

FABIAN COMMISSION ON FOOD AND POVERTY

Working Paper 1: Money and affordability

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This paper provides context, background and key questions for the first hearing of the Fabian Commission on Food and Poverty on 'money and affordability'.

The hearing was at 11am on Wednesday 19th November in Portcullis House, Westminster.

Witnesses:

Prof Liz Dowler (University of Warwick)
Dr Clive Black (Shore Capital)
Martin O'Connell (Institute for Fiscal Studies)

November 2014.

Introduction

The Fabian Commission on Food and Poverty is a year-long independent inquiry set up to examine the food system through the lens of low-income households. Through evidence hearings and a call for evidence, the Commission will hear from experts and those experiencing food poverty on the key issues facing the UK food system: money and affordability, context and access, health, the environment, and the supply chain and society.

The first strand of the Fabian Commission on Food and Poverty will look at the price and affordability of food from the consumer perspective. This takes in to account both food prices and the ability to pay. Within this the Commission will look at the rise of emergency food provision in the context of squeezed living standards, and at food prices and the myth of cheap food.

This review of existing evidence shows that a long-term increase in global food prices set against stagnating incomes is making nutritious and sustainable food less affordable. However, the affordability of food and the relationship between food and poverty are complex.

'Food poverty' and the Commission's approach

The term 'food poverty' is a debated concept. While its origins come from an expression of a lack of access to healthy food, the term has more recently been used to address access in a broader sense. While nutrition remains an important aspect of contemporary definitions of 'food poverty', more recent publications (see 'work cited') have included the social role of food, as well as physical, economic and social access to food.

Poverty today is often referred to as a relative concept. Current UK government policy is to base various poverty definitions on those households below 60% of median income. That is judged at the point at which individual or household resources are so far removed from the average level of income they are "excluded from ordinary living patterns, customs and activities." (Townsend, 1979) While this approach offers a tangible definition for measurement and to inform subsequent policy, critics have highlighted the wider resources beyond income needed to adequately participate in society, and that the stagnation in median incomes masks the reality of levels of poverty in the UK.

In this sense, there have been calls for a measurement of 'food poverty' that follows on from the example of fuel poverty, which is now measured and defined by the UK government as being left with a residual income below the official poverty line after fuel costs are accounted for. Internationally, Governments including Canada measure 'food security' according to the framework set out by the Food and Agriculture Organization of the United Nations (see *Voices of the Hungry*, 2014). This is based on measurements of access to food, changes in the quality of food consumed and reduction of the quantity of food consumed.

While no such official measurement for food poverty or food insecurity exists in the UK, 'food poverty' has instead been described according to a broader set of values. Food is not just a material need for subsistence, but carries wider cultural and social significance. Existing definitions have therefore sought to go beyond a 'bundle of nutrients' and instead to paint a picture of a wider ability to participate in society.

Liz Dowler has brought these definitions together to describe food security as *'the physical, social and economic access to sufficient, safe and nutritious food to meet [people's] dietary needs and food preferences for an active and healthy life, and the confidence that access can be assured in*

the immediate and long-term future, alongside the freedom not to have to make trade-offs between immediate poor nutritional status and long-term livelihood sustainability (Dowler, *The Future of Household Food Security*, 2012). The Commission has decided to use this broad-based approach to food and poverty, acknowledging that ‘food poverty’ is a structural phenomenon that goes beyond the supply of food.

Overview of the problem

The price and affordability of food from a consumer perspective is a complex subject, and has been influenced by a number of short and long term factors with not just individual but structural implications, challenges and potential solutions.

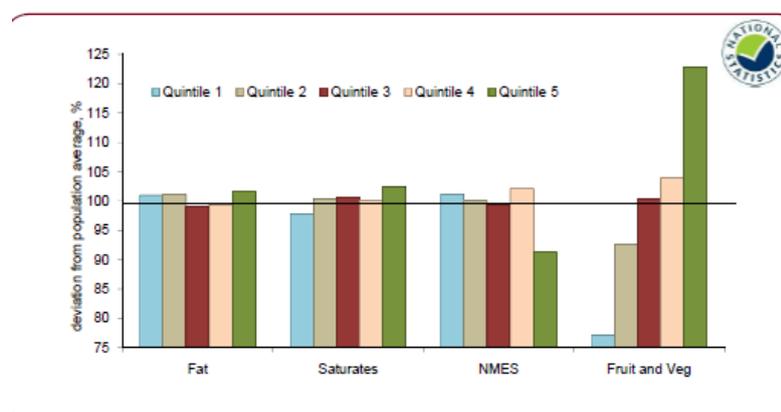
Firstly, there are long-term developments in consumers’ attitudes to food. On the one hand, consumers in the twenty-first century desire better quality food and have a greater interest in the provenance and production of food. However, the long-standing paradox has been that consumers also want affordability and convenience that suit their lifestyles. (Cabinet Office, *Food Matters*, 2008).

Previous UK government food strategies have focused on providing consumers with information and support to make the right choices to support a healthier lifestyle, such as the 5-a-day or Healthier Food Mark campaigns. However, critics suggest that government initiatives of this kind imply that lack of knowledge alone prevents families from eating more healthily, ignoring the socio-economic context of poor nutrition and obesity.

The social gradient of health inequality has been documented by Professor Liz Dowler, Dr Deirdre O’Connor and others, demonstrating that low income groups (including lone parents, those unemployed or dependent on welfare) are more likely to have a deficient micronutrient intake and dietary pattern (Dowler and O’Connor, ‘Rights Based Approaches to Addressing Food Poverty and Food Insecurity in Ireland and the UK’, *Social Science and Medicine*, 2011). Furthermore, recent research suggests that eating healthily is more expensive than not doing so. (‘The Growing Price Gap between More and Less Healthy Foods’, PLOS one & Cambridge University, 2014).

UK dietary indicators by equivalised income

6.9: UK dietary indicators by equivalised income¹²



Source: *Family Food in 2011*, Defra, December 2012.

Also sourced [here](#).

The socio-economic gradient relates to an even more pressing recent concern. If poor nutrition is intimately concerned with poverty, then this has been compounded more recently by increases in food prices. According to DEFRA (*Food Statistics*, 2013) UK food prices have risen by 12% in real terms since 2007, proportionately more than Germany and France.

In the UK, *Which?* has traced how this has led to consumers 'trading down' in buying supermarket's own 'value' brands, shopping in budget food shops, buying fewer expensive organic or fair trade items, buying less fresh fruit and vegetables, and, sometimes, even eating less. (*Which?*, 2011)

In short, consumers are spending more on food but buying less. But paradoxically, leading retail figures such as Philip Clarke have said that food retail prices in the UK are currently artificially low, something retail analysts such as Dr Clive Black have attributed to the intense competition in the UK retail sector in part caused by the rise of discount supermarkets Lidl and Aldi. (Food Research Collaboration talk, October 2014)

There are also national issues that have exacerbated the rise in global food prices. Key drivers identified by JRF and Donald Hirsch at the Centre for Research in Social Policy have been government welfare retrenchment and the stagnation of wages. This has caused a significant increase in the number of people falling below the JRF/CRSP Minimum Income Standard, which is set as a socially acceptable minimum level of income. This has obvious repercussions for food and poverty, with households unable to afford a basic level necessary for an appropriate living standard.

The most visible symptom of the rise of food insecurity in the UK has been the growth in emergency food provision. There are no official government figures on the use of emergency food provision nationally because food aid is administered by many different networks and charities. The largest of these is the Trussel Trust, to which at least 900,000 people received three days' worth of emergency food in 2013-14. However, in a review of food aid for Defra, Dowler et al found that the most insecure households do not always turn to food aid, and therefore food aid usage is not an adequate measure of food insecurity. Furthermore, critics such as Graham Riches have criticised the increasing 'corporatisation' of food banks, depoliticising the issue and thereby moving responsibility for food security away from governments. (Riches and Silvasti, 2014)

A review of proposed solutions

From a review of existing literature, various proposals have been put forward to address the affordability of food in the UK. While many of these proposals have looked at food supply and how availability can be increased, this paper also includes examples of structural change which would increase the affordability of food.

Embedding the 'right to food'

The free trade of food across borders means that the food system is a global issue. As such food has been a long running component of the international debate on human rights. The Universal Declaration of Human Rights (1948) included a right to food and it was enshrined in the International Covenant on Economic, Social and Cultural Rights (1966). The right to food has been invoked more recently by De Schutter, Riches and Lambie-Mumford, who separately emphasise the duty of governments committed to the right to food (which includes the UK) to deliver in their roles to respect, protect and fulfil the right to food.

Raising agricultural productivity

The *Food Matters* report (2008) called for an international effort to raise agricultural productivity to meet the demand for food. This involved governments committing to creating and maintaining competitive markets, reducing distortions in agricultural trade, and facilitating the increased use of more efficient farming techniques.

Household income

While many food policy thinkers have focused on the supply of food when looking at how it can become more affordable, there is a separate sphere of work that looks at income instead of food prices. This more structural approach implies that hunger can only be tackled if every citizen has access to a level of income sufficient to choose the food they want and need. Donald Hirsch and the Centre for Research in Social Policy have established the Minimum Income Standard for the United Kingdom (2014) which identifies a socially acceptable minimum income.

Wages play an important role in increasing household income. The rise of low wage jobs, coupled with the stagnation of pay levels across the wage distribution has meant that for the first time, the majority of people in poverty in the UK are in a working household (JRF, 2014). For this reason, there have been efforts to increase wages paid to people at the bottom of the wage distribution, either through further voluntary take-up of the Living Wage, or through increases to the National Minimum Wage.

Tax and benefits can also play a key role. Available options include cutting tax for low income households by further raising personal tax allowance, raising the National Insurance threshold, introducing a new starting rate of tax, or cutting VAT. However, Hirsch argues that increasing Universal Credit would be several times more effective in helping families afford food and basic goods than using tax cuts. This is because personal allowance extensions will be offset mostly by cuts in benefits.

Emergency food and data

The recent rise in emergency food provision has created a debate around the role of charities and civil society in addressing food poverty. With Oxfam and Church Action on Poverty calculating that 20,247,042 meals were given to “people in food poverty” in 2013/14, (*Below the breadline*, 2014) the presence of emergency food provision is now a key approach to addressing poverty in the UK.

Emergency food is provided by a great many different charities, faith organisations and civil society groups. The disparate, often disjointed nature of the emergency food ‘sector’ (for example, each organisation gives out different food, with varying nutrition levels) has made some call for a standardisation and regulation of emergency food providers, as is the case in the United States.

Other voices, such as Riches and Lambie-Mumford, argue that any poverty strategy should aim to eliminate, not entrench food bank usage. In this sense, critics suggest that Government should take responsibility for the structural elements that cause poverty, malnutrition and deny people access to food.

The Defra-commissioned *Household Food Security in the UK* (Warwick and Food Ethics Council, 2014) identified the gaps in government data on emergency food usage, and a lack of monitoring. Similarly, the UK keeps no record of levels of food insecurity, hunger or food poverty. Other

countries, such as the United States and Canada, now routinely collect data on food insecurity, which informs strategies to address it.

Possible questions for witnesses

- How would you define 'food poverty'?
- How can governments increase the affordability and access to food?
- How can businesses work together to increase the affordability and access to food?
- How can civil society organisations work to increase the affordability and access to food?
- What are the differences in the terms of trade between rural and urban areas?
- How do we explain the paradox between 'cheap food' of competitive retailers and the growth of emergency food provision?
- What is a 'fair price' for food?
- If food is getting cheaper, why is it that so many are in food poverty?
- What are the implications of people amending their food buying habits due to low incomes and cost (e.g. less fruit and vegetables) on diets and health?
- Should we accept that emergency food provision is now a permanent feature of society, and if so, how do we need to tailor our response?
- What is driving the changes in prices and is there anything that can be done nationally, or internationally, to address this?
- How important are incomes in addressing access to food, and how do we best facilitate an increase?
- A recent Cambridge University publication has identified a growing price gap between more and less nutritious food. Can nutritious sustainable food also be affordable food for those on low incomes?
- What is a fair and appropriate price for food that takes into account all of the externalities?
- How do low-income households respond to changes in their income levels when purchasing food?
- What kind of sacrifices does a low income family make to sustain a healthy and balanced diet?
- In the context of the well documented use of emergency food provision, is impact on environment / public health automatically on a back seat?

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