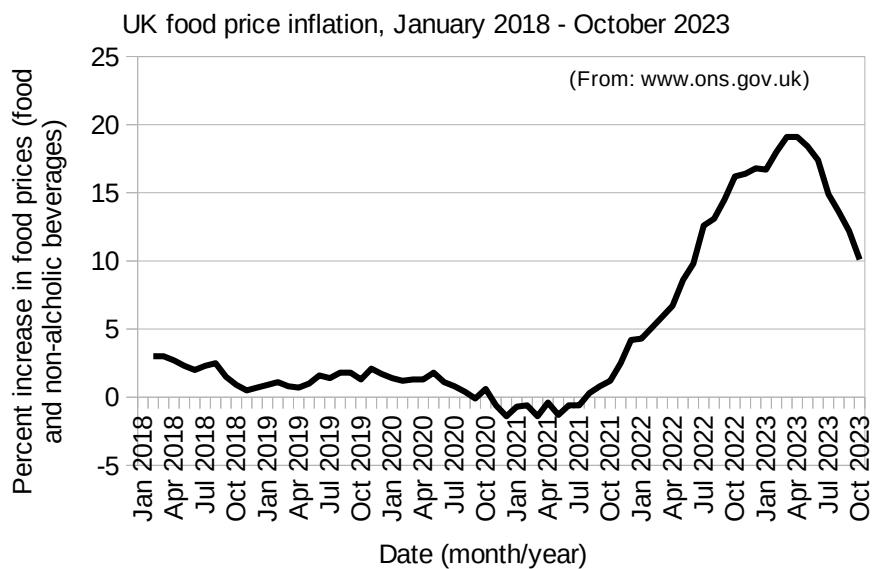




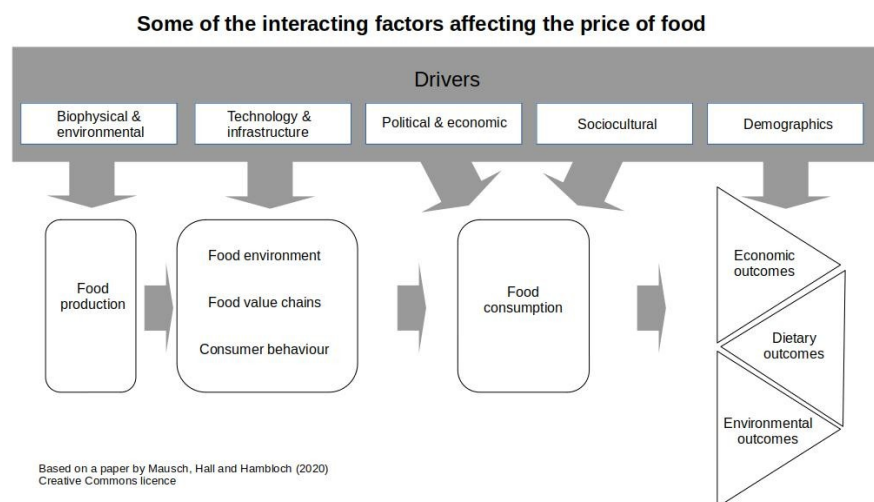
## No more cheap food

The Christmas season is almost over and here we are at the start of another year. After all the feasting and drinking, our bank accounts may be looking a little battered. The cost of everything has gone up including food and it's unlikely to fall as much as it has risen. The figure below shows just how much food prices have risen since January 2018. Most of the rise in food prices has been

caused by shortages of grain and other commodities, the increases in energy prices that impact farm costs, transport, manufacturing and the retail sector. However, the increase in food prices is not entirely unexpected as it was predicted that they were likely to increase by several hundred percent by the end of this decade. In fact, though it may not seem so, we have been living on cheap food and paying much less than the overall cost of producing it.



As indicated above, the cost of food isn't simply the cost of growing it. There are many 'externalities' that affect the price. We don't usually include these in the price and are unaware of how they affect the price of our food. Apart from the obvious costs, such as fuel, wages and raw materials, they are other factors some of which are more difficult to quantify. We can see the costs of waste disposal, though we may not separate food waste from other wastes but the adverse effects of diet, on health, for



example obesity, aren't normally added to the price of food. The NHS provides most of our health care funded through our taxes. The water companies have been in the news a lot over the last year especially for their unauthorised discharge of sewage into rivers and coastal waters but we produce the sewage through digestion of food – another cost that we never consider. That sewage has an adverse environmental impact and so does the run-off of fertilisers and pesticides used on farms. We have to pay for these externalities

but they have to become visible for us to fully realise the impacts food consumption have on the planet.

For many years, governments around the world have expressed how well their country is doing using Gross Domestic Product, or GDP. In simple terms, GDP is the monetary value of all the end products and services that a country produces over a set period. It is difference between what resources a country uses compared with the amount of money earned by the sale and use of those resources.

GDP gives a gross overview of economic progress. It gives however, a distorted view. It doesn't take into account the environmental impact of production. Using up resources, such as coal, oil and natural contributes positively to GDP but it is blind to the impact of burning fossil fuels on climate change. It includes the activities related to waste disposal as a positive but ignores the work of charities and unpaid domestic work. It takes no account of the cost of living or inflation. GDP cannot include the value of our forests until the trees are cut down for timber. Similarly, national parks and wilderness areas count for nothing. Governments, including our own, use GDP to show how well the country is doing but in truth it tends to give a more optimistic picture than reality.

There are ways of making sure we take into account the full costs of food production and consumption, and do the same for other goods and services. One is called True Cost Accounting (TCA). This approach takes into account the hidden costs of our food by calculating the costs of the four different factors affecting them. (1) *Produced capital* puts a cost on buildings, factories, machinery, roads, services, financial capital and intellectual property. (2) *Human capital* covers the knowledge, skills, competencies and attributes of individual people involved in creating well-being. (3) *Social capital* takes into account various society networks in organisations, the shared values that support cooperation between and within groups. (4) *Natural capital*, which has often been ignored, especially in GDP, recognises the limitations of natural resources, the impacts of using them and the value of the natural environment including soils and trees. It considers the effects of resource use on climate change.

TCA has been developing for several years now and seems to be maturing into a highly valuable system of considering economic activity that overcomes many of the drawbacks of GDP. It can be used across all sectors of the economy, from farmers and food businesses, NGOs, researchers, financial institutions, insurance companies, accountants and especially by policy makers to get a truer picture of a country's economy.

Are you farmer, a food business operator, accountant or even a consumer? To know more about True Cost Accounting, there are resources available on the internet. For example:

True Cost Accounting Agrifood Handbook: Practical guidelines for the food and farming sector on impact measurement, valuation and reporting *by* Alexander Müller and Tobias Bandel. See: [https://tca2f.org/wp-content/uploads/2022/03/TCA\\_Agrifood\\_Handbook.pdf](https://tca2f.org/wp-content/uploads/2022/03/TCA_Agrifood_Handbook.pdf)

## **Richard Marshall**

*Cold Ash Parish Greening Group helps individuals and the Community take advantage of renewable energy sources and work towards reducing both the emissions of greenhouse gases and the import of fossil fuels, locally and nationally. We welcome new members on*

*the Committee. Please join us and help us achieve these aims. Contact our Chair, Richard Marshall ([marshalr@btinternet.com](mailto:marshalr@btinternet.com)).*