ESEE 2015 paper submission
Cost-shifting success or 'fuel' for activism?
The case of food banks in the Global North

Summary

In ecological economics, research on externalities (or cost-shifting) has often focused on extractive industries and toxic waste sites. Yet cost-shifting also occurs when industries 'dump' excess resources, such as surplus food, onto poor communities. What happens when a form of cost-shifting (food surplus dumping) can provide de-commodified benefits (food donations) for impoverished people? Relying on an institutional analysis of the history of food banks in Canada, this study reveals how food bank volunteers process industrial food waste, taking on the costs of the food industry, while they may also use food surplus as 'fuel' for anti-poverty activism. This both confirms and complicates the cost-shifting thesis, showing that externalities may at times be used to fund 'environmentalism of the poor'. It also suggests that wealth redistribution is not enough to address cost-shifting practices; 'nested institutions' are necessary to manage and regulate resources and externalities. *(143 words)*

Key words: cost-shifting, externalities, institutions analysis, nested institutions, food banks, food security, Canada, welfare, corporate social responsibility, Coasian bargaining

Extended abstract

In ecological economics, the term 'cost-shifting success' has been proposed as an alternative to 'externalities', indicating that costs can often not be internalized into a market structure (Martinez-Alier and O'Connor 2002). These claims have relied on research evaluating the environmental justice implications of the extractive industry and locally unwanted land-uses (LULUs), and rarely have focused on more distributed externalities like those of food distribution and consumption (Martinez-Alier 2002). Yet cost-shifting also occurs when industries 'dump' excess resources, such as surplus food, onto poor communities. What happens when a form of cost-shifting can provide de-commodified benefits for impoverished people?

Food banks present one example of such a process in the Global North. In North America, food banks receive surplus food (products that are damaged, rejected, close to expiry, or new products that were not successful) from large food retailers, which is then processed at low cost by volunteers and redistributed to the poor. In one month in 1999, 800,000 Canadians accessed food banks; while in one week in 2001, 7 million Americans accessed food banks (Wilson 1999; O'brien *et al*. 2004), and this number has increased since then. Clients disproportionately consist of single mothers, people of color (including blacks, hispanics, and indigenous people), and recent migrants (Grace 1999; O'brien and Aldeen 2006; Goldberg and Green 2009; Food Banks Canada 2011). Seniors and children also comprise a large portion of clients. Thus, food banks are an example of cost-shifting where the externality is

being re-used for the benefit of the "South" of the "Global North" (Pellow 2007; Collins 2010).

We conducted an institutional analysis (Vatn 2005) of the history of food banks in Canada. In addition, a case study of a food bank in Montreal, Quebec, examining the material, financial, and labor inputs and outputs, as well as the social and historical context, was used to better understand the mechanisms by which food banks operate.

This study found that the history of food banks in Canada is closely tied to the increasing centralization of the Canadian food industry, spurred by free trade agreements. By donating to food banks, the food industry took advantage of emerging social institutions of food redistribution in the wake of economic recessions to save on processing costs while reinforcing their corporate social responsibility agenda. In turn, food banks, relying on food industry donations, are forced to absorb the costs of the food industry's waste as well as government failure. This is made possible through unpaid volunteer labor, indicating an uneven power relationship driven by dependency. Food bank volunteers often engage in these activities because they themselves rely on the surplus food for survival, hence indicating that the problem of food waste cannot be addressed through Coasian bargaining (Coase 1960) because "the poor sell cheap" (Martinez-Alier and O'Connor 2002). Yet, despite being funded by and relying heavily on this industry, food banks remain heterogenous, with many of them engaging in anti-poverty activism. Our case study suggests that food banks may often use surplus food as "fuel" for mobilizing against inequality and welfare cuts. In addition, an institutional analysis suggests that there is a need to address both market "inefficiency" (externalities) and state "redistribution" (e.g. welfare) when it comes to food insecurity in Canada. This requires acknowledging the social role that food banks may play in addressing community food insecurity (Allen 1999; Rock 2006), while addressing poor of food waste.

Thus, this research both confirms and complicates the cost-shifting thesis, indicating that given certain policy and legal institutions, shifted costs (food waste processing) may be used to fund a kind of 'environmentalism of the poor' (Martinez-Alier 2002) in affluent countries, when other resources are unavailable. In other words, the polluting product itself becomes both a tool for survival and one for social mobilization against government failure. The equivalent of this would be if environmental justice activists could somehow use nuclear waste as 'fuel' for organizing. Or if we could tap into the carbon footprint and use it both as a means for survival and to fund social movements against climate change. We know that this is not possible, we use these examples merely to stress how food banks present an unusual example of cost-shifting. It is the social character of food that makes food waste, and food banks such as our case study, unique sites for political involvement.

Yet, these findings do not lead us to reject the cost-shifting thesis; rather, our study helps explicate how corporate social responsibility strategies are used by corporations to facilitate rent-seeking and shift costs, even if social movements and marginalized classes might benefit to some extent from such activity. In addition, the research further supports the call for policy decisions that do not rely on monetary valuation alone (Vatn and Bromley 1994; Sagoff 1998; Munda 2004;

Kosoy & Corbera 2010), and indicates that welfare schemes like welfare and basic income will be inadequate to achieve sustainability. Further, when it comes to ensuring adequate and sustainable food access for populations in the Global North, our research indicates that there is a need to link 'joined-up food policies' (Barling et al. 2002) with 'nested institutions' (Yashiro et al. 2013; Kolinjivadi et al. 2014) frameworks: cost-shifting and resource management needs to be addressed at horizontal (NGOs, community groups, government, corporations) and vertical (municipal, provincial, national) levels.

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