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The Hidden Costs of American Food: 26 June 2019

The Hidden Costs of American Food event convened on the afternoon of 26 June 2019 in Washington, DC, the US. The meeting addressed the question of whether it is time for an enhanced regulatory tool to reveal the hidden costs of the US food system.

The event involved presentations by expert panelists, followed by an interactive discussion with the participants. Panelists focused on the concept of true cost accounting (TCA) as a tool to account for the impacts food systems have on environment, health and social dimensions. This in turn can provide the opportunity to align food systems with environmental, health and social policy to ensure food policies do not exacerbate climate change, biodiversity loss, and human health impacts.

The ensuing discussion explored current and prospective challenges to developing and applying TCA approaches, methodologies, and tools, and achieving their uptake by policy makers, including US policy makers, as well as by the private sector.

Co-sponsored by Arizona State University's (ASU) Swette Center for Sustainable Food Systems and TMG Research gGmbH, the event built on the work of the Evaluation Framework released in 2018 by the Agriculture and Food offshoot of The Economics of Ecosystems and Biodiversity global initiative ("TEEBAgriFood"). The Framework seeks to contribute to comprehensive valuations of the eco-agri-food systems complex and demonstrate the externalities of farming systems, both negative and positive, in order to raise awareness of interlinkages among produced, natural, social, and human capital.

Panel Presentations

Kathleen Merrigan, Executive Director, ASU Swette Center, moderated the panel, which included: Alexander Mueller, TEEBAgriFood Study Leader and Managing Director, TMG Research gGmbH; Lauren Baker, Global Alliance for the Future of Food (GAFF); and Joe Glauber, International Food Policy Research Institute.

In her opening remarks, Merrigan said work on true cost accounting (TCA) of food systems was timely given concerns about climate change pressures, the need to achieve the Sustainable Development Goals (SDGs), and to fight all forms of malnutrition. She stressed that TCA work is not about raising the cost of food to consumers, but rather to provide a fuller accounting of all costs involved in food production.

She explained that this information would facilitate the design of policies to keep food affordable, as well as aligning food systems with environmental, health and social policy priorities. Merrigan underscored the need to get US federal rulemaking on agriculture and food issues to incorporate the TCA approach "explicitly and deliberately," and said the Swette Center would be working toward that end.

Mueller explained the rationale behind the TEEBAgriFood Evaluation Framework. He said food production is one of the most complex and poorly understood systems in the world, but important to change if the SDGs are to be attained. Mueller noted all countries spend heavily on subsidizing food production without understanding whether they are subsidizing it well. He argued that food costs need to take into account the major impacts food systems have on environment, health and social dimensions, but cautioned such analysis is complex and that no one should expect simple answers. He agreed that the point of TCA is not to make food more expensive, but rather to better understand its true costs.

Baker explained GAFF is a strategic alliance of philanthropic foundations interested in transformational change in food systems. She said GAFF is investing in the TEEBAgriFood Evaluation Framework in order to make the true costs of food visible and through that analysis better understand how to affect associated policy and market changes. She cited examples of applying the Framework in pilot studies on Mexico and Malawi. She added that GAFF is supporting a TCA community of practice, exploring metrics and methodologies, trying to develop standardized evaluation factors, and developing related tools. She highlighted work with the World Business Council for Sustainable Development (WBCSD) to determine how the private sector can take up TCA and apply it across business applications.

Glauber noted challenges faced in measuring externalities in a system as complex as food production, where costs and impacts can vary widely by region and crop. He stressed the importance for policymakers of understanding what the trade-offs are when adjusting one factor versus another, so that they can at least make informed decisions. He disagreed with assertions that US food is expensive in terms of percentage of average household disposable income, and cautioned against comparisons with costs of food systems in other nations. Regarding agricultural subsidies, he noted that data suggests that they do not distort food production as much as many claim. He stressed the political difficulties in internalizing the costs of externalities, citing the example of the carbon tax debate that focused heavily on the energy sector while ignoring the agricultural sector.

Discussion

Interventions from panelists were followed by questions from some of the 50 attendees, in a discussion moderated by Merrigan.

Noting that a recent TCA debate at the US Geological Survey could not reach a consensus on spatial and temporal scales of variables, an audience member inquired if similar problems had been encountered in GAFF or TEEBAgriFood. Baker responded those questions were being addressed within the GAFF Working Group on Externalities. She noted many of the participants are WBCSD members seeking to analyze their own risks, provide greater transparency across their value chains, and communicate risks and impacts to their shareholders and the public in ways that are consistent and comparable across companies.

To illustrate the political difficulties raised by examining externalities in food system, Glauber cited work he completed for the 2018 UN Food and Agriculture Organization (FAO) State of Agricultural Commodity Markets looking at the impact on greenhouse gas (GHG) emissions of domestic subsidies for beef cattle production. The study found that confined cattle operations in the US were more efficient in terms of GHG emission per unit of beef produced than systems elsewhere, so if carbon pricing were applied to the industry globally, it would mean pricing out many lower priced producers in other countries. He questioned if a global consensus on coefficients could be achieved once such distributional impacts were fully understood.

Mueller acknowledged the difficulties in determining all the impact pathways in food systems. He stressed however it was not impossible and, in any case, it had to be done in order to know how to invest in food systems wisely in ways that do not worsen climate change, biodiversity loss, and human health impacts. He insisted on the need for a comprehensive analysis

to avoid continuing to use a single metrics to assess the food system.

Responding to questions about health impacts of food systems, Mueller noted rising health costs globally, many linked to nutrition. He said TEEBAgriFood is helping to analyze whether we have the right nutritional habits, we produce the right products, if we afford to keep subsidizing food production, and what investments are needed in development policy to bring about desired health outcomes. Baker said a GAFF study found five types of health impacts of food systems, all inter-related: occupational; environmental; food safety; food insecurity; and unhealthy diets. She said current decision-making on food systems does not yet consider all five, but under the TEEBAgriFood Evaluation Framework decision makers are required to. Glauber expressed interest in seeing analyses of the health impact of soda taxes, particularly the case of Mexico, where the tax was large and more comprehensive than in most jurisdictions.

Merrigan emphasized that TEEBAgriFood has developed a common framework and is now testing it, so that TCA can be used as the basis for assessing the choices about food systems that society needs to make. She characterized such analysis as “the precursor to real action,” a tool to set up better choices. She acknowledged that policymakers may not make those choices, but at least they will have a full sense of the impact of their choices, while the public will be able to hold them more accountable for whatever choices they do make.

Concluding the event, Merrigan noted TCA is an ongoing process which will be the subject of intense work by Swette Center, TEEBAgriFood and GAFF over the next two years. She invited attendees to continue discussion about TCA in a post-event reception and closed the meeting at 5:06 pm.



Participants and panelists during the discussion (image courtesy of ASU and TMG Research gGmbH)