

Funding the Future

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I was recently reading the introduction to James Hoffmann's World Atlas of Coffee, which someone in our house seems to have because this is a subject close to our hearts.

He had this to say in his introduction:

There is growing demand for coffee, but also for speciality coffee specifically. Meeting that demand faces some challenges – climate change continues to be deeply disruptive and challenging in coffee lands, and there is a looming crisis of labour. Already, in many producing countries, the average age of a coffee farmer is late fifties, if not sixties. Finding labour to pick coffee has always been hard, but now finding labour for farm management is also hard. People don't want to be coffee farmers; people don't want to work in coffee. Coffee has been too cheap for too long.

That comment jumped out at me.

Around the world, Hoffman estimates that about 125 million people earn their living from coffee in some way or other. A great many, of course, do so in the UK — not only in the hospitality sector, but also behind the scenes, as well as in the production of instant coffee for the supermarket trade. But the livelihoods of a great many of these people are threatened for two reasons.

One is our dependence on just two forms of coffee bean, when there are well over a hundred known varieties in the world. Coffee is not quite as vulnerable as bananas in this respect, but the dependence upon a limited number of varieties creates considerable risk. That risk, of course, just adds to those created by climate change and the wider crisis in our biosphere.

The other issue is that as we have steadily undermined the value of productive work in supply chains around the world, the number of people willing to undertake such work is now declining, imperilling supply in areas where automation offers no alternatives. The implication of James Hoffmann's comment — that coffee farmers are now ageing and unable to recruit young people into the arduous work from which they have earned their livelihood — is clear. Presumably, there are supposedly better alternatives

available to the younger people who might have been coffee farmers, where, even if life is not easier in any meaningful sense, it might at least appear to be more superficially appealing.

I have quite often noted how capitalism, especially in its neoliberal form, appears determined to destroy itself. Marx thought it was going to do that. So, from a quite different perspective, did Schumpeter. Right now, the signs are all around us. The over-financialisation of the state is destroying the foundations of many markets, and AI might add to that dilemma.

James Hoffmann does, however, point to another way in which this is happening. As a result of developed countries, large brands, multinational entities and supermarkets trying to extract every last ounce of money out of supply chains for their own benefit, the risk now exists that those supply chains might collapse because the foundations on which they are built will not be there to sustain them. Until we realise that those who actually take the real risks in the world — and who undertake the hard work of ensuring that delivery happens — need to get a fair share of reward in the supply chains on which we are dependent, capitalism is at risk of destroying the very things which are supposed to be the basis of its appeal, which are availability and choice.

If coffee growers are denied a fair price as a consequence, as now seems to be the case, meaning that they cannot earn enough to compensate those who might otherwise work in this sector, then the whole arc of coffee — from the fields of Vietnam, Africa and South America, right through to the shelves in your supermarket, and the barista in your favourite coffee shop — is at risk, and all because of the misallocation of resources that results in the top of the supply pyramid taking far too much of the reward proportionate to either effort or value created. Campaigners have been pointing out for decades that this is going on, but the warnings have not been heeded.

I doubt that James Hoffmann intended that the words he wrote should give rise to the thoughts I express here, but they touch on something of great significance — and not just for coffee. The point he makes is systemic. Precisely because of the misallocation of resources engineered by neoliberal business, and the false narratives of well-being that their marketing presents, there is a crisis in labour supply around the world, including in many sectors (farming included) in the UK, where there is a similar shortage of skills in most trades. The result is that the quite literal physical underpinnings of many markets are collapsing — and with those foundations gone, the very things on which capitalism was really built, which were highly skilled labour and the availability of choice at affordable prices, will disappear.

There is a lesson here for those who make grabbing profit their business: sometime soon, they might realise that doing so is ultimately killing the economic system in which they claim to have faith. The paradox of that is staggering, and still ongoing. The question is, for how long can this last?

Hoffman had this to say when referring to the price of coffee:

This is going to change, and the demand being so high will make coffee much more expensive in the coming years.

He may be right, but unless the rewards of that higher price go to those who actually produce coffee, then the higher price will solve nothing. We cannot afford to reward the producers of financial engineering any more; what we must ensure is that those who do the hard work in the world get fair pay. If we don't, the coffee trade will be over, and with it, a great deal more of the economy as well.