

# INTRODUCTION

For years, the price of green coffee paid to farmers has been falling, and the fundamental reason for this decline is the classic relationship between supply, demand and exchange. Respected authors, such as Delfim Netto (*in* MALTA [Org.], 1973, p. 125), have already endorsed this position:

The international price of coffee is formed more by the product's supply and demand than by the exchange rate [...]. When demand exceeds supply, the product's international prices increase, regardless of a possible devaluation of the exchange rate; contrariwise, when supply exceeds demand, prices tend to fall, even with the exchange rate's fixing. [...] Historical analysis [...] has shown that the price of coffee is mainly determined by the product's supply and demand [...].

In spite of this consensus, this study analyzes the hypothesis that another factor also contributes to pushing prices down: the concentration of more than 60% of the acquisition of green coffee by few and powerful multinational companies. There are about 800 thousand coffee producers, among Brazilians and Colombians, selling to five multinational companies. Apparently, the international market for green coffee is oligopolistic in procurement, pulverized in supply and oligopolized in the final product's market.

The choice of Brazil and Colombia is grounded on two main reasons: they are the largest producers and exporters of green coffee in Latin America and the world, and their condition of industrialization and economic growth is derived from the intensification of exports since the 1950s.

This thesis is anchored by a tripod. Two feet stand on theories developed in close periods (the 1950s and the 1960s), with different geographic bases: one Latin American and the other internationalist – especially European and North American. These bases have in common the openness of trade and, of course, the consequent intensification of international trade. The third foot stands over empirical research.

The first part of the study will therefore address the dependency theories, originated in February 1948, in the Economic Commission for Latin America and the Caribbean (ECLAC), an important laboratory of

Latin American researchers concerned with assessing Latin America's relationship with industrialized countries in a period of globalization intensified by multinational industries after World War II.

The second part deals with the analyses of important international relations theorists – realists, neorealists, institutionalists and liberals, some from the English School of International Relations (created in January 1959 under the context of the British Committee on the Theory of International Politics). These investigators focused on the Cold War and therefore were dedicated to understanding international relations from the relations (of peace and war) between states. Their analyses have become powerful tools for understanding contemporary international relations, and collaborate in the interpretation of another globalizing wave that occurred in the 1990s under the influence of the Washington Consensus.

Sustained in Latin American, European, and American theorists – there was naturally a selection of those deemed as most relevant –, the thesis examines whether its hypothesis can be explained by the dependency theories – of unequal trade relations – or by the theories that assess the relations between different actors in the international scenario, in this case, transnational companies and producers. It is understood that differences in actor sizes and strengths may give rise to opportunities or constraints in this relationship, a feature inherent to the foreign policy of trade liberalization.

The third part presents an economic analysis of the international green coffee market and includes empirical research conducted in Brazil and Colombia. Thus, the thesis aims to demonstrate and compare the action strategies of the two largest organizations representing producers – *Cooperativa Regional de Cafeicultores em Guaxupé Ltda.* (Cooxupé), in Brazil, and *Federación Nacional de Cafeteros de Colombia* (FNC), in Colombia – in their products' consumer market.

Although the theme of “dependency” is somewhat marginalized by globalization and the “triumph” of the neoliberal ideology, this discussion is relevant from the perspective of exclusion and backwardness on the part of Latin American coffee growers; and is innovative because it confronts the dependency theories with the contemporary dynamics of international relations, in the empirical

context of the relationship between green coffee farmers and this grain's consumer industry.

In addition, works that address the profile of economic and social phenomena within a productive chain are incipient, differently from those that deal with the relations between States and the classical Marxist works that study the relations between classes.

The globalizing movement of the 1990s, coupled with the celerity of technological advances, has broken down barriers and made the direct contact between the grain roasting industry and green coffee producers possible. The role of the States has become more relative.

It is an agricultural sector that serves 40% of the world demand for the grain and that involves about 800 thousand producers in Brazil and Colombia. Only a scientific study is capable of performing a cognitive dissociation between industry and agriculture, evaluating the kind of relationship established between them.

This thesis has some goals to achieve. Some are theoretical, such as those pertaining to the merits and criticisms of the dependency theories, to assess the breadth of these theories in the context of globalization and verify if they can be applied to the coffee segment. It also aims to assess whether the role of core countries, according to the dependency theories, has been transferred to transnational corporations, studying the specific case of the international coffee market, and to contribute to the development of scientific knowledge in the field of international relations.

It also has practical objectives, such as stimulating the debate on the international trade of grain producers with transnational companies and contributing to the line of research on Political Practices and International Relations of USP's Postgraduate Program in Integration of Latin America (PROLAM), offering a multidisciplinary thesis that respects aspects related to Economy, Sociology, History, Political Science, Law and International Relations.

This thesis was conducted based on a work methodology. The research had two phases. The first, compiling the existing bibliography on the dependency theories, the contemporary international dynamics and the coffee economy of Latin America, in the libraries of FEA-USP (School of Economics, Administration and Accounting of the University of São Paulo), FFLCH-USP (School of Philosophy, Literature and

Human Sciences) and FEA-PUC, as well as in newspapers, periodicals, directories and reports, cooperatives, employers and workers unions related to coffee, and in the internet.

After the bibliography had been compiled, the exploratory method was used, through which characteristics of the theories and market analyzed were described, establishing bridges and verifying the nature of the relations identified.

The second phase was empirical research, in which data and information were collected from Cooxupé, FNC and the producers themselves.

The study is divided in four parts, which, in turn, are subdivided into chapters. Part I deals with the Dependency Theories; Part II, with the Contemporary International Dynamics; Part III, Economic aspects of coffee production, presents the world green coffee market, focusing on Brazil and Colombia, and Part IV is the report of the studies carried out in Brazil and Colombia. The more theoretical Parts I and II allow generalizations. Part III examines a specific market and Part IV presents the results of empirical research.

The format of the presentation will feature the inclusion of boxes with extra information pertinent to the subject, but not necessarily about it. It may be a story from some mass-circulation newspaper or magazine, or a poem, a song, a work of art, with the goal of making the reading of the thesis, always so dull, something more pleasant. The idea of inserting the boxes was inspired by the work *Paradigmas do Capitalismo Agrário em Questão*, of Professor Ricardo Abramovay. The intention is for this thesis to be read by others besides my advisor, Professor Amaury P. Gremaud, and the professors making up the examination and defense panels.