

C04 - GOODS, COMMON RESOURCES AND EXCHANGES

INTRODUCTION. FOOD PRODUCTION AND THE COMMON GOOD

The present world agro-food system is a complex set of economic activities, exchanges, human behaviours, that definitely affects the life conditions of the planet and of its inhabitants. Today the agro-food production is strictly connected to the main questions put on the agenda of the big international institutions: food riots, trade wars, climate change, environmental consequences, urbanization of people etc. The agro-food system causes international strains between allied countries too, such as USA and UE, and at the same time popular riots in quite steady nations like Egypt during the food prices crisis of 2007/2008.

Due to its world spread and its political implications, the agro-food system has been the target of many actions to deeply weigh on the production and consumption of food, sustained by governments and involved companies. For example the second half of the XX century was characterised by the so-called Green revolution especially in Asia and Latin America, which together with some advantages such as the increase of productivity, caused heavy consequences. In fact the higher usage of inputs derived or dependent by oil (fertilizers, pests, fuels for machineries), the choice of concentrating the productions on a few plants especially to feed animals, caused damages to environment, biodiversity, economic survival of small farmers etc.

On the end of the XX century, another revolution burst on the scene, daughter of the previous one, but perhaps more insidious: the so-called Gene Revolution, which would like to upset the agro-food system by the genetic engineering. New seeds, a different supply chain management in favour of the patentees, no precaution principles considered, seem to be the hinges of this revolution.

Maybe the world doesn't need other revolutions, but it needs a re-evolution, that is an evolution with other principles, with a least common denominator: a "good, clean and fair" vision of the agro-food system.

What is the aim of this re-evolution? Is it the efficiency? Is it the lowering of costs? Probably the best answer is that the aim of the re-evolution is the research of the common good, that means good for our planet, which can't stand the present agro-food system, good for consumers, that are not only customers, but citizens, good for producers, who need the fair price for quality food, good for all the countries, now divided in stuffed and starved, but in the future, we hope, living in a world without starvation and malnutrition.

THE CONSCIOUS CITIZEN

*Consumers are demanding more from food products; they are increasingly looking at **ethical sourcing, traceability, sustainability and corporate social responsibility.***

The conscious citizen is a human being who perceives his surroundings with an expanded perspective of the reality. A conscious citizen is a responsible consumer. The responsibility is the externalization of values. And value comes from the education that we all receive from our social context.

Our social context is formed by several institutions that communicate the ways as we organize ourselves to live in a society by drawing rules. The rules are born from the necessities that the group has in order to organize its operation.

Cyclically these rules suffer modifications and settle a new social representation.

The current cycle has the need to design new rules that will regulate the food production system. This is due to the fact that our society settled down in a different way. Today we have more people living in cities than producing food in the farms. Many of our natural resources are given signals of exhaustion or are dying. Some part of our society is living better and longer, but other part has not reached this condition. The technology has brought us closer and we are more conscious of the existence of different realities. In this sense we need to redefine our rules and rearrange us in order to continue our evolution, as it happened generation after generation.

The new rules that the conscious consumers aim are linked to 3 groups: *social, economic* and *environmental* conditions of food production and preservation. The conscious consumer decides not only based on the best price.

Public awareness campaigns should consider cultural and emotional aspects regarding the decision making process of the consumers. Some initiatives might be:

- i. Link the food regarding the local culture - every community has a food that generates more cultural and emotional links. This relationship facilitates the understanding of the sustainable production process and the respective consumption.
 - a. The Corn for Mexicans
 - b. The meat for Argentineans
 - c. The Black Beans for Brazilians
 - d. The Rice for Japanese

- ii. Enhance self-esteem of the conscious consumer: the conscious consume in some cultures may be linked to rural habits, which are not highly valued in the post-industrial society. Campaigns linking conscious consumption to a progressive vision may capture the attention of young people.
- iii. Awareness about food production: describe the price composition of the foods is a way to let everyone know how the chain of production works.

NEW SUPPLY CHAINS: THE PRODUCERS CLOSER TO THE CONSUMERS

Access to healthy and safe food that will provide food security to all nations should be a priority. To reach this goal, we need to develop policies that will address the unequal distribution of food and unstable prices of goods.

To tackle these issues, it is important to consider new ways of bringing producers closer to consumers. Due to long supply chains, the price a farmer actually receives is much lower than the price paid by the consumer, and this is proportional to how far a product travels from the farmer to a shop counter. Long supply chains need to be cut so that consumers can share economic risks with producers, thus assuring a premium price to farmers and high quality to consumers. There are already some well established short supply chains used in different countries that can serve as a model. Farmer's markets provide direct sales from farmers to consumers and give an option to increase farmer's food dollars. Community Supported Agriculture (CSA) is an agreement between a farm and a community of supporters where supporters purchase a share of the farm harvest in advance. Another is the Slow Food Presidia, an organization that was set up to protect biodiversity around the globe. They serve as an example that as a global community, it is crucial to protect unique regions and ecosystems, recover traditional processing methods, safeguard native breeds and local plant varieties.

On the other hand, it is important to consider that some farmers highly depend on food exports and cutting the supply chains and distances would have a negative impact on their business. In such cases, it is necessary to develop policies that will support and prioritize producers that use fair trade practices for products that cannot be produced locally (1).

In developing countries, the focus in policy making should be primarily to support small sustainable farms and to promote consumption and production of local crops as opposed to encouraging them to specialize in cash crops or the import of cheap grains (2). In some developing countries, the import of cheap grains from richer countries and food aid has made farming unable to be competitive and financially unstable and has lead farmers to abandon their land. In addition,

there is a high risk of food scarcity, especially if the countries that they depend on change their national food supply policies, as it happened with corn grown for biofuel (3).

Nowadays it is very important to take into consideration that the role of consumer is changing. Consumers are no longer content to purchase the food presented to them without question. The new kind of consumer wants to know where a specific good has been produced and how. The priority in policy development should be achieving an alliance between farmers and consumers in order to make food security an achievable goal (4).

FOOD PROCUREMENT IN PUBLIC INSTITUTIONS: THE GOOD EXAMPLE

The richness of a country usually measured by the Gross Domestic Product (GDP) is composed not only by the final consumption of citizens and firms, but also of the purchases of public institutions. These expenses are made of all the procurement for schools, hospitals, the Armies etc. Food is a quite important part of the procurement especially for school, hospital and all the community restoration. Due to the fact that public institutions are the first economic operators interested in the research of the common good, we think that public procurement needs to follow sustainable standards. We consider sustainability according to the triple bottom lines approach that is in terms of economy, society and environment, but we prefer to use the keywords “good, clean and fair”. The basic elements of such a kind of procurement are: local and organic food whereas possible and other scheme (fair trade for instance) for product coming from abroad.

The main (economic) benefits for the society are:

- multiplier effect on the economy of small farms improving their viability and the general wellbeing of rural and periurban areas
- improvement of the availability of fresh food for students, preventing hobsesity: it means less health costs
- improvement of the food supply in the hospitals: it means less day of recover in clinics
- reduction of fuel consumption and agricultural inputs in farm operations (less dependence from international volatility of input prices)

NO FOOD “COMMODIFICATION”, BUT FOOD VALORIZATION

We believe that food, like clean water, clean air, and housing are essential basic rights for all humans. As such we urge policy makers to ensure that economic systems, agricultural systems, and trade policies are designed to ensure the availability of clean, good, and fair food to the general

public, rather than to promote profits for the few, rather these be developed nations, corporations, or stockholders. We suggest that food, both its production and the arts of preparing raw food stuffs for consumption be valorized as essential parts of human culture, based on the blending of art and science, and not reduced to the position of mere amoral economic transactions. As such we promote a locally based artisanal food system that rests upon sustainability in both ecological and a community/economic senses. We suggest the following to policy makers:

- Agriculture that is sustainable be promoted over chemically dependent agriculture. Public institutions, such as universities and national and international research institutes should carry out research in a transparent manner that aims to preserve the best of traditional forms of agriculture and blend these techniques with the newest understandings of agroecology, breeding, and food technology. Public funds should be used for research for the public good, not for the profit of agribusinesses. This applies to germplasm banks, experimental stations, and food safety regulatory agencies.
- An end to the patenting of life forms. The plant, animal, and microbial varieties selected over thousands of years are part of the commons, they should not be possessed by any entities for profit. The temporary protection of varieties and the denomination of origin are legitimate ways to ensure that creative farmers and researchers are rewarded for their work. Patents based on biopiracy and the subtle manipulation of traditional varieties is unacceptable.
- The technology of genetic modification should be viewed with the utmost scrutiny. All research being done on genetic modification and its effects should be carried out by objective public institutions that are watching out for the best interest of the general public. There are many aspects of agroecology and plant selection that can better meet the needs of our agriculture than genetic modification. Should genetic modification ever be deemed useful it must be deemed thus by the public with extensive transparent research, and be not be used by any private entities for profit.

A NEW CONCEPT OF EFFICIENCY: COSTS (AND PRICES) MUST INCLUDE SOCIAL AND ENVIRONMENTAL EXTERNALITIES

The current definition of economic efficiency is “Economizing behavior. When applied to a community, it implies that a) an activity should be undertaken if the sum of the benefits to the individuals exceeds the sum of their costs and b) no activity should be undertaken if the costs borne by the individuals exceeds the benefits.” (5) In this definition, the individual is trying to obtain the

largest possible piece of pie, not the efficiency of the economy as a whole. According to this definition an activity should always be beneficial to an individual but not to *all* individuals affected by the action of the single individual. Externalities are “The side effects of an action that influence the well-being of non-consenting parties. The non-consenting parties may be either helped (by external benefits) or harmed (by external costs).” (5) Thus, all of the affects to other individuals and the environment from that action are externalities. Policy should work to increase external benefits, or positive externalities, while decreasing external costs, or negative externalities.

Subsidies to agriculture in rich countries are an example of negative externality.

In a truly free market, competition is vital to drive the prices of the consumer goods down to their cost. However, subsidies to agriculture remove true competition in all production processes at the local, national and international level. Subsidies are a major cause of overproduction. Overproduction depresses global prices, leading to a loss of economic viability and the destruction of small-scale agriculture, both in the developed and developing countries. (6) Subsidized production removes the ability of a small farmer, farming at the real cost of production, to price their products similar to the same product from a subsidized production. This is true at the local and national level. It is easily seen with a comparison of the cost of a good grown locally by a small farmer vs. a conventionally produced good purchased in our grocery stores such as Walmart, Kroger or Safeway in the U.S. Internationally this implication is even more disastrous as the products are literally dumped on already highly susceptible economies.

A change in policy at the national level in which subsidies to industrial agriculture are removed will help to balance the market and recreate true competition. This will be highly detrimental to subsidized agriculture if this is imposed all at once. Coping mechanism should be in place to assist in the change with a combination of government price supports and supply management programs allowing the government to allocate that land be set aside when overproduction occurs (6). These coping mechanisms should not exceed the amount of development assistance provided to agricultural and production processes doing business at their real costs, i.e. small businesses and small farms.

Due to market perversity on a whole (6), reduction or elimination of subsidies alone will not make an economy more efficient. We must look at other factors involved in the economy. Individuals must have the ability to sustain themselves through their contribution to the economy. In order to achieve this, business practices must meet certain livelihood standards. Policy and trade agreements should place preference on agreements doing business under the auspices of Fair Trade over those in a model with higher negative externalities. Fair Trade principles are designed to foster sustainability by tackling poverty and empowering producers, thus reducing negative externalities.

(7) This is achieved through, to name a few, the assurance that living wages are paid to producers; environmental sustainability is key to production; and direct trading relationships are fostered. (8) These Fair Trade principles are currently utilized primarily in developing countries but embracing these principles in all regions of economic production will increase efficiency of our entire economic system. Fair Trade at the local level can be self-regulated to a greater degree through producer-consumer relationships. Yet certain Fair Trade principles, such as environmental sustainability of production, should be promoted through local and state government incentive programs. This can be achieved through development assistance to small producers doing business at the real cost and fostering development of cooperatives of producers. Similar to incentive programs for renewable energy and energy efficiency, governments can provide incentives such as grants, bonds, microloans and tax incentives to businesses already meeting or redefining themselves in order to meet Fair Trade standards. (9). For non-local products, these incentives are even more important. For development assistance monies provided to small producers, agreements must be in place to ensure that the monies from any level of government are dispersed at the local level to small businesses and farms of the community. This ensures that the community is able to utilize their money in the best way for their local economic needs. Implementation of fair trade principles at the state level can be linked to the procurement of a business license. Publicly traded companies could have these social and environmental requirements linked to the federal disclosure requirements already in place.

Taking a closer look at environmental externalities one can recognize that it is not only the production processes that pose a threat to the environment. Transportation of foods poses negative environmental externalities as well. To reduce this, all levels of government should work to promote local acquisition of foods. Food Miles “are the distance between the place where food is grown or made and the place where it is eaten.” (10) A tax structure related to quantity of food miles per item could be imposed. Locally produced items are tax exempt, items procured from outside of the county or borough but within the state have a nominal tax, interstate procurement would have a slightly higher tax and items produced internationally receive the highest tax. This system should be complemented by increasing incentives for operations which off-set negative externalities of production such as companies minimizing their emissions through utilization of alternative energy generating sources like photovoltaic and wind power, leaving land fallow as a means of preserving biodiversity, using sustainably produced biodegradable packaging or taking part in one of the already developed third party certification programs for sustainability.

Fostering the growth of a healthy efficient local economy through the support of small business and agriculture practicing sustainable production will naturally reduce unemployment

through an increase in human production. This will occur both through the increase in the quantity of small businesses and producers locally and through the increase in jobs necessary to ensure a healthy, traceable food chain. The small businesses dominating the local economy will create an economy catering to the desires of the community and reduce the presence of the passive consumer of today. Implementing the above policy recommendations will provide a solid platform for the identification and implementation of a truly efficient economic structure.

AGRICULTURE OF TOMORROW- POLICIES TO SUPPORT LAND FOR YOUNG FARMERS AND FARM INCUBATORS

The concept of slow food, that is centering our food systems around high quality, sustainability and justly produced foods, cannot be explored or supported without supporting the future of farming. Progressive food policy must inherently support young farmers and the notion that young farmers are also young entrepreneurs and as such, their business must be allowed to start small and experimentation must be allowed to occur and flourish.

Progressive food policies must also take into account the many challenges that young people wishing to pursue agriculture face, namely:

- High cost of land and inputs
- Lack of farming experience and available educational opportunities
- Low social regard for the task of growing food (typically farming is not considered lucrative or “professional”)
- Isolation from other young farmers
- High amounts of risk

In order to become viable, our values of local food and sustainable agriculture must shift, so that farming as a way of life and as a profession becomes desirable and respected.

There are several ways in which this can be achieved through government policy and support. Several policy options are included below. These begin to address the challenges faced by young farmers and in turn, allow slow food to become an increasingly engaging and sustainable means of feeding our communities. Many of the policies suggested here, will also strengthen other facets of the food security realm.

Challenge 1: High cost of land

Policy Options

- Provide leasing opportunities for young farmers on urban and peri-urban lands.

- Develop “agricultural parks” and create leasing or ownership opportunities on government land, merging farming with recreation and public education.
- Connect young farmers looking for land with aging/ retiring farmers seeking someone to farm all or a portion of their land.
- Create land trusts and land banks, allowing developers to transfer density off of agriculturally significant areas to more dense areas, thus storing up parcels of agricultural lands and ensuring they are used for agriculture. This may also reduce development pressure, thus bringing down the cost of land.

Challenge 2: Lack of experience and agricultural knowledge

Policy Options

- Support and encourage farm-to-school, farm-to-college programs.
- Support and encourage school-board policies that include agricultural education, school gardens, and partnerships between farmers and schools.
- Create incentives for farms willing to provide apprenticeships and farmer training.
- Develop an e-learning hub and information exchange for young farmers seeking advice, training or exchange of goods/ services.
- Provide funding for/ free or low-cost agricultural training opportunities to young people via community centres, school clubs, and recreational programs.

Challenge 3: Low regard for the task of growing food

Policy Options

- Create opportunities to celebrate local food throughout the season in order to foster an understanding of the challenges associated with seasonal eating and farming.
- Create public education campaigns, using local farmers as the “face of food”. These campaigns should emphasize why sustainably produced food are often more costly and what the true cost of food is.
- Support the notion of “Celebrity Farmers”.
- Seek input from young farmers regarding regional food strategies and plans. Invite young farmers to the table.

Challenge 4: Isolation from other young farmers

Policy Options

- Provide forums for information exchange between young farmers; establish a regional or municipal network of knowledge sharing.
- Establish an “under 35” food policy council aimed at engaging young farmers and providing a venue for collaboration.

Challenge 5: High amounts of risk

- Provide opportunities to test out new ideas through the development of micro-farm sites (incubator farms) in urban and rural areas.
- Provide communal processing, baking, cooking and greenhouse facilities where young farmers can test their new ideas and where experimentation is encouraged.
- Link young farmers with agricultural programs at colleges and universities where course projects can aid new farmers in growing their ideas.

NEW CREDIT FOR NEW AGRICULTURE: MICROFINANCE AND SLOW MONEY.

“Microfinance is a proven tool for fighting poverty on a large scale. It provides very small loans, or micro-loans, to poor people, mostly women, to start or expand very small, self-sufficient businesses. Through their own ingenuity and drive, and the support of the lending microfinance institution (MFI), poor women are able start their journey out of poverty.” (11), (12)

MFIs in the forms they are seen today create many concerns about their viability. However, with preference given to economically and socially sustainable institutions, they have the potential to truly assist small farmers and producers in both developing and developed countries alike.

Moving forward we will explore the ways in which policy can play a part in developing a more sustainable model of microfinance for small farmers and producers. A strong MFI must be run as a local cooperative of producer or, at least, at the local community level. The money used for loans should come from the savings programs offered by the MFI and thus utilize local money for local development.

The MFI must accompany its savings and loan programs with provision of services that assist in the professional development of the borrower. The MFIs should implement this much like the small business development centers in the U.S. Assistance in writing a business plan, money management and general business advice should be mandatory.

Government policy should encourage development of cooperative MFIs through financial development incentives. Governmental bodies at all levels should also develop programs, or foster NGOs providing the program, that utilize grants to reach the poorest of the poor: those individuals that MFIs have not, up to now, served successfully. (13) Local governments should regulate the interest rates of MFI loans to ensure the MFIs cannot act as “loan sharks.

Finally, local governments in both developed and developing nations should encourage development of cooperative structured MFIs to meet their local communities financial sustainable development needs. Thus the main role of governments is to foster the growth of MFIs to serve the needs of their communities, states and nations.

The consumers are investors too. Many people in the world, especially in the developed countries, put their money into bank accounts or other financial tools. Nobody knows where their money goes before coming back into their small “local” bank. Ethical banks and ethical investors must be included as stakeholders in the building of a new agro-food system. Charities, hedge funds and wise investors should be involved and sustained with all the fiscal tools (incentives etc.) to promote a virtuous financial system, funding sustainable food supply chains.

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