

The Ethical Food Manifesto calls on Americans to consistently apply ethical principles to food consumption, production, regulation, and investment. The author criticizes the food industry for its lack of transparency and suggests needed reforms.

THE ETHICAL FOOD MANIFESTO: Changing America One Shopping Cart at a Time

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THE ETHICAL FOOD MANIFESTO

***CHANGING AMERICA ONE
SHOPPING CART AT A TIME***

Susie L. Hoeller

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Chapter Four

Demanding Transparency in the Food Industry

I strongly encourage Congress to include in the final food safety reform legislation a strong provision requiring food companies to become fully transparent in the areas discussed below. Then consumers will finally be able to knowledgeably choose between companies that truly invest sufficient resources in food safety and companies that do not.

After all, in the wake of the global financial system melt down, at the recent G-20 financial summit meeting in London, leaders of the G-20 countries, including President Obama, agreed to institute new transparency requirements for the global financial industry.

In the meantime, without waiting for Congressional action, some innovative companies are beginning to see the advantage of voluntarily providing consumers with access to their supply chains and traceability systems by using the internet. Companies such as Stone-Buhr Flour

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and Askinosie Chocolate use "Find the Farmer" websites to reconnect farmer and consumer. A farmer's contact information is on product packaging, and consumers can see where and how their food is grown by viewing the farmer's website. These companies realize the market advantage of incurring marginal costs to create a transparent traceability system, as compared with the massive costs, reputational damage, and enormous waste of a product recall.⁷

The most desperately needed change in the food industry is full and honest transparency. Without it consumers and investors cannot make ethical choices. Transparency is different than the self serving spin or platitudes found on company websites. It means going beyond the financial statements required by Securities and Exchange Commission (SEC). These filings currently do not disclose how much companies are investing in food safety, traceability, animal welfare, etc. Calling for more transparency does not mean improperly asking for disclosure of true trade secrets like the Coca Cola® formula or the Kentucky Fried Chicken Original Recipe®.

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The space on most food labels is taken up with marketing photos and broad puffing claims. In most cases, the required ingredient listing and nutritional information is in small print, which is legal under the current law, but not always easy for consumers to read. SEC reports provide information on total sales and cost of goods sold, but it is impossible to determine from them what most of the publicly traded companies are specifically investing in food safety and quality assurance. Expenses for advertising and marketing are stated but quality assurance and food safety may be buried under “research and development.”

Today, you can go online to the SEC’s EDGAR database and look at food company annual and quarterly reports. Do you feel comfortable with the level of disclosure on quality assurance, food safety and supply chain traceability? Do you want to invest in a food company that causes the next national food poisoning outbreak and recall due to poor quality assurance?

By way of illustration, Con Agra and Menu Foods reported direct expenses in excess of \$50 million each for their 2007 recalls of peanut butter and pet food. These

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figures do not include the litigation related expenses and settlements just the costs of actually conducting the recalls. Both companies have worked hard since 2007 to invest more resources in food safety and rebuild their brands but clearly the companies' reputations were damaged by the 2007 high profile recalls. In fact, at the beginning of the Peanut Corporation of America recall in January 2009, Con Agra, J.M. Smucker, and other national brand makers of peanut butter had to run ads telling consumers that their brands were not part of the PCA recall. Nevertheless, peanut butter sales nationwide have taken a nose dive.

The following is a list of the types of information consumers and investors alike should be able to easily access from company websites, SEC reports, and where practicable, on food labeling and marketing literature.

Traceability – This relates to the ability of the manufacturer or food service establishment to know exactly where their ingredients and products were sourced from and to make sure their entire supply chain is practicing food safety and quality assurance. The lack of

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traceability has cost the industrialized food industry millions and millions of dollars in recalls and has caused many innocent smaller companies to go bankrupt when the source of contamination cannot be readily identified. In the past two years, the Florida tomato growers and the Texas spinach farmers had nothing to do with alleged tomato and actual spinach contaminations that originated in other states and yet their products had to be recalled as a precaution to protect the public. Millions of tons of food are thrown away which may or may not be safe because no one knows where the contamination originated.

The defense and electronics industries have had excellent traceability systems in place for decades. Radio Frequency Identification (RFID) is one of the technologies that can successfully improve the global food traceability system. Invented by Texas Instruments in 1989, RFID was immediately adopted by pig farmers in Holland to track their livestock as a way to curtail the spread of animal diseases and enhance food safety. American agri-business as a whole has resisted RFID, the incremental costs of which are extremely low, especially when compared to the lost sales and reputational damage in being part of a

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national recall. Many ranchers oppose any government proposals to require use of RFID to track livestock herds because they philosophically don't like government programs that interfere with their business (except for taxpayer funded agricultural subsidies) and are worried that the information about the size and growth patterns of herds will be misused by meatpackers to lower prices paid for cattle and other animals. This is a valid concern that can be addressed by the USDA oversight if and when its current National Animal Identification System moves from voluntary to compulsory use of RFID.

On March 23, 2009, IBM ran a full page advertisement in *The New York Times* under the banner "A smarter planet needs smarter food." The advertisement starts off with a list of the high profile recalls of peanut butter, milk, baby food, and spinach. It goes on to say "In the U.S. alone, 300 million pounds of meat and poultry products were recalled between 1994 and 2007. ... And consumers increasingly demand to know more about the food they buy; such as how animals were raised ... it is understandable when there are 76 million cases of food-borne illnesses every year in the U.S. alone."

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The advertisement then explains in detail how IBM is building a technology infrastructure to potentially track “every chicken breast, every pork chop, every lamb shank and every beef filet they produce for the Norwegian food market” with Maticq, a subsidiary of Norway’s largest food supplier.

“The [Maticq] system will enable the packaging of products with RFID tags to help keep them in optimal condition. At the production factory, sensors will be encoded with data and included with each piece of meat. ...the system will provide ... the farm of origin and the animal’s age and health records ... Norwegian food suppliers and supermarkets will have more and better information about the meat they sell ... Maticq’s smart food system can help suppliers and grocers reduce costs and improve safety. Even more importantly, it can increase consumers’ confidence in the quality of food they purchase”

American producers can learn much about advanced food traceability systems from our trading partners in Europe, Argentina, Australia, and New Zealand. In the European Union, for example, cattle have

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passports tracing their movements from birth to slaughter and fruit is labeled with edible ink to show its origin.

The sad irony is that while American technology companies invent innovative solutions that are adopted in other countries, many American food producers not using this technology. Our food companies then fall behind our trading partners as they continue their outmoded business practices –spending millions upon millions of dollars for fancy product labeling and expensive television commercials instead of infrastructure technology systems that protect the health and safety of their customers.

Again, the root cause is that the vast majority of American consumers are simply not demanding rapid change and innovation in the food industry. We used to be the world leaders in so many scientific and technical fields. Yet in recent years, for a variety of reasons, other countries are surpassing us. Americans riled up by extremist talk show hosts are content to blame Wall Street and Congress for all our problems and those two institutions do need reform. However, many of our problems are created by American consumers' self indulgent lifestyles focused on mindless entertainments as

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opposed to civic responsibilities. Hopefully, this will change with the leadership of President and Mrs. Obama. They are working hard to motivate every American to make positive changes that benefit society as a whole as opposed to the “me first and me only” thinking that has dominated our country in recent years.

Country of Origin—Today, consumers buy a box of children’s cereal or a frozen dessert and the package says that the product was manufactured or distributed by a company in an American city and state. The consumer is not told that numerous ingredients in the cereal or dessert are sourced from several other countries which may lack proper food safety systems.

The country of origin disclosure legislation for single ingredient products was fiercely resisted for years by the food industry. It is finally being implemented for meat, seafood, fruits, vegetables, and nuts. Multi-ingredient packaged or processed foods and food service establishments still do not have to reveal the countries of origin for their ingredients. The label on a canned, frozen or packaged product which reads “Manufactured by” or

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“Distributed by” followed with the name of an American company gives the consumer the false sense of security that all the ingredients in the package came from the U.S. The truth is that with our global food supply chain, many ingredients come from countries with poor to non-existent food safety regimes because they are cheap.

Co-Packing Disclosure – Many national brands charge more than store brands based on their national brand advertising. Until recalls revealed that products from national brands and store brands were being made at the same plants, on the same production lines, and recalled with the same frequency, I always used to think that all the national brands were worth paying more for because they represented greater quality and safety. I don’t think that way anymore because I can look on the FDA website and see the same products recalled by both the national brands and store private label brands.

In the peanut recall, the national brands and the high end grocery stores recalled products along with private label brands and the discount supermarkets. The pistachio recall which started the first week of April 2009

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was kicked off when Kraft Foods testing found salmonella contamination in pistachios sourced from a California processing plant. Kraft should be commended for its supply chain testing program but, just as with the still ongoing peanut recall, the contaminated pistachios are being sold under multiple brand names all over the country.

One plant can impact thousands of end products all over the country. This shows that food processing in this country has become too dependent on concentrated, single sourcing. After 9/11, the federal government instituted various programs to prevent bio-terrorism. However, we are not being poisoned by bio-terrorists. It is our own food industry, ridden with food safety failures up and down the supply chains, that is poisoning Americans.

In the meantime, far too often Americans are paying more for attractive packaging and marketing hype not for superior quality and safety. Many of the national brands and the store brands have their products “co-packed” by a third party and not manufactured in plants that they own or control. We saw this with the Con Agra peanut butter recall of 2007, where a non-Con Agra plant in Georgia did not pay attention to a leaky roof and

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windows. This allowed moisture and other unsanitary conditions to contaminate the peanuts Con Agra used to make the peanut butter. Menu Foods which manufactured melamine contaminated pet food for eighty-eight national and store brands was the single source of wet pet food packaged in pouches for all of these brands.

As a consumer, I want to know when I buy a food product whether or not it is being produced by the company that is marketing it or some third party which may or may not be properly supervised. If there is insufficient room on a can or package label for this disclosure, the information could be placed on the company website. Of course, food companies resist this type of disclosure and hide behind the “burka” of “proprietary information.”

Animal Welfare Policies – As IBM said in their advertisement quoted above, more Americans want to know how animals raised for food are being treated. Web cams in slaughter houses would probably turn millions more Americans into vegetarians and vegans just because the killing of animals is a gruesome process even if

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conducted humanely. If there had been web cams in American slaughterhouses, we would not have had to rely on undercover operations by animal protection groups or immigration raids to find out about sadistic treatment of downer cows and the use of child labor. Thanks to the work of animal protection groups, animal scientists like Dr. Temple Grandin, and companies like McDonald's and Cargill, conditions are greatly improving, but the progress is not universal.

Of course, some followers of Peter Singer, such as People for the Ethical Treatment of Animals (PETA) oppose almost every human "use" of animals. PETA is often derided for its more extreme tactics and campaigns. Nevertheless, the organization has been instrumental in informing millions of people about horrific cruelties inflicted on animals by human beings who mistakenly consider themselves to be civilized and good.

Other animal advocates, such as, The Humane Society of the United States take a different approach when it comes to using animals for food by focusing on humane treatment and not absolute prohibition.

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This writer believes that it is ethically acceptable to raise animals for food provided they are treated humanely *in all stages* of the growing and slaughtering process. Otherwise, most animals would never be alive at all since livestock and poultry would not be raised in large numbers as pets. Furthermore, it is not clear to me if a 100% vegetarian or vegan diet is truly healthy. Scientific and nutritional controversies exist over this issue.

Worker Wages and Conditions – With some notable exceptions, it is hard to determine from the food companies themselves specific information about what steps they are taking, if any, to assure that workers who are planting and harvesting crops, tending livestock or working in processing plants have decent wages and working conditions.

We now know that the Peanut Corporation of America paid very low wages to its workforce. There is a direct connection between under paid and dispirited work forces and a lack of food safety. For the most part, food companies do not disclose specifics about these practices. Without the long struggle of the United Farm Workers,

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co-founded by Cesar Chavez and Dolores Huerta in California, and other organizations, conditions would not have improved. Much more needs to be done in this regard. The farm workers who perform the back breaking work needed to put food on our tables still are not receiving their fair share of our food dollars.

It is encouraging that Florida Republican Governor Charlie Crist met on March 25, 2009 with representatives of the Coalition of Immokalee Workers. This group has been calling on tomato growers in Florida to improve wages and working conditions for pickers and to prevent grower practices that have led to seven federal convictions for modern day slavery in the past ten years. Crist, unlike his predecessor Jeb Bush, is the first Florida governor to meet with this group since the 1990s. As reported by Michael Peltier of naplesnews.com, “Crist is the grandson of a Cypriot who, at 14, emigrated alone to the United States and got his first job shining shoes.” After the meeting with the farmworkers, Crist told reporters “I am deeply moved by what they had to say and we want to help them as much as we possibly can ... I am not a man driven

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by anger, much, but two things will: injustice and arrogance.”⁸

This coalition of Florida tomato workers has already been successful in persuading Taco Bell, Burger King, Subway, and McDonald’s to pay more for tomatoes to improve worker wages.⁹ It appears they now have a Florida Governor who is sympathetic to their cause.

Quality Assurance and Food Safety Protocols –

All food companies, including grocers and restaurants, have quality assurance and food safety protocols of some sort. With a handful of exceptions, the question that cannot be answered is which companies establish the superior protocols and actually invest the necessary financial and human resources to continuously improve and rigorously enforce them.

Again, for the vast majority of companies, details about these protocols are hidden from consumers behind the burka of proprietary information. Another frequent refrain, heard in the food industry, is that “food safety is not a competitive advantage and we all need to work together to enhance it.” It is a good thing for food

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companies to cooperate in industry associations (within the confines of the antitrust laws) to share quality assurance and food safety best practices. However, sometimes this cooperation and sharing of information only includes other industry participants and is not extended to regulators or consumers. Just like the protection of “proprietary information” excuse, the “food safety is not a competitive advantage” mantra has often been used to keep industry practices hidden from public view.

One of the common industry practices, which came to light as part of the on-going Congressional investigation of the Peanut Corporation of America and reporting by *The New York Times*¹⁰, is the requirement that the producers being audited by their upstream customers in the supply chain pay for the audits themselves. The customers ordering the audit do not pay for it. This questionable practice creates a built in conflict of interest for the auditors. Since they are actually being paid by the plant they are auditing and not the plant’s customer, there is a temptation to soften the audit to cozy up to plant management. Obviously, the insufficiently

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detailed audits performed at the request of customers of the Peanut Corporation of America but paid for by PCA did not influence the hundreds of companies buying ingredients originating from PCA to take their business elsewhere.

If the food industry will not voluntarily reform this questionable practice (which presents an inherent conflict of interest) and start to require that upstream customers pay for the audits of their supply chain as part of their cost of doing business, then Congress should include a prohibition of the practice in the food safety legislation currently being worked on.

Here is a much more positive and inspiring development. On March 30, 2009, Organic Valley Family of Farms, the nation's largest organic cooperative, announced the sharing of its quality assurance and food safety protocols with the entire public as part of its Transparency Initiative. The protocols which had previously been only available as requested by customers, producers, distributors, and retailers, are now posted on the cooperative's website at www.organicvalley.coop/our-story/transparency. The twelve protocols which range

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from Hazard Analysis of Critical Control Points (HACCP) to the Customer Complaints per Unit Program are described in detail on the website. I would challenge our publicly traded and privately held companies to match or exceed the impressive transparency of Organic Valley.

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