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# Dundee Discussion Papers in Economics

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Food Poverty, Food Security and the Political  
Economy of the Food Industry

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## **Food Poverty, Food Security & the Political Economy of the Food Industry**

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Food policy has risen to the centre of political discussion and debate. Along with war food has become among the most important political questions addressed within the anti-capitalist movement in recent years. The anti-capitalist movement's protests placed agricultural questions at the WTO conferences, in Seattle in 1999 and again in Cancun in 2003, at the centre of the debates that led to the collapse of the meetings. The access to sufficient quantities of food to satisfy minimum human need, referred to as food poverty, the quality of the food we consume and its impact on our health, referred to as food safety, as well as the control of the world's food resources, known as food security, have all been the focus of attention for many within government, NGO's and the wider anti-capitalist movement.

Just a brief look at some of the issues involved explains why this is so. The UN General Assembly stated in 2000 its 'collective responsibility to uphold the principles of human dignity, equality and equity at the global level' and established a series of 'Millennium goals' to be achieved by 2015. These included, in the goal of the eradication of extreme hunger, a target of reducing by half the numbers of malnourished people in the world. Yet the UN itself admits that more than 40 countries are not on track to achieve this goal. The extent of food deprivation and threat of famine can be gauged by the fact that overall 36% of the population in the least developed countries are officially classed as under nourished. That rises to over 45% in those countries on the UN's index of low human development and includes the countries of Haiti, Tanzania, Zambia, Congo, Eritrea, Angola, Ethiopia, Mozambique and Burundi. It is still over 40% in countries of Tajikistan, Mongolia, Zimbabwe and Kenya which are officially classed under the UN's index of medium development countries.<sup>1</sup>

A further measure of extreme poverty comes from the numbers living on less than \$1 a day which have hardly changed in the ten years from 1990-2000, 1.2b people. In Sub-Saharan Africa, Latin America and the Caribbean the numbers have actually increased.<sup>2</sup>

Even amongst those in the developed world with 'supposedly' adequate levels of nutrition the food we eat has become a major cause of ill-health and early death, especially amongst the poor of these societies. Poor diet, alcohol consumption and sedentary lifestyles contribute to 400,000 of the 2m annual deaths in the US each year.<sup>3</sup> The levels of obesity, coronary heart disease and diabetes, all diet related illnesses, are soaring in the US and now across much of the developed world. Levels of obesity in the UK have increased three fold since 1980 and are estimated to reach as high as 30-40% of the population by 2025, while in the US the rates of obesity could reach 40-45% of the population.<sup>4</sup> Just taking diabetes in the UK as an example, it is suggested that 20,000 people per year die prematurely from the illness.<sup>5</sup> Estimates suggest at least 20,000 children have insulin dependent diabetes in the UK, up from 1,529 diagnosed cases in 1988. One study in Leicester indicated a three fold increase in the number of diagnosed cases in the period from the 1950s to the 1970s.<sup>6</sup>

In the UK we have a society which is eating more yet what we eat is of lower quality, consisting of high calorie and fat content foods leading to diet related ill health. At the same time high levels of poverty continue to affect large swaths of society. Benzeval, Taylor and Judge's longitudinal study, assessing the impact of household income on child development, traced the experience of children from the age of seven to 33. They suggest that children of poor families are twice as likely to develop a longstanding limiting illness as better off families by the age of 23.<sup>7</sup> Elsewhere Gregg, Harkness and Machin highlighted the 1980s as a period in which income inequality in Britain rose faster than any other OECD country leading directly to marked rises in child poverty rates. As a result by 1995-6 over 4.3 million children, around one in three, were living in households below the poverty line, defined as households whose income is below half the mean household income.<sup>8</sup> It is precisely the poorest in society who consume the foods with the least nutritional quality, are most likely to develop long term illnesses and die prematurely. Thus the issue of food poverty is explicitly linked to issues of class relations and the distribution of wealth in both the developed and developing world.

The third point to make is that the food we eat is also directly causing increases in disease and death. Food safety has become a major concern since the food scares of the 1980s and 1990s, and currently over the introduction of genetically modified crops.

Bovine spongiform encephalopathy (BSE), or mad cow disease, which led to new variant Creutzfeldt - Jakob disease (nCVJ) in humans, has cost over 100 lives so far and it is still feared that as many as 100,000 people may be affected. BSE was publicly linked to nCVJ in March 1996 and in the following year some 1.8 million cows and calves were slaughtered, with compensation being paid to farmers and the livestock industry amounting to over £1.5 billion.<sup>9</sup> By the year 2000 costs had increased to over £4b in the UK alone.<sup>10</sup> BSE was believed to have derived from one of two reasons. The official government view was that the mechanical recovery of meat and its reprocessing into animal feed meant that cows were fed the dead remains of other cows leading to the prion protein which caused BSE being rapidly transferred throughout the livestock. Under this view the incidence of BSE in cows should have rapidly died away with the ending of the practise of reprocessing animal remains into animal feeds and the slaughtering of animals born prior to the introduction of these restrictions. However, the continued existence of BSE in the UK, with 1354 confirmed cases in 2000 and its emergence across Europe, with 329 reported cases in 2000, suggests that BSE may not have been caused by this reprocessing, only spread using reprocessing.<sup>11</sup> The cause of BSE may have been the use of organo-phosphate pesticides on cattle and the feeding of manganese to cattle in order to promote milk production. Under this view the development of the prion protein responsible for BSE derived from the industrial practices used in the cattle industry.<sup>12</sup>

A not dis-similar problem emerged with the spread of foot & mouth disease in which the industrialisation of sheep farming, following the concentration of livestock markets and the large distances sheep were transported, led to the rapid spread of infection across much of the British Isles once the disease emerged.<sup>13</sup> Thus again it was the changes in the organisation of food production that created the scale of the food scares once disease broke out. Further potential time bombs are also waiting to happen with E-coli infection, through the spread of untreated sewage directly onto

farmland, whose incidence of infection have increased four fold in the ten years from 1990-2000.<sup>14</sup>

Finally, concerns over the introduction of genetically modified (GM) crops continue. Despite the biotechnology industry's early claims GM crops are now recognised to cross pollinate with existing wild species leading to fears that 'superweeds' can emerge. GM material also inevitably finds its way into the food chain in unpreventable ways. The single field used for the farm scale crop trial in Fife, Scotland gave rise to GM material being detected in honey produced 2 miles away within the first year of the trial.<sup>15</sup> Still more worryingly, GM material has been detected in the human gut with the fear that bacteria may develop which is resistant to antibiotics.<sup>16</sup>

The connection between food poverty, leading to malnutrition in the developing world and ill health in the developed world, food safety, leading to a disease ridden food chain, and the strong connected to the anti-capitalist movement is the recognition that it is the food industry itself that has played such a major role in creating these outcomes. The food industry has created a system of production which threatens the ability of economies to provide their populations with sufficient quantities of food at sufficient levels of quality to satisfy their needs.<sup>17</sup> Thus it is the undermining of food security and the links between capitalism, food production and big business that lie at the heart of these issues.

### **Globalisation & the food industry**

We live in a world in which, as with the oil or armaments industries, a few firms dominate the world's food market. Just as the Project for the New American Century provided the ideological explanation for the war against Iraq so it also provides the ideological explanation to what is now happening to our food. International food policy has been dominated by three interrelated needs; the protection of big business interests and markets in the developed world, the securing of access to raw unprocessed food products from developing countries and the securing of access into developing countries markets for processed exports from the developed world.

One look at the structure of the food industry explains why this is so. For well over 30 years the world food industry has been dominated by the needs of multinational firms, especially those of the US and UK. By 1974 US and British multinationals were dominating the world's food markets. Of the 100 largest companies 48 were US owned while a further 22 were UK owned.<sup>18</sup> Currently, of the top 200 companies 100 are US owned and of the top 50 European companies 19 are British owned. Together the top 200 food producing companies in the world account for £700b of food sales, or approximately half the world food market and this share is expected to rise to around two-thirds of the market.<sup>19</sup> In the UK three companies, Unilever, Sweppes and Associated British Foods, alone owned two-thirds of total capitalisation of the food industry by 1995. The food industry is one of the industries in which British industry still has a strong base. Thus together with the armaments industry the British economy can be said to have succeeded in the dubious achievement of creating a competitive advantage in both feeding and killing the world.

An examination of just some of these firms demonstrates the way in which they have secured control over the food industry.

## **Unilever**

Unilever, one of the world's largest food and packaged consumer goods companies, is jointly UK and Dutch owned. With worldwide sales of over £30b, employing 247,000 workers worldwide in over 90 countries in 2002, the company is a truly transnational company. Its origins lie in its development as a soap and margarine manufacturer which later diversified into a wide range of consumer and industrial goods, including even chemicals. This diversification also involved developing linkages back to production and transportation as well as forward into manufacturing, distribution and marketing.

Much of Unilever's wealth has come from the exploitation of the developing world and its origins derive from the advantages it received following the mass clearing of land of indigenous peoples. Unilever's move into plantation ownership and palm oil production in the Congo before the First World War came on the back of the mass destruction of Congolese society, then a Belgian colony. When the contract was signed to hand over up to 200,000 hectares of land the population had seen a reduction from around 40 million down to 8.5 million in the space of 50 years.<sup>20</sup> Such was the importance of these palm oil plantations that Unilever created one of the largest shipping fleets operating out of Africa to bring the oil back to the UK for processing. Through its subsidiaries operating from African countries Unilever was able to dominate trade in unprocessed foodstuffs, controlling 60% of palm oil, 45% of palm kernel, 60% of peanut and 50% of cocoa exports from the four British colonies of what are now Nigeria, Ghana, Gambia and Sierra Leone.<sup>21</sup> Even today Unilever continues to have major investments in Africa, with over one fifth of its workforce employed in the African continent. Further, through its Brooke Bond tea company it continues to maintain control over world tea production through its ownership and control of plantations in Kenya, Tanzania as well as India.

The company today has concentrated upon the development of a smaller number of global brands and boasts 14 brands each achieving annual sales of over £600m, including Birds Eye in frozen foods, Dove in soap, Lipton and Brook Bonde in tea and even Calvin Klein in clothing.<sup>22</sup> Finally, despite the company's transnational appearance it remains firmly focused upon the need to influence government policy towards the industry within the developed world. It participates in all the major industrial bodies including the International Chamber of Commerce along with the more secretive Bilderberg Group, of which the Bush family has close links, as well as UK government bodies. These close links are reinforced by the appointment to its board of directors of ex-government ministers including Leon Britain, ex-Chancellor of the Exchequer and Trade and Industry minister under Margaret Thatcher and more recently European Commissioner from 1989-99, as well as Baroness Chalker, again ex-Minister for Overseas Development under Thatcher.

## **Nestlé**

Another multinational company of interest is Nestlé. Nestlé, a Swiss, US and British owned company with turnover exceeding £30b is the manufacturer behind many of the leading chocolate brands such as Kit-Kat etc. Nestlé gained notoriety for its selling of formula baby milk in Africa which, according to the World Health

Organisation, has contributed to the deaths of 1.5m infants each year from dehydration which, with breast feeding, is largely preventable. Where water is unsafe baby milk fed babies are 25 times more likely to die than breastfed infants. Nevertheless, in 1970 Nestlé executives were stating, on the back of IMF liberalisation policies, that the 'high birth rates [in countries opening up to international trade] permit a rapid expansion in the domain of infant nutrition'. By 1979 the infant formula milk market had become a \$2b market and by 1998 the market was worth \$8b. In looking at the African market Nestlé applied the processes used in Latin America and East Asia where in Mexico in 1960 breastfeeding of 6 month olds was universal but as low as 40% by 1966. In Singapore over 80% of infants were breastfed in 1951 but by 1971 it was only 5%.<sup>23</sup>

The key marketing ploy adopted by Nestlé was to encourage mothers to start feeding their infants artificial baby milk. Once a mother starts with artificial baby milk, and a few days or a week later her milk stops being produced, the infant becomes locked into being fed artificial baby milk. Nestlé achieved these results by giving away free samples to mothers and provide free or low cost supplies in maternity hospitals and clinics.

Nestlé more recently demanded the Ethiopian government compensate the company for the nationalisation of its assets that had occurred in the 1970s. The company demanded \$6m in compensation from the government at a time when it was facing the worst famine since 1984. Only public campaigns by debt groups, including Oxfam, and the sending of 40,000 letters demanding they drop their case forced the company to settle its court action against the Ethiopian government in January 2003.<sup>24</sup>

In the cocoa market, the raw material for chocolate, Nestlé has been a major purchaser of cocoa beans. This is an industry heavily dependent upon child labour. UNICEF estimates that as many as one in three children in Sub-Saharan Africa below the age of 15 are child workers of which some 70% work in agriculture.<sup>25</sup> African countries were responsible for over 70% of world cocoa production in 2000.<sup>26</sup>

Finally, Nestlé's attitude to labour rights is gauged by its role in the breaking of unions in its plants in Thailand in 1998. Its sub-contracted plant in Tedaram became unionised with 13 workers forming the organising committee until Nestle cut their orders. Nestlé stipulated that lay-offs should follow and include all those on the organising committee before orders would increase. As a result the unionisation of the plant collapsed.

Both Unilever and Nestlé are typical of the large agribusinesses that have emerged to dominate the world food industry. Originally creating a highly vertically integrated structure, owning the farms and plantations along with the processing and distribution firms, the industry has been dominated by large firms capable of fixing prices and output in order to maximise profits. As they have developed, however, they have begun to move away from direct ownership of the farms themselves and concentrate upon the 'value adding' processing of raw foodstuffs. In so doing they have consciously acted to ensure raw material prices are kept at a minimum. An important mechanism in keeping raw material prices low is the control over the supply chain. In the cocoa industry for instance, although Africa produces around 70% of world output she is responsible for only around 12% of processing. Europe, particularly Netherlands, France, the UK and Germany is responsible for around 45% of world processing of cocoa.<sup>27</sup> Large multinationals also benefit from the development of horizontal integration in their operations. Operating not simply in single product lines

but across the full range of food processes and markets large firms are able to gain still greater influence in related markets.

### **Sainsbury**

One further aspect of the dominance of the food industry by large firms that requires examination is the concentration in food retailing. Food retailing has increasingly become dominated by large integrated food distribution firms. The UK retailer Sainsbury's along with four other retailers controls as much as 90% of the food market in Britain. They have achieved this dominance through the building of a chain of large stores, as large as 100,000 sq feet, linked to a network of distribution centres and logistics firms delivering goods in a just-in-time system rivalling anything in the manufacturing sector. These large stores with as many as 20,000 different products, we are told, give us choice and low prices. Yet the reality is very different.

The choices we get are increasingly between the same product packaged in different ways, literally when we think of own-labels and manufacturer brands. It is a 'choice' which imposes standards of uniformity on produce whose aim is to maximise the company's ability to increase the throughput of products. This means that perfectly good produce is left to rot in fields and on farms because it is the wrong colour, wrong shape or has some minor blemish. As a result food is produced and species bred simply for their ability to produce uniform products rather than their taste or nutritional qualities.

Still more damaging is the environmental results of this system of food production. The centralisation of distribution means that our food travels huge distances and the environmental consequences of this travel is borne by consumers in higher pollution levels, increases in green house gas emission and expenditure on road networks which subsidise the costs of transportation to the retailing firms. As many as 30% of lorry journeys are accounted for by empty vehicles, a figure that has remained constant over the past ten years.<sup>28</sup> Seven percent of road vehicles are HGVs yet they produce 22% of carbon dioxide pollution, 32% of nitrogen oxide pollution and 42% of fine particulate pollution. The food industry is directly responsible for much of this, contributing 40% of the increase in goods vehicle movements on our roads.<sup>29</sup> The external costs of road transportation were estimated to be around 4.7% of GDP for the UK in 1991.<sup>30</sup> Thus there are substantial hidden costs to the food production system currently in place which adds to the costs of our food but is paid for indirectly by consumers.

### **Localisation versus Globalisation?**

One response to the problems identified above has been the call for more localised food production, with locally sited production aimed at smaller local markets. Localisation, giving governments the ability to subsidise domestic production in the developing world, could it is suggested in the food industry, if not manufacturing, enhance food security, reduce the control exercised by multinational companies over national markets and reduce environmental costs of production as less intensive production methods are introduced.<sup>31</sup>

The promotion of farmers markets in the UK has been one manifestation of these ideas.<sup>32</sup> The reduction in food miles (the distance food products are transported) and the resultant reduction in pollution would of course be welcomed. Similarly, the ability of developing economies to have greater food security, reducing the risk of



famine would equally be a major improvement for hundreds of millions of the world's population. Leaving aside the general criticism of the localisation thesis that no economy can develop in isolation from the rest of the world economy, with levels of investment human capital and economies of scale such that specialisation is essential for economic growth, calls for localisation of food production confuse two essential issues.

The central problem in the food system is one of exploitation of small producers and landless labourers by more powerful groups of firms. It is not one primarily of the geography of this exploitation. The relations of production are not resolved by calls for localisation, rather they are created at a more local level. The movement away from direct ownership by the largest multinationals of farming facilities is one indication of this. The market control they seek is through the dominance of supply chains and processing. It is here that they believe 'value adding' and product differentiation can be achieved. Again one example of this is provided by the sale of fair trade goods by the large supermarkets. Fair trade is a system developed to ensure primary producers of products receive a higher level of payment for their goods. The supermarkets are able to pay higher prices for fair trade goods because they pass on this premium to consumers in the form of higher prices. Thus, it is consumers not big business which bears the cost of fair trade products. In reality then it is the control over the supply chain that allows big business to capture the value created by the labour of peasants and small farmers, as well as capture the value created in the processing of raw foodstuffs by the workers they employ. Neither, do moves towards more sustainable production, such as organic production, fundamentally challenge the dominance of large transnational companies. Indeed, the largest transnational food corporations, such as Unilever, have proved adept at responding to rising demand for organic production in the developed world. Unilever has recently bought the Scottish based organic food producer 'Go Organic Ltd' as it responded to the new opportunities in higher value added sectors such as organic foods, while retailers such as Sainsbury's and Tesco's have expanded their range of organic and locally produced products. Worse still, the expansion of demand for organic foods in the developed world has increased food miles as a result of the very high levels of imports, currently around 70% of produce, required to satisfy rising demand.

Thus the criticism made about the dominant market position these companies have created is not one of bigness or integration per se. Rather it is the use this power is put that is the problem. It is the exploitation of workers and peasant farmers in the food industries, the under-development of poorer nations and exploitation of consumers that this power permits that is the problem.

Locating the rise of globalisation as the cause of the problems of food poverty, food safety and food security suggests that prior to the rise of these multinational conglomerates there was some 'golden age' of food production. The reality is the opposite. The growth of world food production has occurred alongside the growth of these corporations. While the 'green revolution' which took place after the Second World War has brought with it a move towards monoculture farming and unsustainable industrialised techniques it nevertheless ensured that no link between population growth and food supplies emerged. The last half of the twentieth century saw population growth at historic levels; yet per capita food production outpaced this growth.<sup>33</sup> The Malthusian theory suggesting food supplies would be outstripped by population growth was decisively rejected. The problem of food supplies has always

been, since the Second World War, one of over supply, dumping and the maldistribution of existing supplies rather than one of inadequate production and scarcity. This should not be any surprise to marxists. Capitalist accumulation has ensured that firms compete with one another to gain market share and a monopolistic control over each industry. In the process innovation and investment occurs which expands productive capacity, until there is too much output to be absorbed in the market and a crisis of 'over-production' occurs. That a crisis of 'over-production' can occur while people starve is one extreme example of the destructive tendencies within capitalism. The food industry has been particularly prone to these anarchic capitalist cycles and it is exactly these crises that have led it, as an industry, to seek levels of government intervention to regulate the market that no other industry has achieved.

So the question of size is linked to one of power. This can be seen most clearly when we examine how the market for food is structured and how the companies themselves and the key individuals within these companies play a dominant role in directing these institutions.

### **Subsidies & Trade**

The development of large transnational firms has given rise to a system of production whereby their size and dominance has provided them with an ability to structure the food market. The characteristics of this system of production are firstly, high levels of vertical co-operation in which close linkages between large-scale farmers, manufacturers and retailers are used to regulate competition. The key players in the industry are the manufacturers and the retailers who dominate the individual sectors and in doing so attempt to determine the prices and profits in the industry as a whole. Most of these companies operate as dominant firms in their respective market sectors. That provides them with the opportunities to establish prices and profits within the supply chain and ensure governments introduce rules which benefit them and help them dominate small producers. We can see this when we examine how prices are actually determined.

Neo-liberal ideology suggests that prices are determined by the interaction of demand and supply. In the food industry nothing could be further from the truth. Farmers receiving subsidies provide manufacturers and retailers with the ability to purchase low priced raw materials and sell them at high prices to consumers. A system of import tariffs and subsidisation from governments provides subsidies throughout the industry and then on top of these consumers pay high prices for the food they buy. This was a system which emerged across the developed world and is a system established ever since the collapse of the unregulated markets before the First World War. In the British case initial price supports emerged with the outbreak of the First World War but became firmly entrenched with the Import Duties Act of 1932, Agricultural Marketing Acts of 1931 & 1933 and the Wheat Act of 1932. After World War Two the Agricultural Act 1947 intensified this system and entry into the Common Market with the Common Agricultural Policy (CAP) became the method after 1973. It is important to realise, therefore, that the methods of subsidisation and support for agriculture date back almost a century and the CAP is simply the latest progression in this process. But what is the role of these subsidies?

CAP, the common agricultural policy of the EU is suggested to be a policy aimed at protecting small farmers and creating a political bulwark of right wing politics, in the face of an emerging cold war, within Europe, especially in France.<sup>34</sup> However CAP is a system aimed at increasing productivity, stabilising farm income, stabilising market prices and finally ensuring the maintenance of supplies. The thrust of CAP is to encourage production of agricultural products and it has encouraged a continued decline in the numbers of agricultural workers and small farmers. As a result, the £20b spent annually on CAP goes in production subsidies and price supports. Hence the bulk of the subsidies goes to the larger farmers not the small farmers.<sup>35</sup>

CAP also ensures two further developments. First, agricultural imports from out with the EU face a high common tariff. These tariffs increase, a ramping effect, the more processed these imports are. So, agricultural imports from the developing world tend to be raw materials and unprocessed goods, such as cocoa described above. This has the impact of preventing industrialisation in the developing world. Second, CAP's success in promoting production based agriculture has left the EU with large quantities of agricultural products which cannot be sold in the EU without reducing prices. As a result CAP has introduced export subsidies which have encouraged the dumping of products in markets outside the EU. So, for example, beef produced in the EU could be bought in South Africa at 30 pence a kilo while it cost £1 a kilo to produce it.<sup>36</sup> These export subsidies have the impact of undermining agricultural producers in the developing world. Of course once domestic competitors are eliminated fluctuations in world market prices leads directly to rising food prices in the developing world.

Food multinationals are also able to determine the structure of the food system through the regulation of international trade in raw materials and processed foods. Again this can be traced back to the breakdown of international trade after World War One but was most clearly established with the post World War Two institutions of the World Bank, the IMF, GATT and its successors the World Trade Organisation and, most importantly, the 1993 Agreement on Agriculture.

The opening up of economies to trade which the General Agreement on Trade & Tariffs promoted and the IMF's approach to industrialisation through an export market led orientation on cash crops has, since the 1970s, been instrumental in promoting famine and undermining both food security, namely the ability of a country to provide adequate levels of nourishment for its population, and food sovereignty, the ability of governments' to determine the way in which that food is produced and distributed. In the period between 1970 and 1981 imports of agricultural products into developing economies rose three times faster than exports, such that by 1981 developing countries exporting agricultural products had become net importers and Africa's share of markets for agricultural goods in the developed world fell from 8.5% to 3.7%.<sup>37</sup> More recently, in 2002 the IMF dictated to governments such as Malawi that it sell its emergency food reserves on world markets, in order to ensure its debt repayments were made, just as the country faced its worst famine since 1949.<sup>38</sup>

Most starkly, a look at the Agreement on Agriculture demonstrates how big business interests dominate the processes of trade and development. The Agreement on Agriculture emerged from the Uruguay round of GATT negotiations in 1993, the same negotiations that launched the WTO. The Agreement had three key points; to

increase market access, to reduce export subsidies and finally to reduce domestic support for agriculture. Governments' agreed to reduce tariffs on imports and permit a minimum access of 5% in each market sector. The result of this has been that once multinationals are able to gain access to even a small proportion of the market they have used their market power to drive out local producers. The UN Food and Agriculture Organisation's 1999 study demonstrated that countries implementing the Agreement on Agriculture saw a surge of food imports but no increase in exports. Of 16 developing countries only Thailand saw an increase in exports. Estimates suggest that at least 20-30 million small peasant farmers have been driven from the land in recent years as a result.<sup>39</sup> Not surprisingly no increase in exports into the US and EU occurred because the Agreement accepted that these areas had reduced its subsidies in line with the Agreement prior to the agreement's introduction. Despite the fact that subsidies in Western countries rose from \$182b in 1995 to \$362b in 1998 these markets remained closed to developing economies exports.<sup>40</sup>

The Agreement also encouraged long-standing policy of the IMF and the World Bank to encourage developing economies to shift production from food for the local economy to export aimed cash-crops. So large areas of Indian agricultural land previously used for food production, including in Andhra Pradesh, Karnataka and West Bengal has been taken over for the production of fresh flowers and cotton for export markets such as Europe. The result is that much of the most fertile land is taken out of food production, peasant farmers are impoverished and the profits deriving from large-scale business are reaped by multinationals, leaving populations with fewer resources to purchase imported food and economies less able to produce enough food to feed its population.

So a system of production emerges which protects large scale producers in the developed world's markets through a system of subsidies and tariff protection and at the same time favours big business interests internationally through the creation of export subsidies and rules demanding increased market access. When we look at the connections within big business and between big business and government the reason for these developments also becomes crystal clear.

A close interconnection has emerged between business, international organisations and government such that the distinction between politicians and businessmen and businesswomen has almost disappeared. As mentioned above Unilever have been keen to appoint ex-government ministers onto their board. Similarly, with Nestlé the interests of the board of Directors demonstrates the close links between business and the regulation of competition and trade. Nestlé's Chairman Helmut Maucher also serves as a board member of Bayer, one of the major companies behind attempts to introduce GM crops. He is also a member of the Board of Trustees of the World Economic Forum and chair of the International Chamber of Commerce, both of which play a leading role in the WTO discussions on international trade. Arthur Dunkel, another Nestlé director, was in fact Director-General of GATT until 1993 and was a member of the WTO dispute panel as well as being a member of the International Chamber of Commerce Working Group on international trade and investment policy.

Within the UK, the largest retailing firms have systematically developed closer connections between themselves. A recent study demonstrated that 90% of the 20 largest retailers in the UK share directors with other related firms compared with 50%

in 1975. The number of multiple directorships held has quadrupled in the same period to 34%.<sup>41</sup>

A series of close connections and inter-relationships exist between the largest firms in the food industry and international institutions for the regulation of trade and governments in the developed world. These reinforce a series of financial supports developed to protect and stabilise the food industry. These relationships, however, are themselves not new. Lenin identified these close linkages between the state and monopoly capitalism and similarly connected the development of monopoly capitalism with imperialist exploitation and war.<sup>42</sup> Many of the connections Lenin identified are, as already described, readily seen today in the food industry. The process of globalisation, through the Agreement on Agriculture, has however brought these relationships into the open more clearly than was previously the case.

The fact that these relationships are so clearly exposed requires not simply an explanation for their origins but also conclusions pointing to ways in which these relationships should be challenged and broken. This article started by making a connection between food poverty, food safety and food security. Any alternatives clearly need to be measured against their impact in these three areas.

## **Conclusions**

The most important point to reiterate is that there is currently the ability to produce enough food to adequately feed the world's population. The primary problem facing the developing world is the distribution of food and its control. While there are demands for greater food security and greater access to developed world markets from producers in the developing world until the chains of exploitation are broken these demands will, at best, only be realised in so far as they provide the major businesses with new business opportunities. In other words the mechanism used for the integration of the developing world will be one which ensures the continued system of exploitation of the majority of peasants and workers producing food for the world's populations. The geography of exploitation may change but the relations of exploitation will remain. Yet it seems unlikely that even this limited restructuring of the world food industry will occur given the interests at stake in the developed world.

In the absence of any such fundamental change in the relations of production it is still necessary to recognise that food security has become a major issue for the developed and developing world. The US and British governments' are desperate to ensure that the control over the world's food resources are firmly within the grip of firms they are linked with. Both the ability of developing countries to feed their populations, to an adequate level, and their ability to determine how that food is produced and distributed within their economies must again be a starting point for any debate. Any moves, such as freer trade, which undermines food security or sovereignty must be a regressive step, a move away from increasing equality. The origins of the problems of food security and sovereignty derive from the anarchy of a market which, despite the role played by Western governments, sees prices fluctuate wildly causing countries to face famine. Only a planned rational production system in which investment in agriculture and food production was not duplicated across the globe causing overproduction could do that.

Should we seek to move away from industrial farming systems? Here the concern is that current farming techniques, factory produced meat, and fertilizer reliant techniques for crop production are unsustainable in terms of wasting the earth's resources and damaging the environment. Certainly we should seek methods of production which are sustainable, but that does not rule out all industrial forms of agriculture. There is not a simple dichotomy between non-organic and organic farming, rather a continuum exists between the two. Certainly moves away from monoculture farming, heavily dependent upon chemical fertilizers and herbicides is necessary. Nevertheless, this does not dictate the adoption of fully organic production. Food security and an end to food poverty is the essential criteria, and in so far as alternative farming techniques achieve the same goals they should be welcomed because of their sustainability.

Capitalism has clearly created the conditions in which commodities can be transported around the world. Specialisation in production has been beneficial and is more efficient for many products, however in agriculture the extent of these economies of scale is open to question. Specialisation in the form of monoculture farming encourages the spread of disease, increases chemical costs and can result in lower yields.<sup>43</sup> Further the true extent of efficiency of current farming is hidden behind governments' cross subsidisation of production and accounting techniques which ignore externalities caused from pollution and transportation. Nevertheless, replacing subsidies for large scale farming with subsidising local production does not in and of itself represent any advance for human kind. Equally, it is certainly the case that economies of scale are more easily identified in the processing of food. In any rational world we would not wish to see chocolate produced in hundreds of thousands of small plants when it is more efficient to build larger plants capable of dealing with the quantities necessary to cater for demand. Therefore, here again the issue is the extent to which food poverty, safety and security can be achieved in a sustainable way and in a way which disentangles the questions of market power and under-development from production.

To conclude, the debate between localisation and globalisation, in food production, needs to start from considerations of satisfying human need rather than a value judgement on the benefits or otherwise of rival systems. In any rational food production system it would certainly lead to higher levels of localised production, certainly to greater diversity in the food we consume and certainly not to a world in which millions starve while food is left to rot. Neither would a rational food production system see millions made ill from the poor quality of the food produced or a world in which the food produced was determined by the needs of big business to maximise profits. But equally, with a world population of 6 billion it would almost certainly involve the continuation of some forms of large-scale agricultural production and international trade in food, but at a level which is sustainable, rational and aimed at satisfying the needs of all.

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<sup>1</sup> UN, 2002, *Human Development Report 2002: Deepening Democracy in a fragmented world*, (OUP, Oxford), p.17 and table 7.

<sup>2</sup> Ibid., table 1.2.

<sup>3</sup> M. Nestle, 2002, *Food Politics: How the food industry influences nutrition and health*, (University of California Press, California) p.7

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- <sup>4</sup> T. Lang and G. Raynor (ed.s) 2002, *Why Health is the Key to the Future of Food and Farming*, (London), p.28 and figure 7
- <sup>5</sup> M. MacKinnon, 1998, *Providing Diabetes Care in General Practice: A practical guide for the primary care team* (3<sup>rd</sup> edition, Class Publishing, London) p.24
- <sup>6</sup> British Diabetic Association, 1995, *Diabetes in the UK -1996*, (London), P.9
- <sup>7</sup> M. Benzeval, J. Taylor and K. Judge, 2000, 'Evidence on the Relationship between Low Income and Poor Health: Is the government doing enough?' *Fiscal Studies* 21 3 pp.375-99.
- <sup>8</sup> P. Gregg, S. Harkness and S. Machin, 1999, 'Poor Kids: Trends in Child Poverty in Britain, 1968-96', *Fiscal Studies* 20 2 pp.163-87.
- <sup>9</sup> DTZ Consulting, 1998 *The Economic Impact of BSE on the UK Economy* (DTZ Consulting, Manchester) Table 5.1
- <sup>10</sup> Lang and Raynor, *op.cit.*, p.39
- <sup>11</sup> DEFRA, *BSE: weekly cumulative stats*, <http://www.maff.gov.uk/animalh/bse/bse-statistics/level-4-weekly-stats.html>, includes confirmed cases and confirmed cases not placed under restriction and Office International Des Epizooties, *Number of Reported cases of BSE worldwide (excluding the United Kingdom)*, [http://www.oie.int/eng/info/en\\_esbmonde.htm](http://www.oie.int/eng/info/en_esbmonde.htm).
- <sup>12</sup> G. Monbiot, 2001, 'Mad Cows are Back', *BBC Wildlife Magazine*, April
- <sup>13</sup> C. Morelli, 2001, 'Food crisis - enough to make you sick', *Socialist Review*, 251/22
- <sup>14</sup> Lang & Raynor, *op.cit.*, Figure 2.
- <sup>15</sup> *The Scotsman*, 16 September 2002.
- <sup>16</sup> M.W. Ho, 2002 'Stacking the Odds against Finding it', *Science in Society*, 16 p.28
- <sup>17</sup> The term 'system of production' helps to focus attention on the interconnectedness of the food industry. See B. Fine 1998, *The Political Economy of Diet, Health and Food Policy*, (London)
- <sup>18</sup> J. Burns, 'A synoptic view of the food industry', in J. Burns, J. McInerney and A. Swinbank (ed.s), 1983, *The Food Industry: Economics and policies*, (Heineman, London) p.11.
- <sup>19</sup> T. Lang, 1999, 'The Complexities of Globalisation: the UK as a case of tensions within the food system and the challenge to food policy' (Centre for Food Policy, Thames Valley University) quoted in C. Hines, 2000, *Localisation: a global manifesto* (Earthscan, London) p.103.
- <sup>20</sup> B. Dinham and C. Hines, 1983, *Agribusiness in Africa: a study of the impact of big business on Africa's food and agricultural production*, (Earth Resources, London) p.167
- <sup>21</sup> Corporate Watch, 2001 'Unilever, a truly multi-local multinational', p.26 [www.corporatewatch.org.uk](http://www.corporatewatch.org.uk).
- <sup>22</sup> Unilever, 2003, *Annual Report & Accounts*, p.6
- <sup>23</sup> See M. Brady, 'Foods for infants: how the baby food industry competes with breastfeeding', in J. Madeley (ed.), 1999, *Hungry for Power* (UK Food Group, London) pp8-15.
- <sup>24</sup> C. Denny, 'Nestlé u-turn on Ethiopia debt', *Guardian*, 24 January 2003.
- <sup>25</sup> UNICEF, [www.unicef.org/protection/index\\_childlabour.html](http://www.unicef.org/protection/index_childlabour.html)
- <sup>26</sup> International Cocoa Organisation (ICCO), 2001 *Annual Report*, table 1
- <sup>27</sup> ICCO, *op.cit.*, table 2
- <sup>28</sup> Estimates of light running vehicles, ie those which are not fully loaded, are still higher, DETR, 1999, *Sustainable Distribution: A Strategy*, (HMSO London), p.2
- <sup>29</sup> DETR, *op.cit.*, pp3-4.
- <sup>30</sup> D. Maddison et.al., 1996, *The True Costs of Road Transport*, (Earthscan, London) Box A1, p.220
- <sup>31</sup> See C. Hines, 2000 *Localisation: A Global Manifesto*, (Earthscan, London).
- <sup>32</sup> Hines, *op.cit.*, pp.210-18
- <sup>33</sup> P. Foster, 1992 *The World Food Problem: Tackling the causes of undernutrition in the Third World*, (Adamantine Press, London) p.172-3
- <sup>34</sup> A. S. Milward, 1992 *The European Rescue of the Nation-State*, (Routledge, London)
- <sup>35</sup> P. Allanson, 2003, 'CAP Reform and the Distribution of Farm Income in Scotland' *University of Dundee Economics Discussion Papers*, 147.
- <sup>36</sup> J. Madeley, 2000, *Hungry for Trade*, (Zed, London), p.71 It should also be noted that it was claimed that foot & mouth entered into Britain from infected meat from Africa. While this might have been a racist myth if it was true it may well be that the meat originated from the EU in the first place.
- <sup>37</sup> UN Food and Agriculture Organisation, 1985, *The State of Food and Agriculture 1984*, (FAO Rome) p.54
- <sup>38</sup> E. Burgo and H. Stewart, 2002 'IMF policies "led to Malawi famine"', *The Guardian*, 29<sup>th</sup> October.
- <sup>39</sup> Madeley, *op.cit.*, p.73-5
- <sup>40</sup> Madeley, *Ibid.*, p.45.

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<sup>41</sup> A.B. Thomas, 2002, 'The Changing Structure of Intercompany Relations Among Britain's Largest Retail Firms', *Service Industries Journal*, 22 p.29

<sup>42</sup> V.I. Lenin, 1975, *Imperialism the Highest Stage of Capitalism*, (Foreign languages Press, Peking).

<sup>43</sup> See G. Monbiot, 'Organic Farming will Feed the World', *The Guardian*, 24<sup>th</sup> August 2000 for a review and P. Rosset, 'Cuba: A successful case study of sustainable agriculture' in F. Magdoff, J. Bellamy Foster and F. Buttel (ed.s), 2000, *Hungry for Profit*, (Monthly Review, New York).