

“Genetically Engineered Terror”: Monsanto and the “Social Cost” of GMOs

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Ecological economists such as Herman Daly write that the more full the world becomes, the higher are the social or external costs of production.

Social or external costs are costs of production that are not captured in the price of the products. For example, dead zones in the Gulf of Mexico that result from chemicals used in agriculture are not included as costs in agricultural production. The price of food does not include the damage to the Gulf.

Food production is a source of large social costs. Indeed, it seems that the more food producers are able to lower the measured cost of food production, the higher the social costs imposed on society.

Consider the factory farming of animals. The density of operations results in a concentration of germs and in animals being fed antibiotics. Lowering the cost of food in this way contributes to the rise of antibiotic resistant superbugs that will impose costs on society that will more than offset the savings from lower food prices.

Monsanto has reduced the measured cost of food production by producing genetically modified seeds that result in plants that are pest and herbicide resistant. The result is increased yields and lower measured costs of production. However, there is evidence that the social or external costs of this approach to farming more than offsets the lower measured cost. For example, there are toxic affects on microorganisms in the soil, a decline in soil fertility and nutritional value of food, and animal and human infertility.

When Purdue University plant pathologist and soil microbiologist Don Huber pointed out these unintended consequences of GMOs, other scientists were hesitant to support him, because their careers are dependent on research grants from agribusiness. In other words, [Monsanto essentially controls the research on its own products.](#)

In his book, Genetic Roulette, Jeffrey M. Smith writes: “Genetically modified (GM) foods are inherently unsafe, and current safety assessments are not competent to protect us from or even identify most dangers.” The evidence is piling up against such foods; yet the US government is so totally owned by Monsanto that labeling cannot be required.

Pesticides damage birds and bees. Some years ago we learned that ingestion of pesticides by birds was bringing some species near to extinction. If we lose bees, we lose honey and the most important pollinating agent. The rapid decline in bee populations have several causes. [Among them are the pesticides sulfoxaflor and thiamethoxam produced by Dow](#)

[and Syngenta.](#) Dow is lobbying the Environmental Protection Agency to permit sulfoxaflor residues on food, and [Syngenta wants to be able to spray alfalfa with many times the currently allowed amount of thiamethoxam.](#)

As the regulators are more or less in the industry's pocket, the companies will likely succeed in their efforts to further contaminate the food of people and animals.

The profits of Monsanto, Dow, and Syngenta are higher, because many of the costs associated with the production and use of their products are imposed on third parties and on life itself.

Many countries have put restrictions on GMO foods. [Lawmakers in Russia equate genetically engineered foods to terrorist acts and want to impose criminal penalties.](#)

The French parliament [has approved a ban on GMO cultivation in France.](#) However, Washington lobbies foreign governments on behalf of its agribusiness and chemical donors. Dick Cheney used his two terms as vice president to staff up the environmental agencies with corporate friendly executives. Just as the political appointees at the SEC would not let SEC prosecutors bring cases against the big banks, environmental regulators have a difficult time protecting the environment and food supply from contamination. The way Washington works is that the regulators protect those they are supposed to regulate in exchange for big jobs when they leave government. The economist, George Stigler, made this clear several decades ago.

The public favors labeling of genetically engineered food, but Monsanto and the Grocery Manufacturers Association have so far been successful in preventing it. On May 8 the governor of Vermont signed a bill passed by the state legislature that requires labeling. Monsanto's response is to sue the state of Vermont.

The opposition to labeling by agribusiness is suspicious. It creates the impression of hiding information from the public. Normally, this is not good public relations. Currently, foods are mislabeled when genetically engineered food is labeled "natural."

Breakthroughs in science and technology allow mere humans to play God with insufficient information. The downsides of genetic engineering are unknown, and the costs could exceed the benefits. What economists term "low cost production" might turn out to be very high cost.

Neoclassical economists do not lose sleep over external costs, because they think that there is always a solution. They think that the way to deal with pollution is to price it so that the entity that most needs to pollute ends up with the right. Somehow this is thought to solve the problem of pollution. Neoclassical economists think that it is impossible to run out of resources, because they believe man-made capital is a substitute for nature's capital. It is a fantasy world in which we become ever more productive and better off and never run out of anything.

Ecological economists see the world differently. Nature's capital, such as mineral resources and fisheries, are being depleted, and the disposal sinks for wastes are filling up, with land, air, and water being polluted. Every act of production produces useful products and wastes. As external costs and the depletion of nature's capital are not measured, we have no way of knowing whether an increase in output is economic or uneconomic. All we can tell is

whether the costs that are measured are covered by the price of the product.

What this means is that in a full world, neoclassical economics becomes less meaningful and is less able to contribute to our understanding of problems. It cannot even tell us whether GDP is rising or falling as we do not have a measure of the full cost of production.

For further information on these issues, see my book, [The Failure Of Laissez Faire Capitalism And Economic Dissolution Of The West](#), and the website: <http://steadystate.org>

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