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Food as a commodity

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Introduction

The post–World War II era witnessed a fundamental transformation of the global food system. The international food regime established in the later part of the nineteenth century gave way to a system of food production heavily subsidized and shielded from international competition by the state in Western societies and their colonies. Food production was largely a national affair, rooted in the specific relations of production that were largely defined at the local or regional level. As agricultural productivity increased with the application of new technologies and improvements in seed varieties and cultivars, the scale and nature of production changed dramatically. By the late 1970s, this system began to break down, and a new food regime rooted in neoliberalism, freer international trade, and, perhaps most importantly, in the commodification of food, began to emerge.

In this chapter, I trace the commodification of food in political and economic terms from the end of World War II through the contemporary era. I argue that the rise and global expansion of neoliberal capitalism has fundamentally transformed the global food regime, resulting in the near absolute commodification of food and its transformation from a vital component of life into an instrument for speculative investment and profit at any cost, which do not benefit the producer or the consumer.

This process is, of course, highly uneven. Smallholder farmers, particularly those in the global south, are often disconnected from global markets even while they—and their livelihoods—are directly impacted by them.¹ For such producers, the marketization of food and food security can be felt primarily in two key areas. First, insofar as such farmers market a portion of their annual production, they are directly impacted by broader changes in global markets, particularly with respect to the challenges posed by price volatility (discussed below) and concentrated corporate control. Second, such farmers also face increasing competition from producers in the global north, who often benefit from state subsidies, price supports, extension services, and other forms of state intervention, affecting food and commodity prices in the global south.² Consumers along the global food chain also suffer, with cheap and unsustainably produced commodity food contributing to both under-nutrition (in the form of hunger and micronutrient deficiencies) and over-nutrition (in the form of obesity and the so-called diseases of prosperity) so that corporate actors can profit (Patel, 2012; De Schutter, 2014).
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As Karl Polanyi (1944) observed, the development of the market society necessitated the treatment of all factors of production—including land (nature), labor (people), and money—as commodities, with prices for such commodities set by the market. This commodity fiction is a necessary organizing principle for a market society and requires that the market is disembedded from broader political structures and societal habits. So, while pre-market societies may have subjected market transactions to non-market principles such as reciprocity, redistribution, or social obligation, in the market society, the market itself becomes the sole organizing principle for society, disembodied from broader social obligations (Wood, 2002; Sahlins, 1972; O’Neill in this volume).

To be clear, this distinction indicates neither that non-market–based systems were fundamentally equal, nor that trade did not take place. From the earliest days of agriculture, control over food surplus has been a major source of political power. Indeed, the introduction of settled farming systems, which originated about 10,500 years ago, likely increased the intensity of work, as farming proved to be more demanding (in terms of hours worked) than hunter–gathering. Indeed, some studies claim that the quality of life and health (at least in terms of nutritional quality) initially declined in the first permanent settlements for agricultural production (Sahlins, 1972; Ulijaszek et al., 1991; Latham, 2013). But the system of farming produced a surplus, which could be appropriated, creating inequality and permitting specialization (Bender, 1978).

The commodification of food over time, as discussed below, gave the market the central role in determining food production and consumption, as the dominant allocation mechanism. According to Wood (2002: 96–97), the market has an “unprecedented role in capitalist societies, as not only a simple mechanism of exchange or distribution, but the principle determinant and regulator of social reproduction.” From this perspective, the neoliberal restructuring of the global food system that began in the late 1970s represents only the most recent development in a long and uneven history towards the commodification of food that began under colonialism and expanded under the first food regime, only to briefly retreat and then re-emerge under the second.

Echoing Polanyi (1944), Radin (1996: 104) observes that commodification or non-commodification must be “seen as largely hypothetical endpoints on a continuum of possible meanings and corresponding policy choices.” In the context of the commodification of food, Radin’s comments highlight two important points. First, commodification is always an incomplete and contested process. In some contexts, food is treated as a commodity. In others, it may not be. The most obvious division here is between subsistence producers, who largely grow food for their own household consumption and thus operate largely outside the commodified global food markets, and food consumers who must rely on global markets for their substance. But other examples are relevant as well. The mother who breastfeeds her infant child operates in a decommodified environment; the mother who purchases formula from Nestle does not (Van Esterik, this volume). The forager who gathers berries, mushrooms, or other food items operates in a decommodified environment. The consumer who purchases the same goods from a local supermarket does not. It is, in other words, not the item itself that determines its relative commodified or decommodified status, but rather the process of production and exchange. The prioritization of exchange value to foster accumulation rather than use value to feed people is the central goal of the commodification of food.

Second, this chapter starts from the assumption that the food system is structurally defined by the way in which its actors (farmers, agri-firm CEOs, politicians, eaters, etc.) think about food, nutrition, and food security. Conceptualizing food security (as opposed to food sovereignty)
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as access to sufficient nutrition, rather than as control over food choices, places the market in the center of issues of food production and food policy, effectively commodifying those policy frameworks (Timmermann, this volume).

In this framework, it is important to focus on the commodification of food as a theoretical and material process that was accelerated by two recent developments: the expansion of intellectual property rights and the dramatic acceleration of financialization of food and agricultural markets.

As the commodification of seeds is extensively addressed in another chapter (Frison and Coolsaet in this volume), just a brief mention is included here. Plant varieties have long been subject to intellectual property protection. But the Trade Related Intellectual Property Rights (TRIPs) Agreement, concluded as part of the establishment of the World Trade Organization in 1995, dramatically expanded protections afforded. Prior to the TRIPs Agreement, plant genetic resources were generally excluded from patent protection, although other forms of intellectual property protection may have been granted at the discretion of national governments. Indeed, the rights afforded plant breeders were relatively narrow, and plant genetic resources were governed under the principle of res communis, as the common heritage of humanity. Individual plants could be privately owned, but the knowledge embedded in the plants’ genetic code was both difficult to protect practically and philosophically less clearly private property (Zerbe, 2007, 2009). The implementation of the TRIPs Agreement mandated much stronger protections for plant varieties, often including patents on gene lines that transcended the individual plant. This undermined traditional agricultural practices like seed saving and exchange between farmers, which were particularly common in the developing world. It also clearly demarcated the distinction between seed as agricultural input and seed as commodity observed by Kloppenburg (1988).

The commodification of food should not be seen as the natural status of food itself, but as the result of a long and contested historical—and political—process. That process began with European enlightenment and the transition to capitalism, accelerated under British imperialism and the colonial project, and reached its zenith in the contemporary era with the financialization of food itself (Capra and Mattei, 2015; Moore, 2015; Vivero-Pol, 2017a).

The post-war food regime

In the waning days of World War II, a new global food regime began to emerge. Structured around the global supremacy of the United States, the system privileged US production, mirroring the embedded liberalism of the Bretton Woods political and legal architecture. The previous food regime, characterized by settler colonialism and British support for global free trade in food (Friedmann, 1987; Friedmann and McMichael, 1989), began to give way to a system that favored the United States and corresponded to its increasingly central role in the global economy (Winders and Scott, 2009; Winders, 2009).

Prior to that period, the global–colonial food system was marked by a preference for free trade and a rejection of mercantilist policies, a preference signaled most dramatically by the British repeal of the Corn Laws in 1849. The Corn Laws had protected British farmers by imposing high tariffs on imported grains, protecting both land owners and small farmers from competition with lower priced producers in the United States, Canada, and elsewhere. The repeal of the Corn Laws in Britain marked the symbolic beginning of a first global food regime, variously described as the colonial food regime (McMichael, 2009), the settler–colonial food regime (Friedman, 2005), or the British food regime (Winders, 2016). That regime, lasting from roughly 1860 until the outbreak of World War I, was built on a foundation of cheap, commodified food imports to Europe.

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(primarily wheat and meat imports from the settler colonies in the Americas and Australasia) and of specialized tropical export crops from colonies in Asia, Africa, and parts of Latin America. Philosophically, the colonial food regime was characterized on the one hand by a broadly free-market–based approach to food trade, including low trade barriers and tariffs, and on the other hand by a general flow of trade from the settler colonies in the United States, Canada, Australia, and elsewhere to Great Britain and the rest of Europe. Such trade was essential to the ongoing industrialization of Great Britain, and indeed was central to British hegemony during that period (Friedmann, 1987: 129), while it simultaneously provoked a demand for greater social protections and economic nationalism on the part of both British workers and farmers.

Seen from this perspective, the settler–colonial food regime must be understood as a system that restructured food production, beginning the transition from systems of production for local consumption to production for global consumption. In doing so, it began to undermine local food systems, redirecting food production to global markets, thereby beginning the process of dismantling traditional, community–based networks of reciprocity and social obligation in favor of a system of food production maximizing value in exchange.

Of course, global trade in agricultural goods predated the establishment of the first food regime. Trade in spices began long before the European colonial project, and control of those commercial routes—and of access to other tropical crops—represented a driving force for early colonial endeavors. But as Wood (1998: 17) observes,

nowhere, neither in the great trading centers of Europe nor in the vast commercial networks of the Islamic world or Asia, was economic activity, and production in particular, driven by the imperatives of competition and accumulation. The dominant principle of international trade everywhere was “profit on alienation.”

The first food regime differed from earlier systems of food trade in two important ways. First, it marked the imposition of capitalist imperatives of price competition, efficiency, and, perhaps most importantly, market dependence into the realm of food. In this sense, it is not the absence of the state but rather the central organizing role of the market that defined the era.5 Second, and relatively, it saw the development of “the first price–governed international market in an essential means of life,” namely, food (Friedmann, 2004: 125). It was, in other words, an early but important example of the commodification of food, driven by the state in pursuit of particular policy objectives.

The British food regime finally collapsed with the outbreak of World War I and was replaced after World War II by a new food regime rooted in the post–war Keynesian compromise and reflecting the global influence of the United States. Under the new food regime, variously described as the surplus food regime (Friedmann, 1993), the mercantile–industrial food regime (Friedmann, 2004), the US food regime (Winders, 2016), or the US–centered intensive food regime (McMichael, 2013), extensive state intervention in agricultural production was permitted at the domestic level, while at the global level, free trade was encouraged. Food surpluses—where they developed in the global north (and in particular in the United States)—were leveraged as foreign aid in support of American Cold War objectives. Cheap American commodity grain became the de facto basis of international agricultural trade, with subsidized American corn and wheat—often sold at prices below the cost of production thanks to generous support by the US government—displaced locally produced food, disrupting traditional diets and displacing local food systems.

The clearest expression of this new American food regime could be found in the General Agreement on Trade and Tariffs (GATT). The rules of the GATT system must be understood in their specific historical context. The agreement was negotiated in the immediate aftermath
of World War II by 23 colonial powers and their former dependencies, notably excluding nearly all of Latin America, Asia, and Africa. The creation of the GATT followed a rejection by the United States and the United Kingdom of both the proposal for an International Trade Organization and a World Food Board, an institutional framework intended to stabilize food commodity prices at a global level, similar to more narrowly focused international commodity agreements for coffee and a handful of other crops. Such an agreement, if implemented at a global level, likely would have set quantitative restrictions on exports and imports while simultaneously limiting price fluctuations for crops governed by the agreement.

The rejection of the World Food Board and the subsequent implementation of the GATT in 1947 moved to free international trade by implementing requirements for non-discrimination and national treatment of import and export. As a result, the tariffs imposed on manufactured goods fell sharply under the regime. At the same time, GATT enabled the Keynesian compromise by permitting domestic protections for workers and citizens, shielding them from the most dramatic impacts of the free market (Przeworski, 1985).

The GATT reflected the specific foreign policy interests of the world’s dominant power, the United States. By exempting agriculture from GATT’s free trade provisions, the agreement permitted the United States (and soon thereafter Europe) to maintain extensive market interventions. In agriculture, domestic price supports, production controls, export subsidies, and other mechanisms to shield domestic food producers from global competition were permitted. Such market interventions at the domestic level provided strong protection for farmers ensured continued food surpluses in the United States. There, government programs helped maintain strong production, providing stable prices and managing surpluses by purchasing commodities from American farmers at guaranteed prices, thereby protecting American farmers and consumers from the worst effects of commodification.

GATT’s permissive rules on agricultural support also permitted surplus disposal through donation or sale of agricultural commodities at subsidized prices internationally. Indeed, according to Friedmann (2017: 121), “This became a generally organizing principle of the regime that arose implicitly as the US entered into trade and investment relations first with the devastated economies of Europe and Japan through Marshall Plan Assistance, and then with the colonies gaining independence during the next two decades” through food aid programming and concessionary and non-concessionary sales.

As US allies in Western Europe recovered from the devastation of World War II, the need for American grain and economic assistance under the Marshall Plan waned. Still facing massive grain stockpiles domestically, the US government turned to food aid for the developing world as a disposal mechanism for surplus American production. As Winders (2009: 339) observes, food aid permitted the United States to dispose of surplus agricultural commodities that accumulated through price support programs and [CCC] purchases. Thus the US could continue supply management policy while averting crises of excess surplus stocks … In contrast to the Marshall Plan [for Europe], PL 480 [food aid for the developing world] did not emphasize building up agriculture in other nations, but instead centered almost entirely on supplying cheap agricultural imports. The consequence was essentially to destroy much local agriculture in the periphery because local producers could not compete with imports subsisted by the US. The result was the elimination of competition for many agricultural world markets.

While the British food regime saw grain flows from the relatively less industrialized settler colonies in North America and Australasia to Europe, the American food regime saw grain flow
from the now relatively developed economies of North America and Australasia to the relatively less developed economies of postcolonial Asia and Africa. Such trade, as Winders (2009) notes, served to undermine prospects for rural development in the global south.

By the late 1970s, the second food regime faced a number of challenges. The surplus production in the United States—and its disposal as food aid in the global south—began to break down in the early 1970s, as the cost of supply management programs became politically less palatable, and growing competition from producers in Europe, Canada, Australia, and elsewhere made disposing of surpluses more difficult. Declining American grain stockpiles also undermined the need to find places to dispose of surpluses. Domestically, competing interests within the agricultural sector in the United States, most notably between wheat producers who favored continue state support and corn producers who benefited less from state protections and favored liberalization of agricultural markets, also emerged.8

About the same time, a series of economic crises (a combination of high rates of unemployment and inflation, dubbed stagflation) and fiscal crises (signaled most dramatically by collapse of tax revenues and sharp increases in social expenditures necessitating emergency relief from the International Monetary Fund) rocked the global north. Consequently, the social protections that defined embedded liberalism increasingly began to give way to a global system of neoliberalism premised on the weakening and ultimate dismantling of the Keynesian welfare state (Ruggie, 1982; Harvey, 1995).

In the agricultural sector, the neoliberal policies being enacted similarly focused on reducing state support, particularly in the global south. Systems of government support that had been implemented in the agricultural sector all over the world, and which ranged from direct producer payments and price supports to extension services and agricultural research—often constructed using state funds and international loans—began to be dismantled. The International Monetary Fund, originally created to address market failures, including the failure of private firms to invest in research, development, and production of public goods, rolled back its support for such initiatives, and austerity was the rule of the day. The state was recast as the source of economic inefficiency, and the understanding of the need for and nature of state intervention to ensure the provision of public goods was dramatically curtailed. Plant breeding initiatives across the global south were shuttered. Support to farmers was restructured, and particularly in the developing world, subsidies and state support gave way to the imperatives of free market competition. Public nutrition programs were sharply curtailed, and food security was conceptualized primarily in terms of market access. Food, in short, was increasingly conceptualized in purer commodity form, stripped of its social and cultural meaning.

Perhaps nowhere is this clearer than in the Agreement on Agriculture (AoA). Concluded in 1994 as part of the Uruguay Round of GATT negotiations that resulted in the creation of the World Trade Organization (WTO), the Agreement on Agriculture reflected a move away from the second food regime. As described by Clapp (2017: 107), the Agreement “was a curious mix that demanded market-opening measures in the developing countries while at the same time allowing industrialized countries to continue to protect their own markets through a range of domestic support measures.”

This was not—at least according to its proponents—how the Agreement on Agriculture was intended to come out. Indeed, the AoA was supposed to liberalize agricultural trade by reducing subsidies and other trade barriers in the global north while simultaneously expanding access to agricultural commodities around the world. The outcome, however, was very different. US and European Union protections were shifted into permitted categories, while market-intervention programs in the global south were subject to increase scrutiny.
Efforts to rekindle WTO talks following the failed Seattle Round in 1999 have largely stalled, with Ministerial Conferences in Doha (2001), Cancun (2003), Hong Kong (2005), Geneva (2009 and 2011), Bali (2013), Nairobi (2015), and Buenos Aires (2017) all failing to produce agreements. Disputes over agricultural trade have played a central role in the breakdown of the talks, with disagreements centering on two main tensions. On the one hand, the Cairns Group (a group of 20 agricultural exporting countries) has continued to pressure the United States, the European Union, and Japan to reduce their agricultural subsidies and liberalize trade. On the other hand, the G33 (a group of developing countries) has demanded the right to increase protections and market interventions in developing countries, particularly for the goal of maintaining food security, citing the principle of special and differential treatment.9

Towards a neoliberal food regime

What emerged in place of the second food regime was a system of food production that returned in some ways to the British food regime of the late nineteenth century, albeit in a more intensified and expansive form. The breakdown of both the Fordist model and the Keynesian compromise of the post-war era meant that programs intended to protect workers, farmers, and citizens from the worst excesses of the private paradigm were dismantled in favor of a neoliberal ideology of free market supremacism. The role of the state, particularly in the developing world, was sharply curtailed. Under the premise of structural adjustment, farmer support and food security programs in the global south were sharply curtailed. Extension services were reduced or eliminated, public seed breeding and distribution programs were privatized, and grain marketing boards were dismantled—all with devastating effects on smallholders. Ironically, many of these very programs had been built using loans from the World Bank and with technical assistance from the United States and other developed countries.

Meanwhile, in parts of the global north (most notably Australia, New Zealand, and Canada), farmer-support programs, which had been part of the implicit political compromise between labor and capital and were central to the development project more broadly under the Keynesian compromise, were reduced or eliminated. Price supports, direct producer payments, extension services to farmers—as well as labor protections more broadly—were dismantled.

On the contrary, the United States and the European Union continued to maintain farm support programs, albeit in shifting forms. In the United States, the power of labor unions was dramatically curtailed. Membership in the United Farm Workers, which had been a central site for political and economic struggle for farm labor, declined.

In place of the Keynesian compromise, neoliberalism took hold.10 This system signaled a sharp increase in the power of financial capital over public policy around the world. Philosophically, neoliberalism advanced the proposition that human well-being is best secured through liberation of individual entrepreneurialism and skills in a political and social environment defined by protection of strong private property rights, free markets, and free trade. The role of the state was not to interfere in market outcomes but rather to establish and preserve a framework appropriate for market determination of social outcomes (Harvey, 2006). Efficient outcomes determined through market relations thus became the primary (and in some cases, sole) determinant of value and worth.

The twin processes of globalization and neoliberalization also played out in the agricultural sector. Agriculture, of course, has long been global, with germplasm flowing from farmer to farmer and spices and other food items being traded. Indeed, the spread of genetic resources
and plant cultivars from one region to another—most notably as part of the European colonial project after 1492, but more broadly as well—created the foundation for farming itself (McCann, 2005; Crosby, 2003). However, such trade was largely limited to the exchange of plant genetic material (via seed or plant clippings) or to high-value, low volume commodities that did not easily spoil. The development of new technologies, including mass transportation and refrigerated shipping, during the first food regime permitted the lengthening of food chains, reducing seasonality in food consumption (Hobsbawm, 1975), encouraging the massive growth of cities, and providing the foundation for industrialization. Such social, political, economic, and technological changes also provided the foundation for the commodification of food itself.

Such technologies also encouraged the graduation concentration of food processing. The late nineteenth and early twentieth century witnessed both the birth of the feedlot and the slaughterhouse (Schlosser, 2001) and the expansion of canning (Marx de Salcedo, 2015). Sites of food production and consumption were gradually separated and distanced from one another (Goodman et al., 1987). In the global north, the nature of farming itself began to change, as small farmers producing primarily for local consumption gave way to large, industrialized farming operations producing commodity crops for sale.

Patterns of farming in the global south also changed. Where domestic land tenure was weak or ill-defined and integration into global commodity chains permitted, farms were similarly consolidated and production was gradually retooled for export rather than domestic consumption. Where land rights—especially those that protected communal landholding—were stronger, smallholder producers were more often able to retain their customary ownership and use rights and continue to earn a living and support their families and communities through farming.

The compression of both time and space (seasonality and distance) in the food production process continued throughout the twentieth century, albeit unevenly across geographic regions. This process, particularly in the global north, enabled capital to overcome the traditional limits imposed by nature on the process of appropriation and accumulation in the farming sector, especially seasonality. Specific foods could be made available to regions far away from the site of production and outside their normal harvest time. Strawberries, apples, and other seasonal produce could be made available year-round by shifting the site of production from region to region and transporting commodities to the end consumer.

The distancing of food production and consumption chains paralleled the development and introduction of new technologies in the household. Refrigerators and freezers, and later microwave ovens, effectively expanded seasonality and fueled changes in the nature of household labor, carrying particular gender dynamics. Ensuring the reproduction of the household has, with few exceptions, been seen primarily as the responsibility of women. The gendered division of labor usually reserved the “public” and paid sphere of work for men and limited women to either unpaid housework or low-wage jobs similar to those in the household, such as “laundry girls,” maids, or nannies (Waring, 1999; Cohen, 2004). As the number of women in the formal workforce in the global north increased, the gendered division of household reproduction largely remain unchanged. Women continued to perform the vast majority of the labor of household reproduction (Parker and Wang, 2013). New food technologies—along with other labor-saving devices in the household, from washing machines to vacuum cleaners—were frequently presented as emancipatory, freeing women from the drudgery of housework. In reality, however, such technologies did little to alter the underlying gendered division of household reproduction (Schwartz-Cohen, 1983).
At the same time, some reproductive work was moved outside the household and commodiﬁed in particular ways. As Marx de Salcedo (2012: 107) observes,

even in the most technologically developed countries, housework has not been signiﬁcantly reduced. Instead, it has been marketized, redistributed, mostly on the shoulders of immigrant women from the South and former socialist countries […] As women’s increased participation in waged work has immensely increased, especially in the North, large quotas of housework have been taken out of the home and reorganized on the market basis through the virtual boom of the service industry, which now constitutes the dominant economic sector from the viewpoint of wage employment. This means that more meals are eaten out of the home, more clothes are washed in laundromats or by dry cleaners, and more food is bought already prepared for consumption.

In other words, as women were increasingly employed outside the household, particularly in the global north, demand for labor-saving technologies in the house increased, and patterns of food consumption gradually shifted. People (read: women) made fewer but larger shopping trips, and consumption of pre-prepared meals increased. Consumption of food prepared by others (e.g., in restaurants) became far more common. And families began to eat apart in greater numbers.

The development of more integrated markets at the national (and later the global) level led to a decline in regional foods, as regional diets yielded to more uniform tastes, signaled most clearly by the displacement of local restaurants by regional, national, and increasingly international franchise chains offering uniform food around the world (Matthews, 2000; Ritzer, 2008). Food was disembedded from locality, resulting in a host of perverse outcomes from ultra-processed food devoid of cultural significance and greater pollution and environmental destruction from excess packaging, long transportation distances, and farming methods (like Confined Animal Feeding Operations, CAFOs) that externalized environmental consequences of production.

More recently, global food production has been marked by both differentiation and integration (Goodman et al., 1987; Watts, 1994). Agricultural input production and food processing and distribution networks are increasingly concentrated among a smaller number of transnational ﬁrms. Oligopolies developed both within the United States and globally, with a small number of ﬁrms controlling large portions of production in meat processing, soybean crushing, coffee, and countless other food processing areas, as well as in agrochemical and seed markets (IPES-Food, 2017; FAO, 2015; Saitone and Sexton, 2017; Hendrickson and Heffernan, 2007).

The result of such concentration in agricultural production chains means that transnational markets are often dominated by oligopolies, including when it comes to the production of agricultural inputs (such as seed, chemical inputs, and farm machinery), and the handling of outputs by grain processors and traders. Under such a system, traditional assumptions about the functioning of free markets break down. Indeed, as noted by the UN Food and Agriculture Organization (2015: 9),

the organization of the modern food system into complex [Global Value Chains] raises questions about the assumption of competitive markets. In the agriculture sector, there is a high degree of concentration among ﬁrms both within countries and internationally, pointing to a lack of competition.

In this context, farmers have relatively fewer options to source agricultural inputs or sell their outputs. They became price takers.
In the process, food was increasingly constructed socially in a purer commodity form, devoid of its broader social, cultural, and humanitarian content and meaning. The production and trade in food was driven solely by concerns of profitability and accumulation rather than the needs of people and communities for nutrition and identity. Conceptualizing food as a commodity necessarily places the market in the central, mediating role for ensuring food security. Access to the global market becomes synonymous with ensuring food security. Indeed, as Vivero-Pol (2017b: 31) observes,

this valuation of food [as a commodity] conditions the set of policies, economic mechanisms and legal frameworks that are put in place, privileging those that are aligned with the commoditized valuation and discarding or downsizing those that support other narratives of food.

Parallel to the increasing concentration taking place in both input and processing markets, the global food system has also witnessed a dramatic expansion in production and consumption of specialty (niche) products. Paralleling the broader trend towards flexible (just-in-time) production under Post-Fordism, agricultural commodities have become increasingly specialized and bulk commodities have become increasingly segregated. To take but one example: coffee had historically been divided into two broad categories in global markets (Arabica and Robusta), but it began to be differentiated and marketed along multiple, specialty lines, differentiated not just by variety but by quality, geographic origin, and specific conditions of production (e.g., organic, shade grown, bird friendly, fair trade, etc.).

At the same time, new food items were marketed for sale in the developed world, and in many cases consumer identity became tied to the consumption of alternative foods. New markets were born, as foods traditionally not consumed in the West, like quinoa, amaranth, and millets, became increasingly popular, often to the detriment of indigenous communities for which those were staple crops (Romero and Shahriari, 2011).

The fact that food was considered and treated as any other global commodity facilitated the transformation of tastes, the ultra-processing of food products, the expansion of global production and consumption patterns, and the obliteration of seasonality, which, on their part, favored the commodification of social relations across larger and larger portions of the globe (Kloppenburg, 1988; Mann, 1990). The changes in agricultural production and consumption that emerged as part of the neoliberal food regime resulted in the transformation of local systems. Farmers who had traditionally produced for local (primarily household) consumption now produced for consumers in distant markets. Traditional crops grown in developing countries gave way to crops more suited to the tastes of consumers in the developed world. And, perhaps most importantly, the nature of food itself was transformed. Relations between producer and consumer came to be mediated solely by the price mechanism of the free market. The value of food became reduced to its market price.

The financialization of food markets

Just as important, the dismantling of regulation separating financial speculation from more traditional use of food commodity futures for price stability and risk mitigation following the passage of the Commodity Futures Modernization Act in 2000 has been associated with the “financialization of the food system” (Clapp, 2014, 2016). Indeed, this process can be seen as the ultimate form of commodification of food, with food transformed into a financial instrument completely devoid of any social, cultural, or political context or meaning.
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The Commodity Futures Modernization Act overturned strict rules which limited financial speculation in agricultural futures markets that had been in place since the Great Depression. These rules were intended to ensure that futures markets were used only by those with a direct interest in farming and food production in order to create greater stability prices and ensure liquidity. The relaxing of such restrictions opened the door for billions of dollars to flow into the agricultural commodity markets, as hedge funds, pension funds, and investment banks looked for new financial instruments to maintain ever greater levels of profitability. Food became just another commodity to be bought and sold in order to generate returns to capital, independent of individual or community needs for nutrition and sustenance. Food futures also represented a vehicle to protect against inflation or declines in the value of the US dollar.

The massive infusion of capital into agricultural commodity markets had a number of consequences, including both sharp increases and dramatic fluctuations in food prices. As De Schutter (cited in Livingston, 2012) observed,

What we are seeing now is that these financial markets have developed massively with the arrival of these new financial investors, who are purely interested in the short-term monetary gain and are not really interested in the physical thing – they never actually buy the ton of wheat or maize; they only buy a promise to buy or to sell. The result of this financialisation of the commodities market is that the prices of the products respond increasingly to a purely speculative logic. This explains why in very short periods of time we see prices spiking or bubbles exploding, because prices are less and less determined by the real match between supply and demand.

The capital flows are massive. Between 2007 and 2011, food commodity investment by banks and hedge funds alone increased from $65 billion to $126 billion annually (Worthy, 2011: 13). According to at least one source, purely financial players—those with no direct connection to the production, processing, distribution, marketing, or sale of food or agricultural commodities—account for the majority of investment in wheat futures (Livingston, 2012), while another source notes more generally that “Speculators [in 2008] have about 70 percent of the open interests in commodity markets. Ten years ago, they controlled roughly 30 percent of the market” (Magdoff, 2012). Total investment in food commodity futures peaked in April 2011, at a total value of $448 billion (Clapp, 2016: 151). By 2013, facing strong opposition from movements in civil society linking financial speculation in food commodity futures with global hunger, several high-profile banks announced they would no longer invest in such instruments. By 2015, total investment in food commodity derivatives stood at $276 billion, with an additional $156 billion held in indexed funds (Clapp, 2016: 131).

The massive inflow (and outflow) of speculative investment in agriculture has dramatically affected futures markets, leading to significantly greater price volatility (Russi, 2013; McMahon, 2014). The dismantling of international commodity agreements, many of which were created in the aftermath of World War II to foster price stability, no doubt contributed as well. But, following the liberalization of rules limiting speculative investment in agriculture and the elimination of commodity agreements, price volatility increased dramatically. Swings in corn prices, for example, increased from an average year-on-year fluctuation of 6.7 percent between 1960 and 1970 to an average of 19.6 percent per year between 1996 and 2010. Other commodities exhibited a similar pattern, with fluctuations in soybean prices increasing from 7.5 to 15.5 percent per year, wheat prices from 5.5 to 17.9 percent per year, Arabica coffee from 8.6 to 21.4 percent per year, and Robusta coffee increasing from 9.2 to 22.9 percent per year over
the same period. Only cocoa seemed to buck this trend, remaining relatively volatile through
the entire period (Winders et al., 2016: 82).

As a result, the traditional purpose of futures markets—to protect against dramatic fluctua-
tions in prices and to ensure market liquidity—has given way to pure speculation completely
disconnected from production. Food came to be seen only as a vehicle for profit and capital
accumulation, its social and cultural context obliterated, and its necessity for sustaining human
life ignored. In the process, consumers, particularly poor consumers in the global south, were
driven out of the market by sharply higher prices, and farmers became increasingly subject to
dramatic price fluctuations.

Conclusion

For Polanyi, the market society represented a theoretical ideal type. In reality, markets are never
fully embedded or disembedded from broader social relations, and commodification is always an
incomplete process (Radin, 1996). So, food products can work as commodities under specific
circumstances and as commons under different ones. It is the relative degree of embeddedness
or disembeddedness (or commodification and decommodification) that is critical. Thus, the
defining distinction between market and non-market societies is the relative degree to which
the economy is subject to limits and control by non-market factors. Such factors may range from
community-held rights (for example, over land use or fishing resources) to regulatory limits
on the idiosyncrasy of property or the accumulation of capital. Over the past 200 years, food
has increasingly been subject to the logic of the market, represented in its purest commodity
form. The gradual shift in global food regimes, from the open British regime to the protections
afforded by the post-war American food regime, have increasingly given way to a global food
system characterized by strong and absolute private property rights, high levels of financial
speculation, and global networks of production and consumption with longer food chains that
enable middlemen to accumulate more profit.

In the process, food itself has been redefined, treated as any other commodity, something to
be bought and sold, not as a fundamental necessity for human survival or a natural product that
could benefit all of us. The production and exchange of food, as with any other commodity,
came to be driven by imperatives of profit and accumulation. Access to food increasingly was
defined in terms of access to the global market, and those without the ability to purchase food
were condemned to marginalization and starvation. The environmental, legal, and social con-
sequences of the commodification have been largely ignored up to recent times. The broader
cultural and social meanings of food, explored elsewhere in this volume, are obviated by such
treatment. The result of the commodified food system is a perverse combination of obesity
and malnutrition. Even setting aside the negative environmental externalities associated with
industrialized agricultural production for just a moment, the current global food system is one
that simultaneously produces millions of tons of food that waste and rot every year while people
around the world go hungry due to their inability to afford the same food. Hunger, in other
words, is the primary output of the global, commodified food system.

Notes

1 According to Herrero et al. (2017), small farms (defined as those no larger than 20 hectares) account
for more than three-quarters of food production in Sub-Saharan Africa, South and Southeast Asia, and
China. Very small farms (defined as those no larger than two hectares), produce about 30 percent of
food production in Sub-Saharan Africa and South and Southeast Asia.
Food as a commodity

2 Perhaps the most well-known example of this is the situation faced by Mexican maize growers following the implementation of the North American Free Trade Agreement (NAFTA). See Nadal and Wise (2004) for a more detailed discussion.

3 Appadurai defines a commodity as “any thing intended for exchange” (2005: 35) or as an “object of economic value” (1986: 3). According to Radin (1996), commodification involves interconnected processes: objectification (alienation from personhood or community), fungibility (exchangeability and interchangeable), commensurability (comparable in relative terms to other commodities), and monetization.

4 The concept of food regimes was first articulated by Friedmann and McMichael (1989) to highlight the historical and global evolution of the world food system in the context of broader political and economic changes. According to Friedmann (2004: 125), a food regime can be understood as “a relatively bounded historical period in which complementary expectations govern the behavior of all social actions, such as farmers, firms, and workers engaged in all aspects of food growing, manufacturing, distribution and sales, as well as governmental agencies, citizens, and consumers.”

5 Indeed, in this respect, it is important to remember that “free trade” and other “market-based” systems of exchange are heavily dependent on extensive state intervention (cf. Wood, 2002a; Wood, 2003; Tabb, 2004).

6 The only founding members of GATT from the global south were: Brazil, Burma (Myanmar), Ceylon (Sri Lanka), Chile, China, Cuba, India, Lebanon, Pakistan, Southern Rhodesia (Zimbabwe), Syria, and South Africa. Of these, both Southern Rhodesia and South Africa were still governed by white settler governments.

7 The twin policies of national treatment and non-discrimination represent the core principles of both the GATT treaty and, later, the World Trade Organization (WTO). At the most basic level, national treatment, provided for under Article III of the GATT treaty, requires the treatment of goods produced in other signatories to the GATT in the same way as goods manufactured domestically. As outlined in Article I of the GATT treaty, non-discrimination (referred to as “General Most Favored Nation Treatment” in the document) requires the same tariff levels and non-tariff barriers be applied to all signatories of the GATT, effectively prohibiting preferential treatment or market access to a subset of GATT members. Together, national treatment and non-discrimination are the foundation of free trade in the current global economy.

8 Winders (2009) and Winders and Scott (2009) argue the competing (and conflicting) interests of Southern (cotton), Corn Belt, and Wheat Belt producers help to explain the development and evolution of both US farm and food aid policies from the Civil War onward. Specifically, they contend that a coalition of cotton and wheat farmers suffered from chronic surpluses and were more vocal and successful in their demands for government-backed supply management programs than corn farmers who, through the US Farm Bureau, called for more market-oriented agricultural policies. Importantly, it should also be noted that US corn producers benefited from greater demand for their crop, initially as livestock feed, then from high fructose corn syrup, and later from corn ethanol production, while simultaneously facing less international competition from foreign producers than wheat and cotton producers.

9 The principle of special and differential treatment is spelled out in Article XVIII of the GATT treaty. Such treatment, under the rules of the World Trade Organization, can range from longer implementation times to exemptions from specific requirements altogether.

10 For Harvey, neoliberalism is a project for the restoration of class power (1995: 13) established through the implementation of the North American Free Trade Agreement (NAFTA). See Nadal and Wise (2004) for a more detailed discussion.

11 The compression of space (in the sense of connecting distant sites of food production and consumption) should not be read as conflicting with Clapp’s (2014) notion of distancing, which she asserts is a central component of the financialization of food, as discussed below. Indeed, in a sense, the compression of space is directly connected to the idea of distancing.

12 Time–space compression, driven by technological innovation and the pressure to intensify capital accumulation, was described by Harvey (1989) as the defining feature of postmodernity.

13 The exact size of the specialty coffee market is hard to determine for two reasons. First, the definition of “specialty coffee” (and associated terms like “bird friendly”) is contested. Second, some specialty processors engage in direct negotiations with producer groups rather than purchasing coffee on commodity exchanges. Starbucks, for example, purchases most of its coffee through private contracts rather than via commodity markets. Such mechanisms frequently exclude small farmers who are unable to
meet the stringent certification requirements, even if they are capable of producing according to those standards (Jaffee, 2007). Nevertheless, according to statistics from the International Trade Center (2011), trade in specialty coffee represented 10–15 percent of global coffee exports.  

Using just one example, Clapp (2016) concludes that the underlying dynamics of supply and demand, combined with traditional explanations like weather, could only explain about 20 percent of the food price rise in the lead up to the 2007–08 global food crisis.  

Examples of such agreements include the International Wheat Agreement (established in 1949), the International Coffee Agreement (established in 1962), and the International Cocoa Agreement (established in 1972). Similar agreements—some of which were perhaps less formal—were created for sugar, cotton, and wool. For a more detailed discussion, see Winders et al. (2016) and Fridell (2007).

Bibliography


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