Food & Everyday Life in the Postsocialist World

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INDIANA UNIVERSITY PRESS
Bloomington & Indianapolis
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The Tale of the Toxic Paprika

The Hungarian Taste of Euro-Globalization

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In 2004 eight former communist countries, followed by two more in 2007, entered the European Union, a supranational organization whose members formerly constituted these countries’ ideological nemesis. The process of meeting the requirements for accession to the EU, although arduous and fraught with conflicts, was seen as one in which the East would adopt the laws, policies, political institutions, and even political culture of the West; the actual accession, although repeatedly delayed, was a foregone conclusion. Policy analysts and social scientists succumbed to the inevitability of this radical redrawing of Europe’s political map and, as a result, found the accession process unremarkable and lacking merit for serious, theoretically informed, and critically attuned analysis. Most of what social science scholarship has produced about this development...
belongs to the realms of comparative political science approaches or international relations studies relating the Eastern enlargement to previous instances of accessions, largely framing it as part and parcel of a worldwide trend of democratization.

As a native Hungarian who has conducted research in Eastern Europe for fifteen years but has also lived in the United States, I experienced the era from 1989 to the present as a profound transformation in everyday practices, in mentality, and even in cognitive maps applied to political arguments. Given my informants’ experiences, I never understood the capitalization of the social sciences in treating the accession process as a black box. Granted, many aspects of molding Eastern Europe to a Western shape were complex and hard to keep pace with even for the most committed experts; that, however, does not justify relinquishing the effort to understand, evaluate, and critique the process. In fact, I argue that the enlargement process, if viewed through the correct analytical lens, can provide new insights into the workings of this mighty global supranational institution, into the nature of its power and its relationship to globalization. In my view, one problem has been the fallacy Anna Tsing (2000) calls “globalism,” namely, that to understand global and large-scale processes we must analyze them on a global level. My analysis in this essay takes the opposite tack, making use of an unexpected little spice to examine the practices and processes of Europeanization, demonstrating that a more restrictive perspective can provide a better understanding of the EU accession. I examine the 2004 paprika scandal and what it tells us about the nature of globalization embodied in the European Union.

On October 27, 2004, the Hungarian government shocked the public by banning the sale of paprika powder, its use in restaurants, and, until further notice, its household use as well. The chief Hungarian public health authority (ÁNTEZ) had found that of the seventy-two commodities regularly sold in Hungary, thirteen contained aflatoxin B1, a carcinogenic microtoxin produced by mold. The concentration of the substance was sometimes sixteen times larger than the threshold permitted by the European Union (3 mg/kg). To extend the testing to all products, their sale was banned. The testing, and thus the ban, lasted three days, during which ÁNTEZ gradually released the list of products found to be safe. Ultimately forty-eight products tested positive for the chemical, although how many of these were legally toxic—that is, above the EU limits and whose sale would thus constitute an act of crime—is unclear. Aflatoxin, which in public discourse had primarily been linked to repeated EU bans on African or Brazilian nuts, can only grow in peppers produced in Mediterranean or tropical climates. Hungarian consumers were astounded to learn, however, that the famous Szeged and Kalocsa paprika, sold worldwide as a Hungarian, a unique product marketed and protected as originating in Hungary and embodying national traditions, actually contained peppers imported from Brazil and Spain. Experts, too, were dumbfounded that contaminated products could find their way to the grocery shelves undetected despite the elaborate food safety measures adopted to meet EU standards. The processes associated with EU accession that led to this scandal are explored in the following sections.

Making Paprika European

Hungary produces, on average, eight thousand to ten thousand tons of paprika every year (from six times this amount of fresh peppers). In 2003, fifty-three hundred tons were exported, indicating that the industry is strongly export-oriented. Germany imports an average of 30 percent, and other important buyers are Austria, Holland, Slovakia, and Romania. Thus Hungary accounts for 10 percent of the world’s paprika exports. Although paprika does not constitute as great a share of Hungary’s exports, even of food exports, as one would expect based on its fame, it is an economically important product. First, paprika is a unique product that enjoys worldwide brand-name recognition, thus contributing positively to the image of Hungarian products. Second, it is used in many other products that Hungary exports, such as Pick salami and Gyulai sausage. In fact, Szegedi Paprika owns Pick. Third, as a national symbol, paprika is an asset in promoting tourism. Therefore, not only is the production of paprika a pull sector in Hungarian exports, but its great visibility (even greater than its quantitative economic significance) also renders its successes and failures consequential for several economic sectors. And, in terms of its failures, there have been several recently.

Two scandals erupted in the 1990s. In the first, lead was found in paprika sold mostly at farmers’ markets. The source of the contamination was lead-containing paint that sellers had mixed in with paprika. In the second incident, powdered brick was found in paprika. In both cases the
obvious rationale for the adulteration was to enhance the color of the spice; and, according to news media, the culprits were known to be Ukrainians and Romanians.⁴

Many such scandals were seen as the manifestation of the “Wild East” phenomenon, which, depending on one’s political attitude, was chalked up either to liberalization and the collapse of the state or to Eastern Europeans’ newly liberated and thus excessive and gullible consumerism. But all this was supposed to end with Hungary’s accession to EU membership. After all, the European Union constantly emphasized that it was not letting Eastern European food products, known to lack hygiene and quality, into Europe. News like this abounded in the Western media as the accession grew closer:

A food agency chief has warned that welcoming new members could bring down food standards across the European Union. The chairman of the Food Standards Agency, Sir John Krebs, said consumers could face risks from fraudulent traders and contaminated food unless standards were upheld. (BBC, January 15, 2003)

In response to these fears, EU officials proclaimed, if not threatened, that food safety is an element of the enlargement process where the EU made clear from the beginning that it will not accept a situation that might lead to lower food safety standards or to any risks for consumers. The new Member states recognize that compliance with the Union’s acquis on food safety is essential. (EU Enlargement: Questions and Answers on food safety issues Memo/03/88, Brussels, December 5, 2003, p.1)

Well before the fifteen-member EU and the candidate countries’ publics formally voted on their membership, Hungary already not only had adopted eighty thousand pages of legislation and case law into its legal framework but had also replaced Hungarian food-safety laws with those of the EU. In addition, many corporations had gone beyond minimum requirements by adopting so-called voluntary safety and quality standards. Most notable among these standards was the HACCP (Hazard Analysis Critical Point System). HACCP is a risk management tool based on the identification and monitoring of critical points where biological, chemical, or physical risks arise. To achieve HACCP accreditation, producers and service providers first identify the source of health risks in their production process with the help of expert consultants. They then adopt new procedures and even new appliances to prevent these risks or reduce them to an acceptable level. Regulation entails the implementation of alternatives to such “critical points” and their systematic monitoring, which is self-administered and must be kept on written record. Authorities in charge of surveillance do not control or test the actual production process or products; they simply “audit the books” to get an immediate glimpse of the state of hygiene and safety in a particular place (Urnexhehr and Hirschhorn 2000; Urnexhehr 2006).⁶

As the deadline passed for food-related facilities to acquire HACCP accreditation (January 2003) and deadlines for various extensions grew near, my interviews made clear that emotions ran high among farmers selling their own produce, butchers, salespeople, and managers of small grocery shops. The mere mention of the words “standards” and “the EU” brought forth a veritable flood of complaints. People found the imposed standards ridiculously impractical, for example, having to change color-coded uniforms between cutting a chunk of meat for a customer and handling the cash involved in the transaction. They were all insulted by the costs of the consultation, training, and accreditation, as well as the expenses involved in actually implementing the required changes in the physical layout of their facilities, new materials such as cleaning supplies, new equipment such as refrigerators meeting the new guidelines, and the administration of the self-monitoring itself.⁷

Other anxieties concerned the implications of newly adopted EU standards for Hungarian cuisine and national traditions of feeding and slaughtering animals. Questions abounded in the media as to whether Hungarians would be able to produce and eat foie gras, poppy seeds, or home-made sausages (i.e., feed hogs swill and slaughter them without prior sedation). The official pro-EU campaign not only made such qualities the central themes in its various infomercials, but it also used food-related imagery even in its messages unrelated to food.⁸ The message was that we can be Hungarian and European at the same time—Hungarian by holding onto our gastronomic traditions and European by observing high standards of quality and hygiene as well as adhering to strict animal rights. The answer was to vote yes to the accession.

Beaten into Hungarian heads was that a brave new world was coming where food will be better and safer without insulting local taste buds. It
came as a shock, therefore, that just as practices officially came to be sanctioned as European-Hungarian paprika, the pride of the nation, was found to be toxic. Or was it really Hungarian paprika that was toxic? Apparently, Europeanizing Hungarian paprika did not make it safer and better but just the opposite. To understand how Europeanization produced results contrary to its intended purpose, we must view the process as Janus-faced, a development I term "Euro-globalization."

Globalizing Paprika

Hungary had been subject to what Harvey (1991) calls “post-Fordist capitalism” or what McMichael (1996) terms the “globalization project from the late 1980s.” In what sense, then, can we argue that paprika become more globalized than it was prior to EU accession? To answer this question, I elaborate on the following aspects of the case: the pressure to privatize, increased free trade, especially the radical reduction of import duties; the insistence to maintain flexible production; the replacement of national with international or foreign authorities to monitor the safety of imported food; and the ensuing relaxation of national food safety standards.

Privatization Whereas Western European market economies are often credited with the term “capitalism with a human face,” the European Union, in many of its practices vis-à-vis extra-EU states, embodies a more laissez-faire, more liberal, more, if I may, American model of the market economy than what it prefers for itself. I need only mention Cancún for even a cursory observer of world news to recall the bitter debates about the double standards involved in the EU’s agricultural and trade policies. Let us remember that one criterion of EU membership for former socialist countries (as laid down in the Copenhagen criteria in 1993) was a functioning market economy. The EU saw the structural adjustment programs of supranational agencies, such as the International Monetary Fund (IMF) and the World Bank, as the right path to meeting the accession criteria, especially those requiring a thoroughly liberalized economy. Although the existing, Western members of the EU retained much of their welfare system and production subsidies, if you were to read the texts of various aid and loans packets provided by them to former socialist countries, you would be hard-pressed to say which came from the ex-

licitly neo-liberal financial institutions (the IMF and the World Bank) and which from the bastion of tamed capitalism (the EU). To the extent that it advocated economic growth through reduced state spending, privatization, price liberalization, and free trade, the European Union acted as an agent of neoliberal globalization in Eastern Europe.

In the case of Hungary, paprika-producing land was progressively privatized after 1989, although substantial fields remained in agricultural cooperatives. As for the two key paprika-processing firms, Kalocsai Főszeg paprika, and Szegedi Paprika, they were transformed into shareholding corporations. The Hungarian state retained significant shares in the former, and members of paprika-producing cooperatives also bought shares in these processing companies.

Free Trade A key element of neoliberalism is free trade. Although trade between Hungary and EU member countries had been gradually liberalized by the time of the formal accession, some pockets of “protectionism” remained until May 1, 2004. One was the high import duty levied on paprika. Overnight this was reduced from 44.2 percent to 5 percent, radically increasing the appeal of cheap Latin-American imports. Two major sources of imports were apparent immediately prior to the scandal. Hungary “imported” twenty-two tons from Spain in September 2004. Whereas the same trade event would have been considered imports just a few months earlier, after May 1, 2004, that is, after Hungary’s formal accession to the EU, it no longer counted as imports because Spain and Hungary, as EU members, now shared the same customs borders. This has great significance for food safety, as I will illustrate below. The other, this time “real,” exporter is Brazil from where Hungary had imported eighty-eight tons since December 2003. Eight tons of this tested positive for Aflatoxin B1.

That importing paprika was the decision of paprika processors seems well established, but their rationale for doing so is less clear. Some argued that a poor harvest the previous year (2003) as a result of a drought cut the harvest by 60 percent, making importing necessary. Others pointed out that imports were needed because the peppers were insufficient in color, a problem also attributed to bad weather, since the more sunshine peppers receive before harvest, the greater their pigmen. In order to retain paprika’s appealing color, processors mixed the Hun-
garian peppers with peppers from Spain and Brazil, as the pigment content in the latter is almost twice that of Hungarian peppers.

A third argument came not from the processors but from the producers. In my interviews with two directors of farms that produce paprika on a large scale (100 hectares), one of them, the chief of the Paprika Produce Council[14] and a member of the Committee on Identifying Paprika Species at the time, told me that the processors imported paprika from Brazil because it was much cheaper than Hungarian peppers. The second director added, approvingly, "This processor invited us, producers, for a meeting. He [the representative of the processing firm] put paprika powder made from Brazilian peppers on the table and pointed out how colorful it was." The threat was clear: either they cut their prices or their contracts would be lost to the Brazilians. Producers were also aware—and paprika processors emphasized this point—that foreign distributors were already engaged in mixing Hungarian paprika with Latin American peppers to lower their costs without necessarily lowering the price. Consequently Hungarian processors simply wanted to do what seemed to make good economic sense: keep the profits that arise from mixing to themselves rather than yielding them to their foreign wholesale customers. [15]

Although these tactics were a powerful incentive and despite food producers everywhere finding themselves in ever fiercer competition with one another in the so-called race to the bottom, Hungarian producers did not give in. They knew that taste was on their side and that Brazilian and Spanish peppers could never win against the paprika from Szeged and Kalocsa. Banding together, rather than competing, they refused to lower their prices. After the paprika scandal, news came that small producers stopped selling peppers to the indicted processors and instead established their own processing facilities. Ironically processors were now desperate to keep producers on their side because, in the words of one informant, "We are being hurt together."

Certainly this is a temporary reconciliation. Small producers see no solace in the case of Spain, where spice pepper production fell by one-third after EU accession because of cheap imports. In fact, Hungary's spice paprika production is apparently decreasing. According to my data sources thus far, in 1996 the annual harvest was fifty-two thousand tons compared to no more than thirty-seven thousand tons harvested in 2004, a good-harvest year.

**FLEXIBLE PRODUCTION VERSUS FLEXIBLE INFORMATION**

Another criterion for accession included the candidate country's ability to withstand competitive pressures on the unified market. Given swift changes in consumer demands—and an increasing number of demands in niche markets—as well as shifts in raw material and stock prices, understanding these competitive pressures requires great flexibility in production. Paradoxically, it is precisely the EU's emphasis on and Western European consumers' demand for standard quality and thus trustworthiness that required Hungarian paprika processors to implement more flexibility in their production. According to various news reports and interviews, some processors started importing peppers in 1997, and others did not begin until 2003 and then only in small quantities to compensate for natural misfortunes such as poor harvests or low pigment content, as noted above. Although this flexibility may be desirable from a neoliberal perspective, it is clearly at odds with EU regulations requiring that the packaging lists ingredients and source countries. No processor complied with this labeling law, because, as the president of one processing company argued in a TV interview, the composition of the paprika that is sold varies more frequently than they could accommodate through printing new packaging (A Szélő Szabadága, October 29, 2004). Although many viewed this argument as a poor excuse, in the market climate of ever increasing competition any cost-cutting measure will seem rational, even the expense of reprinting labels. In the end, in March 2008, Szégedi Paprika lost its appeal against a court ruling fining the company 3 million Forints (U.S.$20,000) for falsely advertising its paprika as exclusively Hungarian (MTI Econews 2008).

**DISEMPOWERING NATIONAL AUTHORITIES AND RELAXING NATIONAL FOOD SAFETY STANDARDS**

The common assumption is that, with EU membership, a candidate country's food-safety regulation will improve, but in many cases the opposite was true. Although member countries are generally free to enforce stricter standards than those imposed by the EU—whether regarding food safety or the environment—I know of no new member country that retained its standards when they were stricter than the EU's. This was the case in Hungary, for example, regarding the legal definition of fresh milk, certain emission standards,
and nature protection laws. Obviously this has much to do with these countries' hunger for capital and with their poor bargaining positions in the world and in the EU. This explains why the replacement of national standards with EU standards effectively resulted in a relaxation of norms.

Let us consider some consequences of this relaxation of standards. First, because Spanish peppers are not "real" imports, they are no longer checked when entering Hungary. This became a problem in August 2004, when through random testing—the only kind of testing done since EU accession—one Hungarian processor discovered the presence of ochratoxin, a liver- and kidney-damaging microtoxin also produced by molds. To avoid a scandal, the affected products were silently removed from grocery stores. Note that this discovery came about only because Hungarians traditionally tested for ochratoxin in paprika, even though the EU had no limits for ochratoxin in peppers and spices.

Second, as trade experts argue, even when peppers are imported to Hungary from Spain, we cannot know for certain whether they were actually grown and dried in Spain or whether Spain imported them from elsewhere (Index, October 28, 2004). Unknown origins naturally make tracing a problem and resolving it much more difficult, further weakening the power of national food safety authorities.

Third, after accession, even peppers comprising real imports are removed from the jurisprudence of national authorities, because authorities at the entry port, in this case Rotterdam, carry out the prescribed controls. Spice peppers, however, are not on the list of imported goods that must be tested. Furthermore, the amount of information on pepper that is required has decreased. As my informant argued, "Before EU accession we tested the peppers for twenty to thirty things; now, however, we don't, because the EU does not prescribe such tests." As the director of the Hungarian Food Safety Bureau (MÉBH) pointed out, the certificates accompanying the peppers imported from Latin America "are useless, because they only indicate whether there are any additives in them. Since the EU does not test for mold toxins [in peppers], the certificates obviously don't address them" (HVG, November 6, 2004, p. 97).

Here it is useful to examine three reactions to the paprika scandal of 2004. First, the Hungarian government submitted a proposal to the EU Food Safety Committee to perform Aflatoxin tests on imported peppers at EU entry ports. The Committee turned down the request, disagreeing that the available information provided evidence that paprika originating from Brazil was the main source of contaminated paprika on the EU market. Therefore restrictive measures regarding paprika products originating from Brazil were unjustified (Standing Committee on the Food Chain and Animal Health, Section on Toxicological Safety and Section on General Food Law, Summary Record of the meeting of February 14, 2005, p. 3). The Committee effectively deferred this case, and all such cases, to national competence, stating that "Member States [are] recommended to reinforce the controls on the presence of aflatoxins in paprika and paprika products placed on the market" (ibid.).

As a second response to the scandal, the requirement that manufacturers indicate a product's place of origin on its label if it is marketed as being from a specific geographical location, though in place since accession, will now be more strictly enforced, as indicated by the above-mentioned court ruling. And, in a third reaction, the prime minister placed the Hungarian Food Safety Bureau (MÉBH) under the supervision of the Ministry of Health, arguing that its previous superordinate ministry, that of Agriculture and Regional Development, "is dominated more by the interests of the processors."14

That these steps did not go far enough quickly became obvious. Even before the police closed the paprika case, a new pepper-related scandal broke out in February 2005 in which white peppers from Morocco were found to contain residues of pesticides already banned in the EU. This time, Hungarian authorities went further than they had in the fall of 2004, explicitly criticizing the EU's standards that had been relaxed in the name of free trade and calling for the reinstitution of national surveillance. In a TV program the director of the Hungarian Food Safety Bureau (MÉBH) dared to draw a connection between free markets and failures in food safety: "Since May 1 [2004], all products can come in the country unimpeded, what is more, this is the basic principle of the common market, that is, we should not obstruct this; and this is why there is no obligatory examination [at the national borders]" (Index, February 26, 2005). Moreover, the director of ANTSZ pleaded, though timidly, that, "we would like to ensure that some control would still be allowed at the internal borders" (Index, February 26, 2005; my emphasis).
The Nature of Euro-Globalization

What does all this tell us about the nature of capitalism in the European Union? Is it enacting a largely neoliberal globalization project, the model of the race to the bottom, or a kind of protectionist capitalism in which standards are proliferating at a dizzying speed, effecting what World Bank analysts called the "race to the top"? We can understand the question in one of two ways: Does it refer to the kinds of project that the EU intends to realize in Western and Eastern Europe, or is it referring to the "actually existing" Europeanization, regardless of the EU's intentions? As Martha Lampland (2004) reminds us, models of economic and social transformation never materialize in a pure form untainted by local conditions either in the project's place of origin or where it is transposed for implementation. I therefore choose to focus on the "actually existing" Europeanization.

Table 2.1 organizes and summarizes the above-detailed claims concerning the effects of globalization and EU accession on paprika production and trade, separating and contrasting the elements that belong to each model along five key dimensions.

To the extent that we can find elements of both models in Hungarian paprika production, we might conclude that in order to decide which model is prevalent we need to look at which explains the case better or which seems to have won out over the other. It would be compelling to argue, then, that neoliberal capitalism prevails, because Hungary could not protect consumers from toxins repeatedly found in imported peppers. Nor could it protect the paprika producers from cheap competition. In my view, however, we are better off seeing "race to the bottom" and "race to the top" as two sides of the same coin. I do not intend this to mean that there are centrifugal tendencies, especially not in the sense of the former being the dominant force to which the latter is simply a defensive reaction. I prefer, instead, to look at their dynamics as mutually enabling and restricting. Were we to concentrate on practices rather than ideologies of each "race," we would find not so much a struggle of two seemingly conflicting economic models but the emergence of a new model that provides a judicious and strategic mix of these two models. Here I elaborate on the ways in which the two projects, "race to the bottom" and "race to the top," work together in the paprika case, enabling, rather than merely constraining each other.

<table>
<thead>
<tr>
<th>Flexible production</th>
<th>Neoliberal Capitalism Race to the bottom</th>
<th>&quot;Protectionist&quot; Capitalism Race to the top</th>
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<tbody>
<tr>
<td>Demand for flexibility leads to imports and changing ingredients in paprika</td>
<td>Requirement to inform consumers of ingredients</td>
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<tr>
<td>Trade</td>
<td>Promotion of free trade leads to the import of the cheapest products even when there is sufficient domestic produce; and the radical reduction of import duties, further cheapening imports</td>
<td>Quality and safety standards in place to limit sub-standard imports; HACCP and ISOs were adopted by paprika producers and retailers</td>
</tr>
<tr>
<td>Regulation of production</td>
<td>Decreased regulation and monitoring of production and goods in circulation; fewer tests done on peppers</td>
<td>New practices are required to standardize testing and monitoring; HACCP and ISOs were adopted by paprika producers and retailers</td>
</tr>
<tr>
<td>Level of surveillance</td>
<td>Only supranational (EU-level or WTO) arbitration in the regulation of production and trade; disempowerment of national authorities in monitoring paprika safety</td>
<td>Those outside these supranational organizations still view this surveillance as an act of protectionism; call for the possibility of national surveillance</td>
</tr>
<tr>
<td>Source of profit</td>
<td>Increased circulation of goods and capital (both spatially and temporally) increases turnover and thus profits; mixing cheap imports into Hungarian paprika increased profits</td>
<td>Certifications, trademarks, audits, and other self-monitoring systems become a value-added and, by excluding competitors without those certificates, increase profits; paprika is a Hungarianic and thus has great value-added</td>
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</table>
First, quality and safety standards, rather than impediments to free trade, actually increase the circulation of goods. With the blessing of HACCP and the ISO, the Szeged and Kalocsa paprika can now enter previously closed doors or doors that otherwise may have suddenly been shut. Furthermore, competitors elsewhere in the world will find that in order to enter new markets or retain old ones now protected in the name of these standards, they will have to adopt the same standards. At the same time, the extent that safety and quality standards originate in the global North/West, they require the replacement of local, domestic standards still in place in the global South/East, which, whether stricter or looser, disadvantage domestic producers in the latter: as a result of added expenses or lost markets they might go out of business. More generally, one aspect of protectionist capitalism, safety and quality standards, works against another of its aspects, namely, the preference and subsidy for domestic production.

Lowering national standards hurt the image of Hungarian paprika, even though the source of the toxins was not Hungarian. This, in turn, reduced the commercial value of paprika-processing firms. The head of a paprika farm described this pattern as “neo-privatization,” the intentional cheapening of Hungarian assets so they can then be bought at much reduced prices—presumably by foreigners. Even as it is, he complained, only 80 percent of the paprika industry is in Hungarian ownership. The interpretation of the ever more numerous food scandals according to which Hungarian agricultural products are intentionally contaminated either for a cheap sale or to eliminate competition for Westerners was repeated by several informants. Indeed, there have been a few major transfers of the shares in Szegedi Paprika since the time of the scandal, bearing out my informant’s prediction that the scandal would facilitate cheap sales. In the paprika case, the lowering of standards had actually halted paprika exports and damaged the image, which contradicts the idea that lower standards facilitate the circulation of goods.

Second, that paprika is a Hungarian is a value-added and therefore a key source of its producer’s profit, although primarily the processors and distributors profit. As with other expensive brands, this invites producers in other parts of the world to make cheap copies. This trend, in the sociology of consumption literature, is called “chase and flight,” the phenomenon in which elites constantly struggle to keep up their distinction through specific consumer practices and commodities, which the lower classes struggle to imitate; here the phenomenon is repeated on a global level (Corrigan 1997). In fact, the very uniqueness of Hungarian paprika depends on the distinction that well-informed consumers are supposed to be able to make between cheap, mass-produced commodities and unique, traditional, handicraft-type goods largely produced for niche markets. As the head of the Hungaricum Club put it, “It’s important to retain the value of the Hungaricum name. If someone visited Hungary, let’s say, and on the way from the airport to the hotel came across 416 Hungaricums, then Hungaricum would mean nothing” (Laforest 2004). The identity of a Hungarian depends on the concept of cheap mass products—“Chinese” products, as they are now referred to in Hungary—even though China may not be the actual source of these products. As Derrida would say, a trace of “Chinese” always exists in the concept of Hungarian. In sum, high-quality, certified products facilitate the circulation of uncertified goods.

Third, we must also remember that although many of the quality, safety, and environmental standards are recommended by national governments, or are endorsed and required by supranational organizations such as the EU, they were designed in the corporate sector, are self-administered, and are voluntary. The spread of such standards in the area of environmental protection has been identified in sociology as a key element of ecological modernization, in which state and corporations are increasingly “partners” and in which social movements shed their skin of confrontational activism to become NGOs, “stakeholders,” and expert consultants. In fact, this new symbiosis is now so prevalent that Gereffi talks of the rise of the industrial-NGO complex, Conroy (2007) speaking of a certification revolution, and Berstein (2001) refers to the “compromise of liberal environmentalism.” All these developments seem to confirm Hajer’s fear already voiced in 1995 that ecological modernization may turn technocratic. By this he means that legitimate safety and environmental concerns may turn into corporate quality and labor management tools, which will then leave corporations in charge of all regulation. Standards and certifications, therefore, are not the manifestation of greater state or social control that one might associate with protec-
tionism or a Polanyian self-protection of society; instead, these are a sign of diminished public scrutiny over production consistent with the neoliberal model.

Finally, far from demanding the withdrawal of the state, corporations interested in patenting or otherwise protecting their products constantly demand legal protections. What defines a product’s “Hungarianess” is a set of legal practices, however incoherent. In the 1990s and early 2000s a dozen various labels were in existence, certificates floating around intended to distinguish a commodity as Hungarian.20 Some of these were initiated by politically motivated civic initiatives, others by corporate NGOs, but they were all aspiring to be state-recognized and thus legal. Some practices are restricted to the “realm of culture and identity” and have no corresponding legal existence, such as Hungarianisms (Axel 2004), whereas others “exist” both legally and culturally, such as brands or the award “Excellent Hungarian Product.”21 My point is not that the state is still “doing favors” for capital even in more liberal globalized contexts (Sassen 1995) but rather that the state is increasingly expected to do so on corporate terms, that is, by adopting corporate management rationalities, which, in my view, signals a new relationship between the economy and the state (Clark 2004; Brown 2005). In the case of Hungarianisms, the state’s role goes beyond simply funding and operating the infrastructure that gives legal muscle to some of these labels and awards. First, in Hungary, even after the extensive privatization wave of the early 1990s, the state held onto so-called golden shares in companies producing iconographic Hungarian products, such as Kalocsa Fűszerpaprika, or strategically crucial Hungarian energy firms and banks. The golden shares allowed the state to veto strategic decisions such as changes to registered capital, acquisitions, and liquidations, thereby effectively exercising state control in an allegedly liberal economy. Only recently, in 2006, did the Hungarian Parliament, responding to the EU’s critique that the golden shares limited the free movement of capital, convert these shares into regular ones downgrading the state to a normal economic actor. The second extended role of the state is to provide funds promoting a Hungarian image, following the practice of many Western states in nation-branding that operates synergistically with corporate standards, labels, and certificates.22 Thus the state has a different, if not necessarily greater, role to play not only in image enhancement but in generally fine-tuning the balance between the "race to the bottom" and the "race to the top" models.

Conclusion

As we have seen in the case of the Hungarian paprika scandal, Euroglobalization is neither a neoliberal model encapsulated as the "race to the bottom" model nor a welfare/Keynesian/protectionist capitalist model described by some as the "race to the top." Rather, from Hungarians' perspective, the European Union stands for a unique mixing and matching of both models in such a way that those powerless relative to Western European actors and EU institutions, in this case Hungarian producers and consumers, receive the worst of both worlds: they cannot freely participate in EU-level trade, as their product is now tainted and their laboratory tests no longer accepted when exporting paprika, nor can they persuade the EU to implement greater regulation, namely, the testing of imported peppers for Aflatoxin at the new EU customs borders. Finally, the Hungarian state and Hungarian producers cannot even carve out a legally binding protection from the EU for their products labeled as Hungarian, such as the Kalocsa and Szeged paprika.

The European Union is not simply advocating trade liberalization at the same time that it demands the removal of non-tariff barriers to trade in the developing world and in postsocialist Eastern Europe. Instead, it is establishing, in a strategic manner, what Agamben (1998, 2005) calls "states of exception." Depending on the dictates of the most powerful interests, the EU creates a calculated mosaic of economic fields: in some, free-trade principles are ruthlessly enforced, whereas, in others, economic actors are granted exemptions from these same principles. It is not neoliberalism, nor protectionism, that renders the EU an increasingly muscular economic power; rather, it is the strategic juxtaposition and the productive dynamic between these states and spaces of neoliberalism and those of exception. I call this "Euro-globalization." It is my hope that this argument contributes not only to a more nuanced understanding of East-West power relations but also to existing and nascent critical political praxis in Europe.
AKNOWLEDGMENTS

Research for this chapter has been supported by the International Research and Exchanges Board, and by the Campus Research Board of the University of Illinois at Urbana-Champaign. I am also grateful to Martha Lampland for constructive feedback on earlier versions of this essay.

NOTES


3. Although the tainted paprika was not found in supermarkets and grocery stores, these incidents have great significance for public health, since most, people, though an ever decreasing proportion, still buy their groceries at farmers' markets, street vendors, or at small mom-and-pop shops.

4. I have not yet found written evidence for this claim; the media reported that people believed it to be true.

5. The HACCP originated in 1975; in 1993 the Codex Alimentarius Committee of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) made it public. In Hungary, adoption of the HACCP was required by all food industrial facilities after 1996 and, in 2003, by all food-related facilities including those in the food-service industry. Note that its adoption was obligatory only in the new candidate countries, not in the EU generally. When I asked why this was so, experts in the certifying agencies explained that conditions in Western Europe were sufficiently safe and hygienic to render the standards moot. However, small shop owners and salespeople told me on several occasions that, when traveling in Greece or Italy, they noticed that the food displays and services would never meet the required HACCP conditions. Clearly, in the eyes of Hungarians, a truly European practice is colored by traditional cognitive mapping—that is, only Western Europe is truly European—as well as cultural, ethnic, and even racial biases.

6. For a Foucaudian analysis of the auditing and quality management in a Polish factory, see Dunn 2004; and for a similar analysis of HACCP, see, esp. Busch 2004.

7. Although government financial aid was available for the adoption of the HACCP, applying for these funds incurred additional effort and costs and so no one I spoke with applied for them or knew anyone who received them.


9. Both descriptions are consistent with a commonly accepted notion of neoliberalism, according to which the role of the state and labor unions, and generally all limits placed on production and trade, are significantly reduced with the stated goal of encouraging commerce. Mass production is replaced by small-batch, flexible, just-in-time manufacturing in order to adjust to ever faster changes in the world market. Especially outside the most developed countries, development aid such as subsidies for food, health care, housing, and education are radically diminished in order to observe new free-trade regulations and to ensure that developing countries repay their loans. Economic and social policies are subordinated to fiscal policy, which in turn are designed and monitored by supranational organizations such as the World Bank, the IMF, and the WTO. In former state socialist countries, perhaps even more accentuated than elsewhere, the globalization project and post-Fordist flexible accumulation regime have manifested themselves in privatization of state assets, liberalization of prices, elimination of state regulation of production, and a radical reduction in welfare spending. Although the European Union had traditionally only allowed a limited reign to neoliberalism, it, too, has succumbed to these trends, and its corporate constituents, who had demanded these policies, have benefited.

10. For example, developing countries are not allowed to subsidize their farmers whereas the EU continues to do just that, effectively increasing the cost of developing countries' exports and thus impoverishing their farmers who are increasingly forced by structural adjustment programs to make a living from commodity production of export goods rather than from subsistence crops.

11. Note that imported peppers enter the country in the form of dried peppers and not as already ground spice, so the portion of Brazilian paprika in the overall volume of ground Hungarian paprika was, at the most, 0.002 percent if one assumes its equal distribution in the annual production. Although this seems an insignificant proportion, in reality some batches contained a much higher ratio of imported peppers.

12. See Parliamentary Session minutes quoted in Index, October 28, 2004; and the interview with the former head of Paprika Produce Council in HVG, November 6, 2004, p. 95.

13. In contrast, other countries produce peppers on small farms and therefore use different techniques. In Spain, for example, the largest table of paprika is 12 hectares.

14. Produce Councils are corporate nongovernmental organizations (NGOs) that not only represent the interests of their members (both producers and processors) and the segment of the food industry in which they work, but they also execute governmental functions such as collecting data, administering EU grants, monitoring EU production quotas, and training members in new safety and hygiene standards.

15. Mixing is common practice in the European Union. A few years ago the revelation that Bertelli’s “Italian” olive oil contained a large proportion of African-grown olives outraged consumers.

16. It is not clear from this source whether processors’ interests are seen to dominate more strongly than the interests of producers or consumers. In my opinion, both would be a fair interpretation of the prime minister’s words. The rationale for this switch in authority was that during the investigations it became clear that the National Food Safety Bureau had enough information to act much earlier: regional agencies of ANTSZ confiscated certain shipments, levied a fine on one of the processors, and launched a criminal investigation already in August, two months before the ban. Also true, however, is that the National Food Safety Bureau (MVÉH) was established experimentally a few years before not as an authority but rather as an agency to coordinate various authorities, to analyze risks, and to operate the Rapid Alert System for Feed and Food (RASFF) which, according to most media analysts, it failed to do with sufficient speed (HVG, November 6, 2004). In my interview with the director just a few months prior to the paprika scandal, he emphasized the same lack of authority to act.

17. The term was actually coined in direct reference to another Aflatoxin contamination case. The World Bank analysis bitterly criticized the EU’s seemingly unfair and protectionist exclusion of African peanuts from European markets on the grounds that African producers could not meet the EU’s Aflatoxin norms (Wilson and Otsuki 2001; Otsuki, Wilson, and Sawadale n.d.).
REFERENCES CITED


