From grassroots to global: unintended consequences of a Bolivian quinoa economy

Melissa Trinley
DePaul University, MATRINLEY@GMAIL.COM

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From Grassroots to Global: Unintended Consequences of a Bolivian Quinoa Economy

A Thesis

Presented in

Partial Fulfillment of the

Requirements for the Degree of

Master of Arts

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BY

Melissa Trinley

Department of International Studies

College of Liberal Arts and Social Sciences

DePaul University

Chicago, Illinois
ABSTRACT

This thesis offers a counterargument to the claims that Bolivian peasant farmers are acting in contradiction with their political support of food sovereignty by participating in a global quinoa economy. This research gives agency to the farmers by reframing the Bolivian quinoa story to show how farmers succeeded in overcoming “development” projects. My research is inspired by two brief periods of time I spent living in Bolivia volunteering with campesinos. This research offers insights into the unintended consequences producers experience when export of a regionally consumed food becomes a major economic development strategy to alleviate poverty. I take a historical perspective to analyze how a little known indigenous food from South America, quinoa, became a global commodity. My research is grounded in historical data that explains the necessity for farmers to seek new buyers for their crops. I problematize agricultural development programs by drawing upon critical development theoretical framework, which allows me to recognize farmers for the role they played in finding a new market for their product. I use a Global Value Chain lens to expose positive and negative effects on farmers of entering a global market. This thesis on the Bolivian quinoa economy serves as a case study on how community members need to be participants in “development” projects, how an unintended consequence of neoliberalism is the ability for peasants to use neoliberalism as a tool to resist against it and, cautions against focusing poverty alleviation only on market access.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ANAPQUI</td>
<td>Associación Nacional de Productores de Quinua (The National Association of Quinoa Producers)</td>
</tr>
<tr>
<td>ATO</td>
<td>Alternative Trade Organization</td>
</tr>
<tr>
<td>CECAOT</td>
<td>Central de Cooperativas Operación Tierra (Central of Farming Cooperatives “Operation Land”)</td>
</tr>
<tr>
<td>CONAMAQ</td>
<td>Confederation of Ayllus and Markas of Qollasuyo</td>
</tr>
<tr>
<td>IBCE</td>
<td>Bolivian Institute for Foreign Commerce</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>ITC</td>
<td>International Technical Cooperation Program</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
</tr>
<tr>
<td>FLO</td>
<td>Fairtrade Labeling Organizations</td>
</tr>
<tr>
<td>LVC</td>
<td><em>La Vía Campesina</em></td>
</tr>
<tr>
<td>MAS</td>
<td>Movement Toward Socialism</td>
</tr>
<tr>
<td>NTAE</td>
<td>Non-traditional Agricultural Export</td>
</tr>
<tr>
<td>OECA</td>
<td>Organizaciones Economicas Campesina (Peasant Economic Organizations)</td>
</tr>
<tr>
<td>PO</td>
<td>Producer Organization</td>
</tr>
<tr>
<td>SAI</td>
<td>Servicio Agrícola Interaméricano (Inter-American agricultural Service)</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>UNHDI</td>
<td>United Nations Human Development Index</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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CHAPTER ONE

INTRODUCTION AND HISTORY

1.1 Introduction

Quinoa is known around the world by professional chefs, household cooks, and fast food retailers. It is sold as a standalone product and is promoted as a base ingredient. Originally known only to those who had served as its protectorate, the Inca’s and their ancestors, quinoa has broadened its reach from select Andean countries to the world. In 2010 I lived in Cochabamba, Bolivia with a middle-class family while volunteering at a locally run NGO working with the local farmers. One evening, I shared a quinoa dish with my host mother that she had prepared for the two of us. For the past several weeks I had been living with this family yet I had never eaten one of the country’s primary traditional foods. Although my host mother grew up in a farming community eating quinoa as a staple food, it had been years since she had prepared it. Over the course of the meal she reminisced about eating quinoa dishes throughout her childhood. She expressed sadness about how she no longer ate it because her husband and children did not like the taste; moreover they considered it low class—a “peasant food.” The stigma her family placed on quinoa was a reflection on the discrimination against indigenous peoples in Bolivia. European and U.S. imperialist projects, colonial rule and food aid programs all promoted non-indigenous food products. However, around the turn of the twenty-first century, Bolivia’s “peasant food” increasingly gained popularity in foreign markets as a healthy food.

When I returned to Bolivia in 2014, I once again sat at the kitchen table with my host family who relayed new quinoa stories. Over the course of the four years, quinoa had become
increasingly hard to find in the local markets as it transformed into a coveted global food commodity, a phenomena that lead to a significant shift in the perception of the crop in its native Bolivia. The family had recently attended an upper-class wedding and the first course was quinoa salad. Cold salad is atypical among the traditional Andean preparations. Cold quinoa was indicative of how the Bolivian upper class had caught on to quinoa’s external popularity with wealthy, health conscious Northern consumers; quinoa had become chic on both sides of the equator, yet I had read that it was disappearing from domestic marketplaces. While visiting the NGO where I once volunteered, I asked the founders if they noticed quinoa in the local markets. They commented that the local campesinos were complaining that quinoa was very expensive and hard to find. What struck me most during this visit was the increased presence of quinoa on “tourist menus” and a general difficulty in finding quinoa in its traditional setting. On one occasion, I walked through a local street market where I eventually found a vendor selling quinoa far in the back. Upon discovering the stand, I was surprised to find a man next me to paying for his purchase with a 100 Bolivian bill (although this amount is only about USD 7 it is a large amount for the average Bolivian). The day before I had walked into a supermarket and found quinoa in a matter of minutes. Indeed, it was easier to find quinoa on the grocery shelf than it was in its traditional home, the local market. No longer just a “peasant food,” Northern consumers had reshaped the popularity of quinoa for Bolivian society. Quinoa had come full circle, from the revered crop of indigenous people and the sacred food source of the Incan Empire, to surviving centuries of decline as a “peasant food,” under colonial rule to a symbol of modernity.

The new quinoa economy had its positive and negatives. While Bolivian quinoa exporters expressed enthusiasm for selling their product abroad, the food was becoming
harder to find and harder to afford for the population that usually ate it. Meanwhile, multiple competing brands of quinoa were appearing in North American grocery stores. These three scenarios epitomized the challenge facing Bolivia as it increasingly exported an important local food source. Interestingly, finding external buyers was originally a grassroots project led by quinoa farmers as a means to generate a sustainable income following the failures of previous “development” projects. Their efforts caught the attention of development agencies such as USAID, World Bank, UNDP, and the European Economic Community (Healy 2001). With external funding for technology combined with the campesinos’ perseverance, the Bolivian quinoa economy entered global capitalism. Yet the success of the new Bolivian commodity was not without challenges. Power struggles among stakeholders within the commodity chain created new social problems and inequalities within Bolivian society.

A project that was once meant to help one of the poorest sectors of Bolivian society, the expanded commodification of quinoa, instead produced negative effects on the environment, social problems and tensions in traditional farming communities, and its benefits were increasingly out of reach for the most marginalized population—the traditional small-scale producers. In the context of Bolivia’s tumultuous political history and the significant role indigenous campesinos played in that history, it seems contradictory to the interests of farmers that they would support export production of their age-old staple food. In contrast, this paper will illustrate how the project was quite characteristic of this agrarian community. In seeking to give agency to the quinoa farmers, I provide a historical outline of the Bolivian quinoa story; I show how what began as a community-led project born from the margins of society, morphed into peasant farmers as traders in a global commodity. This paper therefore offers a critique of employing export agriculture for economic development.
I seek to explain the consequences of such a strategy for a rural community whose livelihood becomes increasingly dependent on a buyer-driven value chain extending thousands of miles from the community. In sum, this thesis investigates the unanticipated positive and negative consequences of the Bolivian quinoa economy.

1.2 The Significance of Quinoa

At the time of writing this thesis in 2017, it has been three years since my last visit to Bolivia. The Bolivian quinoa boom ended due to an increase in global supply as other countries entered the marketplace. While exploring what this economic shift means for Bolivian farmers, the thesis illustrates how the quinoa economy is a microcosm of the growing trend of promoting cultivation and exports of indigenous foods as a development strategy to help subsistence farmers (Thrupp 1995, Brett 2010). As a case study in grassroots development, the thesis highlights how quinoa producers sought to expand exports to support grassroots economic growth projects, an effort resulting in unintended positive and negative consequences. Their efforts can be understood within the larger context of the food sovereignty movement with philosophical tenants (Desmarais 2008) codified in national legislation (Romero and Shahriari 2009) and of importance to local peasant movements (Cockburn 2013). The attention paid to quinoa in literature appears to have decreased post boom. Early literature focused on the feasibility of quinoa for the fair trade market (Laguna 2003), the changing role of producer organizations (Ton & Bijman, 2006), the positive impact for farmers (Caceres, Carimentrand and Wilkinson 2007, Salcedo 2015), and the negative impact on farmers (Carimentrand and Ballet 2010). Yet little has been written since the quinoa boom ended. My goal is to contribute to the literature by looking back at how the quinoa economy developed through the actions of governments and policymakers,
international aid agencies, and the farmers themselves. The thesis questions development’s strategy of poverty alleviation for rural farmers by connecting them to global commodity markets. By framing the quinoa export economy within the food sovereignty paradigm, I explain how the entrance into the global economy is not a contradiction, but rather a new form of resistance. This argument emerges within four chapters that explore: 1) quinoa’s significance and the debates surrounding the growing quinoa economy, 2) the trajectory of quinoa as a development project including, an assessment of fair trade as development, 3) unintended consequences of the quinoa economy through the lens of Global Value Chains and 4) the rise of indigenous political power and seemingly contradictory actions of the farmers, including their connection to the food sovereignty movement.

1.3 The Nutritional and Geographical Importance of Quinoa

Situating the Bolivian quinoa economy within its geographical and economic contexts allows for a broader understanding of the explosive international interest in exporting this nutritious crop and the internal desire in Bolivia for new international buyers. Understanding these contexts is essential for understanding the debate between those advocating for production of quinoa for local consumption versus as a global commodity crop.

In Bolivia 45 percent of the population lives below the poverty line (CIA World Fact Book 2016). According to the International Fund for Agricultural Development, in rural areas three out of four people live in poverty (IFAD) and on the United Nations Human Development Index Bolivia ranks 118th (UNHDI). Given the high indicators of poverty in Bolivia it is fascinating that this superfood is being produced for external consumption. Quinoa has become an important export crop for regional and the national economy.
According to a report released by the Bolivian Institute for Foreign Commerce quinoa exports from Bolivia reached USD 153 million in 2013 (IBCE 2013). Quinoa is a native crop to the Andes and it is very important to the region for its high nutritional and agronomic value that has allowed the survival of local populations located in geographically isolated and harsh regions to survive. It once held a prominent status in the Andean culture. Quinoa was so vital to the Incas that it was considered sacred. For example, in Quechua the word for quinoa means “Mother Grain” (National Research Council 1989, 149). The quinoa-growing regions include the northern and southern Altiplano of Bolivia and the highland valleys of Peru (Hellin and Higman 2001, 5). The region is characterized by little rainfall, very cold nights, and intense amount of sunlight. The main production area in the country is the Altiplano, especially the southern area, where ecological conditions make it impossible to grow other crops (Gandarillas et al. 2015, 352). Quinoa is tolerant to drought, freezing and salinity. It (Chenopodium quinoa) is not a grain rather it is a pseudo-cereal; it is the only plant food that contains all essential amino acids, is high in total dietary fiber, rich in vitamins, contains high levels of minerals (it stands out for its high content of, iron, calcium, magnesium and zinc) and is a complete source of high quality protein (PROIMPA 2011, 7-12). Because of its nutritional value and ability to grow in harsh, nearly inhospitable climates, quinoa remains an important crop in three main regions of the Andes, all of which are located 3,200-4,200m above sea level.

This paper focuses on the export of quinoa from the Southern Altiplano of Bolivia. This area is one of the driest in Bolivia – quinoa is the only commercially viable crop that can survive the harsh landscape (Gandarillas et al. 2015, 345). The Altiplano is where quinoa production has grown significantly and where “Quinoa Real” is grown for export. According
to Gandarillas et al., in this area alone there are more than twenty local varieties however, the most popular are “Real Blanca,” “Chaku,” “Pandela”, “Toledo” and “Phisanqalla.” When these varieties are grown outside the dry Altiplano in more humid areas they are prone to mildew attacks (2015, 356). Furthermore, the Altiplano is the region where the two oldest and largest peasant cooperatives are located, ANAPQUI and CECAOT, and from where the first quinoa crop outside of the Andes region was exported; as of 2013 it is where nearly 100% of all Bolivia quinoa produced for export originates (IBCE 2013), and it is a political stronghold for anti-neoliberalism. All of these factors contribute to the complexities of the challenges faced in delivering quinoa to international buyers and expose the paradoxes with this group of farmers exporting a staple food.

1.4 The Quinoa Debates

The so-called “discovery” of quinoa by the Global North and its health and socially conscious consumers provokes controversy north and south of the equator over the effects that increased exportation is having on Bolivian quinoa farmers and local consumers. News outlets have primarily focused their research on the question of whether “to eat or not to eat quinoa” (Blythman 2013). This question boils the quinoa conundrum down to a simple “yes” or “no” answer thus, obscuring the complex dilemmas faced by quinoa farmers. There are inconclusive media reports about quinoa in Bolivia: some argue the economic benefits to farmers (Grover 2013); others recognize that the increased cost of quinoa is making procurement by local populations difficult (Friedman-Rudovsky 2012); still others argue that Bolivians are eating less quinoa because it is more prevalent in external markets (Romero and Shahriari 2011). Meanwhile, recently there has been backlash against the Bolivian
government for its unwillingness to share quinoa seeds. This criticism is based on the claims that quinoa has the potential to help meet one of the UN Millennium Development goals, to end world hunger, and therefore the Bolivian government and farmers should share knowledge of quinoa (Hamilton 2014).

A number of scholars have been investigating the production of quinoa. Some have been warning of the environmental and social concerns that mechanization would bring to the region (Laguna 2003), while others have discussed the role fair trade is playing in quinoa producing communities (Carimentrand & Ballet 2010). Ofstehage (2010), for example, has focused on how local systems of agriculture, trade and reciprocity have remained intact despite this quinoa boom, pointing to the importance of the role of intermediaries in keeping these systems of domestic trade alive. Still, other scholars contend that in these times of transformation, traditional moral economies provide the means to navigate a hybrid quinoa economy (Walsh-Dilley 2013). Through their on the ground studies, these scholars offer significant contributions to the understanding of what is happening in specific communities in the southern Altiplano of Bolivia from the point of view of the farmer.

The significant growth of the Bolivian quinoa economy, the quinoa boom, suffers from shallow interpretations of the outcomes of this boom on both large and small scale farmers, quinoa producing communities and migrant laborers. The literature pays little attention to the inequalities deepened when peasants enter a global commodity chain. As such it is not able to provide a critical analysis of the inequalities that result from rural communities’ participation in the global quinoa economy. Moreover, these arguments miss the historical context in which quinoa farmers themselves became the primary actors seeking funding to improve their crop for export. Scholars of the Latin American peasantry who have written
ethnographically on specific rural, quinoa-producing communities have contributed to understanding how these communities have avoided some of the negative consequences of the boom (Ofstehage 2010, Walsh-Dilley 2013). Previous writings, however, have failed to ask why the need to pursue export production existed in the first place. They do not recognize the consequences of the end goal of food as development—the commodification of a food source—observers fail to see how these kinds of “development” projects bring non-Western economies more fully into the capitalist system and the complex consequences of this entrance.

1.5 Research Methodology

The idea for this research project was born during the three months I spent living in Bolivia in 2011 when I first learned of quinoa, its newfound popularity outside of the region and witnessed poverty levels that made me question why this valuable crop was grown for export. In pursuing a deeper and more critical understanding of the Bolivian quinoa economy in this thesis, I rely heavily on secondary data collected over the course of five years through online periodicals, journal articles, books, as well as previous academic research papers. Throughout this research period I conducted informal interviews with Bolivian researchers. I spoke with a former Peace Corp volunteer who, in 2006, was assigned to help farmers find new buyers. As well, I spoke with a researcher for Food First based in La Paz focusing her research on the effects of the quinoa boom on communities in the Southern Altiplano.

Chapter one contains ethnographic data collected during a brief visit to Bolivia in 2014. I conducted informal interviews with my former host family and NGO colleagues who helped me understand the present day implications of the increase of quinoa export. I
engaged in ethnographic research when visiting supermarkets, and markets where I collected information on the price of quinoa in different forms and in different locations. Artifacts from this trip include photographs of the quinoa-growing region, photographs from a tour of a cooperative processing plant, and academic books published in Bolivia. In chapter two I reply upon secondary literature to place the project to export quinoa into critical development studies. Chapter three analyzes the quinoa commodity chain through the Global Value Chain theory. The research method for chapter three includes the use of secondary data including global value chain literature, importers company websites, webinars, and fair trade academic studies. Ethnographic research was conducted through an informal interview with a manager at a quinoa cooperative, CECAOT and Fair Trade USA. Chapter four places the quinoa economy into a political context, specifically analyzing the farmers’ quest for new buyers through the lens of the food sovereignty movement. Again, the research method was the use of secondary research.

1.6 Limitations

I was not able to return to Bolivia for another expended period of time to be able to conduct formal field research. This thesis is limited in its ability to provide a deeper dive into the conditions Bolivia quinoa farmers are experiencing, the prices they were and are currently being paid for quinoa or observe the social tensions in the region brought on by the quinoa boom. Because I was not able to spend a significant amount of time living in the Altiplano I was not able to conduct empirical research with farmers.
CHAPTER TWO

THE UNINTENDED CONSEQUENCES OF BOLIVIAN DEVELOPMENT

2.1 Quinoa as Development

A missing piece in the story of the Bolivian quinoa economy’s trajectory is the key role farmers played in bringing their product to a new international marketplace. This chapter provides historical background helping to explain why would Bolivia’s quinoa farmers sought buyers outside of the Andean region. This project formed as a bi-product of an existing internationally led development project. In his book, Multicultural Grassroots Development in the Andes, Kevin Healy (2001) tells the story of development in Bolivia through a series of grassroots development experiences, including quinoa. According to Healy quinoa as a development process is as an example of, “indigenization or revitalization of cultural traditions” (vii). For Andean development scholars, Andolina, Laurie, and Radcliffe, (2009) the region is a site of research on the confluence between development and culture. In this chapter I show how the creation of the international quinoa trade is an example of the influence of development policy on local economies and the influence of local culture on development.

Based on the guidance of the US, Bolivia began to use food as a vehicle for economic development. The result was the decline in consumption and therefore production of quinoa was no longer a sustainable livelihood (Healy 2001). Framing quinoa as a development project illuminates how current societal and health problems stem from centuries of colonial policy, including agricultural policy designed by the U.S. Although framed as a recent concern (Romero and Shahriari 2011, Collyns 2013, Blythman 2013, Bertelli 2013), lack of access to quinoa and coinciding poor malnutrition rates is in fact a results of a decades long
economic policy, beginning in 1956, promoting import substitution (Healy 2001). Development projects, whether led by the state, NGOs or private organizations, such as fair trade certifiers, only focus on quinoa as a viable option for farmers to increase household income. In this chapter, I argue that quinoa production should be viewed as a development strategy for which it was not originally intended, that in the later years project aid agencies hoped it would become, and that eventually its success as an international commodity would produce. By viewing the trajectory of the quinoa economy under the lens of multiple development theories, we gain new perspective on the role and participation of the peasant farmers in the development of this economy and the resulting unintended consequences it that resulted.

Similar to how the news articles frame the Bolivian quinoa economy as having positive or negative results (DePillis 2013, Verner 2013), outcomes of development projects have been framed as successful or unsuccessful. James Ferguson in, The Anti-Politics Machine (1990), introduces the notion that international aid projects do not have to be classified as “successful” or “failures” or “real development,” but rather as an intervention that alters the landscape. Ferguson describes international aid projects “as productive and having effects—they may not be the outcomes originally intended by the development planners but they most certainly made an impact and changed the landscape in ways that likely would not have been altered without this intervention.” In the history of Bolivia’s quinoa economy, Ferguson’s definition is applicable to the first phase that took place in the Altiplano, a project led by foreigners and that produced little value for the community. The unrelated project that sprang from the presence of aid workers, a tractor rental service, illustrates Ferguson’s view; aid workers made an impact but in ways that were not originally
intended. This chapter views the project to develop the Bolivian quinoa economy through Ferguson’s lens—an intervention that alters a landscape.

The expansion of the quinoa economy spans the decades from the 1970s through present day. When looking at the progression of the export of quinoa parallels can be drawn to the various development theories: development projects as state-led projects primarily funded by outside donors working in collaboration with local government agencies (Healy 2001, Escobar 2012, Ferguson 1990); efforts by the development community to provide more ownership (“participation”) by communities (Li 2007); and ethnically aware development (Andolina, Laurie, & Radcliffe 2009). The Bolivian State and NGO-led development projects largely ignored the inhabitants of the Altiplano in part because they viewed the region as unproductive and the terrain unsuitable for development. Although the Altiplano was overlooked, quinoa producers were victims of a larger agriculture development strategy and policy agenda that shaped projects throughout the country. This strategy would contribute to the eventual decline of the local quinoa economy. It was not until locals were handed control over failing NGO-run development projects that quinoa become the focus of a community improvement effort. What makes the quinoa case unique in this regard is that precisely because of the lack of attention to agrarian communities of quinoa producers, they became the main actors in promoting efforts to secure new international trade relations for their product. The following section provides background on how the process of finding new buyers began as grassroots efforts by a local community cooperative. I explain how once the project had proved successful, new actors entered into the quinoa business introducing large-scale development projects and Bolivian government involvement. By looking back at how quinoa became a globally traded commodity, it becomes possible to understand why the
original intent of the quinoa producers was to find international buyers. It is then possible to see the parallel path quinoa followed to other agricultural development efforts that moved farming toward industrialized agriculture.

2.2 International Aid Policy’s Influence on the Decline of Quinoa

Once quinoa became popular outside of the Andes, several articles appeared claiming the increase in quinoa consumption by Northern consumers was negatively impacting producers. A frequently sited article published in The Guardian claimed, “the appetite of countries such as ours for this grain has pushed up prices to such an extent that poorer people in Peru and Bolivia, for whom it was once a nourishing staple food, can no longer afford to eat it” (Blythman 2013). What is missing from these articles is the fact that quinoa consumption had been in decline for decades; by the 1980s quinoa had significantly diminished. Centuries of intervention from outsiders, first the Spanish conquistadors and later international development agencies, deliberately implemented policies and practices to reduce the harvest of indigenous crops. The media articles fail to include the historical background on the policies that lead to the decline in the local demand for quinoa and as such, these articles fail to list how it came to be that the peasants led the movement to obtain new buyers.

Framing the quinoa economy as “development” allows us to appreciate the struggles peasants overcame to bring their product to a new market. Arturo Escobar in, Encountering Development: The Making and Unmaking of the Third World (reprinted in 2012) looks at development as a historical construct. Describing it as something unnatural—it enables development to be seen as a space where poor countries are specified and intervened upon
Bolivia frequently has been “intervened upon.” The flow of US economic aid to Bolivia from 1940 for four decades resulted in one of the highest levels of aid per capita in Latin America (Healy 2001, 19). Consequently, as Escobar suggests, “development” is productive in the sense that people learn they are “not-developed” and can be further dominated by the “First World” (2012). Bolivians have been victims of this mentality since the time of colonialism and up through to United States imperialism, both of which had severe impacts to the indigenous food system.

As a means to force the indigenous people to assimilate, the Spanish not only conquered the people of the Andes but also altered their food system during the colonial period, which lasted until the early 19th century; indigenous crops were deliberately repressed and replaced with European foods (Hellman and Higman 2001, 6). In the subsequent century, foreigners created policies and projects with similar goals. By the mid-twentieth century, the United States was exerting its power throughout Latin America and in the 1940s, Western development aid began to shape an anti-indigenous national development policy. Influenced by the US, Bolivia’s approach to economic development was based on two models, state capitalism and neoliberalism. Both of them limited indigenous development and further created an economic divide between the highland indigenous people and the rest of the country. Based on perceived progress of the U.S. agriculture model observed by Bolivian agricultural administrators during the 1930s, the Bolivian government began to believe the U.S. approach was the answer to their underdevelopment problems (Healy 2001, 16-17). American Merwin Bohan was the main architect of the Servicio Agrícola Interamericano (SAI). He was influenced by neo-colonial attitudes from his elite Bolivian friends and found “both the native ‘world view’ and Aymara language to be detrimental to the country’s
immediate development prospects” (Healy 2001, 20). As such, SAI’s policies focused on introducing non-native plant species into Bolivia, a practice leading to devastating impacts on the landscape.

The model of state capitalism began after the 1952 revolution. The emphasis of the economy policy was economic diversification and import substitution. One such program was initiated in the Atiplano. The United States Agency for International Development (USAID) financed a program in the town of Potosí teaching farmers how to improve production of wheat. When it was time to sell the locally grown crop, farmers could not compete with the low cost wheat imported through U.S. food aid programs (Healy 2001, 161). In the same highlands region, non-indigenous animals, such as sheep, were introduced leading to overgrazing and a severe degradation of topsoil and vegetation. Traditional grazing of llamas or production of crops was discouraged; the sale of llama meat was prohibited. As Healy notes, “an emergency relief program from the United States gradually evolved into a national structural dependency which complicated various aspects of nutrition, native resource, food preferences, and agricultural biodiversity over the next four decades” (2001, 29). By the mid-1970s, Bolivia had become the per capita world leader in food aid shipment from the U.S. By 1984 wheat-based products had grown to represent 75 percent of the calories consumed as a result of the U.S. food aid program that began in 1956 (Healy 2001, 30). The importation of U.S. subsidized wheat severely altered the food system; imported crops substituted traditional crops such as quinoa. Between 1960 and 1984 consumption of wheat-based products grew from 18 percent of the calories in the diet of urban consumers to 75 percent and 70 percent of the protein (Healy 2001, 30).
Escobar defines “development” as the, “growing will to transform drastically two-thirds of the world in pursuit of the goal of material prosperity and economic progress” (2012, 4). To bring peasants “economic progress” Bolivian economic policy included import substitution aimed at eliminating agricultural imports such as sugar, meat and rice, with a goal to import machinery to produce these products at home. These policies concentrated on the eastern lowlands and left the indigenous majority—the producers of the majority of the country’s food supply—absent from conversations. This was particularly devastating for Andean quinoa farmers as seen by the decline in national production of quinoa during the 1960s and 1970s (Healy 2001, 42). Indigenous food producers suffered from, “exacerbated terms of trade inequities…’the markets were overflowing with consumer products yet, they had no money to purchase them’” (Healy 2001, 53).

2.3 The Rebirth of the Quinoa Economy

2.3.1 1960s International Development Projects

Another concept Escobar introduces is how development is productive in making underdevelopment politically and technically manageable (2012, 46). The destruction of the indigenous food system exemplifies such a process. For centuries Bolivia’s majority indigenous population was suppressed in order for mestizo elites to maintain political power. Eliminating the local food market was part of this plan. Between 1964 and 1978 multiple military regimes ruled the country, returning the dubious title of “the world’s most coup prone republic” to Bolivia (Healy 2001, 13). To support these regimes from turning communist and in an attempt to modernize Bolivia, the US government invested heavily in aid and especially in the agricultural sector (Healy 2001, 19). Simultaneously, in the late
1960s in a remote part of the southern Altiplano on the shores of the Uyuni salt flats, Belgian missionaries constructed a lime factory “with the aim of raising the standards of living of the indigenous population by more effectively utilizing local resources” (Healy 2001, 162). Their project follows Escobar’s definition of development: to transform peasants to pursue the goal of economic progress as seen through the lens of capitalism (2012). Although the lime factory was not economically successful it was productive in creating a tractor rental service. Access to tractors prompted local farmers to start uprooting the shrubs that grew on the pampas in order to plant quinoa, which until that time only grew on the hillsides. This mechanization unintentionally led to great capacity for quinoa to be planted on more hectares of land. Consequently, the agricultural frontier could be extended to the flat terrain by enabling virgin lands with irregular topography, fragile soils with low water holding capacity to grow quinoa. Although this development project did not explicitly aim to promote increased quinoa production, it introduced the idea of using the pampas for agricultural production as opposed to just herding (Healy 2001, 163). The lime factory “development project” did produce an outcome however; the outcome was not the original intent.

2.3.2 1970s: Formation of Peasant Cooperatives

Quinoa decreased as a dietary staple of Bolivia during the 1960s (Healy 2001), but quinoa farming never disappeared from Andean culture. Peasants maintained hope in growing quinoa a source of income. This section discusses the role of peasant cooperatives in development of a new Bolivian quinoa market. Cooperatives became, and still are, essential in enabling quinoa to reach external marketplaces. Cooperatives allow an international buyer a central source through which to purchase large quantities of quinoa thus avoiding the need
to locate individual farming households. Furthermore, cooperatives are able to control for quality through training programs and financial support to farming households for organic farming. While the community-led project to export quinoa was accepted by development the way in which the locals organized was dictated by development. Robert Andolina, Nina Laurie and Sarah Radcliffe label this combination of use of local knowledge combined with development strategy as the junction when, “indigenous policy and advocacy networks intersect to define a transnational but grounded frontier between culturally appropriate development and developmentally appropriate culture” (2009, 3). The historical progression of the creation of the first peasant cooperative is outlined in the following paragraphs.

Bolivian quinoa producers were at first subjects of western development, however as aid workers realized their original project was not helping the community they made the decision to turn the project over to locals. In 1974, one of the Belgian missionaries decided to enlist the help of locals to shift the development model from top-down management to community participation. There were two important changes: first, the priest sought out locals, Macario Bautista, a peasant leader, and Jaime Alba, a development professional, to return to the Altiplano and work on a project to revitalize quinoa; secondly, he transferred ownership of the program to the community by setting up a cooperative. Bautista and Alba were native to the Altiplano and had witnessed out migration of youth from the area due to lack of opportunity. This was in large part because, as Healy notes, “earnings from quinoa were so meager that it was difficult for their families to make ends meet” (Healy 2001, 165). The two leaders of the group contrived the idea to place quinoa at the center of development strategy in order to “stimulate the communities to take initiative” (Ibid). According to Bautista, the co-op idea was a foreign idea (Healy 2001, 163). While missionaries
recognized the local knowledge redesigned their project to be culturally appropriate by focusing on a native crop and then by forming a co-op they produced “developmentally appropriate culture” (Andolina et al 2009).

During the 1970s small producers started to form community-based committees, *Organizaciones Economicas Campisinas* (OECAs), Peasant Economic Organizations, in an attempt to search for market opportunities to bypass intermediaries (Raynolds 2007, 183). The first Andean organization of quinoa growing peasants, Union of Agricultural Cooperatives (CECAOT), was founded in 1975 and comprised 14 cooperatives from the Nor Lipez province in Potosi (Ibid). This federation emerged from the agricultural project begun by Bautista and Alba (Ibid). Traditionally, peasant producers kept most of their quinoa for their own household consumption (Cáceres et al. 2007). For the quinoa they did want to sell, producers had no other alternative other than to sell it to intermediaries who obtained the product for buyers in Challapata¹, the central marketplace in Bolivia where the price of quinoa is set. Intermediaries had almost a complete monopoly over quinoa trade and were highly exploitative, accused of using over-weight scales, under-quoting prices, and in general, treating the farmers unfairly (Ofstehage 2012). The development agenda of the 1960s profoundly influenced the price of quinoa. By the 1970s, the price paid to the quinoa producer was equivalent to one third of the cost of imported wheat (Cáceres et al. 2007).

Indigenous quinoa farmers were aware of the nutritional qualities of their crop and wanted to break free from the necessity of selling to intermediaries. For the peasant organization throughout the 1970s, the issue was twofold: lack of an efficient machine to thoroughly process and clean quinoa inhibited them from producing a crop of export quality;

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¹ The “Challapata Fair” is also known as the “Black Market” since most of the quinoa destined towards the bordering country of Peru is smuggled through this market/location.

² This paper refers to the fair trade movement as “fair trade” and distinguishes certified products as
and economic policy made exports difficult which inhibited farmers from obtaining a fairer price. Because local government agricultural stations never adequately supported quinoa peasants, CECAOT’s objective was to, “stimulate the communities to take initiatives rather than waiting for government agencies” (Healy 2001, 165). The first members of CECAOT had the idea to organize the “Primer Encuentro de Productores de Quinua del Altiplano Sur” (The First Meeting of Quinoa Growers of the Southern Altiplano). It brought together over 150 Aymara and Quechua peasants as well as foreign donors (Healy 2001, 165). From this meeting came the idea to form a committee tasked with the top priority of obtaining a processing machine to remove the saponins in order to improve the quality of the product. According to Healy, “as early as the 1970s the Peruvian food industry was profiting from selling processed quinoa products from Bolivian quinoa” (Healy 2001, 167). Private funding was sought because the co-op did not receive support from local government agricultural stations (Healy 2001, 166). With funding from Catholic Relief Services, CECAOT obtained the dehusking machine but it only removed 60-70 percent of the saponins (Healy 2001, 167). The first dehusking machine was installed in the same town as the co-op headquarters. They choose Julaca because electricity had been installed for the town’s lime industry (Healy 2001, 167). Throughout the decade CECAOT sought funding from international NGOs, specifically the International Agricultural Foundation (IAF), to obtain improved processing technology that would allow the co-op to increase the quality of their crop and allow for more time to be spent on marketing efforts (Ibid).

2.3.3 The 1980s: New Economic Reforms and New Markets

The 1980s brought about political, social and economic change to Bolivia following
sixteen years of military rule. Throughout the 1980s, Latin American countries suffered serious economic and social crises characterized by growing external debts, poverty and high levels of unemployment. By the end of the so-called “lost decade,” one quarter of the entire population lived in households that earned less than one dollar a day (Thrupp 1995, 15). To obtain loans from the International Monetary Fund, governments had to agree to Structural Adjustment Programs (SAPs) (Moberg and Lyon 2010, 3). In 1985, the new Bolivian government introduced neoliberal economic policies aimed at stabilizing the economy through structural adjustment via reducing the role of the state in the economy. This was done through measures such as privatizing national industries, removing subsidies, liberalizing trade and overall, integrating the country into global markets (Healy 2001, 51). A feature in the New Economic Plan (NEP) was to open up the market to more imports but also to make it easier to export. In attempts to increase economic growth, repay debts and reduce reliance on traditional exports (coffee, sugar cane, beef), international agencies began promoting cash crop exports as a central part of trade liberalization and structural adjustment policies (Thrupp 1995, 3).

The economic shift away from import substitution and toward neoliberal policies coincided with a demand for non-traditional agricultural exports (NTAEs), organic products and health foods (Thrupp 1995, 3). According to Thrupp, “non-traditional export values from Latin America grew steadily reaching $430 million by 1991” (1995, 58). To be defined as a non-traditional agroexport the export must be either 1) not traditionally produced in a particular country; 2) was traditionally produced for domestic consumption but is now exported; or 3) is a traditional product now exported to a new market (Thrupp 2005, 2). Quinoa, “as a traditional product now exported to a new market,” met the definition. It also
fit into the governmental policies aimed towards opening new markets and increasing exports. A government funded development project acted as another influence for organic conversion. The Inter-American Institute for Cooperation on Agriculture in partnership with the market study on quinoa conducted by the Bolivian Ministry of Agriculture confirmed the potential for growth among European organic food buyers. It also listed “Real Blanca” quinoa grain as the one most accepted by consumers in the North (Cáceres et al. 2007, 184). The impact on the conversation to organic farming will be discussed in chapter three.

2.3.4. International Technical Cooperation

From the beginning of their project to expand the quinoa export production, the Bolivian peasant organizations understood the need to add value to their product through initial processing. Not only did quinoa producers lead the efforts to find new buyers for their crop, but they also played a role in developing the next phase in the quinoa supply chain. The decade when cooperatives needed funding to improve quinoa-processing equipment, the 1990s, coincided a “‘new development paradigm,’ which emphasized ‘decentralization, community development, privatization, minimal government, popular participation, and flexible forms of foreign aid’” (Werlin, 1992 as sited in Stenn, 2013). First introduced under the Banzer government in the late 1990s and further developed under the Mesa administration, in the early 2000s, the new policy focused on developing external buyers for Bolivian products thus replacing the former model of production and productive infrastructure (Ton & Bijman, 2006). Because the highland peasants had already formed cooperatives, they were poised to take advantage of this new paradigm to support community development. At the same time, development was beginning to ask for community
participation as a means to increase project effectiveness (Cornwall 2000 as sited in Stenn, 2013). Development agencies were poised to finance projects run by locally managed cooperatives. The result was a significant increase during the 1990s of construction of quinoa processing plants with funding by the United Nations. Moreover, the International Technical Cooperation Program (ITC) financed the process of converting quinoa producers into agro-business operators (Cáceres et al. 2007, 184). In 1990, the United National Development Programme (UNDP) financed a quinoa processing plant for ANAPQUI and by 1997 CECAOT obtained a new technology for debittering its quinoa. Dryers instead of rinsing machines promised to remove 100% of the saponins (Healy 2001,187). A loan from the Inter-American Development Bank greatly helped the organization reach new buyers by allowing CECOAT to “expand the co-op’s quinoa processing almost threefold and greatly improve membership training” (Healy 2001, 180). In turn, growers were able to sell to the United States, though sales fluctuated in the mid-90s due to low crop yields and developing demand. However, in time and through marketing, rising demand for health foods and the increase in organic production increased international interest in quinoa. By 1997 quinoa was the highest priced grain on the world market (Healy 2001, 188).

2.4 Globalization Via Supply Chain “Development”

During the late 1990’s and early 2000s, neoliberalism was the framework for development (Andolina, Laurie, and Radcliffe 2009). In their study on development projects in the Andes Andolina, Laurie and Radcliffe (2009) conclude that although communities tried to differentiate themselves from interventionist development work by embracing their local knowledge to create income, development absorbed these projects. The development
community recognized that funding projects at the state level was not effective and therefore began to shift resources to the local level (Ibid). In the 1990s cooperatives benefited from a development policy that recognized the value in applying local knowledge to advance the global quinoa trade. In 1999 there was a shift to supply chain development as the primary focus for agricultural development in Bolivia. As Carimentrand (2015) writes, “NGOs aimed to better prices and add value at the various levels of the quinoa supply chain, by taking care of collection, hulling, partial processing and marketing” (332). At the same time, the success of the quinoa export market caught the attention of the government. In fact, the Bolivian government invested in a program to help determine which actors along the chain would be the most efficient. In 2000 the government set up the Bolivian System of Productivity and Competitiveness (SBPC) to concentrate government resources on products where Bolivia had a competitive advantage and market potential in international markets (Ton & Bijman 2006). The result of the study concluded that producer organizations were inefficient as quinoa processors and exporters due to their presumed inability to react timely to changing market demands (Ton & Bijman, 2006, 9). Producer organizations were assigned the role of farmer instead of being able to continue to pursue the role they had chosen for themselves, farmers, processors and exporters. In their study on Bolivian producer organizations Ton & Bijman state, “the quinoa case is a clear example of the complex and sometimes conflictive interaction of government and (international) development NGOs on one hand and producer organizations on the other” (2006, 12). By being more concerned about introducing quinoa to the global economy the government and NGOs began to silo farmers into a role of producer, thus taking away the opportunity for producers to increase profit margins by processing their
own product. Chapter three explains in greater detail the financial consequences suffered by the original two peasant organizations when they faced competition from private business.

2.5 Fair Trade as Development

Government support of non-traditional agricultural exports combined with the growing health food movement in the Global North were two important influences on cooperatives ability to find a new buyer. The first quinoa buyer from outside the Andes region was America social scientist David Cusack from Colorado. In 1983 he formed Quinoa Corporation and placed the first order for quinoa from CECAOT for 200 tons of quinoa (Healy 2001, 175). Quinoa Corporation’s cofounder, Steve Gorad, hoped that if Bolivians saw the desire the north had for its crop that the stigma could be lifted from its native country; producers would have access to two new markets, the north and the local economy (Laguna 2006). According to its website, “we began out of commitment to sourcing the highest quality quinoa and supporting the farmers who grow it” (Quinoa Corporation). This purchase represents two important elements of quinoa’s new marketplace. The first is quinoa’s ability to be imported into the USA for its status as a non-traditional export product, and secondly the buyer’s desire to help the producers. The rise in quinoa exports follows the increase in popularity of organic health foods in the Global North, the space where non-traditional agricultural crops were sold, and the buyer’s aspiration to partner in solidarity with farmers through the purchase of their crop, even prior to quinoa’s Fairtrade\(^2\) certification. Quinoa was not officially granted status as a Fairtrade product by the Fairtrade Labeling Organizations (FLO) until 2004, however private organizations purchased quinoa

\(^2\)This paper refers to the fair trade movement as “fair trade” and distinguishes certified products as “Fairtrade.”
with a voluntary willingness to be in solidarity with the actors, farmers, processors, importers and retailers (Laguna 2003, 29). The term alternative trade relationship predates the term fair trade. Alternative trade dates to the 1950s when Oxfam and Ten Thousand Villages began work to improve the prices received by artisans in the developing world for exported products (Jaffee 2007). In the USA, alternative trade gained traction in the 1980s when fair trade coffees were marketed alongside the Central American solidarity movement (Lyon 2015, 159). The partnership between Bolivian farmers and alternate trade organization was critical to the success of quinoa expansion. According to Cáceres et al. (2007) “the partnership between quinoa producers and the solidary market consolidated the expansion of quinoa, thus increasing exports and allowing the product to break out of the Andean market” (184).

Fair trade is a trading partnership that seeks greater equity in international trade (Lyon 2015, 159). The growth of the fair trade movement coincided with the expansion of neoliberalism as a direct result of consumers’ awareness of the unfair burdens placed on southern producers under the system of free trade. They wanted an alternative means to purchase products, one that would provide a more direct line from source to consumer; it was assumed this would bring a fairer price for the producer (Moberg and Lyon 2010, 7). European alternative trade organizations backed fair trade. By 1997 there were 17 fair trade labels across Europe and North America promoting the creation of the umbrella organization Fairtrade International, which became responsible creating consistent certification standards across its members (Lyon 2015, 159). The certification model shifted the movement from economic and social justice toward poverty alleviation. Lyon sees fair trade as a “perfect fit for a development community unified behind the goal of ending poverty” (2015, 163).
According to Nicholls and Opal, “fair trade has interlinked aims: alleviate extreme poverty through trade and to empower smallholder farmers and farm workers to use trade relationships as a means of enhancing their social capital” (Nicholls and Opal 2005, 25).

Many scholars have written critiques on fair trade (Nicholls and Opal 2005, Jaffee 2007, Lyon and Moberg 2010, Carimentrand and Ballet 2010, Valiente-Riedl 2013, Lyon 2015). A major critique is the contradiction embedded in the concept itself. Fair trade seeks to achieve social justice and alter the unjust terms of trade that hurt small farmers worldwide by utilizing the mechanisms of the very markets that have generated those injustices (Jaffee 2007). Fair trade works to “correct market failures to make the trading system work for everyone, Fairtrade is, in fact, a neo-liberal solution to problems with trade” (Jones 2004 as sites in Nicholls and Opal 2005).

However, fair trade offers a new approach to the buyer-supplier relationship aimed at equality of exchange. It is a development tool that uses existing capitalist supply chains to return more income to producers (Nicholls & Opal 2005, 32). According to Fairtrade Labeling Organization (FLO), Fairtrade is a strategy that aims to produce sustainable development and reduce poverty through fairer trade. The main goals are, “to make changes to the conventional trading system that benefit small producers working in the South and increase their access to markets” (FLO 2011, 4). To indicate a brand’s certification of operating under fair principles, the Fairtrade system uses a label. To obtain the label, a product must meet a series of criteria though fair trade organizations frame the standards differently (Jaffee 2007, 2). Like all FLO products, the FLO Fairtrade Standard for quinoa requires that at least half of the members be a small-scale producer organization, which is defined as: farm work done mostly by members and their families and do not hire workers all
year round (FLO 2011, 7).

Only in the past few years have critiques of fair trade focus on fair trade’s hired labor standards (Brown 2013; Lyon 2015). These critiques are important to understanding the class divisions, and potential economic disparities between Bolivian farmers. Fair trade thinks in terms of small producers and plantation labor causing it to largely ignore wage labor (Lyon 2015). Wage labor is not itself bad, but by disregarding wage laborers fair trade fails to incorporate the full spectrum of the political economy in which producers are operating. As Fraser et al. state, Fair trade is a “strategic resource bound to power relations and politics that are negotiated and contested in a variety of arenas from international to local” (2014, 18). The following paragraphs place the quinoa boom into the context of local politics and explores the power relations Fair trade has contributed to, albeit unintentionally.

To understand the impact of large-scale production in the Altiplano we first need to understand land rights. Exports of Fairtrade quinoa are of salinas variety, primarily quinua real (royal quinoa) grown along the shores of the salt flats (also called the inter-solar) and has become the most prized quinoa on the global market (Rojas et al. 2010). This is also an area of Bolivia where traditional indigenous trading partnership, known as ayllu, still exists today (Kerssen 2015, 4). Due to the harshness of the terrain in the Altiplano making the territory undesirable for the hacienda system, the ayllu survived the Spanish conquest of the 16th century. It survived the 1952 agrarian reform that abolished the hacienda system, because of the lack of haciendas, and it survived the 1970s dictatorships’ agrarian reforms because they focused on the fertile land in the eastern lowlands (Ibid). In present day, this ancient method of land distribution has caused controversy and intensified inequalities in the

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3 They build on previous research by other scholars (Luetchford 2008; Utting 2009) on why fairtrade producers hired laborers and found similar conclusions in that one family struggles to manage the harvest using only family labor.
area. Under the system of *ayllu* a member of the community can appropriate land by clearing it. Before tractors land was cleared by hand (Felix 2004 as sites in Carimentrand and Ballet 2010). The introduction of tractors allowed quinoa cultivation to move from the mountain slopes to the plains. According to several researchers (Laguna 2000, Felix 2009, Carimentrand and Ballet 2010) this shift from the traditional growing regions to the plains is a cause of the socioeconomic differentiation. The introduction of tractors impacted the distribution of land ownership and a drastic reduction of common land used for the pastures for lamas. The mechanization of quinoa has resulted in the differentiation between various quinoa-producing communities within the Altiplano. Carimentrand and Ballet view the inequalities in terms of topography; “mountain” communities have been excluded from mechanization whereas largely “plains” and “mixed” communities have participated in modernizing agriculture (2010,7). Those who had assets (livestock) in exchange for agricultural machinery have been able to benefit the most (Ibid).

A second shift in power relations took place during the boom, resulting from the return of members to their home community. Specifically, the rising price for quinoa on the international commodities market attracted urban youth whose parents or grandparents migrated from the Altiplano to the larger city. The quinoa boom has created tension at the community level between *residentes*, those who have left their land, and *estantes* (Kerssen 2015). In her research on this topic, Tanya Kerssen points to how *residentes* mange their production remotely which has led to intra-community and even intra-familial conflict (Kerssen 2015, 10). Furthermore, much of the land is not owned as private property, but

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4 In July 2014 I attended an event sponsor by Food First and listened to Tanya Kerssen speak about the current situation in the Altiplano. Despite living in LaPaz, Tanya knew quinoa farmers “residentes” who expressed positive emotions for being able to return to their family’s land to grow quinoa but also mixed feelings on the tension this was causing in the community.
rather held as indigenous communal territory known as “communal territory of origin;” the communal title was hard-won by social movements and became law in 1994 (Kerssen 2015, 12). The broad requirements of Fairtrade, such as the FLO’s standard that states Fairtrade producers do not hire workers all year round does not take into account these cultural complexities nor the local laws that exist where quinoa is grown. As this example illustrates, there is a need for what Lyon calls on Fairtrade to do which is “closely consider local agrarian histories within the broader context of regional political, economic, and cultural processes” (2015, 176).

In addition to exasperating inequalities, mechanization in the Altiplano has played a large role in creating environmental problems. Incorporating environmental requirements into Fairtrade standards has intensified the buyer-supplier power relation and placed an emphasis on the development piece of fair trade. This has happened through the requirement of organic certification and the predetermination of the use of the social premium. Almost from the start of the new buyer-supplier relationship organic production became a requirement. According to Cáceres et al. (2007) in 1989 a German alternative trade organization (ATO), GEPA, centralized the demand for quinoa from European ATOs. This played a crucial role in creating a link between fair trade consumers in the north and small producers in the south. GEPA also convinced ANAPQUI to produce organic quinoa for its social and ecological quality in a major attempt to reach the European solidarity market (184). This began to set the precedent for organic certified quinoa. Fairtrade and organic now nearly go hand in hand, with organic certification as a requirement for Fairtrade certification. Organic restrictions are becoming stricter, some even requiring that subsistence food plots are organic (Jaffe 2007, 251). Again, this is unrealistic for the average farmer to be able to

5 GEPA stands for Gesellschaft zur Förderung der Partnerschaft mit der Dritten Welt mbH
comply with and would leave only larger scale farmers as organic and thus Fairtrade certified. The costs of organic certification and inspection have typically been the responsibility of the producer (Jaffee 2007). The cost of organic certification potentially contributes to income disparity and class divisions in the countryside. In their critique of fair trade Carimentrand and Ballet posit that one of the reasons why fair trade causes more unfairness is in large part because of the “inappropriate standards that do not take into account the inequalities between producers” (2010). The above referenced authors point to the definition of “small producer” as defined by FLO as contributing to inequality. Small producer is not based on an income cap, but instead is based on the ability to work their farm mainly using their own labor while not relying on salaried labor. As the authors point out, the seasonal labor employed by many larger farms would not disqualify these farms (Carimentrand and Ballet 2010, 11). They also point to a mismatch between the principles of fair trade and the objectives of the producers claiming that fair trade doesn’t take into account the power relationships that are woven into these organizations linked to socioeconomic stratification (Carimentrand and Ballet 2010, 10). Looking at the price paid to producers illuminates the income discrepancies. In 2005, prices vary from 250 Bolivianos ($31 USD) to 50,000 Bolivianos ($6,211 USD). The producer organization, ANAPQUI, buys quinoa through its regional organizations. Larger payments were made to a regional organization where many of the large mechanized farms are located (Carimentrand and Ballet 2010, 9). According to Carimentrand and Ballet (2010) ANAPQUI and its regional organizations exert control by a few groups of influential groups. The abovementioned authors conclude that, “in the case of quinoa, the exclusion tends to result from the self-exclusion of small producers due to the mechanisms of the ‘privileges’ that the bigger
producers, who also have a preponderant weight in the organizations, assign to themselves” (Ibid).

In 2003 when quinoa was being reviewed for its compatibility to become a Fairtrade certified product there already existed a concern that a boom would have negative impact on the environment (Laguna 2003). To improve their social capital peasants often need investment and training. Fairtrade’s solution comes in the form of the social premium, an agreed upon payment made to the suppliers on top of the cost of the price of goods to allow them to collectively implement larger scale development projects (Nicholls and Opal 2005, 6). By 2012, FLO recognized the strong increase in demand for quinoa and consequent price increase had lead to an intensification of production. This prompted the FLO to make suggestions on how to further improve environmental sustainability (FLO 2012, 2). The new standard states that 30% of the Fairtrade premium should be dedicated to invest in environmentally sustainable quinoa production and processing measures. The remaining premium is earmarked for community projects (FLO 2012, 1). In theory, how the social premium is spent is voted on by the members. However, certifiers are suggesting how the premium is spent in particular because of environmental concerns associated with increased production. Fairtrade participants must be dedicated to investment in environmentally sustainable quinoa production (FLO 2012). In their 2012 standards revision, Fairtrade recognized: “as the competition is rising in the international quinoa market, measures need to be implemented to adopt a more sustainable approach in order to ensure Fairtrade quinoa production continues on a long-term basis” (FLO 2012). Looking carefully at the way this is phrased, it appears Fairtrade has more of an interest in preserving its business model versus a concern for producers and their ability to maintain a sustainable livelihood through quinoa
farming. The environmental measures include encouraging farmers to limit soil erosion, keep llamas or alpacas for manure production, and the planting of living fences (native trees and shrubs) to protect against wind erosion. Included in the standards is the recommendation that producer organizations create basic conditions and services to train members on sustainable methods of mechanized cultivation (FLO 2012). It is suggested that funds from the premium can be used to support these programs.

Lastly, in his ethnographic study on southern Altiplano quinoa farmers, Ofstehage (2010) critiques Fairtrade for cutting out the middlemen. His study provides context on why farmers choose to sell quinoa to intermediaries. He explains a regional quinoa economy in which producers play an active role in their decision-making and intermediaries are not always deceptive figures, but rather they play multiple roles all of which are integral to that regional food network. One of those roles is to supply the local market with quinoa because “nearly all of the quinoa sold by cooperatives is exported and much of the quinoa purchased by companies as well; quinoa purchased by intermediaries often ends up in the markets within Bolivia” (Ofstehage 2010, 64).

2.6 Conclusion

Previous development projects laid the foundation for Fairtrade to easily partner with cooperatives utilizing farmers’ familiarity with outside certifications and the importers’ marketing strategy to consumers to act in solidarity with farmers. The quinoa boom owes its growth to alternative trade organization, which later became the fair trade movement. Thinking of fair trade as a model for poverty alleviation exposes Fairtrade certifications for what they are, as an imposed set of standards from northern buyers onto southern producers.
in the name of “development.” According to Lyon (2007) the growth of the fair trade movement reflects the popular notion of “trade not aid,” that northern consumers should act with progressive movements to use the international economy to empower the historically less powerful (109). Aside from research conducted by Carimentrand and Ballet (2010) and Hellin and Higman (2001) there has been little other research in recent years on the impact of fair trade on quinoa farmers. There is ample research on the positive and negative impact of fair trade on indigenous farmers’ organizations producing other commodities (Moberg 2005, Lyon 2007, Arce 2009) for which to draw comparisons to quinoa. The same issues that affect other participates of fair trade likely exists within the quinoa economy. Until more empirical research on the impact of Fairtrade on Bolivian quinoa farmers is conducted there will remain mixed opinions on the impact of Fairtrade to the Altiplano. Forthcoming literature by PhD student, Enrico Avitabile, who is writing his dissertation on the impact of quinoa exports to food security, sovereignty and social systems among quinoa producers (Gabriel 2013) could provide new insights and more recent data on the experience of participating in the global quinoa economy.

In the 1980s and 1990s, there was a shift in policy from import-substitution programs to export-oriented development strategies (Bair 2005). I argue we can draw parallel conclusions to the case of quinoa to Tanya Li’s study of the cacao industry with highland indigenous farmers in Indonesia. Li concludes, “Nor was there a misguided development scheme that disrupted their old way of life. The noncommoditize d social relations through which they previously accessed land, labor, and food were not destroyed by ‘capitalism.’ They eroded piecemeal, in a manner that was unexpected and unplanned” (Li 2014). The increasing price

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6 For quinoa farmers fairtrade means a fair price. In a conversation with a manager at CECAOT (February 2014) when asked about comercio justo (fair trade) he responded, “fair trade is not fair, it does not always give us the best price.”
paid for quinoa attracted more farmers, more buyers, and more processors increasing competition for the original producer organizations. Quinoa’s success as a global commodity created the unintended consequence of attracting more participants leading to a slow corrosion of relationships among actors in the supply chain.
CHAPTER THREE:
THE UNINTENDED CONSEQUENCES OF A GROWING VALUE CHAIN

3.1 A Growing Quinoa Value Chain

The original Bolivian quinoa supply chain included subsistence farmers selling their unprocessed product to a middleman who smuggled the quinoa into Peru for processing and consumption. In the 1980s peasant cooperatives actively engaged in a new exchange, they sold processed quinoa directly to buyers in the Global North. The success of quinoa in international marketplace had a positive impact on the amount of funding peasants received to upgrade processing machinery and later had a negative impact on the changed relationship between suppliers and buyers. The focus on poverty reduction led some groups to direct efforts toward commodity specific producer organizations (Bebbington 2005 as cited in Lyons 2007). In the Altiplano these efforts manifested in development agencies, such as UNDP, USAID and ITC, funding the creation of quinoa processing equipment for producer organizations. The purpose was to help these organizations decrease quinoa-processing time and increase quality, which are two necessary requirements to participate in the commodities exchange. This chapter focuses on the growing complexity of the quinoa supply chain. This complexity was caused by the upgrades necessary to meet the quantity and quality demanded by international quinoa buyers and the expectations of Fairtrade certifying organizations. The result was a more industrialized supply chain characteristic of less reliance on traditional farming methods and a shift from buyers purchasing in solidarity with farmers to a business

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7 In an informal conversation with a 2006 Bolivian Peace Corps volunteer who, from 2005-2006 was partnered with a Dutch agricultural development agency in Ururo. She mentioned that at the time, farmers in this region were unsure what to do with quinoa. Meanwhile, the region to the south was building a new market for the crop.
The impact of industrialization of the quinoa economy is the focus of this chapter.

3.2 Theoretical Lens: Global Value Chains

This chapter analyzes the positive and negative effects of the quinoa economy on producers through the Global Value Chain (GVC) lens. I use the Global Value Chain framework to analyze the quinoa supply chain in order to be able to gain deeper insight into the effects of the global marketplace on the social dynamics in the countryside as a result of the changing purchasing terms placed on producers by their buyers. The comprehensiveness of the framework allows us to answer questions regarding development issues that have not been addressed by previous paradigms (Gereffi and Korzeniewicz, 1994). The value chain framework allows for a clearer understanding of the various actors involved throughout the supply chain and exposes the various power structures within it. GVC analysis allows for more insightful conclusions about the unintended consequences of the Bolivian Quinoa Economy.

There is a cluster of scholars interested in studying the effects of globalization in what they have named Global Commodity Chains (GCCs). According to Jennifer Bair (2005), “GCC helps us analyze the local consequences of globalization for firms and workers” (155). The commodity chain concept8 appears in world-systems research throughout the 1980s (Ibid). In 1994, Gary Gereffi and Miguel Korzeniewicz edited a set of papers that were previously presented at a conference on Political Economy of the World-System. They

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8 The term ‘commodity’ was first introduced by Terrence Hopkins and Immanuel Wallerstein in a 1977 article “Patterns of Development of the Modern World-System.” The authors defined ‘commodity chain’ as the, “linked set of processes,” of a set of inputs necessary to create a consumable product (Hopkins and Wallerstein 1997 as sited in Bair 2005, 155).
presented what became an influential paper in which the authors outlined a framework for the study of what they called global commodity chains (Bair, 2005, 155). Gereffi and Korzeniewicz (1994) define Global Commodity Chains as having an “emphasis on the internal governance of supply chains and the role of diverse lead firms in setting up global production and sourcing networks.” As summarized by Bair (2005), “the central question that appears to motivate many GCC and value chain researchers is how (especially developing-country) firms can improve their positions within these chains so as to generate and retain more value” (164). More specifically, as Gereffi notes, the value chain perspective, “problematises the question of governance—how chains are organized and managed…this helps us ask the questions about the winners and losers on the globalization process, how and why the gains from globalization are spread, and how the number of gainers can be increased” (Gereffi et. al 2001, 3). Understanding the Bolivian quinoa economy through the lens of GVC allows for a deeper understanding of who has gained the most from the increase in quinoa exports. The following sections explain how both the import-led and the export-led economic policy effected quinoa’s consumer base. The latter revived the crop however the benefits of its revival are unequally distributed.

3.3 Mapping the Value Chain

3.3.1 Producer Organizations: CECAOT and ANAPQUI

The quinoa value chain consists of producers (farmers), producer organizations (POs) at the regional and national level, private processing firms, exporters, importers and distributors and retailers. In Bolivia, quinoa is still produced almost entirely by peasant producers. It is estimated that there are at least 70,000 small producers who on average grow
1 hectare of quinoa per family. These peasants are central to the flow of quinoa to local, regional and export markets (Salcedo 2015, 326). Small-scale farmers tend to grow quinoa for self-consumption whereas medium to large famers produce for commercial sale. In the early 1970s, peasant producers had virtually no other option on who to sell quinoa to other than intermediaries. Intermediaries, or middleman, based their buying price of quinoa on the price set at the Challapata market. Challapata is the central quinoa market where it is traded (Carimentrand, et al. 2015, 331). Desaguadero is a small town on the border of Bolivia and Peru where Bolivian quinoa is sold to Peruvian intermediaries. This practice of the valuation of quinoa began in the 1950s in unregistered markets (mainly Challapata) destined for internal markets and Peru via a network of middlemen. Middlemen had the reputation for using over-weight scales, under-quoting prices, and generally treating farmers unfairly (Oftehage 2012, 446). Middlemen buy quinoa at weekly farmers markets and sell to wholesalers who buy in large volumes to supply the urban markets, processing plants or larger markets. Farmers, through the formation of the producer organizations, sought to improve through economic standing by obtaining a fairer buyer, one that would offer a better price, and by adding value to the role of the PO through the expansion of their capabilities into the areas of processing, storage and commercialization.

Producer organizations have played an important role in the potential building of international demand for quinoa. They are also important to rural development in that they support both economic development and social cohesion. POs have multiple economic functions such as: collecting, processing, marketing and selling agricultural products, implementing quality assurance programs, and giving advice and training to members (Ton & Bijman 2006, 1). In Ton & Bijman’s case study on the chain development process for
quinoa in Bolivia, the authors define POs as an important instrument for rural development in their ability to “play a major role in national and international agrifood supply chains, as they are an intermediary between often a large number of individual farming households and a relative small number of customers” (Ton & Bijman, 2006).

There are fifty-five varieties of quinoa grown however, only four regions in Bolivia grow the varieties demanded by international markets, all of them are Real variety: Real Blanca, Toledo, Phisanqalla (known as red), and Ch’iara (known as black) (PROINPA 2012). The two original producer organizations, ANAPQUI and CECAOT are located in the departments of Oruro and Potosí, which produce the largest amount of quinoa. In 2000 it was estimated these two groups together represented a total of 3,000 quinoa-producing households (CIOEC-Quinoa, 2000 as sited in Ton, 2006). When it was founded in 1974 CECAOT consisted of 13 regional organizations, representing 200 members in the Nor Lipez province within the department of Potosí. Initially, the primary focus of CECAOT was to provide machinery and technical assistance for agriculture, but trade was still left to the intermediaries (Laguna 2003). A segment of the peasant organization’s members were not satisfied with the lack of attention paid to finding other buyers for their product. In 1982, CECAOT split into two entities and a second cooperative formed, ANAPQUI. Those who split from CECAOT did so in order to form an organization that would control the middlemen, better represent the peasants’ interests and generate collective benefits from trade. ANAPQUI consists of twelve regional organizations representing 1,679 members centrally located in and around Challapata and covering vast areas of the departments of Potosí, Oruro, bordering the salt flats of Uyuni (FairTade International, 2013). ANAPQUI was supported by the Confederación Sindical Unica de Trabajadores Campesinos de Bolivia
(Laguna 2003). It also decided to structure itself not as a member organization but rather to include both community and ayllus members to provide an alternative to private buyers. ANAPQUI produces three main varieties of quinoa – Blance Real, Rosada, and Pisankalla (Fair Trade USA). As Ton and Bijman explain, “the PO structures a specific business model within a supply chain that are qualitatively different than the sum of individual interests of their members” (3). Profit is not their prime objective; they look for ways to maximize the turnover of profits from their members. Their commercial activities are mostly realized in competition with private actors (middlemen) (Ibid).

3.3.2 The Role of Middlemen

As previously mentioned, the adverse impact middlemen had on peasants in the 1970s prompted farmers to seek external buyers. In this regard, quinoa buyers can be divided into three main venues: a producer organization, private processing firm, and intermediaries (middlemen). However, Ofstehage (2012) has proven the important role that intermediaries play in the quinoa economy. The decision on who to sell to is complex and not all farmers agree with their neighbors’ decision. Some farmers are split between feeling a strong sense of regional solidarity by feeling closer ties to the local peasant organization, and identifying with the national farmer movement in solidarity with the national peasant organization. Still others choose to sell to intermediaries (middlemen) to meet their immediate needs (Ofstehage 2012). Despite the fact that the original impetus for peasants to find new buyers was because of the unfair treatment of middlemen, there is evidence that middlemen still play an important role. I point to Ofstehage as a means to show the role that middlemen play for the local quinoa economy.
No single buyer satisfies all farmers’ interests, but all do offer something irreplaceable and therefore contribute to farmer livelihoods. Cooperatives offer and maintain high quinoa prices and play an important social and political role in the farming communities, but accept only the highest quality quinoa, and some perceive the national cooperatives to be captured by the interests of rival quinoa farmers to the north. Intermediaries maintain low quality standards, offer flexible payment options, maintain close social bonds with farmers, and provide cheap, fresh food; however they offer comparatively low prices, mask the identity and distinctiveness of Lipeña quinoa, and will always remind some farmers of the exploitive intermediaries of time past (Ofstehage 2012, 451).

Effel’s field research included interviews with farmers who also are representatives from private firms and the PO. Both share similar sentiments on why it is not always possible or desirable for farmers to sell to a cooperative:

The thing is that ANAPQUI does not get to serve all of its producers. ANAPQUI restricts them. Despite being a pioneer firm along with CECAOT (which is nearby), […] ANAPQUI cannot satisfy all of its producers. So their members actually come here to offer us quinoa. According to when we withdraw the money (receive payment), if our “strategic partners” (the farmers) do not offer us quinoa then their own members such as SOPROQUI9, CEDEINKU or APROQUILLAN come and offer us quinoa; so we buy their quinoa because it is also organic.’ Javier Veliz Ramos, Production Manager at private firm Real Andina (Effel 2012, 45)

‘[…] There are around 2,000 to 2,500 farmers that the association cannot buy the quinoa from all. For example, I have 10 to 20 quintals. If I have an emergency that day.. (meaning the day he wishes to sell his quinoa production), ANAPQUI will not buy my quinoa production immediately. Then in that case I will have to sell it immediately to somebody else in the “Black Market”10.”

Ovidio Silvestre Alanoca, Responsible of personnel at ANAPQUI and quinoa farmer (Effel 2012, 45)

One Fairtrade mandate is to cut out the middlemen, believing them to foster unfair buying practices. Ofstehage concludes that what is “fair” is subject to an actor’s priority in commodity trade (2012, 453). He points to the fair trade movement for embracing farmer organizations and the potential for cooperatives to foster direct trading relationships between

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9 SOPROQUI, CEDEINKU and APROQUILLAN are regional producer organizations affiliated under ANAPQUI.
10 The “Challapata Fair” is also known as the “Black Market” since most of the quinoa destined towards the bordering country of Peru is smuggled through this market/location.
farmers and consumers (i.e., cutting out the middleman) (Ibid.). His case study “challenges our assumptions of narrowly defined solidarity networks and the ability of small hold farmers to create economic change” (2012 442). Furthermore, he shows that the farmers’ ability to choose a buyer and create new market channels offers them a measure of control, thus allowing farmers to widen their vision of development.

3.4 Peasant Upgrading

In order to be successful in expanding quinoa exportation, producers had to meet new demands in quantity and quality. The quinoa economy is a unique case study because quinoa cannot be consumed directly. This challenge presented an opportunity for peasants who were members of POs to play an important role downstream in the value chain by inserting themselves into the processing industry, a necessity for export. Bolivian quinoa farmers were always aware of the need to invest in processing equipment in order to obtain a buyer other than an intermediary. Because of financial support from international NGOs, as mentioned in section 2.3.4, during the 1990s, CECAOT and ANAPQUI emerged as mechanized primary processors of quinoa. For the first time farmers were both quinoa producers and processors. Since 1984 CECAOT and ANAPQUI facilitated the commercialization of quinoa real (Laguna 2006, 67). In time, these POs obtained greater control over production, primary processing and direct contact with international traders (Cáceres et al. 2007, 184). Value chain literature refers to the process of local firms improving their positions within a particular chain as upgrading (Bair 2005, 160). The consolidation of farming and processing was an important step in allowing producer organizations to upgrade within the quinoa chain. Upgrading of the producer turned the farmers’ organizations of the Southern Altiplano into
the most important actors of the quinoa value chain (Caceres 2005 as sited in Laguna 2006, 67). According to Cáceres, Carimentrand, and Wilkinson (2007), until the first half of the 1990s the peasant organizations had an almost absolute monopoly over quinoa exports. By 1995, CECAOT had buyers in the US, Germany, Holland and an order from Japan on the way. The value of its sales had reached $380,000 (Healy 2001, 184). The POs were the main actors in the supply chain, as such, they were also the main recipients of the investments made into the value chain. “Between 1995 and 1999, ANAPQUI and CECAOT increased their share of Bolivian supply of quinoa exports from 47% to 52%” (Ton & Bijiman, 2016, 9). Figure 1 shows the association value chain, producers selling directly to producer organizations. By 1995, notes Healy, “quinoa had become the most expensive grain per pound on the world market as European and United States demand now greatly exceed supply” (Healy 2001, 185). As quinoa exports increased, actors entered the chain in an attempt to cash in on the new demand. Upgrading that took place during the development of the quinoa supply chain prepared peasant organizations to compete with new private firms.

**Figure 1: Association Value Chain Model**
3.5 New Structures of Governance: The Demand for Organic

Organic certification changed the buyer-supplier dynamic. In 1995 and 1999 respectively, the USA and European quinoa demand shifted toward exclusively organic (Laguna 2006). This conversion to organic solidified a new set of buyers for Bolivian quinoa, brought the Altiplano campesinos into the global agri-food system and consolidated the south-north supply chain (70). At the same time, a new “green market” was growing rapidly in the North. Demand for organic products in the US grew 14 percent from 1988 to 1992 (Thrupp 1995, 123). Quinoa farmers were well positioned to grow with this new market. Organic production often takes specialized knowledge, which indigenous populations tend to possess. Peasants had the added benefit of already having formed peasant organizations a decade earlier, making it easy for importers to obtain the product from one source. As a result, the growth of the quinoa economy grew hand-in-hand with the growth of the non-traditional agricultural exports (NTAEs) and in doing so, placed new demands on peasants.

From 1985 to 1990 quinoa was primarily distributed by health food and fair trade businesses. While breaking out of rural markets into an export-orientated agriculture generated better prices (Cáceres et al. 2007, 184) international demand created higher standards for product quality and homogenization; the inconsistency in product quality threatened the private quinoa distributors business (Salcedo 2015, 327). An application of industrial standards had to be applied to ensure the small-scale farmers could comply with international organic standards. With the support from the Association of Organizations of Ecological Producers (AOPEB) the certification company Bolicert was created. In 1992 ANAPQUI began a training program to teach farmers the technical aspects of organic production to comply with the requirements of northern buyers. Four years later CECAOT
followed ANAPQUI’s model and converted to organic production. As Laguna notes, “this collective action of the peasant organizations meant that they were the first Bolivian actors to make a foray into the production and commercialization of organic quinoa and promoting the expansion of their exports” (Laguna 2006, 70). For POs to certify their product Bolicert requires the whole of the production of its farmer associations meet organic requirements. (Laguna 2003, 16).

The requirement to meet organic certifications changed the relationship between producers and buyers whereby buyers became “lead firms” (Humphrey & Schmitz 2001). Central to value chain analysis is the concept of governance; and governance is defined by Gereffi and Korzeniewicz (2001) as, “non-market coordination of economic activity.” Furthermore, Humphrey & Schmitz (2001) make the connection between how the question of governance arises by explaining how some firms in the chain work according to parameters set by others, thus defining a ‘lead firm’ (2001, 22). A key contribution to the commodity chain literature was the distinction Gereffi and Korzeniewicz (1994) made between buyer-driven and producer-driven value supply chains. The Bolivian quinoa economy provides an example of the advantages and disadvantages of a buyer-driver model on the producers at origin. At the same time, the recent commodification of quinoa represents a unique example of what happens when a value chain shifts from producer to buyer-driven.

The conversion to organic is also what altered the value chain. Market demand provides an illustration of the growing importance of an organic product. In 1993, Quinoa Corporation began purchasing organic quinoa from ANAPQUI; this partnership represented 50% of Bolivian quinoa sales (Laguna 2003). As demand for organic quinoa increased, and organic non-traditional agricultural exports (NTAE) expanded in general across Latin
America, small-scale quinoa producers saw an innovative means to increase the socioeconomic benefits through NTAEs. At the same time, the Bolivian quinoa co-operatives were focused on improving their ability to mechanize processing. The shift to organic production had multiple impacts on the supply chain and co-ops. Through the co-operatives, international buyers could influence the growing techniques of members. In order to meet the new international demand for the grain, peasants had to convert to organic farming methods with the expense subsidized by ANAPQUI.\textsuperscript{11} ANAPQUI informed the members what standards they needed to comply with to meet buyers’ demands. In order to achieve organic quality for quinoa “Real Blanca,” the Quinoa Natural Production Program (PROQUINAT) initiated a reorganization of planting areas through a new production system and certification standards. This initiative was in direct response to global demand—a new pattern of “buyer-driven governance” for quinoa had been established (Cáceres et al. 2007, 185).

3.6 The Entrance of Private Firms

An unintended side effect of growth in the Bolivian quinoa trade was the entrance of new actors that saw potential benefit from the growing export business. The buyer-driven model influenced development efforts by shifting upgrade investments away from peasant organizations. As mentioned in chapter two, the Bolivian government and NGOs played an initial role in the creation of new actors in the supply chain. The results of a supply chain mapping study commissioned by SBPC determined POs to have limited time to react to changing buyer demands and to meet customer quality requirements. SBPC tried to position newly created private export firms as dynamic actors in chain development. The approach

\textsuperscript{11} The excessive overhead of certified organic quinoa paid by ANAPQUI compared with the real sales has contributed to an increasing debt to ANAPQUI (Laguna 2003, 38).
taken to supply chain development was biased on segmentation of the chain thus increasing vertical integration (Ton & Bijman, 2006, 9-10). Most POs were vertically integrated into processing and they therefore competed with private firms (Ton & Bijman, 2006, 12). While government agencies and private firms thought of POs as producers, POs derived their legitimacy by pooling collective efforts to gain control over links (e.g., processing) in the value chain.

Private quinoa companies began to form as early as 1987. The first new quinoa firms were French retailers. For example, Jatary was founded on the vertical integration model as a local processing subsidiary with funding from Euronat, the importer, and Carrefour, a multinational retailer as the main buyer (Raynolds 2007). “Quality problems” were the reasons alleged for the creation of Jatary (Cáceres et al 2007, 187). As of 2013, there were 62 processing plants in Bolivia, of those 27% are small-scale semi-industrial, 57% industrial quinoa plants in Bolivia, and 16% artisanal (Carimentrand 2015, 332). Figure 2 illustrates the competition private firms posed to the POs. Jatary’s vertical integration model was able to quickly capture a large market share of ANAPQUI (Appendix A).
USAID funded export development projects in Bolivia from 1989-1996. One of the outcomes was the creation of Fundación Bolinvest, an NGO set up to provide technical assistance and market information to producers in order to expand Bolivia’s non-traditional exports (CARANA Corporation). Bolinvest connected Quinoa Corporation to the private company Andean Valley. This private business went into direct competition with the Peasant Organizations. To compete with the private enterprises the associations of producers, CECAOT and ANAPQUI had to pay less to the producer. Price comparisons between 2003 and 2004 of peasant organizations range from $15-$18/qq\(^{12}\) compared to private organizations payment of $19.5-$22.7/qq (Laguna 2003, 25). Until the entry of Andean Valley, Quinoa Corporation purchased exclusively through ANAPQUI. The entry of this new private firm, however, created competition and the peasant organizations lost their exclusivity contract. Consequently, Quinoa Corporation demanded a higher quality product at a less per ton cost (Laguna 2006, 71). On the other hand, CECAOT had a different relationship with its buyer. It was not informed who the importers were; the relationship followed a “broker” model. As a consequence CECAOT received the lowest price compared to other peasant organizations and private firms operating under the vertical integration model. In the last decade, the quinoa supply has diversified in terms of both varieties and products available. In addition to basic pearl quinoa, there are a wide variety of quinoa-based products such as biscuits, healthy snacks, noodles, and beverages (Carimentrand et al 2015, 330). New players took over roles traditionally filled by the original producer cooperatives.

\(^{12}\) Bolivian quinoa is weighed in quintal (qq). One quintal is equivalent to 1 British pound or 46.8 kilograms
or, in some cases created new value-added activities higher in the chain enabling for higher financial gains in comparison to the peasant producer organizations (Appendix B).

3.7 A Divided Countryside: Contract Farming

Laguna, Cáceres, and Carimentrand (2006) state that the shift to a buyer-driven commodity chain caused contract farming. An abundance of literature exists on the negative impact on the environment due to a dramatic increase in quinoa production and the change in farming methods (Jacobsen 2011, Biodiversity International 2007). However, there is a lack of literature written on the division of labor. Two consequences of the new quinoa economy were the entrance of private firms that created a contract farming model, and a deepening of the divide between subsistence farmers (small holder farmers) and farmers who could afford to mechanize, thus taking controlling larger plots of land.

Private firms imposed requirements on farmers including: duration of the agreement, price which is normally set at Challapata as well as various requirements on organic certification and quality (Cáceres et al 2007, 186). Under this structure the private companies upstream in the quinoa chain “consolidated the ‘contract model’ between individual peasant producers and agro-industrial companies, establishing a division of labor whereby peasants were limited to their agricultural function and subject to ‘selection’ according to quality requirements” (Ibid). Under the contract model farmers have little bargaining power. The terms of the agreement are set out under the contract and do not offer the possibility of earning additional funds through upgrading activities.

Published research provides broad statistics on the price of quinoa and tons exported, but provides little information on the price paid per producer. In 2012 the value of quinoa
exports was $80 million. In 2002 the value was $2 million; in less than ten years export value grew 40 times (IBCE 2013). According to a more recent study by Gandarillas et al. (2015) “between 2000-2013 production and exports grew from 1,000 to 40,000 tons and from USD 1.164 million to USD 140 million; annual income has increased from less than USD $1,000 to USD $15,000” (344). The most important boom was between 2007-2009 when the price rose 131%. After 2009 there was a period of stable prices that lasted for 4 years. Between May 2013 and January 2014 the FOB\textsuperscript{13} doubled again. By January the average price set a record level at $7,443 per ton. The FAO announced 2013 as the International Year of Quinoa which led to speculative practices by producers (239). This caused cultivated surface areas to increase from 50,000 to 120,000 hectares with production value from 28,000 to 60,000 tons, and exports from $12 million to $100 million. Bolivia exported 6,000 tons more quinoa in 2013 versus 2012. According to research by Vasquez, “unlike other crops in Bolivia much of the profits (an estimated 60-70%) generated by quinoa exports goes directly to farmers. In 2013, this amounted to > USD 100 million” (Ibid).

\textbf{Figure 4: Income for producers}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{income_producers.png}
\caption{Income for producers}
\end{figure}

\textsuperscript{13} Freight on Board
Figure 3: Income for Bolivian Quinoa Producers

Source Gandarillas et al. 2015

In a 2003 study by Laguna, he conducted research on the price paid to farmers based on growing organic versus conventional quinoa. The highest costs in processing are the cost of tractors and hired labor force for thrashing (Laguna 2003, 52). In the Southern Altiplano the cropping system has two types of quinoa production: the quinoa mono-cropping system with medium capital intensity and the lowest labor intensity, and cultivation on the mountain slopes with a high labor intensity (48). In Laguna’s study (2003), on the feasibility of fair trade for quinoa he mentions wages paid to day laborers, “their domestic labor was poorly rewarded, close to $3USD/day and similar to wages obtained selling labor through migration” (52). His 2003 research showed that when prices drop, conventional quinoa growers in the Altiplano earn less working per day ($3USD/day) compared to what they paid to hired labor ($3.2USD/day) or what they would obtain working outside the region ($3.5USD/day) (Laguna 2003, 62). Furthermore, when quinoa prices fall farmers are forced to migrate. Chapter 4 elaborates on migration patterns in the Altiplano.

Small individual producers dominate primary quinoa production. They have no basic infrastructure for processing or storing the product and are the weakest link in the chain (Salcedo 2015, 327). Risi et al. (2015) posit the reason why it is difficult to obtain figures on quinoa laborers is because the continuous price fluctuation of quinoa makes it very difficult to estimate the number of farmers who are dedicated to production. There are no detailed records or new estimates. According to Risi et al. (2015) there are 14,426 families registered as quinoa producers in 351 communities across the Altiplano (47). Given the lack of economic opportunity in the region, many farmers who abandoned their fields to settle in the
cities are now returning to grow quinoa (Risi et al. 2015, 104). Widely believed estimates list 70,000 production units were dedicated to quinoa cultivation in 2001; of these 55,000 were occasional producers and after 2000 were dedicated to producing for the market (Risi et al. 2015, 104). Furthermore there are differences between large and small producers according to economic resources they manage, and wage relations appear in the supply chain from operators of machinery to day laborers (22). Most of the major current producers are those who have been able to buy or hire machinery to remove and sow. According to the system of ayllu farmers can claim the land by farming on it. Therefore access land is determined by the economic ability to clear land via tractor. The result has been wealthier landowners renting land to small producers or directly to the communities. In many cases, the resources required for this development have been obtained through the non-farm businesses that these producers have in the cities where they live part of the time. In fact, many of the new producers are people who have returned to their communities thanks to the rise in quinoa prices, and they invest some capital obtained through work in the cities (Risi et al. 2015, 106). Risi et al. state it is a fact that the production of quinoa in the highlands is growing on the basis of an expansion of cultivated area, and not on the basis of the use of better technologies. In this way, the progressive mechanization of farming has led to the emergence and strengthening of a new category of producer, the "driver", that is, the “farmer” that has purchased one or more tractors and with them, have been able to "expand their fields in the grazing lands" (Ibid). Many day laborers arrive in large numbers during the harvest from nearby cities to plant and later harvest quinoa. During the boom years the demand for labor skyrocketed. The wage paid to farm labor was more than the wage paid to a construction worker (Risi et al. 2015, 107).
Quinoa production is fundamental for communities in the Altiplano. Close to 80% of the 70 thousand peasant units that produce quinoa are small-scale farmers, many of them subsistence farmers. To process quinoa for a household, the production cost of quinoa is relatively low because much of the labor is assumed by the family. However, with the increased price of quinoa much of this has changed (Risi et al. 2015, 95). In this area families tend to grow quinoa in plots between 4 to 8 hectares and between 2 to 12 ecotypes of quinoa. 63% to 92% of quinoa production is intended for sale while between 7% to 31% is intended to barter and 1 to 14% is cultivated for consumption (Ibid). Risi et al.’s research (2015) on quinoa “clusters”14 analyzes the links of the value chain: primary production, processing and marketing as well as the main channels and links between them (22). Figure 4 illustrates the stakeholders in the “Quinoa Real” value chain (southern Altiplano of Bolivia).

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14 Clusters are translated as groups of quinoa growing area
3.8 Fair Trade’s Supply Chain

The quinoa trade began in the Altiplano with the contracts between OECA and European importers selling quinoa in world shops. This was prior to Fairtrade certification. According to Carimentrand (2015), “In the early days, fair trade focused on promoting the organization of producers; in other words, producer organizations handled the collection, washing and hulling of the quinoa, and they were in direct contact with import businesses. The producers played a major role in adding value to the final product through their
organizations, and had significant control over the production chain” (339). As explained in the previous section exports from POs have lost some ground on exports by private firms. POs under the Fairtrade label are loosing ground to fair trade exports by private firms because updated fair trade standards now allow certification on contract farming. (Gout et al. as sited in Carimentrand 2015, 339).

Alter Eco was one of the first quinoa retailers. It sources quinoa from ANAPQUI. According to Alter Eco its partnership approach offers a long-term partnership, pays a fair trade premium to support sustainable initiatives and improves professionalism. Alter Eco offers one third more revenue for farmers and their community versus other buyers. In addition to paying the average Challapata market price it also pays for the following: organic premium, Alter Eco premium, Fairtrade premium, interest financing, and development programs (Alter Eco). ANAPQUI is both a quinoa processor and an exporter. Because it invested in the upstream market chain, the cooperative obtains a larger percentage of revenue. However, as shown in figure 5 distributors and retailers obtain the largest percentage of revenue.
When the price of quinoa is high, there is little incentive for POs to sell to fair trade partners. Not all POs are willing to be burdened to comply with Fairtrade and organic standards. In general there is a lack of research on the impact of fair trade to quinoa farmers. One critique is that the demand for Fairtrade quinoa is not large enough to support a one-buyer model. Oftentimes, POs sell Fairtrade certified quinoa to a non-fair trade buyer. The Fairtrade price was not an incentive to POs to sell through fair trade channels.

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15 In a conversation with the the Quinoa Supply Chain Specialist at Fair Trade USA the current industry concern is the lack of fair trade quinoa supply.
16 Farmers are not honoring their contracts and instead are selling their crop to the non-fair trade market. Furthermore, the Fairtrade industry lacks sufficient evidence to support its claim to alleviate poverty among quinoa farmers.
when the price of quinoa was high during the boom years. In fact, 2015 was the first year the price of Fairtrade quinoa surpassed conventional or organic quinoa (Stenn 2015, 2). I have yet to find a study on premium investments to be able to draw any conclusions. Now that the boom is over I suspect fair trade could begin to play a more prominent and important role in the Altiplano, but only time will tell. To understand the unintended consequences of fair trade on quinoa we can draw upon other studies on indigenous populations entering the global economy through fair trade (Raynolds et al. 2004, Arce 2009) that suggest harmful impacts of international market participation within communities and households including: increasing debt burdens, insufficient compensation, the potential for growing inequality, and lack of cooperative members participation in the fair trade movement’s agenda setting (Lyon 2007).

3.9 Conclusion

It should be noted that a discussion on gender relations is absent from this thesis. Bolivian females are historically marginalized and violence against women is not uncommon. Furthermore, women are important contributors to the household through their participation in quinoa production in addition to seeing to other household responsibilities such as daily chores, cooking and childcare. Incorporating gender relations in the quinoa economy is an important area for future research. Stenn (2015) notes in her current research how women have desires to work beyond the field and have ideas of working together on quinoa processing projects (9). Overall, there is little research on the impact of the quinoa boom on female Bolivian farmers including on the women who are left behind in the city while the men return to the countryside to labor in the quinoa harvest. Professor Tamara
Stenn, under a Fulbright scholarship grant, is studying, “how does quinoa production affect sustainability and the well-being of Andean women” (3). Her research should provide insight into two missing areas of research: the impact of the boom on female campesinas, and the impact of Fairtrade on the communities in the Altiplano.

This chapter tracked the unintended consequences of a growing quinoa value chain first by explaining the implications attached to the shift to a buyer-driven chain, the role development agencies played in the entrance of new players, and the resulting decrease in profits paid to peasants. Quinoa’s transformation into a global commodity serves as an important example of the impact on peasant producers when a local food staple is used as a vehicle for economic development. The supply chain began as a direct trade model between peasant organizations and importers. The international popularity created a more complex supply chain with added quinoa farmers, wage laborers, competing lead-firms, private business processors and exporters. This shift to a buyer-driven value chain model created unintended consequences for the producers as they have lost market share to private businesses and have been relegated back to the role of laborer under a contract-farming model. This grassroots project to secure a new quinoa buyer was successful in part because neoliberal economic policy fostered NTAE products. For the farmers, the unintended consequences of entering into the global economy was a social divide between peasant farmers (those who have the means to own a tractor and those who do not) and less control over how to produce their crop and who to sell it too. In effect, neoliberalism created an entry point for a new quinoa economy and absorbed the local economy into the global.
CHAPTER FOUR

THE UNINTENDED CONSEQUENCES OF NEOLIBERALISM

Here begins a new Bolivia. Here we begin to reach a true equality. I want you to know something, the colonial state ends here. Sisters and brothers, neoliberalism ends here too.”

- President Evo Morales, Jan 2009, After the Official Passage of the Constitution

Historically, the Andes it is a site of Indian rebellions against the state. The state-peasant relationship is a central theme in agrarian studies (Edelman and Borras 2016, location 2735). At the turn of the millennium, social movements used their strength to elect a president opposed to neoliberal policies. Neoliberal policies that focus on export-led growth opened new trade relations for agricultural products that as was shown in the previous chapter, was positive for some and negative for others. For decades, these producers were searching for ways to process their crop and sell it to buyers other than an intermediary. The same export policies also caused a major backlash against neoliberalism. This backlash was so great that for the first time social movements were willing to merge to fight for the same cause. In turn, neoliberal policies promoting export growth in the agrarian sector had an unintended impact on the political identity of campesinos and consequently on national politics. The Bolivian political structure that had for centuries repressed indigenous peoples ended up opening the door for new ways of organizing to elect indigenous leadership. Indigeneity played a large role in mobilizing support against neoliberalism. Indigenous movements against globalization and neoliberalism, through transnational agrarian movements, remain an active part of development projects in the Andes. In order to have a complete analysis of the Bolivian quinoa economy it is necessary to assess the ongoing impact of neoliberalism in the
Andes. This chapter explores the Bolivian quinoa economy as a case study of the unintended consequences of neoliberalism on quinoa producers. I give the farmers agency by postulating that peasants used neoliberalism as a movement to their advantage despite the fact that this was not the intention of neoliberalism. This chapter shows how politics remains at the heart of the quinoa story. This chapter provides a historical perspective on how peasants have changed national policies to their advantage. In addition, this chapter explores the following: 1) the progression of Indian rebellions, 2) how the backlash of neoliberalism opened the door for new identities to emerge among indigenous peoples 3) indigenous politics in relation to food sovereignty.

4.1 The Progression of Indian Rebellions

In analyzing the Bolivian quinoa economy, one cannot ignore the political and geographical context of quinoa production because of the paradox it poses, pro-indigenous campesinos once protesters of the free market and neoliberal policies are now actors in it. The Bolivian quinoa economy is centered in a region whose inhabitants have a deep history of exploitation for their labor and natural resources. This exploitation primarily results from centuries of colonial and post-colonial discrimination of indigenous peoples that has marginalized them agriculturally and subjugated them in wage labor in mines. As previously mentioned Bolivians live in harsh terrain, additionally the country is geographically isolated (Bolivia is landlocked) and the Altiplano is particularly remote, located at high altitudes between the Andes Mountain range on the west and the fertile plateau on the east. Although remote, the region has long been involved in globalization projects through the extraction of natural resources and quinoa is no exception.
Bolivia has the largest Indian population in South America. There are two indigenous groups: Quechua and Aymaran. “Indigenous nationalism” in Bolivia has often meant Aymara nationalism. Some intellectuals consider Bolivia as an, “Aymara country that neither the Incas nor the Spaniards could defeat” (Lucero 2008, 115). Aymara people resisted the Quechua imposition of the Inca empire and the most recent efforts of the Bolivian state (Lucero 2008, 81). Because of the history of exploitation, the people of the Altiplano also have a long-standing record of revolt against the government in their struggles for higher wages and working conditions, rights as citizens, rights to their land and to their right to maintain a dignified livelihood. The pinnacle of the success of these movements was the election of Evo Morales—a cocalero (coca farmer)—to the presidency in 2005. The Movimiento al Socialismo (MAS) party, with Morales as the leader, was elected to power as a direct result of the political backing of indigenous peasant movements that emerged in opposition to economic policies largely focused on export-led growth (Dangl 2007).

4.1.2 19th Century Migration

For the native population, the nineteenth century was marked by a period of forced migration. Prior to the invasion of the Spanish in the Americas, the native population of Quechua and Aymaran Indians in Bolivia were peasants or merchants living under an Incan system of ayllus (kinship-based organizations). Given the harsh terrain of the Andes, small plots of land, each planted with a different crop, helped to ensure that a diverse array of crops were available. The communities moved between the zones exchanging products as a means of communal survival. Under the colonial system of haciendas, the Spanish manipulated the cooperative nature of the farms. Hacienda owners took land away from the native population
and forced the native communities to become dependent serf-tenants or seasonal low wageworkers. Typically, settlement patterns were orientated toward the mines and organized by the political economy of specific commodities with each lower level supplying for the level above it (Wolf 2010, 145). When the Spanish found silver in 1545 in Potosi, the first massive migration to the mines began. The Spaniards also manipulated an obligatory labor draft system (mita) that existed in Inca times by extending the system to the mines.

The mining economy and the activities that supported it were the center of order with the Indian communities serving as reservoirs of labor and sources of cheap labor for agricultural products. Indian communities occupied the lowest rung of society (Wolf 2010, 149). After centuries of living under colonial rule and the mita system, the rebellion of 1809 in Upper Peru (present day Bolivia) marked the start of the wars for independence in Latin America. In 1826, Simón Bolívar Palacio created Bolivia’s first constitution. The post-independence era began with decrees calling for distribution of land to landless Indians, equality for all, and the end of compulsory labor. Throughout the 19th century the Indians had a reciprocal relationship with the state, paying tribute and providing services to the state in exchange for protection of land (Langer 2009, 539). Indians were seen as integral to the foundation of the state since it relied on the tribute for survival. While accepted as community members, Indians were not considered on the same level as whites or mestizos. Indians were characterized by ethnic terms as indígena, singling them out from the ruling class (Ibid). In 1860, the economic situation of the Andean communities changed. Taking power through a military coup, Mariano Melgarejo directly attacked the Andean community through land legislation that claimed state’s rights over community lands. The assaults on their collective landholdings left the Indian communities in despair. By the late nineteenth
century, the Indian communities of the Altiplano had been pauperized and most had to give up their wide-ranging merchant activities. The state marginalized indigenous peoples in other ways as well; the abolition of tribute that became effective at the national level in 1881 meant that the mutual dependence between indigenous authorities and state officials declined. Whatever commitment the state had made towards protecting the communities and their land base had evaporated. A new ideology brought from Europe that denigrated the Indians and proclaimed them racially inferior became popular among the ruling classes of Bolivia (Langer 2009, 548).

4.1.3 The Fight Against Exploitation: The 1952 Revolution

Since its independence Bolivia has had one the least stable political histories in Latin America with coups interrupting brief periods of elected civilian rule. Much of the violence centered on the control of natural resources that are Bolivia’s top exports. Civilian dissident groups began to organize themselves into powerful national opposition parties in the 1940s. The two most important of these were the middle-class, and initially fascist-oriented Nationalist Revolutionary Movement (Movimiento Nacionalista Revolucionario; MNR), and the Marxist and largely pro-Soviet Party of the Revolutionary Left (Partido de la Izquierda Revolucionaria; PIR). The mining unions were at the forefront of the revolution, fighting for the nationalization of the mines, greater social justice, and land distribution. Throughout this decade, miners together with rural peasant farmers, campesinos, coordinated national strikes and protests demanding access to education, land, and better salaries and working conditions. These protesters united their demands under the National Revolutionary Movement (MNR) party. In 1951 the MNR candidate, Victor Paz Estenssoro, won a clear victory. However, the
army intervened, instead placing General Hugo Balivian in power. The MNR took the presidency back by force in the event that is referred to as The Revolution of 1952 (Preston 1969, 2). The mineworkers and peasants led the revolt and they experienced the most benefits (Ibid). Indians did gain significant rights from the revolution: the right to vote and extensive land reform that granted Indians land and ended the feudal hacienda system. In exchange, Indians served as the dependable anchor of the MNR party and a succession of military governments until the mid-1970s (Van Cott 2003,760). The year 1952 is also significant because it marked the time when the farming peasantry became politically active. In fact, a key factor in the passing of agrarian reform was the sindicatos or peasant unions. Communal organization increased since the revolution, and peasant unions as well as local community organizations formed throughout the Andes. The peasant unions were used to direct the actions of the peasant as one national network. They acted on behalf of the community to press for the speedy expropriation of their property and collectively voice the peasants’ opinions (Preston 1969, 2).

4.1.4 Indians as Second-Class Citizens: the 1950s-70s

The MNR party may have had the support of the indigenous groups but they did not have the group’s interest in mind. They used the peasant masses to further the political interests of the party. The situation for peasants worsened when the MNR gave the military full control of the countryside. Throughout the 70s, 80s and 90s the economic perils of Bolivia caused migrations of miners and farmers searching for new forms of work to sustain them. This migration would lead to the further development of social movements and the fight for peasant rights. Despite these policies, public support for the dictatorship was high until the “Massacre of Tolata.” Once again, the peasant union organized against government
policy. Private property, a market economy, and a *mestizo* and citizen identity were the solid grievances upon which peasant organization took shape (Kohl and Farthing 2011, 95). At the massacre, more than 100 peasants, protesting against price increases, were killed or wounded when the government ordered in troops and the situation became violent. The massacre served as a turning point by consolidated the emerging indigenous movement in the highlands and paved the way for larger scale Indian organizations to expand. This was especially the case for the Aymara Katarista movement, which played a major role in the backlash against neoliberalism. The Katarismo marked a critical break from the government-sponsored unions linked to the 1952 revolution. For the first time in 400 years Katerismo promoted an indigenous nationalism that merged class-consciousness with indigenous demands (Ibid).

4.2 The Fight Against Globalization: The Rise of the Movement Toward Socialism (MAS)

As the 90s progressed, dissatisfaction with traditional political leaders and traditional political parties became more widespread. The effects of neoliberalism and the continued discrimination by race and class created ever-stronger calls for equality. Set against the backdrop of corruption and questioning the level of democracy in Bolivia, social organizations were looking for a new political structure that would respond to their demands while allowing for and encourage their political participation (Vandem 2007, 21). Amid this political setting in 1995 the Movement Toward Socialism (MAS) was born in the coca-growing region of Chapare. MAS developed out of the necessity to form a political instrument in order to change the policies that were destroying rural livelihoods (Dangl 2007, 48). The U.S. backed plan to sell Bolivia’s natural gas to the U.S. through a port in Chile lead
to the Gas Wars of 2003. Bolivians across class lines united against the export plan and mobilized several social movements to fight as one directly against globalization. It was clear that this trade deal would once again have negative impacts on the indigenous people leaving them deeper in poverty and at the mercy of outside economic forces. The Gas Wars brought an abrupt end to Sánchez de Lozada’s presidency, culminating with his flight from the country and soon after the departure of his Vice President Carlos Mesa. In the past, peasant uprisings and mine strikes were local in nature and did not link to national movements or international circumstances (Vandem 2007, 23). After the president fled the country, Vice President Carlos Mesa took over the administration for a brief period prior to elections. His administration was plagued with protests against globalization and the privatization of water, gas, oil and basic amenities. In 2005, Evo Morales won a landslide victory to become Bolivia’s first indigenous president. He campaigned on the platform to nationalize gas reserves, ally with coca farmers, redistribute land to poor farmers, reject U.S.-backed free trade policies, and bring about an end to neoliberalism (Dangl 2007, 199-200). The indigenous class had used their political rights to elect a president from their party. They would soon gain more civil rights, and for the first time social rights as citizens. This launched a new era in Bolivian politics, led by MAS and was closely linked to emergent indigenous, anti-colonial, and populist social movements that had come together in opposition to the neoliberal reforms. This coalition was called *Pacto de Unidad* (Unity Pact) and became integrated into the new regime (Ben McKay et al. 2014,1190).

4.3 Neoliberalism and New Identities – The Neoliberal Indian Paradox
The growth of the quinoa economy coincides with the growth of Transnational agrarian movements (TAMs). As defined by Edelman and Borras (2016) TAMs are organizations, networks, coalitions and solidarity linkages of farmers, peasants and their allies that cross national boundaries and that seek to influence national and global policies (location 341). When we consider the massive protests aimed directly in opposition to the export of natural resources, primarily to the USA, it seems ironic that campesinos would support the export of their food to the North. Jose Antonio Lucero in his book *The Politics of Indigenous Representation in the Andes* (2008), “sheds light on the highs and lows of indigenous movement politics by examining how these movements come together culturally and politically, and how they come apart” (vii). Lucero positions himself to be able to call out paradoxes in the social movements that are also seen in the quinoa economy. Specifically, the author calls attention to, “the surprising compatibility of neoliberalism and multiculturalism” (Lucero 2008, 122). Furthermore, he offers the explanation that it is, “no surprise that the responses of indigenous people to neoliberal projects have been complex and varied” (Ibid). The Bolivian example is the opposite reaction indigenous populations had to the export of natural resources compared to the export of quinoa. The former brought about social unrest and the rise of a new political party, as discussed above, while the latter was largely embraced. It seems contradictory for campesinos to have protested the export of natural resources and yet support the export of their resource, quinoa. In this case, it is helpful to think of indigenous movements mobilizing in search of greater autonomy and recognition (Van Cott 2005 as sited in Lucero 2008). Thinking of social movements under this purview we begin to disentangle the contradiction between campesinos acting in accordance with a neoliberal export-led economy. By reframing the story, we give agency to
the campesinos who, through their collective action, gained greater autonomy and recognition through the success of the worldwide consumption of their native food.

4.4 The Promotion of Indigenous Rights by NGOs

During the 80s in Bolivia campesinos regained their right to organize. As the government transitioned out of a dictatorship and into democracy decentralization occurred. Campesinos gained more autonomy and funding to support their social program, quinoa cooperatives. Peasant movements seized power by embracing their indigeneity. Political schisms remained among highland organizations. The highland organization, the Confederation of Ayllus, and Markas of Qollasuyo (CONAMAQ) had challenged the highland movement Unified Confederation of Bolivian Rural Workers’ (CSUTCB) role in the highlands. “Ayllu Federations emphasize the use of traditional community (rotating) leadership and reject the Western union models that characterize most highland organizations like the CSUTCB” (Lucero 2008, 12). As you will recall from the previous chapter, quinoa peasants organized ANAPQUI and CECAOT as cooperatives with elected leaders, in line with the ayllu system.

Transnational agrarian movements and the coalitions they formed with advocacy or donor non-governmental organizations is well documented (Edelman et al. 2014, 914). The common thread is the role NGOs have played in helping to shape or influence new peasant identities. During the 1980s, when global neoliberalism went on the offensive, “privatization in the aid complex meant the ‘NGO-ization’ of much of the aid sector” (Edelman and Barros 2016, location 2549). In the 1990s, multiple constitutions throughout the region ratified the International Labor Organization Convention that recognized the collective rights of
indigenous people (Lucero 2008, 130). NGOs played a role in both encouraging these policy reforms and educating the indigenous people about their rights to participate in elections and development projects (Ibid). International development agencies were quick to seize upon the emergence of TAMs as an opportunity for partnerships. As Edelman and Borras (2016) write, “the relatively new modality of development practice emphasizes collaborative relationships between international governance institutions and corporate and/or civic society entities” (location 2765). In Bolivia, development programs had an influence on social movements. The quinoa economy grew in parallel with national and international movements promoting the rights of indigenous people. There was a close relationship between development workers in the lowlands who influenced the terminology used to create new identities. Healy notes that they “pushed the generic term ‘indigena’ as a way of constructing a new identity, to support modern and political developmental activism, and to rally dispersed ethnic minorities toward a common cause” (Healy 2001, 79). The new structure was important because it focused land rights not on the factor of production but rather on a territory, a unit of political and cultural life. Lowland organizations sought to connect with other organizations within Bolivia. For the highland populations, according to Healy (2001), “the concept of land as territory invigorated the highland-led indigenous social movements with an environmental agenda that would help create their modern political identity for making demands on the Bolivian state (81). Over the course of 60 years, from the revolution to the new constitution, the Indians redefined their identity to fight against the lines that define boundaries of inclusion versus exclusion—class, gender, and race—for full inclusionary rights as citizens (Kivisto and Faist 2009, 17). Embracing their indigenous roots allowed the former class-based social movements to shift to a cultural identity-based
approach. This approach allowed indigenous groups to democratically overthrow the traditional repressive government.

4.5 Politicizing Food: The Creation of Food Sovereignty

I argue the Bolivian quinoa economy is a case study of how peasants successfully embraced their indigenous knowledge (on quinoa cultivation) and used this knowledge as a tool to resist neoliberalism in the countryside. Edelman and Borras (2016) point to the significant rise in peasant and farmer movements in the late twentieth century as an “incompleteness of the transition to capitalism in agriculture” (location 386). Peasant groups have organized worldwide against the international classification of the right to access food through the conceptual lens known as food security. Instead, Bolivian indigenous farmers were successful at incorporating the core tenants of the international food sovereignty movement into the constitution. Food security is defined by the FAO as:

Food security [is] a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. (FAO 2001 cited in FAO 2003).

According to Patel (2009), central to what is implied in this definition is the terms of which food either is, or is not, made available to the international community; agency is no longer under the control of institutions that may have had a vested concern for ‘food security’ but rather given over to the market (664). For proponents of food sovereignty hunger, by way of having access to food or not, is seen as a political issue. It believes the structures that control the movement of food between the North and South severely impact the type and amount of food present in a society. To understand the historical context in which food sovereignty sprang from we will use the concept of food regimes. Harriet Friedmann and
Philip McMichael created the term food regime in 1989 “as a means of linking periods of
capitalistic accumulation to the international relations of food production and consumption
that accompany them” (Fairbain 2010, 16). The postwar food regime from 1947-1973 was
marked by a market intervention, U.S. hegemony, western-oriented development projects,
and the cold war. It is during this time that the concept of food security emerged. In the
1980s there was a shift back to free market ideology, nation-states began to lose political
centrality, and neoliberal ideology peaked (Fairbain 2010, 29). These conditions allowed
agrifood corporations to expand. This follows what was discussed in chapter 2, the US
financed agricultural development projects focused on spreading industrial farming methods
until the 1980s and the shift to free market economics.

The origins of food sovereignty are debated and veiled in myth (Edelman et al. 2014).
According to La Via Campesina, they first articulated the terms using it as a response to the
lack of satisfaction with the International Fund for Agricultural Development (IFAD)
programs (Desmarais 2007,103). Campesinos had heard NGOs speak “on their behalf,” only
to hear messages misrepresentative of the peasants’ actual motives” (Ibid). According to
McMichael (2010), “In the present conjuncture, while the development industry is refocusing
on ‘agriculture for development,’ the food sovereignty movement and its allies are reframing
both ‘development’ and ‘agriculture’ in relation to politicized understanding of
sustainability” (181). Madeleine Fairbairn states that the most powerful challenge to food
sovereignty lies precisely in its politicization of food and agriculture. She writes that, “Food
sovereignty advocates explicitly name the actors within the system who benefit by
maintaining the food regime status quo. This stands in stark contrast to the food security
frame, which presents the current agrifood system as the natural outcome of spontaneous
market forces” (Fairbairn 2010, 28). Advocates intentionally use highly political language with the intent to shed light on the power relations that led to the formation of the neoliberal food regime and gives it greater transformative potential than its predecessors. By doing so, it situates itself in the political economy of the current world food system (Fairbairn 2010, 30-31).

According to Roberts (2013), “food sovereignty comes from the protest of poor peasants and farmers who faced bankruptcy as a result of competition with subsidized food staples” (92). This concept sought to challenge the consumer-oriented notion of food security and instead bring into focus the actual food producers. A key-differentiating factor between these two frames is the lack of politicization implicit in each camp. Food security invokes an apolitical language thus avoiding placing responsibility to enforce the concept to any state or political power. Food sovereignty, on the other hand, was created by and is defined by the grassroots movement *La Via Campesina* (LVC) (Desmarias 2008, 76). Food sovereignty’s founding principle is the stance not to subject food to volatile markets and instead, nurture the skills and cultural knowledge that small-scale farmers have as the means to mitigate poverty. At the center of this concept of food sovereignty is the “right of each country and people to have the right and obligation to develop national agriculture and food policies that ensure the health and well-being of its populations, cultures and environments” (Ibid).

Phrased in another way, each person and country should have the choice to determine where their food will come from, who will grow it, and what it will be. McMichael and Schneider warn, “when food becomes a market commodity it satisfies monetary demand, rather than social need, which can skew agricultural resources” (2011, 127). Now that farmers have the option to sell to new buyers at a higher cost than to the local market, the increase in quinoa
exports has had the effect of increasing the cost of quinoa at local markets. How do we rectify this paradox in the quinoa case study?

4.6 Food Sovereignty in Bolivia

Research on the Bolivian quinoa economy would not be complete without a discussion on Bolivian agricultural policy. Land rights and access to basic human rights have been a primary focus of the social movements that have influenced the rise of indigenous politics. President Evo Morales grew up as a coca farmer experiencing first-hand the economic repercussions of U.S. interventions in Bolivia. In both of his campaigns for election, Morales ran on the promise the government would recognize the indigenous population and provide them with rights as citizens. Upon his second re-election in 2009, the government adopted a constitution; at the heart of the constitution is the recognition and protection of indigenous people’s rights by way of creating Bolivia as a pluri-national state (Romero 2009). In regards to agricultural policy, an issue of great concern to many indigenous people, the state adopted a policy of food sovereignty over food security thus pledging to favor local food over imports and to support local food production for local consumption. The 2009 Political Constitution of the Plurinational State of Bolivia includes a chapter on “Sustainable Integrated Rural Development” emphasizing food sovereignty as integral to rural development (McKay et al. 2014, 1190). Even after the new constitution passed the MAS government’s Rural Development and Food Sovereignty and Security Policy relied on external funding, did not restructure agriculture or governance, nor did it transform relations of production (Ibid). This policy is counter to LVC’s belief that, “the

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17 When visiting Cochabamba, Bolivia in 2014 locals reported a significant increase in the cost of quinoa at local markets. They noticed the price increase beginning in 2009, the same year the quinoa boom began.
government should introduce policies to restore the economic condition of the small farmers by providing fair allocation of these production resources to farmers, recognizing their rights as producers of society, and recognizing community rights in managing local resources” (La Via Campesina 2005, 31 as sited in McMichael 2010, 171). According to McKay et al. 2014, “despite a general commitment to food sovereignty, there has been an inability to enact meaningful structural changes that might contribute to food sovereignty on the ground” (location 1193). This partially explains why farmers in the Altiplano have not experienced structural change to the inequalities in the quinoa economy; there is a lack of will from the state.

4.7 Exporting Quinoa, a Contradiction?

Given how food sovereignty was integrated with rural development programs and the quinoa farmers are choosing to produce food for the external marketplace, it appears neither the government nor farmers in the Bolivian Altiplano are adhering to the concept of food sovereignty. Rachel Soper offers a perspective from the ground providing an alternate perspective from the peasants. Soper argues, “the movement holds an ambiguous stance of peasant production for export markets and clearly prioritizes local trade” (537). She continues, “based on their experiences supplying export commodity chains and selling crops in the domestic market through local intermediaries, they (peasants) prefer export markets for their comparatively stable prices” (538). Although the price of quinoa has not yet stabilized her study compares to other scholars who have found similar trends among small farmers engaged in export markets: Fisher and Benson 2006; Walsh-Dilley 2013; Jaffee 2007 (Soper 2015, 540).
In their book, *Feeding the Market, South American Farmers, Trade and Globalization*, Hellin and Higman (2003) give voice to the farmers who are often left out of the debate on globalization. The authors conclude from their on-the-ground research that farmers want to participate in markets, and a return to subsistence farming is not in their agenda (vii). Their chapter, “Quinoa and Food Security,” “looks to the extent to which quinoa can contribute to food security in the Andes and whether its potential can be realized through production for export, as a contribution to diets locally and nationally, or both” (90). They acknowledge the seemingly inherent contradiction this paper seeks to explore, that there is irony in producing a highly nutritious crop for export from a region where undernutrition is widespread. These authors posit that perhaps there is no need for contradiction and claim, “many development efforts can be seen as twofold: to encourage the national consumption of quinoa within Andean countries and to encourage its production for export, providing much needed cash income to rural families” (Hellin & Higman 2003, 98).

I argue this point of view can be strengthened by looking at the quinoa economy through the lens of food sovereignty. Hellin and Higman point to political arrangements that have a significant impact on the constraining conditions under which farmers are subject. Specifically, trade liberalization has reduced the ability of countries to favor food production within their own borders. “In South America, this has been blamed for the reduction in quinoa production” (Hellin & Higman 2003, 93). As was explained in chapter two, local crops could not compete with the local cost of imported wheat from developed countries, which contributed to the decline in the local market for quinoa. In Hellin & Higman’s conclusion they recognize how the dismantling of protectionism in the developed world lead

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18 This statement is confirmed by the author’s own conversation with a quinoa exporter from the Bolivian southern Altiplano. One of the manager’s of the co-op, CECAOT, expressed his pride in knowing that his crop is sold to people in the USA.
to greater market access for developing countries (213). Without stating as such, Hellin & Higman politicize the issue, thus we see how the two views are compatible with the food sovereignty movement. Food sovereignty rose as a counter frame to the rejection of the corporate food regime. Its advocates target political bodies, not corporations, because they believe that this is the level where true change can be made. In fact, what makes this movement unique is that it does not seek to create new labels, but rather it offers solutions. With the election of Evo Morales peasants did obtain significant political change through political action. Quinoa farmers still have not given up the fight to secure what they believe to be a “fair buyer.” A socio-political organization Mancomunidad de la Gran Tierra de Lípez, and the Consorcio de Lípez spearheaded and were granted a domination of origin (DO) for quinoa real (Ofstehage 2012, 450). The movement toward differentiation of Lipeña quinoa intends to add value to the products, and promote an alternative local economy based on recognition of tradition. The DO label certifies the territorial origin of quinoa. The consortium will purchase quinoa directly from the local cooperatives, many of them operated by women (Ibid). This initiative is representative of the ever-present social and economic regional divides that exist in the Altiplano, and most importantly serves as an example of peasants reasserting their agency.

4.8 Conclusion

The definitions of food security and food sovereignty are fluid. It remains to be seen how the transnational agrarian movements will evolve. I turn to Edelman et al. (2014) to encapsulate what the quinoa economy is experiencing, that is to say quinoa farmers’ “dependence on long-distance trading systems frequently amounts to a double-edge sword
for smallholders and farm workers, with especially damaging impacts in the world’s poorest countries” (915). When we unearth the challenges embedded in the food sovereignty movement the inconsistencies of the export economy become less paradoxical. For this reason I argue the importance of recognizing that food sovereignty is not static nor is it only focused on pushing an anti-neoliberal agenda. In McMichael’s words, “it is a hybrid, in large part because it must simultaneously address immediate needs and posit real alternatives” (2010, 172). The immediate need of peasant farmers in the Altiplano is the need for a livelihood. The Northern market provided an opportunity for farmers to make a living from their land. However, the farmers also are facing new challenges to their success through interactions with new actors in what was a previously non-existent Bolivian quinoa economy that food sovereignty, as it is evoked in the constitution, has yet to politically address.
CONCLUSION

The primary objective in writing this thesis was to contribute to the body of literature about the effects on Bolivian farmers because of their participation in the global economy. My unique contribution is to show quinoa farmers affected the global quinoa economy and at the same time demonstrate that their participation in the global exchange of commodities is not acting counter to their historical anti-neoliberal stance. I do so by providing a historical perspective on the decades long journey quinoa farmers engaged in to obtain new buyers for their crop—quinoa—which was purchased in small numbers regionally, yet was the only source of local income. This study provides new insight into the evolution of quinoa as a development project by explaining how securing external buyers was in fact a grassroots endeavor. By giving agency to the farmers this research debunks the media stories that have conflated the quinoa boom with malnutrition rates in Bolivia. Instead, it exposes the structural inequalities inherent in “development” projects that led to poverty and malnutrition rates decades before quinoa was sold outside of Bolivia. This research provides a foundation for further exploration into how quinoa farmers could continue to be agents of change for their communities. Future research needs to be done on how Fairtrade can offer a stronger positive impact on quinoa communities, specifically how to incorporate small-scale farmers into the new quinoa economy. Lastly, there is room for further research on how quinoa farmers are interpreting food sovereignty.

From this analysis we can draw four main conclusions. First, mainstream media articles have distorted the consequences of the quinoa boom on Bolivians. The increase in Bolivian quinoa exports is not the cause of high rates of malnutrition among quinoa farmers
or the Bolivian population as a whole. High poverty rates and high rates of malnutrition are the result of complex structural inequalities. To understand present day issues one must take a historical look at the economic policies that contributed to making Bolivian society how it is today. The unintended consequence of oversimplifying the experiences of farmers was a confused consumer. If consumers had decided not to buy quinoa this would have been a negative consequence for farmers, as they would have lost their new buyer.

Second, selling quinoa outside of the Andes region was not just the idea, but also the hope of Bolivian farmers who should be recognized for overcoming a series of challenges to secure new buyers. These challenges included cultural prejudice, economic policy limiting indigenous crops for export, and various development agendas impeding community-led goals. Their success is a case study in the value of community participation to development. This case cautions against using market access as a means to poverty alleviation. Fair trade has played an important role in introducing quinoa to health food stores and helping farmers secure long-term partnerships. Current Fairtrade standards, including the requirement for organic certification, has unintended consequences. The certification scheme is too focused on market access as a means to poverty alleviations as such; it is leaving out the most vulnerable population fair trade seeks to empower—smallholder farmers.

Third, to understand who is profiting the most you need to look at the entire value chain to see how income is distributed. Due to the fact that producer organizations formed early on in the search for new buyers, local farmers have been able to maintain a larger share of the profit than in other supply chains. This is because producer organizations not only supply raw material, but are also processors and exporters. The unintended consequence of the success of the quinoa project is the attraction of more actors, processors and exporters,
who producer organizations must compete with. Furthermore, there is an irony in the fact that indigenous land rights still exist in the Altiplano. Ancient land rights did not account for the invention of mechanized agriculture. The tractor has significantly deepened the divide between farmers and created a barrier to entry to the global quinoa market thus forcing smallholder farmers into the role of wage laborer.

Fourth, the quinoa boom has been criticized as a case where food security and food sovereignty have been confused. Critics have incorrectly labeled an outcome of the quinoa boom as food insecurity whereas a key outcome has been that Bolivians themselves are asserting food sovereignty, going as far as to include food sovereignty as a tenant in the constitution. However, the food sovereignty movement is not currently responding to how farmers should, or should not, interact with global economies. Unfortunately, the inclusion of food sovereignty in the constitution has not resulted in a new cultural shift in the quinoa economy. The unintended consequence for the adoption of food sovereignty in Bolivia has been a lack of political will to include small farmers into the global quinoa economy.

Finally, with these conclusions in mind, we need to question the ability for quinoa exporters to provide a long-term economic solution. The Bolivian government needs to shift its focus to a more sustainable approach to extraction. It needs to do so in order to preserve the environment, and thus quinoa and should do so if it wants to preserve its good standing with the indigenous movements that brought it to power. If history has taught us anything it is that Bolivian social movements are very powerful. The Bolivian quinoa economy serves as a case study on how community members need to be participants in “development” projects, not acted upon. Furthermore, development’s goal of poverty alleviation has led to the
creation of projects focusing purely on market access, and these very projects have resulted in the unintended consequences of leaving the rural poor out of the global economy.
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APPENDIX A

Vertical integration of quinoa production and distribution

Created by author
### APPENDIX B

**Characteristics of Quinoa Food Products Processed in the Andean Region**

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>ECUADOR</th>
<th>PERÚ</th>
<th>BOLIVIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flakes</td>
<td>They are produced (Jacobsen and Sherwood, 2002). The product was not obtained to make an exact evaluation.</td>
<td>Quinoa flakes of very good quality are produced, mixed with amaranth, oat and maca flakes, with plastic bag packaging of very good quality and design (Inacaru-IACSA) and mixed with oat flakes in plastic bags packaging of moderate resistance (I Ositos-Clementes Peruana).</td>
<td>Quinoa flakes of moderate quality are produced (some black grains) with packaging in plastic bags moderately resistant (La Princesa-SIMSA) and little resistant good quality packaging (ANAPQUI). Nevertheless, the lack of steel machines is a factor that could lead to the contamination of pops with heavy metals. Flakes are exported with organic certification, mostly to Europe.</td>
</tr>
<tr>
<td>Pops</td>
<td>They are produced (Jacobsen and Sherwood, 2002). The product was not obtained to make an exact evaluation.</td>
<td>The production process for pops through heating up and decompresing used in the Andean region destroys the protein value of quinoa. Independently of the protein value, quinoa pops of very good quality are produced, either of very good quality mixed with sugar in resistant plastic bag packaging (Inacaru-IACSA) or mixed with sugar and chocolate and vanilla chemical essences in cardboard boxes badly designed or resistant plastic bags packaging (El Altiplano).</td>
<td>Quinoa Real pops of good quality produced in a partly craft manner sold in little plastic bags packaging of bad quality and design, in little small cities, regional markets (ANAPQUI, COPROQIRIC). In some small cities' downtowns and in others of bigger dimensions, pops are used as ingredients of elaborated products. Pops with organic certification are exported, mainly to Europe. In the cities, pops of excellent quality covered with honey and in plastic packaging of moderate resistance are sold.</td>
</tr>
<tr>
<td>Macsli</td>
<td>Not produced</td>
<td>Not produced</td>
<td>Produced in three brands. Two are conventional, produced by Legali and SIMSA under the corresponding brands Titos and La Princesa. Both products have very good presentation. The first of very good quality and taste (abundant quinoa flakes, quinoa pops, amaranth, nuts, raisins, apple and honey) and presented in a transparent and resistant plastic packaging (Legali). The second is also of good quality but with less interesting taste than the first one, and the flakes are not cooked enough (oat, corn and wheat flakes, quinoa pops, raisins and honey) and presented in cardboard boxes of very good design (La Princesa-SIMSA). The third Maceili is organic, certified by Inno control, and exported to Europe. It is of the extruded kind, starting from a mix of flours (being its main ingredient rice, followed by quinoa, banana, sugar and cacao). It is produced by the company called “La Coruña”. Its presentation is very good and its quality is similar to that of the cereals made by big multinational companies.</td>
</tr>
</tbody>
</table>

Source: Laguna 2003
Street leading to CECAOT, Salar de Uyuni, Bolivia
Photo taken by author, February 2014
CECAOT Processing Facility, Department of Potosí, Bolivia
Photo taken by author, February 2014
Plowed land in Department of Potosí, Bolivia
Photo taken by author, February 2014
Rows of quinoa, Department of Potosí, Bolivia
Photo taken by author, February 2014