The Processes of Globalization and Modern Agriculture - Sociological and Economic Aspects

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Abstract

The authors examine current problems of agriculture, the reasons that led to the devastation of the village and the essence of comparative advantage as a prerequisite for the preservation of the monopoly of multinational companies. A particular subject of interest was the hegemony of global corporations and the problem of sustainable development in agriculture. The decline of agriculture and rural areas in developing countries are problems that allow us to draw a certain analogy with Swadeshi, as a philosophy that has preserved Indian village. Developing countries are mostly economically dependent. The land and the villages are devastated. The solution to the problem should be compatibility of the sustainable development and the economic growth, which corresponds to the morals of Swadeshi.

Keywords: globalization; agriculture; sustainable development; sociological destruction

JEL Classification: J10; Q10; Q12; R20

Introduction

In a global economy, all branches are subordinated to corporate requirements. A syntagmatic term corporate agriculture is commonly used in this context. Here, we are actually talking about agriculture that inclines toward export and has major problems with sustainable development. If we know for a fact that “a pound of food travels over 2,000 km, often across the ocean” (Imhof, 2003, p. 429) then we should ask a reasonable question why we wouldn’t pay more attention to agriculture with the support of the community, or find an alternate way. It implies the respect for ecology and sustainable development. In Japan, such farming is called agriculture with a human face while in the U.S. it is formulated as agriculture with the support of the community. The reasons for this movement in agriculture arose, as a result, of free trade and the new rules of economic globalization. Namely, small farmers rapidly disappear because big corporations produce monocultures on vast areas with the widespread use of pesticides. If we bear in mind that in the neo-liberal concept of economy the profit is the engine of all, it is clear that the healthy food and the health of the population are not the priorities. “Small farmers are tightened
between monopolistic corporations that control seeds and fertilizers, and those to whom they need to sell their product at an unfavourable price. It is often the same multinational company.” (Lehman & Krebs, 2003, p. 145). It is obvious that corporations that have a monopoly do not hesitate to suppress small farmers. The production control of large corporations is almost impossible. Quality food production is less and less mentioned. The quality and the price do not often go hand in hand because in the modern era of globalization the biggest problem is the availability of cheap food. In such circumstances, global agriculture reminds us of the “Risk society” by Ulrich Beck (Bek, 2001) posing a constant threat in several ways. First, the availability of food is associated with its transportation, because large corporations produce food on vast areas where the only measure is the amount of the food, and thus the profit. People who consume that food are often at a huge distance from the place it is produced. It is clear that in order for this production to be profitable for the corporation the quality has to deteriorate. The consequences are enormous: the rural communities that usually produce healthy foods are being destroyed in such a competition. Therefore, in achieving their goals transnational companies often take to manipulation and the fetishization of certain economic categories. One of them is comparative advantage.

### Comparative Advantage as a Prerequisite for Monopoly Preservation

Large corporations manage to present their agricultural production as the only possible and productive. In a system where corporations hold all the levers in their hands from the seed, through the silos, railways, ports, as well as an exclusive right to buy grain from farmers and sells it back to themselves, then reworking it into final products, it is difficult for small and unhedged producers to resist in any way. This is not just about land amalgamation (this is only the way large corporations defend their activity), but also about a monopoly which actually means that corporations buy cheap raw materials and sell expensive final products and what is worse, products of dubious quality. If we know that “corporate agricultural industry produces and sells over 95% of the food in the U.S.” (Lehman & Krebs, 2003, p.147) than it is not surprising that agricultural industries around the world follow that way. The reason for this is the power of multinational corporations which easily take loans, tax incentives and improve production methods often at the expense of the quality. Everything is based on cost-effectiveness, creating artificial food and some kind of standardization that does not mean healthy food. It should not surprise us that today many hypermarkets worldwide are equipped with GMO food, which is often not separately marked. Thus, the food industry is concentrated on a few major multinational corporations which trade all around the world. “This accelerated concentration of the food industry influences the political processes as much as our dining table. Agro-Industrial Company “Cargill” from the U.S.A, the world's biggest grain trading company, had a disproportionate role in shaping the rules of GATT. The first Commerce Counsellor of President Nixon was William Pierce, the vice president of “Cargill.” Another Cargill's protégé, Daniel Amstutz, created for President Reagan the U.S. agricultural proposal for GATT” (Lehman & Krebs, 2003, p.148). The political implications of this deal are more than obvious. In fact, not only GATT, but also many other international organizations have been established or operate under the influence of multinational companies. The adoption of regulations that are based on the so-called comparative advantage is often misused in such circumstances. This syntagmatic term usually hides blatant exploitation. Products are bought at enormously low prices and sold at high ones. The economies of small countries are most often affected in this way. It is a market based on comparative advantage that implements policies of large countries from which multinational companies originate, at the expense of their own citizens. In such circumstances, large countries like the United States can cause artificial shortages by various endeavours in order to achieve their dishonest intentions. For example, it was enough to limit the export of soybeans back in the 70s and this immediately led to an increase in meat prices in Europe and other parts of the world. In other words, the manipulative effects of economic
policies of major countries can cause many disorders that are often also the tool of politics. Those who would not subordinate are thus punished and brought down to dependency. It is obvious that an international trade is usually not separated from the real politics and geostrategic objectives. In such circumstances, the social movements in many countries can easily be affected, which means that they can indirectly cause limited revolutions or ethnic conflicts. Of course, this is not the only way in which they can cause instability in certain areas, but with a combination of various factors they can certainly control various disorders in the society, of both low and high intensity. That's an even bigger problem which can only be opposed by joined forces, i.e. by joining small countries together. Small countries often think in the following way: everything is better than potential ethnic conflicts or disorders in the society that may arise due to hunger. As we can see, it is difficult to bypass multinational companies because the food supplying is almost totally controlled and the citizens are powerless when it comes to that.

The question is what kind of strategy to use in order to oppose or at least to improve their competitive advantage. The governments of the small countries could change the global trade policies and could give an advantage to domestic food production. However, the question is how to achieve this if such an undertaking involves controlling the behaviour of the corporations for which most countries have neither the courage nor the power. The only solution for the country is to determine the rules of the game by which corporations will be able to operate. But given the strength of multinational companies such rules usually remain only on paper. It turns out very soon that many members of the government insure against such measures. This, in fact, means that a number of ministers in such a government act as a lobby group of multinational companies. They enjoy the favour of large countries where those corporations originate from and when it comes to potential elections they help them stay in power in different ways. Obviously, the globalized world has its own infamous unwritten rules, at least when it comes to small countries and the vicious circle cannot be escaped by actions of individual countries. The interests of individuals – members of the government enable corporations to preserve their monopoly.

This indicates that something has to be done. “If we do not stop the decline of family farms and rural communities, our urban societies will become fully dependent on multinational corporations, that will become the owners of arable land one day and will hire 'agricultural managers' to work on it” (Lehman & Krebs, 2003, str.154). When it comes to agricultural land in Serbia that trend is evident. Proponents of the global economy pointed out the logic of comparative advantage. That means buying at low prices and selling at high, although the product is important for the local economy. Therefore, if it is cheaper for Serbia to buy wheat elsewhere than to grow it at home, it should give up the production of the wheat and should, for example, cultivate pepper and sell it to countries that cannot produce pepper as economically as Serbia can. This is the logic that governs trade agreements of GATT and NAFTA. At first glance, this looks tempting as the food is cheaper. However, it is forgotten that this kind of reasoning or founding the market on comparative advantage also has disadvantages. The main disadvantage is definitely the fact that this leads to a dependence on foreign food suppliers. Multinational companies play the most important role in this sort of trade. Many countries implement policies to the detriment of their own citizens. In the past, due to the lack of domestic production that could meet domestic consumption, they suffered great consequences. Powerful countries like the United States often resort to the strategy of lowering prices below the cost of production in order to increase export. “This policy has ruined the farmers in the United States and those in developing countries. Between 1987 and 1992 about 38500 farms disappeared... Other countries that were not able to compete with such low prices of grain tried to protect their farmers by imposing tariffs or quotas on cheap grains” (Lehman & Krebs, 2003, p.150-151). Nevertheless, such protection did not provide the expected results, because any country that wanted to join NAFTA was conditioned to implement a number of agricultural reforms. They actually meant giving up the control over corn under the NAFTA, which caused
the collapse of cooperatives. This approach led to the displacement of a huge number of farmers who moved to overpopulated megalopolises of the Third World. Namely, the rural population, forced to look for work, went to towns where there was no work for them either. How to evade this problem when it comes to agriculture? First of all, by giving preference to local food, and not to the placement of goods based on comparative advantage. That decision is difficult as it involves the courage to control the behaviour of corporations. However, with honourable exceptions, countries do not participate in the sale.

Corporations are the ones that should operate under the rules set by the country. This is actually the biggest problem, because countries, unfortunately, make rules for the benefit of multinational companies, not of the domestic food production. What should be done in this case? Countries would have to assess the risks of joining a particular organization. It usually refers to the aforementioned conditioning that commonly results in a drop in agricultural production, with all its implications. Therefore, it is meaningful to consider the problem of international trade and the problem of sectorial activities when it comes to agriculture. This is because there is a great disparity in investments. The value of the marketing sector has increased from 35 to 216 billion dollars, and the value of an investment sector from 13 to 58 billion in the United States. That way the agriculture of the USA implemented a deal with dependent workers who supply raw materials for the gigantic industry. However, in agriculture the industry replaces the labour force with technology in order to make the invested funds profitable. Small countries around the world emulate a large country such as the USA. The influx of the population from rural areas to the city continues and the urban problems multiply. The unemployment rises, the crime rates increase, there are many aberrations in the society which certainly do not contribute to solving the problem. The complexity of the problems of agriculture in developing countries also lies in the demographic processes. From the above mentioned, it can be concluded that many of the urban problems were mainly caused by poor agricultural policies. Globalisation only worsens this situation. So, what is the way out? The first step is to stop the decline of family farms in order for the society not to become completely dependent on multinational corporations.

The Hegemony of Global Corporations and the Problem of Sustainable Development in Agriculture

We have in mind that the World Trade Organization has established a global legal framework that allows multinational corporations to control the genetic wealth of the planet. They have the exclusive rights to genetic information, as opposed to the past times when the seed was available to everyone. With the adoption of GATT farmers are forced to defer to the law that gives the exclusive rights to multinational companies on the genetic material that they had created. This service is paid for and what is more important it is defined as intellectual property. This means that innovations related to the varieties of seeds which are produced locally are not subject to protection. Thus, the enormous power is concentrated in the hands of corporate genetics. This mode suites genetic manipulators’ tendencies to squeeze out genetic diversity that has been accumulated over the centuries around the world. All this leads “to poverty, tyranny and manipulation” (Kanton, 2009, p. 263). The exit from such a position would be providing a situation in which the seed is not the result of the monopoly of multinational companies, but a common heritage for us and for future generations. It is the manipulation of genetic material that does not appreciate the sustainable development, in a way, that it is defined as “the development towards meeting the needs of current generations, without compromising the ability of the future ones to meet their needs” (World Commission on Environment and Development, Our Common Future, Oxford University Press, Oxford 1987, p. 326). We have in mind that the United Nations Conference on Environment and Development held in 1992 in Rio adopted the declaration which states that each country should establish a national strategy to achieve the
objectives. The monopoly of multinational companies to manipulate the genetic material cannot be considered an achievement. Sustainability implies certain continuity while the development presupposes changes. The semantics of these two terms is inconsistent. That is why we are closer to a definition that suggests that sustainable development is “interdependence of the concern for strengthening human welfare, satisfying basic needs, protection of the environment, fate of the future generations, the achievement of a just relationship between the rich and the poor and wider participation in decision-making” (Lafferty & Meadowcroft, 2000, p. 19). However, when it comes to threatening the biodiversity and the manipulation of genetic material, it is clear that the fate of future generations is not determined by “wider participation in decision-making” but multinational corporations that control the wealth of the planet.

Sporadically, farmers around the world (India, Malaysia) oppose the hegemony of global corporations in which they see a threat that can destroy the local economy and culture. In Malaysia thousands of hectares of forest have been destroyed and with it many of the traditional values essential to the culture of the people. In India “500 000 farmers demonstrated on 2nd October 1993 against GATT, protecting their right to produce and preserve their seeds... Resistance to pirate behaviour toward Earth’s diversity could provide the seeds for future generations to continue to be the fruit of our common heritage” (Lehman & Krebs, 2003, p. 156). We can agree with this, but we should also be careful because it is unlikely that insatiable appetites of multinational companies can be matched with any meaningful continuity in the development of both the seed and chemical treatments of agricultural products when it comes to profit. The very development of agriculture is followed by chemical industry, machine industry, genetically modified food, etc.

It is necessary for the big countries that a manufactured food to agree by consensus and to build a new legal framework that would prevent the abuse and manipulation of the chemical industry. In this sense “the rhetoric that adorns conferences and meetings ritually calls for the establishment of a new global ethic” (Sachs, 2003, p. 247). However, we can witness that pesticides are used uncritically, and genetically modified food is promoted as the salvation of the planet by well-paid promoters with academic titles. All this is happening because “the reality at the negotiating table has a completely different logic. There are mainly diplomats who play the familiar game of securing benefits for their own countries, who are willing to outplay their opponents, cleverly subordinating the interests of the environment to the economy of their countries.” (Sachs, 2003, p. 247). That's why one could not expect anything new from the Earth Summit in Rio, despite the fact that most of the participants spoke about the reduced amount of natural resources, the vulnerability of nature, the impasse a technical civilization can lead us to, etc. Not long after the conference trial balloons were released that countries should not have sovereignty over the world's genetic resources. Large countries like America are trying and, unfortunately, are managing to cover up the issue of the responsibility when it comes to environmental pollution. Interests are varied, and the power of multinational companies is so great that many of the conferences, despite their conclusions, turned into chat-rooms. The oil rich countries supported large buyers of “the black gold” which helped, for example, the U.S. not to sign the Convention on the emission of carbon dioxide. The reasons for this should be sought in its economy, which is dependent on cheap fuel. In this constellation of powers, the crash between the rich North and the poor South completed at the expense of the weaker. How does all this impact the global agriculture? Large and small countries can agree on one thing - the need to do something because agriculture is the most vulnerable given the importance of food in any development strategy. Man should first be fed and then offered a car. Agricultural engineers and economists have come to the fore in the pursuit of the following equation: minimum entry for each unit of production.

Historically considered, the North hasn’t felt the consequences of its expansion in overseas areas since the landing of Columbus. However, in today’s global conditions the developed countries of the North are for the first time exposed to the tragic consequences of recreating the
world by the Western model. High technology that is applied in agriculture has its by-products. These are those nasty and unpredictable consequences incurred as a man striving to master nature. Now we have already come to a situation where it is not possible to produce food without chemical treatment. Those involved in organic food production have to raise the prices of their products due to low yields. Such food can be bought only by the rich. Of course, we are aware that many dilemmas overlap here: what, in fact, do we want from the planet and is that feasible? Can global agriculture follow the increase of the human population and provide food for everyone? Do technological breakthroughs have their limits? What can climate changes lead to if no actions are taken? Is it at all possible to force the rich to limit the growth in order to save the resources and the nature? All these issues are related to the global economy and especial agriculture. “If the infatuation with mechanical methods continues it is likely that the time will come when we shall be so incapacitated and weak that we shall begin to curse ourselves for having forgotten to use a living machine that God had given us” (Kumar, 2003, p. 421). This Ghandy’s vision of the future of the world is being realized today on a large scale. Serbia hasn’t evaded the problem as well. When it comes to agriculture in Serbia, it is our belief that the principles of Swadeshi should be studied. The problem of agriculture in contemporary globalization is complex and requires a multidisciplinary approach. Therefore, a sociologist, an economist and an agree-economist took part in the treatment of this topic.

Destruction of Villages and Agriculture in Developing Countries

Mahatma Gandhi, as we know, was a great supporter of Swadeshi, or the national economy. The circumstances in which he advocated the ecology and restoration of viability of agriculture, and with it the cultural regeneration of India have several things in common with the problem of “soft colonization” that happens together with the process of contemporary globalization. Gandhi realized on time that the spirit and the soul of India were deeply connected with the village: “the real India is not in its few cities, but in its 700,000 villages. If these villages disappear, India will disappear with them” (Kumar, 2003, p. 420). We believe that regardless of the size of India some analogies can set and some conclusions drawn. Namely, Gandhi’s vision of free India entailed reliance on people and their own capacities, on the conservation of villages and the like.” Swadeshi avoids economic dependence on external market forces that could make the village community vulnerable. This philosophy also avoids unnecessary, unhealthy transport that produces waste products, thereby polluting the environment. The village must create a strong economic base to satisfy most of its needs and all the members of rural communities should give the advantage to local goods and services” (Kumar, 2003, p. 421).

Today we witness the fact that the basic food - bread is supplied to towns’ bakeries by Serbian villages. Most of life necessities, including agricultural products, rural population in Serbia buy from the city markets. The village is slowly fading and is no longer a microcosm of Serbia. The complexity of the agricultural problems in Serbia lies in the demographic processes. Thus, according to the 2002 Census there were 213,508 elderly rural households in which both spouses live solely from farming and are older than 65 years, of which 124,129 are single elderly households (RZS - Statistical Office of the Republic of Serbia, 2004). Seen from a sociological and a broader social aspect the demographic situation in the village is alarming. The analysis of elderly households “indicates that they are... deprived and underprivileged citizens” (Zdravković, 2008). Researchers in the field of demography have found that “we entered the 21st century with three long-term, global, depopulation and demographic processes - total depopulation (population decline), natural depopulation (more deaths than births) and demographic aging, where we should add notable spatial and urban and rural population polarization of the areas (Radovanović & Gigović, 2010, p. 126). This only completes the picture and makes sense of the need to study and learn some lessons of Swadeshi.
In a world that is globalized agriculture is inconceivable without centralized, industrialized and mechanized production. We are not sure that the words of Gandhi “not mass production, but production by the masses” are true in India itself. What has such a deviation from nature brought? Firstly, the village in the developing world has been completely devastated. The age structure of rural communities, as we have seen is very unfavourable. Hundreds of villages in Serbia die out every year. “The true dimensions and intensity of urban development, and the extent of depolarization and the movement of population from villages to the city in Serbia show the following relationship: decline in the share of an agricultural population from 72% at the end of the '40s, to about 17% in 1991... the number of the urban population grew by over 3,395,269, or more than three times...” (Gligorijević & Bošković, 2002, p. 65). Today the picture is even worse. Even at this level one can establish parallels that in some segments affirm Gandhi's principles of Swadeshi. It is obvious that the mass production caused the people to leave the village looking for work in the factories in the city. With the collapse of socialism during the time of transition people lost their factories and contact with the village. They no longer have the knowledge or the ability to return to the village and restore it. It is an illusion that the birth rates increased in the city. In proportion to the whole population, it is extremely low there either. What has actually happened? Due to the crisis in the rigid neo-liberal concept the unemployment rapidly began to grow. This is especially true for the developing countries. A society like Serbian produces hundreds of thousands of people without roots and without a job who live the expense of the state. In such an environment, corruption rises to unthinkable limits, the decline of morality is evident and an individual often resorts to the motto that “the end justifies the means”. Suspicious “investors” who are in conjunction with politicians loot their own people, aristocracy multiplies and it is very from difficult to break such a vicious circle. Patriotism has become a contaminated word in the name of globalization. In this context, the corrupt political elites increasingly speak of a change in consciousness.

Unlike all of the above Swadeshi machine is subordinated to the employee, and it must not become a master, that is to dictate the speed and choice of human activity. The Swadeshi Market serves the community and it isn’t forcing people to adapt to the market. It is obvious that Gandhi knew that in the process of globalization of agriculture a country wants to export more and import less in order to maintain the balance of payments. Of course, there are flaws because not Gandhi, not even the most thoughtful people could have guessed that the import lobby (where politicians and tycoons lead the main role, such is the case in Serbia, for example,) would import beans, potatoes, milk, water, etc. We do not advocate the principles of Swadeshi in which there is room for the economic science, but it does not dominate the society. However, we also do not favour the opinion that reproduction of material goods necessarily means a better life. In other words, we should find a balance where the economic growth is consistent with the sustainable development and that would include a balanced development of villages and towns, agriculture and industry.

We see that when it comes to Serbia the industry has collapsed, and the agriculture was neglected and brought to the brink of collapse (Simonović, Cvijanović & Hamović, 2010, p. 74-75). All in all, there was a decay, the seeds of uneven development were sown, or as Gandhi said, “those who do not know what is enough will never have enough, but those who know what is enough, they already have enough” (Kumar, 2003, p. 423). Unfortunately in the global division of labour, when it comes to agriculture, globalization means that you can produce only what you are allowed to produce. This is a stone around the neck of the countries such as Serbia, that have a great potential to develop agriculture, but it is limited with “the general interest” of the European Union. In this paper, we cannot state all the reasons that have led us to this situation, but the point is that the political and economic elites devastated their own country, “enchanted” by the possibility to become rich quickly. Another question is whether these elite are genuine and what geopolitical movements had brought them to the top. In one such study we cannot explore all the implications of the decay of agriculture in Serbia, but we think that everything we have stated “leads to stress, loss of meaning, loss of inner
peace, the loss of the personal and family relationships and loss of the spiritual life” (Kumar, 2003, p. 424). We highlighted a philosophical and the spiritual world view that Swadeshi makes contemporary even in these times in his own way.

**Instead of Conclusion**

Corporate farming emerges as a complex phenomenon where environmental, ethical, moral and many other problems overlap. Comparative advantage stands out as an excuse for a monopoly and as such has its shady side. We believe that without the association of small and vulnerable countries, the arrogance of the multinationals can hardly be impeded. The fact that the market is based on comparative advantage cannot be criticized at first glance, but this often obscures the essence contained in a well-developed strategy of multinational companies which provide a monopoly in agricultural production and the related industry (mechanical, chemical, etc.). That is why one should rightly question the hegemony of global corporations and sustainable development as the basis for the production of high-quality food. Pirate behaviour of GATT when it comes to seed production and diversity of the land encouraged intellectuals to raise the issue of common heritage preservation. Agriculture is not only about food production, but also the culture, ethics and, of course, preserving continuity. This does not mean that we are against change, but that the change should be in accord with sustainable development. In this context, we point out the problem of village decay in transition countries such as Serbia. We searched for some parallels between these processes and some lessons of Swedish who contributed to the preservation of some 700,000 villages in India. Of course, there is a question of a specific relation towards the sustainable development, which Gandhi promoted in his own way. The balance between the consumption and the regenerative capacity of nature is one of the main lessons of Swadeshi. Therefore, it is necessary to harmonize economic growth with sustainable development.

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