

Food and Fairness Inquiry

Fair say

Autonomy and voice

A report of the third evidence hearing on
26th November 2009

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1. Introduction

The aim of the Food Ethics Council's 'Food and Fairness Inquiry' is to put social justice at the heart of efforts to promote sustainable food and farming. To achieve this end, the Food Ethics Council has established a Committee of Inquiry, comprising experts from across the food sector. To aid the Committee's deliberations we have organised a series of three hearings to explore different perspectives on social justice in food and farming: *Fair shares* (equality of outcome); *Fair play* (equality of opportunity); and *Fair say* (autonomy and voice). This report summarises the proceedings of the third hearing of the Inquiry.

The Fair Say hearing heard evidence from three expert witnesses on different aspects of autonomy and voice in relation to food and farming:

- Caroline Moreas, Birmingham Business School, who gave evidence on *consumer autonomy in food choices*;
- Catherine Dolan, Saïd Business School, University of Oxford, who gave evidence on *the extent to which Fairtrade changes producer-consumer relationships*;
- Tim Jackson, Centre for Environmental Strategy, University of Surrey, who gave evidence on *structural challenges, particularly issues of accountability around sustainable consumption and production*.

This report draws out the main themes and issues that emerged from the evidence presented by our three witnesses, and from the discussions provoked by their presentations. However, comments are not attributed, and the report should not be taken as representing the views of the Food Ethics Council, or of any of the Committee members or witnesses.

2. Autonomy and choice

The marketing world's understanding of autonomy as freedom to choose provides a starting point for considering autonomy in the food sector. On this basis, one can certainly argue that we, as consumers, do enjoy a high level of autonomy: one study found that we can choose from 66,000 different products at the supermarket, for example. We can choose where and how to shop, with options ranging from farmers markets to shopping on-line (one in three of us has bought groceries through the internet). Or we can get ourselves an allotment, availability permitting, and choose what to grow.

However, we need to ask ourselves just how free these choices really are, to what extent we are really acting autonomously when we buy our food. We are, for example, assailed by advertisements telling us what we should consume in order to be healthy, to be good parents or members of society. Children are particularly vulnerable targets, and are exposed to around 45,000 advertisements per year. We also experience other pressures, such as perceived social norms, and subtly coercive managerial practices such as loyalty cards. And how much choice does someone living in a 'food desert', without access to affordable, health food, really have? Or a single parent struggling to make ends meet, whose lack of money and free time leaves her dependent upon cheap ready meals? Consumers describe themselves as being overwhelmed by choice among products, but they also question whether this is real choice, when the difference between the products is so marginal.

Free choice can only be meaningful if it is also *informed* choice, but although consumers have access to abundant information about food, this doesn't necessarily enhance their freedom of choice. Most people lack the expertise to make judgements about the reliability of the information they receive about food – particularly when there are competing claims, as in the case of GM food. The sheer volume of information can also be a problem, with consumers struggling to process it.

3. Consumer empowerment

If the model of consumer autonomy as freedom of choice is flawed, what are the implications for the notion of consumer empowerment – the idea that we can pursue our political and ethical values through our consumption? People form food co-operatives, participate in boycotts of particular goods and brands, and are involved social movements related to food. Options include community supported agriculture (where consumers from local communities commit to purchasing stipulated quantities of produce from local farmers), and forms of anti-consumption activism such as 'buy nothing' days.

Participants in these 'alternative communities' feel empowered, that they can make a difference. It can, however, be argued that these forms of value-based consumption are still trapped within the market ideology that they aspire to oppose: alternative agricultural communities still depend upon market structures; and anti-consumption movements still use consumption as a code to define who they are and what they are trying to achieve.

Competing values are an important feature of consumer empowerment. The same product will have different meanings for different people – the ready meal is anathema to the consumer concerned

about health and sustainability, but is a source of empowerment to the single mother who uses it in order to cope with the pressures of her situation. The well-known debate over ‘air miles’ and Fairtrade provides a different example – where our purchasing decision will often be determined by our relative priorities over environmental and developmental concerns.

At one level these conflicts can be regarded as moral dilemmas to be resolved on the basis of the values of the individual concerned. Having said that, there are often fairly persuasive objective considerations that can be brought to bear, as in the case of another cause célèbre in debates about ethical consumerism, the importation of Kenyan cut roses. Taking transportation costs into account, the carbon footprint of importing roses grown in a Dutch greenhouse is 16 times that of importing Kenyan roses, which are rain-fed under sunlight. But even here, matters are more complicated than they may seem at first sight: some cutting edge Dutch greenhouses generate energy rather than consuming it; and one could also argue that – given their limited land and water resources – it would be better if Kenyans grew food. Another line of argument is that the importation of produce from poor countries represents a relatively small proportion of the UK’s carbon footprint – so we should be more concerned about the major sources of carbon emissions, and not forcing poor farmers in the global South to foot the bill for the mess we’ve created.

We need to remember that not all consumers want to be empowered in this sense. The Sustainable Consumption Roundtable – organised by the Sustainable Development Commission and the National Consumer Council – found that people had been assuming that someone else had taken care of the issues around sustainability, social justice, etc; and that they were therefore free to make choices based on preferences, price, and quality. And it wasn’t just a matter of assuming that this was the case – this was how they wanted things to be, with responsibility for ethical decisions resting with someone else.

4. Fairtrade

The Fairtrade phenomenon occupies a privileged place in any discussion of autonomy and voice in the food system. In financial and marketing terms, Fairtrade has been remarkably successful: global Fairtrade certified sales amounted to about €2.9 billion in 2008; UK retail sales of Fairtrade labelled products increased from £16.7 million in 1998 to £712.6 million in 2008; and seven out of ten consumers recognise the Fairtrade logo. From the consumer perspective, Fairtrade provides quality products at fair prices, the opportunity to share common cause with the developing world, to and express ethical dispositions.

The success of Fairtrade in delivering on its promise to producers is more qualified. Many producers do receive benefits through prices and the social premium, but many others are unaware of, or do not understand, Fairtrade. Long supply chains still exist for some products, undermining the aspiration to create secure, long-term partnerships. Of particular relevance to questions of autonomy and voice is Fairtrade’s promise to benefit poor countries by fostering democracy, participation and representation. Again, some producers do experience empowerment effects through Fairtrade, but some groups can be disempowered. A study of Kenyan Fairtrade tea production found that women had low rates of participation in project decision-making and limited

representation in governance structures, and that voting rights for the social premium committee were restricted to land-owners.

To a certain extent, such qualifications are unavoidable – it should not be seen as a failure of Fairtrade that it manifests the effects of centuries of gender inequalities. Nor is it surprising that different Fairtrade producers have different experiences, since the scheme operates in sharply differing political and developmental circumstances across the globe. However, it is important that consumers develop realistic expectations of what Fairtrade is able to achieve, appreciating that it is a process of evolution towards a different market model and that it hasn't got there yet. At present, misconceptions about what Fairtrade can achieve can lead to disproportionate responses when critical news stories do emerge, such as the recent TV documentary on Fairtrade tea in India. It is similarly important to find ways of enhancing the understanding of Fairtrade among the millions of farmers and workers currently producing Fairtrade produce – although there is again the need to avoid raising expectations to unrealistic levels.

The vexed issue of standards – whose exclusionary effects are felt in Fairtrade as in other areas of the global food sector – is relevant here, in that increasing the involvement of farmers and workers in the setting of standards could be an effective form of empowerment. Fairtrade does operate a democratic system, with elections to standards committees, but this still leaves workers at some distance from decision-making. One idea would be to make the existing system more principle-based, allowing room for democratic processes in setting local standards that adapt the principles to local circumstances.

5. Transformational change?

Discussion of Fairtrade throws up a question that is fundamental to the wider subject of autonomy in the food sector: to what extent do existing structures and dynamics within the food system offer the potential for transformational change? Staying with Fairtrade for the moment, one way of framing the question is: are we talking about market *transformation* (a fairer distribution of benefits and risks), or market *segmentation* (which the market is highly adept at – ‘a niche for every conscience’). An argument for the latter view is the partial nature of the commitment to Fairtrade on the part of both retailers and consumers. Retailers are able to obtain a ‘halo effect’ through Fairtrade products that represent a tiny proportion of their overall sales, while pursuing ‘business as usual’ for the bulk of their trading relationships. And some consumers take the purchase of some Fairtrade products as licence to be less ethically concerned in other areas of consumption.

A more positive perspective is to stress, again, the need to be realistic. Transformational change does not happen overnight, so while Fairtrade has the potential to bring about a widespread re-balancing of consumer-producer relationships, it will take time, and require the negotiation of structural obstacles.

More generally, we need to consider how much responsibility it is reasonable to assign to consumers for bringing about a fairer, more sustainable model of production and consumption. For one thing, as noted above, consumers are not universally enthusiastic about assuming this responsibility. We also know that even where there is such a commitment, people do not feel equipped to engage in

decisions about fairness and sustainability – they feel that they have been excluded from the conversation, and sold a vision of consumption that ‘does not compute’. At the structural level, current patterns of consumption – driven by our appetite for newer products, diversity and choice – are integral to an economic system dedicated to generating short-term profits through material proliferation with ever faster novelty cycles. This suggests that, in order to create the opportunity for ethical and sustainable consumption, we need to change the structure and dynamics of our economic system – how markets work, how the production-consumption relationship is structured, how profits are distributed, and how investment is carried out. In brief, it seems like what we need is a new macro-economics that isn’t predicated upon ever-increasing material consumption growth.

Or...do we really need to go that far? There is a great deal that we can do within the current food system, and some supply chains are including sustainability and wider ethical concerns. Tesco’s liquid milk chain, for example, provides a reasonable price to farmers, producers and retailers are getting a good return, and consumer concerns around animal welfare and the environment are taken into account. But this brings us back to the Fairtrade point about partiality – the crucial question we have to ask is whether this represents a sea change in Tesco’s supply chain management?

6. Investment

Whatever terminology we use to describe how, and how much, our economic system needs to change, it is clear that different models of investment are going to be required if we are to meet our ecological targets. The demands for investment are varied and substantial: investment in sustainable infrastructures; low carbon technologies; renewable energy; resource productivity; models of sustainable agriculture; ecological protection, maintenance and enhancement. Some of this investment will show conventional productivity returns, but much of it won’t. Many investments will have far longer periods of return, and some won’t show any return at all unless one counts ecological and social returns long into the future.

These are not the sort of investments that will hold much appeal for existing capital markets, where investment is tied into unsustainable consumption growth. Standard investment structures are driven by the demand for short-term, high return productivity gains which boost the consumption cycle, skew the production chain around increased profitability for shareholders, and suck the profits out of communities and supply chains.

So we need to rethink the role of investment, and develop mechanisms that will distribute surpluses more fairly along the supply chain. The model of investment adopted by Fairtrade offers some valuable pointers towards such an alternative approach. Built around mutual and industrial prudential society principles, the Fairtrade model connects ownership to production, and ownership and production to those who are drawing value out of the enterprise. The Sustainable Development Commission is currently considering how this can be replicated in a range of investment structures, from venture capital and risk capital financing, through institutional investment, down to community-based financing – the common factor being models that distribute surpluses in ways that are fairer, that support community, and that enhance integrity in environmental terms. The relatively newly-created Community Interest Company model provides an exciting example, with

companies allowed to structure their own sense of where the revenues of profitable activities are distributed, and how they are fed back into the community, while also allowing for different ownership structures.

Some of this change can happen from the ground up, through grass roots initiatives for community-based finance. However, this won't be enough to transform the system – we need work across the spectrum of the financial community, with philanthropic funders, institutional investors, asset management companies, community finance initiatives, and venture capital funders. And perhaps the financial community will be more receptive to these discussions than one might anticipate, as it reflects upon the lessons of the financial crisis.

Finally, there is of course the crucial role of government in facilitating, enabling, promoting and incentivizing these new investment vehicles – and, not least, in regulating the financial system to ensure that capital is not inevitably teased away from these alternative models and into things that are more profitable in the short-term, but ultimately unstable and economically unsustainable.

7. Working with the market

So, if there are grounds for at least guarded optimism about adapting existing investment structures to more sustainable ends, how do things stand with other elements of our economic system? An idea that attracts widespread support is to find a way of somehow 'internalising externalities' – that is, ensuring that prices reflect the wider environmental and social costs of production. One way of approaching this idea is through the notion of risk – which is something that markets certainly do understand. When representatives of Cadbury's visited cocoa producers they realised that their business was dependent upon these very poor farmers, and that the farmers weren't going to stay in cocoa production unless their conditions improved.

The tax system offers various options: reviewing the policy of zero rating VAT on all food, so that taxes could be applied that reflect environmental costs; or taxing companies on the basis of environmental factors (although the complexities involved in any such scheme should not be underestimated). An obvious concern about this kind of approach is the impact on those who cannot afford to pay extra for their food. Economic modelling indicates that, with some exceptions – such as the impact of carbon pricing on some social housing – pricing externalities does not have regressive effects. Others argue that these models underestimate the regressive effects, and also that it is difficult to know where to draw the line with taxing foods, because fat, sugar and so on are components in such a wide range of products. Either way, there are various ways of addressing regressive effects, such as excluding vulnerable groups from taxes, providing grants to insulate homes – or even ensuring a fairer distribution of incomes in the first place.

For those who have faith in the capacity of market mechanisms to provide a more sustainable future, a major challenge is the fact that financial measures are a very poor proxy for environmental impact. We need some form of resource-based accounting to enable markets to provide the benefits of efficiency in relation to environmental and social factors. Ongoing discussions around developing a more sophisticated system of national accounts are important here. The expansion of national accounts to account properly for physical and economical capital assets is already a step in the right

direction – but we also need to account for natural, human and community capital, to work out how to ‘measure what matters’. A number of international initiatives are working towards this, such as the Sarkozy Commission on the Measurement of Economic Performance and Social Progress, the OECD’s ‘Beyond GDP’ initiative, and the UN Environmental Program’s work on Green Growth and the Green Economy. These initiatives offer an opportunity for the UK government to provide leadership at the international level.

8. Where do we go from here?

Freeing ourselves from an economics that is unfair, exceeding ecological limits, and collapsing on its own terms – the enormity of the task facing us can be overwhelming. We know that there is much that can be done at the instrumental level, but we lack a clear picture of how it all fits together in a way that feels like something we can get started on.

Reflecting on recent experience in the field of nutrition might be a source of comfort. The challenge was a similar one: recognition that it was not realistic to depend on people choosing to adopt a healthy diet, but uncertainty about how to use other levers to change diets. But over the past five or ten years we’ve made more progress than expected in pushing towards more upstream determinants, and moving away from just choice: labelling, beginning to make the healthy option the default option, building incentives into the system, and working in schools on changing social norms.

Be that as it may, the challenge that we face has profound implications for our understanding of autonomy and voice. The existing system has misrepresented what it means to be human, given us a distorted conception of what human flourishing consists in. If we can free ourselves of this system and this conception, then we will also be free to develop a different understanding of what it means to be human in society, where we can be more than just consumers charged with shopping our way out of a recession.

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