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Philanthrocapitalism: The New Business For Doing 'Good'?

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## Abstract

### Philanthrocapitalism: The New Business For Doing 'Good'?

By Hillary Hoffstein

America's capitalist market is experiencing a promising surge of energy around social causes and social enterprises. Prominent leaders revere this as The New Frontier of Philanthropy—Philanthrocapitalism. This innovative, world-shaping field encompasses a long list of buzzwords, such as “corporate philanthropy,” “marketized philanthropy,” “philanthropreneurship” and the like. In this thesis, we first examine the overarching discourse among leaders, benefactors, and scholars regarding the meaning, motives, and impact of philanthropy. Then, we explore this growing combination of business ventures and philanthropic initiatives through a multifaceted case study of the coffee industry. By working within unjust market systems, it is unclear if and how this capitalist approach to philanthropy could actually change global conditions. By simply purchasing products like the sustainable coffee cup, or making charitable donations to far distant Fair Trade cooperatives, consumers may feel they are making a bigger contribution, which could prevent them from other, meaningful action. Thus, I believe these cross-sector paradigms are challenging both our gullibility and perception of what social impact truly means. Through my thesis, I will question the impact of this popular market-based strategy. Instead of increasing public action and igniting change as it claims, I will expose why philanthrocapitalism is a counterproductive movement, as it disassociates the consumer from the cause through commerce. Then, through ongoing research of the specialty coffee industry, I will explain how a new paradigm is occurring, which more accurately reflects ancient origins of philanthropy. Indeed, by revisiting ideas of virtue, justice, and kindness towards others, a relationship-based, data-driven movement is actually *changing* the way global markets can work for everyone.

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Alice: In your class and by example, you have taught me to be curious—about myself, about the world and my ability to change both. You have urged me to ask questions, especially when I don't have the answers. You have challenged me to hold educated opinions, because knowledge can conflate with credibility. And you have inspired me to be an active citizen, even when circumstances seem out of my control. Change can happen, and you remind me that it must.

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## Setting the Scene

Imagine, for a second, you are at Kaldi's Coffee Co.—standing in line behind caffeine craving kids. As the queue moves forward you contemplate your order, and while you contemplate, you approach the eye-catching display of socially conscious goods. You could buy the sustainable cup for two dollars and get a drip coffee for free. Or, you could purchase the Fair Trade Honduras roast and save money on your tea!

Alas, it is your turn. You are greeted by the energetic barista, “Welcome to Kaldi's, how may I help you?” The marketing campaigns were too enticing to resist; “I will take the sustainable cup WITH the Fair Trade roast—topped with a dollop of the chocolate caramel whipped cream...”

With your yummy drink in hand, you feel good about your altruistic, philanthropic deed. But then what happens? Do you carry your sustainable cup with you the next time you return? Is the cup itself even sustainable? Do you ask the barista what the Honduras roasters do to meet the Fair Trade standards? Do you even know what the Fair Trade standards are? Or, like most contemporary consumers within our capitalist society, do you move on with your day, caffeinated and satiated?

Currently, America's capitalist market is experiencing a promising surge of energy around social causes and social enterprises. Prominent critics propose we are entering into The New Frontier of Philanthropy—Philanthrocapitalism. This innovative, world-shaping field encompasses a long list of buzzwords, such as “corporate philanthropy,” “marketized philanthropy,” “philanthropreneurship” and the like.



In my project, I will explore this frequent interconnection between the non-profit and private sectors and the growing combination of business ventures and social movements. I believe these cross-sector paradigms are challenging both our gullibility and perception of what social impact truly means. Thus, by employing methods, practices, and theories from behavioral economics, sociology, marketing, sustainability and public policy, as well as the contested perspectives of philanthropy that have shifted throughout history, I hope to gain a better understanding of how this New Frontier of Philanthropy affects “givers,” “receivers,” and overarching efforts to “do good.”

Indeed, it is unclear if and how this capitalist approach to philanthropy is actually improving global conditions. By simply purchasing products like the sustainable coffee cup, or making charitable donations to far distant Fair Trade cooperatives, consumers may feel they are making a bigger contribution, which could prevent them from other, meaningful action. Through my thesis and ongoing project, I will question the impact of this new paradigm of philanthropy through a multifaceted case study of the coffee industry. Instead of increasing public action and igniting change as it claims, I will expose why philanthrocapitalism is a counterproductive strategy, as it disassociates the consumer from the cause through commerce.

I am not alone in my hesitance of this emerging trend. As I have learned from my preliminary research, key thinkers from multiple disciplines challenge whether the commodification of social goods is an equitable, sustainable or impactful tactic.

After laying out an overview of the historical origins of philanthropy, I will then transition into my core focus, which is on my research of the specialty coffee industry and

my work with the Social Enterprise at Goizueta Business School in Atlanta, GA. Here, I assist with various coffee initiatives, such as Transparent Trade Coffee, Farmers to 40 and Grounds for Empower. I have had the incredible opportunity to learn from, collaborate with and even befriend an inspiring group of coffee farmers, buyers, roasters and lovers who are transforming the industry. I will use these experiences as my overarching case study as I evaluate the shared challenges and best practices of philanthrocapitalist ventures today.

Once I develop an educated, authentic, and independent opinion on philanthrocapitalism, I will then incorporate methods from behavioral economics to observe the movement's effects on Western consumers and global markets. I believe my project's structure will unveil a clear imbalance between the three elements—business, consumer, and cause—which are seen as having strong, transparent and impactful relationships throughout this paradigm of work. While I know I am incorporating many aspects and goals into my thesis, I believe my interdisciplinary approach will highlight the overarching discourse of philanthrocapitalism, which will appeal to an audience well beyond the coffee industry.

Now, I am not telling the socially conscious consumer to stop purchasing coffee from Kaldi's, and I am certainly not claiming that SE@G's Transparent Traded Coffee initiative is not thoroughly situated and equipped to succeed. I am curious, however, about the effects of capitalist approaches to philanthropy, because scalable, sustainable social change does not seem as simple as a cash register exchange. It is important and timely that I address

critics' fears regarding The New Frontier of Philanthropy now because trends indicate that this cross-sector sphere is on a trajectory to grow among businesses in the future.

I anticipate that by better understanding the rise of philanthrocapitalism and the complexity embedded into this popular consumer fad, we will become quickly disenchanted by the systems that are in place. Instead, we must spark informed conversations; dialogues that challenge the capitalist market systems rather than sustain them. Eventually we will see that by raising consumer awareness and inspiring virtuous and transparent transactions, an emerging paradigm of philanthropy could catalyze meaningful and sustainable social change.

### **The History of Philanthropy**

Philanthropy is an inherently interdisciplinary topic. Its origins, appearances and characteristics throughout history are widely ambiguous and in constant flux. This is because philanthropic ventures are commonly supplemental to governments and businesses, creating a liminal space between the public and private sectors. They are reactive initiatives, dissatisfied or impatient with inert institutions, and they use private funds for public benefit to strategically ignite social change.

While philanthropy is not a new concept and there are over 1.2 million philanthropies registered in the United States to date,<sup>1</sup> leaders, benefactors, and scholars alike lack a comprehensive understanding of its full meaning, intention and impact.

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<sup>1</sup> Grant Williams, "Charities and Foundations Passes 1.2 Million," *The Chronicle of Philanthropy* (2010): accessed November 13, 2016. <https://www.philanthropy.com/article/Number-of-Charities-and/195165>.

Throughout this thesis we will explore developments, approaches, and varying motives of philanthropy; and we will produce a synoptic analysis of this enduring and rapidly growing sector through a critical, interdisciplinary lens.

Before we examine the contemporary context of philanthropy and the recent transition into a new philanthropic paradigm, we must first discuss its history, identifying not only when it started but even more importantly, why. There is widespread incoherence that spans all throughout this under-researched discipline, and we will soon see how controversies have erupted among classical scholars, philosophers and historians regarding the original meaning of philanthropy.

In his article, *On the Classical Meaning of Philanthrôpia*, Dr. Marty Sulek maps the historical development of the classical modes of philanthropy. Here, philanthropy is connected to its lexicological origins, which will help us illuminate the academic progression and contemporaneous understandings of the term. Philanthropy's Attic Greek word, *philanthrôpia*, is composed of the root words *phileô*, meaning to love, in the sense of "affectionate love or friendship," and *anthropoi*, which has a collective construction meaning "humankind."<sup>2</sup> Its genesis throughout the 5<sup>th</sup>-Century Greek Enlightenment was coupled with some of the most popular fables of the Gods, including Prometheus "Forethought," Kratos "Power," Bia "Strength," Mégas Póros "Great Resource," and Tuphlas Elpidas "Blind Hopefulness."<sup>3</sup> Its purpose was to inspire individuals to think beyond themselves. The term did not carry the contemporary sense of charity—only the idea of

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<sup>2</sup> Marty Sulek, "On the Classical Meaning of Philanthropia," *Nonprofit and Voluntary Sector Quarterly* 39, no. 3 (2009): 386-87, doi:10.1177/0899764009333050.

<sup>3</sup> Sulek, "Classical Meaning," 388-90

kindness toward others. While the concept was in its primary inception at this time, these overarching morals, values and messages for humanity were developed, spread and adopted through theatrical storytelling and dramatic plays. This is because in a world without complex economies, the notions of charity were less transactional and more interpersonal.

Although there is considerable variety in the usage of *philanthrôpia* proposed among authors from the Greek Enlightenment into the Greco-Roman era,<sup>4</sup> there was a consistent theme throughout this ancient period that associates philanthropy with some of the highest ideals of civilized humanity. Various perspectives describe its seminal role in the advancement of civilization, defining philanthropy as the set of “civic virtues associated with political leadership” such as justice and generosity.<sup>5</sup> During this ancient time period, philanthropy spread through a set of Godlike myths and archetypes on how to evoke kindness towards others.

In the more modern era stemming around the late Renaissance, there was a shift by comparison and we began to see the concept expand beyond the Gods and filter into common English usage. As we have seen in Sulek’s article *On the Modern Meaning of Philanthropy*,<sup>6</sup> it was not until the 16<sup>th</sup> century that philanthropy left the theatrical stage and birthed its actionable, social essence. Indeed, the philosopher, statesman, scientist and author, Sir Francis Bacon (1561-1626), most notably employed philanthropy in its discernibly modern sense. In his 13<sup>th</sup> essay “On Goodness and Goodness of Nature” Bacon

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<sup>4</sup> Sulek, "Classical Meaning," 398

<sup>5</sup> Sulek, "Classical Meaning," 393

<sup>6</sup> Marty Sulek, "On the Modern Meaning of Philanthropy," *Nonprofit and Voluntary Sector Quarterly*, 2009, 199, doi:10.1177/0899764009333052.

suggests that the Greek word *philanthrôpia* is synonymous with “goodness” and “affecting the weal of men.”<sup>7</sup> This connotation of philanthropy was intended to inspire the birth of philanthropists, suggesting that those who practiced philanthropy, through their habit of doing good, held the character of a deity.

Building off of that foundation, which scholars now view as “Baconian Philanthropy,”<sup>8</sup> the essayist, moralist and influential lexicographer Samuel Johnson (1790-1784) attributes this habit of doing good to natural virtues that are engrained not just within those of a godlike character but also within the very core of human nature itself. He believes all humans hold a moral compass and an inherent inclination to give and work towards the betterment of humanity. This definition of philanthropy captures the “benevolence toward the whole human family; a universal good will,”<sup>9</sup> and this notion inspired civil action, which resonated with subsequent generations of leaders dedicated towards humanitarian work. Thus, we see a clear link between philanthropy and a moral duty that promises a sort of transcendence of the human condition—we become more virtuous, Bacon & Johnson suggest, through our acts of bettering others.

Indeed, these eloquent teachers successfully inspired others. While previous definitions were largely philosophical, this new definition held actionable avenues too. It shifted away from the Greek idea of general goodness towards a more empowering practice that encouraged all peoples to either volunteer for a “sociopolitical movement or

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<sup>7</sup> Francis Bacon and John Pitcher, “On Goodness and Goodness of Nature,” in *Francis Bacon: The Essays* (London: Penguin, 1985), 96.

<sup>8</sup> Sulek, “Modern Meaning,” 197

<sup>9</sup> Richard M. Rollins, “Words as Social Control: Noah Webster and the Creation of the American Dictionary,” *American Quarterly* 28, no. 4 (1976):, doi:10.2307/2712538.

[join] institutions that embodied that movement.”<sup>10</sup> These meanings of philanthropy began to form a continuum, which filtered the Gods’ ideal for humanity into collective work that tackled the hardships of society. While gaps in our literary analysis regarding the development of philanthropy exist, we will focus on the latter end of this spectrum, the sociopolitical movements, as we progress towards the broader purpose of this thesis.

### **Pivoting from the Past**

In *Philanthropy as an Essentially Contested Concept*, Siobhan Daly underscores the inherent complexity of philanthropy, which is why it can be described and studied through an appropriate interdisciplinary lens. This is because it is a “cluster concept” that is contingent upon its societal, economical, and political contexts and the “public purpose” it aims to address.<sup>11</sup> Central to discourses surrounding philanthropy is whether the individuals, methods and approaches that have emerged in recent years might actually represent the transformation of a completely “new philanthropy.”<sup>12</sup> This is a contested idea I hold to be true.

Thus, I propose that the historical concepts and motives of philanthropy may no longer be at the center of the innovative ways in which subsequent generations of leaders and advocates address social needs through economic avenues. By shifting our focus away from philanthropy’s ancient context, which was bounded by philosophical virtues and

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<sup>10</sup> Sulek, “Modern Meaning,” 199

<sup>11</sup> Siobhan Daly, “Philanthropy as an Essentially Contested Concept,” *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 23, no. 3 (2011): 540, doi:10.1007/s11266-011-9213-5.

<sup>12</sup> Nina Kressner Cobb, “The New Philanthropy: Its Impact on Funding Arts and Culture,” *The Journal of Arts Management, Law, and Society* 32, no. 2 (2002): 125, doi:10.1080/10632920209596969.

theological ideals, we see that a new, transactional and perhaps more applicable term has surfaced, “philanthrocapitalism.”<sup>13</sup>

Philanthrocapitalism has adapted the traditional concepts we previously explored in order to encompass the neoliberal circumstances of philanthropy in our capitalist society. It encompasses neoliberalism’s tendency to coopt any practice that might stand outside of market relationships, such as morality, so that the practice can be explained in capitalistic terms. Through privatization, it is shifting responsibility from the governments onto the free markets. It relies on businesses and individuals to tackle sociopolitical problems through transaction and exchange.

Thus, after successfully identifying the origins of philanthropy and developing a broad understanding of its history, ambiguity and complexity, we will now focus on the rise of philanthrocapitalism. Indeed, there has been a shift in language from morality and humanity onto economic well-being and exchange that characterizes the present revolution occurring throughout the discipline of philanthropy today.

### **The Foundations of Contemporary Philanthrocapitalism**

Philanthropy is digressing from its socially driven core navigated by love and kindness, to a financially driven practice fueled by charitable donations and investments. This initial shift corresponds with the societal changes that occurred throughout the Industrial Revolution in the United States. With increased technology, improved

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<sup>13</sup> Matthew Bishop and Michael Green, *Philanthrocapitalism: How the Rich Can save the World* (New York, NY: Bloomsbury, 2008).



machinery, and mass manufacturing systems, small, family-run businesses were displaced with large, factory-run corporations. This powerful means of production sparked incredible economic growth throughout the country, but the fruits of this growth ended up in the hands of a small few.

The social, cultural and economic capital accumulated throughout the industrial age landed within Bourdieu's notion of "the field of power."<sup>14</sup> The importance of Bourdieu's work will become clearer once we discuss the forms of capital available to elite actors in advanced capitalism. For now, we see that this influential space served as "the integrative domain that brings together elite actors,"<sup>15</sup> which consisted of industrialized businessmen that shared an exclusive, influential orientation. This elite group of wealthy individuals, who were not representative of the masses, began to recognize their unique power to serve as leaders of the people and agents of the poor, while controlling the markets simultaneously. Key actors dominated this sphere of influence and scholars, historians, and even businessmen today revere Andrew Carnegie, among other early 20<sup>th</sup> century American industrialists, as one of the primary spearheads of modern, top-down, philanthropic institutions.

While Carnegie was by no means the first wealthy industrialist to donate a large portion of his fortune toward philanthropic causes, his efforts were the most conspicuous and his status was the most visible. He was the first to actually "articulate the ethics of

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<sup>14</sup> Pierre Bourdieu, "Forms of Capital," *Journal of Economic Sociology* 3, no. 5 (2002): 63-5, doi:10.17323/1726-3247-2002-5-60-74.

<sup>15</sup> Charles Harvey et al., "Andrew Carnegie and the Foundations of Contemporary Entrepreneurial Philanthropy," *Business History* 53, no. 3 (2011): 426, doi:10.1080/00076791.2011.565516.

entrepreneurial philanthropy and put theory into practice on a large scale.”<sup>16</sup> Since those in need lacked access to the field of power, Andrew Carnegie committed himself to serving as a “trustee and agent for the poor.”<sup>17</sup> Yet, although many of Carnegie’s entrepreneurial successes and charitable donations have been some of the most enduring philanthropic contributions throughout history, his motives for agency were inherently counterintuitive. As a leader of the industrial revolution and a perpetrator of economic gaps, Carnegie contributed to the very faults within the system he aimed to mitigate. While his grand economic investments through major and visible donations such as libraries, universities, museums and parks appear as selfless acts of good, a deeper understanding of the elite cycle of capital exposes the many self-serving benefits within this new form of market-based philanthropy.

Before we explore these benefits, we must first understand what we mean by capital. As suggested in the article, *Andrew Carnegie and the Foundations of Contemporary Entrepreneurial Philanthropy*, wealth grants individuals access to the upper-class system of capital. This system intertwines Pierre Bourdieu’s four forms of capital—economic, cultural, symbolic, and social--<sup>18</sup>all of which hold a unique array of powerful tools, resources and networks. One must realize that Bourdieu’s theory of capital functions as a cyclical process, and the working class or those who lack access have been systematically excluded from its benefits. While Carnegie’s notion of philanthropy idyllically represented

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<sup>16</sup> Merle Curti, "The History of American Philanthropy as a Field of Research," *The American Historical Review* 62, no. 2 (1957): 352, doi:10.2307/1845188.

<sup>17</sup> Paul G. Schervish, Platon E. Coutsoukis, and Ethan Lewis, *Gospels of Wealth: How the Rich Portray Their Lives* (Westport, CT: Praeger, 1994), 62.

<sup>18</sup> Bourdieu, "Forms of Capital," 63

“pure gifts motivated by altruism,”<sup>19</sup> in their article Harvey, Maclean and Shaw exposed another body of motives.

Indeed, successful entrepreneurs were drawn to Carnegie’s leadership because Carnegie introduced philanthropy “as an unimpeachable source of capital needed to navigate effectively in the field of power.”<sup>20</sup> Philanthropic donations, such as Carnegie’s empire of social institutions, were long-lasting, respected, and revered. In turn, these gifts operated as strategic investments in the philanthropist’s very own reputation and brand. Through this tactical process of giving and its system of interwoven benefits, important decision-making was contained amongst the existing elite. Despite picturesque parks and luxurious libraries, power remained imbalanced and poverty and inequality perpetuated as a result.

Carnegie—through example, leadership and advocacy—encouraged the wealthy to give through a capitalist approach, but this inspired an era of misguided ideology. His focus on a top-down approach of dissociative gift giving skewed motives for giving in the first place. Instead of sparking transformation or appreciating the complex realities and desires of those exploited by social inequalities, philanthropic gifts were paralyzing the potential for morally motivated social change. Although Andrew Carnegie and his philanthropic practices continue to leave a grand mark on society to this day, we have seen how his admired donations of social institutions were inherently ambivalent as they sustained social-immobility, controlled the allocation of resources, and maintained new generations of elite. While gifts from the super-rich can be valuable and impactful, Carnegie’s capitalist approach to philanthropy crucially devalued those who were intended to benefit from his

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<sup>19</sup> Charles Harvey et al., “Andrew Carnegie,” 432

<sup>20</sup> Charles Harvey et al., “Andrew Carnegie,” 432

gifts. Despite their power, ability and influence, many wealthy business tycoons held disillusioned priorities that were not representative of the greater good. Thus, through their dissociative acts of giving, inequalities were perpetuated and social change remained a farce.

### **The New Frontier of Philanthropy**

Currently, America's capitalist market is experiencing a promising surge of energy around social causes and social enterprises. Prominent critics declare these revolutionizing forms of philanthrocapitalism as the "The New Frontier of Philanthropy."<sup>21</sup> Different from Carnegie's generation lead by elite philanthropists who emphasized capitalist "giving," this world-shaping field emphasizes market-based means of "doing." Entrepreneurs, engineers, designers and innovators are leading this generation of social movements and are redefining our historic conceptions of philanthropy yet again. Their methods include a long list of buzzwords, such as "venture philanthropy," "marketized philanthropy," "philanthropreneurship," and "ethical consumerism."<sup>22</sup> Beneath their nuance and idiosyncrasies exists a shared mission to tackle social, economic and environmental issues through strategic business practices. The intention is that these businesses can in fact be designed to share value amongst all actors involved. Since the discourse of philanthrocapitalism is undergoing a prominent and enduring shift, now we must look at

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<sup>21</sup> Lester M. Salamon, *Leverage for Good: An Introduction to the New Frontiers of Philanthropy and Social Investment* (Oxford: Oxford University Press, 2014).

<sup>22</sup> Arthur Gautier and Anne-Claire Pache, "Research on Corporate Philanthropy: A Review and Assessment," *Journal of Business Ethics* 126, no. 3 (2013): 347, doi:10.1007/s10551-013-1969-7.

the development of these new practices before we can critique their inherent challenges and praise their grand potential for impact and success.

In his book, *Leverage for Good: An Introduction to the New Frontiers of Philanthropy and Social Investment*, Lester Salamon examines the rapid growth of philanthrocapitalism and advocates for this frontier's enormous promise. Unlike many of his predominantly skeptical peers and scholars, Salamon is a key driver of this new bandwagon and he offers an optimistic and encouraging perspective regarding businesses' ability to "do good." From poverty and ill health to environmental degradation and climate change, our global community is faced with enormous challenges. While methods of philanthrocapitalism "are not a panacea for solving these problems," it is hard not to see them as one of the more promising developments in an otherwise "dismal scenario of lagging resources and resolve."<sup>23</sup> By constructively leveraging innovative technologies and growing attitudes about social responsibility, these developments use the capitalist system as an effective platform to democratize problem-solving and to engineer social change.

While "conscious capitalism," "social entrepreneurship," "corporate philanthropy," and other means of philanthrocapitalism are relatively young initiatives, these new practices of philanthropy are rapidly attracting talent, energy and money. Though many of these methods are nuanced and complex, we will focus our attention on cause-related marketing (CRM), since it contains the elements of philanthrocapitalism I hold to question and I plan to exploit. In the industrialization era, the capitalists were revered as philanthropists; now, consumers can adopt the role of the philanthropist, by participating

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<sup>23</sup> Lester M. Salamon, *Leverage for Good*, 113.

in capitalist systems. Through this popular model, power is shifting and responsibility is becoming more ambiguous as a result.

In the article, *Cause-Related Marketing: More Buck Than Bang*,<sup>24</sup> Matthew Berglind and Cheryl Nakata explore this trendy form of philanthrocapitalism that is taking over the Western shopping experience. Cause-related marketing is often synonymous with strategic philanthropy or ethical consumerism, which are forms of advertising that capitalize on the positive impressions corporate philanthropy makes on consumers. By attaching a cause to a product, these methods allow businesses to inject social meaning into the marketplace, while making profits too. CRM has proven that marketing a social issue or cause as a core value of a company effectively differentiates corporations, businesses and products from their financially incentivized competitors. The movement is rebranding daily consumerism as a transformative practice, and it is fostering a new generation of socially conscious customers by embedding social issues into traditional advertising. In fact, due to its proven track record, "CRM is one of the fastest growing forms of marketing,"<sup>25</sup> which could be creating a more compassionate marketplace overall.

Like many of the philanthropic initiatives we have analyzed, this popular practice carries its own host of ethical issues. First of all, CRM has been applauded for raising awareness of certain issues and concurrent concerns among consumers. However, these campaigns tend to desensitize and oversimplify the complexity problems in their effort to appeal to their end customers. Second of all, CRM is intended to donate a portion of

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<sup>24</sup> Matthew Berglind and Cheryl Nakata, "Cause-related Marketing: More Buck than Bang?," *Business Horizons* 48, no. 5 (2005): , doi:10.1016/j.bushor.2005.04.008.

<sup>25</sup> Dirk C. Moosmayer and Alexandre Fuljahn, "Consumer Perceptions of Cause Related Marketing Campaigns," *Journal of Consumer Marketing* 27, no. 6 (2010): 544, doi:10.1108/07363761011078280.

proceeds towards the paired cause, yet many campaigns lack disclosure and transparency about how much money they actually give. Consumers are commonly susceptible to the “profit-equals-price” (PEP) phenomenon,<sup>26</sup> and tend to overestimate the amount of money that is eventually donated. We see this phenomenon in effect—in a conversation we will explore in further detail later on—regarding Fair Trade price premiums; evidently, consumers are confused about whether a percentage of profit or price is given back to the origins of the cause.

Still, these phenomena make shoppers feel like they are making a philanthropic donation. This affect, making a social contribution through one’s transactions, creates a self-affirming “warm-glow,” as explored in *Impure Altruism and donations to public goods: A theory of Warm-Glow giving*.<sup>27</sup> Economist James Andreoni proves how this sensation could subsequently reduce peoples’ benevolent tendencies when they are beyond the marketplace. Lastly, consumption philanthropy seldom calls on consumers to question the labor that went into the creation of the products they are purchasing, which in many cases exacerbates the very essence of the issue that is being marketed in the first place.

Before we saw how the industrial capitalist deepened the differences between the rich and the poor – they exploited them while giving back to them. Now that consumers have entered the equation, it is unclear if that relationship has truly changed. We see the full extent of these four key concerns—the desensitizing of issues; the profits-equals-price

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<sup>26</sup> Stacy Landreth Grau, Judith A. Garretson, and Julie Pirsch, "Cause-Related Marketing: An Exploratory Study of Campaign Donation Structures Issues," *Journal of Nonprofit & Public Sector Marketing* 18, no. 2 (2007): 72, doi:10.1300/j054v18n02\_04.

<sup>27</sup>James Andreoni, "Impure Altruism and Donations to Public Goods: A Theory of Warm-Glow Giving," *The Economic Journal* 100, no. 401 (1990): , doi:10.2307/2234133.

confusion; the warm-glow effect; and the dialogues, relationships, and transparency CRM lacks—throughout the following case study of the coffee industry.

### **The Coffee Industry**

Throughout my broad studies of philanthrocapitalism, I have developed a dedicated interest in cause-related marketing efforts of coffee-related products. Coffee serves as a telling case study to explore misconstrued notions of philanthropy, because unlike products such as TOMS' shoes or Apple's (RED) iPod, the "cause" of the cause-related marketing campaign is rooted in the production of the product itself. It offers a valuable story because coffee is a global commodity, seeded in worldwide environmental, social, and economic systems; creating a rich example that illustrates the sort of complexity identified in CRM and philanthrocapitalism more broadly.

Grown in over 70 countries and consumed in over 2.5 billion cups across the globe per day, coffee is the second-most traded commodity in the whole world, second only to crude oil.<sup>28</sup> As a result, coffee is absolutely crucial to the politics and economies of many developing countries, and for the Least Developed Countries coffee exports have accounted for more than 50 percent of foreign exchange earnings for several decades. Even though coffee is one of the oldest and most popular commodities in the entire world and "America

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<sup>28</sup> "The Current State of the Global Coffee Trade," International Coffee Organization, , accessed November 30, 2016, [http://www.ico.org/monthly\\_coffee\\_trade\\_stats.asp](http://www.ico.org/monthly_coffee_trade_stats.asp).



Runs on [...]”<sup>29</sup> coffee, most consumers are unaware of the complex dilemmas that permeate throughout this one global industry.

In order to address the environmental, social, and economic issues within the coffee industry and explore the competing perspectives on how to resolve them, first we must understand what coffee is, where it comes from and why it varies so much in terms of quality and cost. Thanks to the support of Emory’s Institute of the Liberal Arts and SE@G, I was able to join my supervisors, associates, and peers on an incredible trip to Nicaragua and Costa Rica in March, 2017 to finally meet a few of the farmers I have been closely working with this past year. This trip to origin was an amazing opportunity I will cherish for a lifetime. While traveling, I learned more about the coffee industry than I could have ever researched or gathered on my own, and I will embed insights from this fieldwork to guide us through this paper.

Unlike other agricultural systems that are easy to conceptualize, this specific crop is quite variable and volatile. From farm to cup, coffee is grown, picked, milled, dried, processed, sourced, roasted, ground and brewed in a number of different ways—and every stage of this sequence affects its quality, taste and price.

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<sup>29</sup> Kristina Monillos. "After a Decade, Dunkin' Donuts Is Evolving Its 'America Runs On Dunkin' Campaign." – Adweek. Accessed March 29, 2017. <http://www.adweek.com/brand-marketing/after-decade-dunkin-donuts-evolving-its-america-runs-dunkin-campaign-171820/>.



**Figure 1: Organic Dry Process, Finca El Peten, Nicaragua.**

The dark coffee beans most caffeine-cravers are accustomed to are actually the seeds of cherries that grow on green coffee plants (figure 1). The cherries take about 9 months to grow and ripen so there is only one main harvest per farm each year. This annual cycle jeopardizes many producers' financial stability, and without other sources of income, farmers' security could be at risk. Additionally, coffee farms range in size and levels of ownership, which affects the finances that are available, the technology that is used and the efficiency and sustainability of the subsequent agricultural practices.

While most family-owned microlots pick their cherries carefully by hand, large agro-industrial plantations strip the cherries in bulk using gas-guzzling tractors. Once they have been harvested, then the cherries must be processed. The "wet method" removes the pulp from the coffee cherry by sending them through water channels that separate the skin from the bean in large water-filled fermentation tanks.<sup>30</sup> The "dry method," which is typically

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<sup>30</sup> "What Is Wet-Processed Coffee?," Sweet Maria's Coffee Library, , accessed December 4, 2016, <http://legacy.sweetmarias.com/library/node/9372>.

practiced when water and other resources are scarce, processes the coffee by waiting for the cherries to dry naturally in the sun (figure 2).



**Figure 2: Wet Method, Aquiares Coffee Estate, Costa Rica. Dry Method, Los Robles Cooperative, Nicaragua.**

These contrasting methods highlight just a few of the varying issues in environmental sustainability, which is a leading discourse among the academics and actors involved in global commodity chains. Although the dry method can save thousands of gallons of water per batch of beans, it is laborious, time consuming and can take several weeks. Meanwhile, the wet method creates negative agricultural impacts but is cheaper than the dry method and can be completed and passed on to the next stage within one or two days. Each production practice holds its own set of benefits and problems. This is just one of many examples in the coffee industry of how social wellbeing is pitted against environmental longevity.

Once the green coffee beans are removed from the cherry, then they are ready to be milled, exported, sourced, and dispatched along a number of other steps that hold their own host of persisting tensions and conflicts. All of this must happen before the coffee even

gets to the fourth stage,<sup>31</sup> which is when Western businesspersons typically enter the equation and export the beans to be roasted, marketed, purchased and consumed (figure 3).

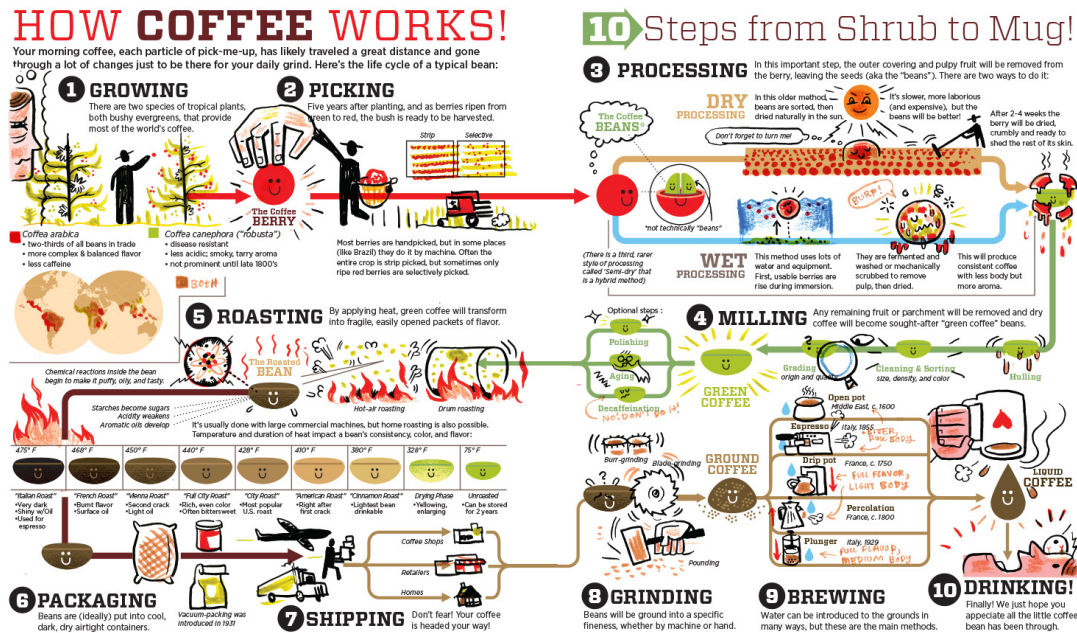


Figure 3: Complex Coffee Commodity Chain, Tazza di Luna, artist.

Throughout this long and fragmented journey, workers are not treated fairly, farmers are not paid sufficiently, power is not distributed equally, and the detrimental effects of climate change threaten the sustainability of the coffee industry, "from shrub to mug," altogether. In the *Blueprint For Coffee In a Changing Climate*, the Specialty Coffee Association of America (SCAA) warns readers that the irregular weather patterns, warmer temperatures, and increased outbreaks of pests and diseases that are direct results of human-induced climate change will "reduce the land suitable for coffee by 50% by the year

<sup>31</sup> Zettwoch's Suitcase. "How Coffee Works." Tazza di Luna. May 02, 2014. Accessed March 29, 2017. <https://tazzadiluna.com/2014/05/02/how-coffee-works/>.

2050.”<sup>32</sup> Although there is clear evidence of how this phenomenon is directly harming economic security of small-scale farmers in the global South—through the rapid growth of the coffee fungus, *la roya*—soon each link of the coffee supply chain will be negatively affected; thus, producers, consumers and every actor in between must address this looming reality, collectively (figure 4).



**Figure 4 Alfanzo Robelo explains why he keeps Acquiare Farms carbon neutral and how he views this as an important investment into the future sustainability of the estate.**

While the emergence of climate change will challenge the future sustainability of the crop, the coffee industry has a dense history of economic and social issues too. In an interview with coffee connoisseur, Michael Weissma, K. C. O’Keefe describes how the coffee business “functions on the discoverer’s model devised by Spanish explorers five

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<sup>32</sup> Specialty Coffee Association of America, "Blueprint For Coffee In a Changing Climate," news release, 2014, Specialty Coffee Association of America, <http://www.scaa.org>.

hundred years ago.”<sup>33</sup> History shows that in coffee-producing countries, “white explorers came along, and they ‘discovered’ great coffee.”<sup>34</sup> Western businesspersons dominated the field of power, fragmented the commodity chain and “screwed” generations of farmers as a result.<sup>35</sup> O’Keefe recounts how the explorers would “buy it up cheap” under their shared agreement that they would “not tell the farmers that they’ve got a treasure here.”<sup>36</sup> For hundreds of years farmers have pursued their work despite being denied of bargaining power or the opportunity to engage in fair deals. Unfortunately, aspects of this dichotomy persist and the formidable powers that control the industry still stem from the Western world.

Part of the complex coffee matrix is that farmers have been imperially impeded from enjoying the fruits of their labor. In his important book, *Uncommon Grounds: The History of Coffee and How It Transformed Our World*, Mark Pendergrast explains how “coffee is inextricably bound up in a history of inequity in which the haves took from the have nots.”<sup>37</sup> While developing countries all over the world depend on the crop, they value it for its economic, rather than cultural, attributes. “The drink, primarily a stimulant that helps keep the industrialized world alert, is grown in regions that know how to enjoy a *siesta*.”<sup>38</sup> For many coffee-growing regions, coffee is regarded solely as a source of income. They have been systematically disconnected from the coffee and its concomitant culture, which

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<sup>33</sup> Weissman, Michael. *God in a Cup: the Obsessive Quest for the Perfect Coffee*. Chichester: John Wiley & Sons, 2011.

<sup>34</sup> Weissman. *God in a Cup*, 172

<sup>35</sup> Weissman. *God in a Cup*, 172

<sup>36</sup> Weissman. *God in a Cup*, 70

<sup>37</sup> Pendergrast, Mark. *Uncommon grounds: the history of coffee and how it transformed our world*. New York: Basic Books, 2010. 270

<sup>38</sup> Pendergrast. *Uncommon Grounds*, 409

has grown to define cosmopolitanism in industrialized parts of the globe.<sup>39</sup>

Towards the end of the 20<sup>th</sup> century, these convoluted issues that marred coffee and other agricultural industries sparked the popular development of philanthropic environmental organizations. In the article, *Confronting the Coffee Crisis: Can Fair Trade, Organic, and Specialty Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua*, we learn that the specialty coffee market has actually become the most active space for CRM, or “eco-labeling” more specifically, in the entire food sector.<sup>40</sup> This is an ironic and illusive relationship, as we will soon explore. Although there are several organizations working towards solving coffee-related problems and there is promise that the number of similarly oriented campaigns will increase, for the purpose of this case study in the broader context of philanthrocapitalism, we will first focus on the impact of the Fair Trade movement.

### **The Fair Trade Movement**

Fair Trade has pioneered a four-pronged approach to create and promote sustainable consumption practices and the organization’s genesis stemmed from coffee-related issues. Through its rigorous social, environmental and economic certification system, Fair Trade hopes to ensure ethical working conditions, protect the environment and empower impoverished communities to develop and grow their economies. The

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<sup>39</sup> Bookman, Sonia. "Branded Cosmopolitanisms: 'Global' Coffee Brands and the Co-creation of 'Cosmopolitan Cool'." *Cultural Sociology* 7, no. 1 (2013): 56-72. doi:10.1177/1749975512453544.

<sup>40</sup> Christopher Bacon, "Confronting the Coffee Crisis: Can Fair Trade, Organic, and Specialty Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua?," *World Development* 33, no. 3 (2005): , doi:10.1016/j.worlddev.2004.10.002.

organization is a proponent of “political consumerism” by mimicking what Michele Micheletti and Dietlind Stolle fashion as the “boycotting method” and it believes that just by making day-to-day Fair Trade purchases, consumers can “improve an entire community’s day-to-day lives.”<sup>4142</sup> This ambitious assertion is highly contingent upon the company’s unique ethos and social values.

Fair Trade products often feature visual stories of farmers and their families, which personify otherwise inanimate commodities (figure 5). By highlighting the economic relationships that affect a specific set of social and environmental conditions, Fair Trade’s campaign has sparked a growing dialogue among consumers. Through its certification model, Fair Trade has notably increased Northern consumers’ consciousness of global sustainability issues. Today, according to the Fair Trade public relations manager, 50 percent of American households are aware of Fair Trade coffee, which is up from 9 percent in 2005.<sup>43</sup> Contrary to their commodity-grade competitors, Fair Trade products invoke a sense of global diversity and ethical action.

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<sup>41</sup> Michele Micheletti and Dietlind Stolle, "Fashioning Social Justice Through Political Consumerism, Capitalism, And The Internet1," *Cultural Studies* 22, no. 5 (2008): , doi:10.1080/09502380802246009.

<sup>42</sup> "Fair Trade USA," Fair Trade USA, , accessed December 3, 2016, <http://fairtradeusa.org/what-is-fair-trade/impact>.

<sup>43</sup> "Fair Trade USA."





**Figure 5: Fair Trade Certification and Marketing Techniques.**

Indeed, by highlighting the economic relationships within a specific set of social and environmental values, Fair Trade has made incredible strides towards increasing consumer consciousness throughout the marketplace. In order to receive the coveted Fair Trade stamp, the organization ensures that specific criteria are met throughout sustainable production practices that are intended to regulate labor conditions, control environmental impacts, set a fixed price floor and promise higher quality products to end consumers. At the end of this fragmented chain, consumers expect and trust the Fair Trade certification to represent these fair trade practices. This construct has gained vast popularity as a form of passive political consumerism, which empowers paying customers to respond to social justice issues within the comfort of their own marketplace.

As seen in Micheletti and Stolle's article, *Politics in the Supermarket: Political Consumerism as a Form of Political Participation*, and other perspectives previously

discussed, market-based activism holds its own host of setbacks. Extensive market research discovered that “buyers of cultural Fair Trade products were demographically quite homogenous and consisted of highly educated, Caucasian women in their forties,” representing an elite demographic of Western wealth and privilege.<sup>44</sup> In line with neoliberal theory, Fair Trade encourages its customers to exercise choice through spending, yet, “some have more to spend than others” and unfortunately, in the “great consumer democracy, votes are not equally distributed.”<sup>45</sup> Fair Trade’s grander potential to empower impoverished farmers in the South is seemingly ironic since their products are only feasible for “those who are relatively well off” and the well off are asked to pay fairly little.<sup>46</sup> Although it markets a story that is attractive to the socially conscious consumer, Fair Trade is not positioned to transform economic issues. A more critical look reveals how the economic benefits generated through the Fair Trade model are fundamentally limited by the pricing benchmarks that govern our current market systems.

### **Fair, Fairer, Fairest Trade**

Inspired by his time working with cooperative farmers in Latin America, the Fair Trade founder, Paul Rice, initially stipulated that all Fair Trade coffees must be registered and sourced through intermediary cooperatives. Rice saw cooperatives as the key to the

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<sup>44</sup> Loureiro, Maria L., and Justus Lotade. "Do fair trade and eco-labels in coffee wake up the consumer conscience?" *Ecological Economics* 53, no. 1 (2005): 129-38. doi:10.1016/j.ecolecon.2004.11.002.

<sup>45</sup> Monbiot, George. "Neoliberalism – the ideology at the root of all our problems." *The Guardian*. April 15, 2016. Accessed March 29, 2017. <https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>.

<sup>46</sup> D. Stolle, "Politics in the Supermarket: Political Consumerism as a Form of Political Participation," *International Political Science Review/ Revue Internationale De Science Politique* 26, no. 3 (2005):, doi:10.1177/0192512105053784.

empowerment of independent coffee farmers because they foster collectivism and increase access to resources and social networks. Then, in 2011, Rice's priorities shifted towards a host of neoliberal, market-based values. He emphasized scalability and wanted Fair Trade to grow, rapidly. Fair Trade would have to make certain sacrifices in order to do this, and the subsequent moral disagreement divided the entire organization as a result.<sup>47</sup>

Manuel Modelo, of Fair Trade, has been a consultant for the World Bank on global coffee research for over 15 years. Through his fieldwork on the impact of Fair Trade, he tracked this ideological shift, analyzed its repercussions and exposed how this dichotomy challenged the various aims of Fair Trade's mission. In his article, *The Paradox of Fair Trade*, Modelo views the impact of Fair Trade from a producer-based perspective and from a consumer-based perspective. While both angles are important and insightful, the two views yield strikingly different results. For the producers he met in different coffee growing countries, the impact of Fair Trade is measured based off the growth it creates within communities: Does the model empower farmers to control their businesses? Do the "fair" prices enable cooperative leaders to reinvest in their organizations? Does it democratize decision-making processes and give voice to new leaders? Then, for Western consumers, the impact of Fair Trade is measured based off the growth in commercial sales: Do the products reach a broad enough market? Are the commodities effectively differentiated from their competitors? Is the organization on a trajectory to grow? Producers measured impact *outside* the market, while consumers measured impact *inside* the market.

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<sup>47</sup> "The Paradox of Fair Trade (SSIR)." Stanford Social Innovation Review. Accessed March 29, 2017. [https://ssir.org/articles/entry/the\\_paradox\\_of\\_fair\\_trade](https://ssir.org/articles/entry/the_paradox_of_fair_trade).

Despite his initial community-based sentiments, Paul Rice led the latter, market-based movement. He argued that by expanding beyond cooperatives and allowing a wider range of producers to participate in the Fair Trade system, “the movement would create efficiencies that would encourage large corporate buyers to obtain more products from that system.”<sup>48</sup> He believed that as long as sales of Fair Trade products are increasing, “the financial and social returns to all types of producers would increase as well.”<sup>49</sup> Meanwhile, critics of this conviction argued that in order to achieve this form of scalability, producers’ financial and social returns would be integrally sacrificed. Consequently, Fair Trade split into two organizations; Fairtrade International prioritizes people, while Fair Trade USA prioritizes profit (figure 6).

### Two Organizations, Two Cultures

	<b>FAIRTRADE INTERNATIONAL</b>	<b>FAIR TRADE USA</b>
<b>Primary system</b>	State	Market
<b>Stance toward current economic system</b>	From outside: The market can be unjust, inefficient, and environmentally destructive	From inside: The market serves individual needs and desires
<b>Sense of power and responsibility</b>	Social harmony: People achieve progress through collective action	Individual control: Each person creates his or her own future
<b>Perspective on time</b>	Abundant: Time has a “value without a price”	Limited: “Time is money”
<b>Identity and purpose</b>	Collectivism (cooperative)	Individualism (competitive)
<b>Mode of thinking</b>	Synthetic (aiming to integrate multiple factors)	Analytic (focusing on concrete solutions)
<b>Organizational Goal</b>	To change the current economic system and alter its power dynamics	To use the current economic model to develop a truly global solution
<b>Purpose of Fair Trade</b>	To enable consumers to buy with a sense of social responsibility	To provide consumers with access to Fair Trade products

Based in part on the Cultural Orientation Framework proposed in Philippe Rosinski, *Coaching Across Cultures*, Nicholas Brealey Publishing, 2003.

<sup>48</sup> “The Paradox of Fair Trade (SSIR)”

<sup>49</sup> “The Paradox of Fair Trade (SSIR)”

**Figure 6: The Paradox of Fair Trade, 2011.**

While Fairtrade International is committed to remaining outside the market, the organization is a small in comparison to the larger Fair Trade we encounter in store isles throughout our marketplace. Yet, the market in which Fair Trade is based is historically unjust and provides an arguably unsuitable benchmark to begin with. The Fair Trade premium—the green price per pound guaranteed to Fair Trade certified producers—is based in relation to its corresponding commodity price. Since the ICO, or New York ‘C, is very low and highly volatile, Fair Trade guarantees a price floor to ensure that farmers get paid an amount that is reliable and “fair”—relative to the underserving commodity price. Whenever the ICO increases above the \$1.40 Fair Trade floor, Fair Trade promises to increase its premium by 10%, or an additional 14 cents. Whenever the commodity price is below the floor, though, the Fair Trade price stays the same. Unfortunately, these benchmarks are outdated and do not reflect the true cost of coffee production—for specialty coffee, especially. Thus, as the ICO continues to move closer to this floor, the economic value Fair Trade can return to coffee producers diminishes simultaneously. Furthermore, Fair Trade has affected economic relationships in unintended ways. Research shows that for many producers, the Fair Trade premium has become a price ceiling as opposed to the intended floor. This is because many buyers of Fair Trade have now become unwilling to pay above this modest premium for high quality coffee, which is actually worth much more.<sup>50</sup>

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<sup>50</sup> Valkila, Joni. "Fair Trade organic coffee production in Nicaragua — Sustainable development or a poverty trap?" *Ecological Economics* 68, no. 12 (2009): 3018-025. doi:10.1016/j.ecolecon.2009.07.002.

Evidently, over the past 20 years, Fair Trade's four-pronged approach has grown out of balance. It has evolved from a predominantly economic and social justice movement into a trendy marketing model that promotes ethical consumerism among an elite bunch of supporters. The campaign and its socially conscious constituents continue to grow this façade of ethical impact within capitalist markets, without changing the many limitations that are embedded into this form of philanthrocapitalism. In their article, *Impact of Fair Trade Certification on Coffee Farms, Cooperatives, and Laborers in Nicaragua*, environmental scientists Joni Valkila and Anja Nygren also revisit these persisting setbacks. They argue that "Fair Trade's ability to empower marginalized producers and transform the power asymmetries prevalent in conventional coffee trade" is unachievable through its current, mainstream approach.<sup>51</sup> This is because the organization has developed a discourse that is essentially increasing Central American producers' dependence on North American consumers without altering underlying economic conditions.

The Fair Trade ethos beholds an ironic discourse that highlights global issues while inadvertently sustaining them too. It acknowledges that the current economic system is socially unjust, yet fails actually transform that system. Lamb of Fairtrade International believes "we need new laws and new governments and new policies if we're going to change the structures of power, but one of the ways we are going to get there is through changing relationships."<sup>52</sup> Meanwhile, Fair Trade accepts the "pre-eminence of the current system of economic relationships" and has positioned its mission within the faulted system

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<sup>51</sup> Joni Valkila and Anja Nygren, "Impacts of Fair Trade Certification on Coffee Farmers, Cooperatives, and Laborers in Nicaragua," *Agriculture and Human Values* 27, no. 3 (2009): , doi:10.1007/s10460-009-9208-7.

<sup>52</sup> "The Paradox of Fair Trade (SSIR)"

itself.<sup>53</sup> Thus, the coffee commodity chain is fraught with inequitable power relations that Fair Trade merely perpetuates.

Though the movement continues to grow and we are seeing more value-based certification systems entering into the marketplace, it is possible that this phenomenon is misleading a new culture of value-driven consumerism. Technically, Fair Trade is being successful within the framework it imposed on itself, and perhaps even within the framework of philanthrocapitalism. However, coffee producers, distributors, consumers and other similarly oriented certification ventures must recognize the negative implications caused by these widely accepted yet compromising initiatives. Thus, it might take a completely new model of trade in order to reshape power dynamics, mitigate market-volatility and transform the trajectory of the specialty coffee industry as a whole.

### **Direct Trade Relations: From Farm to Cup**

Due to these convoluted issues, a group of coffee roasters and industry experts have become disenchanted by Fair Trade's promise; some now strive to do better. By establishing independent relationships and working with coffee farmers directly, the Direct Trade movement challenges the imperial, capitalist system that has disserved specialty coffee producers and their communities for generations. Direct Trade is making a conscious attempt to design a new system, tailored to the needs of producers and their respective partners. This movement is not easy and not for everyone. It takes passion and commitment and an intrinsic appreciation for high-quality coffee and those who produce it

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<sup>53</sup> The Paradox of Fair Trade (SSIR)"

(figure 7).



**Figure 7: "Coffee is harmony, passion, nature, and love." - Byron Carrales, Direct Trade Producer, Finca Los Pintos, Nicaragua.**

Unlike Fair Trade's established and extensive market-based certification system, this young, relationship-based movement does not have defined guidelines or regulations. While this is what permits the direct relationships to become collaborative and genuine, this also means that the success of Direct Trade is contingent upon a foundation of kindness and trust among all parties involved. In Nicaragua, specifically, trust is one of the most important attributes that defines and grows communities; for Los Robles, trust was seminal to their community bank system and was valued more than money.<sup>54</sup> Since trust is not as tangible for Westerners and highly variable across cultures, adhering to a general set

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<sup>54</sup> The Brigadistas of the Los Robles Community Bank chose their members based off trust rather than financial value.



of principles helps secure that Direct Trade business deals come to fruition and economic expectations are met.

Intelligentsia Coffee is a key leader of this movement and its Direct Trade partnerships have become integral to the company's philosophy and reputation. Its provocative model has set a precedent novice buyers and roasters now follow. Thus, by reviewing their guidelines we can get a better understanding of how the Direct Trade philosophy and mission is intended to work.

The first thing Intelligentsia looks for when establishing partnerships is that the growers are "committed to sustainable environmental and social practices."<sup>55</sup> As previously noted by Alfonso Robelo of Acquires Estate Coffee, a commitment to these core values is essential to the longevity of the specialty coffee industry. Intelligentsia tangibly differentiates its practices from Fair Trade's by requiring that "the price paid to the grower or local co-op must be at least 25% above the Fair Trade price," which is a comfortable minimum that fluctuates upon quality.<sup>56</sup> This economic component is essential to Direct Trade's transformative properties because it pays farmers well above the New York 'C's green price per pound. To ensure that this criterion is met, Intelligentsia requires that all trades be documented through transparent financial reporting and disclosures.

Additionally, in order to cultivate a trusting partnership, Intelligentsia team members must visit their farms and co-ops once per harvest to strengthen their ongoing relationships.

Finally, the most essential requirement of Direct Trade relations is that "exceptional coffee

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<sup>55</sup> "Learn & Do | Community | Direct Trade | Intelligentsia Coffee." Intelligentsia. Accessed March 30, 2017. <https://www.intelligentsiacoffee.com/learn-do/community/intelligentsia-direct-trade>.

<sup>56</sup> "Learn & Do | Community | Direct Trade | Intelligentsia Coffee." Intelligentsia. Accessed March 30, 2017. <https://www.intelligentsiacoffee.com/learn-do/community/intelligentsia-direct-trade>.

quality is a must.” Specialty coffee deserves a specialty price—the compelling logic of the movement is that simple.

One of the reasons why Fair Trade does not raise its price premium is because it is positioned inside the market, which does not allow it to do so. Due to the organization’s impressive growth among Western consumers, Fair Trade products are scattered throughout the store isles of large corporations such as Keurig, Macy’s and Walmart.<sup>57</sup> Fair Trade might be more willing to raise its price premium that goes to the producers, if only the organization were not so dependent upon these bureaucratized companies to pay its own bills. By cutting out the officious middlemen, Direct Trade can avoid the market’s unjust parameters. Working *outside* the market and defying those systems, Direct Trade roasters are equipped and committed to paying farmers what their coffee is actually worth.

Direct Trade is not a flawless system though, and can be criticized in many ways as well. Similar to Fair Trade’s trajectory, which has developed into a Westernized marketing movement, specialty roasters recognize Direct Trade as an effective marketing tool too. Throughout this movement we see a very common, and compelling story: Direct Trade roasters travel to beautiful coffee farms tucked in mountainous landscapes all over the world. They work with farmers to cultivate and ensure sustainable agricultural practices. They foster heartwarming relationships with farmers and their communities. Finally, they return back to their coffee shops with compelling pictures, stories, and bags of golden beans (figure 8).

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<sup>57</sup> "Fair Trade USA." Fair Trade USA. Accessed March 30, 2017. <https://fairtradeusa.org/products-partners/coffee>.



**Figure 8: Direct Trade Relations: From Farm to Cup.**

Additionally, this paradigm resonates best with a specific demographic of customers who are willing, and able, to pay for additional richness in their cups. The cosmopolitan scene captures one of the most crucial points Weissman raises, which is that "the value of specialty coffee is a function of both pleasure and meaning;"<sup>58</sup> the quality coffee comes with a story. Although they are practicing a completely new system of relationship-based commerce, Direct Trade roasters still capitalize on this effective marketing dynamic. In one of TTC's most recent insights, *At the Upper End of the Specialty Coffee Market, Names Matter* (figure 9), we see that credentials such as awards, elevation, location, processes, and experience all tend to correlate with higher coffee prices.<sup>59</sup> Since they are only able to buy high if they can then sell high, it is essential that roasters clearly market exactly why this just system of Direct Trade makes their coffee so "special."

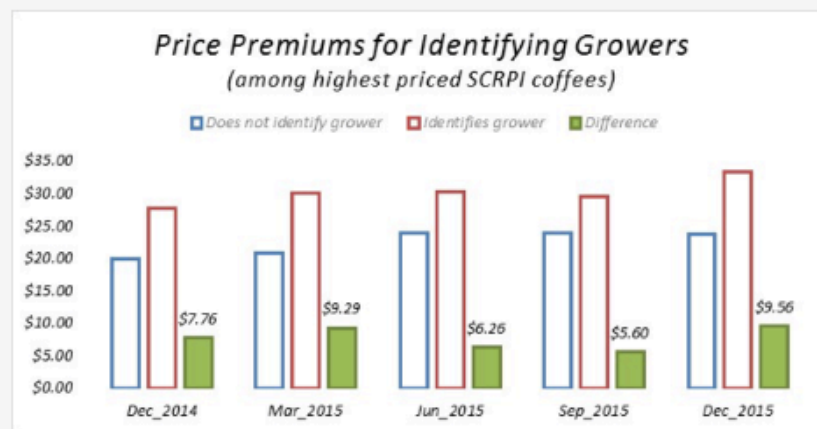
<sup>58</sup> Weissman, Michael, Kate Robinson, and Zac Cadwalader. "Is Direct Trade Fair?" Sprudge. February 08, 2017. Accessed March 30, 2017. <http://sprudge.com/is-direct-trade-fair-110410.html>.

<sup>59</sup> "At the Upper End of the Specialty Coffee Market, Names Matter." Home. Accessed March 30, 2017. <http://transparenttradecoffee.org/insights/at-the-upper-end-of-the-specialty-coffee-market-names-matter>.

## At the Upper End of the Specialty Coffee Market, Names Matter

Posted on 17th Feb 2016 22:02 in [Coffee Market](#)

Based on the latest SCRPI data, we looked at the average prices charged for specialty coffees that do and do not identify coffee growers in their marketing materials. We found a prominent price premium of 33.5% at the upper end of the market associated with identifying growers. As the specialty coffee market segments into a stable lower end and a dynamic higher end, the TT Coffee team explores why it is critical to recognize the role played by growers in driving price premiums.



**Figure 9: TTC Insight Tracks the Economic Advantage of Various Marketing Tactics.**

Though Direct Trade has been welcomed by coffee farmers, roasters, consumers and critics, the model has also raised skepticism. It trusts buyers to make business decisions that are in the best interest of both their suppliers and themselves, and it is unclear what happens when conflicts arise in the relationship and trust is shattered as a result. Neophyte roasters may have their marketing materials down, but do they have the tools to mitigate the many issues that are embedded into this loosely structured, relationship-based model?

As the number of Direct Trade roasters willing to pay for quality is increasing, the number of farmers incentivized to improve their product is increasing as well; the success

of these relationships is contingent up the growth of transparency throughout the market. Indeed, this fledging dynamic is sparking a data-driven dialogue among specialty coffee consumers and direct trade roasters, which could guide consumers' purchasing decision and reshape the industry's historically colonial landscape.

### **Transparent Trade Coffee**

The economic freedom and opportunity that characterizes Direct Trade is essential to its transformative impact on the global coffee market. By cutting out the intermediaries and conducting business with producers themselves, Direct Trade buyers are able to pay well above the New York 'C green price per pound. As of December 2016, ICO Composite Price for green coffee fell to \$1.35 and the Fair Trade premium was \$1.40.<sup>60</sup> Meanwhile, the average GPP paid for registered TTC coffees was \$3.81.<sup>61</sup> Unfortunately, the common consumer is not typically aware of these pricing discrepancies nor could they even access this information if they were to wonder or ask.

As mentioned previously, one of the key problems with cause-related marketing is that consumers are commonly susceptible to the "profit-equals-price" (PEP) phenomenon. In the study, *When Profit Equals Price: Consumer Confusion About Donation Amounts in Cause-Related Marketing*, we learn how consumers tend to overestimate what percentage of their socially-conscious purchases will actually return to the origin of the cause. This

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<sup>60</sup> "Specialty Coffee Retail Price Index – 2016, Q4 ." SCRPI | Transparent Trade Coffee. Accessed March 30, 2017. <http://www.transparenttradecoffee.org/scrpi>.

<sup>61</sup> "Registered TTC Coffees Provide Benchmark Pricing Information for the 2017 Harvest." Home. Accessed March 30, 2017. <http://transparenttradecoffee.org/insights/registered-ttc-coffees-provide-benchmark-pricing-information-for-the-2017-harvest>.

study shows that the pricing and impact of CRM products is ambiguous and subject to misinterpretation, mainly "because consumers are rarely given explicit information."<sup>62</sup> This is especially true for coffee consumers, since the ICO price of coffee is so complex and volatile. As CRM techniques continue to grow and models of trade get more niched and multifarious, transparency becomes essential in order for buyers, producers and consumers to be able to make informed purchasing decisions.



**Figure 10: Where specialty coffee consumers and Direct Trade roasters come together to share information and insights about the economic treatment of coffee growers." -TTC**

Transparent Trade Coffee, in the Social Enterprise at Goizueta, is a research-based initiative committed to cultivating a more transparent and farmer-focused specialty coffee industry (figure 10).<sup>63</sup> Transparent Trade Coffee believes that pricing transparency is the first way to tackle the economic inequities that are embedded into the coffee chain. By collecting pricing information from a community of Direct Trade roasters and using those reports to derive data-driven insights and benchmarks, TTC provides information that has never been gathered, organized or accessible before. Unlike Fair Trade, which raises consumer awareness by marketing its story, this initiative does so by deriving thought-provoking statistics. Across its varied projects, TTC has already made important strides

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<sup>62</sup> Olsen, G. Douglas, John W. Pracejus, and Norman R. Brown. "When Profit Equals Price: Consumer Confusion About Donation Amounts in Cause-Related Marketing." *Journal of Public Policy & Marketing* 22, no. 2 (2003): 170-80. doi:10.1509/jppm.22.2.170.17641.

<sup>63</sup> TTC

towards changing conversations throughout all stages of the specialty coffee market.

Over the past 6 months, I have worked as a research assistant for Transparent Trade Coffee. Here, I have not only learned about the power and impact of transparency but I have also seen—and even contributed to—the rapid growth of this data-driven movement. Some of the projects I have worked on include regularly updated listings of Transparently Traded Coffees, a quarterly Specialty Coffee Retail Price Index (SCRPI) that tracks retail prices and patterns in the market, as well as data-driven insights that analyze green and roasted pricing trends.<sup>64</sup> The movement is powered by a passionate team of coffee lovers who “want everyone to want better coffee” that is economically just and fair.<sup>65</sup>

Yet, most consumers do not have the time, money, resources or networks to be able to shop beyond the influence of marketing campaigns and buy their coffee in a smart or rational way. TTC and its constituents recognize this reality and know that “in order to drive improvement on the consumer end of the coffee-supply chain, we have to provide information so that people can ask better questions.”<sup>66</sup> TTC strives to tackle several of these coffee-related issues and it has recruited a community of Direct Trade coffee roasters from all over the world that are committed to this transformative mission as well. In just a few short years, from 2014 to the end of 2016, twenty different specialty coffee roasters have

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<sup>64</sup> "About Transparency | TTC ." Transparent Trade Coffee. Accessed March 30, 2017. <http://www.transparenttradecoffee.org/transparency>.

<sup>65</sup> "Deeper Market Insights from Counter Culture's Transparency Reports." Insights | Transparent Trade Coffee. Accessed March 30, 2017. <http://transparenttradecoffee.org/insights/deeper-market-insights-from-counter-culture-s-transparency-reports>.

<sup>66</sup> "Deeper Market Insights from Counter Culture's Transparency Reports." Insights

registered 145 coffees on the Transparent Trade Coffee site.<sup>67</sup>

One of Transparent Trade Coffee's very first supporters was Counter Culture Coffee. Peter Giuliano, the co-owner and director of coffee for Counter Culture, has been a key leader in this data-driven space. In an interview in *The Seattle Times* with business reporter and coffee connoisseur Melissa Allison, he said "there are Internet conversations speculating about what people pay for coffee and what's fair, and we wanted to inject reality in those discussions."<sup>68</sup> By posting their prices and practices publicly online, Counter Culture exposes the marketing misperceptions consumers are most susceptible to. Instead of blind consumption, he hopes to spark "an open conversation about what people actually pay" as an eye-opening alternative.<sup>69</sup> Transparency builds confidence, unveils inequities, and ensures that consumers can trust businesses to be just. Additionally, transparency is empowering; it requires organized effort and responsibility from both the buyers and the producers. It makes all actors accountable for providing data-reports with accuracy and dignity, which has been proven as an effective means of developing autonomy within coffee communities (figure 11).

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<sup>67</sup> "Registered TTC Coffees Provide Benchmark Pricing Information for the 2017 Harvest." Home. Accessed March 30, 2017. <http://transparenttradecoffee.org/insights/registered-ttc-coffees-provide-benchmark-pricing-information-for-the-2017-harvest>.

<sup>68</sup> Allison, Melissa, and Amy Martinez. "Direct trade growing among coffee bean buyers." *The Seattle Times*. September 02, 2010. Accessed March 30, 2017. [http://old.seattletimes.com/html/retailreport/2012795172\\_retailreport03.html](http://old.seattletimes.com/html/retailreport/2012795172_retailreport03.html).

<sup>69</sup> Allison and Martinez. "Direct trade growing among coffee bean buyers."





**Figure 11: Alfanso Robelo, holding Acquiare's Pricing Insights, explains how transparency reports have contributed to the simultaneous growth of his business and its surrounding community.**

### **New Avenues of Trade**

In tandem with TTC's mission and the Direct Trade initiative, new associations are generating autonomy among coffee producers; giving power and voice to those who have been controlled and silenced for far too long. In her book, *God in a Cup*, Michaele Weissman offers a bird's eye view of specialty coffee as she follows three industry leaders on their journeys to various coffee countries for the annual Cup of Excellence Competition. The Cup of Excellence was founded on the fundamental belief that farmers should be recognized for their virtues and fairly compensated for their quality cups of coffee.

As we have seen, Direct Trade programs have contributed to the growth of higher-quality coffee. Since coffee harvesting is so variable and volatile, coffee quality can range tremendously even on the very same farm. Direct traders offer knowledge and information

that many producers did not have access to before. This has helped farmers identify best practices to grow their crop, such as filtering beans into microlots. By sorting beans into microlots, it is easier to control for quality; the coffee tastes better and is worth more as a result (figure 12).



**Figure 12: Microlots Filtered and Sorted by Bean Quality.**

Coffee, when produced and processed with care, is a very complex drink similar to that of a wine. There are countless varieties with unique variability even daily drinkers could not identify. A bag of coffee could contain single-origin, espresso or blends of beans, which come in light, medium or dark roasts (figure 13).



**Figure 13: Learning how to create a coffee hybrid between an Arabica and Robusta variety with new friend, Maria Joes Vargas Navarro.**

A Coffee Cupper, just like a wine Sommelier, is a reputable occupation in the coffee industry; beyond a love and passion for coffee, it requires extensive training and practice. When I was in Nicaragua, I met a talented Coffee Cupper, Jaime, who took me through the coffee cupping process, step by step.

First, there is a meticulous setup that must be assembled before the tasting can even begin:

Roasting Preparation	Environment	Cupping Preparation
Sample Roaster	Well Lit	Balance(Scale)
Agstrong or other color reading device	Clean, no interfering aromas	Cupping glasses with lids
Grinder	Cupping tables	Cupping spoons
	Quiet	Hot water equipment
	Comfortable temperature	Forms and other paperwork
	Limited distractions(no phones, etc.)	Pencils and clipboards



Figure 14: Coffee Cupping Preparations.

Once the coffee is roasted, the environment is situated and the cupping preparations are completed, then the cupper samples the coffee, searching for specific attributes and criterion:

		Name _____	# _____	Date _____	Rnd 1 2 3	Sn 1 2 3 4 5	TLB # _____	Country _____						
		ROAST COLOR	AROMA DRY CRUST BREAK		DEFECTS # x 4 = SCORE	CLEAN CUP	SWEET	ACIDITY	MOUTH FEEL	FLAVOR	AFTER- TASTE	BALANCE	OVERALL	TOTAL (+36)
1.	SAMPLE													<input type="checkbox"/>
2.	SAMPLE													<input type="checkbox"/>
3.	SAMPLE													<input type="checkbox"/>



Figure 15: Coffee Cupper, Jaime, Testing the Beans.

Finally, scores are tallied, averaged, and measured on a 100-point scale. Though many brands market themselves as specialty and “World’s Best Coffee” is a label Western consumers encounter regularly, thanks to SCAA and COE’s meticulous standardization efforts, the industry now has a dependable spectrum to score, classify and identify quality:

Total Score Quality Classification		
90-100	Outstanding	Specialty
85-89.99	Excellent	
80-84.99	Very Good	
<80.0	Below Specialty Quality	Not Specialty

This specialty coffee classification scale is a valuable tool for Direct Traders, especially. As the movement continues to grow and business deals become more relationship-based, these metrics help legitimize and protect transactions.

Now that more farmers are incentivized to control for quality and practice these methods of due diligence, there is an increased demand for avenues to auction these

specialty beans into the marketplace. At the Cup of Excellence Competition, coffee farmers and industry experts congregate from all over the world in a competitive and empowering spirit, connecting buyers to award winning beans. Since its inception in 1999, the Cup of Excellence title has grown into the most prestigious award in the industry. The organization has made significant strides forming ongoing alliances among talented farmers and knowledgeable buyers, returning “over US \$50 million to coffee producers” thus far.<sup>70</sup> Since “the level of scrutiny that Cup of Excellence coffees undergo is unmatched anywhere in the specialty coffee industry” the COE coffee winners and finalists are revered as the best in the world.<sup>71</sup> The organization is the frontrunner in identifying quality coffees, embedding notions of “rational activity” and “virtue” into the “specialty coffee” economy. As a result, it has contributed to the emergence of a global network of industry leaders who now practice a more just and morally sound system of trade.

Micheale explores the effects of these new economic avenues and how they have empowered specialty coffee farmers and their communities. She reflects on several stories that capture the impact of the Cup of Excellence prize money and she discovers that the rewards have been “world-changing.”<sup>72</sup> For Western roasters, consumers, or other inherent outsiders, “it’s hard to imagine what the \$20,000 or \$40,000 or \$60,000 can mean to an impoverished coffee farmer.”<sup>73</sup> One of the top COE winners—a small, spirited Nicaraguan woman—explained to Micheale how she spent her earnings on a guesthouse for her farm. While some may see this as a luxurious purchase, in reality it was a wise

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<sup>70</sup> "Alliance For Coffee Excellence | COE Impact." Winning Farms - ACE. Accessed March 30, 2017. <http://www.allianceforcoffeexcellence.org/en/cup-of-excellence/winning-farms/>.

<sup>71</sup> "Alliance For Coffee Excellence | COE Impact." Winning Farms - ACE.

<sup>72</sup> Weissman. *God in a Cup*, 49

<sup>73</sup> Weissman. *God in a Cup*, 49

investment. The empowered woman used her autonomy, knowledge and understanding of local assets and needs to create a toolkit, which guided her rational decision-making process. Three years later, “her coffee plantation is an ecotourism destination, and she now has a diversified stream of revenue.”<sup>74</sup> This paradigm is attributable to the emergence of Direct Trade. The equitable, transparent, and just wages paid to farmers can then be invested into the local community in some way. The key component that differentiates this dynamic from other approaches to philanthropy is that the decision-makers are members of the communities themselves.

### **Questioning Philanthrocapitalism**

Since her book in 2008, Michaela has reflected on the transformative properties of Direct Trade in her three-part series, *Is Direct Trade Fair?* One of the key issues Michaela worries about is the power imbalance inherent in buyer-supplier relationships and Westerners’ approach to reconcile their place of privilege. Like many of the philanthrocapitalist organizations we have already explored, “Direct Trade started out as a model mixing business with philanthropy.”<sup>75</sup> Buyers initially hoped that, through their direct relationships, they could personally assist with projects and help coffee communities overcome persisting conditions of poverty. This fable is marketed all across the coffee industry and it is not surprising that Direct Trade roasters spread these thoughtful ideals as well.

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<sup>74</sup> Weissman. *God in a Cup*, 49

<sup>75</sup> Weissman, Michaela, Kate Robinson, and Zac Cadwalader. “Is Direct Trade Fair?” Sprudge. February 08, 2017. Accessed March 30, 2017. <http://sprudge.com/is-direct-trade-fair-110410.html>.

As an Emory Community Building and Social Change Fellow, an intern for the President's Volunteer Service Award for the Points of Light Institute and now working as a research assistant for the Social Enterprise at Goizueta,<sup>76</sup> I have spent my undergraduate years thinking about the complexity of humanitarian work. I have deliberated the contradictions that reside among varied "best practices" and four years later, I admit I am still stumped. Through my studies and experiences, I have learned that community development is a convoluted discipline of its own; even the most hopeful of initiatives can be fundamentally misguided. Unfortunately, for the socially-minded doer, this reality takes time and experience as well as trial and error in order to fully resonate. Even the best-intentioned program could still miss the mark.

The Social Enterprise at Goizueta recently experienced this complex reality in their community health program in Jinotega, Nicaragua. With a background in business and a passion for coffee, SE@G wanted to develop and support a local health clinic in tandem with their larger commitment to help the families of farmers they held Direct Trade relations with. In preparation for our most recent trip to origin, a team of SE@G business school students collected bundles of medical supplies to donate to the clinic. We were excited and passionate and eager to help, and we thought this was the most economical use of our time, money and effort. Upon arrival we discovered that, due to a number of factors, the clinic had to close its doors for good. The community did not have the resources or manpower to run the clinic successfully and did not take ownership of the project. While access to healthcare was a current and serious issue for Los Robles, solving this issue could

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<sup>76</sup> "Community Building and Social Change Fellowship celebrates 10 years." Emory News Center. February 21, 2013. Accessed March 30, 2017. [http://news.emory.edu/stories/2013/02/community\\_building\\_social\\_change\\_fellows/](http://news.emory.edu/stories/2013/02/community_building_social_change_fellows/).



not be a foremost priority for the area at that time. Though our bundles of medical supplies were generous and appreciated, the community did not have the autonomy to manage the donation effectively.

This is an example of a well-intentioned initiative we see far too frequently throughout the field of philanthropic work. Though altruistic efforts often stem from genuine roots, outsiders are inherently limited from understanding the internal needs of complex communities. This cultural barrier is an issue even international development experts struggle to resolve. As we have seen throughout this thesis, philanthrocapitalism is guided by similar charitable tactics; but the movement has become even more ambiguous due to its submission to the laws of the market. Instead of making direct donations like the SE@G initiative, marketized philanthropy attaches a cause to a product, which conflates philanthropy with consumption, confusing all actors involved.

Micheale's curiosity of Direct Trade's social impact was sparked by a wind of unsettling skepticism. She worried that the Direct Trade movement was just another continuation of this philanthrocapitalist trend. However, after years of engaging with key leaders of the specialty coffee industry, "to [her] surprise, what [she] learned about Direct Trade was more nuanced—and more hopeful—than [she] expected."<sup>77</sup> Recognizing that they would not be able to jump cultural hurdles either, the Direct Trade managers that Weissman met with differentiated their practice from this charitable, donation-based approach to philanthropy. Instead, Direct Trade's power and social impact is intrinsically embedded into the core of the work, which echoes philanthropy's truest form and purpose.

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<sup>77</sup> Weissman, Michaele, Kate Robinson, and Zac Cadwalader. "Is Direct Trade Fair?" Sprudge. February 08, 2017. Accessed March 30, 2017. <http://sprudge.com/is-direct-trade-fair-110410.html>.

With a strong commitment to transparency, fairness and justice, classical meanings of philanthropy, dated to its Greek origins, are naturally reflected in Direct Trade's entrepreneurial mission. Direct Trade's emphasis on coffee *quality*—and equitable compensation for the cost of producing such quality—exudes notions of *value* and human *virtue*. Direct Trade's commitment to *transparency* throughout all transactions highlights the importance of *accountability* and *trust*. Finally, Direct Trade's reliance on sustainable business *relationships* fosters global *friendships* and a collective *kindness* towards others. In fact, as long as it remains founded in these key principals, the Direct Trade movement could be the leader of a new paradigm of global philanthropy.

## **Conclusion**

We have explored the origins of philanthropy, tracked its shift throughout the years and highlighted its deep-seeded complexity. We have seen its ability to inspire generations of leaders and we have challenged its tenuous nexus between markets and virtue, muddling the asymmetrical systems that are in place. Now, leaders must use this body of knowledge from the past in order to ask essential questions and catalyze transformation in the future: Can *challenge* lead to *change* when the same unjust systems are simultaneously sustained? Is philanthrocapitalism a viable means of 'doing good'?

Through my extensive case study of specialty coffee—reading, researching, observing, participating and even contributing to some of the various perspectives and potential solutions that are challenging the industry—I am confident that this global paradigm can serve as a thought-leader regarding broader questions about philanthrocapitalism and its

impact, today. The capitalist system has not been working for coffee farmers. Adding a small price premium charged to consumers is another counterintuitive solution too. These fragmented market relationships, between production and consumption, capital and labor, is at the heart of social injustice.

The coffee industry offers a transferrable example of how marketized philanthropy can create an illusive appearance of giving back, which then disguises the fact that it is already based in taking away. This demonstrates how many philanthrocapitalist initiatives are fundamentally limited in their ability to make an impact. After learning more about Direct Trade and the movement's growing momentum, we can see that it is "not enough to oppose a broken system. A coherent alternative has to be proposed."<sup>78</sup> While it might be tempting to criticize Direct Trade for its small-scale model, reliance on trust, or picturesque marketing ethos, the movement is so powerful because it is proving that other systems of trade, *just* systems of trade, can exist and be effective. As Michael Sheridan from *Intelligentsia* coffee points out, "Direct Trade is the worst system for buying green coffee we have, except for all the others. Yes, there are problems especially problems of scale, but it's the best we have."<sup>79</sup> Though it has its limits and its challenges, Direct Trade's impact has garnered attention that deserves further reflection. While Direct Trade does not have all the answers, it is already starting to prove that its model is more effective and impactful than the pre-existing systems within the market.

The countless social, economic and sustainability issues infiltrated throughout global commodity industries can be attributed to enduring imbalances of power and unfair

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<sup>78</sup> Monbiot, George. "Neoliberalism – the ideology at the root of all our problems."

<sup>79</sup> Weissman "Is Direct Trade Fair?"

processes of production. While it is possible we may never find *the* answer, we have already identified effective means that can propel the process in the right direction. By using *information* to ask *informed* questions, we can put *pressure* on the institutionalized systems that perpetuate inequalities. By using Direct Trade as a leading example, perhaps philanthropy could be rewritten independent of marginality altogether. If historically vertical commodity chains could be re-designed to work horizontally, farmers, producers and consumers alike could all adopt the role of philanthropist by participating in just and equitable work. Then, everyone could claim autonomy and act towards what is fair, virtuous and right.

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