

Starbucked:

A Double Tall Tale
of Caffeine,
Commerce, and
Culture

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Storm Brewing

On the afternoon of July 12, 1789, a young French journalist and rabble-rouser named Camille Desmoulins vaulted himself onto a tabletop at Paris's Café de Foy, drew a pair of pistols from within his coat, and — losing for a moment his lifelong stammer — let out an impassioned cry: “To arms, citizens!” In eighteenth-century France, this sort of thing actually happened all the time; café patrons generally just tried to get the overexcited speaker off the furniture by telling him something like, “Hey, you start storming the Bastille and we’ll totally meet you there later.” But at that moment, with bread prices intolerably high and the monarchy utterly despised, Desmoulins’s speech drove those at the Café de Foy into a frothing rage, and the crowd charged off to pick a fight that would eventually snowball into the French Revolution.

That this bloody national uprising began in a coffeehouse is hardly a surprise. Coffee is a remarkably incendiary beverage, with a long history of sparking debate, dissent, and even outright violence; some thinkers of ages past went so far as to blame “that dark and evil bean from Africa” for the human sacrifices made by the “black-skinned

savages of that continent." Cafés have nurtured the ideological seedlings of revolutions from Europe to Russia to America, a fact that led many fearful governments to stock them with spies, if they permitted them to operate at all. Coffee-inspired unruliness so terrified the grand viziers of the seventeenth-century Ottoman Empire, for instance, that they briefly made consumption of the brew a crime punishable by death. (Those caught drinking it received a brutal thrashing on the first offense, and on the second offense they were just sealed inside a leather bag and pitched into the Bosphorus River.) One might think that jitter-inducing caffeine, not coffee, is the real culprit behind all the friction and strife. But consider this: tea contains the very same drug, yet it has precisely the *opposite* reputation — that of a great pacifier, a symbol of polite society. It may seem far-fetched to think that coffee has some unique power over us, but at the same time, a cup of English Breakfast never made anyone want to fight the powers that be.

For reasons that may forever remain mysterious, discord sticks to coffee like a shadow, and today this turmoil has taken a new form. Ironically, the outrage that coffeehouse-goers used to channel into toppling the government now has a new target: the coffeehouse itself. Actually, just *one* coffeehouse — Starbucks. In a way, this is surprising; one of the company's signal achievements was its ability to take the countercultural bite out of coffeehouses and transform them into beverage-dispensing day spas. But in the process, Starbucks created an entire subculture of people who abhor its way of doing business. After all, Starbucks is the first coffeehouse to ever actually *become* one of those reviled powers that be that café patrons have always resisted. The coffeehouse as a hotbed of radical ideas is largely dead, and though it trades on this romantic image, Starbucks is the one that did it in. Indeed, thinking of the coffeehouse as a haven for intellectual discourse is difficult when the one in question operates thousands of clones, wants to sell you the latest Coldplay album, and serves five-dollar milkshakes for adults. It's tough to imagine Camille Desmoulins hopping up onto a purple velour couch and hoisting a venti iced mocha for liberty.

Chances are, he'd be hoisting a metal *USA Today* box through the front windows of a Starbucks instead, as a group of bandana-masked protesters did, to much fanfare, during the 1999 World Trade Organization riots in Seattle. This climactic moment — images of which reached millions of Americans through television and newspapers — constituted the official beginning of a backlash against Starbucks. The company had finally reached a point where it was no longer an up-and-coming Northwest coffee company, but another massive corporation. And to those of a certain Left-leaning bent, Starbucks was more than that: it stood for everything rotten and deceitful about corporate America. On top of all of the attention, accolades, and cash the company has earned over the years, it now attracts an equal measure of controversy. Just as in the nineties, legions of customers still flaunt their green-and-white cups as status symbols; the difference is, today you'll also find some customers ducking furtively into Starbucks stores with unmarked mugs, petrified that they might be spotted patronizing a company that many in their peer group consider downright evil.

But wait a minute. Starbucks is supposed to be in the business of fostering social harmony — filling souls, not just bellies, and all that. Why the hand-wringing about a *coffee company*? Because for some people — neighborhood activists, human rights workers, and ordinary, Big Business-wary Americans among them — Starbucks touches a special nerve. Megacompanies like McDonald's and Wal-Mart are easy targets, their transgressions so obvious that it's pointless to debate them; anyone who walks through the golden arches knows they're taking the express route to heart disease, yet they pack the place regardless. But in the eyes of its critics, Starbucks is a far subtler threat, its methods more insidious. For one, the company has buffed its public image to such a high sheen that unless you've spent time investigating its effects on the world, you would think Starbucks was a branch of the United Nations. Think about its core product: coffee seems benign, yet it's fiercely addictive. And look at its expansion technique: the chain sneaks into the crevices of a city, swiftly and silently reaching ubiquity. Plus, to grow so

fast and make so much money just seems sinister, like the company really *is* aiming for global domination. Little wonder, then, that Dr. Evil, the power-hungry villain in the *Austin Powers* movies, kept a secret lair at the top of Starbucks headquarters.

Everyone has an opinion about Starbucks, and those whose feelings on the company range toward burning hatred have expressed their derision in a variety of creative ways — boycotts, pickets, petitions, vandalism, and more. Take Jeremy Dorosin, a California scuba instructor who felt so wronged by Starbucks's customer service that he paid \$40,000 for several large *Wall Street Journal* ads denouncing the company.* Or consider a few examples of the inventive sabotage techniques favored by the anticorporate wing of the Starbucks-hating crowd. In 2003, vandals jammed the locks of twenty-three Houston Starbucks stores with toothpicks and glue in the dead of night, rendering the cafés inoperable. That same year, a group of San Francisco pranksters disabled the locks at seventeen stores, then plastered up FOR LEASE signs and a faked memo on Starbucks letterhead declaring that in the interest of good taste, "This location will cease operations as of today." ("We hope that you will continue to visit us here until that time," the letter added cheekily.) In 1999, hoodlums in Portland, Maine, shattered one store's windows on four consecutive weekends. "Customers say it's been really inconvenient," late-night host Conan O'Brien remarked about the incident, "because, several times now, they've had to use the Starbucks across the street."

The list goes on and on: a sit-in in Madison, Wisconsin; spray-painted "corporate whore" screeds in Chicago; a string of aggressive urination incidents at a store in Durango, Colorado; ball bearings fired through the windows of three San Diego stores. Starbucks has become

*To be fair, Dorosin's anger was slightly out of proportion with Starbucks's transgression against him: selling him two defective \$300 espresso machines, then refusing to replace them with \$2,400 models. When the company offered a compromise, Dorosin upped the ante, demanding Starbucks apologize for mistreating him by sponsoring a multimillion-dollar center for runaway kids.

such a perennial target that on particularly volatile occasions, police protect it in advance. When New York City hosted the Republican National Convention in the summer of 2004, for example, several Starbucks stores stayed open behind walls of riot cops, and the company instructed its employees not to wear their uniforms in public for fear of drawing hostility. For some, protesting Starbucks is a knee-jerk reaction. After a Seattle police officer shot and killed a black man who was trying to flee a traffic stop in his car in 2001, the Reverend Robert Jeffrey of New Hope Baptist Church had an odd response: he called for a boycott of Starbucks. Obviously, the company had nothing to do with the incident, but Jeffrey had picked up on a neat trick — if you want attention for your cause, protest Starbucks and you'll get it.*

So what, precisely, has Starbucks done to incur this ill will? The lineup of charges against the company is quite diverse, but they fall into five main categories. According to its critics, Starbucks is

- ★ Killing the character of neighborhoods and employing predatory tactics to take out locally owned coffeehouses.
- ★ Causing the suffering of millions of Third World coffee farmers by paying unfair prices for beans.
- ★ Peddling a product that is harmful to our health (and to our delicate palates).
- ★ Exploiting its employees and crushing their attempts to unionize.
- ★ Homogenizing the planet and destroying cultural diversity by saturating the world with its stores.

There are plenty more where those came from — like the accusations that Starbucks secretly pushes a liberal agenda, and even that it once

*Jeffrey tried to justify the boycott by claiming that all of corporate America deserves blame for keeping black people down, but he also admitted that protesting Starbucks was a far more effective publicity grabber than the usual candlelight vigils and rallies.

attempted to exploit emotions about 9/11 to sell more of its Tazo Citrus drinks — but those are the most significant of the lot. These five allegations trace the effect a corporation has on every part of the world it touches: local neighborhoods, suppliers, customers, employees, and the very fabric of world culture itself. Figuring out the truth behind the charges levied against Starbucks, then, should give us a picture of what its influence on the world really is. And that is the objective of the second half of this book: to investigate the ethical debates about the company's interactions with different segments of society — from coffee growers to mom-and-pop coffeehouse owners — and to discover the hidden ways that Starbucks affects our lives.

When I spoke with Howard Schultz, he insisted that the allegations against his company were “all noise,” just the bitter grumblings of those who reflexively hate any business where you can't buy things made from hemp. Yet if this were no more than “noise,” Starbucks wouldn't have to pay upwards of \$500,000 a year to provide Schultz with bodyguards and personal security services. (In 2003 alone, the company shelled out \$677,334 to protect him.) Nevertheless, Schultz has consistently expressed bewilderment at the suggestion that there are people who don't adore Starbucks unconditionally; in response, he simply reiterates his belief in the company's essential magnanimity. “You have to have the *courage* to believe in the *purpose* of the company,” he told me, wringing the maximum meaning out of the noble nouns. “And the courage we have is that we recognize that our success is going to create people that are going to misunderstand us or target us for something. Over time, we're going to have detractors because we've gotten big and successful.”

Of course, this is at least partially true; any company as huge and lucrative as Starbucks will inevitably draw critics. But Schultz also believes his company has become a magnet for controversy *because* it's so benevolent — in other words, because protesters know Starbucks is a progressive company and therefore assume it will be inclined to heed their criticism. (Ronnie Cummins, the head of the Organic Consum-

ers Association, has basically granted Schultz this point. Cummins has organized several protests of the company over its use of milk containing bovine growth hormone, and he acknowledges that his group only picks on Starbucks because a conglomerate like Kraft would never pay it a moment's attention.) Schultz also likes to point out that Starbucks gets an unfair share of anticorporate agitation because of its high visibility. “Starbucks is both this ubiquitous brand and a place where you can go and break a window,” he told *Business Week* in 2002. “You can't break a can of Coke.” But this is only the logical result of a strategy Schultz himself emphatically embraced: if your stores are convenient to visit for a Frappuccino, they're also convenient to vandalize. Ultimately, Starbucks brought this controversy on itself with its rapid expansion and its constant self-promotion. “For a big corporation, they're phenomenal and progressive in many ways,” explained Kevin Knox, the former Starbucks roaster. “But they promote themselves as being even better than they actually are. So they open themselves up to be analyzed according to the highest standards.”

The unique thing about the Starbucks backlash is that all of the ethical questions about the company are very much up in the air. In fact, despite the picketing and window smashing, many believe Starbucks is a model corporate citizen. It doesn't take much investigation to deduce that a Big Mac won't do your arteries any favors, but can you say with such certainty whether coffee is good or bad for us? Or if a new Starbucks in your area will help or hurt the local economy? As we'll see, many of the things people commonly assume about Starbucks, the coffee production chain, and the life-giving bean we so worship are dead wrong.

And one of the biggest misconceptions of all may also be the most widespread. Many proclaim it as if it's beyond doubt: Starbucks has systematically hunted down America's mom-and-pop coffee shops and driven them out of business, draining character and cash out of neighborhoods in the process. But while the company's effect on communities is up for debate, Starbucks's ubiquity has had

quite simple. Just indulge your inner spoiled brat and demand the best-tasting coffee you can get.

Bucking the Big Four

Before I launch into an argument in support of the happy global effects of conspicuous coffee consumption at Starbucks and other upscale coffeehouses, I want to be perfectly clear about one thing: Starbucks has never *voluntarily* done much to help struggling coffee growers. On the rare occasions when the company has taken steps to better the lives of farmers, it has generally only done so because a consumer group was planning a protest or a boycott. When the farmer welfare issue first threatened to tarnish the company's public image in 1995, for example — after the U.S./Guatemala Labor Education Project began exposing the horrible labor conditions for Latin American coffee workers — Starbucks responded by issuing a much-publicized code of conduct for its growers. This move won the company wide praise in the media, yet those who looked closely noted that the “code” was nothing more than a toothless statement about Starbucks's beliefs and values. It contained no actual pledge that Starbucks would change its buying practices, only platitudes about how the company thought people should be treated with dignity and so forth.

The staving-off-protests strategy continued over most of the next decade. It's not that Starbucks did nothing at all — the company donated millions to the humanitarian charity Care and sporadically built schools, clinics, and coffee mills in needy communities. But it was stalling from making any substantive changes in the way it did business with farmers. Throughout the late 1990s and early 2000s, Starbucks fended off criticism by explaining that a thorough study on the issue was in the works, but this study was consistently delayed by something or other. It diverted attention to its new paper cup, made from 10 percent recycled fibers (which took eight years to develop) and to its

purchases of renewable power. And besides, the company maintained, tiny Starbucks couldn't do much to change things anyway. (Despite its perceived ubiquity, it only buys a little over 2 percent of the world's coffee.) They offered rationalizations: “We would like to give [farmers] the support they need to make changes, but it's their country and their business, not ours,” Mary Williams, Starbucks's longtime head green-coffee buyer, told *Seattle Weekly* in 1999.

When I spoke with the now-retired Williams seven years later, she held to this argument, and she unleashed a bit of her pent-up frustration about the actions of protesters as well. (Williams eventually grew so irritated with their claims, which she considered deliberately misleading, that the company barred her from meetings with consumer groups altogether.) “I remember once there was somebody outside one of our stores handing out a pamphlet with a starving child on the front, and the headline was ‘Starbucks refuses to pay their coffee farmers a living wage,’” she recalled. “But Starbucks doesn't own these farms, and it doesn't control coffee pickers. Starbucks is so far removed from that poor child that it never could have made a dent in his life. These are countries where the culture is their own worst enemy.” Even coming from the mouth of a corporate coffee buyer, this is an exceedingly cynical statement — if the company could never make a dent in farmers' lives, why bother to lift a finger at all? — yet much of what she says is true. Companies like Starbucks can try to inspire large farms to treat their workers better, but they can't order them to do anything. In this spirit, Starbucks recently announced an actual concrete policy change — it will pay growers a premium of up to \$0.10 per pound if they can prove they obeyed certain environmental and labor codes. The program will be audited by a third party to ensure that the company sticks to it.*

But there's another, more significant reason why the sentiment

*Some farmers have criticized this program, pointing out that it costs them much more than an extra \$0.10 per pound to do all of the things Starbucks is asking for.

behind that pamphlet isn't accurate: Starbucks's astonishing success at popularizing high-quality beans has actually been keeping the coffee industry's head above water. Let's take a second and go back to the source of all this misery for coffee growers — the glut of awful robusta coffee. The problem, remember, is that huge coffee conglomerates like Procter and Gamble are vacuuming up these cheap, acrid beans to save money, then chemically treating them and adding them to their canned blends. This leaves arabica producers with a smaller market for their crop, driving prices downward. For these farmers, then, low-quality robusta is the enemy. Their fortunes rise and fall on the world's demand for good coffee beans, and no one has done more to generate an insatiable global thirst for high-quality coffee than Starbucks.

Starbucks has done such an excellent job of making coffee connoisseurs out of average Americans, in fact, that competition for the world's best beans grows fiercer every year. As a result, specialty-coffee companies are paying more and more to secure a good supply, which is exactly the sort of trend that helps farmers. It's all tied to quality; if the brew tastes good, then the company that roasted the beans probably paid a decent price for them. Even Starbucks, the perennial punching bag of Fair Trade advocates, paid an average of \$1.42 per pound for its coffee in 2006, which is \$0.16 *higher* than the Fair Trade price. (Historically, though, Starbucks has typically paid a few cents less than Fair Trade rates.) The company has also won praise from Oxfam for doing 30 percent of its business directly with growers, leading all major coffee buyers. This isn't necessarily benevolence in action, mind you; it's only the reality of the marketplace. Every bit as much as farmers need its cash, Starbucks relies on loyal growers to satisfy its ever-increasing need for high-quality beans. If gourmet coffee roasters don't pay a stable price, their bean sources disappear.

In contrast, the conglomerates that suck up bad beans share none of these worries. Because they will remove the taste from the coffee and reinject it with synthetic flavorings, quality is not a concern; they'll just buy whatever's cheap. And the so-called Big Four coffee

conglomerates — Nestlé, Procter and Gamble, Philip Morris, and Massimo Zanetti (which bought Sara Lee's coffee brands, including Hills Bros. and MJB, in 2005) — buy an enormous amount of coffee. All told, they provide 60 percent of America's coffee supply, and they make massive profits at it. According to Oxfam, Nestlé earns a profit margin of 26 percent on its world-spanning instant-coffee business. For coffee that will be chemically reconfigured anyway, the multinationals will gladly pay as little as \$0.25 a pound for raw beans.

If you're seeking a culprit for the plight of coffee growers, look no further than the Big Four — and, by extension, those who purchase their exploitative coffee products. After all, these conglomerates have long been ratcheting up the amount of robusta in their blends, yet consumers have kept torturing their own taste buds without protest. In 1989, major blends like Folgers and Yuban were 50 percent robusta; today, they're 65 percent robusta. As long as people accept this ongoing trend, farmers will suffer. Oddly enough, the roaster Paul Katzeff — a man so steeped in Left Wing radicalism that he once protested farming conditions in El Salvador by pouring buckets of fake blood on the steps of a hotel where an SCAA convention was taking place — explained the state of affairs quite lucidly. "At Starbucks, they don't want to harm anybody, and they don't want to help anybody," he told me. "They just want to make money. They're neutral. I wouldn't say to Howard Schultz that he's a murderer for not buying enough Fair Trade coffee. But I will say to other companies who buy as cheap as they can that their actions are killing people — starving them, keeping a living wage from them."

This is why concerned coffee drinkers should revel in their gourmet habit. It's a simple formula: more demand for good beans leads to better prices for growers. Helping lift farmers from poverty, then, isn't so much a matter of hectoring companies like Starbucks (even if the company isn't the human rights champion it claims to be) as it is of making sure people never drink the cheap and exploitative coffee offered by conglomerates like the Big Four. Pushing consumers to cultivate a high-quality coffee habit might seem like just another utopian

scheme, no different from Fair Trade advocates prodding people to buy based on ethics. But unlike Fair Trade, gourmet coffee is already an entrenched part of mainstream American life. Plus, while consumers don't always consider the ethical status of their coffee, everyone wants a high-quality product.

Finally, we have a humanitarian reason to pay four dollars for a latte: the more snobbish we are about the coffee we drink, the better things work out for the farmers who produce the beans. And really, the true problem has always been that we've *never* paid enough for our coffee. A dime for a cup of Joe was a fantastic value in decades past, but who ever said it was fair? As Kenneth Davids, a top coffee taster and the editor of the *Coffee Review*, points out, the best wines in the world sell for thousands of dollars a bottle, yet the globe's best coffee is cheaper per cup than a can of Coke. So those who feel guilty about spending a small fortune on coffee might want to tell themselves this: maybe they're just paying what it's actually worth.

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What's in Your Cup

It probably didn't make anyone choke on their oatmeal, but still, readers of the *New York Times* on the morning of January 7, 1927, must have at least paused in bewilderment for a moment when they spotted the peculiar item on page 21, buried amid articles on steamboat inspection and contraband whisky confiscation. "COFFEE CHALLENGE," blared the headline, "Minnesota Drinker Invites All Comers to Championship Contest."

The drinker in question was one Gus Comstock, a barbershop porter in the remote town of Fergus Falls, near the North Dakota border. Comstock, it seems, was blessed with a unique gift: the man could drink *a lot* of coffee. Months before, he had set the first-ever world coffee-drinking record, downing sixty-two cups of it over a ten-hour span. But two challengers soon bettered this mark; H. A. Streeby of Armadillo, Texas, declared that he had knocked back seventy-one cups in under nine hours, while Perry Wilson of Canyon, Texas, managed a seventy-two-cup effort in the standard ten hours. (Apparently, Texas was something of a coffee-drinking-contest talent mill.) Stung to the quick, Comstock announced his plan to take back the crown for good,