national lines in an autonomous regional coalition. COLSIBA delegates...meet...to share knowledge of corporate practices, the global banana industry, and all-important trade policies in Europe; and, most important, to strategize joint responses and campaigns" (2005: 63).

As such, COLSIBA presents an opportunity to work across an industry that plays producing regions off against each other in order to operate under the most lax labor and environment standards possible. However, COLSIBA faces its own challenges, including lack of resources, major differences in the political orientations and strategic thinking of its members, and a lack of access to channels for raising consumer awareness.

Within this context, Fair Trade actors could play an important role in supporting banana labor's efforts to raise consumer awareness and build power in their struggles against the banana multinationals. However, COLSIBA has worked for years to engage with FLO and its national labeling partners, with only limited success (author interview,

May 15, 2009). According to one labor rights activist, “there is an enormous misunderstanding within Fair Trade about the banana industry as a whole, given that working on a transnational corporate plantation is often much better because of the union presence... a lot of education needs to be done here” (author interview, January 4, 2012). COLSIBA has, over the years, expressed concerns over FLO’s failure to engage with the banana labor movement, at one point even considering formally opposing the Fairtrade initiative altogether (author interviews, May 15, 2009 and February 22, 2010). These concerns include: the adequacy of monitoring systems, the relationship between unions and the Joint Bodies established by Fairtrade standards, the use of social premium funds, and the acceptance of “workers committees” as a substitute for trade union representation on certified farms (US/LEAP n.d). FLO’s failure to engage in broader political and economic issues affecting the regions in which certified farms operate has been further cause for doubt (author interview, February 22, 2010).

#### Fairtrade’s failure to promote worker empowerment: examples from the field

Here I raise several specific instances that have caused COLSIBA and its allies to question the role of Fairtrade in promoting worker empowerment. While I am only able to briefly describe these cases here, taken together, they present a strong argument about the need for further research into Fairtrade’s role in mediating labor relations. These examples are thus presented as areas for future investigation and analysis. The first is the refusal of FLO and its member organizations to respond to the violent targeting, and even murder, of banana workers and union leaders in countries like Ecuador, Colombia, and Guatemala (Bananalink n.d.). Indeed, FLO has made little mention of these events and, as noted in the case of Colombia, has preferred to frame Fairtrade banana production as an *alternative* to violence in “post-conflict” zones.

A second arena is the failure of Fairtrade certification to ensure workers’ freedom of association and collective bargaining. In my case study of Urabá, Colombia, I suggested that Fairtrade had essentially been mapped onto pre-existing structures and social relations in the banana sector, which included a functioning trade union, Sintrainagro. However, in cases where unions are either non-existent, or their power vis-à-vis employers is more tenuous, Fairtrade standards do not appear to have provided leverage for worker organizing. Prominent examples include that of the plantation in Ecuador, where (as discussed in Chapter Four) union density is low and the agricultural union FENACLE has struggled to make inroads on supplier farms. Here a thwarted union campaign caused FENACLE, the Ecuadoran banana union, to seek FLO sanctions against the employer in 2008-09. Despite a temporary suspension, the plantation has been able to meet FLO standards through establishment of a workers committee and continues to market Fairtrade certified bananas.

In another case, Transfair (now Fairtrade USA) worked with Chiquita to certify a newly unionized plantation in Honduras, called Buenos Amigos, in 2006. At the time, Transfair founder and CEO, Paul Rice hailed the agreement as an example of extending Fairtrade benefits to landless workers. However, when the plantation flooded that year during Hurricane Gamma, Chiquita used the opportunity to close the plantation, which would later reopen as a supplier farm, albeit without its previously unionized workforce. The failure of Fair Trade actors to engage in the negotiating process around the shut down, much less demand that affected workers be involved, provided further evidence of

Fairtrade's lack of understanding of, and commitment to, labor empowerment (author interview, February 19, 2009).

A final example raises the question of labor rights in the context of Small Producers Organizations. Over the past several years, a thriving dual organic-Fairtrade banana production complex has developed in Peru's Chira Valley. The farmers here are, in many ways, archetypal of Fair Trade's agrarian imaginary. They are resource-poor and small, with an average of one hectare per producer, and they have been struggling against the power of banana multinationals seeking to expand their organic and Fairtrade banana segments. Dole has, in particular, made it difficult for producers to market their bananas independently and, thus, maintain some control over prices and production conditions (author interviews, February 24 and 25, 2011, Robinson 2012). These farmers have organized into cooperatives and many have achieved Fairtrade certification.<sup>140</sup> While virtually all of these farmers work in their own fincas, the cooperatives employ workers to harvest and pack farmers' fruit collectively. The agricultural union SITAG reports that it has faced significant challenges negotiating with the Fairtrade cooperatives, a situation corroborated by FLO representatives (SITAG 2010, author interview, February 23, 2011).

#### FLO's movement towards reform of labor standards

More recently, FLO has begun to engage more with COLSIBA and its international solidarity partners. One activist attributes the shift to two factors: one their efforts to move into the U.S. market and, two, the departure of FLO's U.S. based labeling partner from the organization. In September 2011, Fair Trade USA (formerly Transfair) and FLO announced the split. According to Fair Trade USA's official statement, "In 2011, we launched *Fair Trade for All*, an innovation strategy that will double U.S. sales and farmer impact by strengthening farming communities, expanding standards to include more people, and engaging consumers to grow the Fair Trade movement" (<http://www.fairtradeusa.org>, accessed 2 December, 2012). Fair Trade USA highlighted that, in particular, they wanted to expand benefits to workers.<sup>141</sup> However, in the process of developing their proposed labor standards, they did not consult with labor organizations and the draft standards were worse than FLO's existing Hired Labor standards (author interview, January 4, 2012).

In some ways, the FLO/Fair Trade USA split has served to foreground, previously ignored labor issues, within Fair Trade's mainstreaming debate. Perhaps to improve its own reputation as being more committed to worker empowerment than its new competitor, Fair Trade USA, FLO has undertaken a process of reviewing its labor requirements and engaging labor organizations. This has involved hiring a staff member with a background in the labor movement and developing proposed revisions to strengthen the Hired Labor standards (author interview, January 4, 2012). However, FLO has made it clear that current efforts to improve labor standards will, at least for now, be focused on plantations only, despite an acknowledgement of labor problems within Small Producer Organizations (*Ibid.*)

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<sup>140</sup> Virtually all are certified organic.

<sup>141</sup> Part of this was about the issue of opening up certification to coffee plantations, a proposal that FLO has consistently rejected.



### Concluding thoughts – solidarity for whom?

Despite Fair Trade's failure to address labor issues across multiple production scales and contexts, the system remains an arena in which banana unions and labor solidarity activists can continue to engage in dialogue. While Fairtrade's market-driven, exchange-based certification model remains limited in its ability to address point-of-production realities, it nevertheless provides theoretical possibilities for social movement collaboration. However, the disengagement of mission-driven Fair Traders has undermined this potential. This leaves international labor solidarity activists alone 1) in efforts to strengthen Fairtrade standards, 2) in campaigns to support banana worker organizing and defend previous union gains, and 3) in broader struggles to challenge the ratcheting down of labor and environmental conditions in the global banana industry. Given that many of these same forces are responsible for the marginalized position of the smallholders that Fair Trade activist argue are the appropriate beneficiaries of Fair Trade, it would seem that such dialogue could be productive.

In closing I want to the contradictions inherent in Fair Trade's market-driven, consumer-based model, to suggest that this limits the network's potential to promote social justice in the banana industry. Specifically, a focus on exchange, combined with an idealized agrarian imaginary, have inhibited Fair Trade actors' ability to meaningfully engage with trade union movements and models focused on workers' collective action at the point of production. In making these critiques, I do not intend to suggest that Fair Trade activists' efforts to promote more equitable and sustainable production and trade relations between the global North and South are not well intentioned. Nor do I argue that Fairtrade certification has failed to improve the lives and livelihoods of some producers and workers. Indeed, there is much evidence to suggest that it has. Rather, I hope that my findings can encourage, and contribute to, an ongoing dialogue among activists who seek to promote justice and sustainability for banana farmers, workers, and their communities. In order for such dialogue to productively occur, a fundamental set of question must be asked, namely what's fair? For whom is it fair? And who decides?

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## Appendix A: Methodology

The research conducted for this dissertation entailed constructing an account of the Fairtrade banana initiative during the period 1997-2012. I also conducted research to locate Fairtrade banana certification within the context of the historical development and current organization of the global banana industry. I conducted research on a wide variety of secondary literature focusing on food and agriculture in the global economy, as well as the banana industry specifically. I also reviewed publicly available documents from a variety of organizations focused on food and agriculture issues, as well as labor and social movement organizations. In addition, I conducted field research in Fairtrade banana producing regions. My primary research methods included: structured, semi-structured and unstructured interviews with Fairtrade farmers, hired workers, and professional staff on Fairtrade farms and attendance at producer and worker meetings in Ecuador, Colombia, and Peru. I also interviewed other actors involved, in a variety of ways, in the global banana trade. This included Fairtrade importers and exporters, as well as representatives of banana worker trade unions and international labor solidarity organizations.

My analysis for Chapter 4 is based on field research conducted in the provinces of Azuay, El Oro, and Guayas, on Ecuador's South Coast. My observations are primarily based on individual interviews with cooperative members, workers, agricultural technicians and professional staff of a Fairtrade Small Producers' Organization (SPO), as well as group meetings with various *gremios*, or geographically based subgroups of small farmers affiliated with the SPO. In Ecuador, I was fortunate to have the opportunity to conduct research over the course of three years (2009-2011). This allowed me to engage in follow-up research with previously interviewed farmers, as well as new farmers and workers, in order to assess how the situation had changed over time. During February-May of 2009, I conducted 28 farm visits; participated in 6 *gremio* meetings; and conducted interviews with 37 SPO members, 17 hired workers on Fairtrade small farms, 11 professional staff of the Fairtrade SPO, and one labor representative. In March and April 2010, I interviewed 24 SPO farmers, one Fairtrade plantation owner, 22 workers (on small Fairtrade farms, as well as a Fairtrade-certified plantation), 4 professional staff, and 4 labor representatives. During March and April of 2011, I conducted 7 farm visits, interviewed 10 SPO members, 3 workers on Fairtrade farms, and 2 labor representatives. In total, I interviewed 47 SPO members (representing approximately 12 percent of the approximately 400 SPO members reported by the Association) and 42 workers on Fairtrade farms.<sup>142</sup>

Analysis for Chapter 5 is based primarily on field research conducted in Urabá during March 2011, as well as supplemental written materials from the Fairtrade Labelling Organizations International (FLO), and interview with actors across the certified banana commodity chain. I visited a total of 9 farms certified under FLO's Hired Labour standards, representing 26 percent of the Fairtrade-certified farms in the region at the time. I visited 9 farms certified under FLO's Hired Labor standards, where I conducted interviews with 6 farm owners, 7 paid administrators, 23 workers, and 6 export

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<sup>142</sup> Some farmers and professional staff were interviewed multiple times.

company representatives. In addition, I participated in 3 meetings with members of the joint labor-management bodies charged with oversight of the Fairtrade premium. I was also fortunate to be able to observe a portion of the FLO annual audit of one of the export companies, which provided me with a firsthand view of Fairtrade governance at work. Meetings with representatives of Sintrainagro, the national banana workers' union, and with researchers from the Fundación de Estudios Superiores Universitarios de Urabá/Foundation of Higher University Studies of Urabá (FESU), also provided invaluable context for understanding the complex relationships and interactions among the actors and institutions involved in certified banana production and distribution.

During a short visit to Peru's Chira Valley, in February of 2011, I interviewed 7 staff and leadership of 3 Fairtrade-certified Small Producer Organizations operating in the region. I also visited 4 small farms and 2 communal packing plants, where I was able to talk with several small farmers and hired workers, and attending one small producers' meeting. These farm visits and interviews provided additional context about the broader Fairtrade banana sector and laid the groundwork for potential future research in the region.