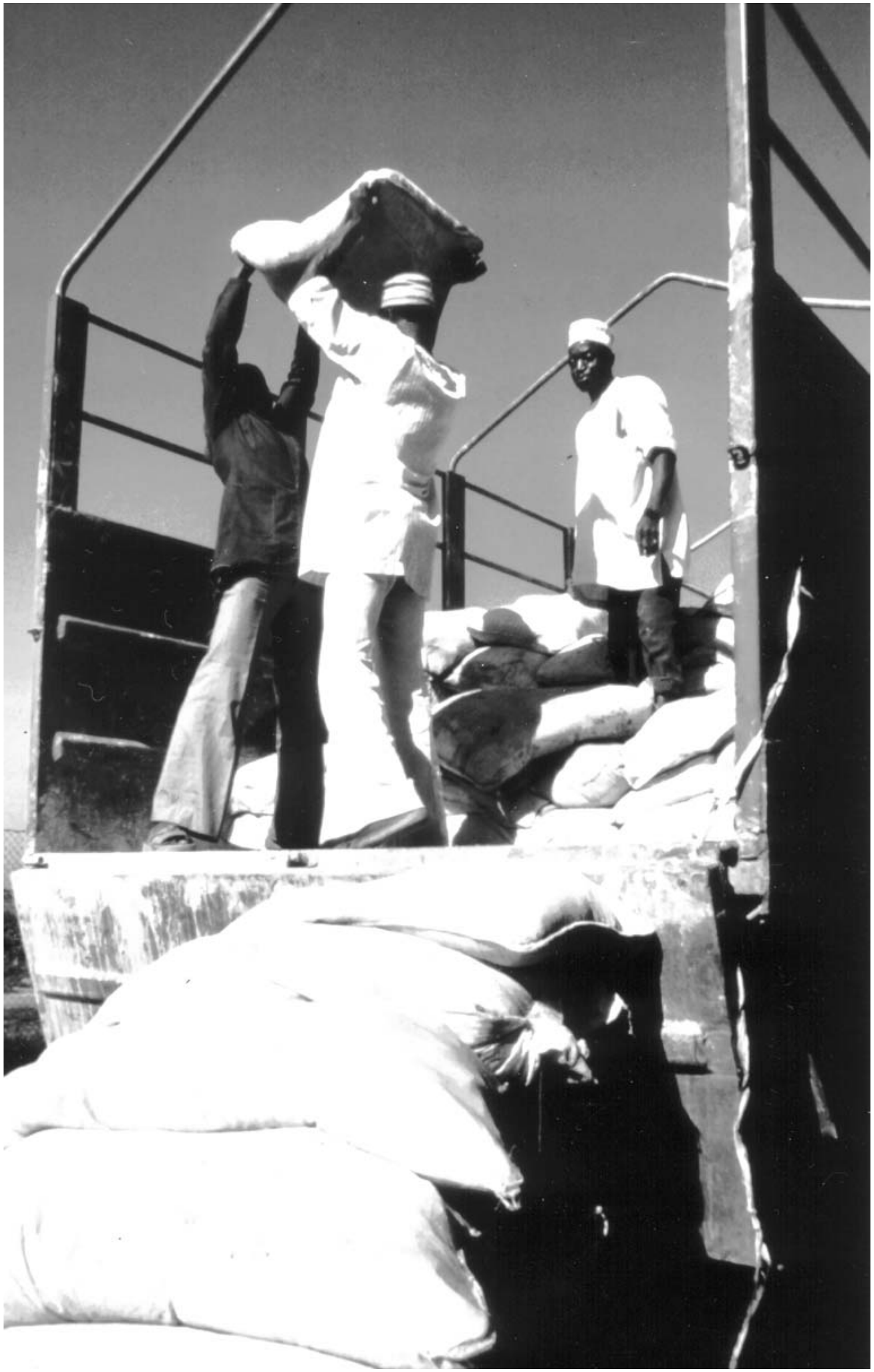

CHAPTER 4

# TRANSNATIONAL CORPORATIONS AND THE GLOBAL FOOD SYSTEM

OVER THE PAST SEVERAL YEARS IT HAS become clearer and clearer that the global food system strongly resembles a cartel. Since the members share power, purpose, and philosophy, no collusive conspiracy is needed. Neither national governments, labor unions, cooperatives and other producer groups, nor consumer organizations, individually or collectively, appear yet to constitute an effective countervailing power to this combination of corporate agribusiness, rich individuals, large landowners in both industrialized and developing countries, and the financial institutions that guide and support them. UN figures suggest that the 7,000 TNCs counted in 1970 have increased to about 45,000. Business magazines agree that the largest 200 dominate the global economy.

This concentration has exploded in the last decade in many sectors of the economy: biotechnology, communications, computers, energy, entertainment, media, mining, pharmaceuticals, services (including financial), transportation, and—perhaps less obviously—food and agriculture. In the last decade of the twentieth century, mergers became one of the most common forms of economic activity. According to Pat Roy Mooney, of Rural Advancement Foundation International, "Global corporations now control one-third of the world's productive assets and three-quarters of all world trade." [1] In the food and agriculture sector there is now a quasi-oligopoly with multiple moving parts.

Although the dominant forces do not seem to be deliberately impoverishing the poor and denying them access to the food they need, their operations have the effect of doing both. They are increasing corporate and banking profits and power and widening the gap between rich and poor countries and between rich and poor people within countries. This is a characteristic of the entire globalizing economy. There is, of course, competition within the dominant cadre in all subsectors—for instance, in food and agriculture between sugar refiners and corn sweetener producers; or among poultry, beef, and pork producers; or between major grain traders; or between seed companies and machinery companies; or between food and grocery manufacturers; or among fast-food chains. However, none of this seriously affects their quasi-oligopolistic control of the total system.

The modern world grain trade, which the WTO is trying to organize over the objections of its critics, offers an example of the leading role played by powerful corporations, mainly transnational, in the trading system. Food trade is not free; it is effectively managed by fewer than a dozen companies; similar numbers of companies control the markets for seeds, machinery, agricultural chemicals, beverages, and sugar. Half the world's bananas are marketed by two U.S. companies, despite the fact that the United States grows almost no bananas.[2] While repeating the well-known mantra of the free market, both corporate agriculture and the governments of exporting countries vociferously promote trading rules that will confirm and extend their dominance. For that reason they have created the "rules-based" WTO in the hope that it will become a more effective organizer of trade in their interest. The developing countries have gained almost nothing during the new organization's first seven years. The political power of commodity organizations and corporate agriculture, especially in the industrialized countries, has enabled governments, acting unilaterally or through trade agreements, to protect and subsidize domestic producers and agricultural exporters. The effective use of this kind of power torpedoed the proposed International Trade Organization after the Bretton Woods Conference half a century ago, delayed GATT ratification for three years, and brought into the GATT contract the agricultural exceptions that still prevailed fifty years later when the WTO Final Act was agreed.[3] These considerations, with food safety and intellectual property rights now added, are still the major sticking points in the effort to have agriculture treated fairly for trade purposes.



Farmers making their family living on small diversified farms by growing grain, vegetables, and fruit, tending a few cattle, pigs, and chickens, and selling their small surplus in the domestic market are not engaging in much international agricultural trade. That activity is conducted by large trading companies whose diversification is not in what they produce themselves, but in how they handle what is produced by mainly corporate agriculture. Ten thousand acres of corn, wheat, or soybeans is not an unusually large spread for the companies or their contract farmers; neither is a herd of ten thousand cattle. Pork products originate on contract farms that may have up to 500,000 pigs; the leading U.S. pork producer handles nineteen million hogs per year; one conveyor at a single poultry farm can move ninety-one chickens a minute.[4] Bacon, ham, chicken, and eggs are available for purchase in grocery stores and supermarkets at the consumer end of what are generally called vertically integrated enterprises. It is largely these vertical relationships in grain and grain-using activities that establish the rationale for government intervention in the agricultural sector in the industrialized countries.

A single company may contract with the farmer to produce meat, dairy products, grain, vegetables, fruit, and so on using seeds, chicks, or other "inputs" provided by the company; feeding or fertilizing according to the company's computerized schedule using the company's feed or fertilizer; and borrowing money, often from the same company, to construct the buildings and buy or lease the equipment needed to fulfill the contract. When the product is ready for processing or sale, it is shipped to the company's plant or trucked to its grain elevator to be loaded onto its railroad hopper cars, barges, or ships for transport to the foreign purchasers or the next segment of its processing—into boxed cereals, breads, cakes or snacks, bacon or ham, chicken, milk, cheese. Then it goes to the supermarket, probably stopping at a warehouse along the way. At each stage, value will be construed as having been added. Advertising, on which food companies spend more money than any other industry, promotes the product, and there is strong competition for prominent placement on market shelves. Some food is irradiated, some is canned, more is flash frozen, and still more is sold in bulk. Much of this processing also happens to beverages, seafood, sugar, peanuts, soybeans, grain, and many other food products. Alternatively, the product may go to a restaurant or fast-food outlet for mealtime customers. The farmer gets a minuscule fraction of the final price.

Competition in the food sector is fierce, both between and within countries and subsectors. But at the same time that dairies, poultry companies, and beef and pork processors compete among themselves for a share of the constantly growing market, companies have tended over the years to merge in order to cut costs through economies of scale and to increase market share and profits. Many of the resulting larger companies become transnational, with varieties of activities in several countries; often they own farms and ranches in developing countries, as well as in their own, a practice that permits them to move animals and field crops at costs low enough (since labor costs in developing countries tend to be very much lower than in industrialized countries) to drive smaller producers out of agriculture and take over their markets and properties. This threat to small-farm agriculture is a worldwide phenomenon. The power of the TNCs propels their host governments into an equally vigorous international competition. If a low-income country



succeeds in developing a food-export industry, usually with the cooperation of wealthy landowners or foreign corporations, the economies of scale tend to worsen the situation of both small farmers and poor consumers.

Moreover, the more capital-intensive food production becomes, the more it threatens the natural resource base through pollution of soil and water and overuse of chemical inputs. Intensive grain production, as in the United States, leads to monoculture, which is both economically and environmentally unsound. Intensive pig or poultry production, in both the United States and Europe, often generates excessive waste, not all of which can be recycled. Thus agricultural practices and environmental considerations, as well as the nontrade functions of agriculture—like rural development—become matters of judgment in establishing and applying trade rules. It is not the existence of rules that is the problem; the real questions are what the rules are, who makes them, and who benefits from them. Some observers have expressed the hope that the WTO would help poor farmers in poor countries by adjusting its criteria for special exemptions to rules on subsidies and supports.

One phenomenon that trade questions and other ongoing controversies are beginning to reveal is the dominant role of the international business and banking community in the globalizing economic system.[5] This is also one of the themes of the continuing protest movement in the United States and elsewhere. The food system is a useful and cogent example of how the overall system works. *Fortune* magazine's year 2001 listing of 500 U.S. corporations included more than 100 food, beverage, chemical, food service, and farm equipment companies, as well as many others that produce or sell food and agricultural products as part of other operations (one of which is 2002's #1 TNC, Walmart), that had total combined revenues of more than $1.1 trillion (about one-seventh of the 500's total revenues). The list does not include large privately owned companies like Cargill or Mars, each owned by one family and not traded on any stock exchange.

Most of the production, processing, marketing, and distribution of food and agricultural inputs, for example—is controlled by a score of very large TNCs that dominate one or several of its parts: Archer-Daniels-Midland (ADM), Aventis, Cargill, Conagra, Coca-Cola, John Deere, Dole, General Mills, McDonald's, Mitsui, Monsanto (now Pharmacia/Upjohn), Nestlé (#1 food company in the world), Novartis, Philip Morris (#2; it owns Kraft and General Foods and bought Nabisco in 2000), Syngenta, Tyson Foods (world's largest poultry company), Unilever (which bought Slim-Fast and Ben & Jerry's Ice Cream on one day in April 2000). Most of these are headquartered in the United States. Corporations such as these have the most to say about what foods and crops are produced, how they are produced, processed, and distributed, and what prices they will command. Many of these combinations, actual or potential, are in special fields—for example, H. J. Heinz and Beech-Nut in baby foods, Nestlé and Ralston/Purina in pet foods. In the United States it is estimated that between 35 and 87 percent of each of nine major subsectors of the agricultural market is controlled by four large companies.[6]

The various sectors described earlier constitute a food and agriculture system, or at least a subsystem of the ever-accelerating globalizing economy. It is a system whose supply-side factors—land, water, energy, science, technology, research, environment, weather, and money—interact with the demand-side factors—population, consumption, nutrition, and trade. They are ultimately dominated by profit-driven production agriculture; generally this means large TNCs based in the industrialized world (the North), with some cooperation and collaboration on the part of similar corporations and large landowners in the developing world (the South). This combination mirrors the globalizing economy as a whole; it is oriented not toward the logical purpose of a food system, which would be to ensure that people are fed, but toward its more pragmatic and immediate economic



purpose, which is to maximize profit. Those who cite Adam Smith, John Stuart Mill, and David Ricardo in support of this process ignore the effect of a global economy on the validity of their centuries-old theses about competing national economies.

## THE COMPLEX CORPORATE REALITY

It is well known and documented that a small minority of people own most of the world's productive farmland (except perhaps in China, where there is no private ownership of land) and that most of the profit from food grown on that land goes to no more than 1 percent of the population. These elites represent the remainder of the Latin American *latifundia* and other personal land concentrations. They sell the bulk of their produce in the rich countries and spend their money in the North or on products imported from there. The concentration of this wealth and income has been reported on too often to be doubted. A similar claim can be made for the concentration of ownership and profit in the food and agriculture sector. A handful of companies own or control the resource base and dominate the production and trade of more than half of the several major export crops for which most of the agricultural land of the South is used.

In the second half of the twentieth century, as food and agriculture trade began to revive after World War II—and especially in the last quarter of the century—significant and not very welcome publicity began to delineate the character and activities of the corporate giants that had succeeded the wealthy elites as well as the inner workings of the production and trading system they control. Integration is both vertical and horizontal, and the power exercised is at least as complete and a great deal more profitable than *latifundia* ever were. The new goliaths own (or lease from subsidiaries) grain elevators for off-farm storage, hopper cars and fleets of trucks for rail and road transport, barges, ocean-going vessels, and even financial institutions, which lend money to handle some of these activities.

The Cargill Corporation, for example, the world's largest private corporation and number-one grain trader, deals mainly with bulk commodities, including phosphate fertilizer. Cargill operates at a thousand sites in sixty-five countries.[7] Food companies sell not only their processed foods—breakfast cereals, bakery goods, frozen dinners and beverages—but poultry, pork, vegetables, fruit, juices, and other products, many of which are grown in the South, often by their own subsidiaries or franchise holders. The system is truly global, buttressed by highly sophisticated transportation, communications, warehousing, and supermarket retailing and facilitated by advertising designed to cultivate and satisfy new tastes for processed foods that are not always the most nutritious and rarely the least costly. Even the enhanced ability to deliver emergency relief supplies quickly runs into the question of when relief ends and dumping or unfair competition begins.

These activities of large-scale productive and distributive enterprises have had a profound effect on the social and cultural aspects of varied societies. Because supply often creates demand, the activities contradict the conventional supply-meets-demand sequence. In countries of the North, like the United States, vertical integration effectively removes individual farmers from the decisionmaking process and reduces them to a kind of wage-earning dependency. Some farmers even describe themselves as modern serfs. In these circumstances it seems accurate to speak of industrial agriculture. The TNCs that dominate it have the resources to influence individual decisionmakers, national governments, organizations, and markets and to defeat most combinations of opponents organized thus far.

Thus agricultural production and marketing now benefit almost exclusively the large-scale producers, whose predominant capitalization, increasingly vertical integration, and broadening horizontal collaboration demonstrate that



power in agriculture, as well as in the rest of the global economy, rests with large financial organizations and marketing firms. This dominance is expanding and deepening.

Over a decade ago, during the Uruguay Round of trade negotiations, a former grain company senior vice-president, who had become a high-ranking U.S. trade official, made it clear that the U.S. goal in the agricultural negotiations in the round was to end all domestic farm subsidies that affected trade, all export subsidies, and all barriers to imports. (Corporate policies do not always succeed; domestic supports, export subsidies, and import barriers still exist in U.S. food policy.) This plan was conveyed to the OECD ministers, where the U.S. Trade Representative found nearly unanimous agreement. After a subsequent change of administration in the United States, the trade negotiator moved back to an equally senior position wiith his former employer.

One aspect of the changing social structure of modern society is the increase in size and decrease in number of large-scale operations (in agriculture and elsewhere), mainly through mergers and joint ventures. Cargill bought the trading activities of its chief rival, Continental Grain, giving it nearly 30 percent of global grain trade; Continental still owns Premium Standard Farms, the third largest U.S. hog producer. The largest food companies are Nestlé (Swiss), which was involved in a prolonged boycott of its baby foods, and Philip Morris, primarily a tobacco company, which owns Kraft, Nabisco, and General Foods (cereals and other packaged products).

Other companies with varied products include: Conagra (Butterball turkeys, Armour hotdogs, Healthy Choice products, poultry, other meats, popcorn, and the former Beatrice Foods); ADM (producing and marketing grain, soybeans, cooking oils, and ethanol, a gasoline additive distilled from corn);[8] Tyson Foods (purchaser of Hudson Foods after a massive recall of its tainted hamburger; mainly involved with poultry, but the successful bidder in 2001 for

Iowa Beef Processors, producing beef and other meats); Smithfield Products, outbid for IBP, (which has bought Murphy Farms, Tyson Foods' hog operations, and two other large pork operations and is now the world's largest hog producer and pork processor); Chiquita Banana (once called United Fruit and well known throughout Latin America, whose parent, American Financial Group, is considering selling part of its assets to a shareholder, Consolidated Fruit); Perdue Farms (poultry); Dole Pineapple; and many others.

Kellogg, the second largest marketer of packaged cereals, sold its bagel division and bought Worthington Foods, an Ohio firm specializing in meatless sausages and hot dogs. Farmland Industries and Cenex Harvest States, two of the largest U.S. food cooperatives, have also merged. Culminating a series of buyouts, General Mills moved strongly into the $7 billion organic food business and would further strengthen its position by its $10 billion acquisition of Pillsbury. Unilever, a Dutch firm, became the world's largest ice-cream producer by buying Kibon, a Brazilian corporation. BASF (Germany) became the fourth largest agricultural company by purchasing American Home Products' agricultural chemical unit. All this action tightens corporate power in production and processing.

In the U.S. supermarket area, Kroger bought Fred Meyer (West Coast) to become the world's largest supermarket, ahead of American Stores (which acquired Albertson's), Safeway (which absorbed two smaller chains), and Ahold, a Dutch firm that bought Giant Foods (Washington, D.C. area) and owns some regional chains. Walmart, not known as a food store, jumped into fourth place by moving into grocery sales and purchasing the United Kingdom's third largest supermarket chain, ASDA Group. The successful growth of discount chains like Walmart and Costco also pushed the merger of other supermarkets, like Food Lion with Hannaford Brothers. Several European chains (Sainsbury and Marks and Spencer) are growing in Europe and in North Africa, Asia, and North America.



Neil Harl of Iowa State University notes that the five leading grocery chains have grown from 19 percent of U.S. grocery sales in 1992 to 42 percent in 2000.[9] Harl's 40 years of teaching, writing, and advising about agriculture convinced him that concentration of this kind "and vertical integration are a deadly combination."[10]

The food service industry is perhaps even more concentrated: McDonald's, Burger King, and Wendy's, plus Pepsi-Cola subsidiaries Taco Bell, KFC, and Pizza Hut, dominate the ubiquitous and profitable fast-food segment.[11] A potential nutrition problem is presented by the accelerating movement of fast-food outlets beyond the satiated northern markets and into the developing countries, where consumption of carbonated beverages is increasing (Africa) and McDonald's restaurants are proliferating (Asia).

Not all of these companies, of course, are corporate behemoths (which also often change their names or become sets of initials), nor are all their headquarters in the United States. Some of them deal more with agricultural supplies and inputs than with food, though they have a significant effect on the food system. The Monsanto Corporation, for example, a former chemical company, producer of Roundup pesticides and marketer of the so-called Terminator seeds, which cause sterility in some plants, bought DeKalb Genetics and Cargill's foreign seed operation, bid for Delta and Pine Land (which had the famous Terminator seeds), and later sold itself to the pharmaceutical company Pharmacia Upjohn, which later spun off the seed operations back to Monsanto, of which Pharmacia owns 85 percent. An agreement by American Home Products (mainly dealing in over-the-counter pharmaceuticals) to merge with Monsanto fell through in 1998. This particular merger is an example of the potential affinity noted between seed (formerly chemical) and pharmaceutical companies and of the fluidity of the sector. Occasionally a particular product, the result of a new input, will involve a corporation in rather considerable publicity, as in the case of Syngenta and StarLink corn.[12]

Sometimes parts of one merging company are sloughed off to another bidder (Procter & Gamble, Coca-Cola, and General Mills). Monsanto's main competitors are Novartis (a company formed by the merger of the Swedish company Sandoz and the Swiss Ciba-Geigy and now with a stake in the French company, Roche) and DuPont (combined with Pioneer-Hi-Bred and the Ralston/Purina soy protein unit, but minus Conoco), which is three times its size, with more than eighty businesses consolidated into three divisions. The merger of Rhone-Poulenc (French) and Hoechst (German) into Aventis could create the second-largest pharmaceutical company and one of the largest sellers of agricultural products. In the area of farm machinery, a deal combining Case Corporation and New Holland NV produced the second-largest maker of farm implements, behind John Deere Corp.

Food and agriculture firms are also some of the best-known advertisers. ADM, for example, calls itself Supermarket to the World. Its advertising claims that the United States, with 4 percent of the world's population, has the resources to feed the other 96 percent, and that the ethanol it produces from corn (with government subsidy) will raise farm incomes and reduce U.S. dependency on foreign oil. Monsanto says that its biotechnology links food, health, and seed, representing three-fourths of global GDP. In full-page advertisements it markets its products as substitutes for the (unavailable) extra farmland needed to feed an increasing world population. Novartis simply advertises that it is with us for life. Coca-Cola has doubled the consumption of what some critics call its "liquid candy" in poverty-stricken Sub-Saharan Africa and is providing logo-laden soccer scoreboards to local teams. An increasing number of companies are doing the same kinds of things now in U.S. public schools and, of course, sports arenas and participants. Philip Morris spends more than $2 billion a year to improve its public image through advertising and the well-publicized charitable operations of its two main food divisions.



Nevertheless, a perception is growing that corporations are not necessarily good citizens or effective social workers. The *New York Times* suggested, for example in regard to soft drinks: "Not everyone agrees that getting the world's poorest, most undernourished continent (Africa) to double its consumption of a sugar-filled, nutritionally empty beverage is a good thing. . . . If people are encouraged to spend some of their meager incomes on empty calories, they won't have money to spend on more nutritious foods."[13] But a Coca-Cola official, describing the local bottler's role, expressed a different view: "It's not just about fulfilling demand, but about creating demand."[14] One might suggest that creating demand also includes manipulating it; the persistent denial by tobacco companies that their product is addictive is only the latest version of the assertion in the 1920s by auto, chemical, and oil companies that adding lead to gasoline would improve engine performance (it did not) and would have no harmful health effects (it did).

After a well-publicized investigation and trial, ADM agreed to pay a $100 million fine for conspiring to fix the price of lysine. Perdue Farms has been accused of short-changing farmers who raise chickens for the company. Conagra paid fines for underpaying farmers and customers at its grain elevators. Smithfield Foods was fined $20 million for repeatedly dumping hog waste into the Pagan River, a Chesapeake Bay tributary; the fine could have been as high as $174.5 million. A unit of the Bayer Corporation (Swiss pharmaceutical firm) agreed to pay a $50 million fine for price fixing of an additive in soft drinks and other products. Philip Morris paid $75,000 in fines to the State of New York for fifteen violations of the State Lobbying Act, which requires donors to report gifts to state officials. In June 2001 Sara Lee Corporation agreed to pay $4.4 million for the misdemeanor of selling contaminated meat that resulted in fifteen deaths. Tyson Foods was indicted for its treatment of migrant workers.

Chiquita Banana has been accused of harassing its workers and exposing them to toxic pesticides, secretly controlling supposedly independent companies, and donating funds to U.S. politicians in both parties who can influence policy on the banana trade. Poultry operations on the Eastern Shore of the Chesapeake Bay sell about 600 million chickens annually and produce about 750,000 tons of manure. Nevertheless, poultry companies fiercely opposed Maryland's ultimately successful effort to make them assume responsibility for pollution caused by the dumping of chicken manure. Some poultry companies have threatened critics' lives and damaged their property.

Sugar companies (U.S. Sugar Corporation and Florida Crystals Corporation) vigorously resisted all efforts to compel them to contribute to the cleanup of the Florida Everglades, even though a large part of Everglades' pollution and degradation was caused by processing and waste in sugar operations. The sugar industry has also perpetuated a protectionist sugar trade policy that penalizes consumers in the United States and sugar producers in many developing countries. Food companies also consistently object to proposals to put limits on health claims advertised for their products and have constantly fought labeling legislation (but lost). These examples, of course, are in the food and agriculture area and do not include corporate practices that have led to the well-known anti-sweatshop movement and similar campaigns.

On a more general level, connections among firms can take place without any mergers. When the CEO of the food subsidiary of RJR Nabisco (which includes Snackwells) retired, he was replaced by the executive vice president of Philip Morris, who had been in charge of its Kraft Food Division. Agriculture also offers a prime example of the considerable movement of corporate executives in and out of government.



These mergers, combinations, joint ventures, and personnel movements point to a growing domination of the food and agriculture sector by an ever shrinking number of constantly collaborating and expanding companies, as well as a further limitation of the small farmer's and consumer's choices and a reduction in the work force, as in the recent cases of Conagra, H. J. Heinz, Sara Lee, and Kellogg. In the developing world, foreign buyouts by TNCs do not necessarily bring new technology, economic activity, or investment, and the sheer size of these companies makes it difficult for impoverished and understaffed governments to negotiate with or regulate them.

It is admittedly difficult to keep all these balls in the air, or to stay *au courant,* and this almost stream of-consciousness once-over-lightly description of agribusiness relations may leave the reader's head reeling; but in truth the situation resembles not a portrait, or a still photograph, or even a collage, but a kaleidoscope. Just twist the tube and watch things change.

## THE DYNAMICS OF AGRIBUSINESS

The power and influence of the companies is perhaps most notable in the international trading system. It is estimated that as much as one-third of what is called global trade takes place within companies, though it may also be between countries. Indeed, in international trade it is rarely countries that deal with each other; rather, it is individuals, companies, or groups of companies—even though the trade regime is often based on treaties and administered by an international institution. While treaties or regimes may be negotiated among nations, the positions taken by the nations on various issues are often the result of corporate influence on public policy, exercised by both legal and illegal methods of lobbying and exchange of favors with government officials. Moreover, because of the increasing mobility of services, capital, and people (but not necessarily

labor), trade theory has moved beyond a focus on trade in goods.

Another central aspect of the food system reflecting the growing power of corporate agriculture is the increasing privatization of research, particularly notable in this hemisphere as the sector has modernized. While national public research institutes have been left to undertake research activities with little political support and therefore little funding from government revenues, the corporate world has moved to determine what processes or items should be researched, how the results should be treated (sometimes suppressed), and whether research will be genuinely scientific and disinterested. As priorities and technologies come more under the influence of market forces, social divisions widen. The dominant corporate private sector has little interest in the smaller, less privileged farmers, many of whom, especially in Africa, are women.[15] In the scientifically advanced countries, corporate agriculture has garnered most of the benefits of both public and private research without any reduction of the financial burden on the public sector. If society is to direct technological development toward food security, as it claims it intends to do, much greater attention needs to be paid to ensuring that scientific research and discoveries benefit the poor as well as the rich and improve consumption as well as production.



Among other considerations, the strong push for applying gene technology to food production through the genetic alteration of certain foods, particularly milk, beef, soybeans, corn, and cotton, is one of the most pertinent public expressions of the insatiable corporate drive for profit in the food system.

Although controversies like those over GMOs are almost sure to continue, intensify, and deeply involve corporate food practices, the basic problem of corporate agriculture—and of the inexorably growing power of TNCs in the globalizing economy in general—is that it is another example of power without accountability; there is no effective global regulatory authority. There appears to be a pervasive myth that corporations contribute to democracy and economic development. Indeed they may. In fact, however, they much prefer, for example, unorganized workers to organized ones who might try to limit corporate power by introducing labor “rigidities” (like minimum-wage laws). They would choose an export regime that improves their bottom line over producing less profitable items that might improve the quality of life of poor local people—even though these people might become potential customers if they could hope for a better quality of life. The TNCs strongly resist any and all efforts to regulate their activities in the interest of the common good. Voluntary, generally toothless, codes of conduct are grudgingly accepted. Mandatory restrictions are fought.

It is manifestly unfair for corporate enterprises to be allowed to conduct their affairs and make their decisions as if only their shareholders and their profits mattered. Even here, however, do CEO stock options, often awarded despite poor performance, really benefit shareholders (*cf* Enron)? The activities of corporations seriously affect the structure of society and the quality of life of people, and therefore corporate executives should be held responsible to the people or their representatives. It is equally manifest that the corporations will resist any limitation on their activities—at least to the point where resistance threatens profit. The more enlightened corporations will, of course, attempt to modify the regulations to suit their own purposes, will constantly test regulations to see what they can get away with, and will negotiate astutely with any other power center that appears to be potentially competitive—labor unions, cooperatives, and consumer and community action groups.

Corporations have also been in the government-subsidized international development business for some time through the Overseas Private Investment Corporation and the Export-Import Bank in the United States and through the World Bank's business-oriented International Finance Corporation and Multilateral Investment Guarantee Agency elsewhere, but not until the decade of the 1990s did global firms begin seriously to appreciate the potential of the United Nations and some of its specialized agencies in the effort to build markets for their products within the context of economic development. In 1992, at the ICN, a group of TNCs, including the Nestlé Company, asked to be recognized as NGOs in order to legitimize their already active participation in this aspect of UN decisionmaking. More recently, communications magnate Ted Turner made headlines by donating $1 billion to UN programs over a ten-year period through a foundation he created for that purpose. The UNDP is said to be considering further project cooperation with TNCs, building on its initiative with the Cisco Corporation; Citibank and Dow Chemical are in the group, and more than a dozen other corporations are being mobilized into a new Global Sustainable Development Committee to work with the UNDP in local programs and projects—including preparation for the September 2002 WSSD in Johannesburg. Chevron contributed to a UNDP program that helps people in Kazakhstan set up small businesses, and BP/Amoco is working with a local Angolan bank to help fishermen borrow needed funds. Under its new administrator, the UNDP appears ambivalent about the role of corporations and the technology they develop: in its



2001 Human Development Report the agency notes, "Technology is created in response to market pressures—not the needs of poor people, who have little purchasing power,"and then proceeds to tout the virtues of untested biotechnologies.[16]

At the same time, the United Nations Educational, Scientific, and Cultural Organization, the United Nations High Commission on Refugees, and the WHO are actively pursuing agreements and cooperation with companies like McDonald's, Disney, and pharmaceutical manufacturers. UN Secretary-General Kofi Annan appointed Goran Lindahl, former president and CEO of the Swedish company ABB, Ltd., as special representative on the millennium Global Compact, which is being pushed for subscriptions by large businesses. The Business Council on the UN is the lead organization for these activities and is expected to prepare a special report on them.[17]

Whether these cooperative efforts will further genuine development or are simply more enlightened marketing practices or public relations gestures is problematic. It may be possible for corporations, properly regulated by responsible authority, to make a helpful contribution to improving the quality of life of poor people. However doubtful, this should not be ruled out. One of the sub-themes of the NGOs' contribution to the UN's monitoring of the UNCED follow-up process was the proposal that a subcommission of the Commission on Sustainable Development be established to help governments define their roles and responsibilities with respect to the proper place of corporations in society.

Corporate influence on the news and entertainment media—through advertising, "infomercials," selective news reporting, policy choices, and maintenance of the macroeconomic mantra shared by business, much of academia, and government—increases and expands. The media are, after all, corporations. Corporations and wealthy stockholders own and control most radio and television stations and newspapers; they are interested in profit, not stories about the military-industrial or prison-industrial complexes, corporate nonpayment of annual income taxes, pollution, threats to food safety, or pushing the limits of the law. It is true, of course, that the corporations cannot stifle all such news; but they can and do put their own "spin" on the media most of the time. In recent years, for example, agribusiness has discovered the growing market for organic agricultural products, into which corporations are moving with increasing speed. For critics to question this development is to risk the retort that business cannot get credit for doing anything good. However, the basic question is whether the choice of food remains with the dominant companies as they move into the growing organic-foods market or shifts to consumers, along with a better understanding of the system.

Some corporate executives and other interested parties have begun to express at least environmental—and sometimes other—public policy concerns. These raise many questions: Will consumers have meaningful choices? Is the regulatory process fair and adequate? Will corporations have too much power? Will the technology be appropriate? How will it affect rural life? One can add: Will globalization be regulated in the interests of the poor? Does the new millennium offer this hope? Do these developments and questions reflect a genuine change of view or a temporary accommodation to a perceived difficulty? Unfortunately, the follow-up so far would not justify great optimism.

What is surprising—indeed, almost incomprehensible—in the public policy debate about food security is an apparent reluctance by both analysts and critics to deal substantively with the role of international agribusiness and banking in the swiftly globalizing international market. Corporate power is felt in each of the five segments of the food and agricultural system discussed above: supplies and inputs, production, processing and marketing; trade; and commercial consumption (restaurants and fast-food outlets). In some cases the oligopolistic thrust crosses the internal boundaries (trade and production, vertical integration).



This reluctance also affects the continuing efforts to stimulate development in the poorer countries of the world. The Marshall Plan in 1947 was aimed at reconstruction and development in devastated Europe, but this purpose evolved into what was for the next forty years called economic development or, currently, sustainable development. This shift occurred not in Europe, but in the vastly different political, economic, and especially cultural circumstances of the newly independent countries in former colonial empires in what was called the Third World. In the past half century rich countries of the North, with very mixed motivations, have spent hundreds of billions of dollars to help improve the living conditions of people in the developing countries. This money has been channeled directly through bilateral programs and indirectly through the Bretton Woods institutions and United Nations agencies. All donors agree that although a good deal has been accomplished, much more needs to be done—even though the public impulse to provide financial support is waning. Some of the few who have asked why the success has been so limited have begun to understand that a large part of the motivation to help developing countries sprang from the same kind of Cold War concerns that kept the Marshall Plan going for at least its first decade. Now that the Cold War is over, the economic rivalry that it hid for so long has emerged into view; and it is clear that the major obstacle to successful development efforts is the overwhelming and unaccountable power of international capital. The unrestrained profit motive that speeds the global economy's growth is diametrically opposed to the social justice motive that is recognized to underlie development assistance. In agriculture, as elsewhere in the economy, genuine development will not take place without public (that is, mandatory, not voluntary) regulation of the activities of international business and banking. If such regulation can happen, the profit motive and social justice may not have to be locked into what looks very much like a zero-sum game.