The untold story about a cup of High Street coffee

The popular debate over the price of a cup of coffee operates is an exercise in virtue signalling; it has little to do with the politics and economics at the root of the issue.

Britain has some of the most concentrated, long-term land ownership in the world. Much of that land is rural. But there is also a significant concentration of land ownership in urban areas – predominately in buy-to-let housing and retail property.

Early economists were pretty scathing of "rent taking" activity in the economy. It levies a charge on the economy to use assets while often doing little in return for that 'unearned' wealth.

Figures from the British Property Federation (2017) show that just over half of commercial property in Britain is own by investment companies; and of the £486 billion of commercial property owned as an investment, almost a third of that, £183 billion, is owned by off-shore investors.

That means it's not just the profits from selling the coffee itself that are spirited away by the off-shore registration of our leading coffee chains; the profits from the properties they operate within are just as likely to be sent off-shore, untaxed, through the operation of property-holding companies in tax havens.

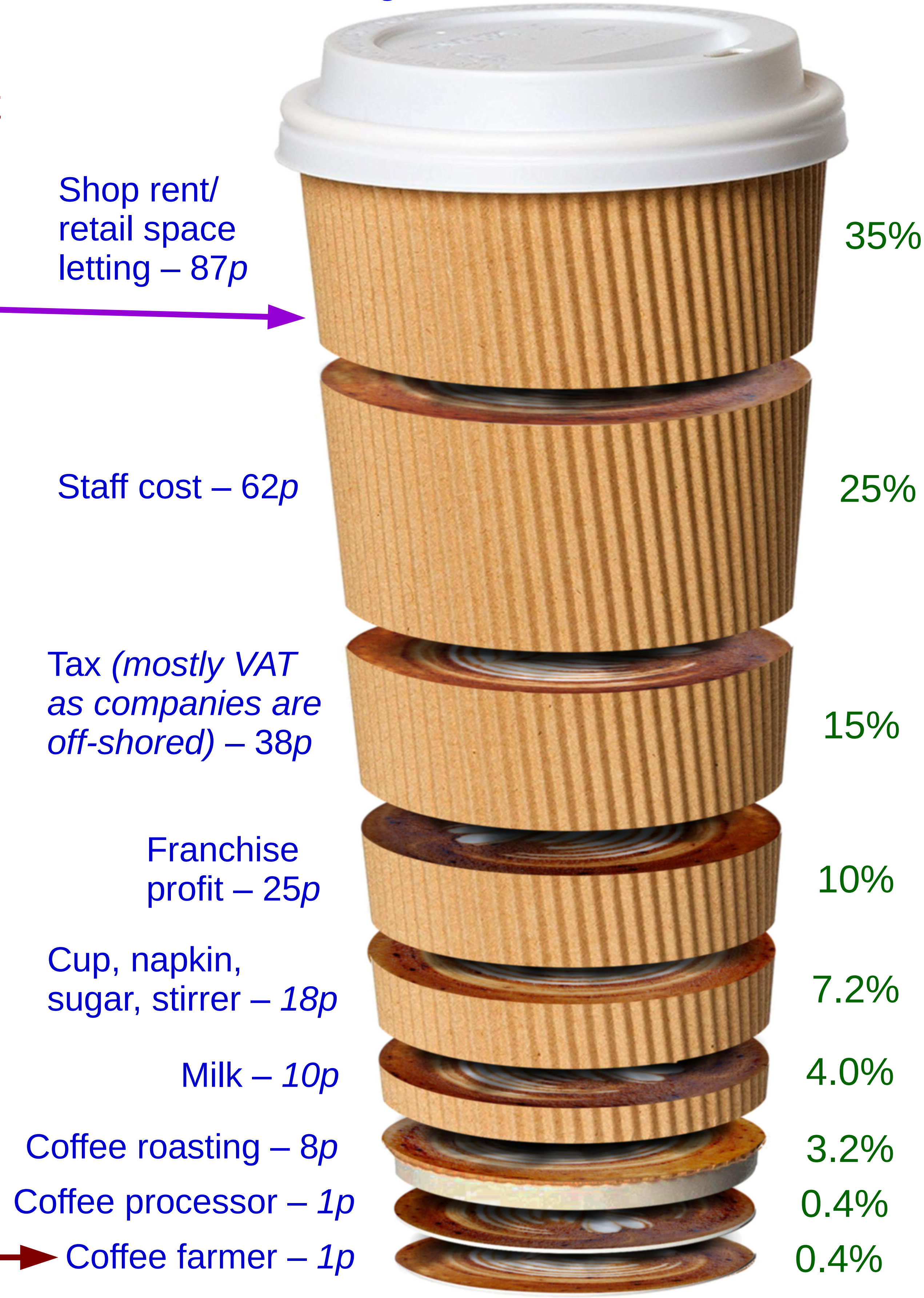
Trade is not simply 'unfair' because of price exploitation by rich states. Both the purchaser and the farmer are being conned by that same neoliberal economic system.

The true economic divide is not between consumers in the developed world and poor farmers in the developing world. The divide is between those who work, and those who take 'unearned' profits from assets which should be co-operatively owned and managed by society.

A £2.50 cup of coffee – *who gets what from the sale?*

Why do people often (and quite rightly) consider this part of the price of a coffee

but rarely, if ever talk about the impact of this more significant part



Adapted from Chelsea Bruce-Lockhart & Emiko Terazono, FT, 4th June 2019

The price of a cup of coffee is emblematic of how neoliberal economics dominates society – but also how that economic debate steers towards certain consumer issues, and away from larger structural issues within national economics.

At the global level, economics has become – through institutions like the World Bank, IMF and WTO – a new form of colonialism. However, instead of a 'physical' colonialism imposed by people of a particular nation, it is an ideological form of neo-colonialism, where a set of ideas and values dominate through an economic lobby irrespective of nationality.

It is an offence to justice that farmers producing commodity crops in poorer nations – not just coffee, but a whole range of basic food and mineral commodities – are exploited.

The thing is, how can you expect to defeat the 'international' application of those principles, when those same principles are at work in the other elements of the price of that cup of coffee at home – such as the exploitative zero hours employment culture in the service sector, as well as the oligopoly control of Britain's retail property stock.