Parallel Commodity Chains: Substitutes and Informal Economy

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The history of commodities linking different world regions has been frequently analyzed by using the concept of commodity chains. To deepen the theoretical discussion on global commodity chains the research network „History of global commodities“ at the University of Konstanz organized a series of workshops: The first one took place in June and focused on parallel commodity chains, substitutes and informal economic activities.

In his introductory remarks BERND-STEFAN GREWE (Konstanz) explained that the workshop aimed at putting to test the theoretical assumption of a linear commodity chain. Firstly, new products or varieties created parallel structures which should be compared to the main commodity chain. Secondly, the workshop focused on informal economic activities and their impact on the commodity chain. There are frequently informal elements in commodity chains overlooked by the state so that historians find no sources in state archives. Grewe stressed that the historical perspective on commodity chains is characterized by a more independent research and a temporal distance to the studied object. He made several critical remarks concerning the existing theoretical discussions on commodity chains. In general, commodity chains seem to be driven by „key agents“, but Grewe pointed out that power and control are not necessarily concentrated in one hand. He proposed that research should also focus on impulses from the global south including production and consumption patterns. Finally, he emphasized the neglect of the cultural dimension of economic interaction, such as gender aspects or trust.

RANA BEHAL (New Delhi) introduced the section on global stimulants with his presentation on the commodification of tea and the setting up of tea plantations in Assam during colonial rule in India. He showed how the evolution of the production process in the 19th century was linked with changing dietary habits in Britain. The search for alternate sources of tea production involved institutions like the imperial botanic gardens and British scientists. When the Chinese tea monopoly was destroyed private British capital entered the business and a speculative boom called „Teamania“ broke out. Finally, Rana Behal dealt with the impact of labour relations and social conflicts on the commodity chain of tea. BHASWATI BHATTACHARYA (Amsterdam) presented a case study of a parallel commodity chain in India: 90% of all coffee produced in India is mixed with chicory. In consequence, a parallel structure developed consisting in chicory production, processing factories and of own brands. Coffee mixed with chicory has always been controversial. Hence, consumers in the Indian south created an own ideology arguing that mixed coffee is healthier as it contains less caffeine. But consumers as well prefer the mixture because of being 50% cheaper than normal coffee. The Indian mixture was so successful that it was exported to other countries like South Africa, too. Bhaswati Bhattacharya likewise showed the long tradition of chicory as a medical plant and its use in diverse forms of alternative medicine.

JEAN STUBBS (London) invited the participants of the workshop to a fascinating journey into the Havana cigar universe around the world. She focused on the symbolism of the product and its influence in the political sphere. Tobacco was a symbol for independence and Cuban nationalism and in consequence, Jean Stubbs showed its meanings in different stages of Cuban history and its importance for political leadership. There was also a strong link with Cuban immigrant communities in Florida, creating parallel market systems and a large space for falsifications and imitations of Cuban cigars. In the discussion the question was raised whether the Cuban cigar is an exceptional case given its high political significance.

The topic of the second section was textile industry. PATRICK NEVELING (Bern) presented a case study on Mauritius and the imitation of Ralph Lauren clothes. Mauritius

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was one of the first worldwide export processing zones in the 1970s. Workers in the textile factories had no basic rights; hence Neveling questioned whether they belonged to the formal sector. In the 1980s new investors came in and there was a take-off for the textile industry. After Ralph Lauren left the island in the 1990s, local factories registered its own Ralph Lauren brand. On the one hand the founding of local Ralph Lauren stores creating a parallel trade structure. On the other hand a long lasting juridical conflict evolved between local firms and the US-American Ralph Lauren Company. In his speech Patrick Neveling challenged the division between formal and informal economy and the idea of embedded market structures. Instead, he suggested the concept of „formatting desembedded markets" as an alternative for the studies of ruptures in development states. Unfortunately, ALEXANDER ENGEL (Göttingen) could not present his paper on commodity chains in the dyestuff business.

Strategic commodities like copper and rubber were the topic of the third section. JAN-FREDERIK ABBELOOS (Gent) analyzed the spatial reconfiguration of the copper commodity chain during the 20th century. As copper was an important building component and conductor of electricity, the demand for refined copper increased. None of its substitutes as aluminum or silver offered the same balance between quality and price. In the early 20th century, two networks shaped the copper commodity chain: The first one linked the U.S. with South America and the second one Europe with colonial Africa. A geographic re-localization took place after a wave of nationalizations in the 1960s and 1970s: Private investors opened new mines in countries considered as safe from state intervention, like Canada and the Philippines. WILLIAM GERVASE-SMITH (London) questioned the myths on the rise of synthetic rubber. During the Second World War, rubber became as essential as oil and there was a rubber shortage in all belligerent counties. William Gervase-Smith stressed the important role of the state for the development of synthetic rubber. During his speech, he queried that temperate rubber really contributed to the German war effort. First of all, Germany didn't produce enough rubber. Secondly, it was produced at huge costs and thirdly, natural rubber was still necessary for certain parts, as for large tyres. Therefore, reclaiming natural rubber remained an important goal for Germany and Italy. He concluded that war dislocated the rubber commodity chain. War also determined the rise of synthetic rubber and showed the technical viability of its use.

The section on „The Riches of Africa" began with BERND-STEFAN GREWE's (Konstanz) presentation on the illegal commodity chain of gold. Gold was an ideal object for smuggling as it made possible the transfer of high values without a transportation problem. In any case, there was an unlimited demand and the precious metal was convertible everywhere in the world. Tax authorities are not able to trace its origins and gold can easily change its form through melting. As in the case of rubber, the state had an important impact on the commodity chain of gold: For example, the South African government wanted to protect its own currency and therefore prohibited its citizens to possess gold. However, there is a lot of informal mining in South Africa linked with organized crime on a big scale. The criminal mafias have the international contacts necessary to bring the gold to the international market. Normally, the illegal gold enters the legal market in Switzerland. Grewe concluded that the informal and illegal parts of the chain are overlapping with the legal chain and cannot be separated. In his opinion incorporating fragmentary information in historical investigation is necessary to get an idea of the informal and illegal parts of a commodity chain.

JONAS KRANZER (Konstanz) presented his findings on the substitutes in the commodity chain of ivory. He introduced ivory as the „plastic of its age" which was used for billiard balls, piano keys and buttons. In the 19th century there was no ivory shortage: The supply was great enough and ivory prices kept constant. Nonetheless, there were already worries on a possible decline of ivory supply. During the 20th century ivory prices rose, but also problems with the material led to a search for substitutes. Several substitutes for ivory were found: Synthetic ivory had the advantage to be available in much shorter time. In

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addition, there existed several natural substitutes as palm fruits or mammoth teeth.

In his final remarks MARCEL VAN DER LINDEN (Amsterdam) brought the discussion back to very basic questions: What is a commodity chain? What is a commodity, and how do we demarcate the segments of a commodity chain? He mentioned several factors causing the birth of a commodity chain as state policy, imperial and colonial considerations, wars, technological change, the exhaustion of another commodity or changing consumer preferences. However, commodity chains can die, when the first segment of the chain is exhausted or external factors interrupt the chain. During its lifetime commodity chains were sometimes relocated as in the case of rubber during the Second World War. One reason are strategical considerations, meanwhile also worker's resistance and technological reasons can induce the relocation of a commodity chain. Commodity chains are interconnected, cross each other and have the same nodal points with other commodity chains.

The success of substitutes for a certain commodity depends on three factors: their chemical and biological attributes compared to the original, how their properties are perceived by the consumers and the scarcity of the original. Marcel van der Linden highlighted that substitutes are always substitutes in certain aspects. Their definition also depends on the system used by a researcher to classify original and substitute. He distinguished between endogenous substitutes using the same substance, chemical substitutes and exogenous substitutes based on different substances. While endogenous substitutes create an identical commodity chain, chemical and exogenous substitutes lead to the emergence of parallel commodity chains. Sometimes parallel commodity chains converge, sometimes not. Some substitutes replace the original commodity, others amend.

Two further workshops are planned: The second workshop will focus on fragility and disconnections of global commodity chains. It aims at finding out what happens when a segment of a commodity chain breaks down or when a whole commodity chain dies. As economic consequences were often distributed unequally, there will be a special focus on labour relations but also on environmental ramifications. The third workshop will pursue the question of cultural aspects and their importance for the functioning of commodity chains. Economic and social history will be linked with cultural sciences and economic anthropology discussing concepts of commodification and Arjun Appadurai's „regime of values".

Workshop Program

Bernd-Stefan Grewe (Konstanz): History of Commodity Chains. Some Introductory Remarks

Session I: Global Stimulants: Coffee, Tea and Tobacco
Chair: Christiane Berth (Hamburg)
Rana Behal (New Delhi/Berlin): Commodification of Tea and Setting up of Plantations in Assam During the Colonial Rule
Bhaswati Bhattacharya (Amsterdam): Chicory: The Life of An „Alternate" Commodity in India
Jean Stubbs (London): The 'Havana Cigar Universe': Parallel and Informal Commodity Chains, 1860-2010

Session II: Textile Industry
Chair: Karin Hofmeester (Amsterdam)
Patrick Neveling (Bern): „Ralph Lauren" Mauritian Style: Methodological and Epistemological Challenges in the Study of Competing Notions of Legality, „Liberty" and Dependency within Global Commodity Chains
Alexander Engel (Göttingen): Commodity Chains in the Dyestuff Business: Competition, Interaction, and Transformation

Session III: Strategic Commodities
Chair: Marcel van der Linden (Amsterdam)
Jan-Frederik Abbeloos (Gent): The Spatial Restructring of the Copper Commodity Chain During the Twentieth Century
William Clarence-Smith (London): The Second World War and the Rise of Synthetic Rubber: The Makings of a Myth

Session IV: The Riches of Africa
Chair: Rainer Wirtz (Konstanz)
Bernd-Stefan Grewe (Konstanz): Goldfinger – The Illegal Commodity Chain of Gold in the 20th Century
Jonas Kranzer (Konstanz): From Tusks to

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Plastics: Substitutes in the Commodity Chain of Ivory

Final Session and Discussion
Marcel van der Linden (Amsterdam) Concluding Remarks

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