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The WTO, Agribusiness, and The Third Food Regime			
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Abstract

Food regime theory emerged in the 1980s as a tool to delineate the history of the modern food system. Scholars insist that we have arrived at the third and putative corporate food regime that is dominated by a select group of agribusiness corporations. The corporate food regime's ascent to dominance will be presented here as a product of the realization of neoliberal trade policies at the urging of the World Trade Organization. Initially promising development to fledgling countries, the WTO's forays into agriculture have amounted to nothing less than a catastrophe for the Global South. The hope that developing countries would be able to trade their way out of debt has long been abandoned, and the gap between the developed and developing world has only been further exacerbated as a result of trade liberalization. Worse yet, the WTO's Agreement on Agriculture was intentionally littered with loopholes that allow Northern countries to egregiously subsidize crops that are then exported off to Southern markets at artificially low prices, crippling local producers in the process. Through examining import and export flows in the Global South since the trade agreement, this cruel feature of the modern food system will become evident as will the subsequent jump in agribusiness' profits amid the direst of times for Southern farmers.

The role of the WTO cannot be overstated in its enabling of this corporate food regime. As the hopeless Doha Round loiters on without a clear resolution, the world has been left with a food system that has compromised the rights of millions of now landless farmers in the facetious name of development. Driven by the uniting desire to break free of this corporate food regime, the world has seen a swath of protests and movements in recent years to reclaim the food system. Those leading these movements face the unenviable task of squaring off against the immovable trans-national force that has become agribusiness. This is the same agribusiness that enjoys a surprisingly active role in the shaping of influential agricultural policy and were also partly responsible for designing the current food system to begin with. Most farmers have given up on the prospect of a new agreement being reached within the WTO, as they can no longer afford to wait. It remains to be seen whether the Global South's farmers will gain any lasting success from these local movements, or if the corporate food regime is here to stay.

Key Words: agribusiness, WTO, food regimes, market access, subsidies, Global South

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Abbreviations

AMS	Aggregate Measure of Support
CAP	Common Agricultural Policy
CSA	Community Supported Agriculture
EU	European Union
FAO	Food and Agriculture Organization
FDA	Food and Drug Administration
GATT	General Agreement on Trades & Tariffs
GMO	Genetically Modified Organism
GRASS	.Generally Recognized as Safe
IMF	International Monetary Fund
LDC	Least Developed Country
NAFTA	North American Free Trade Organization
OECD.	Organization for Economic Cooperation and
	Development
SAP	Structural Adjustment Program
TNC	Trans-national Corporation
UNCTAD	United Nations Conference on Trade and
	Development
USDA	United States Department of Agriculture
WTO	World Trade Organization

1) Introduction

1.1) Problem and Research Question

In only the past two years the world has witnessed an unprecedented financial crisis, emerging resistance to decades of democratic oppression in the Middle East, rising oil costs, and a nuclear accident to reignite security concerns of alternative energy sources. With this many extraordinary incidents making headlines, it would appear that the international community has enough problems to keep itself occupied for the foreseeable future. But if one looks beyond the predictable cycles of the western media they will find that there are other, less glamorous problems that are more complex in their nature than some of the more publicized stories. Unfortunately, one of these problems that persists despite the lack of attention is world hunger.

Food security¹, the term which seems to have replaced the dated hunger in the academic discourse, and the global food system² were briefly hot topics in the media in 2008, due to price spikes and rioting which led pundits to pose the question whether we were witnessing 'the end of cheap food.'³ In the three years since the food crisis of 2008, political and social interest has waned, despite the fact that 815 million people (777 million in the Global South⁴) remain food insecure, unable to meet their daily nutritional requirements.⁵ Furthermore, it has to be one of the more ironic and perverse conditions of our modern world that the majority of the food insecure are farmers or farm workers. Simply put, farming has now become the most likely occupation associated with starvation; this is the paradoxical nature of the modern food system which has become quite selective in whom it serves.

Part of the problem is that farmers have found themselves subjected to an unstable market and have effectively become slaves to the corporate giants of the global food system:

¹ Food Security refers to the availability and accessibility of food to one or a group of people. Whereas hunger was formerly used liberally, it is now only taken to mean the physical feeling associated with having not eaten, whereas food security is a more progressive term associated with the cause of this phenomenon.

² Global Food System will refer to all the processes that are associated with feeding people around the world. This includes everything from the cultivation of food to the lobbying for agricultural subsidies.

³ The Economist 2007.

⁴ *Global South* will indicate those poorer countries that were formerly referred to as the Third World throughout this thesis. 'South' is not to be taken entirely literally in the geographical sense as there are notable exceptions to this hemispheric division. None the less, the North-South identity is the most preferable option among political science nomenclature in drawing the distinction between the developed and developing.

⁵ McMichael 2005.

agribusiness.⁶ Few people realize the extent of which the food system is dominated by a small handful of corporations. For instance, 6 corporations handle 85 percent of the world grain trade, and have vertically integrated control up and down the food chain.⁷ This means that from the field to the supermarket, a product is potentially controlled by only one company. As more information revealing agribusiness' power is exposed, the public is intrigued, because the prospect of an oligopoly controlling the food system does not sit well for most and it might even pique one's interest to look beyond the friendly supermarket where they buy their food to find out how it actually gets there. If one then examines the food system only slightly, they will discover the extent to which the exorbitant amount of international shipping, that the food system requires, and the subsequent oil consumption of this shipping. This newfound shipping is a result of the WTO opening trade barriers to agriculture, and as is the case with our personal consumption of fossil fuels, we guiltily continue to burn oil despite our knowledge that it is an unsustainable method. The global food system's guilt is the same, only on a much larger scale. Oddly enough, world hunger, and our reliance on fossil fuels are inextricably linked, and when combined with agribusiness' complacency and desire to maintain their market share, the undeveloped world stays in a perpetually deprived state.

Despite the horrendous effect the food system is having on the environment, it is having an even worse effect on the world's poor. The farmers of the Global South are increasingly being forced to sell off their land, migrate into urban areas, and some are even resorting to suicide facing the undesirable predicament they are in. Farming simply does not provide enough to feed a family in many parts of the world, especially since free-trade agreements have seen Northern Goods undercut many already poor farmers, leaving them with extremely limited options. These farmers appear to be the victims of a system that keeps the developing world perpetually poor, while a select few corporations of the developed world reap the benefits.

McMichael 2005.

⁶ Agribusiness will be used throughout this thesis to refer to the corporations that engage in large-scale industrial farming operations, and also control the means of production and distribution of food.

1.2) Methodology

Evidently, the food system is ripe with both problems and academic intrigue and recent developments mean there is much uncharted territory to be researched going forward. At this point in human history, despite unprecedented technology, food inequality is allowed to persist and this thesis will explore this injustice through the lens of food regime theory. After an historical examination of food regime theory, we will find that agribusiness is the most dominant actor of the food system and the most likely cause of this inequality. But there is evidence that they did not achieve this ascent to the top of the food system alone, and in charting agribusiness' rise, this thesis will assert that the WTO had an integral role in facilitating the corporate takeover of the food system.

In order to properly assess if this was indeed the case and if the WTO did in fact have a key role in the formation of the corporate food regime, this thesis will examine a number of developments that will be presented in eight chapters. First it will be necessary to discuss the history of the food system while providing a background of food regime theory which will be done in Chapter 2. This chapter will outline how the third food regime was able to emerge and of particular interest will be the critical features of previous regimes, which were inherited by the corporate food regime. Then in order to understand the complicit role the WTO had in assisting this emergence, a similar historical account of the WTO will also be necessary, especially with regards to their dealings in agriculture in Chapter 3. The next chapter will cover one of the most crucial logistical aspects of how the WTO enables corporations to maintain control of the food system: subsidies. Chapter 5 will then identify two practical methods as to how agribusiness is able to dominate the current food system both by influencing government policy and the vertical integration of the food chain.

At this point, we will have grasped a functional understanding of the major actors in the corporate food regime, and I will present a number of case studies in Chapter 6 illustrating to what effect how agribusiness has been able to capitalize on the market access allowed to them by the WTO throughout the Global South. These case studies will include: the NAFTA experiment, the case of soy in Brazil, and a number of experiences throughout Africa. Chapter 7 will present alternatives and threats to the current food regime which have manifested in recent years and why, in some cases, they are not being explored to their full potential.

Through these historical perspectives, case studies, and technical explanations we should be able to identify the decisive features of the modern food system. More importantly, it should become clear that the WTO's dealings in agriculture have ushered in the corporate food regime which will continue to negatively affect those in the Global South long after the collapse in the latest round of negotiations. The closing chapter will provide analysis of the findings and offer a conclusion from the research, and predict what we might expect from the future of the food system.

2) Historical Development of Food Regimes

Food regime theory emerged in the 1980s, stemming from Harriet Friedmann's previous research on the post-World War II international food order. In 1982 she tracked the rise and demise of the US food-aid program as a political tool used in the Cold War. Then in 1989, she combined her efforts with Phillip McMichael to publish the landmark paper on food regimes in which they systematically outlined the theory and traced its roots all the way back to 19th century Britain. One of Friedmann's initial goals of food regime theory analysis was to provide an understanding of the dimensions of the world food system in an historical context. But it is the particular malleability of food regime analysis that lends it so relevant and will be of particular use to this paper. As Fredrick Buttel explains, "Beginning in the late 1980s the sociology and political economy of agriculture began to take a dramatic turn . . . only five years after the seminal piece - Friedmann and McMichael's 1989 *Sociologia Ruralis* paper on food regimes was published, the sociology of agriculture had undergone a dramatic transformation . . . [the] article on food regimes was arguably the seminal piece of scholarship and 'regime-type' work has proven to be one of the most durable perspectives in agrarian studies since the late 1980s, in large part because it is synthetic and nuanced."

Illustrating its pertinence, food regime theory has been used to explain the recent food crisis of 2008. "In underlining the politics of the world food system as an institutionalized

⁸ McMichael 2009a.

⁹ Buttel 2001.

corporate structure of agri-food relations that feeds the rich and not the world, food regime analysis opens up the possibility of a broader historical and epistemological perspective. Consistent with an original emphasis on contradictory dynamics of the food regime, which account for its continual transformation, marked by cycles of stability/hegemony and transition/contestation, the unstable moment we inhabit is no different." In order to reconcile recent events within food regime theory and expand upon Friedmann and McMichael's hegemonic concept, we must first broaden our historical perspective, and navigate the history of the first two food regimes. Then particular focus and interest of this thesis will be placed on the third food regime, and what role the WTO had in assisting agribusiness' ascent to the status of hegemon of the food system, a critical aspect of food regime theory.

2.1) Colonial Britain and the First Food Regime

Established as one of the world's foremost imperial powers, the British Empire was thriving and expanding in the 19th century. But growth inevitably came at a price, and Britain saw a dramatic rise in its urban population as rural migrants overcrowded cities. Particularly the lower-class population, with a seemingly insatiable appetite for reproduction, presented a formidable problem for the British government because it was evident that their food supply could not keep pace with the staggering population growth. It was this one piece of circumstantial evidence that led the infamous and often quoted 19th century economist Thomas Malthus to predict that population growth was inevitably cyclical. The poor's inability to provide for themselves would invariably cause a population check via starvation because there simply was not enough food to go around.

The Irish famine of 1845-49 was severely worsened by this Malthusian line of thinking when London famously did not come to Ireland's aid, viewing the events as an inevitable consequence of Irish parents producing too many children. ¹¹ Malthus' theory has long been disproved as he grossly underestimated the potential for technological innovation and man's

¹⁰ McMichael 2009b.

¹¹ Paarlberg 2010.

ingenuity. Unshakably, Malthusian fears still linger to this day, and they certainly were one of the driving impetuses of policy makers' agendas then.

The optimism surrounding the unprecedented growth was tempered by doomsday Malthusian speculations giving Londoners every reason to fear the worst. They were facing increasing civil unrest, mounting pollution, and worsening living conditions of the poor that Charles Dickens would so distinctively capture. In the wake of Malthus's ideas, a scholar and advocate of colonialism named Cecil Rhodes arrived to solve Britain's disconcerting food problem. Rhodes feared the potential of angry, impoverished workers to start political uprisings and he viewed colonialism as a means to quash these potential uprisings and feed the urban poor at the expense of the rural community. A small deprived rural population was better than a large and politically violent urban population in Rhodes' mind. This familiar refrain is perhaps the most important feature of the first food regime that the following regimes would adopt, and even roughly resembles the food system we still have in place today.

Although it was only one in a chain of events, the landmark decision to abolish the 'Corn Laws' in 1846 paved the way for an international division of labor in food to develop and for Rhodes' policies to take root. Britain's rapidly urbanizing population was now being fed increasingly by food imports from the Colonies and the Americas and the abolition is often cited as the dawn of a new era of food. This period of a relatively prosperous and globally dominant Britain, supported by the generous imports of their colonies, has come to be known as the first food regime. Without the support of their colonies, Britain would not have been able to fend against internal conflict and might not have rose to the status it did. Thus, the first food regime, spanning roughly from the 1870s to the 1930s, combined colonial, tropical imports to Europe with basic grains and livestock imports from settler colonies, provisioning emerging European industrial classes, and underwriting the British 'workshop of the world.'

It is important to note that during the first food regime, we witness the first instance where the developing world was forced to scale up and essentially specialize their agricultural

¹³ Pritchard 2009.

¹² Lenin 1970.

¹⁴ McMichael 2009a.

operations in order to feed those who lived across oceans. The question of what to plant and grow was dictated to them by foreign demand. Although benign in its nature, this market-based principle of outsourcing food production would plant a fatal seed that would be critical for the future food security of the affected nations. The notion of being able to live off one's own land is critical to food sovereignty¹⁵, and when nations sacrifice the right to control their own land, the consequences can be dire.

2.2) The Emergence of American Agribusiness and the Second Food Regime

As we have seen, Britain was the architect of the first food regime. This section will be devoted to the driving force of the second food regime: the United States. One of the lingering effects of the British practice of outsourcing agriculture to their colonies, particularly North America, was that it established the infrastructure of a very functional agricultural system very early on. America, Canada, and Australia were all now well versed in providing the staple crops and had cultivated the majority of their land by the early twentieth century. After the unprecedented World Wars in the first half of the twentieth century, Europe was devastated, and in dire need of agricultural assistance. A second food regime was finally able to emerge from the embers of the post-colonial, post-war world behind a well established infrastructure and technological progress. As Bill Pritchard explains, it was the United States who was in the best position to take the reins of the food system. "Unlike the first food regime, the post-1945 food regime was established around the ability of the U.S. to subsidize and export large agricultural surpluses; thereby maintaining harmony within domestic farm constituencies and furthering diplomatic aims abroad. The Marshall Plan and subsequent food aid legislation created sizeable external markets for US agriculture, and in the process, entrenched food import dependency among many newly decolonized nations." The food system would witness this 'dependency' for the next fifty years.

¹⁵ See Chapter 6.

¹⁶ Pritchard 2009.

World Wars' Legacy Paves Way for Agribusiness

Another asset that aided the American expansion of agriculture was their newfound capacity for nitrogen production which was available in abundance after World War II. The American chemical companies, whose former European competition was all but destroyed during the war, were now the world's largest and most powerful. Having built up these nitrogen reserves in order to build bombs, they decided to shift their business into fertilizers. This rapid production shift to create an entirely new market lends credence to agribusiness' adeptness, a feature that it maintains to this day. The forthcoming Green Revolution¹⁷ would create the world market for fertilizers which agribusiness was eager to export. Combined with the already burgeoning grain industry the second food regime characterized by massive American exports had arrived.

It was amid concerns of communism spreading in the post war world, the American PL-480 Food Aid program evolved as a Cold War tool of containment. Although it was named "Food for Peace," the motivation behind PL-480, was to do far more than promote peace. The process of handpicking which countries they would choose to salvage and which they would leave to suffer came to be known as triage. Nixon's Secretary of Agriculture Earl Butz, was quoted in a *Time* magazine piece on the world food crisis in 1974 as saying, "Food is a weapon. It is now one of the principle tools in our negotiating kit." Butz himself was a friend of agribusiness, and it was under the Nixon Administration that agribusiness would really establish itself as the fulcrum of the new world food system.

Nixon, Rockefeller, Kissinger, and Agribusiness

Nixon's cabinet was full of like-minded individuals and Secretary of State Henry Kissinger shared the views of Butz and said, "If you control the food, you control the people." Although this fear of communism was genuine at the time, it provided a perfect guise for agribusiness to hide behind and forcefully turn the situation to their advantage. William Engdahl

¹⁸ Time 1974.

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¹⁷ Green Revolution refers to the number of research and developmental projects aimed at increasing agricultural output around the world, figuring most prominently in the 1960s.

writes extensively about the involvement of John D. Rockefeller III, the White House, his involvement with PL-480 and the Green Revolution, and even credits Rockefeller with 'creating agribusiness.' He goes on to reveal the worrisome view that Rockefeller held of the world's poor, citing his extensive population control plans, and furthermore, implies that these views were quite common of American policy makers at the time. "(The Rockefellers) shared the common goal of long-term cartelization of world agriculture and food supplies under their corporate hegemony. The heart of its strategy was to introduce 'modern' agriculture methods to increase crop yields and, so went the argument, thereby to reduce hunger and lessen the threat of potential communist subversion of hungry, unruly nations. It was the same seducing argument used years later to sell its Gene Revolution." ¹⁹ Their efforts paid off when US President Lyndon Johnson announced that the US would be attaching some serious strings to its Food Aid Policy. From 1966 onward, under PL- 480, no food aid would be sent unless a recipient country had agreed to preconditions which included agreeing to the Rockefeller agenda for agriculture development, stepping up their population control programs, and opening their doors to interested American investors.²⁰

Another dramatic turn of events saw agribusiness becoming more intertwined in the international food system. In what has been called the "Great Grain Robbery," Nixon's Secretary of State Henry Kissinger negotiated the sale of a vast amount of grain to the Soviet Union in exchange for Russian oil at an artificially low price. The magnitude of the deal was so unprecedented, that Washington enlisted private grain traders like Cargill to sell the grain to the then Soviet Union. Whereas formerly, agricultural policy had been left to the Department of Agriculture Kissinger saw agriculture as, "Too important to be left to the Department of Agriculture." This would not be the last time that the U.S. government called on its agribusiness friends to assist them in securing a deal. Meanwhile, the implications of this sale were massive and prices skyrocketed due to now depleted world reserves. U.S. grain traders such as Archer Daniels Midland, Bunge, and Cargill emerged as the force that would be agribusiness as a result

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¹⁹ Engdahl 2007: 125.

²⁰ Cleaver 1972.

of this deal.²¹ The Nixon Administration had effectively brought agribusiness to the forefront of the food system just as they had aspired.

The Green Revolution

The second food regime also witnessed the much lauded Green Revolution. Critics are divided still to this day about the merits of the Green Revolution, and convincing cases can be made for both sides of that debate. However, there is evidence that the Green Revolution was not solely for the benefit of those who were planting the seeds, but that the interests of agribusiness were being served as well. The Green Revolution was an extremely convenient excuse for US agribusiness to access critical developing markets behind the veil of promoting modernization and development. This is an essential practice that we will later witness inside the WTO.

Agribusiness was keen to get into new markets, and they purposefully introduced technology that would require significant amounts of energy that would of course be provided by agribusiness themselves or their colleagues. William Engdahl writes:

"The new wheat hybrids in Mexico required modern chemical fertilizers, mechanized tractors and other farm equipment, and above all, they required irrigation which meant pumps driven by oil or gas energy. The Green Revolution methods were suitable only in the richest crop areas, and it was deliberately aimed at the richest farmers, reinforcing old semi-feudal Latifundist divisions between wealth landowners and poor peasant farmers. All inputs, from fertilizers to tractors and irrigation required petroleum and other inputs from advanced industrial suppliers in the United States."

All of these maneuvers that were beneficial to agribusiness were executed under the tacitly agreed upon pretense that they would "help repay" the U.S. for its role in the Cold War. Former Cargill Vice President of Public Affairs became President Nixon's Special Deputy Representative for Trade Negotiations with the rank of Ambassador. The shift in policy from small farmers to agribusiness was now complete and Pearce would steadily apply pressure for

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²¹ Engdahl 2007.

²² Engdahl 2007.

market access behind arguments of scale. Developing countries were now subject to the same treatment that British colonies were in the first food regime.²³ And all of this was under the familiar refrain behind corporate intrusion: development. The rise in total output from these countries undergoing the Green Revolution caused the project to be lauded as a success. But in reality the only 'progress and development' being made was for agribusiness. The gap between the rich and poor became only more exaggerated by the Green Revolution and the second food regime.

There were two key features that emerged in the second food regime, the linking of politics to food and agribusiness' accessing new markets via Green Revolution. By providing these agricultural supports with political strings attached it was an implicit way to import their economic interests into certain Third World countries. The ploy was made all the more effective for political fears of communism at the time. It is under a similar pretense called development that we still see the Global North's ability influence policy in the Global South directly or indirectly via international institutions. The Green Revolution's massive amount of imports would eventually reconstruct the diets and agriculture of the Global South, the foundation was paved for a new form of 'world agriculture' which would be dominated by agribusiness. This also would mark the beginning in a significant increase in the dumping of food surpluses in the 1970s as American and European agribusiness became increasingly international.

Thus, we have seen two fairly clear historical periods each with their own distinctive features which fit nicely into food regime theory. We can henceforth establish that the first food regime encompassed the 1870s-1930s, and the second food regime thrived during the post-war years from the 1950s-1970s. By the 1980s, the U.S. moved to regulate world agricultural commodity markets via a program of liberalization in the Uruguay Round, culminating in the 1990's WTO-centered corporate food regime, formalized in the Agreement on Agriculture (AoA) which would effectively end the second food regime.²⁴

²³ Ibid.

²⁴ McMichael 2005a.

2.3) The Third Food Regime

There have been numerous attempts to explain and delineate the supposed third food regime, and as a result, disagreement over the definition has stalled the discourse. More than a decade ago Le Heron and Roche considered that the emerging third regime was going to be based upon the so-called 'clean and green' aspects of food such as, freshness and 'naturalness.'25 For Pritchard, the main characteristics of the third food regime were those of the international coordination of 'flows' of both commodities and of finance capital, and this notion was expanded upon by Lawrence and Burch who assert that it is changes to the financial system that are underwriting the third food regime. 2627 Friedmann describes an integral feature of this new food regime was agribusiness' ability to restructure food supply chains. She calls this the 'corporate-environmental food regime.' 28 And finally, Phillip McMichael writes that in a world where control of finance had moved beyond the nation state, investment strategies by bodies such as the IMF produced conditions for corporate access to new lands and peoples, stimulating profit-making but also producing social dislocation and environmental degradation. emerging regime would therefore be one exhibiting a central tension between the corporate imperative for global agri-food expansion and the desire of marginalized peoples for food sovereignty.²⁹

Le Heron and Roche's green aspects of food should not be discounted, but agribusiness and TNCs have shown a willingness to intrude into what could be summed up as the organic food movement, with the intention of loosening quality control standards for their benefit. The massive upheaval of the financial world appears to have put Pritchard, Lawrence, and Burch's theory on hold. Henceforth, it is these last two positions of Friedmann and McMichael that appear to be the most encompassing, and they are the two that I want to expand upon.

When Harriet Friedman and Phil McMichael introduced the concept of food regimes they understood the implications that their ambitious theory could have. One of the main tenets of the theory states that global food politics are dictated by international economic relations. This may

²⁵ Le Heron and Roche 1995.

²⁶ Pritchard 1998.

²⁷ Burch and Lawrence 2009.

²⁸ Friedmann 2005.

²⁹ McMichael 2005.

sound unassuming, but is a critical point and food regime analysis as such can be used a predictor. This was the case when it was suggested that as a result of the international political and economic turmoil at the end of the eighties, we were indeed witnessing the collapse of the second food regime.³⁰ For those adopting this position at the end of the 1980s, the obvious question to ask was what would take the place of the second food regime? In the earlier days of the Uruguay Round when the WTO was still finding its feet, there was great optimism from citizens and scholars alike that they might perhaps be witnessing the beginning of a new food regime and a new era of food. An era in which agriculture would be transformed and everyone would be better off. The driving forces of the new regime would be that of the market with the WTO serving as a chaperone.

With agriculture now being incorporated into the multilateral trading system agenda, scholars believed the new world food order would inevitably be shaped by the WTO. And this is undoubtedly true, but not to the extent that scholars would have hoped or predicted. With the latest collapse of the Doha Round of trade talks in 2008 in Geneva, and the continued lack of a resolution, the optimism has long since worn off regarding the WTO's potential and it becomes more and more difficult to argue that the WTO was the hegemonic, stabilizing force behind the third food regime. The next chapter will trace the history of the WTO and agriculture outlining the events that caused the optimism surrounding the institution to dry up. When considering the events that have transpired throughout the lifespan of the WTO regarding agriculture, it appears that the institution played the role of an accomplice in its removal of trade barriers and opening of markets for agribusiness to ultimately mark the true arrival of the third food regime.

3) The WTO and Agriculture

Although the WTO's domain has increased in girth significantly over the past three decades since its inception, no one issue has sparked more controversy or still incites more debate on policy to this day than agriculture. Agriculture was one of the impetuses behind the

³⁰ Friedmann and McMichael 1989.

creation of the WTO and ironically it has become the leading culprit of current stagnation and criticisms over the institution's inefficacy. As Bill Pritchard states, "Whilst recent WTO negotiations have expanded to include a huge range of sectoral interests—including issues such as intellectual property, services and product standards that were previously outside the ambit of this regime—for the past two decades the issue of agricultural trade has provided the central policy dilemma within the multilateral system. ...Agricultural trade issues provided both the formative impulse for events that created the WTO, and the ultimate barrier that saw the Doha Round's demise." If agriculture were handled correctly from a multilateral standpoint, critics argue that it could have an immeasurable beneficial effect on the world. Yet at the same time, it also holds the tragic potential to exacerbate the suffering of millions if improperly policed. Unfortunately, what the last three decades have witnessed has been more of the latter than the former and no one issue has come to encapsulate the hypocrisy of the 'fair-trade' system better than agriculture.

From GATT to WTO

The rules of international trading had been established in 1947 by the General Agreement on Trades and Tariffs (GATT), but it was not until the inception of the WTO that the Uruguay Round would take effect and the domain of the organization expanded to include agriculture. The WTO came into being on January 1st 1995 after the eight year long Uruguayan Round of negotiations in addition to the Marrakech Agreement which enabled the institution to effectively take the place of the former GATT agreement as the body to preside over international trade. ³² Developing nations were presented with the enticing proposition of economic development upon entering into the initial agreement. The targets of this particular trade liberalization were clear as the Marrakech Agreement itself states that, "Relations in the field of trade and economic endeavor should be conducted with a view to raising standards of living while allowing for the optimal use of the world's resources in accordance with the objective of sustainable

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³¹ Pritchard 2009.

³² Alqadahfi 2007.

development."³³ But as time wore on the objective of sustainable development was lost as the situation strayed from and ultimately did not resemble this notion at all.

After previous unsuccessful attempts to suppress persistent poverty, and finding themselves deep in international debt and unable to repay loans, Southern states signed into the WTO with the hopes of improving their foreign currency income via expanded agricultural exports. But as we will see, the WTO has had the opposite of the intended effect on agriculture. Southern markets are now open to Northern products, strengthening the already sound position of the global North in the international division of labor in agriculture. ³⁴

An integral feature of the WTO-era food system is its pittance of global markets against each other. Often times this scenario is played out between the markets of a Least Developed Country (LDC) and that of a developed country. This basic 'free-market' principle was strongly campaigned for and then implemented by the WTO. The rationale behind this is the idea that free trade is ultimately beneficial for all parties involved. Even if we ignore the fact, that in all likelihood, policy makers of the WTO could not have honestly expected this scenario to manifest itself in reality, let us give them the benefit of the doubt and assume that it was the case that they had altruistic intentions. It would not have taken long to see that the main problem with the so-called 'fair trade' and 'open market' arrangements were in fact not fair or open at all. In reality, LDCs are not given a realistic chance to compete, through no fault of their own, and it is their nation's poor who end up suffering the brunt of the ill effects of the system that was essentially imposed on them by the WTO.

3.1) Critics of the WTO

Renowned globalization scholar Jan Aart Scholte has written at length about the WTO and defined three different categories of criticism of the institution: conformers, reformers, and radicals. The conformers are generally pleased with the WTO and the functionality of the institution and they are only interested in making minor adjustments. The reformers are willing to accept the existence of the institution and recognize the need for global trade, but are intent on

³³ WTO 1994.

³⁴ Pistorius and van Wijk 1999.

drafting new rules and regulations and most importantly want to change the operating procedures of the institution. The third and last group, who he deems radicals, seeks to largely diminish the powers of the institution, or as one might imagine, abolish it entirely.³⁵ This paper falls somewhere in between the second and third critique of the WTO. There might be a role for the WTO to play in handling other commodities, but at this point they should have no further role in agriculture.

By enabling the corporate food regime to take root, an exorbitant amount of injustice and inequality has been suffered through the implementation of agricultural liberalization on the international level. The amount of hypocrisy repeatedly on display by the west in securing a disproportionate share of the wealth is hardly a new phenomenon in human history, but LDCs must have expected a higher moral integrity from the WTO than that of the conquistadors. The WTO has to be culpable for this latest debacle, and they should be the ones that have to answer to the LDCs and their farmers to whom they promised one thing, and delivered quite another.

In 1981, Amartya Sen³⁶ published his landmark essay on entitlement and deprivation in which he linked famines with the absence of democracy. The WTO's lack of a clear democratic procedure and the subsequent hunger produced from its policies bare a similar resemblance. The products of WTO debates and negotiations have produced questionable agreements and policies at best, but we would be naïve to expect anything more from what is a largely flawed institution. As George Monbiot explains, the WTO is a far cry from resembling a one vote per nation democracy and much of the meeting's agenda is often predetermined behind closed-door meetings in which only a handful of select countries are represented. "Before a new round of trade talks begins the agenda is first established by a group of nations called 'the Quad': the United States, the European Union, Canada and Japan. They and a small number of poorer countries, a different assortment every time, conduct a number of 'Green Room' meetings, during which all the principal business of the new trade round is decided." There is little more left for the uninvolved countries to do than to vote and try and block the proposed measures since they are essentially thwarted from formally proposing anything of their own.

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³⁵ Scholte 1998.

³⁶ Sen 1981.

³⁷ Monbiot 2004: 205.

This nonchalant sidestepping of the rules generally goes unpunished by the lesser countries since they do not have any real recourse for action and for fear of punishment from the so called 'Quad' nations in the form of less trade with their countries. But once word leaked to the public as to the nature of these so called 'negotiations,' combined with the growing resentment from worsening conditions for farmers worldwide, the WTO to became the object of public ire.

Controversy, Protests, and Seattle

Controversy most publicly reared its head in an infamously tumultuous period for the WTO in 1998-99. Meetings in Geneva and Seattle respectively were marred by mass public protests that were a media sensation. Despite the uproar, the negotiations went on as scheduled Northern countries realized that there were not enough funds to until talks hit an impasse. achieve their desired further multilateral liberalization during the negotiations, while Southern countries claims of injustice were never formally addressed. Neither side was pleased with the outcome. Bill Pritchard believes, with respect to the history of food regimes analysis, the period leading up to Seattle was a critical turning point in the utility of the WTO. "The period from the inception of the Uruguay Round in 1986 until the Seattle meeting of 1999 represents a global politics of food in which elite northern interests strategized to create and use the WTO as a tool to preserve their own subsidy regimes, while at the same time enforcing liberalization on the rest of the world." ³⁸ These elite northern interests he is referring to of course imply agribusiness, and for thirteen years in the lead-up to Seattle, they were largely able to build up their food regime unbeknownst to the rest of the world. But with the outbreak of protest in Seattle the world was effectively their recognizing the existence of a corporate food regime and vilifying the WTO for allowing agribusiness to hide behind them.

Phillip McMichael gives an even more telling summation of the events that preceded Seattle within a historical perspective of food regimes. What was witnessed in the build up to Seattle was unlike anything in food regime history, most importantly it saw, "...The attempt to

³⁸ Pritchard 2009.

implement market rule globally in order to facilitate corporate access to markets and raw materials, investor and speculator access to financial markets, and the recalibration of the ideology of development as a global project. The WTO was a tool of the counter-mobilization by transnational capital against social protections."³⁹ For an institution that is supposedly committed to sustainable development, these are not critiques that proponents of the WTO would like to have heard although in truth McMichael and Pritchard were merely calling the WTO what it was. We can conclude from both critiques, that the WTO could no longer be taken as a sovereign in and of itself serving its own interests, but instead, it was serving as a surrogate for agribusiness' interests and had to be treated as such.

It became painfully evident in Seattle that the WTO could not continue to function in its current state and call itself a democratic institution. The protests in Seattle were a response to many things, but most pertinently they were a result of the agricultural policies and the contradiction of an intergovernmental body with a biased agenda. As mentioned, this presented a unique problem for LDCs because as its members, the WTO was supposedly accountable for their competitive relations and yet at the same time, they were failing to protect those standards. But despite the protests, the WTO was able to essentially carry on unscathed because no agreements were reached. The protests gained extraordinary media exposure, but the situation inside the organization did not change substantively. It is not difficult to see why there was such vociferous opposition to the WTO's existence at this juncture, as LDCs were effectively handcuffed to an institution who would not even hear their pleas for help. Indeed, the contradictory role of the WTO being both a forum for pushing trade liberalization; and a forum belonging to its members and their interests, emerged to become the defining issue in attempts to reform global agriculture in the years after Seattle. As the protests in Seattle were a response to the agriculture in the years after Seattle.

³⁹ McMichael 2000b.

⁴⁰ Ibid.

⁴¹ Pritchard 2009.

3.2) The 'Development' of Global Agriculture

In 2001, the U.S. Secretary of Agriculture, Ann Veneman, envisioned a, "Global agriculture where future agriculture policies must be market-oriented, they must integrate agriculture into the global economy, not insulate us from it." This quote reflects the prescriptive nature of the agenda of proponents' of globalization and also reminds us of the basic fact that agriculture does not naturally exist on a global scale. Constraints of our current system imposed on the world via the WTO have artificially created a system of global agriculture, but this is an incredibly recent development in the course of human history. Only until the late nineteenth century did humans find it necessary to search outside their own means for agricultural support as we witnessed with the birth of the first food regime, and yet still this was not the only solution. Global agriculture is not as inevitable as the WTO would have us believe, and the fates of millions are hanging in the balance while this system of world agriculture that the WTO has 'developed' continues to eat away at the livelihoods of rural communities.

This increasingly global system has seen increasing numbers of farmers lose their land. Unable to escape relentless debt, farmers are bought off their land by large multinational corporations. This phenomenon is occurring now more rapidly than ever, and has led leading food regime scholars to label this an historic moment in human history identifying these new methods as accumulation by dispossession. "In the context of corporate globalization, 'accumulation by dispossession' operates through general mechanisms of structural adjustment, which devalue and privatize assets across the Global South, as well as through particular mechanisms of displacement of peasant agriculture, as a world of agriculture emerges. Here, local provisioning is subjected to the combined pressures of dumping of Northern food surpluses, an agro-industrial supermarket revolution, and the appropriation of land for agro-exporting. That is, through economic liberalization, new food circuits relentlessly displace small farmers into an expanding circuit of casual labor, flexibly employed when employed at all. Thus, a global labor reserve, and displaced cultures of provision, represent new opportunities for accumulation in a global project of 'development.'" It appears that agribusiness had a 'development' plan of their own all along, and one is left to wonder just how coincidental the concurrence of WTO

⁴² IUF 2002.

⁴³ McMichael 2005.

development and agribusiness development really was. 'Development' is perhaps not the most appropriate title for this process. 'Selective development' or 'development at the expense of the poor' would be a more appropriate title for this unprecedented global level of accumulation of capital.

More Roadblocks to 'Development'

After the eventful Seattle meetings, WTO members set their sights forward to 2001 and the next round of negotiations which would be held in Qatar where public protesting would be conveniently prohibited by law. These new Doha rounds were labeled the 'development agenda' and they were specifically targeted at the LDCs who were still skeptical as to if they were truly the beneficiaries of the initial 'Grand Bargain' in the Uruguayan Round. The Doha Mandate consisted of three major commitments in key areas that were drawn up with the goal of winning over the LDCs by addressing their complaints: greater flexibility on trade related international property, reductions in agricultural support and in tariffs that affected the interest of developing countries, and lastly and perhaps most importantly the issue of implementation. Unfortunately, this agenda never got off the ground, and the subsequent collapse of the talks in Cancun 2003, made it an even two collapses in four years for the WTO.

Although there were several other controversial issues, many believe that it was still indeed agriculture at the heart of the rift in the WTO ministers and that it had been the elephant in the room up to the breaking point in the negotiations in Cancun. The realizations of Seattle that the WTO was serving as a pretense for corporate expansion was evident again in the events that precluded Cancun: In the run-up to the Cancun Ministerial in September 2003, the Northern states adopted a more aggressive stance, reformulating the Doha Round as an opportunity to impose a corporate agenda of equal domestic treatment of foreign corporations, notably in private investment in public services, in return for Northern action in ending farm subsidies. However, where the latter decoupled subsidies from farm prices, removing farm assistance to the WTO's 'non-trade-distorting' Green Box (as part of the Agreement on

44 Richardson 2010.

⁴⁵ Narlikar and Tussie 2004.

Agriculture), the Northern states, and especially the EU, disingenuously retained the capacity to dump cheap farm produce onto the world market."⁴⁶

Despite the developing world refusing to budge on key issues, there was more to the dramatic failure of Cancun than meets the eye at first glance. Something happened in the aftermath as a result of the ongoing frustration and seeds of discontent of the LDCs from Cancun. It was now evident that the traditional balance of negotiation power was shifting to equally reflect the emerging economic powers of the world market. The G20 coalition that was formed in Cancun spearheaded by two members of the BRIC group, Brazil and India, was gaining enough momentum for some to suggest that it might be able tip the scales in favor of those traditionally left out or marginalized by the WTO. 47 In the aftermath of Cancun, the G20 was seen to have stood up to the 'Quad,' and LDCs were hopeful that they would finally be able to make some headway in the negotiations. But there was no immediate impact, and the next agenda strayed farther from the LDCs' desired path in the name of development in Hong Kong, 2005. The ministers were desperate to avoid another collapse and in doing so, they avoided any real issues of contention and passed inconsequential mandates and agreed to keep on negotiating. In order to have any kind of completion of the Doha round that could be considered successful from the G20's or any LDC perspective, those same sensitive agricultural issues that were at the heart of the collapse in Cancun, and have long haunted the WTO since Uruguay, must be met head on. These are of course the original three problematic issues from the AoA: market access, domestic support in agriculture, and non-agricultural market access. ⁴⁸

Conflicting Interests

The contradictions within the WTO-led corporate food regime are not only visible at the negotiating table of the WTO, but also on the farm and in the field. Phillip McMichael describes the current food system as including three principle features. (1) The corporate model of industrial and transgenic agriculture, (2) a variety of alternative models concerned with the

⁴⁶ McMichael 2005. ⁴⁷ Bergsten 2004.

⁴⁸ Narlikar 2003.

sustainability of rural cultures, ecology and social equity, and (3) the political-institutional context, expressing the balance of corporate and geo-political forces in the world economy.⁴⁹ If one recognizes these three features, then one will be forced to acknowledge the inherent contradiction that is embedded in the current food system. Points two and three appear to represent opposite interests. One the one hand, there are the small farming peasants, best embodied by the international movement la Via Campesina⁵⁰, tirelessly struggling for the rights of the underrepresented. And on the other, there is the interest of corporate giants who are ripe with advantages over smaller scale farmers, and have proven very adept at taking advantage of the current set up.

For example, Canadian farmer and member of the international coordinating committee of la Via Campesina, Nettie Wiebe, speaks on the comparative advantage on agribusiness' mobility: "The difficulty for us, as farming people, is that we are rooted in the places where we live and grow our food. The other side, the corporate world, is globally mobile." This is far from the only advantage agribusiness commands over small farmers, as I will discuss several more, but it is important to illustrate here the role that the WTO had in handing agribusiness this advantage. Working in tandem, the WTO and agribusiness development inspired food regime has been able to artificially keep prices low by instituting a system that allows overproduction and dumping. The second food regime also witnessed over produced goods that were to be dumped on Southern markets. The key difference between the post war period and today, is that the price is universally low now, even in the first world, meaning that the farmers cannot defend themselves and are more vulnerable than ever.

3.3) The Rationale for Trade Liberalization

Most of the debates over the merits of the WTO's involvement in agriculture have strayed from their foundation. The question is no longer asked whether it is a genuinely useful process in and of itself, but rather what financial gains will be accrued from it. Widely cited

⁴⁹ Ihid.

⁵⁰ See Chapter 7

(upper-bound) estimates suggest that successful conclusion of the Doha Round agricultural commitments would have helped boost world annual economic activity by the order of US\$200–US\$300 billion some 10 years into the future,⁵¹ which means that since global GDP was estimated to be US\$54,347 billion at the time of the Doha Round's collapse, the totality of WTO agricultural reforms would represent a maximum, highly disputable, gain of <0.5% of world economic activity, at some point a decade hence.⁵² Arguments over the financial gains are off base in that they do not capture the entire scope of the effects of trade liberalization, and the debate would be better served if these original ideas were revisited.

The rationale for trade liberalization in the agricultural sector goes beyond the basic need for more production. This may have been the case as we have seen in colonial times when there simply was not enough food inside the developed world to feed its own population, and they were forced to look to their colonies for assistance. Even though the motivation for liberalization has shifted since the times of Thomas Malthus, the principles of international trade are still founded on the same fundamental economic tenets. That being that in removing the barriers to trade, market access is provided that was previously inaccessible, which should lead to greater production and higher output, not to mention the creation of jobs, foreign investment, economic growth and other benefits that the removal of trade barriers brings.⁵³ Furthermore, the theory of comparative advantage would suggest that everyone will benefit from any country's newfound ability to become more specialized. For example, if one country specializes in growing bananas, and another in raising cattle, they should each continue to specialize in their strong suit instead of trying to produce what would be an inferior product on their domestic market if they are not suited to it. This seems straightforward and well-intentioned enough, but in practice, the exchanges are not done on the same scale.

There were signs early on in the negotiations that proceedings inside the WTO would not ensue as advertised. The western countries came to the negotiating table with a predetermined stubbornness like that of a child who refuses to try a new food for the first time. The more developed countries not only refused to allow access to their markets of the goods of developing

⁵¹ Nair 2006.

⁵² Pritchard 2009.

⁵³ Rosset 2007.

countries, but had the audacity to demand that their goods be allowed access to the developing countries' markets. Not to mention that developed countries continued to subsidize their country's agriculture making it even more difficult for the developing countries to compete.

The unwillingness to negotiate on the issue of subsidies might have lead the developing countries to wonder why they had been persuaded to join trade negotiations if there was no negotiating to be done. The goals of the 'negotiations' began to become clear with this stubborn stance adopted by the north, and in short time, it was clear whose interests this would serve: agribusiness. In retrospect, it is clear that agribusiness would be the main benefactor of these LDCs entering into the WTO, and once the wheels were set in motion, it was a difficult process to stop. Meanwhile, a decade into the agreement, it became clear that developing countries were being bombarded with vast amounts of food imports from the Global North. This resulted in serious damage to small scale farmers of those countries. It started to become clear to LDCs, that 'freer' trade does not bring prosperity but perhaps enhances poverty after all. Indeed, many LDCs found themselves worse off, and the issue of trade liberalization in agriculture was to take center stage as the main point of contention at the next round of negotiations of the World Trade Organization.

Even if we predate the WTO, we can see evidence of agribusiness contributing to past food crises. In 1974 at the UN World Food Conference meeting in Rome, George McGovern, chairman of the Senate Committee on Human Nutrition remarked on the situation of the grain being in the wrong hands, "Private traders are in business to turn investments into profit as rapidly as possible... In reality a reserve in private hands is no reserve at all. It is indeed precisely the same market mechanism which has produced the situation we face today." The link between agribusiness increasing control and hunger was clear to the naked eye even in the early seventies amid the restructuring of the Nixon regime. Jean Pierre Laviec of the International Union of Food Workers at the Rome Food Conference referred to the newfound agribusiness giants as, "...deciding the quantities of vial inputs to be produced, the quantities of agricultural products to be bought, where plants will be built and investments made. The growth rate of agribusiness has risen during the last ten years and...has been directly proportional to the

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⁵⁴ Simon 1975.

increase of hunger and scarcity."⁵⁵ This could not have been the intention of the WTO, yet the world had witnessed a long line of global trade with lopsided benefits. The aforementioned colonial empires of Europe are one of many that enjoyed much prosperity through trade, and there is much evidence of this prosperity coming at the expense of the colony. As we will see throughout this paper, this is a tradition that very much lives on with agribusiness assuming the role of the colonial empires.

4) The Subsidy Debate

A main point of contention, if not the most divisive, among the agricultural debates in the WTO and the most commonly recurring target of marginalized farmers' complaints is the issue of subsidies. Incidentally, subsidies are also the issue that offers the strongest evidence supporting the theory that the WTO acted as an enabler to agribusiness' rise to food regime status. What makes subsidies such a pivotal issue is that by allowing the Global North to support their crops, the WTO effectively broke all its previous promises to the Global South about development and economic growth. But what makes this fact even worse is the manner in which the WTO allows the subsidies to exist.

The main gripe that opponents of the WTO have is that by allowing developed countries who can afford to subsidize agricultural goods to do so, the WTO is undercutting the farmers of the developing world whose governments cannot provide comparable assistance. Another less publicized but just as valid complaint is that the negative effects that subsidies have on smaller farmers of the developed world in their domestic market as well. In any case, the Global South's accusations of hypocrisy towards the United States and the European Union are vindicated as will become evident in this chapter.

Most of the agricultural payments are structured so that the bulk of the support goes to larger farms which are more likely to be directly owned or controlled by agribusiness. When these state-funded farmers are producing goods that are made available on international markets,

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⁵⁵ Ibid.

the already delicate system of the emerging market becomes even more volatile. Subsidies in their essence have a history of controversy even before they entered the free trade argument.

The History of Subsidies

Governments of the developed world have tended to subsidize their farmers when they have the means to, meaning they give them a predetermined amount of money for growing a crop or sometimes simply for holding the occupation of a farmer. The Farm Bill in the United States and the Common Agricultural Policy (CAP) in Europe each devotes significant shares of their budget respectively in order to subsidize their farmers. These governments' motivation for these payments started out admirably enough, as this is a practice that dates back to the Great Depression. In the Post-World War II era, Europe was in dire financial straits and faced a severe food shortage. After they weathered the storm, albeit with the help of the US's PL-480 food aid program, Europe was keen to establish their Common Agricultural Policy to secure their own food sovereignty and safeguard themselves from a similar situation ever occurring again.

However, as time has moved on and the developed world has now long since recovered, the subsidy system is no longer logical. Peter Rosset writes of the U.S. and EU, "Both have increasingly similar subsidy and support systems that disproportionately go to larger, wealthier farmers and agribusiness and enforce low price policies that drive their own family farmers into bankruptcy while fueling the export dumping of commodities in Third World markets. ...In practice, the CAP has been no less damaging to family farmers than the US Farm Bill. These superpowers have long defended their own use of domestic supports, but are increasingly willing to trade them away in exchange for greater access by their corporations to Third World markets." Once they have that access to the emerging markets a process called dumping ensues which is the main critique of the small farmers around the world of the WTO-led system.

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⁵⁶ Rossett 2004.

4.1) Dumping

Dumping was institutionalized within the WTO, by the 'Blair House Agreement,' negotiated between the U.S. and the E.U. The agreement, "...Tied reductions in both domestic support and export subsidies to baseline levels of 1986, when stocks and subsidies were at their peak, thus giving both the E.U and the U.S. ample flexibility in meeting their obligations." This is a critical juncture as the farm industry has been known to cite dated statistics in hopes of coaxing more money out of government. The agreement also established a 'peace clause' rendering action against farm support programs and export subsidies illegal. So rampant had their subsidies become that the WTO allowed the US and the EU to intensify export dumping such that "Just 3 (members) are responsible for 93% of all subsidized wheat exports and just 2 of them are responsible for subsidizing 94% of butter and 80% of beef exports." And it is important to bear in mind that this is not the government of these countries doing the dumping, but the agribusiness corporations are the ones responsible for these statistics.

Most countries, especially LDCs, do not have the luxury of being able to subsidize their farmers with direct payments, and certainly not to the above mentioned extent. But by imposing tariffs or other restrictions on imports, countries without the means to subsidize can still protect their domestic crops and farmers all the while limiting excess dumping in the process. However, this is a tool that LDCs forfeited when they signed on to the original three pillars of the Agreement on Agriculture (AoA) of the Uruguay Round of the GATT, (which took effect when the WTO was created in 1995).

Under this agreement, member nations were expected to reduced export subsidies and domestic supports while lowering import barriers. The last of these 'three pillars' was in effect removing LDCs one device for protecting its domestic market. This arrangement was only exaggerated in 2004 when an updated framework was agreed to that favored cutting high tariffs instead of low ones.⁵⁹ This was beneficial to the United States especially, which an anonymous American trade official expressed in an article in the *New York Times*. "The United States was pleased that negotiators agreed that the highest tariffs should be cut the most, a move that would mean a greater opening for American agricultural products in the developing world. A US trade

⁵⁷ Dawkins 1999.

⁵⁸ Ibid.

⁵⁹ Rosset 2004.

official said, "We feel this is a win-win for the United States, the WTO, exporters, consumers developed and developing countries alike." And how could the United States not be pleased with an arrangement that continued to give them license to peddle their goods at artificially low prices on developing markets? The treating of dumping and subsidies is just another case in the long line of examples of policy being tilted in favor of the developing world, and in turn agribusiness. The three pillars of the AoA had promised to reduce export subsidies and domestic support, and yet dumping still ensues to this day.

4.2) The WTO's Traffic Light Subsidies

As we have seen, the opening of markets of the Global South would indeed benefit the agribusiness by enabling them to dump artificially cheap food onto these markets. But in theory, this should not be allowed to happen and under the implementation of the other two pillars of the AoA, the most pertinent of the two pillars being the reduction in subsidies that would affect trade. But the EU and the United States have created a complex semantic system that serves as a loophole for getting around the initial agreed upon pillars of the AoA that was the very foundation for the WTO and its dealings on agriculture, and as it should be clear by now, expecting the WTO to deliver upon its agreements would be naïve.

For reasons of clarity, in what otherwise might have seemed like a maneuver to purposefully confuse and convolute, the WTO introduced a box system at the behest of the Global North, (US, EU, Cairns group) in order to classify the different categories of trade distorting payments. But this system is exploited so thoroughly that it has become nothing more than a convenient way for the developed world to sidestep the subsidy restrictions, and make a mockery of the WTO in the process. Since no real agreement on agriculture could be reached, the EU and United States lobbied for and succeeded in devising color-coded boxes with vague implications and circumvented the AoA's bylaws. The boxes resemble a familiar traffic light, with three boxes: green, amber, and red, but this is no ordinary traffic light.

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⁶⁰ Becker 2004.

Green Box: No Restrictions

On the surface, the most straightforward group should be the green-box subsidies which are those not restricted by the WTO. This means that if payments are placed into this category, they have been deemed not to affect trade. About 70 percent of total U.S. and 25 percent of EU subsidies are classified as green. Since the green box subsidies are not supposed to have any effect on trade, there is no limit to them. However, in practice, the majority of the subsidies that are redirected here do indeed have a significant impact on the ebbs and flows of trade. For example, food storage against famine, crop disease protection, pesticides, environmentally sound practices, infrastructure, income insurance, emergency programs and most importantly the so called 'decoupled' payments all fall under this green box category. These payments are 'decoupled' because they have no relation to the production level of a farmer, but none the less they still go straight into his pocket. Thus, the green-box subsides are still indeed protecting the farmers from world price fluctuation and insulating the large companies from having to alter their prices in order to turn a profit. This is exactly what is not supposed to be happening with the green-box and it turns out that the green box subsidies are neither simple in their definition nor implementation.

Amber Box: Some Restrictions

Moving up the traffic light to the amber-box we find more questionable classification of subsidies. By definition, almost all domestic support measures distort trade, which means that they should fall into this category, the amber box. Despite the fact that these payments were capped during the initial Uruguayan Round, they are still allowed to exist due to unapologetically vague wording. These 'trade-distorting' subsidies are recognized and calculated by the Aggregate Measure of Support (AMS) which measures supports for all products even those that are not rendered to be receiving distorting payments. There is no effective way to pinpoint the exact source and target of these payments under this mechanism, thus certain key crops are still allowed to receive constant domestic support all the while, it has

⁶¹ Rosset 2007: 85.

to be argued, conforming to the rules the WTO has handed down to them.⁶² The AMS is close to impossible to measure and provides yet another loose blanket for subsidies to fall under.

If the green-box payments were 'decoupled' we can consider these yellow-box payments among the 'coupled' payments, or those linked directly to levels of production. Originally, OECD countries were required to reduce these amber-box payments by 20 per cent over five years, whereas now they are only required to keep their amber supports at 5 to 10 per cent of their total value of production. As yet, there has been no real enforcement of the failure to meet these directives despite the current negotiation's quest to find a satisfactory number to increase the cuts. Meanwhile, critics of the WTO continue to cite this as simply another measure where the WTO proves its impotency in its failure to enforce any meaningful sanctions for noncompliance.

Blue Box: Totally Banned

But if disguising trade distorting payments through the green and amber boxes was not enough insurance for the trading superpowers, they felt they could not take the risk of allowing a red, zero-tolerance box category to exist in agriculture. This would mean that some payments would be unabashedly banned altogether as is practiced in virtually every other industry regulated by the WTO. Instead, a blue box was craftily introduced to stand in for the red, but much like it would on a traffic light, the blue box sends a confusing message. Although the blue box is not as widely perpetrated by the US, many developed countries still use the direct payments to programs that limit production. That is the only stipulation linked to the blue box, which has frequently been the subject of rumors that it might be scrapped altogether as it should be.

⁶² Manternach 2006.

⁶³ Rosset 2007: 84.

Other Advantages of Agribusiness

By trafficking subsidies through the green, amber, and blue boxes, agribusiness has been handed a clever bait and switch maneuver to maintain their stranglehold on world markets. But there are several additional less than admirable ways in which agribusiness gains an edge over the small farmer. One tactic they deploy is a topic that does not find its way into the discourse often enough; the exploitation of the workers. Almost all TNCs are guilty of crimes against human rights when they are employing workers at less than a living wage, denying them social-security, or even forcing children into labor as is common place across the Global South. The motivation for this perpetual violation of human rights is none other than the ability to keep costs artificially low while profits remain high. And finally, what is intuitive and yet often forgotten is the preordained advantage agribusiness has by virtue of its home country. As Jaques Berlethot describes, simply by being located in the first world, agribusiness are at a natural advantage. The amount of infrastructure, research, and education that goes along with the first world is difficult to measure, but must be accounted for when pondering the competitive advantage of agribusiness within the WTO food regime.⁶⁴

Now that some of the logistics of the WTO's doublespeak are in focus we can conclude that it was never going to be anything resembling a 'fair-trade' system as long as Northern subsidies were allowed to persist the extent we will see in the next section. Furthermore, consider these foreboding quotes in 2001 made by Mississippi agricultural economist Darren Hudson, where he likens the WTO to a golden straightjacket. "If we didn't have the \$19.1-billion cap on spending under WTO, we'd just spend whatever we need to spend on domestic agriculture subsidies... but overall, the benefits of free trade will outweigh the loss of ability to pursue specific policies. That is not to say that all industries will benefit. Some industries will be displaced because they are not internationally competitive, but the overall economy will be stronger." Mr. Hudson is referring to the AMS measure, generously calculated as 19 billion dollars in 2001.

Mickey Paggi with the Congressional Budget Office is not as forthcoming to voice his pleasure towards the outcome, "Our hands are a little bit tied, but we hope the benefits we gain

⁶⁴ Berthelot 2006.

with open global trade outweigh what we lose on domestic subsidy flexibility." ⁶⁵ These two government officials echo the sentiments of the American lobby in the WTO. They Perpetuate the image that they are somehow being restricted against their will, but ultimately neither can contain their optimism as they know that the United States will reap the benefits from the color box subsidies scandal. Although it is comedic that American officials would liken the WTO to a straight jacket because they are essentially dictating the agenda in the first place, it is important that they keep up this appearance. For nothing more than maintaining an element of confusion surrounding the WTO's subsidy system, the large part of the American public remains ignorant to the farce it has become. Perhaps when more of its own farmers make a stronger rallying cry, Americans will start to wake up to agribusiness dealings.

4.3) Subsidies in Practice

Now that we have a better understanding of the subsidy system, we should examine what effect, if any, the WTO's supposed limits on spending would have on agribusiness. Contradicting the pronouncement of WTO advocates that the incorporation of agriculture into the WTO would foster the liberalization of markets to the advantage of Southern exporters, the share of developing countries in world agricultural exports during this period fell; from 46% in 1986 to 42% in 1997. And this is a trend that would continue, in large part due to the Global North not following through on its obligations as agreed in the Uruguay Round. As indicated in figure 4.3, the OECD countries could hardly describe their government's agricultural support as showing any significant decrease over this twelve year period.

⁶⁵ Muzzi 2001.

⁶⁶ Private Sector Agricultural Task Force 2002.

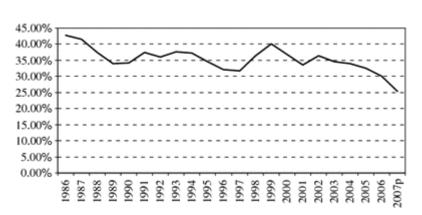


Figure 4.3 Agricultural support payments in the OECD, 1986-2007.⁶⁷

Despite promises to the contrary, what can be witnessed in figure 4.3 is an extended period of agricultural protection from the global north from 1986-1999. From 1986-1988, OECD countries provided farmers with support equivalent to 40.43% of the value of farm gate production, and in 1999 the figure had virtually stood still at 40.07%. In immediate reaction to Seattle, there is a brief drop in the payments, but by the 2001, payments rise and begin to flatten out again, and not until 2006 do we start to see a significant drop.

Meanwhile, the promises of the WTO, marking the dawn of a new era of equality and the end of poverty by passing the Marrakech Agreement was showing no signs of coming to fruition. It did in fact have quite the opposite effect, and only further entrenched the disparity and inequality of the global food system. While northern governments were easily able to cope with the Marrakech Agreement's restrictions as illustrated by the chart above, developing countries necessitated radical infrastructural adjustments in order to conform to standards. Most of these countries were ill-equipped to handle these forced restructuring arrangements within the agricultural sector and they paid the price when they were forced to borrow from international financial institutions with political strings attached as witnessed in the second food regime. Damaging enough was this entire process that a WTO official actually felt compelled enough to clear the air and his conscience in 2008 by saying, "I also do admit that the commitments taken

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⁶⁷ OECD 2008.

⁶⁸ Pritchard 2009.

on by WTO Members at the end of the Uruguay Round may have been burdensome for some developing countries." ⁶⁹

But if all of this was not enough to seriously alarm the unbiased observer, one statistic over this same period truly should have been grounds for panic. That being that the percentage of developing countries' exports on the world market actually fell from 46% in 1986 to 42% in 1997. A developing trend had by this point become a pattern. The WTO was an entirely different animal on paper than in reality. Twelve years on and there was no evidence to support the claim that the WTO's involvement in agriculture would rearrange markets to the Global South's advantage, only evidence to the contrary. And this is not the only study of the ill effects of dumping northern subsidized goods on the Global South as we will witness several more in chapter 6.

Planting the Seeds of Food Insecurity

Another disastrous effect that manifested itself in these first twelve years was a crisis of food security slowing seeping in to these Southern markets. Subsidized goods of the Global North, aided by the mandatory reduced tariff restrictions, were able to forge their way into Southern markets at artificially low prices and thrive. This had a ripple effect, causing nations to slowly shift their paradigm as to how they would feed their nation. This no longer meant being able to feed their own population by their own means, but rather so long as they were in a position to secure cheap imports, they figured their populations would not starve. Led by the interests of agribusiness in the Global North, coupled with the agendas of international financial institutions such as the IMF and the World Bank, the Global South was to have this agri-export culture imposed on them. Traditional agricultural lands were rezoned and invested in with foreign money for export-minded operations which specialized in a single commodity (like the case of soy in Brazil, which we will see in chapter 6). Meanwhile the people of the Global South were being fed an increasing amount of European wheat and American corn. These classic features of food insecurity were particularly evident in East Asia as Southern countries grew

⁶⁹ Lamy 2008.

⁷⁰ Private Sector Agricultural Task Force 2002.

more and more dependent on agribusiness and their artificially cheap imports to feed their populations.⁷¹

4.4) Political Disputes Over Subsidies

Due to the exorbitant amount of opposition received in Seattle and to subsidies in general, the EU initially drew up the concept of multifunctionality to justify their continued subsidization of farmers. The principle of multifunctionality hinges on belief that agriculture is not only about producing a product. Rather, it also serves to protect landscapes, rural traditions, livelihoods of farms, and thus deserves special treatment in trade agreements due to its unique nature. The EU had hoped to ally itself with the Global South in arguing for this concept, but they were outmuscled by the U.S. and Cairns Group who alleged that the EU was in fact hypocritically undercutting the famers of the Global South themselves, while subsidizing their own farmers, thus rendering their argument completely self-serving and absurd.

It is of course ironic in that the U.S., while leading the charge to discredit the EU's argument, also subsidizes their largest and most powerful corporations but did not feel the same moral compulsion to make a hypocritical plea to the Global South over the merits of protecting rural communities. This can only leave one to conclude that American subsidies are either: somehow excluded from the realms of comprehension and permanently set aside for later debates, or more likely just so entrenched and well-protected by the Farm Lobby of the United States representing agribusiness interests which in turn represent American agricultural interests which are the driving force behind the WTO's liberalizing agenda rendering American subsidies essentially untouchable.

The notion that subsidies go to small farmers in need is a very dated one. As mentioned, farm subsidies were originally enacted during the 1930s to help struggling farmers survive the Great Depression, but by 1995, roughly 90 per cent of all farm commodities produced in the United States were by farmers with at least 1,800 acres of land and a net worth of at least

⁷¹ McMichael 2000.

⁷² Losch 2004.

\$600,000.⁷³ In today's economy, 62 percent of direct government payments go to large commercial farms with gross annual sales of \$250,000 or more. And almost two-thirds of American farmers receive no direct payments because subsidies are aimed at just five crops: wheat, rice, soybeans, cotton and corn. These farms are much larger in scale than traditional small-time family operations, and this means that most of these payments are being given directly to agribusiness, the only ones capable of maintaining such extensive operations. These staggering statistics have drawn the scorn of much of the Global South, so much so that they have appealed to the WTO and even succeeded on one occasion in proving that they are against the AoA's bylaws. Cotton subsidies were effectively reduced after the WTO ruled in Brazil's favor upon publishing a report showing the financial losses suffered due to the American cotton entering the Brazilian market against WTO obligations. 75

Subsidies Harm Small Domestic Farmers Too

Recently, much of the American political discourse has been focused on reducing the federal deficit and cutting back on spending. Certain states have even gone as far to target teachers and their benefits. And yet, oddly enough, farm subsidies have yet again managed to escape the public eye and stay out of the limelight. This is mostly due to the bi-partisan support they receive, and the only issues that seem to attract attention are divisive ones at this juncture in American politics. The fact that not even farmers themselves are in favor of these direct payments shows just how far the subsidies program has fallen from its original purpose and how agribusiness clouds all the interest of the farming community. Earlier this year the Iowa Farm Bureau voted in opposition to the direct payments program. This decision from congress to reduce the safety net for some of America's lowest earning families comes at an inconvenient time for hunger experts as one in five American families struggled to afford food in 2010 according to the Food Research and Action Center. 76 And yet despite this evidence, the government is content to continue to fill the pockets of agribusiness at the expense of their own

Paarlberg 2010.
 Schiff and Lee 2011.
 Rumsey 2007.

⁷⁶ Fernholz 2011.

citizens. As money manager Sean Hackett explains the government's decision to cut back on food stamps while leaving subsidies unscathed, "Corporate power rules and the pendulum has gotten way out of balance. What we have in this country is pretty much an oligarchy with almost all the power concentrated in the hands of a very few. The pendulum will eventually go the other way, but it's going to be a difficult process. The people currently holding the power are not going to go quietly."

We can consider the ability of agribusiness to dictate legislation concerning subsidies in the United States another important asset in their maintaining control of the current food regime. Their willingness to do everything in their power to keep subsidy restrictions in their favor speaks to the significance of the issue. As we have seen in this chapter, the WTO's inability or indifference to enforce any punitive legislation regarding subsidies has allowed agribusiness to keep the food system on their terms. Subsidies are perhaps the most important means of which the WTO protects agribusiness' interests and keeps the corporate food regime alive and well.

5) How Agribusiness Influences Policy

5.1) Revolving Doors: The Interlinkage of WTO, Corporate, and State Interests

Now that the correlation between trade liberalization and increased profits for agribusiness has been established, and we have witnessed how this plays out in different contexts, one might be left pondering just how agribusiness is able to influence policy to such an enormous extent. Have they really infiltrated the WTO to the degree that they are driving its agenda? Agribusiness has not penetrated the WTO directly because they have not needed to. Holding favor with the governments and administrations of the United States and more recently Europe, although not to the same extent, has been more than enough to sway the WTO's agenda in agribusiness' favor for the last three decades. This is due to what has become known as the swinging of *revolving doors* between agribusiness and government. Former government

⁷⁷ Rohrlich 2011.

officials are hired to top corporate positions directly from their service jobs with the idea being that their connections inside the government will help the company promote their agenda. This practice also works in reverse, and important corporate personnel are selected for government jobs where they cannot help but promote their previous corporation's private agenda.

Perhaps no one company has been linked with the revolving door practice and incidentally been at the heart of more controversy than Monsanto. Monsanto is an American chemical company based in St. Louis, who famously produced Agent Orange for the Vietnam War. They are also responsible for the pesticide "Round Up" and the subsequent "Round Up Ready Soybeans" and several crops that they have patented and gained serious control of the market. Former Monsanto employees have found prominent places inside consecutive American Presidential administrations dating back to President Carter. Some of the more famous include former Defense Secretary Donald Rumsfeld who had been CEO of a Monsanto subsidiary G.D. Searle, Jack Watson, former Monsanto legal advisor was chief of White House Staff under the Carter Administration, and former Monsanto lawyer and current Supreme Court Justice Clarence Thomas.⁷⁸ With a history like this, Monsanto is often singled out for concerns over ethical questions and the inevitable conflict of interest that their former employees must face.

Time and again Monsanto has demonstrated their willingness to go to extreme lengths to protect their own interests. *La Via Campesina*, the peasant-led opposition movement, is particularly worried about the practice Monsanto has instituted that prohibits farmers from saving the seeds from their harvest for the next planting season. This contradicts thousands of years of farming tradition, and instead has created an atmosphere of fear and resignation among farmers. Those that have tried to fight Monsanto's inhumane and injustices have ran into the brick wall that is Monsanto's lawyers, and endless appeals that no farmer can afford. And even if an appeal were to make it all the way to the Supreme Court, Associate Justice Clarence Thomas would be waiting for them to write the majority opinion on Monsanto cases as he has in the past.

But despite the criticism, the process continues as President Obama has approved many former agribusiness executives for office. To name a few, Roger Beachy, long-time president of

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⁷⁸ Engdahl 2007.

the Danforth Plant Science Center, was named chief of the USDA's newly created National Institute of Food and Agriculture (NIFA), and Islam Siddiqui from the nation's most powerful agrichemical lobby group and was made the chief negotiator on agricultural issues in global trade talks.⁷⁹ In September 2010, congress approved Obama's nomination of Catherine Woteki, the USDA's undersecretary for research, education, and economics. The appointment drew little attention in the press, but should have raised alarm flags because Woteki comes to her new position after a five-year stint as global director of scientific affairs for Mars, Inc., the multinational junk-food giant.⁸⁰ Perhaps people would be more alarmed if they realized at what extent these companies are compromising citizens' safety for their own interests.

Monsanto is especially guilty of this, and their attempts to conceal information behind the government can be found in the long and hard fight over Genetically Modified Organisms (GMOs). Monsanto's adeptness to protect their investment by manipulating the political system has amounted in their seemingly incredible feat to dissuade the FDA from not passing specific regulations that would apply to GMOs. In the United States, agribusiness, spearheaded by Monsanto was able to cleverly elude the normally necessary tests and peer reviews via lobbying the FDA into not passing a new regulation mandating the testing of new genetically modified crops as their own specific category as they clearly were and are. This snowball of deception started with the introduction of the principal of substantial equivalence into the food lexicon. Which later leads to the acronym that we know as GRASS, or (Generally Recognized as Safe). As Jeremy Rifkin, President of the Foundation of Economic Trends says, "All the lobbyists would laugh about this, they all know this was a joke. (Substantial Equivalence) was simply a way for these companies, especially Monsanto, to paper over the need to move their product into the environment quickly with the least amount of government interference."81 Once these officials are in these commanding positions, it is difficult to prove just how influential they may or may not be, but the evidence, especially with regards to the U.S's treatment of GMOs, suggests that indeed it can have a serious effect.

⁷⁹ Philpott 2009.

⁸⁰ Philpott 2010.

⁸¹ The World According to Monsanto 2008.

I only mention the example of Monsanto to illustrate the power of agribusiness to manipulate what is considered one of the most powerful governments in the world. If they are capable of doing this to the U.S. government, one is led to conclude that they must be capable of influencing the measly WTO whose agenda is notoriously driven by the interests of the United States and other nations influential to the food system.

That we know the revolving doors exist is only useful to the extent of which the officials can actually drive the agenda of the government. The Nixon Administration witnessed unparalleled activity in this regard as I mentioned in section 2.2. Though these days are clearly not behind us, with President Obama continuing to appoint former agribusiness executives, we can only hope that they do not hold the same world view as the Nixon Administration did. Consider State Department planning official George Kennan's comments to the Secretary of state at the beginning of the Cold War. "We have about 50% of the world's wealth but only 6.3% of its population...In this situation, we cannot fail to be the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security. To do so, we will have to dispense with all sentimentality and day-dreaming; and our attention will have to be concentrated everywhere on our immediate national objectives. We need not to deceive ourselves that we can afford today the luxury of altruism and world-benefaction."82 Objectively. few could argue that agribusiness' beliefs have changed much to this day. The policies established under the Nixon administration, under the guidance of Henry Kissinger very much reflected these sentiments, and the current food system was shaped to inevitably reflect this position. One can only be cautiously optimistic that a line will be drawn between this type of brutal corporate thinking and human-civic interest and further that there is some truth behind the American rhetoric of helping those in need.

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⁸² Kennan 1948.

5.2) Vertical Integration of the Food System

Even if one ignores the methods to which agribusiness has profited, one cannot ignore the link between the exorbitant financial growth and subsequent consolidation of agribusiness during the period since the Uruguay Round and AOA has gone into effect. To wit, in 1980 before the AoA was even instituted, the United Nations Centre on Transnational Corporations looked at the world's 180 largest food and beverage companies and found significant levels of market concentration. Hope Shand at the ETC Group based in Canada, recently tried to replicate this study. Shand found that barely a third of the original 180 companies exists today, and that, "Nearly all of the others have been absorbed into the surviving third." For example, 96 percent of all genetically engineered cotton planted in the United States contains Monsanto's patented traits. Roughly 90 percent of all soybeans planted in the United States are GMOs and 90 percent of the traits belong to Monstanto, and 60 percent of corn in the U.S. is genetically engineered, and more than 90 percent of the traits are Monsanto owned.⁸⁴

The repercussions of such market concentration and domination are that the small family operated farms are being squeezed out of the picture. Andy Dobson suggests that, "As the scale of buying increases, smaller farmers or food makers may be entirely shut out. In some cases, consumers have benefited from cheaper food. But they also face a more monotonous landscape in terms of products, suppliers, and the distinct styles that used to characterize food selling across Europe. And the loss of competition paves the way for a range of unscrupulous practices, from price gouging to lower health standards."85 The prospect of even more monotony does not sound particularly appealing, nor should it to the average consumer and yet, most passively oblige these corporations and supermarkets, either unaware or indifferent to the possibility of taking their dollars elsewhere.

Most people in the developed world now buy their food from supermarkets and do not give it a second thought. It is not difficult to be overwhelmed with the multitude of brands and selection products that are on offer. And yet there is no one place where all the fruits of agribusiness come to a monopolistic climax than the supermarket. Frances and Anna Lappe

⁸³ Shand 2005. ⁸⁴ Paarlberg 2010.

⁸⁵ Dobson 2003.

illustrate that it is more of an illusion of choice perpetuated in the supermarket when one examines the numbers. "The typical supermarket contains no fewer than 30,000 items. About half of those items are produced by 10 multinational food and beverage companies. And roughly 140 people, 117 men and 21 women, (compose) the boards of directors of those 10 companies." There is usually room for interchangeable local or generic brands to replace perishables; agribusiness has all of the main bases covered. Brian Halweil continues, "Although the plethora of products you see at a typical supermarket gives the appearance of abundant choice, much of the variety is more a matter of branding than of true agricultural variety, and rather than coming to us from thousands of different farmers producing different local varieties, has been globally standardized and selected for maximum profit by just a few powerful executives." In response to this, a surge in popularity has been witnessed in farmers markets across the world, especially in the US, as they have tripled in number in the past two decades alone. But as yet, they have yet to make a significant dent in the supermarket superior retail power.

Meanwhile, as government spending in the agricultural sector ebbs under the direction of the WTO, agribusiness is picking up the pace. In 2007, the share of the EU's Official Development Assistance (ODA) to agriculture was a little more than three percent of its total ODA spending. This was down from more than 13 percent in 1987. In the U.S. it was a little under five percent of its overall ODA spending in 2007. This was down from more than 20 percent in 1980. As Molly Anderson writes, all of this paved the way for agribusiness to consolidate their power. "Agribusinesses expanded aggressively through horizontal and vertical integration of food, feed and agrofuel companies, and were able to buy commodities at low prices from developing countries, add value through processing, and then sell to wealthier consumers. They could capture economies of scale because of the vast amounts of commodities traded, control prices paid at each stage of the food system through vertical integration, and take advantage of lack of competition (resulting from oligopolies in many sectors) to push low prices down the supply chain to farmers and workers." This process of vertical and horizontal integration is an attribute that all of the most successful agribusiness firms in recent years share.

⁸⁶ Lappe and Lappe 2002.

⁸⁷ Halweil 2004: 15.

⁸⁸ Spieldoch and Constantin, 2009.

⁸⁹ Anderson 2009.

These are companies that have holdings in multiple areas of the food system through either mergers or alliances. Archer Daniels Midland, the largest U.S. food production and trading company by revenue in 2008, has interests in ethanol, biodiesel, food and feed ingredients and grain trading markets. Cargill owns more than half of the shares of Mosaic Fertilizer Corporation, one of the largest fertilizer companies in the world, but also dominates grain and feedstuffs trading and processing worldwide. 90

A report of U.S. food prices by the General Accounting Office in August 2009 reported that supermarket prices climbed by 128 percent since 1982, four times the increase in crop prices by farmers over the same time-period; and overall prices in the general economy rose 102 percent. 91 Food production was the fastest growing global industry by revenue in 2008 (for the fiscal year ending January 31, 2009), with average increase in revenues of 48.8 percent over 2007 figures for companies listed in the top 500 (Global 500) companies worldwide. Revenue per employee in food production agribusinesses was \$1,268,695 (2008 U.S. dollars), this is a stark contrast to the incomes of farmers of LDCs whose products are the foundation of agribusiness.92

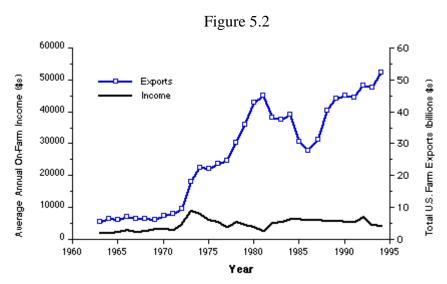


Figure 5.2 On-Farm Income of the Average U.S. Farmer vs. Total U.S. Farm Exports, 1963-1994. Sources: Farmer income--Economic Research Service, U.S. Department of Agriculture, Current and Historic Operator Household Income Tables. Exports--Food and Agriculture Organization, FAOSTAT Agriculture Data.

⁹⁰ Hendrickson, Wilkinson, Heffernan, and Gronski 2008.

⁹¹ GAO 2009.

⁹² CNN Money 2009.

Agribusiness has not only punished farmers of the developing world, but those in the first world are also struggling mightily. As Figure 5.2 illustrates, farmers have not benefitted from significant increase of exports and growth of industry, rather their income has remained stagnant. This sad picture reveals the mystery of who is really profiting from the WTO's AOA. Farmers' incomes are still supplemented by the government, but they are receiving less and less payments even from the Farm Bill as most of those are directed at larger agribusiness operations. The gap is only widening within the current arrangement between agribusiness' profits and farmers' plights.

A recently released report by Bon Appetit Management Co., a U.S. subsidiary of the U.K.-based, transnational catering giant Compass Group, shined a light on the horrid conditions facing farm workers in the United States. The report states that, between 2005 and 2009, about a third of farm workers earned less than \$7.25/hour and only a quarter of all farm workers reported working more than nine months in the previous year. One-quarter of all farm workers had family incomes below the federal poverty line. First of all, this is a startling and most of all welcome move by a TNC to release a study of this magnitude. It is not often that they are willing to conduct a study to expose the conditions of the workers who are so often exploited and forgotten and they deserve credit. Even though it is a small step in releasing the study, it could be a critical one in setting a precedent for more accountability among TNCs. Unfortunately, the fact remains that farming does not pay a living wage not only in the developing world, but in the developed as well.

Even if one ignores the plight of the world's farmers, attributing their struggle to the pitfalls of globalization and free-market capitalism, as many do, there is still much left to be desired by the current food system. As Raj Patel states, "Unless you are an executive of a major food corporation, the food system is not working for you." Not only is the system in place been proven to be vastly inefficient while inflicting serious harm on the environment, but it is also the cause of trillions of dollars in health costs due to the poor dietary habits it inflicts upon us. This much is clear from the rising obesity rates, diabetes, and other health related illnesses caused by

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⁹³ Bon Appétit Foundation 2011.

the current food system we have in place. And it isn't only the farmers of the developing world who are toiling.

The purpose of this section was to illustrate two ways in which agribusiness is able to influence policy: through the securing of key positions within government by implicit agreements, and by vertically integrating the food chain to centralize their power. The WTO arguably has no jurisdiction in the first instance, but that does not mean they are immune from allowing those with a hidden agenda drive its policy either as is evidenced in almost every debate in the organization concerning agriculture. Similarly, the WTO is not entirely faultless for allowing the vertical integration either.

As convenient as it is to demonize the TNCs of agribusiness as the immoral force ruining the food system, one ought not to forget where their loyalties will always lie. Time and again, agribusiness has proven their allegiance to be with their shareholders and their willingness to exploit weakness for their own gain (as evidenced by their indifference to the data presented in chapter 6). Waiting for corporations to start acting with more integrity has proven to be a longer wait than most can afford. It is important to remember that agribusiness' actions are only a product of the system which the WTO has created. They would be forced to change their ways if they were handed down an order from an institution with the power to do so. The WTO could take positive action and limit the amount of control that business could have over the food chain. But instead of taking this active role, even if they were still capable of delivering such a mandate, the WTO has chosen to play the role of passive observer while agribusiness has taken over the food system at will.

6) Case Studies

Statistics Prove Free Trade Hinders Development

As we have seen in Chapter 3, the notion that liberalized trade spurs economic growth is now a major talking point in the debate over the benefits and perils of globalization. Joseph Stiglitz, winner of the Nobel Prize in Economics and former Advisor to President Clinton, has

voiced his criticism of the practice on behalf of the Global South. "When trade liberalization, the lowering of tariffs and elimination of other protectionist measures, is done in the right way and at the right pace, so that new jobs are created as inefficient jobs are destroyed, there can be significant efficiency gains. The problem was that many of these policies became ends in themselves, rather than a means to more equitable and sustainable growth. In doing so, these policies were pushed too far, too fast, and to the exclusion of other policies that were needed. The results have been far from those intended. Privatization and liberalization were pursued at a pace and in a manner that often imposed very real costs on countries ill equipped to incur them." And Mr. Stiglitz is not alone in his critique stigle is mounting evidence to suggest that for all its promises of economic 'development,' WTO agreements are bringing something more akin to economic stagnation.

For instance, the Center for Economic Policy Research in Washington conducted a study which showed that rates of economic growth in the Global South have slowed during the decades of liberalization (from the mid-1970s on). In fact, they are much lower than in prior decades (the earlier part of the post-war period). They also predict that further liberalization would be even more detrimental to the Global South and that it would gain much less from market access in the North than it would lose by giving up more access to its own markets. This study was conducted in 2002, and they were proven to be correct in their hypothesis as we have seen even more erosion of the Global South's economies in the name of free trade and development.

Similarly, another study published in the prestigious *Journal of Development Economics* shows that, on average, greater market opening in the Global South has been associated with less economic growth. More specifically, the studies show that tariffs and non-tariff trade barriers can actually help promote growth in poorer countries, while removing them can impede growth, as domestic enterprises markets are undercut by cheap imports. And there are several other studies that echo the sentiments of these two that suggest that trade liberalization is not helping the Global South, but harming it by flooding the LDCs with imports. The problem being that these studies fall on selective ears and agribusiness does their best to keep reports like this out of the discussion at negotiation rounds. Not to mention that there was not enough healthy debate

⁹⁴ Stiglitz 2002.

⁹⁵ See Rosset

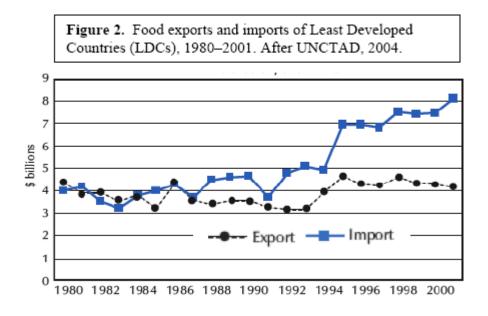
⁹⁶ Weisbrot and Baker 2002.

⁹⁷ Yanikkaya 2002.

over the globalization agenda of the WTO in the first place, to question the technical aspects of the liberalizing plan before it was allowed to be implemented on such a large scale.

6.1) Case Study 1: Focus on the Global South

In order to further emphasize the fact that Southern countries were harmed as a result of the WTO's Agreement on Agriculture, I present figure 2. Figure 2⁹⁸ contains data from the United Nations Conference on Trade and Development (UNCTAD) of 2004. The recurring theme in the critique of the WTO on behalf of LDCs is on display in Figure 2. We can witness trade liberalization, and the subsequent practice of dumping subsidized Northern goods into Southern markets, has contributed to a growing food deficit in LDCs. We can also see a dramatic increase in this gap in the mid 1990s, when agribusiness began targeting these developing markets more aggressively. As the food deficit grows, these countries become more dependent on imports as local producers are driven out of business. This then allows agribusiness to gradually raise prices if they are so inclined after they feel there is no threat of competition.



Not only is the food sovereignty of these nations significantly damaged, but the immediate impact of this influx of imports is the most damaging to the local farmers who cannot

⁹⁸ UNCTAD 2004.

compete on their own markets where they may not have been thriving, but at least surviving. The now displaced farmers are forced either to immigrate to urban areas in search of a new job, or resort to more extreme measures.⁹⁹

6.2) Case Study 2: Monitoring the Progress of the Uruguay Round

John Madeley writes 100 extensively on the gap between the goals of which were presented in recruiting nations for the WTO and what has transpired in reality. His argument is advanced by a study undertaken by the United Nations' Food and Agriculture Organization The FAO examined 16 developing countries in 1999 to examine just how the (FAO). implementation of the long-awaited Uruguay Round was going. The countries studied were Bangladesh, Botswana, Brazil, Egypt, Fiji, Guyana, India, Jamaica, Kenya, Morocco, Pakistan, Peru, Senegal, Sri Lanka, Tanzania and Thailand. What they found was that there was indeed a vast amount of imports coming in, but no visible increase of exports from the developing countries. Among these countries, the study found, "There was a remarkably similar experience with import surges in particular products in the post-Uruguay Round period. These were dairy products (mostly milk powder) and meat products (mainly poultry). Some regions, notably the small island states of the Caribbean and the South Pacific, seemed to be facing difficulties coping with import surges of these products; with detrimental effects on competing domestic sectors. These countries were not able to raise their exports. Significant supply side constraints prevented the countries studied from taking advantage of increased global market access. "101

The report goes on to cite particular experiences in each country, most notably the negative effect on the Kenyan cotton market, Egypt's inability to cope with rising imports, Brazilian farms scaling up in size with large-scale industrial processing firms (Nestle, Parmalat) moving in, and traditional cooperatives collapsing, and similarly in Sri Lanka where an estimated 30,000 jobs were lost due to the drop in production of local crops which also led to the scaling up process of farms. 102 Remarkably the Thai market actually increased their exports since the agreement, the only country out of the 16 examined to do so. An FAO official commented on

⁹⁹ see Patel 2007. ¹⁰⁰ Madeley 2000: Ch 5.

¹⁰¹ FAO 1999.

¹⁰² Slatter 2003.

these findings calling them, "Contrary to what was expected, farmers of developing countries had a lot of expectations in terms of increasing their exports after the Uruguay Round Agreement." Curious that he says that the findings are contrary to what the farmers expected and neglects to mentions the expectations of the FAO not to mention his own.

What is important to take away from this study was that the experience of these 16 countries was so uniformly similar. For the most part, there was no unique local factors that significantly aided or harmed an LDC, it was a complete failure from their point of view. Only one of the 16 was able to raise their exports, which suggests that this was due to factors that were beyond their control. The WTO had introduced a system in which local producers were destined to fail and agribusiness was bound to succeed.

6.3) Case Study 3: The African Experience

Another series of case studies of trade and food security published in 1999 indicated that trade liberalization has a built-in bias towards large food producers (agribusiness) often at the expense of smaller producers. 103104 The report found that Structural Adjustment Programs (SAPs), introduced at the behest of the WTO, often reduced government support to smaller farmers. This had devastating effects, especially across the continent of Africa. "In Ghana, small producers were demoralized as they could not obtain economic prices for the foods they produce, even in their domestic markets. Their produce could not compete with imported maize, rice, soya beans, chicken and turkey. Small-holder incomes had fallen and malnutrition among the rural poor had risen. Kenya saw a rapid increase in the dumping of food surpluses due to trade liberalization. In Benin, government incentives for export crops like cotton were expanding the land under cotton cultivation, while food security for the poor was being undermined." ¹⁰⁵

Additionally in 1986, U.S. corn dumping forced Zimbabwe's grain marketing board to cut domestic producers prices almost in half and to reduce its purchase quota from these

¹⁰⁴ Madeley 2000: 75.

¹⁰³ Nyangito 1999.

¹⁰⁵ Ibid.

producers. 106 And finally, a Jamaican milk farmer who seems to understand the mechanics of what is at work as a consequence of the WTO describes the impact of trade liberalization as:

"..devastating, it is unbelievable, because this is my sole income, producing milk for my husband and myself. I have six children and it is virtually impossible sometimes to survive. The liberalization has given the opportunity to the processors. European Union export subsidies on milk are seriously undermining us, putting us out of the market; milk powder comes in at a cheaper rate than it used to. We cannot compete with this. What we are trying (is) to get our own plant together so that we can get the milk out to the consumers. Over the past two years I have thrown away over 200,000 litres. Sometimes, you virtually dump all the milk for a fortnight. Another time you'll get everything sold which is thank you Jesus." 107

The message here in citing all of these studies with similar findings is that it was clear to anyone who wanted to see that the WTO was indeed negatively affecting the agriculture of the Global South. Promises were not being kept, and yet no measures were taken to rewrite the framework or even rethink the system in the first place. But none the less, the WTO decided to forge ahead with its SAPs, and the removal of tariffs, despite the mountain of evidence that they were harming LDCs. Failure to heed these case studies could be written off by the WTO as premature, and they may claim the entire project an experiment yet to deliver its long term gains. Or they could also count as evidence that the WTO was serving some interest other than the greater good of development. At the time of publication of these studies the WTO would have likely pleaded that LDCs be patient and allow the trade agreements time to deliver their benefits all the while agribusiness is stacking up their profits at their expense. But one could be led to conclude now, more than ten years on, that the WTO had no intention of spawning any type of sustainable grown in the Global South other than the agribusiness'.

6.4) Case Study 4: The Ominous 'Laboratory' of NAFTA

No similar excuses are applicable for the smaller scale experiment that was being undertaken in North America. A Washington-friendly Mexican government knowingly entered

¹⁰⁶ Watkins 1991.

¹⁰⁷ Quoted in Madeley 2000.

into what is perhaps the most famous example of trade liberalization not having equal benefits: the North American Free Trade Association (NAFTA). NAFTA can be thought of as a miniature WTO, only there are fewer players and less distortion, making for simpler analysis. The most troublesome development during the nineties was NAFTA enabling American agribusiness' corn to flood into the Mexican market and, "...Wash away 1.3 million small farmers in Mexico," in the process, according to Michael Pollan. In 1996, the 8 months NAFTA had been in effect, the domestic price of Mexican maize fell almost 50 percent, "converging with the world price 12 years earlier than envisaged." There is no shortage of scholars who have analyzed NAFTA and come to different conclusions, but one thing they agreed upon almost immediately was the main obstacles for Mexico in the short run.

Unsurprisingly, the UN wrote that agribusiness were the real winners of NAFTA. "While at the macro level Mexico seems to gain under NAFTA, the winners in the agricultural sector will be concentrated on predominantly large-scale, commercial farm geared for the North American market. The losers will be concentrated among producers of maize, the country's staple food. The number of livelihoods lost in the maize sector as a consequence of trade liberalization and the subsequent fall in maize prices, is estimated at between 700,000 and 800,000, representing 15 per cent of the economically active population in agriculture. This has profound implications for rural poverty and for regional inequality."

These short run losses are painfully evident as Figure 5.1, shows the correlation between employment levels of Mexican farmers and the coincidence of the American corn entering the Mexican market. There is a hugely visible negative correlation as the influx of cheap subsidized corn drove many Mexicans out of work starting in 1994, a year after the agreement went into effect.

Figure 5.1¹¹¹

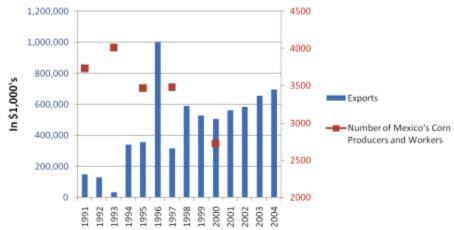
¹⁰⁹ Herman and Kuper 2003.

¹⁰⁸ Pollan 2004.

¹¹⁰ Watkins 1997.

¹¹¹ Relinger 2004.

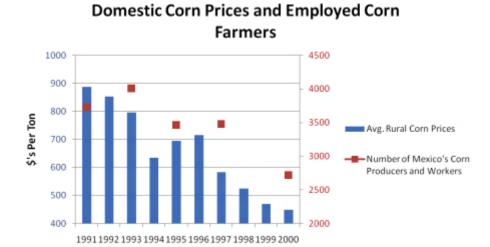




And figure 5.2 similarly shows the dramatic decrease in the price of corn on the Mexican market over this same period. This was of course positively correlated with the number of Mexican workers associated with the corn industry, and needless to say, the impact was crippling to the Mexican industry. Many farmers were forced to abandon their land, and ironically, immigrate to America to try their hand at growing corn there that may well be destined for Mexico.

Figure 5.2 112

¹¹² Relinger 2004.



The oft criticized North American experiment of the nineties, that was the litmus test for trade liberalization and market access, still conjures mixed reactions from critics and proponents. The main difference in opinion is whether the long term gains outweigh the short term losses and this is in essence the entire argument of the WTO and proponents of it: long-term gains will outweigh the short-term losses. But it does not take much imagination to see the inefficacy of this argument if one places themselves in the position of a Mexican corn farmer or better yet an Indian rice farmer. One who is deep in debt, taken out a loan with their land as collateral in hopes of securing water on their land, prayed for rain to no avail, so desperate that they are on the brink of committing suicide as now 58 out of 100,000 men do in a district in Southern India. These people simply cannot afford to wait and reap the supposed long term gains of trade liberalization.

6.5) Case Study 5: Soy Rises to Prominence in Brazil Despite American Competition

As yet, most of the case studies mentioned have been failures. Some countries have doubtlessly benefitted and grown¹¹⁴ from the WTO, and to illustrate the potential of the corporate food regime, there is no better case than soy in Brazil. Soy could not have transformed an entire region of the country if not for the WTO's removal of barriers and agribusiness'

¹¹³ Aaron 2004.

 $^{^{114}}$ This of course subjectively depends on how one measures growth and benefits.

eagerness to take advantage. But despite the benefits it has brought, the soy industry has brought along agribusiness into the country and they are dragging Brazil into a race to the bottom with the Americans with control of the soy industry at stake.

Soy, like almost all crops, requires an exorbitant amount of water for it to thrive. Incidentally, two of the largest river basins in the world, the Mississippi and the Amazon, are the primary conduits for shipping soybeans to the rest of the world. The Mississippi churns out about 35,000 metric tons a day. Since 1992, the US Army Corps of engineers has been developing extensions along the locks and canals of the Mississippi to expand the capacity of the waterway system and to date they have implanted 1.2 million tons of concrete to lengthen the locks, bolster dams, and keep the bean barges moving. This massive construction effort would only add to the existing dredges which currently suck up 85 million cubic meters of sand and mud from the river's bank and bottom each year. At the most generous estimations, this would purportedly reduce the cost of shipping soybeans by 4 to 8 cents per bushel, which has been disputed by several analysts.

Similarly, a plan supported by not only the government of Brazil, but by four other nations of South America's La Plata Basin is calling for the dredging of 13 million cubic meters of sand, mud and rock from 233 sites along the Paraguay Parana River. According to statements from the Brazilian State of Mato Grasso, the heart of the Brazilian soy industry, this *'Hidrovia'* (water highway) will give a boost to the regions soybean export capacity. And not unlike the American plans, the lobbyists in favor are suggesting that it will be farmers who ultimately benefit from the massive dredging undertakings.

What is strangely ironic about these development plans is how they are not met with the resistance one might imagine due to the potential catastrophic environmental effects. But by claiming that expanding the barge capacity of these rivers is necessary in order to improve competitiveness, grab world market share, and rescue farmers from the worst financial crisis

¹¹⁵ Muller and Levins 1999.

¹¹⁸ Baumel 2000.

¹¹⁶ Manguno 2000.

¹¹⁷ Ibid.

¹¹⁹ Switkes 2000.

¹²⁰ lbid.

¹²¹ U.S. Fish and Wildlife Service 2002.

since the Great Depression, politicians are won over by these disingenuous humanist appeals. 122 And yet, perhaps even more ironically, if one takes a step back to compare the two situations, it would not take more than simple economic application to realize that neither American nor Brazilian farmers will benefit. The two sides will inevitably drive world prices down even lower and leave their land heavily damaged in the name of maximizing production. Additionally, it is naïve for anyone supporting these projects to believe that any small scale farmer can survive much longer in the current system before they are swallowed up by one of the agri-giants as we have seen. They will soon be working for the commodity processing, shipping, and trading firms who want the price of soybeans to fall, because these are the firms that buy the crops from the farmers. In fact, it is the same three agribusiness conglomerates: ADM, Cargill, and Bunge, that are the top soybean processors and traders along both rivers. 123

Global Competition

Another interesting facet that the WTO AoA has created is the increasing amount of international competition between farmers. Despite the fact that they are facing the same struggle, it is would be false to characterize the two groups as united in their plight to survive. Brazilians accuse the Americans of receiving subsidies and first world luxuries while Americans envision Brazil as a lawless wild west where slave labor runs rampant. The reality however is that both groups of farmers are barely able to eke out a living while the agribusiness giants reap the benefits of their labor. The case and point being that Cargill is both the largest exporter of both American *and* Brazilian soybeans.

The Negative Effects of Agribusiness: The Race to the Bottom

Brazil is one of the most sparsely populated nations on earth, and though this is no excuse for the rampant deforestation that the soy industry has spawned, Brazil can almost afford it, if we are to think in such crude environmental terms. However, they have no such excuse for the purported slave labor that continues to support not only the soy but sugarcane and biofuels industries. As a spokesperson for the Landless Rural Workers Movement in Brazil puts it, "Let it be known that Brazilian soybeans, which are exported in massive quantities, are produced by

¹²² Halweil 2004.

Levins, Rice, and Sawin 2000.

forced labor, unpaid labor. I hope the countries that buy Brazilian soy know this." Again, LDCs are left to ponder the question: at what cost they must pay for this so-called development and do the ends justify the means if they are to infringe human rights? Too often the supposed gains of significant investments of TNCs bring these negative side effects, if not humanitarian then environmental.

It is important to remember that soy was not native to Brazil, it was artificially introduced by agribusiness. Matthew Clement explains the implications of agribusiness meddling with the traditional cultivating grounds of food that is especially evident in the soy fields of Brazil. "Most of this development of food crops over the millennia has occurred in regions that are now in the periphery of the capitalist world economy. In recent years, however, agribusiness corporations located in the rich nations of the core have attempted to patent various forms of food crops, such as basic grains, and then to monopolize these patented grain varieties, creating dependence on seeds of the agribusiness corporations. When such practices involve, as in recent years, a crop such as rice on which much of the world's population depends for subsistence, the implications are enormous and potentially disastrous for the world's poor."¹²⁵

Brazil is being lauded as a success story by the usual suspects. *The Economist,* in its misguided attempt to feed the world in 2050 with an article titled "The 9 Billion People," is hopeful that the Brazilian miracle can be exported to Africa. From a strictly economic point of view, the numbers add up. Brazil has more than tripled its output in the last two decades, and is the modern blueprint of transformation of meddling to booming production in the agricultural sector. However, what is often implied in these headline grabbing titles, is that everyone is benefitting from this agricultural boom. That is simply untrue, and in some very significant ways, many are worse off. One need not look very far to find the very seeds of destruction that have led to previous food crisis embedded in this lauded Brazilian system. The continent of Africa, as it is the poorest and hungriest on Earth needs all the help it can get. But implanting large scale farms with mass production in mind would appear to be the least welcome form of intervention.

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¹²⁴ SAPA/AFP 2004.

¹²⁵ Clement 2004.

From the case of soy in Brazil we can conclude that agribusiness views the country they are operating in as little more than an exploitable resource. Their opportunism to move in when the time was right is just as likely to suggest their departure once the Brazilian flatlands run dry. Brazil has witnessed the creation of thousands of jobs but at atrocious working conditions and protection of human rights. Agribusiness "triumph" in Brazil is another case of TNCs taking the path of least resistance towards their own profits which was only made easier by the WTO.

6.6) Case Studies Analysis

One of the more pro-trade liberalization studies that I encountered summated the recurring theme of the aforementioned cases quite nicely. While the study's main point was that trade liberalization, "Is generally a strongly positive contributor to poverty alleviation, allows people to exploit their productive potential, assists economic growth, curtails arbitrary policy interventions and helps to insulate against shocks." The study conceded that, "It is far from obvious that the impact of trade liberalization found on incomes in the middle and high-income countries could also be found in the poorest countries." This was one of the more hopeful and yet troubling revelations amid all of the gloomy results of the case studies in Africa and across the developing world. It would appear that even some of the strongest proponents of trade liberalization are ready to concede that it is possible that no good will come to the Global South via trade liberalization after all.

We can essentially conclude two things from these case studies: 1) Local producers will have an extremely difficult time maintaining their livelihood, especially at the onset of trade liberalization where the number of jobs lost is at its highest. 2) Agribusiness is sure to benefit from the opening of new markets due to their massive production power and ability to undercut local prices. These crude realizations would not come as a shock or a surprise to the developing world. Farmers have long given up hope of the idea that they would be able to trade their way out of debt. They have been forced to turn their attention and energy to other platforms in hopes of regaining their livelihoods. Fortunately, their efforts have paid off, and there is a beacon of hope for the Global South, though they are seemingly buried deep in the throes of the corporate

¹²⁶ Ben-David and Winters 2000.

food regime. There is a reinvigorated interest popping up around the food sovereignty movement which largely has one organization to thank which we will see in the next chapter: *la Via Campesina*.

7) Alternatives: Breaking Away from the Corporate Food Regime

The question of having enough food to eat is a universally relatable and human issue, yet most of the developed world remains insulated from the harsh reality of not having enough to eat which is facing over a billion people every day. The words of Thomas Malthus tirelessly live on in discussions today and have left our policy makers with the seemingly common held belief that there is no alternative to industrial agriculture feeding the almost 9 billion people that will inhabit the planet in 2050 or supposed 10 billion in 2100. 127 This belief persists despite the fact that the world produces more than enough food to feed everyone at this moment. World agriculture produces 17 percent more calories per person today than it did 30 years ago, despite a 70 percent population increase. This is enough to provide everyone in the world with at least 2,720 kilocalories (kcal) per person per day. 128 The problem appears to be that the means of distributing this food is in a few of the wrong hands, agribusiness and the WTO and pessimistic projections like the aforementioned only reinforce agribusiness' position as the sole provider of food to a growing population.

There is a plethora of movements around the globe that have taken the initiative to challenge the parameters and are a threat to the current food regime. Whether it be the G20, challenging the framework of the WTO and breaking off negotiations, Community Supported Agriculture programs, *La Via Campesina* and their food sovereignty framework, or rural villages forming grassroots community supported agriculture systems, there are several ways to resist. But all of these alternatives have one goal in mind: to break free from of the dependence on the WTO, an industrial, agribusiness-led food system and the corporate food regime. If there is one

¹²⁷ Gillis and Dugger 2011.

¹²⁸ FAO 2002.

thing that the following cases and all examples of opposition to the food system have in common, it is that they take place outside the framework of the WTO and the corporate food regime. Many view these two institutions as responsible for the creation of such an inefficient food system, and they are not willing to wait for a solution to be handed down to them. Instead, they have taken matters into their own hands, which has proven to be the most effective method thus far for sustainable change.

7.1) La Via Campesina Introduces Food Sovereignty in Opposition to WTO

With all the injustice of trade liberalization and protests of WTO meetings it is important to examine if any lasting opposition has materialized to confront the WTO in this regard. The best example of a group making any real traction in their fight against the WTO is *La Via Campesina* and their food sovereignty movement. They have come the closest at presenting a viable alternative framework to the WTO with the hope of saving global agriculture.

Food sovereignty is a term coined by the *Via Campesina* movement and brought to the table of World Food Summit in 1996. La *Via Campesina* movement is an extraordinary example of people uniting across the globe behind the single cause of breaking free from the corporate food regime. They have come to embody all of those who are against the trade liberalizing policies and mounting profits of agribusiness at the expense of small farmers. Unsatisfied with the ongoing WTO negotiations, this peasant-led movement came up with a concept which they believed all aspects pertaining food and agriculture alike would fall. There is no short or simple definition of food sovereignty, but a few of its basic tenets include:

- (1) Prioritizing local agricultural production in order to feed the people, access of peasants and landless people to land, water, seeds, and credit
- (2) The right of Countries to protect themselves from too low priced agricultural and food imports
- (3) Agricultural prices linked to production costs: they can be achieved if the Countries or Unions of States are entitled to impose taxes on excessively cheap imports, if they commit themselves in favor of a sustainable farm production,

and if they control production on the inner market so as to avoid structural surpluses.

(4) The recognition of women farmers' rights, who play a major role in agricultural production and in food. 129

Due its resonance with farmers, because the organization is comprised of farmers themselves, *La Via Campesina's* ambitious framework has since been integrated into civil society and gained tremendous popularity in both the Global North and South. Food sovereignty is about more than trade; production for local markets is more important than production for export. And similar to the EU's failed multifunctionality concept, they purport that agriculture is about preserving the rural way of life, the environment, and protecting rural communities' livelihoods. They also cleverly turned around the language of the WTO pleading, "Access to markets? Yes, we want to access our own markets."

But what is at the heart of this definition and at the core of many critics of the WTO, is the way in which it distinguishes food as a special entity having unique qualities and insists that food must be treated differently than any other commodities. This very notion is one of the most convincing of those presented who are in opposition to the WTO and believe that they should abandon their dealings in agriculture altogether.

7.1.2) Food Security vs. Food Sovereignty

To examine the extent of the damage inflicted upon LDC's by the WTO, it is important that we distinguish between food sovereignty and food security because they are often used interchangeably as if they mean the same thing. Unfortunately this can no longer be considered accurate, and the food sovereignty movement actually emerged as a reaction to the feeling that food security has been redefined by the market. Under the WTO, food security has been allowed to be institutionalized as it has slid further from states' control and come to resemble more of a relationship to the market than one of national security. Due to the WTO, states have essentially been robbed of the right to protect themselves and are now prisoners to the market.

¹²⁹ Via Campesina 2001.

¹³⁰ Rosset 2007.

The WTO's minimum import rule requires all member states to allow imports of food up to at least 5 percent of the volume of domestic consumption. If it seems wrong that states should be forced to import even if it is against their will, it is. In fact, this clause of the WTO would seem to be in contradiction with Article 25 of the UN's Universal Declaration of Human Rights, and Article 11 of the International Covenant on Economic, Social, and Cultural Rights, which viewed, "The right of peoples to exercise sovereignty over their natural wealth and resources" as essential to the realization of human rights. But like most of the negative effects that the WTO has had on the developing world, these claims remain largely unnoticed and continues to be swept under the rug.

We can perhaps credit this aforementioned integration of food security into the corporate food regime to the United States. After all, it was American institutions who tweaked the definition of food security by saying, "...Self-sufficiency and food security are not one and the same. Food security – the ability to acquire the food you need when you need it – is best provided through a smoothly-functioning world market." This is hardly an isolated incident of the United States shaping the dialogue and framework of the WTO, when they have come under criticism, for agribusiness' benefit, and there is no doubt that they would have had the goal in mind of securing an advantage for agribusiness upon including this definition before the completion of the Uruguay Round and what then would later become the landmark Agreement on Agriculture.

7.1.3) Food Security as a Responsibility of the State

Blaming the WTO as the cause of all the Global South's problems might be accurate in its description, but not the most effective tool for change. The WTO has proven to be incompetent at solving disputes as evidenced by the ten year long Doha Round which is still yet to meet a resolution. Therefore, within the era of corporate globalization, *la Via Campesina* and the food sovereignty movement views states as complicit in their constructing one single world agriculture. They believe that the precondition for popular food security is to demonize the vision of the development project: that western consumption is a universal desire and peasant

¹³¹ Desmarias 2003.

¹³² Ritchie 1993.

cultures are destined to disappear.¹³³ In the Global South, the labor force of the agricultural sector comprises anywhere from 30-70% compared to a meager 4% in the Global North.¹³⁴ This significant portion of the population is being effectively held hostage by the current arrangement. Founding food regime scholar Phillip McMichael agrees that states should be held responsible and lends insight into this peculiar situation.

"The contradictory relations of the food regime are nowhere more explicit than in the food sovereignty mobilization on a world scale. This includes alternative agrifood and environmental organizations in the North (from community-supported agricultures to Slow Food), and a swelling coalition of small farmers, fisher folk, indigenous peoples and pastoralists in the South. These combined social forces call into question a development narrative that would define smallholders as historical relics, control nature, and corporatize food relations. Food sovereignty movements politicize the current trade regime, revealing the complicity of states in incorporating agriculture into the reproduction of capital, rather than sustaining it as a site of social and ecological reproduction." ¹³⁵

But the cries for change remain mostly unheralded in policy circles. As evidenced in the FAO's 2008 International Assessment of Agricultural Knowledge, Science and Technology for Development report, which found that the industrial agriculture was largely unsustainable, being met with little more than a hushed murmur at the FAO's Rome food crisis summit in June, 2008. It appears that identifying the problem and who is responsible is not enough, and it remains to be seen whether any of these cries for change are heralded.

7.2) Food Treated as a Commodity on Financial Markets and Food Reserves

Another recently instituted and damaging practice that was one of the main culprits of the food crisis in 2008 is the speculation of food on financial commodity markets. Similar to trade liberalization, this is a process that has proven to aid agribusiness at the expense of the Global South, and *la Via Campesina* has incidentally called for the abolition of this speculation. Treating food as a commodity presents a number of problems for a number of people, no greater

¹³³ McMichael 2005.

¹³⁴ Kwa 2003.

¹³⁵ McMichael 2008a.

¹³⁶ McMichael 2008b.

than the small farmer who is most vulnerable to price shocks. The speculation on food is a relatively new development in the history of food and much like the WTO opening its doors to agriculture, it ignores an integral feature of food that other commodities that are on similar markets lack. La Via Campesina claim that food is an essential building block of life and must be treated as such.

The practice of saving surplus grain in good times in case of unforeseen events such as droughts or wars dates all the way back to the Old Testament. Records in Ancient China show that the emperor's reserves were able to stabilize prices for the guard against famine. And yet in recent years, the United States among others has gotten away from this age old practice in favor of leaving reserves to the market in another example of what one might attribute to the neoliberal movement of the 2000s. Yet again it is agribusiness who benefits from food being open to speculation markets, because often times they are the ones doing the bidding and controlling the prices to their desire.

The danger of an absence of a reserve, critical in a food shortage, is only complicated when the means to cultivate food has been taken out of the hands of the very countries that were holding the reserves. Indeed, the World Bank and the IMF actually pressured some African nations to sell their reserves behind the premise that markets would provide a better job of ensuring their food supply and efficiently ensuring their food security. When the world food crisis struck, these nations were left starving and without any palpable lifeline adding to the already formidable number of hungry people around the world. A result of this crisis has put grain reserves back on the top of the agenda for the G20 again, once again spearheaded by the BRIC with talk of even a collective, international reserve. But the prospects of a collective reserve as a guard against speculation remain dim without the support of the United States.

If there is any evidence to suggest forthcoming American support, the G20 nations can take solace in the fact that American corn reserves are reported to be at a fifteen year low by the USDA as of March 2011. 138 Meanwhile, the largest grain producer in the world, China, notoriously holds huge reserves that could more than feed their population. Their willingness to take food security as a matter of national security should be the example to create a collective

¹³⁷ Williston 2011.

¹³⁸ Weise 2011.

reserve for member nations. This would please *La Via Campesina* as it would reduce the Global South's reliance on agribusiness if only partially.

7.3) Organic and Sustainable Agriculture

Having gained control of the food system with the aid of the WTO, agribusiness maintains this control by continuing to dodge arguments that their methods are not the sole solution going forward. As recently as this year, *The Economist*, among others, has suggested that industrial agriculture is the only way to feed the world. But as Tom Philpott says, "The problem is, the conventional wisdom is wrong, or, at the very least, much more contested than its champions let on. *The Economist* insisted that international development agencies had embraced Big Agriculture as the solution to the globe's food problem, but that simply isn't true."

Development agencies, like the U.N. have suggested evidence that there are viable alternative methods to industrial agriculture for some time now. In 2008 the U.N. Conference on Trade and Development and the U.N. Environment Program published in which as their main findings they listed:

"Organic agriculture can increase agricultural productivity and can raise incomes with low-cost, locally available and appropriate technologies, without causing environmental damage. Furthermore, evidence shows that organic agriculture can build up natural resources, strengthen communities and improve human capacity, thus improving food security by addressing many different causal factors simultaneously. Organic and near-organic agricultural methods and technologies are ideally suited for many poor, marginalized smallholder farmers in Africa, as they require minimal or no external inputs, use locally and naturally available materials to produce high-quality products, and encourage a whole systemic approach to farming that is more diverse and resistant to stress."

The report goes on to suggest that a lack of local support behind organic agriculture is the main hindrance to the movement gaining real momentum. This should come as no surprise as we saw in chapter 6 that any findings that seem to contradict agribusiness receive desperately little attention. One has to wonder if there is some unseen force stopping these upstart

141 UNCTAD 2008.

¹³⁹ The Economist 2011.

¹⁴⁰ Philpott 2011b.

movements in their tracks. This is far from an isolated study with questionable results, there have been many other reports echoing these sentiments coming out of the United Nations in recent years.

On March 8, Dr. Olivier De Schutter, the United Nations Special Rapporteur on the right to food, released a report arguing that the use of small-scale, diverse farming methods, which he calls "agroecology," can double agricultural production in poverty-stricken areas, increase the economic prospects of the inhabitants, and improve their local environment. "I'm surprised at the simplistic diagnosis that appears to be dominant in public discourse," De Schutter said. "The official mantra is we need a 70 percent increase in agricultural production to feed the world. But this completely oversimplifies the debate. It only pays attention at the supply side of the equation, when we must also work on demand -- for instance the overconsumption of meat in industrialized countries. By 2050, if the current curves continue, 50 percent of global cereal production will go either to feeding cattle or to the irresponsible push towards biofuels production and consumption through fiscal stimuli and subsidies." Upon reviewing the evidence one has to concede that alternatives exist, only that they are not being given reasonable attention in most places.

The Effects of Industrial Agriculture

Another chink in the armor of those who perpetuate that industrial is the best route for mankind to take in feeding the world going forward is its reliance on cheap oil. As we know, oil prices have and will continue to rise for the foreseeable future thus it is not unreasonable to discount any long term solution to a problem of this magnitude which relies heavily on the constant supply of inexpensive crude. Much like sustainable agriculture, viable alternatives have not been given reasonable financial or political support to make any real headway, and as a result, the food system is doing unprecedented environmental damage, the case and point being the region of Punjab.

Punjab was trumpeted as a success story for exported industrial agriculture of the Global South after agribusiness came in the seventies with investment, modernity, and technology.

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¹⁴² LeVaux 2011.

Massive gains in crops were recorded, and everyone was happy in the short term. But now, forty years on, some of the long-term ill-effects are beginning to be felt in Punjab. The ends do not appear to justify the means, and according to a 2007 report put out by the Punjab State Council for Science & Technology, "Over-intensification of agriculture over the years has led to water depletion, reduced soil fertility and micronutrient deficiency, non-judicious use of farm chemicals and problems of pesticide residue, reduced genetic diversity, soil erosion, atmospheric and water pollution and overall degradation of the rather fragile agro ecosystem of the state." Finally, Punjabi farmers have taken up alternative, but the consensus appears to be that it might be too late. The rest of the world would be best served to introduce agroecology methods and learn from Punjab's mistake.

7.4) Lessons from Malawi

In order to break free from intruding policies in the current system, decisions must be made that contradict the norm. Consider the case of Malawi, a small landlocked African country where 90 percent of their 15 million inhabitants live on less than two dollars a day. Halawi is a largely rural country with over 70 percent of the population relying on agriculture and their chief crop: maize. In the late 1990s, almost a decade before it became fashionable, Malawi declined the advice of its international donors and decided to spend the bulk of its agriculture budget on fertilizer. The government gave farmers a "starter pack," with enough beans, improved seeds, and fertilizer to cover about a fifth of an acre. International donors were not pleased. A USAID official renounced the program as relegating farmers to a "poverty treadmill" in which farmers would be stuck growing just enough maize to survive, and little more. Although the program had modest success, it took off when Malawian President Bingu wa Mutharika expanded the program over the 2005-2006 growing season, quadrupling the amount of fertilizer available. As a result, they saw significant gains in crop yields.

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¹⁴³ Punjab State Council for Science & Technology 2007.

¹⁴⁴ World Bank 2011.

¹⁴⁵ Patel 2011.

Malawi, eager not to make the same mistakes as Punjab, is taking part in the second Generation of the Green Revolution which is especially committed to Africa. The Gates and Rockefeller Foundations have combined to form the Alliance for a Green Revolution in Africa, or AGRA. AGRA claims to have learned the lessons of history claiming, "Unlike the Green Revolution in Latin America, which mostly benefited large-scale farmers because they had access to irrigation and were therefore in a position to use the improved varieties ... we are specifically geared to overcome the challenges facing smallholder farmers." The Malawian Government's decision to place faith directly in their small farmers is a definite step in the right direction, and the fact that they were rewarded with higher crop yields is the icing on the cake that proves them immune to industrial agriculture critics. After all, a 2008 World Bank Report admitted that one of the most effective ways of raising people out of hunger and poverty was direct investment in peasants themselves. Although it admittedly remains to be seen if the increase in crop yields will actually affect those who are food insecure, because one does not necessarily mandate the other, Malawi's willingness to challenge international institutions and the status quo is a step in the right direction.

Purchasing Power

Lastly, from a consumer's standpoint, it is important to realize that purchasing power is a vital tool in the modern food system. Agribusiness has shown their motivation to be invariably shaped by one goal: to maximize profit shares for their stockholders. This is of course tragic in that they seem immune to all humanist appeals for living wages, or fair-trade, but also good in that they are predictable. Wal-Mart, one of the most powerful supermarket retailers in North America and the epitome of a typical profit maximizing super company, has heeded the calls to conform to consumer demands. They have seriously increased their supply in organic foods based on data showing that people are willing to pay a little bit extra for the label of organic. Wal-Mart is now the leading retailer of organic milk in the United States. This has incited fears among purists who are wary of industrial scale growing operations who lobby to weaken the

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¹⁴⁶ AGRA 2011.

¹⁴⁷ World Bank 2008.

organic standard for their own benefit. This is no great coup, and it is still falling well short of Wal-Mart or any other major chain showing their own initiative for something other than their own profits, but it is a start to realizing that as consumers, there is hope for a change through where and what we purchase.

8) Conclusion

As a product of the WTO's trade liberalizing agenda, agribusiness has emerged as the dominant actor in a corporate food regime that is characterized by inefficiency and inequality. In 2009, 1.02 billion people are undernourished worldwide, the most hungry people on Earth since 1970, marking a steep worsening of conditions that were present even before the global economic crisis that started at the end of 2007. The unprecedented control of agribusiness, ushered into power by the WTO, and assisted by repeated denials of influential policymakers to rebukes of industrial agriculture's sustainability, have ensured that the corporate food regime has entrenched itself in the food system of the 21st century. Despite the clear data (see chapter 6) that trade liberalization in agriculture has actually harmed many of the developing world, the process has not been halted but increased. Meanwhile, it is evident that TNCs have benefitted the most from the exploitation of the food system in its current form and are able to keep policy decisions and the food system in their favor via conveniently appointed positions inside government and repeated consolidation of power (see chapter 5).

We are currently stuck with a food system that assumes that 'more is better,' when more has actually turned out to be worse. If the WTO is to continue to preside over agriculture there needs to be far more honesty and transparency surrounding the organization. In its current form, as Bill Pritchard summates, the WTO is entirely inadequate at leading the food system compared to its two predecessors in food regime theory, "The stability of the first and second food regimes depended on a hegemonic power (Britain and the US, respectively) which underwrote global financial stability (through the gold standard and the US dollar Bretton Woods arrangements, respectively). The incapacity of the WTO to act as an institution that brings into

¹⁴⁸ Anderson 2009.

¹⁴⁹ See McKibben 2007.

being a new food regime reflects tensions over global power in the food system. Both the global North and the global South are willing the exertion of influence over the WTO, and neither is unequivocally prevailing. This absence of a hegemon leaves the WTO rudderless." Almost of the evidence we have seen in this work can be either directly or indirectly attributed to this grandiose failure on the part of the WTO. After 16 years we can comfortably conclude that the WTO was unable to take the leadership reins of the food system from the U.S. in the 1980s and this has essentially allowed agribusiness to assume the key role of hegemon and virtual control of the food system.

As Phillip McMichael continues on the WTO failure, "It is one thing to subject agriculture to the price form, but quite another, through political means, to artificially depress agricultural prices through a food regime of overproduction and dumping. While the postwar U.S.-centered food regime managed overproduction to serve targeted Southern markets, the world price of the corporate food regime is universalized through liberalization (currency devaluation, reduced farm supports, and corporatization of markets), rendering farmers everywhere vulnerable to dispossession as a precondition of the construction of a world agriculture."

The WTO has enabled the agribusiness-led third food regime to dispossess millions for the sake of a profiting a select few and begs the question whether there can be a just food system as long as the WTO is involved in agricultural matters.

If there is a glimmer of hope for the food system of someone or something slowing down agribusiness, it has to be the unprecedented surge in movements internationally in the past decade that follow in the spirit of *la Via Campesina*. They are speaking up for the poor of the Global South suffering from alarming levels of poverty while they are mostly engaged in the production of food. It is clear that the underrepresented in the WTO are in the most dire need of a political voice in that they are the main contingent that is suffering at the hands of this food regime. *La Via Campesina* is committed to the rights of farmers, especially women, all over the globe.

¹⁵⁰ Pritchard 2009.

¹⁵¹ McMichael 2005.

In order to break the shackles of the corporate food regime there are several measures that need to be taken. If the WTO does decide to trudge ahead in agriculture, first and foremost the WTO must become a more inclusive organization and properly represent the wills of its member states. There must also be a satisfactory resolution of the Doha Round that the G20 can accept. This means that not only will the agreement have to finally protect their domestic markets, but it must also have clear punitive rules and sanctions for those that violate them. Since the WTO has proven rather ineffective at punishing offenders, a third party needs to be involved to police proceedings. Perhaps that role can be filled by the UN Committee on Food Security, or a similar body, to ensure that the food system is fair, and assisting food insecure areas, not exacerbating them.

On a national level, there must be more protection for farmers. TNCs are free to do as they please with their vertical control of the food system, and these oligopolies need to be broken up to ensure that farmers are being paid an honest wage. Subsidies that primarily benefit agribusiness should be abolished and replaced with reevaluated policies that do not date back to the Great Depression. And there must be stronger appeals for corporate accountability as every agribusiness supposed current commitment to the Corporate Social Responsibility agreement is insufficient.

As things stand, it is difficult to be overly optimistic as long industrial agriculture is so firmly rooted in both our political discourse and farming operations. As long as the revolving doors of government and TNCs keep swinging, there is no reason to believe that we will see any radical measures to drastically alter the current arrangement. If there is any solace to be taken it is in the fact that the entire system is predicated on cheap oil, a quantity we know there to be a limited amount of. Inevitably, alternative methods of fuel must be sought out, and subsequent adjustments to the food system will have to be made. One can only hope that their plight will not continue to go unnoticed and that the WTO's Doha Round will be resumed and bring with it a resolution that fixes a broken food system. But until that day arrives agribusiness will be content to fulfill its duties to its shareholders by worsening the lives of millions around the world.

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