

Global Food Regimes and Corporatization of Food Systems: its Implications in the Developing Countries

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Abstract

The paper tries to draw a link between the political economy of agricultural trade, growing concentration of transnational corporations in the food market and the question of food security in the developing countries in the post-World War II scenario. Historically, the major cause of food insecurity and starvation, in the colonial period, had been the forced food trade from the colonized areas (peripheries) to the then industrialized world (metropolis) under the pretext of free trade theories championed at that time. On the other hand, the critical under investment in agriculture and industry from the colonial governments led to structural break down of the colonized economies. These under-investments and negligence of colonial economies threw newly independent nations, in the post-War period, once food surplus areas into food deficit zones, making these nations highly dependent on food imports from the developed countries.

The political economy of food in the post-World War II scenario, in short, was governed by the US hegemony of food aid, which, firstly, was flown into the Western European countries for reconstruction from the devastations of just ended War, and secondly, in the form of food aid to the newly born decolonized nations to eradicate poverty and food insecurity (McMichael, 1992). The United States used food aid as a weapon to achieve its own goal's, hidden in the New Deal Policy. In this way, the United States, taking the advantage of the decolonized countries which were trying to build their economies and were food ridden, tried successfully to restructure the food systems through international trade.

This restructuring of food systems even became easier in the second half of the twentieth century as the developing countries were facing severe situations like critical agrarian systems, food deficit, drought prone condition, high rates of poverty and the balance of payments crisis leading these third world countries to become net importers of food. The countries of Africa, Asia and

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Latin America were self-sufficient for their food and were also the net exporters to the half of the world's foodgrains. But, by the end of the 1980s, the wheat imports by these three regions' reached to almost 60 per cent of the total wheat import of the world. Most of the world's food trade, today, is under the control of TNCs which emerged particularly in the second half of the nineteenth century, first in finance and railways and then in every value chain of the world. The emergence of giant supermarket chains in food retailing started way back in 1960s and it had been directly sourced by the transnational food business companies, with fresh fruits and vegetables from dozens of developing countries under the system of contract farming (Baran and Sweezy, 1965).

The period since the beginning of 1980s, the developing countries have witnessed several economic reforms taking place and providing markets for a deeper role to play in the name of building economies. Food markets of the developing countries came onto the focus of the TNCs for the purpose of business as the food markets of these countries are vast and emerging. The talks under Uruguay Round, setting up of WTO and Agreement on Agriculture (AoA) under its course to facilitate free trade in agricultural commodities among the member countries provided bigger role to these TNCs not only from the developed countries but also to few developing countries firms to set up their businesses vertically and horizontally to capture the agricultural (input and output) markets and to earn profits.

Coming on to the ongoing economic crisis and the rising prices of the food commodities in the last decade; these have further aggravated the concentration of TNCs in the agricultural markets. Up and down, the value chain and across sectors, no area has been immune to this trend. In the global food system, each link in the industrial food chain, from production factors to retail, is now in the hands of just a few TNCs working under the agriculture and food markets: five firms (Wal-Mart, Kroger, Albertson's, Safeway and Ahold) control 48% of US food retailing, 71% of all Soybean crushing is done by three firms – ADM, Bunge and Cargill, three firms control nearly 90% of global trade in grains (ADM, Bunge and Cargill), just two firms, DuPont and Monsanto control nearly 60% of the US corn seed market. So, the emergence and control over the global food system have led to extreme volatility of the food prices and the near monopolization of the food markets. All these efforts would bid the food security into the hands of profit seekers and will leave the small producers, peasants, agricultural labourers and the

consumers of the developing countries into a deep crisis and their right to food sovereignty will be sold into the hands of few TNCs.

References

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