

Module One

Food Sovereignty for Consumers





Consumer Reflection Exercise: The Hidden Price Tags in Our Food System (or, “I Simply Can’t Eat Another Externality!”)

▶▶ Introduction and Exercise Objectives

In this exercise, participants trace the journey of a food item from farm to table.¹ They will explore: how much of the consumer dollar actually goes to the farmer, the role of corporations in our food system, and the social and environmental costs of the industrial food system. If you have a small group, or only want to tell the story of just one food item, we recommend that you use the corn flakes story, as it explores some of the fundamental problems with industrial commodity production.

 **Time: 60-75 minutes**

Materials needed

- ☐ Bag of commercial potato chips
- ☐ 3 brown paper grocery bags, one containing Kellogg’s corn flakes, one containing strawberries, and one containing a major brand of conventional milk. (In each case, you can just use an empty package or download an image of the product. Bear in mind, however, that it’s more powerful for participants to feel and touch the real food product. In the case of strawberries and milk, see if you can find a package that says where the berries and milk originated)
- ☐ 3 envelopes labeled “corn flakes,” “milk,” and “strawberries”
- ☐ Value Chain Actor cards and Hidden Price Tag cards (see Module 1, p. 4)
- ☐ Image of the “Retail Food Dollar” – just one copy or multiple copies for handing out (see Module 1, p. 14)
- ☐ Scissors, tape, newsprint and markers
- ☐ Copies of factsheet: *Why Should Consumers Care About Agriculture and Trade Policy?* (see factsheet at the end of the module)
- ☐ Summary sheet of the 6 Food Sovereignty Principles (see Overview, p.9)
- ☐ Fair Trade or locally grown food or beverages to share
- ☐ Copies of the evaluation forms and *What I/We Can Do* sheets (see Overview, pages 15 and 16)

Preparation

- Cut Value Chain Actor cards and Hidden Price Tag cards along the dotted lines
- Put Value Chain Actors and Hidden Price Tags in appropriately labeled envelopes (e.g., corn cards in envelope marked “corn flakes”)
- Put the food and envelopes into the grocery bags (e.g., strawberries and strawberry envelope into one bag)

¹ This exercise was influenced by and borrows concepts from the Food Project’s <http://www.thefoodproject.org/> exercise “Trace the French Fry” in their book “French Fries and the Food System” and by the University of Wisconsin’s Center for Integrated Agricultural Systems’ “Price Tags / Cost Tags” factsheets.



Consumer Reflection Exercise, continued

Procedure

Breaking Down a Value Chain / 15 min.

1. State that the industrial food system makes it difficult for consumers to understand where our food comes from, how it is produced, and who is benefiting from our consumer dollars. In this exercise we will break down the steps of the journey that a food item takes from the farm to our table, also known as a “value chain,” to help us understand how the food system works and the hidden implications of our purchasing decisions.
2. Holding up a bag of potato chips, ask “What are all the steps and who are all of the actors involved in getting the potatoes in this bag to your table?” Jot down participants’ answers on a piece of newsprint. The group should generate a list that includes: Farmer/Producer → Trucking/ Transporting the potatoes → Processor/Food manufacturer (turning the potatoes into chips) → Retail Store/Distributor → Consumer. You may need to tell people that the farmer also has to purchase inputs such as seed potatoes, pesticides and fertilizer.

Discovering Hidden Costs / 25 min.

1. Ask participants to break into 3 small groups. Each small group should be given one of the three grocery bags. You should also give them tape and newsprint.
2. Tell the groups to open the envelopes and discuss each value chain step and actor and hidden cost. They should then tape the cards to a piece of newsprint. If possible, the hidden cost should be placed under the value chain actor to which it corresponds. The point of the exercise is to see that there are many actors in the value chain and more costs to the food than we can easily see when shopping in the supermarket. Critically important, within the hidden price tag cut outs provided, you will find blank tags. Ask participants to fill in their own hidden price tags here. The hidden costs included in this exercise are by no means comprehensive.
3. The newsprint page that the groups ultimately create of the pre-printed hidden costs and their own participant-generated hidden costs will be displayed for the other two groups to see. In essence, by the time the small groups finish, the newsprint will be covered with “hidden price tags” grouped under “value chain actors.”

Here are the actors in the value chain under which the hidden costs should be taped:



Suggested questions for small group discussion:

- How do these hidden costs make you feel?
- What values do the value chains on the groups’ newsprint reflect?
- Who wins and who loses in these value chains?
- Why do you think these value chains have evolved in this way?



Consumer Reflection Exercise, continued

➡ Procedure, continued

Gallery Walk / 5 min.

Once each group has finished creating their hidden cost display and has held their small group discussion, they should tape their graphic to the wall. Ask groups to circulate for 5 minutes to do a gallery walk (people mill about and look at each group's newsprint).

Discussion and Closing / 15 min. or 30 min.

Come back together in a large group to discuss what each group learned in the exercise. This doesn't need to be a formal report-back session, as folks will have done the gallery walks. It is better to open it up for a discussion of the questions suggested above, as well as for comments that cut across groups.

An important topic to discuss, or at least touch on, is who benefits from the industrial agriculture value chain. To start this conversation, you might want to hold up (or hand out) the image of the dollar bill (see Overview, p. 14) to point out that the farmer only gets a small portion of the consumer dollar, while the bulk of that dollar goes towards marketing costs for the processors and retailers.

People may feel deflated by this in-depth view of the food industry. Let them know they needn't despair. In the following consumer action exercise (encourage them to stay for it!), they will have a chance to design a fairer and healthier value chain according to food sovereignty principles. However, if there is no time to do the related action exercise of designing a fairer and healthier value chain, it is essential to take 15 minutes to briefly review the 6 Food Sovereignty Principles. It is not necessary to facilitate another discussion; simply introduce the principles and let people think about them on their own. To find the food sovereignty principles, please see Overview page 9. Use the exercise "Defining Food Sovereignty" in the introductory exercises section.

In closing, explain that the industrial food system has evolved this way because of specific agriculture and trade policies that have been lobbied for by agribusiness and that favor agribusiness by:

- o encouraging farmers to produce excess crops for export (making inputs like corn cheaper for the corn syrup producer)
- o allowing corporations to monopolize food markets and determine the low prices paid to farmers rather than allow the government to ensure that farmers are paid a price that covers their cost of production
- o giving the largest subsidies to the largest farms, thus encouraging farms to grow to unsustainable scales and elbowing out small family farmers

Pass out the factsheet: *Why Should Consumers Care About Agriculture and Trade Policy?* and explain that it offers some statistics on the trends that are driving the industrial food system. It also lists a number of policies such as Country of Origin Labeling, or C.O.O.L., that can help reverse some of these trends and move us towards food sovereignty.

Lastly, if not doing the reflection exercise, engage in the Wrap-Up Exercise (see Overview, p.14) and leave enough time for people to fill out the evaluation forms.



Food Item Story #1: Corn Flakes

CORN FLAKES VALUE CHAIN ACTOR: INPUT SUPPLIER

The corn in your corn flakes probably started its journey through the food system as a kernel of genetically engineered hybrid white dent corn from Pioneer Hi-Bred, Monsanto or one of the other large seed companies. The farmer also purchased other inputs such as herbicides and fertilizers from this same company, or one of its subsidiaries

Corn: Hidden Price Tag

In 2006, 80 million acres of corn were planted in the U.S.; 61% of that acreage was planted in genetically engineered varieties.

Sources: USDA, ERS, Corn Briefing Room <http://www.ers.usda.gov/Briefing/Corn/>; World of Corn <http://www.ncga.com/WorldOfCorn/main/production1.asp>



Corn: Hidden Price Tag

Many of the companies that supply hybrid and genetically modified seed also supply the fertilizer and pesticides required to achieve high yields. Since there are only a few input suppliers, they can keep raising the prices of inputs, costing the farmer more to grow his or her crop while earning the input suppliers greater profits.

Source: Lisa M. Hamilton, *Ethanol Booms, Farmers Bust*, The Cornucopia Institute <http://cornucopia.org/index.php/ethanol-booms-farmers-bust/>



Corn: Hidden Price Tag

In the past 100 years we have lost 96% of the genetic diversity in sweet corn and 91% of the genetic diversity in field corn. This leaves a large percentage of our food supply vulnerable to epidemics.

Source: Price Tag, Cost Tag Center for Integrated Agricultural Systems, College of Agricultural and Life Sciences, UW-Madison and Food Routes Network <http://www.cias.wisc.edu/wp-content/uploads/2008/07/natcorn.pdf>





Food Item Story #1, continued

CORN FLAKES VALUE CHAIN ACTOR: FARMER

The seed was planted in a field somewhere in the U.S. corn belt, most likely in Iowa. Until the recent ethanol boom, for decades the price paid to farmers for corn stayed relatively flat at about \$2.00 a bushel, while the cost of a box of corn flakes for the consumer continued to rise. Commodity farmers (those producing large quantities of a uniform product) are frequently paid below the price it costs to produce their product. Subsidies are intended to make up the difference, but they are rarely sufficient and farm families suffer by not being able to make a decent income.

Corn: Hidden Price Tag

65% of U.S. white corn is raised under contract, meaning that the farmer is essentially working for the end buyer.

*Source: White Corn Profile,
Agricultural Marketing
Resource Center*

<http://www.agmrc.org/agmrc/commodity/grainsoilseeds/corn/white+corn.htm>



Corn: Hidden Price Tag

In 2007, the farmer's share of a \$5.05 box of cereal came to just ¢.07.

*Source: Farmer's Share of Retail Food Dollar,
National Farmer's Union based on USDA, NASS "Agricultural Prices, 2007, Retail Based on Safeway Supermarkets."*



CORN FLAKES VALUE CHAIN ACTOR: BUYER / ELEVATOR

Some of the farmer's corn may be destined for corn flakes, in which case it may go directly to the Kellogg's factory, while the rest of it may go to a processor such as Archer Daniels Midland (ADM) or Cargill to be processed into other corn products such as high fructose corn syrup.

Corn: Hidden Price Tag

ADM is the #1 producer of corn-based sweeteners. The sweeteners sprayed on your Kellogg's corn flakes most likely came from ADM.

Source: Oligopoly Profile: Archer Daniels Midland Oligopoly Watch. www.oligopolywatch.com/2004/02/01.html



Corn: Hidden Price Tag

Since the 2000 elections ADM has given more than \$3 million in political contributions to both parties. These contributions may have helped sustain a number of government subsidies to ADM.

Source: Center for Responsive Politics, <http://www.opensecrets.org/>





Food Item Story #1, continued

CORN FLAKES VALUE CHAIN ACTOR: MANUFACTURER

Once the corn arrives at the factory it is dry milled, steam cooked, tumble toasted, and sprayed with sweeteners, vitamins and minerals. It is then bagged, boxed and sent to warehouses, from where it is shipped out on huge trucks. Most of your consumer dollar goes towards the marketing expenses of processors and retailers. The package that the corn flakes come in costs more than the farmer is paid!

Source: *How Corn Flakes are Made*. <http://www.yakety.net/cofnflakes.htm>.

Corn: Hidden Price Tag

Cereal makers use an average of 55 percent of the wholesale price of a box of cereal for advertising and profit.



Source: "Costly Crunchies" Amy O'Connor in *Vegetarian Times*, Nov. 1995



Corn: Hidden Price Tag

The four largest cereal makers (Kellogg's, General Mills, Quaker Oats and Post) control 85 percent of the market.

Source: "Costly Crunchies" Amy O'Connor in *Vegetarian Times*, Nov. 1995

Corn: Hidden Price Tag

Cereal prices have risen 90 percent since 1983 – twice the rate of other foods – even though the cost of ingredients and labor has gone down as a percentage of total costs.



Source: "Costly Crunchies" Amy O'Connor in *Vegetarian Times*, Nov. 1995

Corn: Hidden Price Tag

In 2004, President and CEO of the Kellogg Company, Carlos Gutierrez, made over \$14 million including stock options. This is equivalent to earning almost \$276,000 per week.



Source: www.coopamerica.org





Food Item Story #1, continued

CORN FLAKES VALUE CHAIN ACTOR: RETAILER / SUPERMARKET

Your box of corn flakes has now arrived at the supermarket. Supermarkets charge processors a product placement fee or “slotting fee,” guaranteeing that the product is put in a prominent place in the supermarket’s warehouse, stores shelves and special displays.

Source: www.oligopolywatch.com



Corn: Hidden Price Tag

Manufacturers may pay up to \$9 billion in slotting fees. That amount is equal to over half of the supermarkets total profits.

Source: www.oligopolywatch.com

Corn: Hidden Price Tag

The middle shelves at a child’s eye level are a prime slotting location. Nutritionist Marion Nestle recommends looking for high-fiber, reduced sugar cereals on the harder-to-reach upper shelves.



CORN FLAKES VALUE CHAIN ACTOR: CONSUMER

The box of corn flakes has finally made it into your shopping cart and onto your breakfast table. In the end, you paid 3 times for your cereal: at the check out counter, for the corn subsidies, and in taxes for maintaining the highways over which trucks transport our food, and for environmental clean-up of the toxic residues of industrial farming.

Corn: Hidden Price Tag

Without consumer labeling, there is no way to know if the corn in your corn flakes was genetically engineered or not.



Corn: Hidden Price Tag

All of the corn we grow has to go someplace. Most of it goes to animal feed, and much of it is exported to other countries, but a great deal of the rest goes into high fructose corn syrup, which is a leading contributor to obesity and diabetes.





Food Item Story #2: Milk

MILK VALUE CHAIN ACTOR: INPUT SUPPLIER

The cow that produced your conventional milk may have been injected with a genetically engineered hormone, rBGH from Monsanto. Since the decline of diversified dairy farms following World War II, the dairy industry has increased production by having more cows per farm and increasing the amount of milk produced per cow; rBGH increases milk production 8 to 17%.



Milk: Hidden Price Tag

Cows injected with rBGH are more likely to get udder infections, which leads to the increased use of antibiotics.

The widespread use of antibiotics in livestock contributes to the growth of antibiotic resistant bacteria in humans.

Source: Food and Water Watch www.foodandwaterwatch.org

Milk: Hidden Price Tag

Monsanto has asked the Food and Drug Administration to restrict the use of labels identifying dairy products as “rBGH-free.” If they succeed, consumers will lose a vital source of information about how our food is produced.



Source: Food and Water Watch www.foodandwaterwatch.org

MILK VALUE CHAIN ACTOR: FARMER

The farmer who produced your milk may only receive \$1.79 of the \$3.99 you spent on your gallon of milk. Accounting for inflation, the amount paid to farmers per gallon has stayed pretty much the same since the 1970s. The low price of milk paid to farmers has forced many family farms to go out of business.

Sources: National Farmers Union, Farmers Dollar Share, <http://www.nfu.org/issues/agriculture-programs/resources/farmers-share/> Ivan Oransky, The Scientist. Com “Dairy Economics: Milking Blood from a Stone” Vol 21, Issue 2 page 37 <http://www.the-scientist.com/2007/2/1/37/1/>

Milk: Hidden Price Tag

Organic does not automatically mean sustainable or family farm. Industrial scale farms are increasingly using organic methods because of consumer demand. Wal-Mart sells its own “Great Value” brand of organic milk from Aurora Dairy. Aurora farms may have 3,000 to 4,000 cows on them.



Source: A Milk War Over More Than Price, Melanie Warner, September, 16, 2006. New York Times www.nytimes.com/2006/09/16/business/16milk.html?ei=508

Milk: Hidden Price Tag

One 2,500-cow dairy – which would qualify as a Confined Animal Feeding Operation (CAFO) – produces as much waste as a city with 400,000 residents. This amount of manure is too much for the land to absorb and ends up polluting the air and water, causing health problems in nearby communities.



Source: Fact Sheet: Got Pollution? The Environmental Effects of Industrial Dairy Farming, Food and Water Watch, <http://www.foodandwaterwatch.org/food/factoryfarms/dairy-and-meat-factories/climate-change/GotPollution.pdf>



Milk: Hidden Price Tag

Family farms are an important part of rural communities. When small family farms are forced out of business, the whole community suffers.



Food Item Story #2, continued

MILK VALUE CHAIN ACTOR: DEALER / WHOLESALER

The milk is picked up from the farm by a milk dealer, usually a farmers' cooperative. Dairy Farmers of America (DFA) is the largest milk producers cooperative in the U.S., controlling more than one third of U.S. farm milk. These co-ops are supposed to negotiate fair prices for the farmers, but in reality they pass on most of their costs to the farmers, who get no guarantee on their profits.



Milk: Hidden Price Tag

In many parts of the country, DFA is the only buyer, so it can dictate the prices paid to farmers. It also charges the farmer for the cost of hauling the milk, so when gas prices go up, the farmer gets a smaller check. Farmers never know what their milk check will be from one week to the next.



MILK VALUE CHAIN ACTOR: PROCESSOR

Most of your consumer dollar goes to the processor. Eighty percent of the dairy industry is owned by two companies: Parmalat and Suiza. Never heard of them? That's because both companies grew by purchasing smaller "Mom and Pop" bottling companies. They keep the local brand names of these companies. Suiza owns Horizon Organics, for example.

Milk: Hidden Price Tag

Between 1998 and 2002, there were 141 mergers in the U.S. dairy industry. Suiza alone acquired 43 dairies in just 8 years. Lack of competition means the processor can pass unreasonably high prices on to consumers.



Sources: <http://realmilk.com/consolidation-dairy-industry.html> "Giants break antitrust laws as government snoozes" in *The Milkweed*. Issue no. 330, Jan. 2007

Dairy industry consolidation, by James Russell, June 1, 2003
In *Refrigerated Transporter* http://refrigeratedtrans.com/mag/transportation_dairy_industry_consolidation/





Food Item Story #2, continued

MILK VALUE CHAIN ACTOR: RETAILER

Your milk arrives at the supermarket. The growth of “super retailers” such as Wal-Mart and Safeway is one of the forces driving farms to get bigger, because national chains prefer to deal with larger producers and distributors.

Sources: Dairy industry consolidation, by James Russell June 1, 2003 In Refrigerated Transporter http://refrigeratedtrans.com/mag/transportation_dairy_industry_consolidation/; Consolidation in the Dairy Industry: There is a future for small family farmers by Ken Bailey, October, 25, 2000. Paper presented at the Twin Cities Agricultural Issues Round Table



Milk: Hidden Price Tag

The top five U.S. supermarket chains now handle 40 percent of grocery sales.

This gives them an enormous amount of power over what consumers eat and what farmers are paid.



MILK VALUE CHAIN ACTOR: CONSUMER

You have just paid \$3.99 for a gallon of conventional milk from Safeway. Most likely it has no rBGH label, so you have no way of knowing if it has rBGH in it.

Source: National Farmers Union, based on Safeway brand <http://www.nfu.org/issues/agriculture-programs/resources/farmers-share/>



Milk: Hidden Price Tag

rBGH increases another powerful hormone that may raise the risk of breast cancer in humans.

rBGH has been banned in many countries.

Source: www.foodandwaterwatch.org





Food Item Story #3: Strawberries

STRAWBERRIES VALUE CHAIN ACTOR: INPUT SUPPLIER

The strawberries on your cereal look plump and juicy, but they often don't taste very flavorful. Most strawberries bred for the commercial market are bred for uniformity, size and hardness for long-distance shipping, not taste.



Strawberries: Hidden Price Tag

Conventional strawberries are grown with a lot of pesticides and fertilizers that pollute the soil, water and air, and endanger farmworkers' health.

Strawberries: Hidden Price Tag

Consolidation of seed companies and industrial agriculture's emphasis on yield and long-distance transport have caused the loss of thousands of unique and flavorful fruit varieties.



STRAWBERRIES VALUE CHAIN ACTOR: PRODUCER

Organic does not necessarily mean sustainable or that farmworkers are treated fairly. Organic is now big business and producers are growing strawberries on an industrial scale. When thinking about the impact your food has on the environment, it is important to think about the whole "eco-footprint" and not simply the miles the food traveled to get to your plate.

Strawberries: Hidden Price Tag

Industrial-scale organic farms do reduce the amount of toxic chemical pesticides and synthetic fertilizers used in agricultural production, but they still rely heavily on large machines, monocultures (growing only one crop on a vast amount of land), irrigation, and long-distance shipping.

Source: Paradise Sold: What are you buying when you buy organic? By Steve Shapin, in The New Yorker, May 15, 2006



Strawberries: Hidden Price Tag

Migrant workers are some of the lowest paid laborers in the United States. The average migrant worker is a 28-year-old male, born in Mexico, who makes less than \$10,000 a year. His life expectancy is 49 years. Strawberry picking is some of the lowest-paid and most physically demanding farm work. The cheap pay scale of migrant labor essentially subsidizes agricultural production.

Source: Eric Schlosser "In the Strawberry Fields" in The Atlantic Monthly, November, 1995





Food Item Story #3, continued

STRAWBERRIES VALUE CHAIN ACTOR: WHOLESALER

If you bought fresh strawberries, chances are good that they came from California. California growers are responsible for 55% of strawberry production in the U.S. After they leave the farm, the strawberries often go to one of just five grower-shipper cooperatives.

Strawberries: Hidden Price Tag

Just 3% of strawberry growers account for 80% of the production in the U.S.

Source: Strawberry Production in the United States – 1990 – 2000, by Dr. Roberta Cook, Department of Agriculture and Resource Economics, UC Davis, June 2002



STRAWBERRIES VALUE CHAIN ACTOR: MANUFACTURER

Perhaps you are one of millions whose favorite fruit or flavor is strawberry. Strawberry demand is increasing! While approximately 75% of U.S. strawberries are sold fresh, close to a quarter of them are processed into jam, cereals, ice cream and a host of other food products.

Strawberries: Hidden Price Tag

Strawberries have typically been grown by injecting methyl bromide into the soil to control fungus. It was placed on the list of banned ozone-depleting substances in the Montreal Protocol, which targeted the chemical for phase-out by 2005, except for “critical exemptions.” The U.S. has successfully pushed for critical-use exemptions of methyl bromide for, among other uses, its strawberry crop, citing lack of effective substitutes (7 million pounds used in 2004).



Source: http://en.wikipedia.org/wiki/Methyl_bromide

Strawberries: Hidden Price Tag

Agroindustry giants such as Smuckers, aided by free trade agreements such as NAFTA, lead strawberry imports to often dominate local markets, even the most remote parts of Mexico. Local jam makers are displaced and local employment is lost.





Food Item Story #3, continued

STRAWBERRIES VALUE CHAIN ACTOR: RETAILER

If you bought organic strawberries from a large chain store like Whole Foods or Wal-Mart they, probably came from Mexico or China. Organic produce from these countries can carry the USDA Organic seal, but they are inspected by private inspectors and the rules for organic certification do not include routine testing for pesticide contamination.

Sources: China Quietly Muscles in on the Organic Food Market by Josh Gerstein, in The New York Sun, July 18, 2007 www.nysun.com/article/58606; China's Growing Exports: Food and Fear, Cornucopia Institute Report.



Strawberries: Hidden Price Tag

Wal-Mart's "low price only" policy hurts smaller farmers, as they are forced to compete with industrial-scale farms and foreign countries that can offer produce at lower prices.

Source: Organic Erosion: will the term organic still mean anything when it's adopted whole hog by behemoths such as Wal-Mart? Jake Whitney, San Francisco Chronicle, Jan 28, 2007

Strawberries: Hidden Price Tag

Whole Foods is opposed to Country of Origin Labeling, or C.O.O.L., which allows consumers to know where their food was grown or raised.



STRAWBERRIES VALUE CHAIN ACTOR: CONSUMER

You've bought the strawberries and are slicing them up onto your cereal. Chances are that they are perfectly healthy, but ironically industrial agriculture can increase your chances of getting sick from produce. The answer: know your farmer!



Strawberries: Hidden Price Tag

Conventional strawberries are one of the top 12 fruits or vegetables in terms of total "pesticide load."

Source: Environmental Working Group, www.ewg.org



Strawberries: Hidden Price Tag

Food produced on industrial farms is distributed throughout the country. This creates the opportunity for diseases to be widely spread. In the E.coli outbreak of 2006, contaminated spinach from one region in California made people in 26 other states ill.



Source: The issues: Buy Local, www.sustainabletable.org



Farmer's Share of Retail Dollar



Source: Howard Elitzak, "Calculating the Food Market Bill" in *Amber Waves: The Economics of Food, Farming, Natural Resources and Rural America*. February, 2004. www.ers.usda.gov/Amberwaves/February04/Indicators/BehindData.htm



Consumer Action Exercise: Designing Fair and Healthy Value Chains

►► Introduction

This exercise asks participants to design a just and sustainable value chain, taking into consideration the policies needed to make this happen. It shows that participants can have impacts through their buying choices and advocacy, and that they may already be doing things that contribute to food sovereignty.

 **Time: Approximately 70 minutes**

Materials needed

- ☐ Copies of factsheet *Why Should Consumers Care About Agriculture and Trade Policy?* (located at the end of the module)
- ☐ Newsprint, markers and tape
- ☐ Fair Trade or locally grown food and beverages to share
- ☐ Newsprint displays generated by small groups in the previous reflection exercise, if the group did it
- ☐ Copies of the evaluation forms and *What I/We Can Do Sheet* (see Overview, pages 15 and 16)

Procedure

Introduction / 5 – 10 min.

1. Remind people of some of the hidden costs of the industrial value chains they examined in the previous exercise. If the group did not engage in the previous exercise, please describe briefly how it worked and you may want to offer the following broad summary:
 - Some of the industrial food system's hidden costs result from environmental unsustainability in the form of pesticides, toxic inputs, huge water withdrawals and topsoil degeneration.
 - Government policies' hidden costs include the consolidation of agribusinesses, food processors and supermarket chains, so that they have monopolies over pricing, and farmers are not paid what it costs them to produce an item. There is also a lack of labeling, meaning that consumers can't know what is in their food or where it comes from.
2. You can also add insights from the small groups that grappled with the question: What values does the industrial food system represent? It is important to mention that the values behind the industrial food system are often at odds with our community-building values. Feel free to point back to the newsprint displays created in the previous exercise. This will give participants a good sense of continuity and that we are building on their previous contributions.

Designing / 30 min.

Ask people to break into small groups of 3 – 5 people. Give each group newsprint, markers, tape and copies of the factsheet. Ask the small groups to pretend they are food product developers. People can pick one of the food items in the previous exercise, or another food of their own choosing. A processed food, like bread or jam is good, because there are more steps and actors in the value chain to consider. If they want to get fancy it is fine for them to consider a food that comes from another country.



Consumer Action Exercise, continued

↔ Procedure, continued

Their challenge is to come up with the ideal value chain that would be fair to farmers, farmworkers and consumers, as well as be good for the environment. Ask people to make sure they are covering all the actors in the value chain, from farmers to food retailers. This list of actors can be found in this module on page 2.

Tell them that you will circulate while they are working, but try not to interfere with their process unless they are really stuck. Ask them to make a graphic display of their value chain, including any hidden costs or benefits to society.

Possible questions to consider (place answers to these on newsprint):

- How would you produce, market and distribute the food?
- What values does your value chain represent?
- Who would win and lose from each step in the process?
- What would the label tell you?
- Referring to the factsheet *Why Should Consumers Care About Agriculture and Trade Policy?* (passed out by the facilitator), identify what policies they would need or would have to change to make their value chain viable and how they would acquire the power to create these policies.

Gallery walk / 5 min.

Have people take a 5 minute gallery walk of the value chain displays created by the small groups.

Presentations / 10 min.

Referring to their displays, in plenary, have each group briefly present their product and value chain. Ask them to identify the most challenging aspect of designing their value chain. What policies at the local, national or international level did they need to change or include to make the value chain more sustainable, healthy or just? What did they need to do to acquire the power to do that? How might they work together for these changes?

Discussion / 15 min

Seek discussion on what participants have learned through attempting to create fair value chains built according to food sovereignty principles. Optionally, facilitator can then share stories of a few products, food chains and campaigns that have beneficial impacts for the communities of origin, farmers and farmworkers, the environment and consumers (see next page for suggested campaigns to mention). Depending on time, you could ask if people know of other campaigns. Remind folks that we can have an impact with our dollars by buying fair trade and locally, but that individual consumers' purchasing decisions alone are not enough. We also need to organize and push for policy change.

Lastly, engage in the Wrap-Up Exercise (see Overview, p. 14) and leave enough time for people to fill out the evaluation forms.



Consumer Action Exercise, continued

➡ Procedure, continued

Here are examples of campaigns that you can mention (don't feel obliged to mention them all!). You can also print this page and hand it out if there is not adequate time for discussion:

Consumer Health and Safety: Food and Water Watch is a national consumer advocacy group challenging corporate control of our food and water resources. They recently won a campaign to get Starbucks to commit to serving only 100% hormone-free milk in its stores. Other campaigns focus on stopping industrial fish farming, keeping America's drinking water clean and safe, and enforcing Country of Origin Labeling and GMO labeling. See www.foodandwaterwatch.org/ for more information.

Farmworkers' Rights: The Coalition of Immokalee Workers (CIW) is a community-based worker organization, composed largely of immigrants working in low-wage jobs throughout Florida. By building a strong coalition across ethnic groups, educating consumers, and launching a powerful boycott, the CIW successfully forced an enormous fast food company – Yum Brands, which owns Taco Bell as well as a number of other fast food chains – to increase the wages of migrant workers and impose a tough code of conduct on Florida tomato suppliers. They recently won a similar victory with McDonalds and are now taking on Burger King. See www.ciw-online.org/about.html for more information on how to support this campaign for farmworker rights.

Domestic and International Fair Trade Campaigns: International Fair Trade: Fair trade programs cut out the middlemen and guarantee farmers a minimum price for products grown under ecologically and socially sustainable criteria. These agreements help farmers weather the ups and downs of the market. They also offer credit to help farmers stay out of debt between harvests. Because fair trade programs often work with democratically run farmer cooperatives, rather than individual farmers, the benefits are spread throughout entire communities.

Oké bananas are purchased directly from farmers who are paid a fair price. That means higher wages, safer working conditions, and a cleaner environment for farmers, workers, their families, and their communities. The Fair Trade premium allows farmers to invest in health care, education, clean water, maternity and sick pay, and housing. The farmers themselves decide how the Fair Trade premium is spent each year. (See www.okeusa.com/aboutus for more information).

There is a growing interest in certifying food produced in the U.S. as fair trade. The Domestic Fair Trade Working Group has drawn up Principles for Domestic Fair Trade in the U.S. that includes attention to: family and small-scale farming, democratic and participatory ownership, rights for labor, direct trade, and sustainability (see www.rafiusa.org/programs/DFTprinciples.12.05.pdf for the complete list of principles). In addition to working with overseas coffee and cocoa cooperatives, Massachusetts-based Equal Exchange has worked with farmer co-ops in the U.S. to create three domestic fair trade products: roasted almonds from California, roasted pecans from Georgia and dried organic cranberries from Massachusetts and Wisconsin to ensure that farmers get a fair price for their product and that the whole community benefits. See www.equalexchange.com/ for more information.

The Agricultural Justice Project is a non-profit initiative of a number of farmworker and sustainable agriculture organizations to develop social justice standards for organic and sustainable agriculture (see www.cata-farmworkers.org/ajp/). They are piloting a Local Fair Trade label with the Local Fair Trade Network, a group of farms and grocery co-ops in Minnesota and Wisconsin. See www.localfairtrade.org/node/153 for more info).

Finally, stress that when farmers are organized, as they are in many Fair Trade arrangements or in local, farmer-controlled cooperatives², such as the American Raw Milk Producers Association, the whole community benefits through equitable rural development, not just individual farmers. It is important to mention that not all Fair Trade operates through worker-owned cooperatives and therefore the consumer for whom worker and community ownership is important should investigate before purchasing.



Factsheet: Why Should Consumers Care About Agriculture and Trade Policy?

Over the past 30 years, U.S. agriculture and trade policies have eased life for agribusinesses by promoting policies resulting in cheap inputs like corn syrup, which are good for processors while bad for small farmers who receive prices below their cost of production. Today's food system is increasingly corporate controlled, with consumers subsidizing unsustainable farming practices and generally lacking information about where their food came from or how it was produced.

Industrial farming is bad for consumer health and safety

Just a generation or two ago people ate food that was produced in their own region. Today the average food item travels over 1,500 miles before it arrives at the consumer's table and more likely than not, it was produced on an industrial scale farm.

- Factory farms pack tens of thousands of animals into confined areas. These overcrowded conditions are hotbeds for the spread of diseases such as salmonella. (Source: Farm Aid Factory Farms: The worst of industrial agriculture" www.farmaid.org/)
- Food produced on industrial farms is distributed throughout the country. One consequence is that food-borne diseases are widely spread. In the E.coli outbreak of 2006, contaminated spinach from one region in California made people in 26 other states ill. (Source: The issues: Buy Local www.sustainabletable.org)

Taxpayers foot the bill for an unsustainable system

In the end, consumers pay three times for industrially produced food: at the check out counter; for the subsidies; and in taxes for maintaining the highways over which trucks transport our food, and for environmental clean-up of the toxic residues of industrial farming.

- The annual toll of conventional farming includes \$12 billion in environmental and health costs from pesticides, fishery deterioration and aquatic "dead zones" caused by chemical fertilizers and manure, and \$45 billion for environmental and human health care caused by soil erosion. (Source: Pimentel, David, Paul Hepperly, James Hanson, David Douds and Rita Seidel (2005, July). Environmental, Energetic and Economic Comparisons of Organic and Conventional Farming Systems. In: Bioscience. 55(7): 573-582)

Corporations get rich, while farmers and consumers get squeezed

The global food system is controlled by just a handful of multinational agribusiness corporations. Instead of going to the farmer, or circulating in local communities, the majority of a consumer's food dollar is captured by corporate middlemen such as marketers, input suppliers, wholesalers and supermarkets.

- The five largest supermarket companies control 46% of all retail food sales (Source: Heffernan, William and Mary Hendrickson, June 2005, The Global Food System: A Research Agenda. Report to the Agribusiness Accountability Initiative Conference on Corporate Power in the Global Food System. High Leigh Conference Centre, Hertfordshire, U.K.)
- By 1990, only 9 cents of every dollar spent on domestically produced food in the U.S. went to the farmer, while middlemen, marketers, and input suppliers took the rest. (Source: Stewart Smith, "Farming Activities and Family Farms: Getting the Concepts Right," presented to US Congress symposium "Agricultural Industrialization and Family Farms", October 21, 1992)





Factsheet: Food Sovereignty for Consumers Means Healthy Food and Strong Local Food Systems!

There is a better way than the agribusiness food system! Food sovereignty is the right of communities and countries to define their own food and agriculture policies. For consumers, this means that citizens and elected officials, not powerful multinational corporations or corporate-boosting free trade policies, inform where and how our food is grown and who benefits. The food sovereignty movement favors family-owned sustainable farms, fair prices for farmers and strong local food systems, so that everyone has access to safe, nutritious, culturally appropriate food.

Here are some bedrock policies of a local food system based on food sovereignty:

Better labels ensure safe and healthy food

- Implementing and adequately funding Country of Origin Labeling (C.O.O.L.) will ensure that consumers can make informed decisions about their food purchases and help them support domestic producers if they choose. (Source: National Family Farm Coalition, A Family Farm Policy Agenda www.nffc.net/)
- We need federal legislation requiring the labeling of all genetically engineered food products and other experimental technologies. (Source: National Family Farm Coalition, A Family Farm Policy Agenda www.nffc.net/)

A U.S. Farm Bill that supports farmers and farmworkers, not corporations

- We need a Farm Bill that ensures farmers a fair price from the buyers of their commodities. Taxpayers should not feed a lopsided farm subsidy system. (Source: National Family Farm Coalition, A Family Farm Policy Agenda <http://www.nffc.net/>)
- Farm-to-Cafeteria Programs and Community Food Projects (such as farmers' markets and Community Supported Agriculture) deserve more federal funding. These programs build local food systems by purchasing products directly from local and regional farmers and keep money circulating in local communities. One state agricultural agency estimated that if consumers shifted just 10% of their food purchases to locally grown food products, it would add more than \$100 million to the state's economy. (Source: Vermont Department of Agriculture <http://www.vermontagriculture.com/buylocal/>)

Regulation to break up Corporate Monopolies

- Anti-trust laws need to be vigorously enforced and in some cases strengthened to protect family farmers. Enforced anti-trust laws can reduce monopoly behavior in the food system all the way from seed companies to supermarkets.

For more information:

On grassroots efforts and social movements around the world building strong and healthy food systems

www.GrassrootsOnline.org

On food safety: Food and Water Watch www.foodandwaterwatch.org and the Center for Food Safety

www.centerforfoodsafety.org

On agricultural and trade policies: www.iatp.org and www.foodfirst.org

On Fair Trade: Equal Exchange www.equalexchange.com

On preserving agricultural and food diversity: Slow Food www.slowfoodusa.org

