

## Food Security and Sovereignty with Relation with Agri Financialization

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**Summary:** Food Security defined as “a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meet their dietary needs and food preferences for an active and healthy life”(FAO, 1996). Food insecurity is the state in which these conditions are not met. Availability, access, and utilization are significant components of food security. Social insecurity is the absence of coordination the human activities that may cause an interruption in the daily life of a community. There is a relationship between food security and social insecurity in low-middle-income countries. Due to Russia’s war on Ukraine, global food prices are soaring. It has fueled inflation in the European Union, the United States, and many other countries. India: food insecurity, both the agricultural and farming issues, faces and the laws it adopts are relevant for global food security. This war shows the example of food insecurity due to dependency on a single source. Researchers have paid more attention to the governance of agrifood community chains by the state and increasingly private sector standards(Reardon, et al., 2009). Industrialization and capitalization in productivity; making problems, namely farmer’s property rights in land, water and in their decision on the marketing of the products, most notably in East and Southeast Asia. Nowadays numbers of consumers are well knowledgeable about the problems of industrial agriculture and food systems, including environmental contamination. In Globalization and Food Sovereignty (Andree, et al., 2014), the editors wrote that “cranking up industrial production without concern for its broader ecological and social consequences will not solve the food crisis, and not in a way that will address the exigencies of justice and sustainability”. For food, sovereignty needs to support native community producers, preserve local food culture/s, and land protection rights. Academics can reform the food policy natively and globally.

**Hypothesis:** the process of agricultural financialization is securing food security to the developed countries while destroying food sovereignty at the small scale local levels.

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### I. Introduction:

A broad level of research now focuses on place-based food initiatives that are more ecologically and socially grounded (Palmer, et al., 2013). Now everyone has started realizing that instead of securing food availability and accessibility, we need to foster small-scale community-level self-sustained, local-level resilient farming to save biodiversity and ecology. Nevertheless, our world order is now structured where several external factors like financialization can interrupt. Several external socioeconomic and environmental drivers influence local and sustainable food systems (Ericksen, 2008). That introduces intermediaries, which lose feedback options with the liability of destroying the local community's sustainability, in other sense, food sovereignty and environment degradation questions. Due to Russia's war on Ukraine, global food prices are soaring. It has fueled inflation in the European Union, the United States, and many other countries while threatening hunger in some poorer regions. Russia and Ukraine play a significant role in food and fertilizer supply. Some countries in Africa and the Middle East are nearly 100-per cent dependent on Russian or Ukrainian food. According to the United Nations Food and Agriculture Organization, food prices in May increased nearly 30 percent from a year earlier. Western countries are debating a plan to open supply chains.(Marcin, 2022)

This study would like to identify the points associated with food security and stability at national and international levels using related documents/publications.

**Method:** Qualitative analysis with Literature review .

## II. Literature Review:

*Food security* defines as "a situation when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. (FAO, 1996) It defines the supply side of food, which measures food production, stock level, and net trade alongside institutional influence on more significant policy regarding income, expenditure, and market price. It further discusses sufficient energy with nutrient intake by individuals as an outcome of cultural and feeding practices, the state's substantial political and economic stability, and uneven factors like the weather. Food in security is the state when these conditions are not met.

*Food sovereignty* is people's right to healthy and culturally appropriate food produced through ecologically sound, sustainable methods and to define their food and agricultural system. (Nyéléni, 2007) It puts aspirations with the needs of those who produce, distribute and consume food at the heart of the food system policies rather than demands from the market and corporations. (Nyéléni, 2007) Based on the 1996 world food summit declaration of food security International Peasant movement, La Via Campesina counters the idea by sharing historical documents relating to the Free Trade Agreements (FTAs) of the World Trade Organization (WTO), the leading cause of such problems. (viacampesina, 2021) Food sovereignty is rooted in the global struggle over food, lands, water, and livelihoods. (FoodSovereignty, 2004)

Any role of financial motives, markets, actors, and financial institutions operating in domestic and international economics is considered *financialization*. (Epstein, 2006) Regarding agricultural financialization, we can consider any third party like an auditor, input supplier, farm operator, food manufacturer, and retailer. Those ensure a quick profit, return the enterprise to the share market, and then move on to another bundle of resources.

This paper reviews several academic papers and books to answer this paper's hypothesis. One book, "*Food Security and Socio Politics Stability*," was edited by Professor Christopher Barret which contains eighteen papers from authoritative scholars who describe the solution to the current food crisis as maintaining sociopolitical stability and food stability. In the introductory chapter, Barret set out a critical discussion about food security in terms of population boost. He predicted that food expenditures would remain high till 2025 because of population and income growth with rapid urbanization. He draws this harbinger by illustrating connections among climate change predictions, debates about food security vs. food availability, demographic projections, and recent advances in crop science research with market dynamics and trade obligations. The book has several chapters related to the economic aspect of food security, including food prices, labor migrations, transitional trade policies, and land demand. It also contains geography-specific food security concerns. In one chapter, Klaus Deininger discusses the recent increment in land investment by giving evidence of land acquisition regional pattern of agricultural expansion. (Deininger, 2013) It exposes examples from the land transformation in El Salvador, Guatemala, Virgin Islands and palm oil expansion in Southeast Asia.

Deep down, we find that institutional with political factors determine the local factor of significant agricultural investment. Regarding financialization in the land, lack of regulation and sensitivity to the local property rights with lobbying to subsidies will ensure extractive nature instead of responsible behavior. Those kinds of incidents increase the risk of social tension and conflict. Relating to that, in one chapter by Mark A. Kane, Dong Eun Lee emphasizes the sociopolitical condition instead of the climate and environmental events alone. Climate change may lead to food insecurity, but other climate variants will lead society to the edge (Cane & Lee, 2013). The solution from this book is to intervene from existing economic and political institutions to reform policy where it gives a short-term solution to governance. However, in terms of long-term predictability, it fails to oversee complex situations.

Another book, *Globalization and Food Sovereignty*, edited by Peter Andree, Jeffrey Ayres, Michael J. Bosia, and Marie Josee, provides insightful thoughts about the tensions and complexities of the burgeoning concept of food sovereignty. Global food system with agricultural production conflicts with the current global governance system. The main thought is about how neoliberalism thoughts with food sovereignty interact. The second part illustrates different actors' responses to food sovereignty in the face of existing neoliberalism. The first part delivers the idea about a state as an organizing concept and how it moves beyond a capitalist-consumer-based focus; to more local food sovereignty. The introductory chapter the editor shares shows negative possibilities of good out if industries start to crank up without thinking about the broader ecological concern (Andree, et al., 2014) One chapter explores sustainable agricultural practices, localizing economics, and providing alternative solutions against the neoliberal food regime. (Andree & Martin, 2014) For the solution to the current global food regime, we get an idea from the Noah Zerbe chapter, which gives an idea about the consumer-based food movement with fair trade, buying local products, leveling local products, and promoting local business. (Zerbe, 2014) Though this book demonstrates several social movements, this book fails to draw the concept of sovereignty. Food sovereignty is a critique of neoliberal, Globalization and proposes alternative food systems outside corporate agriculture. The sovereignty concept refers concurrently to the Westphalia state-

centric of sovereignty and the plural concept of sovereignty that is not state-centric. This contradiction of the complete notion of sovereignty needs to be clarified by the authors of this book.

The final book to delve into, written by Jennifer Clapp and Ryan Isakson, is "*Speculative Harvests*," which closely links the food and financial systems. It identifies different factors that correlate with the contemporary agricultural financialization process, highlighting different social actors and their impacts on various stakeholders in the agri-food systems. In the introductory chapter, the authors show concern about the giant corporation merging process and monopoly in the agricultural input industry. For example, it is possible for the three firms can control over two-thirds of the global seed supply. (ETCGroup, 2017)The book has several chapters related to the Financialization and Food System, Investor Motivations and financial investment throughout the Agri-food sector, The Financialization of agricultural Risk Management, The future of Financialized Farmland Ownership, and Government regulation. One chapter of the book highlights the financialization processing of the Agri sector and its impact in the form of more concentration of power and wealth, weakening socio-ecological resiliency. All of those results in opening a new arena for accumulation, prioritizing shareholders' value and financialization impact of everyday life, especially in the agri-food sector. The book develops several debates about the lack of civil society's role in financing and only speaks to the shareholders or sponsors. New financial instruments prioritize the interest of the shareholders, which makes markets unstable, and have worked to settle industrial modes of agriculture further while elevating ecological and social risks. The agricultural investors were inspired by the academic paper's advice that argued that commodity futures offered stable returns over time and were negatively correlated with equity and bond. (Gary & Rouwenhorst, 2006)The book also describes investors' motives for Agri products and the recent transformation of wealth and power among financial elites and corporate management at the expense of agricultural producers. Finally, it talks about the complex nature of financial instruments, combined with the lobbying power of corporates, to hinder civil society groups and social movements from engaging in policymaking. The authors perfectly describe new financial actors and motives of investment with negative features of the contemporary global food economy. Nevertheless, it fails to illustrate the positive feedback possibilities in terms of any significant climate change happening; that time, financialization can be a survival factor for the local, sustainable society.

Continuing development in agriculture helps to improve Annual yield increases in staple cereals-maize, rice, and wheat(WorldBank, 2007). Improvement in agricultural production could not

ensure food security. In 2008 price spikes in food caused social unrest in at least 48 different nations across Africa, Asia, the Caribbean, and south America.(Brinkman & Hendrix, 2011) *Food Security and Sociopolitical Stability* describe a volatile global food system in which rising demand, increasing ecological risk, and persistent social inequality threaten food availability, access, and safety. Intended as an information resource for policymakers, international aid organizations, and development economists, this volume provides a thorough overview of food issues as they relate to a range of policy-relevant topics.

### **III. Discussion:**

Currently, ten companies control almost every ample food and beverage we buy in this world. (Taylor, 2016) They own large-scale land, buy foods from industrial farming, and contact farmers. Greater chance of financing and investing in those farms increased as government regulations stagnated for the open market; those regulation changes helped banks sell bonds and share in agricultural commodities with little inspection. (Ghosh, 2010)It paves the way to invest more in agricultural commodities and farmland acquisition. All of these result in substantial foreign investment in industrial-based agricultural systems. For example, many African countries, including Ethiopia, Uganda, Senegal, the Democratic Republic of Congo, Liberia, and Zambia, have transferred enormous tracts of land to foreign investors (Cotula, 2012); which results in deforestation, internal displacement with loss land ownership. The local farmer losing their land rights and traditional farming approach (Vermeulen & Cotula, 2010); in this situation, how can we ensure the support of indigenous, small-scale producers? How to preserve local food culture? And enhancement of land rights? Ryan E. Galt focuses on how agrarian capitalism, state regulatory systems, and ecological progress jointly shape the production system, the origins of industrial agriculture, and how it has been justified. Researchers have paid more attention to the governance of agrifood community chains by the state and increasingly private sector standards (B. Barrett, 2013)(Flora, 2010). Agricultural productivity increases in various ways; industrialization and capitalization in agriculture make problems, mainly farmers' property rights in land and water and their decisions on the marketing of the products, most notably in East and South East Asia.

The green revolution sharply expanded food production, increasing crop yields by 20-25 percent, reducing food prices by 35-66 percent, and increasing per capita calorie intake by 13 to 14 percent relative to a scenario without those scientific advances. (Evenson & D. Gollin, 2003) Green Revolution had its limits and negative environmental and social importance, although these were more often due to the technologies themselves but rather to the policies used to promote rapid agricultural intensification.(Hunter, et al., 2017)

So, we are seeing financialization posing a challenge to the food sovereignty concept. We will discuss how financialization secures food security through the current global food market system and makes developed countries more decadent. Food security concentrates on policy fixes of a particular country, which can be achievable by following the structure of food economics under Globalization. Now foods are more transformable from one place to another, thanks to the development of transportation, plant breeding, machinery inauguration, extensive corporation rising, and specialization of mixed farming techniques (Bowler, 1992). Every government wants to secure food stability as it inbreeds social stability and reduces political unrest (B. Barrett, 2013). We have already found significant food companies formed in developed countries (Taylor, 2016). These are getting finance from funds like commodity index funds. As they are getting many funds, expanding corporations increase social inequalities in terms of land rights questing is rising. The small-scale farmers have just become land users of their lands; rights go to those corporates as farmers have to follow regulations and produce products for economic sustainability. Even though they face contradictory economic pressure, their products are cosmetically imperfect or lost because of pests or diseases (Galt, 2017). The company buys initial foods from the farmers, takes profit finally pays taxes to the home government. That makes that home government financially stable. However, those companies also sell finished food commodities at a high price as low-value tasty food. We know that if the poor earn extra money, they spend more tasty food and more expensive calories to survive (Banerjee & Duflo, 2011). Because of that sound global supply system, farmers who produce industrial crops lean on those big companies for the supply and demand chain; alternatively, sarcastically, we can say securing global food. Not only that, because of the financialization, which promises short time returns to the investor, genetically Modified seeds use to maximize profitability and secure food, whereas farmers are falling into a trap. In both cases, they have to buy GMO seed from a developed country and use non-synthetic fertilizers (GMWatch, 2009), which also come from advanced research centers. There is no alternate for seed; they depend on those companies. Products from the modified seed are not possible to use as seed anymore as seed further. Some will think it is from the western world, which is partially true, but a few farmers use those in contemporary times.

Evidentially, we are seeing research-based and industry-based institutions playing significant roles in increasing agricultural productivity, which stand by a spine called financial institutions like banks, and asset management institutions. Theoretically, Barrett comes up with institutional action for food security by introducing biotechnologies; that yield higher outputs, reduce crop losses and maintain a strategic gain reserve to combat food price spikes. Furthermore, improving food assistance programs for the impoverished population prevent food insecurity and social and political instability (Galli, 2015). Hypothetically, we can state that external financialization institutions are committing extra profitability coercion, which encourages farmers to distort natural biodiversity, assembling extremely dependent on industrial institutions; that results in more research funding without understanding the consequence of the social and economic status of emerging nations' economies, devaluing local knowledge.

#### **IV. Conclusion:**

Food in security is the state when the necessary condition is not met. Availability, access, and utilization are significant components of food security. We see a relationship between food security and social insecurity in low-middle-income countries, for example, in food riots during the Arab Spring in 2008 and 2011. Many consumers know about industrial agriculture and food systems, including environmental contamination. There is widespread concern over the ecological and health problems caused by the Agri industrial process. Industrial production without concern for its broader ecological and social consequences will not solve the food crisis, and not in a way that will address the exigencies of justice and sustainability. For food, sovereignty needs to support native community producers, preserve local food culture/s, and land protection rights. Academics can reform the food policy natively and globally.

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