

Nominated for the Public Eye People's Award 2012
by the World Development Movement, www.wdm.org.uk:

Barclays

Headquarters:	London, United Kingdom
Industry:	finance
Revenue / Profit:	£31.4 billion / £6.1 billion
Owned by:	publicly-listed corporation
Employees:	145,000
CEO:	Robert Diamond
Website:	www.barclays.com

Summary

Barclays effectively bets on hunger by speculating on food prices, contributing to sharp rises and falls that cause hunger and poverty. The investment banking section of the UK-based giant, Barclays, has been the fastest growing food speculator in Europe – and arguably, worldwide. In the second half of 2010 alone, 44 million people were driven into extreme poverty due to rising food prices. Women, children and elderly people in the global south are often the hardest hit when families struggle to afford food. New European regulations could end the scandal of food speculation, but the UK government and its close allies in the financial sector, such as Barclays, are threatening to block effective rules.

Irresponsible Corporate Behavior

Barclays speculates on food by buying and selling contracts in financial markets, which were originally designed to offer a kind of insurance against changing prices for food producers and consumers. But deregulation in the last decade has allowed Barclays and other big banks (like Goldman Sachs and Morgan Stanley) to dominate these markets with their immense funds. Global speculation on food has almost doubled in the last five years; the global investment volume currently amounts to USD 126 billion. The result has been dramatic increases in food prices that have plunged communities in poor regions of the world into even more severe hunger and poverty. Speculating on food is estimated to earn Barclays up to USD 530 million each year. Barclays also boasts about enabling market access for other big investors such as pension funds. The bank enjoys close ties to the UK government, holding 15 meetings with finance ministers within their first year in office. With such close links to banks like Barclays, it's no surprise that the UK government is refusing to support proposals for European regulation that would effectively curb food speculation.

Consequences

Speculation on food drives prices to record highs and leads to more hunger and poverty. Nearly one billion people worldwide – one in seven of us – go hungry each day. For example, in Kenya, the price of corn, a staple of the Kenyan diet, rose by 27 per cent in 2010. Poor households in developing countries typically spend most of their income on food. Rising prices lead them into debt, or force them to accept particularly dangerous or exploitative jobs. When food costs rise dramatically, many families find they lack the money for medicine or schooling. Rising food prices have also sparked violent unrest in Haiti, the Middle East and elsewhere in recent years.

Current Status and Demands on the Company

Global protests against food speculation are growing steadily, but the pressure is evidently not yet enough. Regulation is set to be introduced in Europe and the US but the banks are lobbying hard to avoid effective rules.

Further Information

Resources from the World Development Movement:

www.wdm.org.uk/food

European petition:

<http://www.wdm.org.uk/food-speculation/petition-dont-weaken-proposals-regulation-food-speculation>

Video explaining food speculation by NGO coalition:

<http://www.youtube.com/watch?v=rpM9XxJ-vo4>

Petition from Oxfam (German):

www.oxfam.de/mahlzeit/aufruf

Information from Oxfam (German):

www.oxfam.de/informieren/welternahrung

Foodwatch report “The Hunger-Makers”:

www.foodwatch.de/english/the_hunger_makers/index_ger.html