

BOOK REVIEWS – REVUE DES LIVRES

Reviewed by Thandika MKANDAWIRE

As the saying now goes: «There is no business like Agrobusiness». Agrobusiness is a large corporations dominated seed-to-consumer system composed of a chain of closely related activities that together facilitate the movement of agricultural produce from the farm to the market place. Viewed as a highly integrated process, agrobusiness employs directly or indirectly, about 60 per cent of the world's active labour force. Yet despite the ubiquitous presence of agrobusiness, it is only in recent years that research has been focussed on the few conglomerates that dominate the entire agroprocess. The first three studies reviewed here provide a useful overview of the global preponderance of transnational corporations (TNCs) in all facets of the process of food provision – upstream through seed control or ownership of plantations and downstream through processing industries, restaurants or supermarkets etc.

Of the multifarious forms of domination of agriculture by TNCs, one of the least transparent is that over seeds. Mooney's book on the seed question is an excellent introduction to an area of vast social and ecological ramifications. Virtually everything people eat can be traced back to fewer than a dozen centres of extreme genetic diversity – the so-called «Vasilov Centres». And with the exception of a small area around the Mediterranean, the industrialized world is «gene poor» as it is excluded from these centres of diversity and, therefore, must continue to lean on the Third World for genetic support and rejuvenation. However, due to the process of genetic «wipe out» or, more euphemistically, «genetic erosion», the genetic diversity of the «Vasilov Centres» is being undermined, leading to increased genetic uniformity and vulnerability.

«Genetic erosion» has been significantly accelerated by the «Green Revolution» and the increased control over seeds by a few pharmaceutical and petrochemical industries. These corporations began controlling the «seed end» of the «Green Revolution» fairly early in its history and as, Mooney notes, «if you control the seed you are a long way to

controlling the entire food system: what crops will be grown, what inputs will be used and where products will be sold». (p.44). The corporations involved in the seed control industry include giant pharmaceutical firms such as *Ciba-Geigy*, petrochemical conglomerates such as *Shell – BP* and major grain merchants such as *Cargill*. Their dominance has been accelerated by the scientific breakthroughs that have opened immense possibilities of genetic engineering which, in a proper socio-economic context, could contribute towards the eradication of the scourge of hunger that still haunts much of mankind. However, in order to privatize the potential social gains arising from these scientific discoveries, the TNCs have sought to create both financial and legal barriers of entry so as to secure their monopolistic positions. On the legal side, they have lobbied for and obtained «Plant Breeders Rights» (PBR) legislation which sets up patent-like conditions for all innovations in seed production. It is the implications of these legislations on genetic diversity and security that have become a cause of concern among many experts because these legal requirements of PBR encourage phenotypic uniformity which increases crop vulnerability. This is so largely due to biases in corporate breeding whose main objective is profit maximization. Mooney discusses four such biases. The first is the *YUP – bias* which calls for breeding for yield uniformity and processing. The second is the *hybrid bias* which entails that those crops which do not lend themselves to hybrid development are not considered by private firms whose inclination is towards hybrid crops whose profitability is ensured by PBR legislation. Since they do not breed true to their lineage and farmers are unable to save seed to grow another year and must therefore return to the market place for new seeds, such crops are assured of an ever increasing demand. Thirdly there is the *patent bias* which works against multi-line varieties which, because of their genetic diversity, cannot be patented under the PBR uniformity requirement. And, finally we have the *chemical bias* inherent in the patent bias which, by discouraging varieties which incorporate genetic variations to improve resistance to disease, has created an ever increasing need to breed for use of chemicals.

In their attempts to control the «seed revolution», TNCs have been helped by several factors. Firstly, some of the international organizations such as FAO (through its Seed Improvement and Development Programme) have encouraged reliance on corporate seeds. FAO has gone as far as to urge governments to subsidize agrochemical inputs and basic seeds prices. Secondly, there has been the agrarian crisis and the myth of the «population explosion» in the underdeveloped countries which together have propelled the search for «instant solutions» such as high yield seed varieties. Thirdly, there has been the failure of public institutions – both national and international – to adequately fund research or create socially (as opposed to privately) controlled gene *conservation* banks. This is in sharp contrast to the creation by agrochemical TNCs of genetic research Centers, cross reference plant, animal and human chemical research.

The lessons to be drawn from Mooney's book are, to say the least disquieting. The «gene rich» Third World Countries are rapidly losing their genetic treasures and are becoming dependent upon the «gene banks» of

advanced capitalist countries for their own germ plasm. In Africa, examples already exist where nations have paid to import the immediate genetic offspring of their national resources! Mooney ends his book with a set of rather optimistic recommendations. He believes it is still not too late to reverse the trend if only governments will take action on both local and global levels to protect the endangered species and encourage research. Mooney seems to believe that past negligence by government has been largely due to ignorance and the many cases of complicity that he himself cites do not shake his faith in better government performance in the future.

Mediating between the direct producers and food processing industries are the raw material merchants. Although initially involved only in the marketing of raw materials, through vertical integration a number of these firms now straddle the entire chain from the farm to the retail shop. Morgan, a *Washington Post* Journalist, gives an incisive account of one of the least known coterie of TNCs controlling the grain trade. Some of the reasons for their anonymity have to do with the nature of the products they handle. These products permit little product differentiation and, in their unprocessed form, need no special advertising. Furthermore, the «grain merchants» are family firms with no legal responsibility to divulge information to shareholders. In addition, they are engaged in speculative activities which demand utmost secrecy. Five firms controlled by seven families dominate 80 per cent of grain trade. The families are the Fribourgs at *Continental Grain* (USA), the Hirsches and Borns at *Bunge* (Argentina) the Cargills and MacMillans at *Cargill* (USA) and the families at *Louis Dreyfus* (France) and *Andre* (Switzerland) after whom the companies are named.

These names are not household names and do not have the familiar ring of Ford, Coca-Cola, Shell, Nestlé etc.. Yet their presence stretches as far as the humblest of African homes. Africa is undergoing a severe agrarian crisis. From a net exporter of grain in the thirties, Africa is now importing grains estimated at 10 million tons annually. Some of these imports come in the form of «food aid» but an increasing amount is from commercial sources. In either case, these grain imports are mainly handled by these supranational juggernauts. And so Africa is bound to hear more from them in future years. To the extent that this book unveils something about the grain trade. It is of particular interest to African scholars and public.

The secrecy surrounding these firms is such that even the governments of grain surplus countries know little about them. Thus in the USA it was only after the «Great Grain Robbery» of 1973 when these firms arranged the export to the USSR of \$ 1 billion worth of grain, sparking dramatic food price increases in the U.S and the rest of the world, that public attention was drawn to them. When in 1975, the staff of the Senate Subcommittee on Multinational Corporations, began investigating the corporations' role in foreign policy, it routinely asked libraries to send material about the firms. To everyone's surprise no such material existed. Senator Church, commenting on the grain transnationals, lamented, «No one knows how they operate, what their profits are what they pay in taxes and what

effect they have on our foreign policy — or much of anything else about them». *Cargill* boasts that «some of our best customers have never heard of us». In sharp contrast to the secrecy surrounding them, is the vast network of information-gathering that they possess about weather conditions in different parts of the world, grain surpluses and shortages on the world scale, availability of shipping facilities, «stability» of governments etc. At *Cargill* alone, more than 14,000 messages from all over the world are received daily.

The political power that these families wield can be illustrated by a few examples taken from Africa. During sanctions against racist Rhodesia, it was these families that enabled Rhodesia to break the sanctions by exporting its maize surpluses to the rest of the world including Africa. In Zaire, through the financial assistance of the U.S. government, *Continental Grain* set-up a modern flour mill. Immediately after setting up the mill, the company discovered that President Mobutu's uncle had been given a licence to import grain and that the Zaire Government, facing serious foreign exchange problems, was unable to pay the company in hard currency. The company then appealed to the U.S. Embassy to persuade the Zaire government to make good its payment and to invoke the import licence granted to the President's relative. Unfortunately for the Company, U.S. influence was, at the time, at its lowest ebb, Zaire having just expelled the U.S. Ambassador. The Company, its patience exhausted, chose to take matters in its own hands and went straight for the jugular. It simply withheld its monthly shipment to its Zaire facility and reduced its output of flour.

The effects were immediate. Food lines and hoarding became the order of the day and Zaire officials had to hastily convene with representatives of *Continental* and agree to all the company's demands. Not only did the government promise to pay for all subsequent shipments in cash but would also start repaying its old debt at the rate of \$ 1 million a month. Furthermore, it promised that only American hard wheat would be imported, except in some special circumstances; that *Continental* would have exclusive rights to mill flour in Zaire; and that the company would have the right to approve or disapprove all requests by others to import flour. For an Africa plagued by «rice riots» and «rice coups», the moral of this tale is clear: «Food is power». Unfortunately, for the moment at least the predatory presence of these families on the African breakfast, lunch and dinner table is being reinforced as Africa increasingly relies on imported grain. Morgan's vivid account of the sculduggery of the world of grain trade should provide food for thought for African policy makers and should make the political urgency of «food self-sufficiency» crystal clear.

Going downstream in the food production process, we once again find TNCs dominantly present. The UN Centre for Transnational Corporation's study is one of the most comprehensive studies of its kind. It examines the extent of TNC dominance in the food-processing industries in the capitalist world where about one third of the processed food is produced by large enterprises defined as those enterprise which in 1976 had food

processing revenues exceeding \$ 300 million. All in all 189 firms were identified to fit this definition and all except the Argentinian *Bunge and Borne* are based in the advanced capitalist countries. Since a very large part of the diversification and growth of these firms has taken place through mergers and acquisition, rather than internal expansion, we can expect an increasing level of concentration in the food processing sector. Only few enterprises will survive and these will be large-scale, multi-product processors with strong market orientation, combining within their diversified structures a variety of linked services (shipping, trade, retailing, restaurants, banking) and manufacturing activities.

Of direct importance to underdeveloped countries is the tendency by these firms to increasingly attach greater priority to product differentiation and to limit their involvement in primary, industrial type products or in the direct operation of raw material producing activities. Generally these later activities are viewed as high risk activities. A cheaper and safer means of assuring supplies is through the use of contracts with producers.

The UN study divides the food processing sector into three broad sectors: (a) staple food sector for domestic consumption (b) branded foods also for domestic markets and (c) the export-oriented food production. Historical experience in Africa has tended to focus research on the third type of activities. Indeed an often heard criticism of the TNCs is that they produce food for export and not for the domestic market. One sometimes gets the impression that the criticism would be milder or less virulent if the TNCs produced for the domestic market! If that were the TNCs major sin, then the UN study shows that TNC are now making amends since they are now increasingly producing for the domestic markets! This is particularly the case with TNCs from food surplus economies such as the U.S.

A recurring theme in the three books is the increasing «saturation» of the markets of the advanced countries for processed food and the increasing importance of Third World urban populations as new markets. As a result the most rapid expansion is taking place in production for domestic markets of the underdeveloped countries. Due to high rates of urbanization, staple-food industries are expected to grow at about twice the growth in population. However, the growth rates of the locally processed branded foods for the domestic market are consistently higher than for either staple or export crops because of the high income elasticity of these foods and higher consumer responsiveness to advertising and the «demonstration effect».

The growth of staple-food processing industries has not, in general led to expansion of domestic production of the necessary raw materials. Instead, TNCs have fostered import dependence as the Zaire case cited above shows. This impedes improvements and marketing of indigenous staple-foods. The import dependence is further encouraged by concessionary price programmes of the export countries (e.g. the American PL 480 food aid programmes), the urban preference for temperate zone grains and the agrarian crisis in the poor countries.

The branded foods industries, by far the fastest growing subsector, having evolved as part of the import substitution strategy of industrialization, enjoy a wide range of protective measures from government. Though the TNCs sometimes resort to local sourcing of raw materials, many branded foods have little potential for using domestic raw material either because the product technology is built around the resources of the TNCs or because, for intrafirm transfer pricing, import of raw material is a more efficacious means of surplus extraction.

One of the arguments used to encourage TNCs penetration of underdeveloped countries is that TNCs are vehicles of technological transfer. This is a lame argument in case of branded foods. The technology used is no longer patented and is highly standardized so that the monopoly positions enjoyed by TNCs are based more on trademarks and marketing than on technological superiority. It is a special characteristic of the food sector that virtually every licencing in the sector includes trademarks, although the contracts are not necessarily accompanied by technology transfer arrangements. Nonetheless, technical and trademark payments are often required from local affiliates in addition to the usual remittances of profits, interest and capital. These payments can be quite a drain on the national surplus. In Nestlé's operation in Kenya and Ivory Coast, for example, technical and trademark fees equalled or were larger than remitted profits and dividends.

For Africa, the export food industry is still important and consists of the semi-processing of sugar, coffee, fruits, fish, cocoa, tea, vegetable oils and vegetables. However growth projections for this subsector are the lowest in the three food-industry sectors. In a number of these TNCs have reduced their investment exposure in production activities while retaining their strong and dominant positions in marketing. The markets in which export food products are sold are highly concentrated. The eight leading coffee industry firms have 85 per cent of the measured output, the eight leading tea firms (outside Japan) have 94 per cent and the eight cocoa industry leaders have 50 per cent.

A number of governments of the periphery have sought to encourage local downstream processing but this still remains low. The UNCTC study discusses some of the technical problems and marketing barriers impeding the entry of processed foods to the TNCs home countries. The present arrangements, by allowing cross-boarder intrafirm transactions, offer TNCs the means for transferring surplus by circumventing local tax laws or foreign exchange restrictions through overinvoicing of imported inputs or underinvoicing of exported commodities. As an example, the declared value of export shipments by the leading TNC in the canned pineapple industry in Kenya was, according to arms-length price estimates, under-invoiced by about 25 per cent, or \$ 4 million in 1976.

Although these three books provide the reader with the global overview essential to understanding agrobusiness penetration of and practice in the underdeveloped countries, they do not provide adequate information about the socio-economic conditions in the «host» Third World countries which facilitate or hinder this penetration. Indeed, the

absence of this domestic framework leads the authors of all these studies to engage in rather voluntaristic proposals or how to tame the TNCs. It seems to be assumed that given sufficient knowledge of the operations of TNCs, governments can take the appropriate steps to stem the TNCs avalanche. That many governments consider foreign investments essential to their notion of economic growth; that important fractions of the domestic ruling classes benefit from the TNCs collaboration; that the TNCs have so penetrated the national state in some countries as to render the state as presently constituted not a viable policy instrument; that the home governments of the TNCs have the means to impose conditions favourable to their TNCs; that international agencies such as the World Bank, UNIDO, IMF and FAO do some of the ground work for the TNCs; that indeed the «malpractices» they have painstakingly recorded are not mere aberrations but congenital characteristics of monopoly capitalism – all these possibilities are not examined. It is perhaps unfair to ask the authors of these studies to go beyond their own terms of reference. However, having chosen to make recommendations, it is incumbent upon them to indicate why they believe the socio-economic conditions in these countries permit their implementation. In any case, this lacuna can only be filled by country or regional political economy studies. The book by Burbach and Flynn is in this sense a useful contribution and although the region studied is the Americas, the lessons drawn should be of great value to Africa and should provide a useful point of departure for studies in Africa.

It will be recalled that not long ago, it was usual to argue that in Latin America the existence of *Latifundias*, with their semi-feudal modes of production, were the main hindrance to increases in productivity. The emerging national industrial bourgeoisie argued that in order to unleash Latin American from the fetters of feudalism, land reform was necessary. A flurry of studies demonstrating that peasant small-holders used land more productively than *Latifundistas* supported this quest for land reform. However, with the coming of the «Green Revolution» and the new technological changes, the land reform option was shelved. Now it was left to agrobusiness to replace or transform the *Latifundias*. And what has happened to Latin American agriculture is, according to the authors, a veritable revolution: «For any visitor to Latin America today, the surface signs of the agricultural revolution are impressive and dramatic... Changes in the organization of agriculture... along capital intensive large-scale units have begun to unleash the tremendous productive potential of land... Some crops particularly export crops have experienced spectacular growth rates». Agricultural exports have been diversified and are contributing significantly to foreign exchange earnings.

Despite these, and, indeed because of these dramatic increases in productivity, there is growing immiseration of large sections of the Latin American population. In the countryside, the agricultural changes have generated the dual process of proletarianization and pauperization as subsistence agriculture collapses. «Freed» from the means of production, labour is now «free» to sell its labour but there are not always sufficient buyers. The use of labour-saving methods of extensive agriculture are not generating enough employment while at the same time they call for the eviction

of peasants from their traditional sources of livelihood. The results are increasing malnutrition and migration into the fetid slums of the burgeoning cities. «Capitalist development», the authors remind us, «organizes the world like an exclusive restaurant: those who produce the food are not allowed to enter».

This study clearly points to the limits of the reformism implicit in the three other books discussed above. As far as the dominant classes are concerned, the processes engendered by agrobusiness in Latin American agriculture provide solutions to their major problems: Land is now productively used and a number of feudal landowners have now become wealthy partners of agrobusiness. The industrial bourgeoisie get the raw materials for their industries and food for the urban proletariat and the contributions of agriculture to foreign exchange is very much welcome. The ruling classes may, from time to time, complain about transfer pricing, technology agreements or restrictive trade policies of the TNCs but it is definitely not in their immediate interest to detach themselves from the agrobusiness connection.

In Africa a number of policy makers increasingly talk of a «crisis of confidence» in the peasantry, of a «*malaise paysans*», and are now more and more inclined towards the agrobusiness option. These studies taken together give a good glimpse of what this option portends for Africa.

Paysans d'Afrique Noire de Hugues DUPRIEZ
Editions Terre et Vie 1980 – 256 pages.

Revue par M. L. GAKOU.

Le livre comporte une introduction suivie de quatre parties bien articulées autour des problèmes fondamentaux du monde paysan, et se termine par un épilogue.

Dans l'introduction l'auteur éclaire sur ses objectifs et sa démarche. Il cherche à saisir et à mettre en relief la cohérence, la rationalité et l'unité totalisante des multiples pratiques de la vie paysanne africaine. La vie de la communauté paysanne est un tout bien intégré et dont on ne peut séparer les différents aspects. Cela est illustré par des passages fort imagés dont l'auteur excelle : «La cultivatrice est en même temps femme, mère, élément d'un lignage, épouse, terre, fécondité, semence, plante, lait etc. Elle ne peut donc accepter d'innovations que si elles s'accordent avec cette totalité.» Cette totalité ne peut être correctement saisie par des études sectorielles comme aiment à le faire les différents spécialistes des sciences humaines et techniques.

La démarche méthodologique de l'auteur consiste à procéder à des études de cas concrets enrichis par des illustrations parfois très imagées.

La première partie de l'ouvrage traite de la vie paysanne et des systèmes agraires. L'auteur commence par définir ce qu'il entend par