

Our Daily Bread Prize Forum Findings

Held on the campus of Tufts University, Medford, MA, June 5, 2006

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1. Introduction/Background

The following observations and suggestions are the Findings resulting from participants' input at the Our Daily Bread Prize Candidate Forum held on the campus of Tufts' University in Medford, MA in June, 2006. This group was composed of academic and advocate moderators as well as Prize candidates whose first drafts had been vetted by a group of the ODB Prize jurors.

In the Design and Planning Meeting held at SRI in the Rockies in the fall of 2005, ODB Prize jurors noted that it is necessary that candidates really understand that the new systemic analytic frameworks—innovating thinking—is the basis on which the ODB Prize will be awarded. The jurors recommended that a mid-point event be held in which qualified candidates and professionals discuss the context of the Prize effort so that all prospective candidates would understand what is at stake and how political, social, environmental, and financial systems work together. The goal that the Prize designers seek in hosting the Forum and presenting the Findings is that we receive better quality and richly diverse papers in the many and various systemic analytic frameworks presented.

2. Context

The Daily Bread Prize Program seeks to find a systems-based framework that will help people make more informed choices based on a better understanding of the true costs of products (in this case, a loaf of bread), that will help to protect and restore our world.

The **question** before the ODB Candidate Forum was "What are the impacts of true cost pricing in products and services on financial, social and environmental systems?"

The **"problem"** opened up by the Prize, "Our Daily Bread: What Does It REALLY Cost?" is that we are destroying the human and environmental resource systems on which we depend, including soil quality and quantity, air, water, and climate stability, farm knowledge, and biodiversity. Further, our consumption processes are not sustainable.

a) Indicators that things are not going well include the following:

- **Point of purchase parity**—the unequal access to good food. Although organic food is growing apace with the market, it is more expensive and therefore a self-selected small population—either people who are well off financially or people who consider it important to have healthy food—are willing to increase their food budgets. Many people do not have access to healthy food nor do they have the money to pay for it.
- **Delivery system:**
 - Can't put organic food on grocery shelves fast enough AND organic food requires a 20% premium at the point of purchase
 - Can't provide volume (distribution part of the industrial system)
- **Flawed systemic rationale/philosophy**—Our basic economic philosophy is flawed if we think we can pay \$2.89 for a loaf of bread and not include the huge human, environmental, and technological infrastructure costs embedded in the systems used throughout the life cycle of that loaf of bread.
- **As always folks who are the poorest are most vulnerable**—Disadvantaged people will rarely get good quality food at all. The food security issue underpins our whole food system as our economic systems now function.

b) It all comes down to “How much shall we pay for food?”

The emphasis here is on “pay.” Following are discussions about market perceptions regarding qualitative and quantitative costs as well as market dynamics. Many people have deeply held beliefs about a basic staple of life—such as a loaf of bread—but the issue of how much they are willing to pay will relate to any true cost effort of food or any other product. Whatever people believe, what will actually move an individual to change his/her mindset and change their purchasing behavior is at issue. “Cost”, that is FINANCIAL cost, is at the core of the discussion as our market systems approach to date has been to externalize the costs on human and environmental systems on which all life depends versus investigating and using true costs in products or services.

Following are the outcomes of the Candidates’ Meeting that include issues surrounding the questions of The Context of Market Power and Metrics, a Vision of the Summary of True Cost Pricing, Dissemination of Findings through the Implementation Forum, Best Practice Models for Papers, and What Constitutes a Good Paper.

c) Forum Themes – Market Power and Metrics

Two basic themes were woven through the day-long ODB Candidate Forum, including the market power of consumers and who frames the discussion regarding metrics (what is measured, who measures it, and how it is measured).

i) Market Power – What Market Power do Consumers Have? How Could They Use It?

The first theme is “Power—i.e. who gets to make AND break the rules.” Although farmers, small businesses (500 or fewer employees up to \$100,000 annual gross income) and consumers pour 70% of the money into the US economy, these groups are unaware of the power of prospective collaboration. No systems are being used that perform capital management processes such as tracking systems or controls on the money farmers, small businesses, and consumers pour into the marketplace.

Because corporations do know how to track and manage their money, they have their controls and tracking on their inputs and financial flows in place. Thus, they can leverage cheap financing and insurance and attract valuable employees although they corporations only control 30% of the money and hire less than 20% of the workforce. The result is that corporations manipulate consumers, farmers and small businesses' perspectives even though consumers, farmers, and small businesses generate and "own" 70% of the market share.

Severe consequences occur for these sectors when a minority voice like corporations and interests of policy makers on their interlocking Boards of Directors frame the discussion for the entire society. This results in an inappropriate imbalance between qualitative and quantitative modes of valuation.

For example, in 1900, 60% of the US population was involved in farming. The historical farmer's role of providing food for others was a hard, labor-intensive, but satisfying life. Was the qualitative valuation of "farmers' lifestyles" or value of farmers' "vested labor"—the people who feed us—even considered in the shift following WW1 to mechanized farming? No it was not! The result of this shift was the collapse of the agricultural sector in 1921, in which farmers were driven into cities and the subsequent economic crash in 1929. There was an assumption "energy is cheap" and not many steps between that assumption and the new framework of capital replacing labor—now defined as cheap labor and lost farm knowledge—were the underlying management principles of a farm as a business and a productive or profitable endeavor.

Using these two issues as examples of the context under discussion, how might a consumer (a citizen with purchasing power) effect change?

Looking again at the theme of prospectively leveraging collective political and economic power if farmers, consumers and small businesses became aware that they employ approximately 80% of the people and are the source of 70% of the money in the US economy, some questions to consider are:

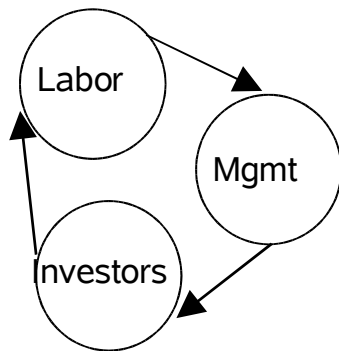
- Who made the initial decisions that shifted the economic balance and what happened as a result?
- What strategy decisions could be considered to collectively leverage this political and economic power?

Although the New Deal rebalanced the tax bases of the five quintiles in US society—giving US returning veterans education, housing, and hope—ownership was wrested away again in 1955 when the IRS made CSOPs (company ownership through stock ownership plans) illegal. In 1960, when ESOPs, or employee ownership through stock ownership plans, were formed, "ownership" was separated from "control" for seven years—e.g. "no interference in policy." In Dobbin, Frank and Dowd, Timothy, *The Market that Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions, 1825-1922*, American Sociological Review, Vol. 65, No. 5 (Oct., 2000), pp. 631-657, the authors state, "public policy and power can shape key market features. It is ironic that this market, built on antitrust, became the prototype for the neoliberal ideal of an unregulated economy." Capitalism is not a free-market economy.

So 90 years later, what are the farmer and the rest of us getting out of this? In 2000, 3% of the population was involved in farming and the financial return to the farmer is \$0.19/\$1.00 of distributed food (<http://www.ase.tufts.edu/gdae/publications/textbooks/macroeconomics.html>.) Further, as inputs become more expensive—equipment, hybridized seed, fertilizer, pesticides (all owned by giant corporations such as Cargill, Arthur Daniel Midland)—farmers force the land to become more productive to earn smaller and smaller margins while investing more and more time. (Pollan, Michael, **Omnivore’s Dilemma**, pp. 55-56.)

The resulting concentration of political and economic power in corporations is huge! Even with processes and principles in place -- all the right people did their jobs -- **POWER** overturns well-intentioned community and regulatory processes. For example, in January, 1981, Donald Rumsfeld appealed to the then newly elected president, Ronald Reagan, to overturn the ruling by the FDA “NOT to commercialize ‘NutraSweet.’” By Executive Order, Reagan overturned the FDA ruling. “NutraSweet” was then moved into the marketplace very rapidly.

Using these two issues as examples, how might a consumer (a citizen with purchasing power) effect change?



Company ownership/wealth creation.
See “Capital Ownership Group,” Kent State

<http://www.capitalownership.org/>

Let’s look at some of the current thinking. The following are some ways to reframe ownership—i.e. political and economic power--which could well include rigorous qualitative AND quantitative metrics.

Investigations underway that reframe ownership and leverage market power:

1. Moving labor back into the ownership circle: Capital Ownership Group, Kent State, <http://www.capitalownership.org/>
2. Local Businesses that include sustainable values in their management practices: Business Alliance for Local Living Economies: BALLE: <http://livingeconomies.org/>

Perspective—a background note on Bureaucracies:

Bureaucracies serve as filters for action. “What we want” input into a bureaucracy becomes action mitigated by Trade Agreements, Treaties, etc. If true costs are successful in being taken up by consumers in the marketplace, it may be necessary to reframe some of the mandates of professionals and their organizations charged with monitoring treaties, trade agreements and the like so that an effective, seamless system results.

ii.) Metrics

The second theme that evolved out of the Forum discussion is “Who frames the discussion defining the balance between qualitative and quantitative metrics in measuring the true costs in a product—a loaf of bread?” which is the basis of this Prize Program. We must frame what is valued and how those values are measured and managed.

In the five or so seconds in which a consumer decides which loaf of bread to buy off the grocer’s shelves, it is suggested that a major percentage of the selection criteria are based on familiarity, cultural eating patterns, and more recently, additives and branding. Far from that burst of decision-making, outstanding questions the consumer might consider when making thoughtful and life-sustaining decisions might include:

- Upstream (or production) costs: How does the farmer live? Who gets bread? What happens to the fields and the inhabitants of the fields and surrounding countryside? What are the costs of the huge oil infrastructure of mining, smelting, forming, pumping, shipping, costs of war (costs of procuring scarce resources that you do not control), ports construction and transportation infrastructure?
- Downstream costs: The “downstream costs”—the nutrition and health effects of eating our loaf of bread or not having any bread—are as important as upstream. How does the quality of nutrient richness of soil effect the nutrient value in our food? When monocropped, subsidized corn in the form of high fructose corn syrup is infused in almost every McDonalds’ menu item—buns, beverages, beef—what are the health impacts of eating this food? Which body types and cultures are most susceptible to these foods and how could Type 1 diabetes result?

So how does this impact us and the vitality of the planet? How do we balance qualitative and quantitative metrics in measuring the true costs in a loaf of bread?

When raising the question what are true costs, one must consider the questions relevant to this discussion raised in the book, **Priceless**, On Knowing the Price of Everything and the Value of Nothing by Frank Ackerman and Lisa Heinzerling. **Priceless** was presented in the Forum discussion and the book was forwarded as a citation to be noted in the Forum findings online to expand the discussion of the measurement of “qualitative” vs. “quantitative” costs.

The authors raise some solid points such as:

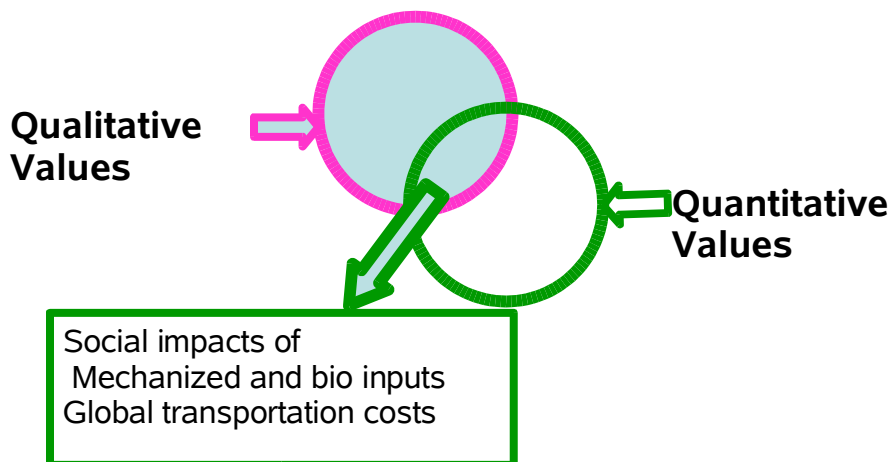
- How and when to use the cost-benefit analysis model.
- Is it even possible to include qualifiable costs in a cost-benefit analysis?
- How could one frame a cost-benefit analysis which includes qualifiable aspects?
- Many qualitative factors may not be quantifiable.
- One of the “Priceless” reviewers notes: “Each individual will attach different degrees of importance to any set of competing needs.” This is why the Prize, “Our Daily Bread: What Does It REALLY Cost” calls for papers from diverse points of view, thus enabling us to begin to understand how these systems work together. The basic criteria in selecting the winner of the ODB Prize is an effective , systemic analytic frameworks that measures the true costs of a loaf of bread. The metrics measured by those frameworks will then be translated and disseminated by market professionals into the marketplace. Thus, individuals will be able to make informed

decisions in selecting products and services based on their own criteria, which are predominantly value based, such as my culture or my lifestyle.

- It may be best to expand the dialogue about the “valuation” of qualitative factors to a larger public. From a review by Choice Cuts—“Collective Action—the kind of action for which government is best equipped—is what’s required. This is the famous problem of ‘Public Goods,’ and one completely unresolved by the unrelenting self-centeredness of the cost-benefit analysis.”

iii.) Additional questions that arose during the Forum include:

- 1) What are some components of the dialogue between cost and values?
 - Can quantification capture “values” as they relate to “sustainability”? (see Near Term Vision). We are unlikely to quantify in dollars what matters most to each of us individually for instance, the value of a human life.
 - Are we devaluing our future by “monetizing values?”
- 2) How do we communicate/discuss/base our dialogue on true costs?
 - a) How can we educate one another?
 - b) What are some components of the dialogue between cost and values?
 - c) What constitutes “visionary information” and what constitutes “substantive information?”
 - d) What does “rationality” imply in this context?



3. Summary True Cost Pricing and the Five-Year Near Term Vision: “What would we like to see in place in 5 years?”

- a) Current Thinking Expanded—Capturing Costs Better

Initially we can capture “low hanging fruit” —the quantitative values that also have qualitative aspects but are able to be priced: e.g. Carbon Taxes expanded to include current costs of fuel. “Low hanging fruit” noted included: mechanized and bio inputs and global transportation costs.

- b) Considerations need to be framed from both the producer AND the consumer especially if there is an expansion in community ownership. Again, a consumer is a citizen with purchasing power. There is no performing capital on the consumer side of the systems (discussed earlier.)
- c) We need to “value”—i.e. quantify--subsidies:

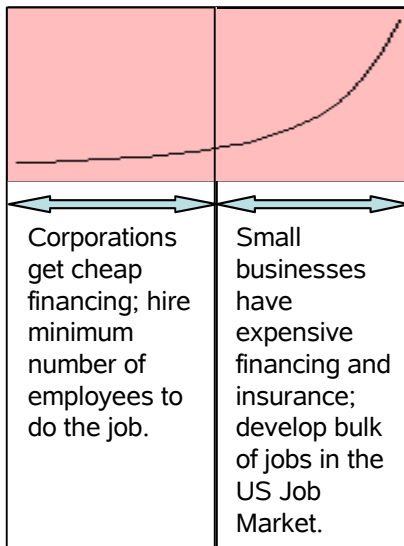
- i) If subsidies are offsets to balance out the best community equation, "who" benefits (e.g. farmers), "for what reason" (e.g. offset drought conditions), "for how long" (e.g. what manner of cycle is involved here? What conditions are variable, can be tracked, and can change so this "offset" is no longer appropriate?)

--Taking the example noted as d) following: Stop giving subsidies for pesticide use in Washington State by closing the loop in public policy.

- ii) Measure what can be measured
- iii) Describe impacts on whom. What are those impacts?
- iv) Who's driving the activities regarding the impact we need to describe and capture?
- v) SV will seek to post on the ODB Candidate On-Line Forum the paper exposing 38 years of farmers' subsidizing food production in the United States.

d) Close loopholes for all policies in which externalized costs are given "breaks"—i.e. subsidies for using pesticides. (Action for the State of Washington: Investigate public interest and the relationship to policy change.)

e) Salary of congress members tied to consumer index. A proposed component of a 5 year plan is to spread a congressional insurance package throughout US society.



In aggregate, small businesses, farmers, consumers constitute 70% of economic power.

US Job Market

One candidate proposed the following near term Federal Government Regulations:

- No government subsidies for farmers. Question: How do farmers subsidize food for the rest of us?
- Require that farming practices include diverse planting.
- Outlaw GMOs until proven safe; required to state that this is a GMO product on the package label.
- Design common standards for eco-audits
- Enforce criminal penalties on people mislabeling food. Question: where does the burden of proof lie?

Requests made by candidates on June 5, 2006:

A request was made to post the following questions on the ODB Candidate On-Line Forum. If one among us found the answer, that participant or SV would post the answer so we would all have access to this information.

1. Which government agency has the most responsibility for consumer affairs?
2. Which government agency has the most responsibility for food affairs?
3. What do we have in place from a governmental policy regulation perspective that will help us measure and track true costs?

4. Best Practice Models for Candidates' Papers

Background of systems, terms, considerations for candidates' papers:

Observations raised included the fact that many farmers are glad to be ex-farmers. If we need to include the true costs in our loaf of bread, we must not only restore our human and environmental resource systems—as resource system costs are integral in true costs, but we also need to value our farmers so that farmers can see themselves as valued members of society and delight in their ingenuity and connectedness with living beings again. Therefore, we pose the question: "What humane lifestyles are available to people involved in every aspect of "Our Daily Bread?"

The discussion addressed: "What are the Best Practices for implementing this kind of effort?" Two approaches (among others) were discussed—Community Supported Agriculture and Biodynamic Farming.

The following "Best Practices" were considered important to consider as many true costs are captured and the processes are substantiated.

Alternative 1: Community supported agriculture model (CSA Model)

- Efficient, local energy use
- Direct contact with farmer
- Prevents over production
- Community building
- Better/fresher/less preservatives
 - a) Keeps money in community
 - b) Builds local economy

Alternative 2: Biodynamic Farming:

- Interconnected systems--Land, labor, capital: Consider the tools, systems we use:
 - a) Standard farming practices:
 1. Thomas Jefferson invented the PLOW which extends only 8" into soil for a huge amount of work
 2. Current farm product yield measured in flat metrics= bushels/acre
 - b) Biodynamic farming practices: (Alan Chadwick; Nat'l Biodynamic Assn)
 3. Use soil down from 24" through 40" depth (?)
 4. Achieve 8 to 10 times the output of standard farming
 5. Biodynamic yield is a volumetric metric= bushels/ton
 6. Fact: Biodynamic meets or exceeds farming standards, yet for a significant increase in farming value has a very small market share.
 7. References:
 - John Jeavons
 - Syntax Parking Lot achieved 50 years in soil development in eight years.

- c) Considerations for “how local does local need to be?”
1. If there is no local farmer, then select a local producer. If there is no local farmer or local producer, then select a local baker.
 2. What can individuals do?
 - Celebrate and showcase regional diets and regional businesses
 - Buy locally
 3. What can existing systems do?
 - In Minnesota 54% of farms are urban farms.

5. Best Practice Models Related to the Phase 2 of the ODB Prize: the Implementation Forum

The papers that candidates will write present systemic analytic frameworks used to measure—over a comparison—the social, environmental, and financial—or true costs of a “loaf of bread.” These rigorous, reproducible thought pieces will be academic by nature. The thinking that is necessary was noted by Albert Einstein: “Problems cannot be solved by the same level of thinking that created them.” Further, this thinking then needs to be translated into ways that inform consumers’ decision-making. Thus, an Implementation Forum will be convened composed of market professionals to design a strategy to disseminate the top metrics processes into the marketplace concurrently in however many ways the Implementation Forum participants decide. The group will include such professions as branders; labelers; policy analysts; PR professionals; and journalists for newspapers or for magazines such as Inc. Magazine, Popular Mechanics, Consumer Report; teachers; fund managers; artists and film makers.

Best Practice Models to consider in promoting true cost pricing in products and services in an Implementation Forum might include:

Alternative 1: The process used in divesting investments from Apartheid holdings in South Africa

National African Congress emissaries presented the importance of divesting investments from holdings supporting the Apartheid regime to governmental officials in many governments. As an understanding of the issue and the tactic grew so did support for this effort in universities and in the press. Some European governments were early divestors.

In the United States, champions stepped up in key locations. Among them were John Harrington, then legislative analyst to the California legislature in Sacramento, and Cong. Ron Dellums, the representative from California’s 9th District in the House of Representatives in Washington, D.C. The issue remained active throughout campuses nationally and in the press until some US States, beginning with California, and, eventually, the US Government, divested of investments owned and managed by people in support of Apartheid proponents.

http://www.huffingtonpost.com/john-harrington/money-and-democracy-its_b_8039.html

Alternative 2: The process used in securing FDA approval of acupuncture needles

Practitioners of acupuncture established an international body of approved practitioner standards. Forty states in the United States certified practitioners according to these approved international practitioner standards. Within this context, the application presented by James Turner was approved by the FDA.

<http://scholar.google.com/scholar?q=FDA%20approval%20of%20acupuncture%20needles&hl=en&lr=&oi=scholar>

Alternative 3: The process used in convincing the US Public of the health benefits of olive oil:

A scientific, educational debate regarding health issues was used as a creative way to present olive oil as a healthier option (monounsaturated fat) to polyunsaturated fats into the US diet. Thus oil that is more expensive than alternatives and has been used extensively in other cultures is now well received in the US marketplace.

Alternative 4: The process used to introduce rapeseed oil into the US market:

There is an inherent resistance to rapeseed oil because of its name. Although it is still marketed as rapeseed oil, it is also marketed as “canola” or Canadian low acid oil. Renaming rapeseed oil “Canola” has enabled better penetration in the US market, although there are outstanding issues related to its use.

6. Further Considerations for Inquiry in the Implementation Forum:

- a). Further issues to effect market change:
 1. What is the strategy to effect market change on a large scale that will inspire people to behave differently in their decision-making?
 2. What is the sequence of priorities that will best effect market change?
 - Labeling??
 - Branding??
 - Consumer education??
 3. Various metrics are caught in these strategies in addition to “Price.”

- b) Further issues for the Implementation Forum:
 1. To change behavior:
 - How are meanings and values influenced?
 - How are perspectives and behaviors changed?
 - i. What are people willing to pay? E.g. People who identify themselves with LOHAS (Lifestyles of Health and Sustainability) are pretty well off, so paying for organic foods and goods was not an issue. With disadvantaged populations, one must distinguish between cost (out) and value (in). E.g. \$0.19 paid out to the farmer for \$1.00 of product distributed to the consumer.
 - To use “price”:
 - ii. “Price” often includes “perceived” values (personal or product related)
 - “Price” is elusive—true costs need to be specific.
 - Is money/price another indicator?
 - What meanings are carried in price?
 - What are the effects of raising prices?
 2. How can people be educated to support this process? How can people be educated with reference to the relationship between understanding that they are each empowered to express their informed decisions in the marketplace and how that impacts the marketplace AND their willingness and ability to pay?
 3. What is the relationship between education/understanding and people’s willingness to pay for their values?

7. Forum Participants address the question, “What Constitutes a good Paper?”

Participants’ responses fell into three major categories:

a) Context

1. Original choice and organization of data leading to new and compelling conclusions
2. The inclusion of contextual economics, which encompasses three kinds of economic activity—production, distribution, and consumption, as well as resource management.
3. Integration of philosophy and data—qualitative values such as ethics and quality of life AND quantitative data.
4. Systemic causes and costs
5. Opportunities and costs
6. Issues of scale
7. Issues of Context (rural, urban)
8. Costs of transaction/monitoring

b) Functionality or performance of systemic analytic framework

1. Data chosen with purpose to add robustness and replicability
2. Framework presented as modular tools to support adaptability and flexibility
3. Interaction within a model
4. Boundaries—variable vs. fixed costs

c) Conclusions inspire action

1. Presents information and ideas and draws conclusions broadly accessible to readers
2. Effective framework which inspires action
3. Ideas and conclusions effect people and consumers to participate in their food system--Conclusions compel action
4. Addresses viable areas of social change
5. Information revolution—integrated industrial agricultural revolution??
6. Shift in the role of a growing prosumer—a producer, who is also a consumer

8. Final Comments and a heartfelt invitation to readers willing and able to become candidates for the Prize “Our Daily Bread: What Does It REALLY Cost?”

The production of excellent quality papers for the Prize significantly expands the dialogue about true costs. Candidates’ papers are the bases on which we can build wider actions that can bring true cost pricing into the marketplace as well as into our daily decision making. Many thanks from “Our Daily Bread” participants—associates, hosts, jurors, moderators, and sponsors. We look to each of the candidates--whomever they are, wherever they are, however many wish to work together, whom we consider the best and the brightest among us--to bring forth the thinking that will allow us all to make more informed decisions to protect and restore the human and environmental systems on which our lives depend.