

Heterodox Economics Newsletter

ABGEPEIST – WIE WIR BEIM ESSEN BETROGEN WERDEN UND WAS DAGEGEN TUN KÖNNEN, by Thilo Bode. Frankfurt a.M.: S. Fischer Verlag, 2007. ISBN: 978-3-10-004307-8; 253 pages.

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The book provides an account of the social costs of food production in Germany, including systematic large scale food poisoning that is covered up legally by the industry-friendly German authorities. The author of the book holds a PhD in economics and has been the head of Greenpeace International since 1995. In 2002 he founded *Foodwatch*, an NGO fighting for citizens' rights in the food sector, and the satisfaction of human needs such as access to healthy food and water. The book is written in German and is introduced by the author as a report based on five years of experience in research and activism. The title '*Abgespeist*' is a metaphor that contains the picture of an 'eat-it-and-shut-up' feeding occasion and the subtitle: '*how we are deceived with foods, and what we can do about it.*' The chapters address issues such as *Rotten Meat: A Normal Scandal; Legal Poisoning; The Food Lobby; EU Agrarian and Food Waste Policies; Only the Rich can Afford Safe Food; Citizens without Civil Rights.*

The analysis is intriguing for heterodox economists, particularly for institutional ecological economists in the tradition of K. William Kapp, because it provides rich empirical evidence for the tenet that the system of business enterprise systematically shifts costs of production to third parties, society, and future generations in an attempt to maximize profits. Analyzing various cases of illegal sales of rotten meat and the illegal use of meat wastes for animal food that were at the heart of recent scandals show the problem's systemic character, and Bode concludes that several formal institutions reinforce the incentive to push social costs on society. One of them is the ineffective criminal law, which can only indict individuals but not firms and demands only minor pecuniary penalties, comparable to speeding tickets. Another institution is the European regulation 1774/2002 which defines certain meat wastes that do not have to be refrigerated as a freely tradable and very cheap economic good. This of course generates an incentive to illegally use cheap animal wastes as animal food since its price is only one tenth that of soybeans. Wastes can also legally be exported to Non-EU countries, where they are legally turned into sausages and later profitably exported to Germany. The author concludes that these institutions make dealing with meat wastes highly profitable and even more profitable than producing healthy meat (Ch. 3). Chapter four provides further examples of food and water poisoning related to doses of dioxins, pesticides, acrylamid, uranium, and cumarin, surpassing the maximum tolerance levels.

Heterodox economists will enjoy this book because the case of the German food industry provides a good illustration of how several institutions in conjunction with power asymmetries lead to high social costs of unhealthy food and water. For example, unlike Denmark and England, Germany denies its citizens information rights about the producers that have been caught poisoning food. Arguing that business interests and jobs are more important, authorities keep this information secret and deny the consumer the right to avoid these producer's products in the future. The same secrecy is applied by the *Lebensmittelbuch-Kommission*, a semi-governmental commission that determines what can be sold as food, what it must be called, what additives can be used, and which information must be provided to the consumer – yet its protocols are kept secret (p.121). The *Verbraucherinformationsgesetz* (VIG), an informational law prepared by the socialist-green government to bring the consumers substantive information

about the qualities and ingredients of products, was successfully undermined by industry's lobby organization, the *Bund für Lebensmittelrecht und Lebensmittelkunde* (p. 113). It does not come as a surprise to most heterodox economists that the book's analysis of the power asymmetries shows the citizens' relative weakness versus the powerful agro-industrial complex that is more often than not backed by the German authorities, government, legislative body, and the judge's ruling that is one-sidedly industry friendly (pp. 116). Of course, the food market is controlled oligopolistically by six corporations that determine what most consumers have to eat and drink (p. 227). According to Bode, the behavior of industry in the food sector is anachronistic and still much like before the 1970s when the environmental movement led to strict laws and a reduction of many social costs (p. 236). As one of the means to force industry to change its conduct in the food sector, Bode even mentions forms of civil disobedience, for example, pulling all the dangerous foods from the shelves of supermarkets, putting them in a shopping cart and leaving the store (p. 225). At this point, the mission of Bode's NGO *Foodwatch* connects with Kapp's political economy that showed how social change can oftentimes be understood as society's attempt to protect itself against the social costs of business enterprise.

For heterodox economists concerned with issues of social justice and the satisfaction of basic human needs, probably the most revealing conclusions reached by the author's investigation is that in the German food system only the affluent can afford the expensive healthy food whereas much of the inexpensive food is hazardous to human health (Ch. 8). From a Myrdalian institutional perspective, this constitutes a vicious circle where the already economically weak are harmed most, diminishing their economic potential even further. Bode's book additionally demonstrates that in a supposedly 'advanced' society, the satisfaction of even the most basic human needs for clean water and food are jeopardized by a combination of vested interests, institutional frameworks, and power asymmetries.

However, the author also reaches some conclusions that seem surprising from a heterodox economics perspective. Against the above background of the state's failure to protect its citizens, he pleads for institutional reforms, such as a more transparent information law, more effective criminal law, and a different policy towards meat wastes. This will, according to the author, reduce the inappropriate use of meat wastes and will allow the consumer to make informed choices, crowding out the bad food producers by starting a virtuous circle of competition for the healthiest food. This idea contains the notion of the possibility of a functioning food market once the 'right' laws are in place (p. 229). Heterodox economists may consider this naïve since their experience tells them that the incentive to maximize profits has often led businessmen to find creative ideas to shift social costs. Thus, it seems that Bode's vision of a harmony of interests in the marketplace is very influenced by the pre-analytical vision of mainstream neoclassical economics. However, the book demonstrates that it is equally naïve to expect solutions from the state, which ignores the violation of its own scientifically derived maximum tolerance levels for food and water pollution. Hence, the solution of the problem may require no less of society than to rethink the organization of the food sector in the industrialized world more fundamentally. For obvious reasons, this agenda lies beyond the scope of the current book and Bode's organization, but does not lessen the high quality of his empirical research and institutional analysis.