

DROP IT!

Spring 2013

Food and finance




**JUBILEE DEBT
CAMPAIGN**

THE CAUSES OF HUNGER

There is easily enough food in the world to feed everyone. But over 800 million people remain chronically hungry today. Why?

Thirty years ago economist Amartya Sen showed that during the Bengal famine of 1943, food was being exported from India while millions of people died. That famine was not caused by food shortage, as many had thought, but because **people did not have the money or power to get hold of food.**

The same is true for the ongoing food crisis around the world today. Since 1990, the amount of food produced per person has gone up by 25%, but the number of people going hungry has only fallen by half as much. **In Africa, the number of people suffering from malnutrition has gone up by 40%**, despite increases in the amount of food being produced per person.

Today, as in past famines, those who lose control of what happens to their food are forced to live by the whims of the market. Crops are produced to sell for export to pay off foreign debts. The food supply is increasingly controlled by multinational corporations chasing profit. And the price of food is determined by speculation on financial markets. **In an economy ruled by debt and finance, fairness plays no role in whether or not someone eats.**

Yet across the world people are fighting this inhuman system – demanding control of their food. And they are winning.



“Starvation is the characteristic of some people not having enough food to eat. It is not the characteristic of there being not enough food to eat”

Amartya Sen, Nobel-Prize winning economist

DEBT AND HUNGER

The 'Third World Debt Crisis' of the 1980s and 1990s gave international institutions like the International Monetary Fund, backed by Western governments, huge power to dictate economic policies to countries in debt. These policies had a disastrous impact on the control of Southern countries over their food production – undoing any progress that had been made since the days of colonialism.

Countries were told to stop subsidising farmers, to remove controls on food prices, to eliminate food stocks that had previously provided safety in times of poor harvests.

Countries were told to grow 'cash crops' for sale to the rich world – crops like coffee. As a result, the price of coffee collapsed, impoverishing coffee farmers, and leaving the country without the money needed to pay their supposed debts.

In Haiti, food produced per person fell by one-third as small farmers were forced out of business by unfair competition from the US. A country once self-sufficient in food now uses 80% of its export earnings to import food.

In the Philippines, the payment of dictator debts meant the government's support of its farmers was slashed. The country went



Ian Mackenzie/Flickr

from being a net exporter of food, to the world's largest importer of rice. In 2008, millions queued for hours each day for government hand outs of imported rice.

Malawi was forced to privatise its agricultural marketing system, remove subsidies and sell off grain reserves. In the early 2000s, the country was hit by a crisis and people died of starvation.

These policies are still being pushed on countries today, and the provision of

THE JUBILEE AND HUNGER

Ancient people working on the land got into debt when harvests failed. In order to avoid hunger, they borrowed. As debts rose, families were forced to sell their land, pay rent and, in some cases, end up in slavery.

An ancient jubilee saw debts cancelled, slaves freed, land returned to its original owners and fields left fallow.

In April 2010, after serious floods in Bangladesh, farmers saw their crops wiped out – but were still expected to repay their debts. Farmers were forced to send children to work, and sell their cattle – even their land. In neighbouring India, there has been an epidemic of suicides by indebted farmers who have lost control over where their food comes from.

LEFT: MEMBERS OF LA VIA CAMPESINA, THE INTERNATIONAL FARMERS MOVEMENT, MARCH IN CANCUN, MEXICO, 2010.

food is too often left to the market, with humanitarian interventions when chronic hunger turns into crisis.

Here in the West, scandals around what is in the food we eat, to the serious malnutrition of indebted countries in Southern Europe shows that we too have lost control of our food supply. In Greece, 11% of the population live in “extreme material deprivation”. In the UK, 180,000 people used food banks between April and December 2012, and such banks are opening at a rate of 3 a week.

But the corporate takeover of food continues, even being funded by international aid money. The New Alliance is a proposal by Western governments to use aid money to support big food corporations like Cargill to ‘feed the poor’ – ignoring the role that the corporate takeover of food has had in sustaining the problem of hunger.

BELOW: A CHILD AT THE LANDLESS WORKERS’ MOVEMENT (MST)’S CHICO MENDES ENCAMPMENT IN RURAL BRAZIL.

GIVING FINANCE CONTROL OF OUR FOOD SUPPLY:

- **Land grabs** – large companies, governments and ‘investment’ funds are buying up vast tracts of land in the global South, especially Africa. Much is being used for food exports, biofuels or simply to speculate. It has been described as a ‘new form of colonialism’.
- **Gambling on food** – Many crops are bought and sold on financial markets in the US, UK and France. Often this food never even changes hands, but is sold as financial products, known as derivatives, to speculate. Hundreds of millions of people are dependent on this casino for access to food.
- **Aiding the corporate takeover** – Western ‘aid’ is used to support large corporations in controlling food. UK aid money is benefiting huge food and drinks corporations, at the expense of smallholder farmers.



THERE IS AN ALTERNATIVE

In 1996 the worldwide peasant network La Via Campesina (which represents 200 million farmers in 70 countries) called for 'food sovereignty': the right of people to not just have access to food, but control of their food system. The movement is growing.

Movements pushing for food sovereignty are calling for countless changes in national law, and demanding their governments move away from the IMF, World Bank, World Trade Organisation and other 'free trade' institutions.

The National Union of Peasant Farmers in Mozambique has over 65,000 members. It supports collective approaches to farming, training farmers in the production of green manure, and the importance of saving seeds from year to year, rather than having to be bought from middlemen.

In Latin America, some of these policies have already been put into practice by governments challenging the rule of debt. Governments have supported large scale land redistribution programmes and helped the small farmers who gain land.

The global debt movement supports the food sovereignty movement, as do Jubilee partner organisations like the World

Development Movement, Friends of the Earth and War on Want.

- ✚ Read more about food sovereignty in our *Food, debt and power* briefing at: www.jubileedebtcampaign.org.uk/food
- ✚ Take action to take back control of our food supply from financial markets. Sign the attached Bankers Anonymous postcard from the World Development Movement

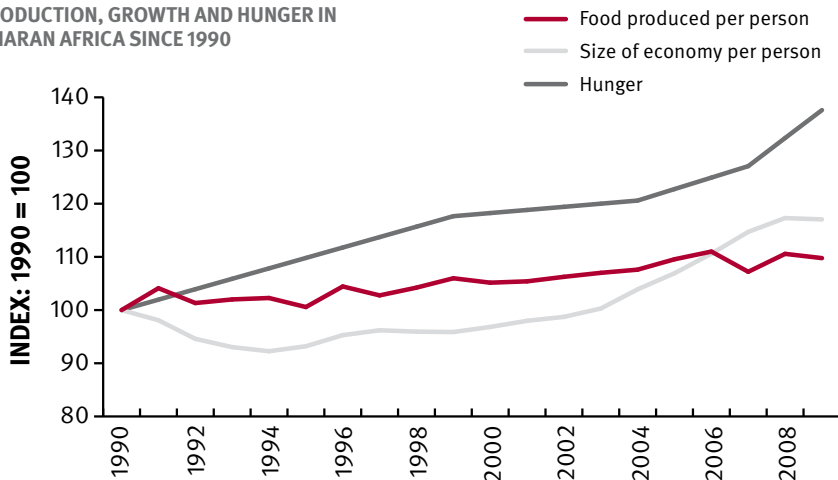
Food sovereignty “puts those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations.”

The Forum on Food Sovereignty in Mali in 2007

“Food sovereignty is not, in fact, a new idea, but something we had earlier. For me, the basic element in this concept of food sovereignty is that it allows us to feel free once more.”

A.A Priyanthi, a peasant farmer in Sri Lanka, quoted by War on Want

FOOD PRODUCTION, GROWTH AND HUNGER IN SUB-SAHARAN AFRICA SINCE 1990



Help me!

I'm addicted
to gambling
on food



No stamp
required

Freepost RRBA-HAEG-YUHJ
World Development Movement
66 Offley Road
London
SW9 0LS



TAKE ACTION

Join the World Development Movement's call for an end to financial speculation driving up the price of food.



BANKERS ANONYMOUS

Bankers are addicted to gambling – and now their habit is affecting us all. Betting on food in financial markets is driving up food prices which affects everyone in the UK but is devastating for people in impoverished countries.

Bankers are not going to quit their addiction without help. Bankers Anonymous is a five step programme for anyone who wants to help bankers kick their gambling habits.

Take the first step now: New rules to tackle speculation on food are being discussed in the EU but the UK government is against them. Ask your MP to write to the Chancellor to back strong new rules to prevent bankers from driving up food prices. (Check who your MP is by phoning 020 7219 4272 or via <http://findyourmp.parliament.uk>)

Find out more about the five steps at www.wdm.org.uk/bankersanonymous

Dear _____ MP

Bankers are addicted to gambling. Their speculation in the commodity markets has pushed up food prices, affecting UK consumers and producers as well as leaving millions across the world facing hunger. They need help to kick the habit.

The EU is in the final stages of negotiating new rules which could tackle excessive commodity speculation but it needs the UK government to support them.

Please write to the Chancellor and ask him to support regulations that:

- Ensure transparency on commodity futures markets, by requiring that all deals on commodity derivatives take place on regulated exchanges and are reported to regulators;
- Introduce position limits – a cap on the amount of commodity contracts that traders can hold – set by the Europe-wide regulator and applied to all contracts to prevent speculators from dominating the market and driving up food prices.

Yours sincerely,

Full name:

Address:

Postcode:

Email:*

*If you would like more information about the Bankers Anonymous five step programme and to receive WDM's e-newsletters.

I would prefer not to receive information about the World Development Movement

CAMPAIGN NEWS

THOUSANDS JOIN 'JUBILEE FOR JUSTICE' CALL

Our Jubilee for Justice campaign is calling for a new debt jubilee in response to today's financial crisis. Thousands of people have signed links in our paper chain petition to the Prime Minister in support of debt cancellation, tax justice and controls on lending.

In February, a letter from more than 400 faith leaders across all major faiths was delivered to the Prime Minister in support of the campaign. Signatories included 40 Anglican and Catholic Bishops, leaders of the Methodist, URC, Baptist and Coptic Churches, leaders from the Muslim Association of Britain, the Movement for Reform Judaism and the Hindu Council, as well as the former Archbishop of Canterbury, Rowan Williams.

A meeting in Parliament hosted by Andrew Gwynne MP was addressed by the Bishop of Bath and Wells as well as other Christian, Jewish, Sikh and Humanist speakers. It marked 15 years of Jubilee campaigning in the UK, and our renewed determination to continue the struggle for a just economy.

- ✓ Sign and share the Jubilee for Justice petition. Order from the office or at: www.jubileedebtcampaign.org.uk/justice

BELOW: SIR GERALD KAUFMAN MP (CENTRE) SHOWS HIS SUPPORT IN PARLIAMENT, WITH STEPHEN PENNELLS FROM MANCHESTER JDC (LEFT) AND DIRECTOR NICK DEARDEN.





James Robertson/Jubilee Debt Campaign

UK AIDS LOW-TAX FACTORY IN MOZAMBIQUE

Just a week after the Prime Minister, David Cameron, told the Davos economic summit “the fact is the poorer the nation, the more they need tax revenues”, our research revealed that a highly profitable aluminium factory in Mozambique is paying just 1% tax, despite half of the costs being funded by foreign governments to help ‘develop’ the country.

The UK’s Department for International Development was one of the funders, and has earned \$88 million in interest alone from its part in the project. In total, for every \$1 Mozambique gets from the factory, foreign investors make \$21.

✚ You can call on the Development Secretary, Justine Greening, to return these excess profits to Mozambique at: www.jubileedebtcampaign.org.uk/mozambique

VULTURES PUSH ARGENTINA TOWARDS NEW DEBT CRISIS

Vulture funds have scored two significant victories against Argentina in recent months.

For more than a decade, these funds have been chasing huge profits from Argentina’s 2001 debt default. They didn’t lend Argentina money, they simply bought its debt very cheaply in the middle of Argentina’s crisis in the early 2000s, and have sued for the full amount unlike over 90% of creditors who accepted losses. As millions of Argentinians fell into poverty, vulture funds were finding ways to profit from their misery.

Last autumn an Argentinean naval vessel was held for three months in a port in Ghana as payment for these debts, before being released. Then a US court case ordered Argentina to pay the vultures or be banned from paying its other debts – threatening a new debt crisis. We demonstrated outside vulture fund Elliott’s London office in March, as an appeal hearing took place in New York. As we go to press a judgement is being considered.

✚ Sign our global statement of support for Argentina’s stand against the vultures: www.jubileedebtcampaign.org.uk/argentina

MPS CALL FOR END TO DODGY DEALS

A committee of MPs has called for a radical shake-up of UK Export Finance (aka the Department for Dodgy Deals), including the auditing of debts run up selling arms to military governments in Indonesia, Egypt, Ecuador and elsewhere.

In total, more than 40,000 people have now taken action in support of a full audit of the debts owed to the UK, with nearly 200 MPs signing a motion in Parliament. Finally in November, UK Export Finance released figures showing the UK does have debt skeletons in its cupboard: more than 25% of Egypt's £100 million debt comes from military loans to past dictators, 75% of Indonesia's £450 million debt was military loans to General Suharto, and nearly 40% of Argentina's debt to the UK comes from loans for pre-Falklands War military goods. The campaign to get Vince Cable to clean up this dodgy department continues.

▼ Order our 'Britain's Debt Secrets' briefing from the office or read online at: www.jubileedebtcampaign.org.uk/dodgydealsbriefing

ABOUT US

Jubilee Debt Campaign is part of a global movement demanding freedom from the slavery of unjust debts and a new financial system which puts people first.



Jubilee Debt Campaign



@dropthedebt

LESSON FROM HISTORY POINTS WAY ON EUROPE'S DEBT CRISIS

Debt campaigners used the 60th anniversary of Germany's historic post-war debt cancellation in February to point out the marked contrast between how Europe tackled Germany's debt crisis in 1953 and how debtor countries in Europe are being treated today – including by Germany, their largest creditor.

While Germany was offered deep, comprehensive debt cancellation 60 years ago, European countries like Greece, Cyprus, Ireland and Spain have had very late, fragmented and shallow relief during Europe's debt crisis today. While Germany's debt repayments were reduced to 3% of export earnings, Greece today is spending 30%.

▼ Read our *How Europe Cancelled Germany's Debt* briefing at: www.jubileedebtcampaign.org.uk/germanybriefing

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