

# Living on a spike

How is the 2011 food price crisis affecting poor people?

## Summary

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*'I often get afraid of asking the price – I ask from a distance, hear it, and then slowly go away.'*

**Agricultural labourer in Dhamuirhat, Naogaon district, Bangladesh**

Global food prices rose through much of 2010 and into early 2011. What does that mean for the lives of poor people in developing countries, who spend up to 80 per cent of their household income on food? To find out, IDS research partners and Oxfam went to ask them, returning in March 2011 to eight community 'listening posts' in Bangladesh, Indonesia, Kenya, and Zambia, that were previously visited in 2009 and 2010. The researchers asked: What has happened to prices and wages since last year? How are people adjusting to these changes? What do people think causes food price volatility, and what do they think should be done about it?

The overall picture that emerges from these eight communities is of a more varied impact than during the 2008 food and fuel price spike. This is partly because food prices have not risen evenly everywhere. Zambia, for instance, has seen prices of maize (its food staple) decline since 2010, whereas in Bangladesh, Indonesia, and Kenya, the price of the main staple – rice or maize – is higher than in 2010. In all eight communities, prices of most other foods, including sources of protein (meat, fish, tofu, or lentils), vegetables, and cooking oil, have also risen, as have many non-food essentials, such as cooking fuel, transport, rent, and other items, including fertilizer in Zambia.

The more uneven impact of the 2011 food price spike also reflects the fact that some groups have seen their earnings rise faster than inflation, while others have not. An overall pattern emerges from the recent global economic volatility: one of 'weak losers and strong winners'. The losers – those already struggling in low-paid, informal sector occupations such as petty trading, street vending, casual construction work, sex work, laundry, portering, and transport – are doing worse. Many have seen stagnant or only slightly raised rates of pay, which have been swallowed up by higher food prices, combined with more erratic access to work or customers. These people are clearly worse off than last year. They strongly believe that the government is not on their side in their efforts to eke out a living. Regulations on where people can run their businesses or provide their services, police harassment, and unfavourable new laws mean that making a living has got harder, not easier, for many in this group over the past year.

But some groups – usually those who were already relatively better off – have done better than last year. Commodity producers and export sector workers have largely benefited from the global recovery, as have some people in other occupations linked to these groups. But minimum wage rises for garments export workers in Bangladesh (now at \$41 per month) have not come about as a result of the global recovery; a long and sometimes violent campaign was necessary to raise workers' wages there. In contrast, export sector workers in Indonesia are not feeling any better off, even though there are more jobs and the minimum wage has increased at its (Indonesian) regional rate. This is because there is now more competition and tighter eligibility conditions on export sector jobs, and contracts are more 'flexible' – shorter-term, with poorer benefits – than before the crisis.

Groups such as public sector workers have not become significantly better off, but their strong position in relation to governments has at least ensured that their earnings have kept pace with inflation. Small-scale farmers and small market and food traders have not generally done well, despite the high price of food. High input costs and the squeeze on people's purchasing power has meant that profits from growing and selling food remain low for those with least scope to diversify and spread their risk.

People are adjusting to high food prices in more nuanced ways this year, compared with 2009. While some people are eating less and going hungry, the more usual pattern is for people to shift to cheaper, less preferred, and often poorer-quality foods – sometimes bland food cooked without oil or condiments, unfamiliar cuts of meat, poorer-quality staples, and in general, less diverse diets. The social effects of the food price rises also

seem more moderate: there were fewer reports of children being withdrawn from school, but an increasing sense of concern about dependence on debt. Yet, the effects differ by gender, and in ways that are familiar from previous rounds of the research: women come under more pressure to provide good meals with less food, and feel the stresses of coping with their children's hunger most directly. These stresses push women into poorly paid informal sector work, competing among themselves for ever more inadequate earnings. Men also feel the effects: the food price rises severely undercut their capacities to provide for their families, leading to arguments in the household and fuelling alcohol abuse and domestic violence. In the worst instances, couples split up or look for better-off partners to cope with the tough times.

In one Bangladeshi village, some people were believed to be accumulating micro-credit loans simply in order to make their loan repayments; default rates were believed to have risen. Many people are spending less on personal items like clothes and cosmetics, and scaling down their social lives. Government safety nets have provided some support, but this has generally failed to protect people from the effects of the price rises. The result of these adjustments is not generally starvation, but an overall increased level of discontent and stress. Poor people are having an even more difficult time getting by; the anxieties of the daily grind have become even more arduous and attritional.

The extent of people's discontent with the situation becomes clearer when asked about their opinions on the causes of food price rises, and what should be done about them. From across the eight sites comes the sense that local food prices depend on harvests and environmental conditions in-country; there was a strong undercurrent of concern over scarcity from the way people spoke about population pressures and shrinking agricultural farmland in some places. Few people think international food prices are an important cause; some even dismiss such factors as merely convenient excuses made by their ineffective governments. But while governments are held responsible for acting to protect their people from price spikes, they are generally seen as having failed to do so effectively. There is a belief that governments can act to keep prices low if they want to; in Zambia, for instance, some people credited the imminent elections with putting political pressure on the government to keep staple prices low.

Poor people's explanations of why governments have generally failed to act on food price rises revolve around two key perceptions: that governments do not care about poor people's concerns; and that corruption at different levels of the system ensures that prices cannot be controlled, either because market inspectors can be bought off, national politicians owe big businessmen favours for help with election expenses, or cartels are permitted to operate.

Most people do not think that lack of knowledge of the situation is the main problem, but there is also a strong sense that closer monitoring and having a more effective voice – through demonstrations and protests as well as through research of this kind – could help raise their concerns.

Young urban men appear particularly angry about government failures to act. With ongoing revolutions in the Middle East and other protests against governments in Europe, the stress and discontent fuelled by high food prices merits close attention.

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