Agribusiness in Africa by Barbara Dinham & Colin Hines – Earth Resources Research (Ltd.), £ 4.95 paper back.

A Review by L. M. SACHIKONYE*

Agribusiness in Africa is a well-researched and concise report by DINHAM and HINES on the role of transnational corporations (TNCs) in capitalist agriculture, the food-processing industry and the international trade in agricultural commodities. Agribusiness is defined as TNCs that increasingly dominate agricultural production; the agricultural inputs sector, the transportation and distribution of food, and management and consultancy relating to estate enterprises and agro-allied industry. The authors set out as the aims of their study:

(1) The analysis of the implications of the increasing role of TNCs in African domestic production, particularly with regard to the current trend towards investment in large-scale food production schemes;
(2) The role of the TNCs in cash crop production and the consequences of their involvement in food processing for domestic consumption; and
(3) the possibility of conflicts arising between the TNCs and governments; and between governments and peasant producers.

These are very specific aims that cover a very broad terrain of extremely pertinent issues with regard to the agrarian question in Africa. Their attempt to discuss these issues in their highly readable report is therefore a laudable one.

In the historical background to their study, DINHAM and HINES trace the capitalist penetration into agriculture on a sizable scale to the beginning of the colonial era. Such giants as Unilever, Firestone and Brooke Bond are viewed as catalysts in colonial capitalist agriculture. The accumulation process required the extraction, division and migration of labour to sustain farm and plantation production in such commodities as tea, coffee, cotton, palm oil and rubber. This process simultaneously affected levels of food production amongst peasants who were forced to partake in the reproduction of the labour deployed on the farms and plantations. Plantations, in particular, required less new investment than manufacturing and distribution and generally had a high profit to turn-over ratio.

The advent of self-rule did not increase the options open to most governments of comprehensive agrarian and economic reforms: the post-colonial period actually witnessed new patterns of TNC penetration, consolidation and investment. The TNCs were able to easily adjust to certain nationalistic controls such as regarded foreign ownership of agricultural land and policy emphasis on the encouragement of small-holders to produce export crops. Indeed such TNCs as Tate and Lyle among others acknowledge that given the risks and varies of weather and governments, it is

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more profitable to trade in commodities than to grow them. The overall control of the production process is nevertheless retained in their technical service, consultancy and management agreements with governments. The vertical integration of the TNCs facilitates their control of the production, processing and marketing processes of their products. TNCs operating in Africa endeavour wherever possible to minimise their profits and to transform surpluses into remittable fees to avoid taxation and exchange controls. Management, service and technical charges also result in the shipment of surpluses thereby prolonging dependence on foreign inputs, expertise and markets; and through management and consultancies provided by subsidiaries of TNCs, agribusiness retains monopoly of their technological capabilities making it difficult for governments to plan and control their own industrial strategies and technology policies.

It is implicit in the analysis of DINHAM and HINES of the rôle and effects of TNCs that they have utilized some of the formulations of the dependence school. TNCs are viewed as external rapacious forces depleting resources, increasing external dependence and inhibiting and distorting domestic growth and development in Africa. It is noted that TNCs build very few links with local agriculture; frequently mobilize inappropriate and expensive technology; distribute foodstuffs such as breakfast cereals which are of dubious nutritional benefit in comparison with the locally grown staples which they tend to replace; and undermine and eliminate local enterprise through monopoly and expensive advertising and price wars. Yet if TNCs tend to have few backward and forward linkages with domestic economies, they maintain close working relationships with such international institutions as United Nations' agencies, the World Bank and Western donor agencies. Indeed, one of the conclusions of the study by DINHAM and HINES is that TNCs benefit enormously from aid : roughly 75 per cent of USAID assistance funds are actually spent in the United States with US-based companies doing even better with multi-lateral development banks. For instance, every dollar the American taxpayers deposit into the World Bank generates about 10 dollars in procurement contracts for United States companies.

The dominance of TNCs in the coffee and sugar growing and processing industries and their market control is then discussed. General Goods and Nestlé possess a monopoly in coffee; both conglomerates control an extensive number of processing plants world-wide, the marketing and distribution of their products. They have made it particularly difficult for African producers to increase the value of their cash crop by nurturing a domestic processing industry. At the same time, the TNCs have maximised surpluses in the coffee business by setting up purchasing centres in those countries which offer the most favourable tax incentives.

In the sugar industry, conglomerates such as Lonrho, Tate and Lyle, Sopex, Booker McConnel among others play a similar role to that of conglomerates in the coffee industry. But the fluctuations in prices in both commodities have dented the economies of the producing nations. This has been particularly so given that during the post-war period, there has been a long-term tendency for primary commodity prices to fall and the prices of industrial goods to rise. Fluctuations in prices have not, however, seriously deterred the TNCs from demonstrating a bias for such gigantic sugar complexes as the Kenana in the Sudan and the Ferkessedongou in the Ivory Coast. The role of the TNCs in such complexes includes feasibility studies, site surveys, pilot projects, provision of advice on the purchase and quality of equipment for irrigation and other agriculture-related purposes and processing. Their subsidiaries and consultancies demonstrate a marked preference for capital-intensive techniques of production, foreign sources of supply, management and expertise.

In their elaboration on the distorted patterns of development which result from TNC penetration and domination, DINHAM and HINES compare and contrast the Kenyan and Tanzanian experiences. Formulations reminiscent of the dependence theory describe the Kenyan State's inability to control its economy and the world market of its commodities. Inappropriate technology in the tea industry and the bias towards such export commodities as pineapples, vegetables and flowers as against food-crops are discussed and judged to increase dependence. So is Kenya's liberal posture with regard to conditions of entry and repatriation of foreign capital. Although Tanzania's strategy of self-reliance was based on the phasing out of private foreign capital and on development goals centered on peasant producers to a much greater extent than in Kenya, the problems of dependence, inequality and low productivity persist. The communalisation of peasant agriculture was not tactfully undertaken; bureaucratic mistakes and misdirection of funds revealed strong bias towards large-scale farming projects to the detriment of peasant producers.

From their study, DINHAM and HINES draw these overall conclusions:

(1) governments must now deal with the TNC's changing role in agrarian capitalism, the shift from direct investment in plantations to consultancy, management and surveying of capital – intensive technology, and their frenetic drive of market expansion to promote the growth of industries capable of absorbing their own productions;

(2) there is an excessive and unnecessary dependence on foreign sources of supplies, technology, management and expertise on TNC schemes when simpler technology which could process food at a lower cost to good and acceptable standards is available.

(3) large-scale food-production schemes, modelled on the capitalist production methods of industrialized countries have become the accepted means of 'solving' the food crisis and increasing agricultural exports although it is questionable whether these hugely expensive and technologically sophisticated schemes will lead to increased productivity and alleviate poverty.

(4) the reluctance to develop peasant – based agriculture and make it a priority suggests that some form of political struggle is essential before any real changes are achieved. And governments have yet to seek radical solutions structured on peasant organization in an attempt to seek longer-term solution to the crisis in African agriculture.

The profiles of the major TNCs, Unilever, Tate and Lyle, Booker McConnel and Lonrho provided at the end of the book contain vital information on the range of their holdings, diverse operations, turn-over, profits and directorships. There are also informative appendixes consisting of tables with useful data on the significance of the major cash crops to national economies.

Agribusiness in Africa as a source of empirical material on the scale of operations of TNCs and the effects of those global operations is an important contribution to the understanding of the problems of stagnation in agriculture and the food crisis in Africa. As an analytical study of the role of Western capital in penetrating and its linkages with local capital, class formation and the resultant class struggles, the work has some limitations. TNCs as institutions of advanced monopoly capitalism operative in both industrialised and developing nations are crucial elements in the dynamics and recurrent readjustments of world capitalism. They exploit and perpetrate dependence at several levels both at the centre and in the developing countries. Forces of monopoly both in the industrialized and developing nations, these characteristics do not emerge nor are they defined analytically in the report. Similarly such concepts as dependence, inequality, underdevelopment and poverty are neither explicity defined nor rooted in a specific theoretical framework. Although it emerges from the study that TNCs can mobilize massive productive forces at their disposal – capital, technology, labour, land etc. – there is no analysis of the social relations of production that characterise the deployment of these forces in African agriculture. Analysis rooted in the concept of mode of production would be less likely to lead to the conclusion that governments should seek radical solutions structured on peasant organization to solve problems of stagnation and dependence that the somewhat eclectic and the economistic perspective that seems to inform the study. The role of the domestic bourgeoisie, the nature of their relations with the TNCs, and conflicts with labour is central to an enquiry into the evolving patterns of agrarian capitalism in Africa.

The theory of imperialism suggests itself as a more analytical framework in which to examine the role of TNCs in Africa. Lenin many years ago wrote: that «when a big enterprise assumes gigantic proportions, and on the basis of exact computation of mass data, organizes according to plan the supply of raw materials to the extent of two-thirds, or three-fourths of all that is necessary for tens of millions of people; when the raw materials are transported to the most suitable place of production, sometimes hundreds or thousands of miles, in a systematic and organized manner; when a single centre directs all the successive stages of work right up to the manufacture of numerous varieties of finished articles; when the products are distributed according to a single plan among tens or hundreds of millions of consumers... then it became evident that we have socialisation of production, and not mere «interlocking», that private economic relations and private property relations constitute a shell which is no longer suitable for its contents, a shell which must inevitably begin to decay if its destruction be delayed by artificial means; a shell which may continue in a state of decay for a fairly long period (particularly if the cure of the opportunist abscess is protracted), but which will inevitably be removed» *(1).*

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(1) *LENIN, V. Imperialism, the highest stage of capitalism/International Publishers: New York, 1939 – p. 127.*