Who's Behind That 50 Cent Cup of Coffe

By KEVIN KELLEY

A 50-cent cup of coffee in your local luncheonette?

It could happen, maybe even in 1977. A pound of the U.S.'s favorite beverage now sells for $3 in many supermarkets. Some commodity traders are forecasting a hike to $4 per pound before the end of the year.

Why has the retail price of coffee soared more than 100% in one year? Who or what is behind the sudden increase? And can—or should—anything be done about it?

What Happened?

A series of natural calamities and political disruptions in key coffee-producing nations last year did much to drive up the price of green (unroasted) beans. A pound of these imported beans cost 85 cents on the dock in New York City 12 months ago, $2.25 today. A large portion of this $1.40 per pound jump can be attributed to: a frost that devastated three-quarters of Brazil's 1976 crop; floods that ruined about 40% of Colombia's beans; the earthquake in Guatemala which caused a 70% drop in the anticipated harvest; the war in Angola that resulted in an 80% cut in that nation's coffee crops there, and the on-again-off-again rail link between Uganda and Kenya's seaport that has meant a 25% drop in Ugandan coffee exports.

Most significant among these problems was the July 1975 frost in Brazil, the country which ussually supplies between one-third and one-half of the world's coffee. Brazil's coffee fields were ravaged by the cold. Only 6 million 132-pound bags were harvested last year—less than a quarter of the normal crop.

But the Brazilian government and the indigenous oligarchy that owns most coffee plantations moved quickly to turn adversity into advantage. The country's surplus of perhaps as much as 40 million bags was tapped in order to mêet a steadily increasing international demand. With the other leading coffee producers (Colombia and Angola) also suffering very poor 1976 harvests, Brazil swiftly capitalized on its enormous reserves which were at least double the other producers' combined surplus.

Brazil had an added incentive, besides sheer profiteering, for manipulating the coffee price upwards. With its much-touted "economic miracle" now more of an "economic morass," Brazil decided to partially return to its "pre-miracle" days when coffee accounted for about 80% of its export earnings.

The decision to exploit the worldwide coffee supply shortage by depleting its reserves and raising its coffee export tax 100% to 83 cents on the pound paid handsome dividends. In 1975, Brazil recorded $980 million in coffee sales. In 1976, it reported $2.4 billion sales on a slightly smaller volume.

Bean Pickers Still Suffer

The Brazilian coffee boom will not benefit the Brazilian worker, however. The chief result of the estimated 150% hike in Brazil's coffee profits will be to postpone the country's day of reckoning on the international trade markets. The government will use the coffee windfall to shore up the sagging economy and subsidize the cost of domestic coffee consumption.

The working class in Brazil, which relies on heavily sugared cups of coffee to provide the energy lacking in other components of a typical worker's diet, will probably continue to drink a dozen or so inexpensive cups a day. But the money made in coffee will not filter down to the urban laborer. It will certainly never reach the coffee plantation worker who will, if anything, be hurt by the "coffee crisis."

Coffee, picked by hand by dollar-a-day laborers, is carefully controlled from planting through harvesting to export by the dictatorial government and by a handful of wealthy Brazilian land-owning