

Graduate School of Economics, Kyoto University
 East Asia International Human Resource Development Programme
Comparative Industry Policy (2010 Autumn)

Introduction to International Political Economy of Agriculture and Food

Graduate School of Economics, Kyoto University
 October 8, 2010
 Shuji HISANO, Associate Professor

1

What is IPE? (1)

□ I Political Economy

- An interdisciplinary approach to analyse how political processes and outcomes (institutions, rules) affect economic processes and outcomes (market structure, profit) or vice versa, *while paying attention to the (uneven) distribution of political and market power: who decides, how, and in whose interest*

□ International PE

- Dealing with issues across national borders and relations between and among nation-states as well as various non-state actors (international organisations, non-governmental organisations, transnational corporations), with competing and often conflicting interests and values, under the on-going globalisation

□ Global Governance, instead of International PE?

2

What is IPE? (2)

□ Global Governance: the concept and its limitations

- Usually defined as a cooperation among a variety of actors across borders with the objective of solving the problems created by globalisation ... ???
- Multi-actor, multilevel political decision-making
 - ❖ → Apolitical, functional problem-solving character
- A lack of attention to the most fundamental questions about **power and politics**: *who decides, how, and in whose interest?*
- Why this lack of attention to these political issues?
 - ❖ Expectation of a new era of cooperative politics due to the end of Cold War
 - ❖ Recognition of common problems challenging national political autonomy and capacity
 - ❖ Prevalence of worldviews based on neoliberalism, etc.

3

Various Approaches of IPE (1)

□ Realist approach

- Nation-states as basic units of international politics, holding strong public power to exert some regulatory control on economy

□ Liberal approach

- Interdependence in global economy affecting on international politics, with growing influence (involvement) of non-state actors, especially private powers at the expense of public powers

□ International Regime Theory

- Regime = a set of explicit or implicit principles, norms, rules, and decision making procedures that govern the interaction of actors in specific issue areas (... more than an institution)
- International regimes are formed by and affect the behaviour of and relations among state, inter-state, and non-state actors

4

Various Approaches of IPE (2)

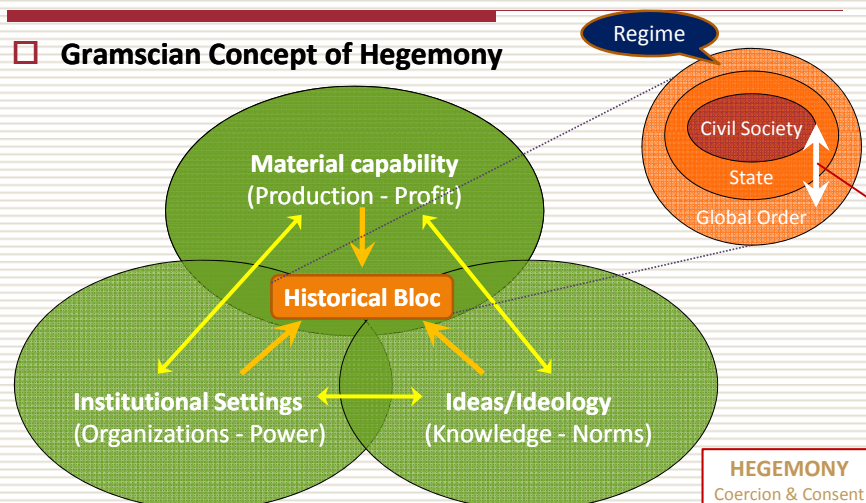
□ Critical views

- **Marxist** --- critical (historical and structural) analyses of capitalist system, focusing on class struggles also at the international level
 - ❖ Dependency theory, World System theory, etc.
- **Constructivist** --- processes of non-material power (norms, ideas, epistemic knowledge, identity, etc.) to be shared among various actors, also affecting their behaviour
- **Neo-Gramscian** --- non-material power (ideology) combined with material power, as forms of political control exerted to legitimise the hegemony
 - ❖ Dominant interest, ideas or norms are accepted by the subordinated social groups as the common interest of society
 - ❖ Hegemony, both through coercion and consent, is exerted not only in political and economic spheres but rather in civil society

5

Various Approaches of IPE (3)

□ Gramscian Concept of Hegemony



S. Hisano, Political Economy of Agriculture, Kyoto University, 2010

6

Why IPE on Agriculture and Food?

□ Agricultural policy

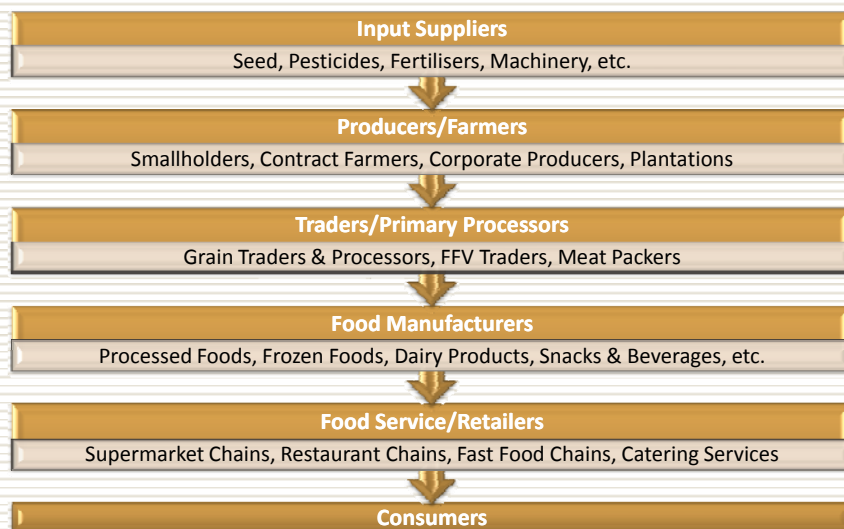
- One of the most important and conflicting areas of politics and economy, both domestically and internationally
- Affecting broad areas of issues, such as food security, rural development (local economy), resources and environmental impacts, food safety, health and nutrition, poverty and hunger...
- Therefore, important both for developed and developing countries, but in different ways

□ Involving various actors and their significant roles

- Relations between/among nation-states (North and South)
- International organisations such as WB/IMF, WTO, FAO, CGIAR...
- NGOs (or CSOs), including peasant, consumer, environmental ones
- Transnational agribusiness corporations

7

Agribusinesses or Agri-food Chains



8

Who Control Agricultural Trade?

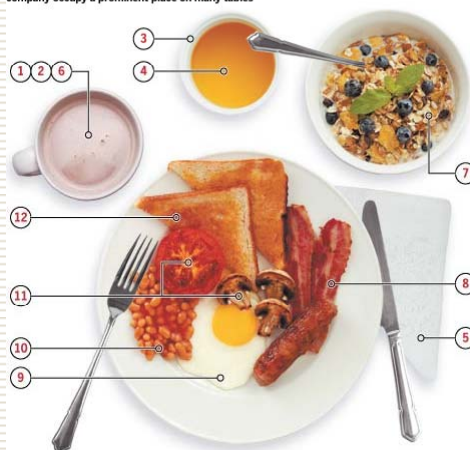
Product	Share in Global Exports by 3-6 of the Largest TNCs	Leading TNCs
Wheat	CR4 = 73% (2003)	Cargill, Bunge, ADM, Louis Dreyfus
Corn	80% of US exports	Cargill, ADM, Bunge
Soybeans	CR4 = 73% of soy crushing CR4 = 60% of Brazil soya	Bunge, ADM, Cargill, Louis Dreyfus
Cane Sugar	60%	Cargill, Louis Dreyfus, Bunge
Coffee	CR4 = 50%	Kraft, Nestlé, Sara Lee, P&G
Cocoa	CR4 = 47% (2006)	Cargill, ADM, Barry Callebaut
Tea	CR6 = 85% (2006)	Unilever, Tata, Van Rees, James Finlay
Bananas	CR5 = 81% (2003)	Chiquita, Dole, Del Monte, Noboa
Cotton	CR6 = 51% (2004) CR3 = 85-90% of US exports	Dunavant, Cargill, Allenberg (Louis Dreyfus ...merged Dunavant in 2010)

9

Cargill, the Invisible Giant

Farm to fork

From pork to preservatives and cocoa to cotton, products provided by the biggest private US company occupy a prominent place on many tables



1) The world's largest cocoa trader, Cargill also processes the beans into cocoa liquor, butter and powder, the raw materials for chocolate. **2)** The world's largest sugar trader, Cargill buys from countries such as Brazil and selling to Egypt, India, China, Russia, Ukraine and others. **3)** Cargill is developing a business focused on replacing petrochemical-based plastic products with soya-based products. **4)** Cargill produces sterols, plant compounds that help cut cholesterol levels, used in orange juice and other products. **5)** Cargill merchandises cotton worldwide, buying and sell cotton in North America, Europe and Asia and operates cotton gins in Africa. **6)** Animal feeds are supplied by Cargill to commercial dairy farmers in 28 countries across North and South America, Europe and Asia. **7)** The world's largest corn processor, Cargill handles about 20 per cent of the US crop. **8)** Cargill Pork is involved in pork production in the US and export. **9)** Cargill Kitchen Solutions is a leading marketer of high value, processed egg products in the US. **10)** From seasoning used in processed foods such as baked beans to the kind used on frozen roads, Cargill produces more than 1,000 types of salt. **11)** Through its subsidiary, The Mosaic Company, Cargill is a leading producer of fertilisers, supplying fruit and vegetable farmers around the world. **12)** Cargill's grain and oilseed subsidiary trades grains and employs 15,000 people in 50 countries, operating 324 silos and 31 import-export terminals.

http://enterpriseresilienceblog.typepad.com/enterprise_resilience_man/2010/06/integrating-your-business-isnt-easy-ask-cargill.html

Power of Business as a Political Actor

□ A shift in power toward TNCs

- The nation-state's capacity to mediate between the market and society has been weakened
- Important political decisions increasingly being made at levels other than the national, and by actors other than governments, especially transnational corporations
- But, the question is **how their market influences are translated into their political power**, distorting government control and regulations in favour of their own interests
- It can and should be analysed theoretically and empirically, without relying on a conspiracy theory.
 - ❖ Doris Fuchs, *Business Power in Global Governance*, Lynne Rienner Publishers, 2007
 - ❖ Jennifer Clap and Doris Fuchs eds., *Corporate Power in Global Agrifood Governance*, MIT Press, 2009

11

Three-dimensions of Business Power (1)

□ Instrumental Power

- Wielded to influence policy output via corporate lobbying, campaign financing, "revolving door" or networks of the influence
- Weakness
 - ❖ Assumptions of a functional and unilinear causality and of the autonomy of actors' choices of actions (→ **must be more complex**)
 - ❖ Neglect of structural and systemic sources of the distribution of power in society (→ **must be uneven and predetermined**)

□ Structural Power

□ Discursive Power

12

Three-dimensions of Business Power (1)

Table Top Lobbying Clients on Agribusiness, 2009 (\$)

Clients (companies)	Industry	Total	Clients (Associations)	Industry	Total
1. Altria Group	Tobacco	12,770,000	1. American Farm Bureau	Ag Services/Products	5,194,042
2. Monsanto	Ag Services/Products	8,694,000	2. Food Marketing Institute	Food Sales	4,087,230
3. Reynolds	Tobacco	4,556,215	3. Grocery Manufacturers Assn	Food Processing	3,280,000
4. Kraft Foods	Food Processing	3,390,000	4. US Beet Sugar Association	Crop & Basic Processing	1,900,000
5. Nestle SA	Food Processing	2,580,194	5. CropLife America	Ag Services/Products	1,884,037
6. Lorillard Inc	Tobacco	2,500,000	6. Fertilizer Institute	Ag Services/Products	1,351,466
7. Tyson Foods	Food Processing	2,498,540	7. American Sugar Alliance	Crop & Basic Processing	1,340,000
8. Safeway Inc	Food Sales	2,160,000	8. National Pork Producers Council	Livestock	1,305,811
9. Deere & Co	Ag Services/Products	1,900,000	9. United Fresh Produce Association	Food Processing	1,040,000
10. American Crystal Sugar	Crop & Basic Processing	1,845,354	10. National Council of Farmer Coops	Ag Services/Products	920,000
11. Cargill Inc*	Crop & Basic Processing	1,602,771	11. International Dairy Foods Assn	Dairy	891,000
12. Smithfield Foods	Food Processing	1,310,000	12. Dairy Farmers of America	Dairy	862,000
13. Archer Daniels Midland	Ag Services/Products	1,240,000	13. Farmers Educational Coop Union	Ag Services/Products	850,000
14. CF Industries	Ag Services/Products	1,140,000			
15. General Mills	Food Processing	1,000,000			
16. Syngenta Corp	Ag Services/Products	975,000			
17. Bunge Limited	Crop & Basic Processing	930,000	Total for Agribusiness in 2009	133,485,956	
18. AmeriQual Group	Food Processing	840,000	Total Number of Clients Reported	438	
19. H.E.B	Food Sales	830,000	Share of Top 10 Clients	37.1	
20. Dean Foods	Dairy	800,000			
21. Supervalu Inc	Food Sales	800,000			

Note: Cargill's total lobbying includes those classified in Ag Services/Products and Food Processing industries.
Source: Center for Responsive Politics

13

Three-dimensions of Business Power (2)

☐ Instrumental Power

☐ Structural Power

- Behavioural options of political decision-makers are limited or predetermined by existing material structures
- Implicit threat of capital mobility is used as **agenda-setting power**
 - ❖ TNCs' capacity to punish and reward countries for their policy choices by relocating investments and jobs
- Material structures and organisational networks through PPPs and self-regulation are used as **rule-making power**
 - ❖ TNCs' capacity to adopt/implement/enforce privately set rules
- Potential for both substantial benefits and costs (→ may prevent or undermine more stringent public rule-setting)

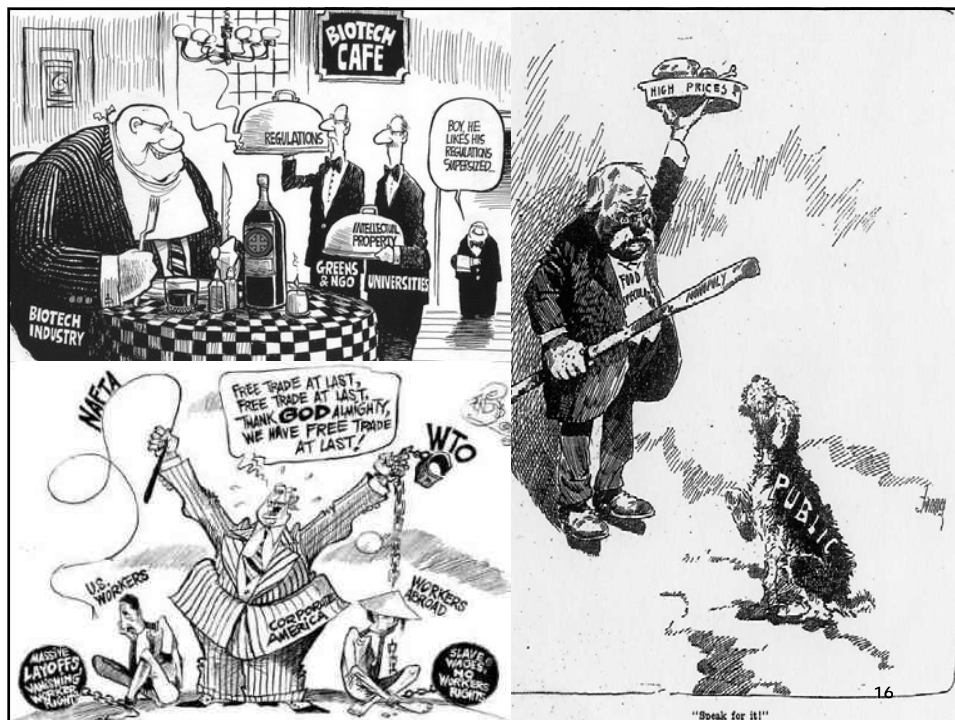
☐ Discursive Power

14

Three-dimensions of Business Power (3)

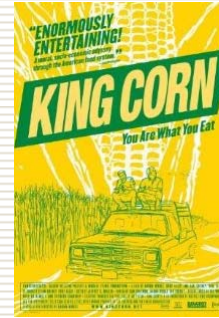
- ❑ Instrumental Power
- ❑ Structural Power
- ❑ Discursive Power
 - Instrumental and structural powers would not be possible without the perception of business as a legitimate political actor
 - Sociological perspective on power relations in society and the power of ideas (cf. Foucault, Gramsci)
 - Influence of **framing** policy problems and solutions, **shaping** norms and ideas
 - ❖ Attempts to socialise politicians and the public into accepting the discourse as “truths” about desirable policies ← by gaining political legitimacy and authority through media and public relations efforts
 - Still vulnerable if undermined or challenged

15



Schedule of the Course (1)

- October 22 --- [DVD] King Corn**
 - October 2007 (April 2009 in Japan) ... 90 mins.
 - Corn as the essence of American agri-food system: almost every product in conventional grocery stores, either in the form of high fructose corn syrup or from corn-based animal feed, contributing to the obesity epidemic in the U.S.
 - Problems with U.S. agriculture and food, as well as health and nutrition policies
 - Ref. <http://www.kingcorn.net/>
- November 1 --- Deadline to submit a report**
- November 5 --- Discussion**



17

Schedule of the Course (2)

- November 26 --- [DVD] Le Monde Selon Monsanto (The World According to Monsanto)**
 - Release in March 2008 ... 109 mins.
 - Politics on GMOs: how GMOs have been developed, assessed, and commercialised with what consequences and implications
 - Problems with commercialisation of science, corporate influence on agenda-setting and rule-making processes, and corporate control of seeds and genetic resources
- December 6 --- Deadline to submit a report**
- December 10 --- Discussion**



18

Schedule of the Course (3)

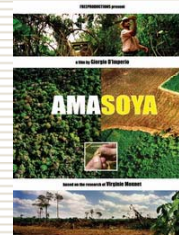
January 14 --- Option 1: [DVD] Life & Debt

- Released in 2001 ... 86 mins.
- Examines the economic and social situation in Jamaica, the impact of the IMF and the World Bank's globalization policies (SAPs)
- Problems with trade liberalisation, privatisation, deregulation...



January 14 --- Option 2: [DVD] Amasoya

- Released in 2005 ... 52 mins.
- As one of the most consumed products, soya is putting the whole Amazon Rainforest in jeopardy
- How the global agri-food system has affected the regional society, economy and the environment



January 28 --- Deadline to submit a report

19