

# Growing Back Stronger:

## *Choosing resilient food systems in the wake of Covid-19*

Jan Douwe van der Ploeg





# Introduction

The outbreak and subsequent spread of Covid-19 is not the first pandemic in human history, neither will it be the last. There have been pandemics throughout history and many have had a horrifying impact. In this respect Covid-19 is far from unique. The exceptionality, however, of the current pandemic resides in how quickly it has translated, at a global scale, into a devastating political-economic crisis. Spanish Influenza (1918-1919) was arguably far more lethal, but it only brought about a minor decrease in economic activity. Garrett provides data on the reduction in Gross National Incomes in the years following the outbreaks of Spanish Flu and concludes that 'society as a whole recovered from the 1918 influenza quickly'.<sup>1</sup>

Currently, the world is experiencing a massive paralysis, a sweeping growth of unemployment, a negative growth level and a sky-high bill that most probably will be paid by the poor. The domains of farming and food are rapidly falling into disarray: farmers' incomes are going down nearly everywhere, the situation of rural workers (especially migrant workers) is disastrous, harvests are being (partially) lost, some parts of food provisioning are interrupted while the number of hungry people is increasing, food prices are rising in several countries and many people are closer to starvation. While these impacts will be experienced differently around the world, major direct and indirect effects can be anticipated in all countries, including the Netherlands.

The disastrous economic impact of Covid-19 is due to its interaction with economic systems that differ radically from those of the post-World War I period. In this respect there are three key structural differences.

- 1 The rise in the global division of labour and the associated extension of supply-lines, which both stem from the world market being a main organizing principle in, and for, today's economic activities.
- 2 The generalization of precariousness not only at the margin of, but increasingly within, the main economic activities.
- 3 The financialization of economic activities and the associated rise of vulnerability, especially in times of market volatility.

Together these interrelated features, which have been strengthened by neo-liberal policies from the mid-1980s onwards (also and probably especially in the Netherlands),<sup>2</sup> explain the current economic crisis. The Covid-19 tragedy is merely a trigger. The real causes reside in the specificity of today's global economic structure and especially in the three features, mentioned above, that lie at its core. As a global leader in intensive agriculture, the Netherlands has also played an important role in strengthening some of these dynamics and shaping the modern food system.

These features will be discussed here with reference to the domain of farming and food. Food and farming carry the danger of becoming an Achilles heel during the current crisis. Food scarcities in the first half of 2008, widespread rioting and the Arab Spring remind us of the potential explosiveness of malfunctioning food systems. The necessity to consider food and farming is made even more urgent as the rebuilding of food economies intersects with other pending issues, such as the needs to reduce our use of fossil fuels, halt or reverse global warming and to reduce chronic levels of hunger.

In this policy brief I will also discuss building blocks for the construction of resilient alternatives to the current crisis. These building blocks relate to practices that have shown to be of the utmost importance during the current crisis. International development cooperation can contribute considerably to the further unfolding of such practices into powerful building blocks, if not corner stones, of these much needed alternatives.

## The extension of supply lines<sup>3</sup>

One of the first segments of the Dutch economy generally (and agriculture specifically) that entered into disarray during the current crisis is the production, processing and trade of calf meat. Calves are an important by-product of the dairy sector. Only some of the female calves are needed to replace culled milking cows. The remaining ones, plus the male calves, are fattened (mostly in specialized farms) and then slaughtered, processed and distributed for consumption as veal. Much of this meat is exported to Italy where it is a basic ingredient for popular dishes as *Saltimbocca* and *Vitello al tonno*. For Dutch farmers the revenues of calf breeding and fattening are important sources of income (especially when milk prices are low). The Dutch VanDrie Group is a main hub in the slaughtering and export of calf meat. Apart from processing and exporting Dutch calves, the Netherlands also imports some 800,000 calves from Germany, Ireland and Eastern European countries for fattening.

Normally, this complex pattern functions smoothly. However, as soon as the first outbreak of Covid-19 in Italy brought a closure of restaurants there, a series of cascading effects rolled over Europe. Exports fell, prices paid for calves in the Netherlands plummeted, the VanDrie Group

encountered difficulties, dairy farmers no longer had an outlet for their calves (nor the space to care for them) and lost an important source of income (at the same time that milk prices went down). Imports of calves from Ireland, Eastern European countries and Germany came to a complete stop and producers in those countries also suffered as a result. Thus, the crisis rolled over Europe, affecting farmers, workers, transport companies, slaughterhouses, etc. in many, seemingly disconnected places. Currently economic support is being discussed and negotiated within the European Commission in Brussels.

It should be noted that the socio-technical infrastructure (dairy farms, specialized farms for fattening calves, slaughterhouses, processing facilities, transport companies, restaurants, shops and kitchens) remain perfectly intact. Nonetheless, this whole socio-technical infrastructure (normally a well-tuned 'machinery') has fallen flat. The flow of calves and calf meat has been paralysed – because at one specific point (initially just the Italian restaurants) a 'virus' entered the system. Stiglitz tellingly refers to such phenomena as *contagion*: 'a failure in one part of the global economic system spreading to other parts'.<sup>4</sup>



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The case of calf meat is exemplary, but is repeated, with different specificities, in the cases of fried potatoes, flowers, speciality cheeses, milk and pork. Similar problems, albeit with far more serious consequences, occur with Russia and the export ban on grain it imposed and with the curbing of rice exports by Vietnam, India, Myanmar and Cambodia. This will probably contribute to price hikes and food scarcities in Africa and translate into a 'hunger pandemic' as argued by Beasley, the chief of the World Food Programme. For 'there is [...] a real danger that more people could potentially die from the economic impact of Covid-19 than from the virus itself'.<sup>5</sup>

## Precariousness

Development processes always entail delicate balances of inclusion and exclusion since the benefits and costs of development are usually unequally distributed. This can increase or decrease marginalization, which is associated with growing levels of precariousness among those who are excluded - who live and work on the margins of the dominant processes of development and growth.

**Covid-19 has shown, in a merciless way, that:**

- 1 precariousness is now rapidly expanding as a consequence of the politico-economic crisis triggered by the pandemic (due to a loss of income among considerable segments of the population);**
- 2 there is also considerable, albeit so far 'hidden' precariousness within the main core of the economic system (notably in the so called 'food chains');**
- 3 this precariousness is in turn accelerating the Covid-19 pandemic.**

System dynamics over the last decades have brought marginality and precariousness to millions of peasant families and pushed many of them into labour migration. Many of these flows were towards slaughterhouses and also the fields, orchards and glasshouses of large agricultural enterprises in Europe and the USA<sup>6</sup> where they became indispensable workers. Yet these jobs and the people who do them are precarious. These migrant workers face low payment, chronic insecurity, often extremely bad labour conditions, bad housing and a nearly total lack of necessary hygienic conditions and medical support. This precariousness is a notable and chronic feature of food systems

Theoretically speaking, the risk of contagion spreading all over the economy due to long and complex supply lines, might well be mediated. If demand is suddenly reduced in some places and surpluses emerge elsewhere, the latter could be converted in food reserves to be used at other moments and in other places (that is, whenever and wherever scarcity emerges). If, for example, the supply of grain and rice is reduced, these food reserves could be used to mitigate the effects. And more generally: less centralized, i.e. more 'territorialized' food systems would create a constellation that is less prone to contagion. I will come back to such possibilities when discussing the alternatives at the end of this briefing.

located in 'rich' countries. The Covid-19 crisis has hit these workers very hard. They are exposed to Covid-19 in the cramped conditions where they live and work. And, for many of them, access to work is blocked. Thus, they lose their jobs without any welfare systems to fall back upon, neither in the 'labour importing' countries nor in the 'labour exporting' ones.

The effects of this are felt in many ways throughout the internationalized food systems as a whole. First, harvests in 'labour importing' countries are lost. Secondly, this may translate into particular food shortages not only in the 'labour-importing' countries, but in other countries that normally import particular food items coming from the 'labour importing' ones. Thirdly, there is a sudden worsening of poverty in 'labour exporting' countries (migrant workers have no income anymore and therefore there is no flow of remittances to their families at home). This translates into a contraction of internal demand for food in the countries initially exporting labour, which affects farmers and peasants there. Thus, precariousness is expanding and contributing, step-by-step, but systematically, to the seemingly unavoidable hunger crisis. Currently, the tragedy unfolding in the meat industry (notably in slaughterhouses for pigs in the USA, UK, Canada, the Netherlands, Germany, etc.) makes it clear that the precariousness of workers in the food industry (in terms of housing, transport and labour conditions, which all exclude even minimal levels of social distancing) translate into a multiplier of the pandemic. This is not only the case in slaughterhouses but also in the huge farm enterprises in Italy, Spain, Morocco, Senegal and Kenya which produce fruits and vegetables for consumption elsewhere.

# Financialization

Financialization is the process through which the real economy is subordinated to the financial economy. Indebtedness is an important indicator of financialization, which I discuss here at three levels: (a) primary agricultural production, (b) food processing and (c) the food trade. The combination of financialization and market volatility makes our economies especially vulnerable to *contagion*. When financialized economies experience unexpected events that disrupt 'normality', they run the very real danger of being deactivated by capital being withdrawn into the level of the financial economy and paralyzing the real economy.

## Primary Production

Once, the capacity to face difficult times and guide one's farm through rough tides was considered to be an essential ingredient of the art of farming. Throughout Europe, the agrarian crises of the 1880s and 1930s left deep scars. Yet, they also brought new responses that became deeply anchored in collective memory. The construction of cooperatives, the search for innovations and the style of farming economically (building as much as possible on one's internal resources and reducing, as much as possible, the use of external resources) are just some of the solutions that helped peasants to find a way through the crisis, which also made a strong imprint on the decades that followed.

The capacity to move one's farm through rough and difficult times was strongly eroded in the years of economic prosperity and, later on, by the Common Agricultural Policy that effectively constructed a set of protective shields (which is, by the way, not the same as protecting average farm incomes). Protection included off-farm prices guaranteed for longer periods of time as well as market-stability (with surpluses being taken out of the market). This allowed once again for increasing monetary costs (for external inputs, credit and new technologies). The collective memory, that stressed farming economically, faded away.

In the second half of 2008 and first half of 2009 dairy farming in Europe (and elsewhere in the world) faced a crisis. The results were disastrous and ran against the apparent logic that was supposed to govern agricultural competition and development. The largest farms, that had expanded more than others (and therefore spent the most in acquiring extra land and new technologies) suddenly faced a negative cash flow. High financial costs, high levels of external input use and, consequently, a low margin made these large scale, high-tech farms extremely vulnerable to the price volatility that came with the liberalized markets and abrupt drops in the farm gate prices resulted in negative cash flows. Since they had hardly any financial buffers this would have meant the demise of many large



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entrepreneurial farms. Interestingly, peasant-like farms weathered this difficult period with far more ease. They still knew how to deal with difficult times. They had resisted the temptation of financialization (that is: building farm development on credit instead of using one's own savings) and thanks to this they could better face the crisis.<sup>7</sup>

This unexpected reversal (large, entrepreneurial farms facing huge and immediate problems and peasant-like farms faring relatively well) should have provoked a wake-up call and a re-orientation in agricultural policies – both at national and supranational levels. However, the European Commission, ministries of agriculture, the dominant knowledge systems (agricultural universities included), agribusiness and the banks all persisted in supporting the prevailing trajectory. The banks, for instance, decided to refinance the debts of the large, high tech farms. In the next crisis (2012/13) banks had to face the new requirements of the Basel-III agreements. Even this did not provoke a change in course. The major agricultural banks continued to refinance the debts of large farms whilst the 'bill' (following from the need to augment the ratio of debts to assets) was passed onto small and medium farms. Even if the latter generally showed a far better financial situation than large farms, they were pushed to repay their (proportionately smaller) loans very quickly.

The off-farm price decreases that are emerging as a consequence of the Covid-19 outbreak (Friesland Campina, for example, just decreased the price paid for 100 kg. of milk from 35 to 32.50 Euro)<sup>8</sup> might cause considerable problems for entrepreneurial farms that are large scale, intensive, specialized, high tech, continuously expanding and

highly indebted. The national Dutch farmers' union, LTO, has already made claim to billions of Euros for extra economic support. Yet it is doubtful if such support will be granted. Governments are facing widespread social criticism for supporting 'industrial agriculture' that is associated with the climate crisis, threats to nature and biodiversity (including high levels of nitrogen emissions), low levels of animal welfare and the threat of generating outbreaks of animal diseases that can seriously harm public health (as occurred in the Netherlands with the Q-fever).

## Food Processing

The processing and trading of food is largely concentrated in food industries, trading companies and large retail chains that are tied together in large, global networks that increasingly control the production, processing, distribution and (indirectly) the consumption of food. The visible side of these global networks is the factories, supermarkets, lorries, auctions, workers, etc. Together these visible elements make up the social-technical infrastructure through which food products flow from the fields and barns to peoples' dinner tables. What is not directly visible are the huge holdings that own the property rights of the factories and supermarkets, as well as the technologies, brands, and patents that together make the flow of food possible and profitable. This invisible side that organizes the flows of food simultaneously centralizes and accumulates the value obtained through the processing and trading of food and is often located in tax-havens.

These holdings (the *cupolas* of the global networks) are part of the financial economy. The factories, etc., lease their



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buildings, technologies and the right to use the brand from the holdings. The factories normally do not have financial reserves themselves. For finance they completely depend on the holding. Neither do they have stocks. Just in-time-delivery is an important principle in the relations between the different factories and retail systems. The fragility of the West's food system was highlighted when panic buying (not just of toilet paper) during the early days of the pandemic left many supermarkets denuded.

Most global food corporations are related to the stock-exchange. It is a frequent practice to use the profits for the payments of dividends and the acquisition of own shares in order to push up the shareholder value, while financing the factories, etc., through credit. Thus food corporations are highly indebted and, at the same time, highly profitable for their shareholders (leverage is an important linkage). Within food corporations capital is moved upwards (to the level of the holding) and debts are moved downwards (to the level of the factories, etc.). This implies that the real economy (composed by the visible factories, etc.) is completely subordinated to, and dependent on the financial economy. This applies not only to production but also to trade.

Financial capital takes centre stage in food processing. Financialization is a main strategy as well as a massive outcome.<sup>9</sup> The global networks expand through take-overs. They buy enterprises in order to realize high growth rates and, especially, to obtain a certain market share. In doing

so they rely heavily on credit. Available data show that food empires are heavily indebted.<sup>10</sup> However, through their leverage they can also attain high levels of profitability.<sup>11</sup> Internally, they organize many flows and monetary transactions, each of which has to be profitable. If losses occur, the transactions will be eliminated – and the flows will be redirected in order to find profitability elsewhere.

As a consequence of the many insecurities brought by Covid-19, the financial economy has currently deactivated parts of the food chains: factories, slaughterhouses and trade relations are not funded anymore by the *cupolas* of the large networks that control the production, processing and distribution of food. Since much capital has been drained out of the real economy, there is no longer any resilience. There are no financial reserves (at least not in the real economy), no policy mechanisms to absorb shocks and the financial economy is unwilling to reverse capital flows. There are enormous financial reserves in the overarching holdings, but this richness is reserved for shareholders. Thus, a devastating political-economic crisis is unfolding. Workers are not working anymore, farmers are losing their outlets, trade in food is contracting, prices are going up and the poor have to reduce their levels of consumption. For the moment, these dangers are partly remedied by the state by providing the capital that the financial economy generally, and the food corporations specifically, have withdrawn and are no longer willing to provide in this period of crisis.<sup>12</sup>

## Food Trading

Food industries handle large amounts of merchandise.<sup>13</sup> The scale of the transactions (as well as the time-spans) are such that short-term credit is needed. Food ingredients (whatever their nature and whatever their specific location in the 'chain') are purchased on credit. That is, the provider delivers the ordered merchandise to the buying party on credit. Payment normally follows after 30 to 90 days. However, there is always the risk of insolvency. That is, the buying party is unable (or unwilling) to pay the providing party. This leads the latter take out credit insurance so they will be compensated in case of the buying partner's insolvency. Thus, material transactions become embedded in, and dependent upon, a series of financial transactions. This is another key aspect of financialization.

But there are yet two other steps. In order to buy the required raw materials and pay the wages needed to produce the ordered merchandise, the provider normally needs credit from a bank. This credit is only provided if there is the underlying credit insurance which functions as a guarantee for the bank. These transactions are normally referred to as factoring. For the combined transactions the so-called rating is decisive. This is normally issued by an independent agency and synthesizes the performance, credit history and the turnover of the providing company. The higher this rating, the lower the interest rate to be paid on the loans.

Trade credit insurances are indispensable for the smooth operation of global supply chains. They are the 'grease' that

makes the system work. There are just a few insurance companies that provide these credit insurances and they are all huge. The biggest ones are Euler Hermes, which belongs to the Allianz group; Coface, owned by Natixis of the French BPCE banking group; Atradius; Credendo (an Aon company) and Acumen Credit Insurance Brokers. The market for trade credit insurances is massive. Dutch companies alone annually provide more than 100 billion Euro of credit insurances.

During the 2008 financial crisis the insurance companies withdrew their trade credit insurances, arguing that the market had become too risky. Thus these trade credit insurance companies actively deepened and prolonged the crisis.

In 2019, the number of insolvencies in the global market grew by some 3% compared to the previous year. This was due to weak GDP growth in that year. The Covid-19 pandemic will trigger a considerable decrease in world GDP this year (estimations vary widely) with insolvencies going up and more expected. Trade credit insurance companies are again reducing the insurances they provide (and imposing higher interest rates) and these reductions might grow exponentially. Many Western European governments are considering massive interventions to sustain the magnitude of overall insurances in order to avoid a slowdown of international trade (or, in the case of a prolonged biomedical crisis, its collapse). The Dutch state, for instance, has intervened with 12 billion Euro. These are meant to 'take over the risks' from credit insurance companies and allow for a yearly trade volume of 200 billion Euro.<sup>14</sup>



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## Building blocks for resilient alternatives

During the unfolding of the Covid-19 crisis a range of different responses have been developed. These responses are meant to counter the politico-economic disarray that followed the outbreak of the pandemic. Some responses were successful, others failed. Some of the many responses were new, whilst others built upon previous experiences that suggested their relevance during the Covid-19 crisis.

I will discuss here peasant agriculture and peasant markets. I take peasant agriculture because it is basically grounded on an autonomous resource base. The unit of production is as self-provisioning as possible in terms of the use of resources and inputs. It may occasionally use external means but is *not structurally nor substantially dependent on long and complex supply-lines*. It may also occasionally use credit, but it is *far from being financialized*. The balance of patrimony and debts is carefully equilibrated and guarded, whilst solvency is high. I discuss peasant markets because they represent *non-financialized forms of exchange, trade and food distribution*. And, at the crossroads of peasant farming and peasant markets there is on-farm processing of food. This represents *an alternative to industrial food processing that is controlled by large, global and strongly financialized networks*.

### Peasant Agriculture

In both developed and developing countries one can encounter large segments of peasant-like agriculture. These operate alongside entrepreneurial-like forms of production and corporate farming. The contribution of peasant agriculture to the total supply of food is very much contested and varies from continent to continent. Nonetheless, it is evident that peasant agriculture is a solid and resilient pillar of food provisioning. Peasant agriculture continues to produce wherever and whenever other forms of agricultural production are de-activated. It also generates far more productive employment and channels a greater proportion of the wealth produced to those involved in production.<sup>15</sup> Thus peasant agriculture helps to fight precariousness.

It has been said, by some, that peasant agriculture is basically subsistence-oriented and cannot, therefore, feed the growing cities. This is wrong: Peasant agriculture is market-oriented and it simultaneously provides itself with the means of production and the inputs needed to produce. Peasant agriculture produces for 'downstream markets' (for food and other agricultural products) and does so

while remaining relatively independent from the 'upstream markets' (these are the markets for inputs, credit, technologies etc.). Alongside this strategic, though often misunderstood, feature the peasant unit of production may provide the peasant household (or even the wider family) with part or all of the food that they need for much of the year. The extent of self-provisioning will depend on history, culture, culinary traditions, the stability of food markets and the quality of commercialized food.

It is also argued, by some, that peasant agriculture is unproductive and stagnant – and therefore it is assumed to be unable, once again, to feed the cities and a growing population. This is wrong again. Through processes of labour-driven intensification (that structurally differ from technology-driven intensification), peasant agriculture can realize high yield levels. This applies especially if the room to do so is available (in this respect, see the authoritative studies of the High Level Panel of Experts (HLPE) of the Commission on World Food Security (CFS) of the Food and Agriculture Organization (FAO) of the United Nations).<sup>16</sup> When it comes to the dynamics, the well-known Titonell-argument applies: gradual yield increases in peasant agriculture in developing countries contribute far more to increasing total food supply than further enlarging the already very high yields in developed countries. 'The total production of all countries in which the average yields are greater than 6 t/ha/year (most of Western Europe and North America) represents barely 12.5% of total cereal production. If we take the top five countries in terms of average yields, the Netherlands therein, all their production pulled together represents 0.02% of total world production [...]. Doubling current cereal yields in the least productive countries from an average of 1.3 to 2.6 t/ha/year will have a greater impact on global food production and far less impact on the environment.'<sup>17</sup> The same has been demonstrated for the Netherlands: in the 1980-2006 period small and medium-sized farms contributed far more to overall agricultural growth than large, very large and mega-farms taken together.<sup>18</sup>

There is a range of practical possibilities to enlarge the room for, and consequently the possibility of peasant-like agriculture to develop and to enlarge production. The already mentioned HLPE studies offer an excellent overview. The Ambassadors' Assembly at FAO accepted and endorsed the recommendations entailed in these studies.

## Peasant Markets

Peasant markets (also referred to in international debates as territorial markets) are another basic ingredient for alternatives. Peasant markets represent forms of exchange and distribution that are not systematically embedded in, nor part of, financial transactions. In peasant markets the process of exchange is driven by the search, on the one hand, for reasonable incomes (as opposed to profits and returns on capital invested) and, on the other, by the search for good food products at a reasonable price. Thus, circulation is nested in a mutual understanding of the joint interests of producers and consumers. Reciprocity is crucial. Peasant markets are, in a way, commons. They are not for sale.<sup>19</sup>

Within the debate about the Covid-19 crisis and the politico-economic crisis following it, peasant markets have come to the fore as non-financialized forms of exchange, as the antithesis of extended and complex supply-lines and as centred on fresh and genuine food products (as opposed to artificialized food provided by food industries). Beyond that, peasant markets also, due to their particular organization, generate considerable employment. Thus they help to offset precariousness.<sup>20</sup>

It is sometimes said that peasant markets are limited to the past and/or to the periphery. This is not true. In a country like the Netherlands there are 1,000 daily and weekly markets (with 38,000 stalls in total). Together these markets have a yearly turnover of three billion Euro: 60% of this is

in fresh food. This is more than the total sales (including non-food) of Albert Heijn, the main supermarket that is having some 1,000 shops all over the country. Japan, another example, has more than 20,000 peasant markets. In these countries, peasant markets are considered as an integral, indispensable and sympathetic part of modern life.<sup>21</sup>

It has also been said that peasant markets are unable to feed big metropolis. This is also wrong. Beijing, for instance, a metropolis with some 25 million inhabitants, is provisioned by the Xin Fa Di market, located on the fourth ring road in the south of Beijing. All the food consumed in Beijing passes through this market. Food is delivered directly or indirectly by peasant farms and passes through this market to shops, supermarkets, restaurants, canteens, suburban markets, street vendors and individual consumers. The quantities involved are quite astounding. Each year 14 million tons of agricultural produce are traded here; this represents a total value of five billion Euro.<sup>22</sup>

Finally it is argued that peasant markets have a limited reach (in Italian this is referred to as *campanilismo*: these markets do not go any further than the shadow of the local church tower or *campanile*). This might be true in some situations, although *Ecovida*, a peasant owned and managed trading network in Brazil highlights the possibility of linking different local peasant markets thereby enlarging the supply in individual markets without any recourse to financialization.<sup>23</sup> Recent FAO programmes aimed at building peasant markets provide similar insights.<sup>24</sup>



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## Two possible policy pathways

It is probably illusionary to think that policies (including those related to international development policies and cooperation) can be changed overnight. Nonetheless, it is also very clear that changes need to be made in order to avoid a deepening of the current crisis and the crises that will probably follow in the near future (following a far from hypothetical 'second wave' of Covid-19 infections) and likely follow the same disastrous track.

### 'Return-to-normal'

An assumed 'return to normal' is, at least on paper, not impossible. Yet, if we take into account the huge public debts that have been accumulated in order to dampen the effects of the current crisis, such a 'return' can only be partial. Tax increases (to finance reductions of the high public debts) will place downward pressures on purchasing power: markets (food markets included) will get limited, more or less permanently, to crisis-like proportions. The more defensive attitudes of people (preferring savings for bad times to come) will have a similar effect.

Above all, it remains to be seen whether a 'return to normal' will be accepted by a majority of people. At this moment

it is impossible to say how public opinion will evolve. One thing, though, is clear. The more that policies open windows for new approaches, the more convincing they will be. Resilience will be a key word. The capacity to face the Covid-19 crises and its after effects may well turn out to be decisive.

### 'Building resilience'

Any alternative policy that aims to build resilience (against the current as well as any coming crises) needs to be firmly grounded on two considerations.

The first is that a large part of all food consumed globally stems from peasant agriculture. While peasant agriculture has been in considerable trouble for some decades it nonetheless provides the world with some 70% (at least) of all its food.

The second consideration is that, regardless of the internationalization of food production and provisioning, only 20% of all food produced globally actually crosses international borders. 80% of all food produced is consumed within the same country where it was grown and harvested. The



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world market for food is, in this respect, just ‘the tip of the iceberg’. Yet, the dominance of the world market as the organizing principle means that the other 80% that circulates within countries (and often within regions) is increasingly subjected to the logic and parameters of the world market. This is due to the ‘opening’ of national food economies and markets and the associated deregulation. This has made the world market dominant – even if it remains to, in physical terms, of marginal significance.

Peasant agriculture entered into troubles mainly because its connections with the wider world were increasingly subjected to the control exerted by the large corporations that operate in the domain of food and farming. This control implies, among others, that:

- 1 the products of peasant agriculture can only arrive at the places of consumption if they are channelled through the circuits controlled by the food corporations;
- 2 this means, in turn, that peasant producers can only find an outlet for their products if they accept the conditions imposed by the corporations;
- 3 and that consumers can only acquire the food they need through the channels controlled by these

corporations (large retailers included) and if they accept the prices asked (and there normally is a huge gap between farm gate prices and those paid by consumer).

Apart from access to markets, peasants’ access to land, water and seeds has also been dwindling during recent decades (often as a result of land grabbing) thus further marginalizing many peasant agriculturalists.

The means to tackle these distortions are the same as the ones needed to avoid any further aggravation of the crisis in food and farming due to Covid-19. And they are, basically, very simple and straightforward.

Any policy to ‘(re-)build resilience’ needs to be three tiered: Firstly, it needs to address, the limitations that peasant agriculture is currently facing. Secondly, it needs to consider the issue of marketing. And, thirdly it must focus on the more abstract level of agricultural and food policies.

The strengthening of peasant agriculture can, generally speaking, follow the well-balanced and internationally accepted recommendations entailed in the different HLPE studies mentioned earlier in this paper.

More specifically I would stress:

- 1.1 The need to support urban and peri-urban agriculture (home gardens, huertas, etc.). Following regional policies in Emilia Romagna, Italy, the possibility of providing a vegetable garden to those who want one, should be seriously considered.
- 1.2 The need to help peasant producers to improve their connection with urban consumers (also through systems for digital ordering, etc.).<sup>25</sup>
- 1.3 The need to help (re-)integrate labour migrants into the rural economy.<sup>26</sup>
- 1.4 The need to respect and implement the 'Declaration of Peasant Rights' accepted by the UN.<sup>27</sup>
- 1.5 Wherever needed, a (re-)distribution of land is needed so that anyone wanting to engage actively in agricultural production can have access to land (and the other necessary means of production).
- 1.6 The possibility to expand (and support) on-farm processing of agricultural products in food (there is a wide range of new, Italian, technologies that could be used here)<sup>28</sup> and to support the construction of SME food processing.

Together such measures could greatly help to reduce *precariousness*.

Second comes the possibility, and need, to strengthen existing territorial (or 'peasant') markets and to build new ones. Much relevant expertise in this field has been obtained through the Japanese international development cooperation programme. Experiences in South Africa indicate that this is not only applicable to urban areas – but also to rural areas. More specifically, it can be useful:

- 2.1 To ground public procurement as much as possible (but at least for a pre-defined part) on peasant markets (as occurred in Brazil during the Lula/Djilma regime with the PAA);
- 2.2 To put mechanisms in place that help to inter link different peasant markets so that the supply in each single market is enlarged.

The third tier regards the level of international and national policies for food and agriculture. Here it is important to put *food sovereignty* and *agroecology* centre stage as guiding themes. More specifically:

- 3.1 Policies should oblige international food chains to progressively increase the part of the food sold in a particular country that is obtained from the agricultural sector of that country (to e.g. 80 %).
- 3.2 Policies to oblige food chains to provide the producers in each of the countries where they operate, with the means and mechanisms to meet the higher degree of national self-provisioning (Mentioned under 3.1).

Together, points 1.6., 2.1., 2.2., 3.1. and 3.2. will help to remediate the problems of *extended and complex supply-lines* that have proved to be one of the causes underlying the current disarray.

- 3.3 Agricultural (and anti-monopoly) policies are needed to split large food processing companies into two, formally and substantially separated units, one containing the socio-technical infrastructure, the other concentrating the debts. The first unit continues to operate, while the second resolves problems with shareholders, banks, etc. This approach, known as the Bondi approach was adopted by the Italian government in order to resolve the breakdown of the Parmalat corporation).
- 3.4 Separate large international food chains into small blocks (linked to different nation states) that compete with each other. This eliminates the monopoly and oligopoly positions that food industries and trading groups currently occupy.
- 3.5 Wherever there is a high and generalized level of indebtedness within primary production, an absolution of these debts could be considered (as is practised in Argentina, Brazil, Colombia and the USA).
- 3.6 Peasant farms should be provided with the means and mechanisms to allow for capital formation.
- 3.7 Support existing, and create new, peasant schools for agroecology.
- 3.8 Systematically introduce agroecology into the curricula of agricultural universities.

Together these measures (3.3. to 3.8.) will help to lower and, in the end, eliminate, *financialization*.

- 3.9 It is highly recommendable to design, organize and implement climate policy (meant to mitigate climate change and global warming) through a transformation of, agriculture. Available empirical studies show that peasant agriculture uses only 25 to 33% of the fossil energy used in modernized, entrepreneurial agriculture to produce the same amount of food whilst it uses 2.5 to 4 times more labour.<sup>29</sup> Data from the Netherlands confirm this also holds true in 'modernised agricultural countries'.<sup>30</sup>
- 3.10 The same applies for policies aimed at enlarging biodiversity (and similar SDGs) where the transformation of food and farming is crucial.

By integrating the needed post-Covid-19 corrections to our food systems with broader challenges, considerable synergies, benefits (and cost advantages) could be created.

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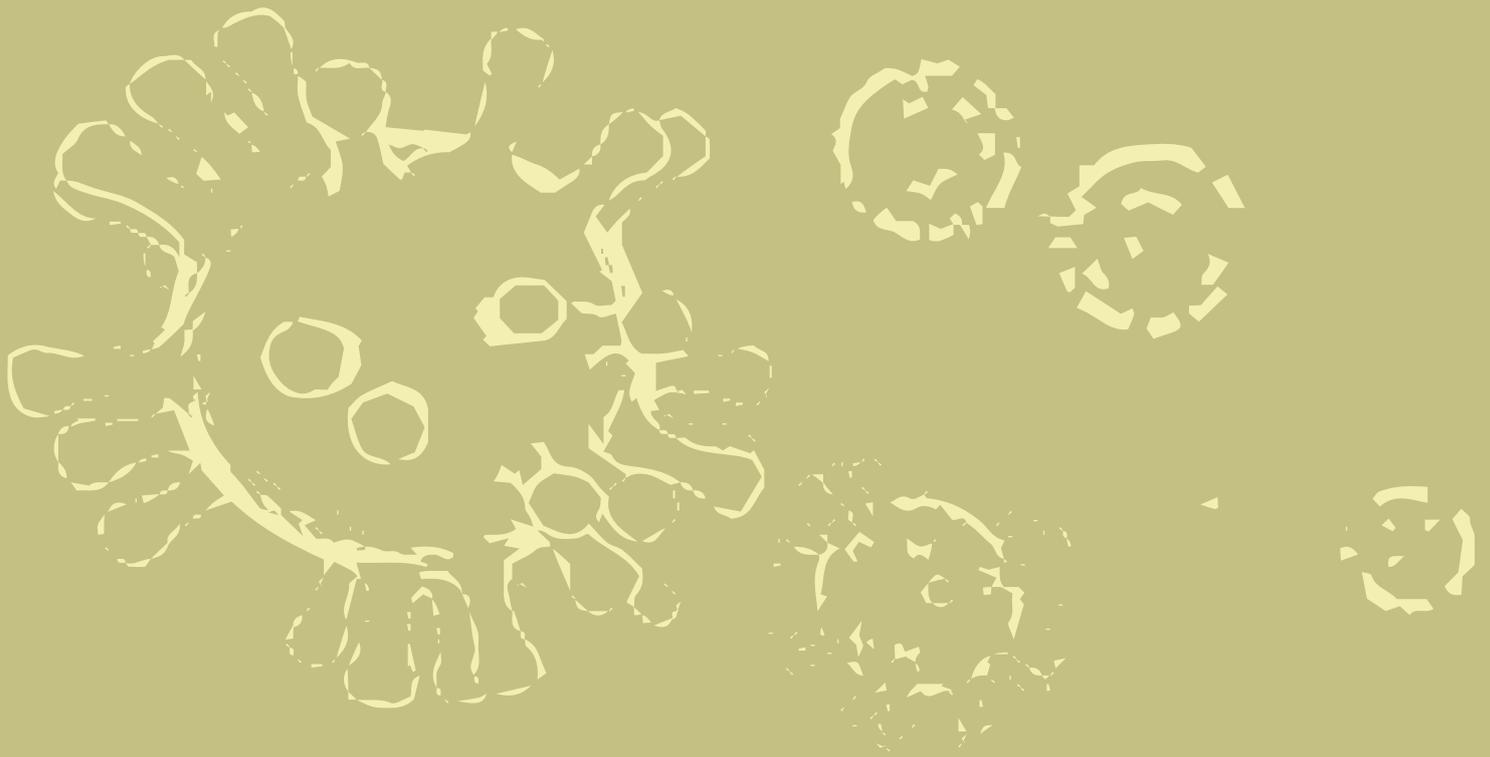
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