

Collective solutions to changing food prices

Alternatives to corporate control

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Access to adequate food is a basic human need and right. However, throughout most of the world, it is distributed mainly through markets, meaning that access is determined by consumers' ability to pay, and returns for producers are dependent on the market price. Changes in these prices can have dramatic consequences for people's quality of life – especially those living in poverty. But collective solutions do exist, and are being put into practice around the world.

Food prices are influenced by a range of factors, including by yields of local and global harvests. These have always fluctuated, but climate change is now making yields, and so prices, more variable.

The futures markets were originally set up to help protect producers and buyers of food from price fluctuations, but in recent years they have become overrun by financial speculators, increasing rather than reducing volatility in the markets, and contributing to price spikes which cause hunger and poverty. This is why WDM has been calling for limits on food speculation.

But regulating market-based systems such as futures markets is just a first step, since these mechanisms are costly and difficult for small-scale producers and consumers to access, and do nothing to tackle the root causes of the price changes. In the long term, other more democratic ways of protecting people from food price changes are needed.

Some examples are already being put into practice by the global movement for food sovereignty, which demands the right of people to define their own food systems, rather than have them dictated by rich countries, multinational corporations or global markets.

Co-operatives

Food producers can form co-operatives, which are democratically owned and operated, to pool resources such as equipment, to access markets, or to access resources like credit or technology which might not be available to them individually. Co-operatives can therefore help to reduce costs through economies of scale and shared investments, and to achieve higher and more sustainable production, strengthening producers' financial security. Consumers can also form co-operatives to buy and distribute produce. Bulk orders can reduce costs and cut out intermediaries.



Oversas Development Institute

A farmer with his coffee crop in Oromia, Ethiopia. Oromia Coffee Union is a cooperative of 130,000 producers.

Collective action can increase farmers' power in relation to processors or buyers, so they can negotiate better prices, as well as in relation to public policy making. During the 2007-8 food price spike, the UN's Food and Agriculture Organisation (FAO) said that, "while small farmers acting alone did not benefit from higher food prices, those acting collectively in strong producer organisations and co-operatives were better able to take advantage of market opportunities and mitigate the negative effects of food and other crises".

Examples of co-operatives include the Colombian Federation of Coffee Producers (FEDECAFE), which has successfully promoted small-scale co-operatives since the 1960s and acquired significant market shares in production, processing and retailing. The Ethiopian Oromia Coffee Union does all the marketing for its 143 member organisations, comprising over 130,000 producers and "offering an effective model of economies of scale and bargaining power, bringing rewards back to communities with democratic governance structures".

Community-supported agriculture

Community supported agriculture (CSA) projects are designed to unite producer and consumer communities so that they can work together. These often take the form of weekly box schemes, where consumers commit to paying a set price for a selection of seasonal produce that is delivered or collected without involving conventional retail outlets. By doing this, consumers cut out costly intermediaries and can buy produce directly at cost price. Meanwhile producers have the security of a guaranteed income or even up-front capital that they can use to invest in their business, and share the risk with their customers. CSA can also involve consumers buying a share in some aspect of the farm (such as a fruit tree or a cow) and eventually receiving its produce. In the global south, it is more common for local people to exchange labour on the farm for produce from it.

Public procurement and other policies

Governments have great potential to use their purchasing power to support stable prices and access to good food for their citizens. In Brazil, one pillar of the 'zero hunger' programme aims to support small-scale farmers by guaranteeing a price for food purchased for public institutions such as hospitals and schools.

Policies can also take the form of agreed limits on the production of particular crops to prevent oversupply from depressing prices, or price supports for farmers to keep prices above a minimum level. Limits on imports to protect domestic farmers and on exports to ensure food for domestic consumers can also be used.

Alternatively, food reserves may be built up so that, in times of low prices, governments can purchase surplus produce, stimulating demand and therefore increasing prices. When the supply is poor and prices are high these food stocks can be released in order to increase supply and reduce prices. These strategic grain reserves were once commonplace throughout the global south. However, many countries have been forced to disband them as conditions of IMF and World Bank loans.

Agroecology

Another key way of minimising risk is by using more stable and sustainable farming techniques. Agroecology, unlike conventional industrial farming, aims to minimise



Soil Association

Around the UK, community supported agriculture schemes enable people to directly access locally produced food, supporting producers by providing a stable and secure income.

external inputs (such as artificial fertilisers) and instead use renewable, on-farm resources. This makes producers less dependent on the expensive inputs sold to them by multinational agribusiness, which are vulnerable to speculation-induced price rises.

Agroecological farming systems use a diversity of crops on the same land. This reduces farmers' risk as it means that, unlike those planting monocultures, they are less vulnerable to problems such as disease, bad weather or global price shocks which can affect the income from an entire farm or area. Many indigenous crops are more resilient to stresses such as drought than commercially developed varieties.

Moreover, rather than depleting natural resources as industrial methods do, agroecology strengthens the natural resource base, making production more sustainable and secure. For example, agroecological farmers in Cuba have suffered less damage from erosion and landslides due to hurricanes than farmers using conventional methods. Within four months of Hurricane Ike in 2008, the most agroecologically integrated farms had recovered almost entirely; others took an additional two months.

Take action **WDM takes action on the root causes of injustice in the food system.**
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The World Development Movement campaigns against the root causes of poverty. Working in solidarity with activists around the world, we oppose injustice and challenge the policies and institutions which keep people poor.

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