

Notable Books

THIRST: Fighting the Corporate Theft of Our Water

By Alan Snitow & Deborah Kaufman

Reviewed by John D. Donahue

BREWING JUSTICE: Fair Trade Coffee, Sustainability, and Survival

By Daniel Jaffee

Reviewed by Christopher M. Bacon

THE TRAP: Selling Out to Stay Afloat in Winner-Take-All America

By Daniel Brook

Reviewed by Frances Kunreuther

WORLD INC.

By Bruce Piasecki

Reviewed by Catherine DiBenedetto

**THE CLEAN TECH REVOLUTION: The Next Big Growth and
Investment Opportunity**

**BLESSED UNREST: How the Largest Movement in the World Came Into
Being and Why No One Saw It Coming**

Stanford Social Innovation Review
Fall 2007

Copyright © 2007 by Leland Stanford Jr. University
All Rights Reserved



STANFORD
GRADUATE SCHOOL OF BUSINESS

Stanford Social Innovation Review
518 Memorial Way, Stanford, CA 94305-5015
Ph: 650-725-5399. Fax: 650-723-0516
Email: info@ssireview.com, www.ssireview.com

THIRST: Fighting the Corporate Theft of Our Water

Alan Snitow & Deborah Kaufman
with Michael Fox

304 pages (Jossey-Bass, 2007)

Reviewed by John D. Donahue

Alan Snitow and Deborah Kaufman amply demonstrate in *Thirst* that they are onto something real and worrisome – America’s chronic clumsiness in figuring out the right role for private firms and market principles in high-stakes public issues. And their book is so earnestly intended that any reader with half a heart is rooting for it to succeed. *Thirst* is essentially an adaptation into print of excerpts from the eponymous documentary by Snitow and Kaufman that National Public Television aired, to considerable acclaim, in 2004. Like the film, the book hopscoches among several separate settings where one of the many variants of water privatization is in play.

The tour starts in California, as the city of Stockton experiments with contracting out the management of its water system, and a shifting set of corporate and civic players wrangle over control of services in the city of Felton. The focus moves south to chronicle Atlanta’s transit from a lousy public system to a lousy private system and back again; then a quixotic campaign in Lexington, Ky., to bring a long-private water utility into public ownership. In Lee, Mass., town leaders’ plans to meet antipollution requirements through a private sewage-treatment contract are crushed by citizen opposition, while in Holyoke a similar initiative squeaks through amid ugly politics. When Perrier sets out to market bottled water from a couple of Midwestern sources, it is chased out of Wisconsin but (barely) remains in operation in Michigan after

brutal legal and political battles.

The book’s video parentage shows through in its sprawling cast of characters, most of them interesting, some of them inspiring, a few distinctly memorable. Jim Graham is the devastatingly effective communications strategist for the community coalition that outfought a global corporation in Felton. He had gone from a job with defense contractor Lockheed Martin Corp. to become a media and message consultant to clients such as the über-Indie Burning Man festival; there’s probably a book to be written about his career alone. Holly Wren Spaulding is a home-schooled independent media maven who organized a “Fuck You, Perrier!” punk rock fundraiser to support anti-bottling efforts in upper Michigan. And Dale Stocking, an orthodontist who led the opposition to outsourcing the management of Stockton’s water system, gets credit for the book’s most arresting metaphor when he charges that pro-privatization forces “spoon-fed dog and pony shows” to the city council.

The print medium, though, lacks the emotional immediacy that (for better or worse) gives video such impact. And aside from some sketchy international references at the beginning and end, the book concerns itself with relatively mundane water squabbles in the United States, omitting the more dramatic South American and Asian episodes that anchor the movie. An even more fundamental consequence of the shift from the screen to the page, however, is that logical gaps that you can get away with on the tube are glaringly obvious in print.

Most of the book’s flaws stem from the fact that it conflates three different phenomena: the emergence (or rather

diffusion) of a market for bottled water; the involvement of private firms in managing municipal water and sewer utilities; and the transformation of water into a commodity like any other, available to high bidders and denied to those without the means to pay. The three are presented as integrated aspects of the same dark trend of corporate triumphalism and democracy in

retreat. But they’re nothing of the sort. They reflect quite distinctive market dynamics and summon very different kinds of policy concerns.

The first phenomenon is relatively trivial. Not entirely so, to be sure: Weak regulation of bottled water implies some risk, but there’s little evidence of problems with adulterated

Aquafina and every incentive for companies not to poison their customers. Bottling operations surely annoy some people who live near sources and have to cope with extra traffic and cluttered landscapes. But the policy issues on both the supply and demand sides of the bottled water market are mostly second-order.

The second phenomenon, private involvement in the management of water systems, does engage significant policy issues. *Thirst* accurately describes a trend of merger and consolidation that is leading European infrastructure firms to dip their toes into the American municipal market. And the authors are surely right that policy blunders – outsourcing the wrong functions, or perversely structuring contracts – can expose citizens to consequential financial and health risks.

Water systems are actually somewhat unpromising prospects, in general, for seeking efficiency gains through private involvement. This is so not because water is vital to life and health



– the privatized delivery system we call “food stamps” works out pretty well for a comparably primal mission – but because there is little competition for control of water systems.

Sometimes private management of water or sewer systems can improve efficiency and accountability. Sometimes it can make things worse. Figuring out when private involvement makes sense, and when it doesn’t, requires the sort of close analysis of technical and economic specifics that the authors of *Thirst* dismiss in favor of heart-stirring, head-dodging tales of sleazy businessmen and spunky community activists.

The third phenomenon – the sweeping shift of water resources to private ownership – would indeed be something to get worked up over, if it were happening. But it isn’t, by and large. The book’s subtitle reference to “the corporate theft of our water” reflects either a very large dose of poetic license, slightly deceptive marketing, or a touch of paranoia. “Local critics are beginning to see the [bottled water] industry as a harbinger of wider threats, including the commodification of water, the export of water in bulk, and the end of the keystone idea of affordable water as a public trust and human right.” Maybe they’re seeing it that way, but that does not make it so.

As the stories told here make abundantly clear, government remains in solid control of America’s water resources. Ugly episodes in the 19th century left their lessons, and today the law, not the market, has the final word on who gets water and on what terms.

Will that change? The authors clearly think so, predicting an “epic power struggle, which will spread to every corner of North America.” There are certainly cynical operators somewhere out there who’d be happy to leave us all parched and filthy if they could make a buck in

the process. But even in the hyper-market-friendly United States there’s virtually no prospect that citizens will stand aside and let corporations have their way with our water. In case after case profiled in this very book, corporate threats that range from circumscribed to delusional spark instinctive and generally successful opposition.

Communities *have* seen their water rights wrenched away in the past, and surely will in the future as the planet gets more crowded and the climate nastier. But the blunt instrument of power politics, not intricate and brittle market mechanisms, is the driving force behind most water grabs. William Mulholland, remember, was a civil servant – chief engineer of the Los Angeles Water Department – when he drained the Sierra Nevada Mountains to make Los Angeles blossom before World War I.

Privatization has little to do with water policy’s biggest lunacies (locating California’s agricultural heartland in a desert) or tragedies (the billion-plus people who lack clean water, and the millions of children who die annually as a result).

Thirst offers inspiration and some tradecraft tips for people who are looking to raise hell about corporate threats to water. But it provides little guidance for those who are trying to decide *when* to raise hell. Readers struggling to figure out where the market presents a real menace to accountable water policy, where it might help a bit, and where it doesn’t much matter should look elsewhere.

John D. Donahue teaches at Harvard University’s John F. Kennedy School of Government and is the author, most recently, of The Warring of Government Work (Harvard University Press, forthcoming).

BREWING JUSTICE: Fair Trade Coffee, Sustainability, and Survival Daniel Jaffee

346 pages (University of California Press, 2007)

Reviewed by Christopher M. Bacon

In *Brewing Justice*, Michigan State University sociologist Daniel Jaffee covers a wide range of terrain, traveling from the living rooms of indigenous coffee farmers in Oaxaca, Mexico, to corporate boardrooms in Seattle. His lively, well-researched ethnography takes the reader inside the world of Fair Trade coffee to uncover the politics at the interface of markets, social movements, and coffee farmers’ valiant struggle for cultural and economic survival. This book deepens our collective understanding of these issues as we navigate the heated debates surrounding the future of Fair Trade.

Coffee has emerged as an intriguing test case to assess globalization’s social effects and its transformative potential. Between 1999 and 2004, around the same time when

consumers were developing a thirst for a more conscious connection to the culturally diverse and ecologically fragile landscapes that produce the 2.5 billion cups of java they drink per day, commodity coffee prices were sliding from \$1.20 per pound to as low as 45 cents. The consequences of the crisis were evident in coffee-growing territories everywhere. In Ethiopia, a household of 12 saw its annual income plummet from \$320 to \$60.¹ In Central America, the World Food Programme declared a food security emergency in coffee-producing regions.

Civil society organizations and coffee companies alike have placed high



hopes in the potential for Fair Trade and other eco-labeled coffees to buffer the consequences of the next crisis. They continue to push the \$11 billion specialty market toward self-sufficiency; some even hope it will approach the \$80 billion conventional industry.

Despite the Fair Trade movement's lofty goals, few scholarly studies have gone beyond anecdotal evidence and descriptive reviews to assess systematically its social effects, to interrogate critically its politics, and to uncover its persistent paradoxes. *Brewing Justice* fills that gap. It is the result of two years of interviews, observation, and surveys. The empirical evidence that Jaffee marshals demonstrates that Fair Trade's impacts are important, but limited. His analysis explains the strains between the Fair Trade movement and its market-oriented actors.

One of Fair Trade's central paradoxes is that it sets out to achieve social justice using the same market mechanisms that impoverished small producers in the first place. Although this hybrid approach causes activists, producer organizations, and business leaders to live in ideologically uncomfortable spaces, it may hold the potential to transform market-centered relationships from the inside out.

Jaffee points out the tension that exists between the mission-driven Fair Trade companies and social movement leaders who are seeking to advance Fair Trade as a strategy to reform or even transform the market, and the profit-centered companies who are more likely to use Fair Trade as a tool to increase their profit margins or to get access to new markets. His cautionary warning reveals his stance on corporate engagement: "If you are going to dance with the devil, you had better lead with a firm hand."

Fair Trade coffee sales have grown

dramatically, but total sales figures tell us little about the ability of Fair Trade to deliver on its stated empowerment and social development goals. In answer to this fundamental question, Jaffee quotes a farmer: "Mejor pero no muy bien digamos." Better off, but not great. The central four chapters of *Brewing Justice* are an extended case study comparing the living conditions of 25 farmers who sell to conventional markets and 26 households connected to the Michiza Cooperative, whose organic coffee is sold on the international Fair Trade market.

Jaffee's findings show that when the coffee crisis was at its worst, organic and Fair Trade coffee producers received prices that were double what the conventional markets paid, but the organic and Fair Trade producers also had higher costs. Although farmers linked to Fair Trade cooperatives were more likely to have an adequate food supply, about half of all surveyed farmers (selling to both Fair Trade and conventional markets) experienced food shortages. International migration rates were also high among both groups.

Despite their persistent struggle, most of the farmers in the communities that Jaffee studied remain inspired by the initial intercultural collaboration that occurred when indigenous peasant organizers united with a Catholic priest to create this Fair Trade cooperative. The unanswered question is whether Fair Trade can extend this collaboration across the inequality that divides rich Northern markets and impoverished Southern producers.

The final three chapters of *Brewing Justice* return to Jaffee's larger political project, which seeks to save Fair Trade from its own success by redirecting attention to the coffee farmers' pressing needs and recovering the movement's radical roots. His recommen-

dations for strengthening the movement include cultivating stronger alliances with the global justice movement, setting minimum coffee prices that keep up with inflation, and increasing the transparency and accountability of the only Fair Trade certifier in the United States, TransFair USA. The movement – as well as Jaffee's analysis – would also benefit from paying closer attention to the collective voice of producer organizations. (It was the Latin American and Caribbean Network of Smallholder Fair Trade Cooperatives that pushed Fairtrade Labelling Organizations International to increase the minimum price by about 5 to 7 percent earlier this year.) We also need an analysis of the specialty coffee industry (including the many roasting companies that sell more than 20 percent of their coffee as Fair Trade), and a comparative analysis of the constellation of Fair Trade certifiers.

Although producer cooperatives, coffee companies, social movement organizers, and consumers have used Fair Trade as an effective tool for change, much work remains. So far, none of the certification systems have managed to stop migration, assure farmers' food security, or significantly reduce economic poverty. The movement must get stronger and push for even higher standards if we hope to create meaningful partnerships with small-scale farmers in the transition from survival to sustainability.

1 Charis Gresser and Sophia Tickell. "Mugged: Poverty in Your Coffee Cup." London: Oxfam International, 2002.

Christopher M. Bacon is a co-founder of the Center for Social Economy in Nicaragua and a researcher with the Agroecology Group and the sociology department at the University of California, Santa Cruz.

THE TRAP: Selling Out to Stay Afloat in Winner-Take-All America

Daniel Brook

288 pages (Times Books, 2007)

Reviewed by Frances Kunreuther

Daniel Brook has added another casualty to income inequality – the loss of new talent willing or able to do nonprofit or public service work. In *The Trap: Selling Out to Stay Afloat in Winner-Take-All America*, Brook highlights the plight of young professionals who are forced to abandon their passions for six-figure jobs in the private sector, simply to afford what was once considered a middle-class lifestyle.

As background, Brook provides a detailed analysis of how low-wage work and tax breaks for the wealthy have created this country's enormous gap in wealth. He cites examples of corporations buying congressional votes and swaying academic research with university contributions, and claims that the United States is no longer a democracy, but a plutocracy. As the prices of homes, health insurance, education, and other essentials soar, the middle class is left floundering.

Young, idealistic college graduates are finding that they are unable to provide for their families by following their hearts into nonprofit or public service work. So rather than pursue politics, teaching, or public interest law, they sell their souls for a more comfortable life. Brook argues that only people with inherited wealth can afford to pursue their passions – and that, he says, undercuts both merit and freedom.

Brook, himself a member of the young, well-educated elite (Yale class of 2000), interviewed dozens of his peers who are either struggling to make ends meet in nonprofit or government service

jobs, or who have already hopped over to the “dark side,” where they are earning large salaries by doing work that compromises their values. His book contains delightful examples of the common expectation for college graduates to give short shrift to careers in nonprofit or government service. For example, Brook challenges the assumptions of the highly touted Teach for America program, which expects its recruits to move on to schools such as Harvard Business School and Yale Law School.

At heart, Brook fears that the democracy we cherish is gradually being extinguished. These elite-educated, frustrated young people are like the canaries in the mine. Eliminating their choices is a death knell for a free society.

The Trap is both compelling and infuriating. Those of us who are working on the generation gap in nonprofit leadership recognize some of Brook's arguments. He ably describes the pressures and despair that young people feel when they realize that the most interesting and desirable areas for an educated elite – the cities on both coasts – are inaccessible given the high cost of living. Without a doubt, Brook's debt-laden peers face extremely difficult choices.

But his case for them is marred by a sense of entitlement (“We’re so smart, we should be able to do what we want”) that muddies his analysis. The fact that young people in certain parts of the country can’t afford to live comfortably off nonprofit and government salaries is an important issue whether we’re talking about Yale grads or community college grads.

As these sectors seek new leadership, they will certainly need to address it. Brook is right that the solution is

structural (reduce the income gap), but he misses two important points.

First, not just low income turns people away from nonprofits, we find in our research at the Building Movement Project. Young people also report frustration with other aspects of the sector, from entrenched bureaucratic structures to a lack of recognition and support from older generations. Second, *The Trap* does not acknowledge that talented candidates for these jobs also come through nonelite channels. He assumes that democracy will fail if well-educated people do not stay in the arts, public service, or nonprofit work. Democracy may fail if only the rich make decisions,

but it may indeed succeed if a new group of nonelites gain power and experience.

The Trap raises important issues, but Brook undermines the book's very power. He concludes with the example of Thomas Jefferson, a slave owner who opposed slavery but could not free his own slaves – even in death – for economic reasons. Brook argues that Jefferson needed a structural change, the abolition of slavery, to preserve his wealth. Although this structural solution levels the playing field for the elites, it ignores those who need structural solutions to gain a foothold in society. In the end, Brook believes that money trumps our passions and moral vision. If that were true, slavery would be with us today.

Frances Kunreuther is the director of the Building Movement Project and a senior fellow at the Research Center for Leadership in Action at New York University. She is the co-author of From the Ground Up: Grassroots Organizations Making Social Change (Cornell, 2006).



notable books

WORLD INC.

by Bruce Piasecki

(Sourcebooks Inc.)

Fifty-one of the world's top 100 economies are now corporations. When it comes to solving the world's problems (both local and global), writes environmental consultant Piasecki, businesses are more powerful than government. This is World Inc., and its heroes are what he calls "social response capitalists." With case studies on companies like Toyota, Hewlett-Packard, and Starbucks, Piasecki chronicles how innovative leaders are creating both profits and social change.



THE CLEAN TECH REVOLUTION: The Next Big Growth and Investment Opportunity

by Ron Pernick & Clint Wilder (Collins)

Clean Tech is no longer just a green cause; it's a moneymaking enterprise. In 2006, it pulled 10 percent of U.S. venture capital. Pernick and Wilder's book is a guide to the next Silicon Valley. For each of the eight major clean tech sectors (from solar energy to water filtration), they highlight the leading technologies and 10 companies to keep an eye on.



BLESSED UNREST: How the Largest Movement in the World Came Into Being and Why No One Saw It Coming

by Paul Hawken (Viking)

Hawken has written a different kind of book: the story of the good in the world. *Blessed Unrest* charts the civil society movement across the planet – "humanity's immune response to toxins like political corruption, economic disease, and ecological degradation." The book is packed with information, covering groups from Greenpeace to tiny neighborhood associations, but its greatest gift is hope.







boston 2008

amplify your impact.

Join over 600 enterprising leaders from a stunning diversity of organizations and ventures advancing a social mission through entrepreneurial, earned income strategies. Meet other innovators, inspire your peers and learn fresh options for scaling your efforts.

 Social Enterprise Alliance —Where Mission Meets the Marketplace

www.se-alliance.org

Save the Date

MARCH 9-11, 2008 • BOSTON, MASSACHUSETTS

9th Social Enterprise Summit