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THE EMERGENCE OF THE CONTEMPORARY FOOD SYSTEM WITH PARTICULAR REFERENCE TO THE ROLE OF TRANSNATIONAL CORPORATION AND HOW THEIR ACTIVITIES IMPACT ON FOOD SECURITY IN DEVELOPING COUNTRIES

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LIST OF ABBREVIATIONS

TNCs	Transnational Corporations
MNCs	Multinational Corporations
IDB	Inter-American Development Bank
PL480	Public Law 480
US	United States
USA	United States of America
EEC	European Economic Community
IMF	International Monetary Fund
UK	United Kingdom
LDCs	Less Developed Countries
SAM	Sistema Alimentario Mexicano
ESF	Economic Support Funds
USAID	United States Agency for International Development
G+W	Gulf and Western

CHAPTER ONE
INTRODUCTION AND BACKGROUND TO THE RESEARCH PROBLEM

1. Backdrop to the Emergence of the Contemporary Food System

1.1. Introduction

In the 1950s and 60s a new international food order emerged under American hegemony. This was a period of intensive accumulation and was characterised by a stability of world markets. This situation was made possible by US protectionist agricultural trade policies which endorsed acreage restrictions and storage programmes. Until 1962 the US exerted its dominance to achieve an advantage through subsidised exports and food aid, which was a way of getting rid of surplus stocks and penetrating bigger markets for US agri-business. (Goodman et al, 1991: 134)

Surplus stocks were the result of the American farm programme, which in effect meant that the government bought up crops from farmers when their market prices were below those targeted by the government. These surplus stocks affected the international wheat market in two ways. Firstly, "they depressed prices and created problems for all other food producers in the world," by displacing the export markets of other countries such as Canada, Australia, and Argentina. This was linked and depended on the second effect which was the creation of export markets in developing countries. (Friedmann, 1990: 13-14)

The US changed the system of international trade by introducing food aid, which, as was mentioned above was a way of dumping surplus stocks. However, this system of food aid which was facilitated by the introduction of Public Law (PL) 480, was also a mechanism by which the Third World was incorporated into international trade and the capitalist world economy. Under this emerging system "the US became the dominant export country, and a multitude of Third World countries came to depend on subsidized grain imports." (Friedmann, 1990: 16)

Europe which was crippled after the second World War, also came to depend on US aid. However, while this aid had the effect of building "European self sufficiency in wheat," it had the effect of undermining local agriculture in Third world countries, by "creating new proletarians dependent on commercial food," and imports. (ibid : 17)

US hegemony came to an end in the late 1960s when US surplus stocks declined, the world wheat price rose, the status of the dollar changed, and other advanced capitalist countries started to participate in foreign food aid as they too started accumulating surpluses. This has resulted in all major export countries seeking "to solve their national farm problems by competitive dumping on Third World (and socialist) markets." (Friedmann, 1990: 25)

Since then the global food system has undergone a restructuring through the consolidation and internationalization of enterprises at every stage. Within this system the emphasis and focus of power has moved away from the agricultural producer to large food manufacturing and retailing chains and multinational corporations. All of this has occurred within the context of new technologies and an increasingly competitive system. Faced with real declines in the demand for food in advanced capitalist countries, food firms have extended their operations to third world countries and compete for market share of specific commodities. This has resulted in the lengthening of the manufacturing process to provide high value added food stuff which requires an extensive delivery system. This has led to a concentration of power and control within the food system with some individual companies becoming involved in the entire system, from agricultural production right up to manufacturing, retailing and distribution. (Marsden et al, 1990: 3)

1.2. The Internationalization of the Food System

Marsden (1990:4) has identified 5 essential features regarding the internationalization of the capitalist food system which emerged in the post-war period and particularly since 1960.

Firstly, he points to the development of the agrochemical and mechanical technologies together with the ideas of the genetic engineering in the production of plants and animals. Corn hybridization in the US was the main manifestation of this genetic engineering which resulted in the production of high yielding varieties of seeds that were machine harvestable and responsive to fertilizers. All of this went hand in hand with an increased dependence on capital intensive technology aimed at creating "controlled fertile environments for these carefully selected varieties." This led to a whole "new terrain of accumulation" brought about by the "nexus between agri-genetic innovation and profit." All of this "reinforced by calculations of political advantage, was the driving force behind the Green Revolution, which internationalized the crop breeding methods first applied in the Mid-West Corn Belt." (Goodman et al, 1991: 150) In order to remain competitive producers were forced to adopt new technology and this was often accompanied by state support which encouraged the use of new technology which was increasingly characterised by Fordist industrial techniques.

The second important factor was the change in consumption patterns with an emphasis on meat consumption. As meat consumption increased in the 1950s and 60s livestock production came to be controlled by the agro-food corporations. In order to supply these growing markets livestock producers became linked to corporate purchasers that processed and distributed livestock products. Producers also required feed stocks and other goods and services to remain at a comparative advantage. Farmers also became part of this chain producing specialized crops (such as beans and hybrid maize) for sale as raw materials for the feed manufacturers. Hence the meat industry also came to require capital intensive inputs. (Marsden, 1990 : 4) These patterns of food consumption became internationalized through the emergence of agro-industrial transnational corporations and their subsidiaries in Third World countries.

Another important element of this post-war food order was the development of soya bean production. Soya beans were used:
- in the making of margarine and in the cooking of frozen foods;
- for the production of soaps, detergents and paints;
- as animal feed to cattle, pigs, and poultry; and
- as a meat substitute in a number of convenience foods.

By the early 1980s the US controlled ninety percent of the world market for soya beans and the export of this product increased by 189 percent between 1960 and 1980. (ibid : 5)

Fourthly, was the increasing dependence on state intervention in national food systems and the need for new forms of international regulation. The increasing integration of the food system implied that individual states were affected to a greater extent by international factors, but at the same time they were responsible for determining their own levels of support for agriculture. A case in point is the US which in recent years has reduced support for agriculture which had serious repercussions for the competitiveness of European producers and the measures taken by these governments.

Another example would be how changes in the domestic agricultural policies of both the EEC and the US has had an effect on "third" countries such as Australia and Canada through the workings of the world export markets. This interdependence of world markets is illustrated very clearly in the case of the Mediterranean Basin which has been chosen by the US as the area in which it could regain its former domination of the international food system. The Mediterranean Basin has been the traditional export market for EEC surpluses, but the US aims to weaken these links by attempting to penetrate these markets. This move has not only had repercussions for the EEC countries but also for Australia, Canada and even countries like Argentina and Thailand, all of which are important exporters to this area. Hence this has an effect on the export earnings and farm incomes of these countries. Furthermore these countries are extremely vulnerable because it is not financially possible for them to subsidise exports or embark on trade wars as the US and EEC are in a position to do. (Goodman et al, 1989: 11)

This then has resulted in increased competition between nations. This increased competition was accompanied by a slowing down of economic growth in the 70s and 80s which had the effect of reducing agricultural trade and bringing to the fore international debt problems. All of this has led to a growing instability in the global food system. Resultantly, one finds renewed calls for new forms of international regulation. It is the decline in the economic hegemony of the US as a result of the international farm crisis which has brought about competition for particular markets between individual states and between multinational companies. (Marsden, 1990: 5)

Fifthly, Marsden (ibid) points to the strategies of agro-industrial (multinational) corporations themselves. This point will be discussed in detail under the statement of the problem below.

North America and Western Europe became the centre of this form of accumulation and technologically driven processes. This resulted in underdeveloped countries becoming increasingly dependent on manufactured food products. In the early 1980s two-thirds of agricultural exports originated in the advanced capitalist countries while the developing countries accounted for one half of the worlds imports. (ibid : 4 & 5)

2. The Statement of the Problem

Agro-chemical, agro-engineering and food manufacturing companies have played an important role in determining the capitalist food system. These companies have used two main strategies to increase their power during the 80s. The first strategy is that of trying to dominate particular sectors within the food system " through a combination of innovation, takeovers, and leveraged buyouts." (Marsden, 1990: 6) This strategy allows companies to gain a greater share of particular markets internationally as they become increasingly more and more specialized. This concentration gives them an advantage over smaller, less specialized companies. (Marsden, ibid : 6)

The other strategy is to increase their market share over a variety of sectors both inside and outside of the food system. A good example of this form of integration is Unilever and Nestle. Both these companies apart from having interests beyond the food system are also involved directly or indirectly through their subsidiaries in all stages of food production, and hence they have a vast amount of power in determining the direction of the future food system. (ibid : 6)

Maxwell et al (1989, 1689) raise a number of important questions regarding the dependence of Third World countries in relation to Transnational corporations. They argue that TNCs play a significant role in these countries since "they control the markets for outputs, inputs, processing and/or technology." To illustrate this argument Maxwell (ibid) cites George (1985 : 12) who asserts that "a country cannot be independent when it depends on the goodwill of rich consumers to keep on buying its coffee or its fresh strawberries even in periods of economic crisis.....Nor can it be free when it depends on TNCs......for pricing, processing, and marketing its agricultural products; or on the wealthy countries for....foodstuffs,...food aid; or on foreign funds to finance these imports....."

The oligopolistic control of TNCs over the commodity trade (particularly export products) in developing countries is identified as one of the problems which this paper will attempt to analyze. Three to six of the largest TNCs controlled almost 90% of the global trade in coffee, cotton, and tobacco. (Maxwell : ibid) In the beginning of the 1990s there were 37000 TNCs with 170 000 overseas affiliates that operated in the international economy. The inequality of the situation is brought out clearly by the fact that five advanced capitalist countries (the US, Japan, France, Germany, and the UK) "engulfed 172 of the 200 mega-corporations." (Clairmont et al, 1994: 283) The issue then is one of continuous increasing capitalist concentration.

The second problem which this paper will also attempt to address is the implication of this increased integration and concentration of capital for food insecurity in Third World countries.

The increased integration of the international food order has had a debilitating impact on traditional agriculture as peasant producers have struggled to compete with heavily subsidized imports and they have had to adjust to the shift in consumption patterns to meat, wheat and dairy products. This has resulted in an increasing use of land for animal feed and forage crops rather than traditional staple food grains which has had an effect on domestic food production and has increased Third World import dependence.

Some small producers have adapted to the demands of modernization by getting involved in greater cash crop specialization which in some quarters is viewed as the enemy of food security. The argument here is that poor countries export luxury items (exotic fruit etc) for the consumers of rich countries while their own people starve. (Maxwell et al, 1989: 1686; Marsden, 1990: 27, 28)

Countries such as Argentina, Brazil and Mexico which are major international debtors have no choice but to increase their export efforts in the light of declining markets and unfair competition posed by the US and the EEC. Hence these countries use more and more of their land for the production of cash crops rather than for the production of staple foods. They therefore face problems of internal food shortages and malnutrition of the poor. (Goodman et al, 1989: 10)

3. Objectives of the Study and Research Questions

The main objective of the study is to draw out the linkages between the contemporary food system, multinational corporations and food security.

The more specific research questions are:
1. What role did TNCs come to play within this contemporary food system with particular emphasis on Del Monte in Mexico, and Gulf and Western in the Dominican Republic?

2. What are the consequences of the activities of these TNCs, for these countries, particularly in relation to issues of food security?

4. Justification of The Study

This paper brings together pertinent issues and dynamics that have been explored in a very few studies thus far. The important interplay between the international food system, transnational corporations and food security is of particular importance at this juncture for the following reasons:
1. It highlights the causal links between the protectionist agricultural policies of industrialized countries and the food crises in the Third World - bringing to the fore the contradictions of the overproduction crises faced by the North.
3. It raises questions about the continued success of agro-industrial multinationals which appear to be thriving despite the 1973-1974 food crisis and the climate of instability.

5. Methodology, Sources of Data and Data Analysis

This paper will draw entirely on secondary data. A considerable amount of secondary data is available on the international food system, transnational corporations and food security.

The case study method of data collection will be used. Here I will be guided by the ideas of Quinn Patton (1987:19) who asserts that

> "Case studies become particularly useful where one needs to understand some particular problem or situation in great depth, and where one can identify cases rich in information - rich in the sense that a great deal can be learned from a few exemplars of the phenomenon in question." (Quinn Patton, 1987: 19)

The data analysis will be a critical, descriptive and a thematic one, in which an attempt will be made to draw out significant patterns and linkages.

6. Organisation of the Paper

This study will consist of five chapters. The first chapter as we have seen has given a general introduction to and explanation of the nature of the research problem. It has also dealt with methodological considerations.

The second chapter will be the first part of the theoretical and conceptual framework which draws on the ideas of Mackintosh (1989, 1990), Barkin et al (1990), Franke (1987), and Hewitt de Alcantara (1993).

The third chapter which also forms part of the theoretical framework, focuses on issues relating to TNC involvement in developing countries.

The fourth chapter will examine:
- Firstly, the role that TNCs have come to play within this contemporary food system using, Del Monte in Mexico and Gulf and Western in the Dominican Republic as case studies.
- Secondly, how the activities of these TNCs impact on food

security in Mexico and The Dominican Republic?

The final chapter will take the form of a critical thematic analysis of the secondary data and documentation. It will also, by way of conclusion, synthesize the main findings of the paper and will attempt to suggest possible solutions and ways to move forward.

7. Limitations and Scope of The Study

A major limitation is the complete reliance on secondary data. However, due to the nature of the study and the time limits of the course it is not possible to collect any primary data.

As was mentioned above Chapters 2 and 3 formulate the theoretical framework of the study. The first part of Chapter 2 is devoted to bringing together the ideas of different authors writing on theoretical issues relating to food security, while the second part deals with the definitional aspects of food security and transnational corporations. Chapter 3 highlights the important dimensions of the debate and theory on Transnational Corporations.

While it would have been, a very fruitful exercise to attempt to extend the theory further by confronting the questions that the existing theory raises and the gaps within it - such an exercise, I believe would require a much more vigorous, careful and lengthy thought process than has been possible for this particular study. It therefore stops short of actually extending the theory, which is somewhat ambitious for a study at this level, and ends up being a descriptive survey of existing literature, rather than an analytical one. However the strength of these chapters lie in bringing this material together.

CHAPTER TWO

THEORETICAL AND CONCEPTUAL ISSUES

This chapter constitutes the theoretical and conceptual framework of this paper. It is divided into two parts. The first part attempts to formulate an analytical framework for the study by drawing on existing theory relating to issues of food, and bringing together the ideas of various writers. Each of these writers examines global capitalist processes and how it impacts on food production. However each one of them looks at this relationship from a very different angle, emphasizing different aspects, each of which are applicable in some way or the other to this study. The second part of the chapter deals with definitional aspects of concepts such as food security and transnational corporations, both of which form an integral part of the study.

1. Analytical Framework

My point of departure will be to broadly situate the study within a Structuralist and Marxist framework of analysis as adopted by writers such as Mackintosh (1989, 1990); Barkin, Batt & De Walt (1990); Franke (1987) and Hewitt de Alcantara (1993). This study will draw selectively on strands of the arguments espoused by these authors.

Mackintosh (1989) takes a historical look at agribusiness and the food crisis in Senegal, focusing on how the arrival of a multinational corporation impacts on the economy and social workings of three villages. In this book Mackintosh sets out to find "a method of analyzing the direction of change in rural economic systems." She rejects the model of "articulation of modes of production" and instead opts for treating "the capitalist mode of production... as a concept at the level of the "laws of motion" of capital accumulation and production for the market, or economic dynamics." (ibid : 25)

According to Mackintosh this approach implies that once the capitalist mode of production becomes dominant other forms of production (eg uncapitalized farming), different from wage labour becomes engulfed by this dominant mode of production, through which people are exploited by capital. Hence the focus of analysis comes to revolve around two questions:

a) What are the precise forms of rural production and their relation to market formation and large-scale capital investment?

b) Does this create the conditions for the development of a rural proletariat or some other form of exploitation of rural labour?

Mackintosh defines economic change in terms of the individualization of economic activity and the commercialization (or monetization) of economic activity and examines how this distances people from their traditional farming base. It is argued that the Bud estates through "their impact on land use and labour markets, shifted the working lives of people in the villages around them in a direction that was both more individualized and more commercialized." (ibid:33)

In her study Mackintosh explores the "web of domestic and wider social relations which held together the complex farming and economic systems." However this traditional system of farming which entailed individual co-operation within and across households disintegrated with the introduction of individual commercial farming which proved not to be very viable thus leading to declines in food production. It was the undermining of local food farming systems in this way, which resulted in the increased dependence on wage work at Bud and facilitated a process of proletarianization, while at the same time creating "an individualized dependence on the market, which was accompanied by "a shift in the class composition of society." (ibid:xvi)

Faced with labour organization and resistance , Bud then attempted to explore two possible solutions to this problem. The first looked at mechanization of its operations, and the second looked at contract farming schemes. After consultations with the Senegalese government, the Bud management settled on the latter, which meant the transforming of the social organization of small-scale farming, a reduction in labour solidarity, and an increase in the share of risk borne by local producers, which automatically comes with any contract farming arrangements. (Mackintosh, 1989: xv)

In her study Mackintosh tries to establish an understanding of four aspects of the relations of production:
- the forms of the ownership of land and other means of production;
- forms of control over labour and of the appropriation of the product of the labour of others;
- the disposal and consumption of the product within internal and external markets, the commoditization of products, and the development of money forms of exchange within the village;
- forms of wealth and accumulation within the village and where and why this existed or did not exist.

Essentially, Mackintosh argues that "individual access to a cash income introduced new contradictions within the households....and once labour had to be paid, farming became a matter of individual commercial calculation in which food growing inevitably lost out to cash crops given the relative prices." (163, 144)

Barkin et al (1990 : 9) pick up on the same theme in their study which examines "the displacement of "traditional" food grains grown by small producers, by "nontraditional" grains grown by larger-scale enterprises for higher income markets, industrial uses(feed), and export."

They start their analysis by questioning what it is that influences the change in the adoption and diffusion of crops throughout the world. They argue that the biological characteristics and the economic profitability of particular crops are not the only factors that influence producers with regard to which crops are chosen to be grown. Their main argument is that "the introduction and spread of nontraditional grains in a region or country depends upon the relative distribution of resources in the society, the role the government plays in promoting the adoption of nontraditional grains, and the extent to which the country is integrated into world commodity markets - and accepts international grain prices as the basis for determining national prices." (Barkin et al, 1990: 10)

They go on to point out that although the cultivation of nontraditional crops might result in an increase in yields, the question of profitability is tied in with "market prices relative to the cost of inputs," which are both affected by government policies and grain markets in developed and developing countries. They argue that while farmers will always opt to cultivate crops that are more profitable, not all farmers are in a position to do so - some have more of an advantage in implementing this than others. (ibid : 10)

According to them the process of crop substitution can occur in three different contexts:
- market prices and/or technology can push consumers towards purchasing different products, hence it can be demand-driven;
- producers might change their crop in order to be in a position to adopt new technology and production techniques, hence it can be input-driven;
- linked to the last point, producers that adopt new technology might be forced to displace labour, hence crop changes can be said to be labour process driven.

These mechanisms have the effect of improving crop profitability which some producers are able to take advantage of.

Barkin et al argue that as developing countries are increasingly integrated into the world commodity markets, at the same time one can also expect to witness a trend towards the substitution of grains in production. Essentially then one would increasingly find cereal food crops being produced for other purposes, while noncereal food crops would increasingly be replaced by commercial crops.

Two major trends are also identified as occurring concurrently with this increasing substitution of grains in production:
- Firstly, there is an increase in the export of agricultural commodities.
- Secondly, developing countries would be forced to import basic foodstuffs to make up for the decline in domestic food production.

This trend towards increasing the export of agricultural commodities is prompted by "political pressures and economic imperatives to earn foreign exchange to contribute to the country's balance of payments," so that the country is in a better position "to negotiate its debts or to face its international obligations." (ibid : 11) It can also be linked to individual farmer's decisions to grow these export crops because they bring in more income.

However, Barkin et al (1990 : 11) are quick to point out that these trends could lead to a very contradictory situation since "the growing net imports of food may drain those same foreign earnings and leave the country in a more precarious economic situation" with serious implications for food security.

Franke (1987 : 455) starts his analysis by arguing that "the old colonial division of the world into accumulating nations and those that provide surplus for the accumulation" has laid the basis for the central contradictions that exist under capitalism today. He goes on to point out that in the post-independence period agribusiness has been involved in an endless search to find "cheap land and labour; additional profit through the emphasis on luxury crop production in the former colonies, and sales in the rich consumer markets of the old colonial powers." (ibid : 455) It also seeks to sell subsidized grain produced in the rich nations to these Third World luxury crop producing countries. (ibid)

Franke using the example of nutmeg from Eastern Indonesia illustrates how the Dutch and the Portuguese colonial traders were able to export 300 000 pounds of this spice to Amsterdam in around 1756. The income that they derived from the sale of this nutmeg was more than three times their expenses, which indicates a huge profit margin. (Hanna, 1978: 87 cited by Franke, 1987)

Other important crops during the colonial era included:
- tobacco which was first discovered in the New World and then planted in Spain, the Philippines, Java, India and Ceylon;
- tea from China was spread to Java and Ceylon and then sold in Europe;
- Sugar which originated in either the Pacific or West Bengal and then spread to Brazil and many of the Caribbean Islands. (Franke, 1987: 457)

In the post- colonial period transnational food firms have come to replace colonial state trading companies. Franke (citing Clairmonte and Cavanagh, 1982) points out that in 1980 the 15 largest transnationals were responsible for marketing:
- 85-90 % of exported wheat;
- 60 % of sugar;
- 85-90 % of coffee, corn, cotton, tobacco & tea;
- 90% of pineapples;
- 70-75 % of bananas.

Franke's essential argument is that "Transnationals are in business to make a profit, and profits are maximised by two major factors: the cheapest possible land and labour and the maximum amount of processing." (463) Although much of the processing takes place in the developed countries, transnationals move into Third World countries mainly to exploit the cheap labour and land. A number of

examples are pointed to in order to illustrate this trend:
- firstly, there was Gulf and Western which controlled 11 % of the arable land in the Dominican Republic for their sugar cane operations;
- another good example is R. J. Reynolds which utilizes 17 000 acres of fertile land in the Philippines for their banana plantations.(Franke, 1987: 463)

This international arrangement results in the producers coming out with a minimal gross margin, while the major part of the profits are reaped by the packagers, insurance companies, shipping lines, and marketers all of which is often owned by the same transnational corporation. Effectively then, what this means is that even if there is a large-scale increase in food production in a Third World country this does not "translate into either edible and affordable food or the foreign exchange required to purchase it." (ibid : 463/464)

A consequence of all of this is that much needed land is diverted from local subsistence production to the production of luxury export crops. All of this has resulted in a decline in per capita food production and an increase in the production of luxury export crops such as coffee, tea, sugar cane and tobacco in Africa and Latin America. (Franke, 1987: 464)

This leads us to the issue of markets. Both Mackintosh (1990) and Hewitt de Alcantara (1993) argue that an important element missing in much of the analysis on food and hunger is the study of the political economy of markets. Here we are referring to the different types of buying and selling that occurs, particularly within the food market which could include commodities, labour and land. "Markets in this sense of the term have widely varying institutions and economic contexts, they operate on limited information, they involve and help to create a variety of social classes, power relations, and complex patterns of needs and

responses." (Mackintosh, 1990: 47) Such an analysis would entail bringing in the following issues:
- issues of class and the power wielded by individual traders and companies;
- the way one's access to resources (such as land) places one in a dominant position in arranging markets, while those without these resources, are wide open to being manipulated by those in a position of power;
- the way market liberalization gives rise to new forms of "unfree" labour in the form of contract farming. (ibid:51-52)

In the past decade, international lending agencies have tried to "get prices right" in developing countries facing debt-related problems by introducing a prescribed set of market-oriented reforms. These policies included devaluation, reduction of trade barriers, and curbs on the role of the state in agricultural marketing. The introduction of these policies was based on the belief that "resources are allocated in an optimally efficient manner through the impersonal play of supply and demand; and that the roots of the crisis lie in the systematic "distortion" of market signals through inappropriate government interference with free market forces." (Hewitt de Alcantara, 1993: 2) Those that espouse this view argue that the only way in which the circumstances of rural people could improve, is by removing fixed exchange rates; price controls and subsidies; restrictions on imports; and export taxes etc, since these measures are seen as impediments to the automatic adjustment of prices, regarded as the most important step to revive economies. (ibid:2)

However, Hewitt de Alcantara (1993) argues that after ten years there is enough evidence that indicates that small farmers and most rural people in Third World countries have not benefitted in any way from these World Bank /IMF (International Monetary Fund) policy prescriptions. This is largely because peasants continue to remain on the margins of the market economy simply because of unequal access to resources such as transport facilities, basic infrastructure, and support services, making it impossible for them to negotiate better prices for their products. Hence one finds millions of people who continue "living on the fringes of markets" but who are at the same time incorporated into "developing political and economic systems which make new demands on their allegiances and resources, and wreak havoc with their lives." (ibid:5)

In the light of this, Hewitt de Alcantara (ibid:3,10,11) makes a strong case for the study of markets, and the consequences of the workings of the market for different social groups. She asserts that the rural livelihood crisis in Third World countries can only be resolved by an understanding of local situations. She furthermore points out that state intervention in rural marketing through subsidies and agricultural support prices are not necessarily damaging to rural people and could work to protect them as has been the case in a number of countries in Latin America and Africa. At the same time she acknowledges that if misused, state intervention could operate to the detriment of those very groups of people it hopes to protect, as it could be an opening for corruption.

Ineke van Halsema (1995:11) is of the opinion that an investigation into the workings of the market could "provide the missing link between the area of food production... and the area of food consumption" or food security. The second part of this chapter which follows will attempt to define the concept food security.

2. Defining Concepts

2.1. Defining Food Security

Mukherjee (1994 : 58-59) distinguishes between primary food security and secondary food security. Primary food security refers to access to enough food "which is grown by application of technology in the economic sense". (ibid : 59) Secondary food security on the other hand, implies access to food which has nutritional value from forests, common property resources and from micro-environments. This would include fruits, nuts, mushrooms, animals, birds, insects and fish found in these areas.(ibid : 62)

Within this broad classification she further draws a distinction between:

a) chronic food insecurity : which refers to a situation where there is insufficiency in food to supply the adequate nutrition for individuals of a country.

b) Transitory food insecurity : is the temporary reduction in access to food for individuals of a particular economy as a result of instability in food production, a general instability in prices and more particularly instability in the prices of food.

c) National aggregate food insecurity : occurs when an economy fails to supply its aggregate food requirements after exhausting all means to do so, such as through domestic production, food aid, the use of buffer stocks and reserves - until it is finally forced to import food.

d) Individual food insecurity or food consumption insecurity : describes a situation in which certain individuals, households or groups are unable to gain access to adequate food with the income that they earn.

Conventional definitions of food security often side-steps this last aspect of food security and that is the issue of whether all groups in society have access to sufficient food. These conventional definitions usually emphasize "that enough food must be available to meet market demands without severe shortages or price fluctuations occurring." (Whiteford et al, 1991: 2) However it must be pointed out that food availability to the entire population is a very crucial aspect of food security.

Whiteford (1991: 2 citing Barraclough et al, 1987) speaks of three other aspects of food security and that being autonomy, reliability

and sustainability. He argues that a secure food system should:
- firstly, "have the autonomy necessary to reduce vulnerability to market fluctuations and external political pressures";
- secondly, it "should...be reliable in....that it is able to buffer fluctuations in food production, imports, storage and distribution caused by weather, changes in pricing structures, and import capacity" etc;
- finally, it "should be sustainable in that soils and other aspects of the natural ecosystem are preserved rather than depleted." (ibid : 2)

Mukherjee (ibid : 59) identifies three elements of food security:
1. availability of food (quantity)
2. the ability of people to obtain the available quantity of food (access)
3. the available quantity of food to which people may have access, must be of a required nutritional quality (nutritional value).

This definition of food security is linked to Sen's entitlement thesis which essentially argues that the availability of food in a particular society does not necessarily entitle all people in that society to that available food, since different groups in society have differing abilities to access food.

Dreze and Sen (1989 cited by Bernstein, 1994 : 3) make a connection between "food security and adequate and secure entitlements" which they regard as the main issue in any development strategy. According to them such a strategy should provide employment, health care, education and social assistance while also trying to bring about a redistribution of income.

Bernstein (1994) explains entitlement as an individual or household's ability to gain control over various commodities including food. He goes on to point out that "entitlement derives from endowments (assets, including labour power), and the conditions of their exchange with food (own production of food, income from other self-employment, and or sale of labour power)" (4) Hence entitlements and endowments are determined by the social relations of property, production and exchange that exists in society. So in societies such as South Africa and India where there exists extreme inequalities in the distribution of entitlements and endowments, not all groups in society have the same access to food.(ibid : 4-5)

In a number of countries hunger and malnutrition exists alongside growth in agricultural production, specifically in cases where this production is headed for the export market. The fundamental issue then evolves around "the allocation of resources and the political will to provide for all groups in society." (Whiteford et al, 1991:2) Therefore in a society where there is a highly skewed distribution of resources, there will be many households that experience food insecurity, since they do not have access to the necessary resources to either produce food to meet their own subsistence needs or they lack the money to buy food. (ibid : 2)

The World Bank defines food security as "access to enough food for an active, healthy life, to all people, at all times." (World Bank, 1986a, cited by Mukherjee, 1994: 59) Although this definition comes very close to endorsing Sen's definition of food security the World Bank approach differs drastically from Sen's in that they assert that poverty causes hunger. Sen in fact opposes this line of thinking and concludes that it is "market-driven economic growth" which "increases insecurity and hunger for many people" and which he views as ultimately the main cause of poverty. The World Bank on the other hand, views "liberalisation and extension...of markets" as the best "route to....eradicating poverty." (Bernstein, 1994: 3-4)

2.2. Definition and Characteristics of TNCs

Kirkpatrick et al (1981 : 369-370) define transnational corporations as a "firm which engages in direct investment in more than one country; that is it owns and/or controls income-generating assets (factories, mines, plantations, etc) in a number of countries, and is thus engaged in international production." They go on to point out the main characteristics of TNCs and these are as follows:

- They point to a predominant characteristic and that being that "direct foreign investment tends to be highly concentrated in a few firms within each major developed capitalist economy." For example in the case of the USA it is concentrated in 250-300 firms, while in the UK it is concentrated in 165 firms.
- Although the total stock of US TNCs fell from 53.8% in 1967 to 47.6% in 1976, they continue to dominate international production. Eight of the ten largest TNCs in the world are US based TNCs. Other major players are the UK and France, although their share also fell in this period. In contrast to this, the share of Japan, West Germany, Switzerland and Holland all increased in this period.
- TNCs are described as being oligopolistic in that they "dominate markets effectively controlled by a few buyers or sellers" and they are characterized by "rapid process and product innovation, product differentiation, and heavy advertising" all of which reinforces oligopolistic structures.
- Apart from being at a distinct advantage compared to local competitors, TNCs are in a position to implement certain activities "at a lower cost within the firm (the internationalisation of those activities), rather than through the market." TNCs can be said to have firm-specific advantages such as managerial expertise and location-specific advantages such as relative costs of production, marketing requirements, trade barriers, and government policies.
- Despite their distinctive global nature and the perception of the world as being one economic unit, TNCs have become highly centralised structures with control embedded in the head office which makes all the major decisions including those related to corporate strategy, location of new investments, and allocation of export markets etc. This has been made possible by technological

developments specifically travel, communication and computer systems.
- It is often argued that the main objective of TNCs is to maximise profits by developing "financial policies which minimise the risks faced by TNCs and the total tax paid on their global operations." These policies emphasize "the reinvestment of profits; local borrowing to finance affiliate operations; the take-over of existing operations, rather than the establishment of new ones; and the manipulation of transfer prices..." to the detriment of the host L.D.C. (Kirkpatrick et al, 1981: 370-374)

These then have been identified as some of the important issues and concepts that will set the parameters for the collection and analysis of data in chapters 4 and 5 of this paper. Chapter 3 which follows, is also part of the theoretical framework of the paper.

CHAPTER THREE

TRANSNATIONAL CORPORATIONS IN DEVELOPING COUNTRIES

The purpose of this chapter is to highlight TNCs and their mode of operation, particularly looking at the impact they have on the development process in Third World countries. In doing this, it is necessary to analyze their activities in relation to the way it affects economic growth; market concentration and competition; technological dependence; impacts on the balance of trade and balance of payment deficits; and food consumption in developing countries. It also looks at the relationship between TNCs and the state, labour and financial institutions. Finally, all of this is dealt with, within the existing body of theory on TNCs, with a clear leaning towards the critical neo-Marxist, neo-imperialist and nationalistic perspectives.

1. Theoretical Viewpoints on TNCs

The literature covering the effects of TNCs on developing countries can be divided into three main perspectives:

- The neo-classical perspective - which views TNC involvement in a positive way. This perspective argues that "TNCs maximise global welfare by efficiently allocating scarce resources needed for industrialization and economic growth..." (Wimberley, 1991: 409) These resources include physical capital, human capital (management and skills), access to foreign markets, and technology.
- The critical, nationalist perspective - puts forward the view that state policies could serve to control the negative effects of TNCs.
- The critical, neo-Marxist, neo-imperialist perspective - are of the opinion that "underdevelopment is inherent in the (transnational corporate-dominated) global capitalist system." (Wimberley, 1991: 409)

Bornschier et al (1990) however identify two main streams of theory on TNCs and that being the "neoconventional" perspective on the one hand and the "critical" perspective on the other hand. The critical perspective as we can see does not form a single body of knowledge, and is somewhat engulfed by ideas associated with dependency theory which in turn has a number of variations. However it must be noted that the critical approach does not represent only a theory of TNCs but "they represent more encompassing historical-structurally oriented approaches, aimed at explaining the "the development of underdevelopment". (ibid : 205)

The oldest strand of dependency theory argued that the world is divided into a "developed core and an underdeveloped periphery which are entangled in a network of unequal, capitalist exchange relations." (ibid : 205) They go on to argue that this "interdependent" relationship works to the advantage of the developed core while blocking development in the periphery.

Moran, (1978, cited by Bornschier et al, 1990: 206) sets out three hypotheses regarding the mediating role that TNCs play in capitalist dependency relations:
1. "The advantages of transnational direct investments are unequally distributed between TNCs and host countries, because TNCs have the ability to absorb gains that could otherwise be reinvested."
2. "TNCs create distortions in the economy by displacing domestic production, utilizing inappropriate technology and distorting consumer tastes. In addition their behaviour leads to a worsening of income distribution."
3. "TNCs may undermine the political system of host countries."

A second strand of dependency theory attaches more importance to the unity of the world system which is in contrast to the first approach above which placed emphasis on the nation-state. According to these theorists "developed core areas in the capitalist world economy have exploited the underdeveloped non-core areas through a variety of mechanisms ...contributing to lower living standards and greater hunger among the disprivileged majorities of the noncore." (Wimberley, 1991: 407) This approach does not draw a distinction between "processes internal or external to the system" as they are both viewed as internal to the overall world system.

Another approach looks at the "new international division of labour" (NIDL) which focuses on labour costs which differs vastly between the core and the periphery. (Bornschier et al, 1990: 206) The NIDL thesis associated with Frobel, Henrichs and Kreye argues that in the 70s a drop in productivity in the industrial core areas led to the relocation of routinized assembly-type industries to low in-come countries in the periphery, resulting in the deindustrialization of the core. This was prompted by the search for cheap labour and more profits in the periphery. (Buttel, 1993)

A criticism of dependency theory has been levelled at the fact that it possesses conceptual shortcomings which prevent it from being empirically tested. However Bornschier et al (1990) points out that attempts have been made to rectify this by undertaking tests particularly on TNCs.

The sharp criticisms levelled at TNCs in the 1960s was met with responses from business schools and TNCs which formed the main body of the neoconventional/neoclassical writings. They in contrast with the critical perspective above have been able to carry out empirical tests. (ibid : 207)

Raymond Vernon a neoconventional theorist introduced the product cycle model which argues that new products which are first introduced in the highly developed countries are eventually introduced in other parts of the world through exports. This diffusion of products is accompanied by a diffusion of technology which eventually leads to a decrease in profits, and thus in the end forcing a move to the peripheral areas in order to keep up the profits. However this theory began to show its loopholes in the late 70s when German and Japanese firms began to close the technological gap between themselves and US TNCs. (Bornschier et al, 1990: 207-208)

Another neoconventional approach emphasizes industrial organization theory which looks at the question of "imperfect markets, oligopolistic competition and reaction." (ibid : 208) Other theories within the neoconventional perspective include those theories focusing on the internationalization of markets whose main emphasis is the horizontal and vertical integration of operations, and location theory which focuses on specific features of host countries. More recent theories attempt to combine "ownership specific advantages, location theory and internationalization specific advantages". Gilpin believes that a politico-economic model is the ideal since it would bring together political and economic factors in explaining how TNCs operate. (ibid :208)

2. TNCs and Development

This section looks at development from a critical neo-Marxist, neo-imperialist perspective, which is the perspective endorsed by the author. Most of the studies addressing the question of TNCs and development look at it in relation to its impact on economic growth in the short term. In studies done by Bornschier and Chase-Dunn using a sample of a 101 countries, they looked both at the short term and long term effects of TNCs on economic growth. They found that "penetration by TNCs adds to overall economic growth in the short run while it reduces growth performance in the long run." (Bornschier et al, 1990: 217)

Another pertinent issue relates to whether or not TNCs increase market concentration and competition. Here it has been found that both in their home markets and the host countries TNCs are prominent in highly concentrated markets, and the overall effect of TNC activity is increased industrial concentration. It has been found that often TNCs enter host countries by acquiring existing domestic firms, and this process of acquisition might continue throughout the firms stay in the country. This raises the issue of displacement of domestic production and employment. Biersteker (1978, cited by Bornschier et al, 1990) makes a link between imported consumption patterns and displacement of domestic production. Associated with this is the issue of whether or not TNC investment creates local backward linkages, and how it affects the entrepreneurial capacity of the local population. It is argued that if there are no backward linkages then there would be no overall growth, and this "may...lead to greater dependence and distortions in the structure of society." (ibid : 219)

Technological dependence and the introduction of inappropriate technology is another major problem. It would benefit developing countries more if they were to select technology that drew on their vast labour. However, it has been noted that TNCs more often than not adopt capital intensive technology in these countries. This therefore has the effect of exacerbating the problem of unemployment, and it refutes the argument that TNCs invest abroad mainly because labour is cheaper in developing countries, since they do not even draw on this labour because of the type of technology they use. (Bornschier et al, 1990; Kirkpatrick et al, 1981) However in situations where they do draw extensively on labour, TNCs have a reputation for having repressive labour policies, characterised by attempts to stifle trade union activity, harsh working conditions and extremely low wages.

There is also the effect of TNCs on the balance of trade and balance of payments in host countries. Bornschier et al (1990) argue that there is a negative effect even in strictly export oriented TNCs. This negative effect is associated firstly with "the affiliates high propensity to import factor inputs" and secondly with "the possibilities of using transfer pricing mechanisms within TNCs across countries." (ibid : 219) Another important issue is that of TNC repatriation of profits which has a negative effect on the host countries balance of payments. It is argued that the repatriation of profits is an inadequate way of measuring the total outflow of resources, since this method excludes royalties made from patents, licences, brand names and trade marks etc. Furthermore, transfer prices is also one of the ways in which profits are repatriated. (Kirkpatrick et al, 1981)

Kirkpatrick et al (1981) points out that foreign capital draws quite substantially on the financial resources of host countries. This is clearly illustrated by Mackintosh (1989:184) in her study on Bud Senegal, in which the Senegalese government invested 1,114 million f. in 1976. In addition to this, the government also constructed a pipeline to provide water to two of the estates operated by Bud, and it guaranteed working capital borrowed from the foreign owned commercial banks in Dakar for the 1975/76 season. This extensive state support made it possible for Bud to continue functioning, even when it started running at a loss. Bud was therefore able to leave Senegal in 1977, being "the sole investor to receive a return flow of income as a result of its investment in Senegal." (ibid) This was also possible because of the monopoly it exercised over the sales of the produce of Bud Senegal, in Europe. In 1972 the I.L.O. came to the conclusion that in Kenya "30 per cent of all local private and public capital invested in manufacturing went into foreign-owned companies." (Kirkpatrick et al, 1981: 387)

TNCs are normally involved in import substitution industries or in the exports of such goods. It has been illustrated that these processes do not result in significant foreign-exchange savings. With regard to the link between the growth of exports and economic development Kaplinsky notes that TNCs are often in a very strong position to negotiate very favourable conditions simply because there are a number of alternative production sites which they can choose from. They would obviously choose a country that would allow them a free reign with regard to "intra-firm manipulations such as transfer prices..." etc. (Kirkpatrick et al, 1981: 389-390)

Furthermore, in a study done by Gacitua et al (1991) it was found that there is a negative relationship between agricultural export promotion, and food consumption, which ultimately affects food security. This has happened as a result of the increased emphasis on export-oriented agriculture which has overtaken the production of food for domestic consumption in a number of developing countries. This has been accompanied by a "transfer of land and other resources to agro-export enterprises." (Gacitua et al, 1991: 394)

3. TNCs and the State

It is argued that both the ruling classes in developing countries and TNCs have a lot to gain by cooperating with each other. This cooperative relationship does not imply that there is no conflict between the state and TNCs. Brucan (1980 : 764) writes that "the symbiosis between the state and the monopolies should not be construed as a complete fusion; rather the two constitute a dialectical model the two parts of which are united and opposite, convergent and divergent." Brucan (ibid) goes on to raise the question of which of the two is becoming more powerful in the current stage of capitalism. In answering this question, he points to data which indicates that although the state might support the multinationals, the multinationals for their part very often act against the policies of the state.

In 1978 a UN report stated that the developing countries are beginning to come up with ways to minimise TNC influence over their domestic political processes. This was in reference particularly to the oil industry where "TNCs had been nationalised, joint ventures established, or contracts ...renegotiated." This however did not apply to all sectors and "government participation has not significantly reduced the dependence upon the TNCs, which remain in a powerful position because of their superior managerial skills, access to financial and technical resources, and control of shipping, marketing..." and the various stages of the production process. (Kirkpatrick et al, 1981: 396 & 397) Furthermore, TNCs can simply relocate when conditions do not suit their interests, hence developing countries are highly restricted with regard to policies they might introduce to control the activities of TNCs. (Bornschier et al, 1990: 223)

The emerging global order is dominated by a handful of companies with connections that extend worldwide. "By acquiring earth-spanning technologies, by developing products that can be produced anywhere and sold everywhere, by spreading credit around the world, and by connecting global channels of communication that can penetrate any village or neighbourhood, these institutions we normally think of as economic rather than political, private rather than public, are becoming the world empires of the 21 century." (Barnet et al, 1994: 1) In recent years the balance of power has shifted "from territorially bound governments to companies that can roam the world." (ibid : 1)

4. TNCs and Financial Control

Bornshier et al (1990:224) raises the issue of control in TNCs, emphasizing two significant questions: firstly, who owns the shares of TNCs, and secondly, who decides on the activities of the company. Bornshier deals with this issue by looking at the separation of ownership and management of large firms, and he comes to the conclusion that there is really no separation since "managers themselves obtain a growing proportion of their income in the form of company shares and dividends."

In a study, looking at the voting rights to stocks in 122 large U.S. corporations, it was found that this is concentrated in the hands of a "few bank trust departments, led by Morgan Guaranty Trust Co. of New York, insurance companies, mutual funds, and their related investment advisory companies." (United States Senate

Committee on Governmental Affairs, 1977: 1) **Appendix 1** illustrates that in 21 of the corporations studied , the investor is one of five largest stockvoters in the company. This gives these investors the power to "influence corporate policy through authority to vote, and buy and sell large blocks of stock." (ibid:2)

The study also focuses on the issue of who then controls the major voting rights within the banks themselves. The answer to this is not surprisingly, other banks. Morgan Bank is stockvoter No.1 in four other banks in New York, including Citicorp. While Citicorp is stockvoter No.1 in Morgan Guaranty's parent holding company, J.P. Morgan & Co. Stockvoter No.2 in J.P.Morgan & Co is Chase Manhattan Bank. (ibid:3)

Another example is that of the Rockefeller Family group and the Kirby Family group, each of whom have links with the Chase Manhattan Bank and Investment diversified Services Inc, respectively. At the same time, directors of the subsidiaries of these investment companies, sit on the boards of other major corporations including Eastern Air Lines Inc, North West Air Lines Inc and Pepsico Inc. Hence, one can argue, that here, like it is demonstrated later on, in chapter 4, the dividing line between the interest of the Banks and financial institutions, and those of TNCs becomes very blurred, and it is increasingly clear that the wealth of the world is concentrated in the hands of a few companies who all own each other. (ibid: 3, 18, 19)

5. TNCs and its Effects on Food Consumption

Theories within the critical perspective have argued that TNC activities in developing countries actually promote hunger in these countries. Using regression analysis over the period 1967-1985 Wimberley (1991 : 406) found that TNC "penetration has a substantial detrimental effect on food consumption..." Undernutrition it is argued is the worst part of underdevelopment. It has been estimated that over one billion people in developing countries are victims of calorie deficiency and this results in "stunted physical and mental development of children, lowered resistance to infectious diseases, and reduced work capacity." (ibid : 407) It is therefore argued that TNC penetration has a negative effect on development in the Third World.

TNCs resort to social, political and economic mechanisms which has the effect of reducing the demand for food. By paying a very low wage TNCs prevent large numbers of people from gaining access to adequate food and nutrition. Furthermore, TNCs change consumer preferences through their advertising campaigns, and this leads to cheap, high quality food being replaced by expensive, less healthy food. (Wimberley, 1991: 412)

The picture that emerges from this survey of literature on TNCs, is that although it is often argued that foreign capital and investment could lead to economic growth within developing countries, the pattern of development that actually emerges is highly skewed and concentrated within the ruling class elites in these countries. Furthermore, TNC activities have serious implications for the food consumption and food security, of those who fall outside this privileged group of people. It is to this, that I will turn to, in the next chapter.

CHAPTER FOUR

HOW TRANSNATIONAL CORPORATIONS IMPACT ON FOOD PRODUCTION AND FOOD SECURITY IN DEVELOPING COUNTRIES - THE CASE OF DEL MONTE (MEXICO) AND GULF AND WESTERN (DOMINICAN REPUBLIC

This chapter explores how TNC activities affect food production, food consumption, and food security in developing countries, by drawing on case study material that demonstrates this adverse relationship. After an extensive survey of research done in this area, it was discovered that there are in fact, very few case studies that concentrate on this particular impact of TNC activities. Hence, the criteria used or the logic behind selecting these cases, was obviously based on the availability of data, demonstrating this link.

The food crisis as experienced in most developing countries has "a series of interlocking aspects: production decline, market problems (including cycles of debt), labour problems and migration, and food distribution issues." (Mackintosh, 1989: 40) However, in the case studies that follow, not all of these dimensions of food security are explored. In the case of Mexico, the emphasis falls on the issue of contract farming and how it displaces and marginalizes peasant communities. While in the case of the Dominican Republic the main issue is the exploitation of labour, resulting in extremely low wages, and harsh working conditions. In this case changes in land use patterns are also explored. In both cases an attempt has been made to situate these trends, within the context of broader global processes.

1. Food Security in Mexico

1.1. Global Processes and its Impact on the Political Economy of Mexico

With the spread of industrial capitalism in mainly Europe and the United States, countries in Central America such as Mexico, became incorporated into the world system chiefly as producers of agricultural products. Hence the internal social and economic structures of these developing countries are integrally linked to and determined by broader global processes. (Whiteford et al, 1991: 1-2)

In examining the issue of food insecurity in Central America Whiteford et al (1991) highlight two broad issues that are associated with broader global processes:
- agricultural export led growth strategies;
- the role of foreign assistance;

1.1.1. Agricultural export led growth strategies

Williams (1991) argues that it is the emphasis on export production which has led to the crisis that many Central American countries face today. This export focus brought about basic structural inequalities which he links to the liberal economic policies of privatization which many governments endorsed in the late nineteenth century. These policies entailed the enclosure of traditional peasant lands, and the appropriation of community-owned property for the production of export crops. This resulted in the "concentration of property in the hands of a small minority and to the progressive marginalization and poverty of much of the rural population." The loss of land meant that peasant families were forced into seasonal wage labour on large estates. (Whiteford et al, 1991: 4)

In the period after the second world war, Central American governments attempted to diversify their export base from mainly just coffee to crops such as cotton, sugar and beef. So in the period between 1950s and 1970s many of these economies experienced rapid economic growth particularly in the agro-export sector. This growth, however only had a positive effect on the lives of the urban middle class, while the rural peasants experienced little change in their lives as a result of this. (ibid: 4)

This period of growth came to an end in the 1980s in the case of Mexico. The Mexican crisis was characterised by the rising Mexican debt which had reached $62 billion, a fall in export earnings, and a rise in inflation. The crisis was triggered off by the fall in oil prices. On the basis of expectations of high oil revenues, the Mexican government funded development programmes such as SAM (Sistema Alimentario Mexicano) and PIDER (a programme for rural development) in the 70s, by borrowing money on the international market. The aim in introducing these programmes was to return self-sufficiency to the Mexican food system. However the fall in oil prices brought an abrupt end to these programmes. (ibid:5)

Barkin et al (1990:35-36) points out that by the mid-1970s, Mexico's food imports increased and overtook its agricultural exports. This was most noticeable particularly in the case of maize and wheat imports which was ten times higher in 1971-75 than in 1966-70. In addition there was a decline in cropland used for cereal production which stood at 62.6% of the total cropland in the period 1961-1965, and by 1981-1985, this had dropped to 52.2%.

All of this affected both the urban and the rural poor, who suffered extremely as inflation rose, wages declined and development programmes came to an end. The peasants responded by trying to diversify their sources of incomes, which included non-farm activities, wage work in the cities of Mexico, and the United States, and by experimenting with crops such as marijuana. (DeWalt & DeWalt, 1991: 5)

The government response to the crisis was to introduce fiscal programmes and to cut back firstly on government programmes in agriculture, public works and transportation; and secondly on subsidies for basic consumer goods. It has also adopted liberal macroeconomic policies which has opened up Mexico's economy "including unrestricted imports of all agricultural commodities, except maize, beans and powdered milk." (Buttel, 1993: 1108)

Furthermore, as a solution to economic stagnation the Mexican government chose to continue its emphasis on agricultural exports, and tried to find ways to diversify its export base in an effort to increase its foreign exchange earnings, and reduce the national debt. It therefore directs state resources towards those farmers that can contribute to "Mexico's agricultural trade balance either through exports or...production of otherwise imported basic commodities." (Buttel, 1993: 1109)

This presents an ironic situation since "in Central America part of the debt that brought on the crisis was created by heavy borrowing to expand export agriculture in the first place, and the debt continues to grow more rapidly than the exports." (Brockett, 1988 cited by Whiteford et al, 1991: 6; Buttel, 1993: 1109)

1.1.2. The role of Foreign Assistance

Foreign assistance, particularly from the US has played an important role in promoting export-led growth strategies in Central America and Mexico. After the Nicaraguan Revolution in 1979, the US in an effort to prevent popular uprisings in other countries, embarked on an intense programme of development assistance to the region. In addition these were seen as profitable and riskless investment opportunities, whereby the US could take advantage of "low wages, low costs of ...agricultural inputs, of construction, of services and other items." (Feder, 1977:8)

US assistance which totalled $3,191.5 million between 1980-86, reached these countries through the United States Agency for International Development (USAID), the Export-Import Bank, the United States Information Agency, and a number of other organizations. This is in addition to economic support from the World Bank and the Inter-American Development Bank (IDB). AID includes three types of bilateral ecnomic support: development assistance, Public Law 480 (PL480) food aid, and Economic Support Funds (ESF). (Whiteford et al, 1991: 6)

Feder (1982) puts forward a strong case arguing that Mexico's agriculture is increasingly coming under the control of US financial and monopoly capitalist interests. Mexico, he points out is one of the most favoured clients of the World Bank and the IDB, both of which have lent substantial proportions of their total loans to Mexico.

The assistance from the US, according to Barry et al (1988) is aimed at "stabilizing governments and pacifying populations rather than initiating the structural reforms necessary for equitable distribution and development." (cited by Whiteford et al, 1991: 6) ESF (Economic Support Funds) usually in the form of cash transfers takes care of government funding needs, which in some cases are used to meet balance of payment deficits, build infrastructure, and meet government operating expenses. On the other hand the Title 1 programme allows for US agricultural commodities to be donated or sold at very low prices to foreign governments. The main aim of the programme is to curtail government spending of foreign exchange earnings on food imports and to "generate local revenue for the sale of surpluses." However, it must be noted that food-aid programmes often act as a disincentive to local food producers, who unable to compete with subsidized food imports, turn to the production of non-traditional cash crops to survive. Therefore one can argue that food aid actually increases the dependence on food imports and encourages export production. (Whiteford et al, 1991: 7)

Apart from this, much of this US AID and the development initiatives that come from the World Bank and the International Monetary Fund (IMF) are directed towards the support of private-sector, export-led development strategies in industry and agriculture. Hence the emphasis falls on large-scale commercial production of cotton, coffee, bananas, sugar, winter vegetables, flowers, spices and beef. It can be assumed then, that most commodities, produced or marketed in third world countries, by foreign capital is either exported or is potentially exportable. (Whiteford et al, 1991:8; Feder, 1982: 5,10)

Feder (1982:6-7) raises an interesting issue and that is that changes in worldwide investment activity is not initiated by the World Bank and the IDB, as two pillars of the worldwide capitalist system, but rather they are initiated by private monopoly capital, who receive "unquestioned financial, technical and political support" from these institutions. Under the auspices of financing development projects in underdeveloped agricultures, these two financial institutions "support directly or indirectly...overseas investments of agribusiness monopoly capital represented by... transnational enterprises" from the US and Europe. This makes it very difficult to draw a clear distinction between the interests of the World Bank and transnational corporations.

It must also be noted that these so-called development projects are not welfare projects, but have to be paid back by receiving countries with their own resources. Furthermore, in order to be eligible for development assistance, receiving countries must raise "counterpart funds" which are often equal to or are bigger than the foreign loans. "Hence in the final analysis the entire costs of the "development" projects including interests are shouldered by the underdeveloped countries." (Feder, 1982: 18) **Appendix 2** illustrates how new capital flows into third world agricultures and who benefits from this.

The movement of US capital is always accompanied by a massive transfer of technology. This was the case during the Ford-Rockefeller-Foundation funded Green Revolution programme which was introduced in Mexico in the 60s. Although it was claimed that the main objective behind the introduction of the miracle seeds was to produce more food for those who went hungry, in reality, it was a way of expanding capitalist agriculture in Mexico. As with most technology, in order to succeed the high-yielding seeds needed particular conditions - conditions which in most cases could initially only be fulfilled by the rich landlords. (Feder, 1977: 8-9)

1.2. A brief history of Del Monte

Del Monte is the world's largest producer of canned fruits and vegetables with plantation holdings in Latin America, Asia and Africa. Del Monte was born in 1916 after a long struggle which resulted in the merging of the J.K. Armsby Company, the California Fruit Canners Association, the Central California Canneries and Griffen and Skelley which specialized in dried fruit processing and canning. The company was legally registered as the California Packing Corporation. (Burbach et al, 1980: 165, 167, 168)

In an effort to be in a position of comparative advantage in relation to its smaller competitors, in 1917 Del Monte embarked on an extensive marketing and brand advertising drive associating Del Monte products with "quality and a modern style of living." (ibid : 168) Del Monte also tried to expand its national markets by entering into an agreement with the largest food chain in the country and that being the Great Atlantic and Pacific Tea Company (A & P), which emphasized the Del Monte brand name in its advertising campaigns. (Burbach et al, 1980: 168-169)

By 1926 Del Monte had diversified its line of canned products and had expanded into Illinois, Wisconsin, Minnesota and Florida with products like peas, sweet corn, grapefruit and sauerkraut. It also expanded internationally into countries like Haiti, and the Philippines with its pineapple plantations. Despite this international expansion Del Monte expanded its interests in California with the purchase of large sections of land for the growing of peaches and asparagus. (ibid : 169)

The canning industry because of its very low technological base tends to be very labour intensive in nature. This results in it trying to cut costs by keeping the cost of labour very low. Hence the canneries try to employ the cheapest labour which generally included "immigrants, national minorities, and women." (ibid : 170) Furthermore, employment in a cannery is seasonal in nature which means that most cannery workers are only employed for four to six months of the year when their labour is needed. This makes "cannery workers in California and other parts of the world....the worst paid and most exploited group of workers employed by any sector of monopoly capitalism." (Burbach et al, 1980: 170)

All of this led to Del Monte being one of the main industries being affected by the Depression which resulted in large-scale strike action throughout California. Del Monte therefore became involved in activities to repress union activity at this time. However, World War II brought a quick end to the labour unrest and the demands of the war had the effect of boosting the sales of the company which "doubled from $62 million in 1941 to $111 million in 1945." This situation improved even more during the postwar years when profits rose by more than 300%, and there was a great demand for canned convenience foods. (ibid :170)

Although Del Monte tried to solidify its position in the US by setting up operations in fourteen states, by the mid 1950s further domestic expansion was severely curtailed because "the per capita consumption of canned goods showed signs of levelling off, with a growth rate of less than half a percent per year." (ibid : 175)

In spite of this Del Monte had to expand and it did this in two ways:

- diversifying production -> by becoming involved in potato chip and snack food production by acquiring Granny Goose in 1966; the selling of frozen foods through the acquisition of O'Brien, Spotomo, Mitchell a firm providing food to restaurants, airlines and hotels; the purchasing of transport companies to cut down transport costs; and the importing of bananas from Hawaii and the

Philippines. (ibid : 177)
- opening up foreign markets - although initially Del Monte only expanded abroad to find luxury products such as pineapples and sardines for the US market, by the 1950s it sought consumer markets in other Western industrialized countries like Canada and Britain. (ibid : 175-176)

Del Monte moved into Third World countries in the 1960s, with the aim of developing markets within these countries and to encourage the production of export goods primarily for developed countries. These countries were seen as ideal because of their low labour costs.

Meanwhile Del Monte continued to be confronted with problems of worker militancy both in agriculture and in the canneries; the rising cost of labour; and intense competition. This led to Del Monte selling off its agricultural holdings in California and moving into countries like Mexico. However, since it was not financially feasible for Del Monte to move its canning operations overseas, it resorted once again to repressive labour policies to curb worker militancy. In spite of this Del Monte was never able to be as successful as it previously was, and so in 1978 it merged with R.J. Reynolds a tobacco and cigarette industry, which had also acquired interests in the oil and petroleum industry, and the container shipping business. This proved to be a very prosperous move for Del Monte who certainly benefitted tremendously from "the sudden access to the revenues of R. J. Reynolds."(Burbach et al, 1980: 178-181)

1.3. Del Monte in Mexico

Del Monte operations in Mexico includes both factory production and agricultural production. Del Monte's factory in Irapuato, Mexico is responsible for producing the "largest variety of fruits and vegetables of any Del Monte facility in the world" and it employs more people than any other food processing company in the area. (Burbach, 1980: 184)

Del Monte's agricultural production in Mexico is characterized by contract farming. Contract farming is described by Watts (1994 : 130) as "a form of industrialized agriculture in which farmers grow a specified crop to a specified schedule for a specific entity, public or private, at a specified price..." Contract farming has become quite a common phenomenon in both developed and developing countries, as it has been increasingly adopted by agribusiness and host governments, and promoted by agencies such as the World Bank and the US Agency for International Development (USAID). This move has been prompted by the ever increasing patterns of global competition and the desire to integrate independent smallholder producers into the export economy. In a number of cases the state enters into joint ventures with transnational companies and financial institutions. (ibid : 130)

As a result of Mexico's agrarian reform the average landholding was too small and so the only viable option for Del Monte was to enter into contract arrangements with the larger landholders. "Under the contract system, the farmer or grower agrees to plant a set number of acres of a particular crop, and the company in return provides financial assistance which usually includes seeds and special machinery, as well as cash outlays for purchasing fertilizers and hiring farm labour." (Burbach et al, 1980: 185) However, it must be noted that these costs are deducted from the farmer's or grower's income when the crop is handed over at the cannery. (ibid)

Del Monte maintains constant control over the entire process from specifying the types of seeds, fertilizers and equipment to be used right up to irrigation and cultivation specifications. Moreover, it retains the right to intervene as it sees fit which includes the option of taking direct control of the crop. (Burbach, 1980: 185, 186) Hence one can argue that the contract curbs the growers autonomy quite substantially. Even though growers are not directly employed by the contractor, they are subjected to "management" as a result of the contract. "Although they retain the illusion of autonomy and may hold title to the land, they have become in practice "propertied proletarians", de facto workers cultivating company plots on private allotments." (Watts, 1994: 130)

When Del Monte first started out in 1964 it had contracts with 21 growers with a total of 413 acres. By 1974, this had increased to 110 growers with a total of 5000 acres, and, by 1977, the figures stood at 150 growers with a total of 7500 acres. This was largely because contract farming was seen as an attractive option by many of the growers who had no other sources of agricultural credit. Furthermore, in this period there was a steady increase in yields. (Burbach, 1980: 185, 186)

Elsewhere, such as in The Gambia and Senegal an important feature of contract farming amongst the middle peasantry is the issue of labour, which in most cases is provided by members of the grower's family. In these two cases this situation led to a lot of tension within the grower's household as conflicts arise "over who will work, under what conditions and with what rewards..." (Watts, 1994: 130) On the other hand larger wealthier growers normally draw on wage labour as is the case in Del Monte in Mexico. (Watts, 1990; Burbach, 1980)

Another important aspect of contract farming is the issue of increased risk faced by the growers as a consequence of entering into this arrangement. In a competitive global market "contracting is extremely volatile, subject to wide price swings and overproduction. The boom and bust cycle, and the ebbs and flows of cash through the local peasant economy, make for gross instabilities in income and little economic security in the absence of local markets for contracted produce." This is especially true for export contracting of luxury goods such as flowers and exotic fruit and vegetables. (Watts, 1990: 156) According to Mackintosh

(1989 : xv) the risks are essentially borne by workers and farmers largely because of the "precariousness of employment" and the "decrease in the productive capacity of their farming systems." Although contracts indicate the amount of land that growers should set aside for subsistence production, food shortages are commonplace. (Watts, 1990)

Del Monte's factory operations in Mexico, like all Del Monte operations continued with their repressive labour policies, made possible by the fact that, although workers were represented by a union, this was a government union which strove "to quell labour militancy" rather than to defend the interests of workers. (ibid: 188) As was pointed out in the previous section, work in a cannery is seasonal in nature and so most workers are only employed over a period of four to six months - and during this time they are paid the minimum wage required by Mexican law which in 1977 was equivalent to 61 pesos or $4.90. Seventy five percent of this workforce were women. Another important aspect of Del Monte's employment policy is that very often workforce requirements fluctuate from day to day. Workers are, therefore, faced with the prospect of starving if they do not manage to get work on a daily basis. (Burbach et al, 1980: 188)

Kay (1994 cited by van Halsema, 1995: 8) points to four changes in the composition of the agricultural labour force in Latin America:
- the replacement of tenant labour by wage labour;
- within wage labour, the growth of temporary and seasonal labour;
- the increasing feminization of the agricultural labour force, and
- the urbanisation of rural workers

One can argue that the case of Del Monte in Mexico is indicative of all of these changes.

Commenting particularly on the change in the gender composition of the rural labour force, van Halsema (1995) argues that this effectively means that food for domestic consumption and export is increasingly being produced by women as seasonal labourers or as peasant producers. Most of this work takes place under extremely exploitative conditions, and womens' labour largely remains "unrecognized, unpaid and unprotected." (ibid:9)

1.4. How did Del Monte's Operations in Mexico affect Mexico's Food Production and Food Security

I will start this section by looking at how broader global processes have affected the political economy of Mexico and how this in turn impacts on Mexico's food security. I will then go on to look at how the activities of Del Monte contributes and further exacerbates this situation of food insecurity in Mexico.

As was stated above, Mexico's response to the crisis of the 80s was to move towards the privatization and liberalization of the economy, the reduction of state spending on social services, and the cutting down of subsidies for agriculture. In looking at the issue of the reduction of state subsidies for agriculture, Buttel (1993:1109) comments that this debilitated the peasantry and small farmers, whose buying power was severely reduced, which meant that there was very little demand for the products of the internationalized agro-food complex.

Furthermore, the laxing of import restrictions, means that farmers now have to compete in a "volatile and highly competitive agricultural commodity market" with large subsidized farmers from advanced capitalist countries. This means that the possibilities of being marginalized and put out of business are that much greater. (Buttel, 1993: 1109)

Hence one can argue that the agricultural policy of the Mexican state is directed more towards meeting the needs of external markets rather than satisfying local national needs. The argument for emphasizing export production has always been that it increases foreign exchange earnings. However this is only possible if agricultural exports exceed agricultural imports, and in the case of Mexico this situation continuously fluctuates, and earnings from agricultural exports are often spent on food imports to make up for domestic shortages. It is clear that Mexico's current agricultural policies and trade, works against meeting Mexico's basic food security needs, as it continues to export nonessential commodities such as coffee, fresh fruits and vegetables, and livestock, while it imports essential products such as food grains, feed gains and oilseeds. (Buttel, 1993: 1110; DeWalt et al, 1991:200)

Moreover, loans from institutions like the World Bank and IDB represents what Feder (1982:20) calls "a mortgage on public funds", a large proportion of which is used to support foreign investment activities. This diminishes public funds leaving a rather meagre sum for the introduction of programmes that work for the social good of society such as an increased emphasis on staple food production. It must also be emphasized that transnational corporations which as was noted earlier largely determines investment activity will only invest, if such an investment brings in the profits. As Feder (1982) puts it "for each foreign dollar invested, two or three are repatriated." Furthermore, TNCs will only stay in a country for as long as it is profitable for them to do so. Very often when TNCs do face crises, they are somehow able to manipulate the situation, so that losses are borne by local producers as was the case with strawberry production in Mexico. All of this points to an "enormous process of transfer of resources from the underdeveloped to the rich countries," which leads to the impoverishment of the former. (Feder, 1977: 37)

Another important issue in this debate is that it is usually the most productive and fertile land that is used for the growing of export crops and the grazing of livestock. This has resulted in peasants being displaced and moved to the worst land because of the onset of commercial export-oriented agriculture. This has had serious implications for food production , which is normally cultivated by the small farmers and peasants. Food production particularly of basic staples like maize and beans has also suffered as a result of the reduction in government and donor support. Furthermore, most of the credit and loans are directed towards the export sector, while the small farmers and subsistence producers who are mainly involved in food production are largely excluded. The decline in food production has been further exacerbated by an increase in population. (Whiteford, 1991: 10-11)

According to DeWalt et al (1991:195) the growth of livestock and livestock-feed production has caused a paradoxical situation - for as Mexico's grain production increases, which has been the case since 1940, more and more of this grain is being used as animal feed rather than as food for people. In the period between 1950-1975 establishments producing animal feed increased from 19-305, and this number has been progressively growing. It must also be noted that government policies in the late 70s encouraged the production of sorghum (preferred for animal feeding), and discouraged the production of basic grains, which is used both as animal feed and for human consumption. (See **Appendix 3** which indicates this trend) Most of the beef is consumed by the middle and upper classes in Mexico, and by the US market. However as the demand for beef in the US declined over the past decade, cattle production becomes increasingly more dependent on local markets, which in most cases are the privileged few. (Whiteford et al, 1991: 9; Barkin et al, 1990: 35; Pelto, 1987:536-537)

Turning to Del Monte, we find that its activities have had a significant effect on the lives of people and agriculture in Mexico. It played a prominent role in changing the face of agriculture in the Bajio area of Mexico. These changes were closely linked to the system of contract farming which Del Monte introduced when it first started out its operation in Mexico. Many of the farmers found this system very attractive because there were very few alternative avenues of credit. (Burbach et al, 1980: 184-185)

Del Monte therefore used the financial leverage that this system gave it in order to bring about a number of changes, which included:

- introducing crops that were never before grown in the region;
- expressing a preference for entering into contracts mainly with larger growers as opposed to smaller ones; and
- bringing large tracts of land under its control. (Burbach et al, 1980: 185)

It is obvious from this that it was mainly the large landowners that tended to benefit, while smaller landowners were increasingly marginalized. Del Monte showed a preference for large landowners because it found it easier to manage fewer growers who owned larger pieces of land. Apart from this, one of the stipulations of the contract is that "10 to 60 percent of the cash needs must come out of the grower's pocket", and the grower must "put up some agricultural equipment or machinery as collateral." (ibid : 186)

This automatically excludes the small growers who, in most cases, rent the machinery that they require. Del Monte's presence in Mexico has, therefore, led to an increasing concentration of wealth in the hands of the large growers. The system that Del Monte operates allows the "growers who already have capital or land" to "enter into new areas of production while the....small producers are increasingly .....forced out of production. (ibid : 186-187) This results in the small growers either selling or renting their land to the large growers, and entering into wage labour for the new owner, or they try to find other ways of earning a living. (ibid : 187) Hence, one can argue that contract farming leads to a process of proletarianization and this is done by creating people who no longer have the preconditions to farm effectively. (Mackintosh, 1989: 34)

Another aspect of contract farming linked to this process of proletarianization is the disintegration of what Mackintosh

(1989:xvi) calls "solidarity systems" and what Watts (1983) calls the weakening of the "moral economy". In effect what is being argued is that "individualized dependence on the market" is accompanied by a "shift in the class composition of society" which has serious consequences for food production and food security by increasing "individual risk" (Mackintosh, 1989: xvi) Individual risk is increased in two ways: (1) By the breakdown of communal, co-operative and collective relationships between households which entailed a collaborative working of fields and the sharing of resources and the products reaped thereof. This was the situation in the Kirene Village of Senegal before the arrival of the agribusiness corporation, Bud. (2) The breakdown of traditional relationships within the household. The latter is clearly illustrated by Watts (1994) with reference to the situation in The Gambia.

In the Gambia when the Jahaly-Pacharr Project funded by the UN International Fund for Agricultural Development was set up, both collective household property and rice fields owned individually mainly by Mandinka women were appropriated and classified as "household property under the jurisdiction of the patriarch" for the cultivation of rice under contract. This led to an increased tension within households as conflicts emerged over land claims, crop rights and the traditional division of labour. Women in an effort to make up for their losses in rice income left their domestic farming responsibilities, and took on wage labour, thus forcing the men to hire paid labour. Hence one finds that the "internal social architecture of the peasant production unit" slowly withered away under these pressures, causing traditional "solidarity systems" to crumble. (Watts, 1994: 132-134; Mackintosh, 1989)

Going back to Del Monte in Mexico it must be noted that although the large growers do benefit from Del Monte's contract policies, the relationship between Del Monte and these growers is not always a rosy one since Del Monte has the power to dictate the terms of the contract as it pleases. Del Monte demands that crops be the best quality, if they are not, their price is reduced. Del Monte is known throughout the region as being a "tightfisted and manipulative company that...takes advantage of the growers whenever it can." (Burbach et al, 1980: 187)

The seasonal nature of work at Del Monte canneries makes workers very vulnerable since they are employed from four to six months of the year, during which time they are paid the minimum wage required by law. Under these circumstances, it must be extremely difficult for workers and their families to meet their food requirements throughout the year. Apart from being unemployed for a major part of the year, even when they are employed, many of them simply do not earn enough to meet their minimal dietary requirements. The high unemployment rate in the Bajio area means that a number of workers are forced to accept these bad working conditions because there are no better options available to them. (Burbach et al, 1980: 188)

The crops that Del Monte grows do not form an important part of the diet of the Mexican people. Apart from this, the crops are categorised as delicacies and, therefore, when they are purchased, they are purchased mainly by the middle and upper classes. But most of the crops are produced for the export markets in the industrialized countries. So, instead of using their land to grow staples for domestic consumption, growers are drawn into using their land for the production of non-staples for the international market. (ibid : 187)

To expand on the issue of diet, DeWalt et al (1991) writes that according to 1985 estimates, 40-50 percent of the Mexican population were undernourished or malnourished. This is further confirmed by data which indicates that 40-50 percent of children within a surveyed number of communities in Mexico have suffered nutritional stress at some point in the first five years of their lives. (See **Appendix 4**)

There is a vast difference in the diet of the poor in comparison to that of the rich which is logically linked to extreme inequities in access to food. Low income consumers have diets that are less rich in proteins and other caloric requirements. The proteins that the poor do get are normally from eggs, milk and beans, while it is the rich who benefit from the proteins of livestock products, in addition to that from milk and eggs. (Barkin et al, 1990: 37; Whiteford, 1991: 13) See **Appendix 5 and Appendix 6** which draws a relationship between socio-economic status and nutrition intake.

This demonstrates the issue of entitlements and endowments which was referred to in chapter two. When individuals or households do not have access to the necessary resources to either produce food to meet their own subsistence needs, or they lack money to buy food, then they will experience food insecurity, which is the position that most small growers in Mexico, and the seasonal wage workers of Del Monte find themselves in. However even in cases where they might have access to some food, this food may not contain the necessary nutrients to enable them to live normal, active and healthy lives. (Pelto, 1987: 534)

From Del Monte's point of view, the situation in Mexico is perfect since it is characterized by a cheap labour force, collaborative government unions, and export subsidies. Del Monte is also accused of manipulating laws that do not serve their interests. A good example is the Mexican law which requires 50% of the stock of local subsidiaries of foreign companies to be held by Mexican nationals. While Del Monte has met this requirement on paper, in reality Del Monte has complete control. It does this by getting people to "lend their names to Del Monte to give its Mexican operations a legal facade." (Burbach et al, 1980 : 190)

2. Food Security in the Dominican Republic

2.1. Global Processes and its Impact on the Political Economy of the Dominican Republic

The Dominican Republic whose chief characteristic is its plantation-based economy, continues to place importance on export production of agricultural commodities. Until recently, sugar was the main export product. (Buttel, 1993: 1110)

Jeffrey (1989:1) writes that sugar cane has in some way determined and influenced the socio-economic and political life in the Caribbean ever since it was first introduced in the region in 1493. Today the sugar cane industry employs 70 000 Dominicans on a permanent basis and 20 000 Haitians as canecutters, making it the nations second largest employer. Sugar cane plantations occupy 12 percent of cultivable land in the country. In 1987 sugar was the most important source of foreign exchange, making up 17.9 percent of total export earnings. (ibid, 1989: 1-2)

Blume (1985) classifies the Dominican sugar industry as a "polystructural system" implying that there are different types of enterprises. Firstly, there is the state owned system run by the Consejo Estatal de Azucar (CEA), which controls a total of 12 sugar mills. Secondly, there is the private system controlled by the Vicini Family who own 3 sugar mills, and a foreign Cuban-American corporation, owns the largest sugar mill (previously owned by Gulf and Western). Put together these three groups contribute to 75 percent of sugar cane production. The remaining 25 percent is produced by 8000 independent planters. (Jeffrey, 1989: 8)

In the latter part of the 1980s the Dominican sugar industry suffered a severe setback. This was as a result of the rise in the use of sugarcane substitutes, a decline in world prices and the breakdown of agreements assuring preferential access to markets. (Buttel, 1993: 1110; Whiteford et al, 1991: 11) In trying to understand this crisis, it is important to firstly understand the dynamics of the international sugar market and its pricing system.

Jeffrey (1989:14) in examining the trend in international sugar prices, points to it being highly variable and unstable. Using the example of the 1974-1984 period, he notes that the index of variability for sugar prices was 51.5%. This according to him means that for "a typical year, one could expect the price to be 51.5% above or below the trend value for that year." When compared to other agricultural products the variability of international sugar prices is very high. In the case of other agricultural commodities, seasonal changes play an important part as prices are determined by weather changes, seasonal output, and the fact that elasticity in demand and supply is very low. However, in the case of sugar, protectionism plays a vital part. (ibid; Krueger, 1991: 177, 178)

In the international market protectionism works to protect domestic farmers in industrialized countries. Jeffrey (1989:15) outlines how this occurs in the case of the European Economic Community (EEC) and in the US. The EEC, both exports and imports sugar, and it tries to protect sugar producers in the EEC by assuring profitable prices. Using 1985 as an example, he points out that farmers received 4 times more than the sugar price on the world market. This resulted in an oversupplies of sugar which had to be exported to the international market where the already low world price of sugar, is brought down even lower. Furthermore, the Sugar Protocol of the Lome Convention, enables the EEC to import sugar from 18 developing countries under a system of quotas. These imports are seen as a waste, since they are not really needed by the EEC.

With regard to the US, domestic sugar production which accounts for more than half of the US sugar needs, is highly subsidized. The balance of the US sugar needs is met through imports "under a preferential quota system that changes according to the domestic supply of sugar." (ibid:15)

Under this system the Dominican Republic became the biggest supplier to the US market after an embargo was placed on Cuban sugar imports in 1961. However since the latter part of the 1980s, this quota has progressively been reduced, leaving the Dominican Republic with no option but to sell its sugar on the world market, where prices are still very low. These patterns will continue as long as these protectionist policies are allowed to continue. Moreover, sugar substitutes brought about by advances in biotechnology will not stabilize sugar prices and it will affect the profitability of sugar for a long time to come. (Jeffrey, 1989: 15-16, Krueger, 1991: 186)

All of this occurred while the Dominican Republic got deeper and deeper into debt, faced an internal political crisis, and had to deal with pressures brought on by international financial institutions who were imposing structural adjustment and stabilization policies on the Dominican Republic as a precondition for debt rescheduling. This has firstly resulted in the cut back on state support for domestic agriculture which included restrictions on food imports; subsidized access to credit; technical assistance and the national regulation of the market. Secondly, it has pushed the Dominican Republic to diversify its export base by turning to the production of "nontraditional" agricultural commodities such as tropical fruits, winter vegetables and tropical root crops, and manufactured goods. As a result of the Caribbean Basin Initiative, the US supports the export of nontraditional commodities "by allowing them duty-free access to the US market ad encouraging new US off-shore investments." while at the same time the drop in US sugar quotas curtails traditional sugar exports. (Buttel, 1993: 1111)

2.2. A brief history of Gulf and Western

Gulf and Western (G+W) first started out as a small corporation which called itself the Michigan Plating and Stamping Co in the late 1950s. Today G+W has grown into one of the largest multinational corporations based in the US. Its operations include finance, industrial manufacturing, tourism, agro-industry, recreation products and services, food processing and general consumer goods. "Gulf and Western diversified their operations from auto parts to other areas, entered into a programme of vertical integration in various industries, and expanded their operations geographically, all with tight fiscal control and centralized accounting by the parent company." (Murphy, 1991: 29) In 1974-75 when sugar prices soared 400 percent, in addition to its sugar interests in the Dominican Republic, G+W acquired a 22 percent interest in Hawaii's largest sugar manufacturing company, Amfac. (Goff, 1975: 8)

2.3. Gulf and Western in the Dominican Republic

Gulf and Western first became involved in the Dominican Republic in 1966 through the purchasing of shares of the South Porto [sic] Rico Sugar Company called the Central Romana. By 1967 these two companies were combined and brought together as one company under Gulf and Westerns' Food Products Group. According to Del Castillo et al (1974 cited by Murphy, 1991: 30) G+W's Food Products Group eventually bought up 111 292 hectares of land in the Dominican Republic and 49 039 hectares in South Florida.

However, Murphy (1986) brings out a crucial point and that is that G+W only arrived in the Dominican Republic after the United States military invasion of the country in 1965 and the election of the US backed Joaquin Balaguer. This is very significant since it paved the way for G+W's successful reign in the country. It was the US and G+W that seem to have benefitted most from this situation. The "United States....interests were well served by the presence of a major U.S. based multinational corporation in the volatile country during this period as were G+W interests, through State Department backing and an increase in the U.S sugar quota granted to the Dominican Republic." (Murphy, 1991: 30; Goff, 1975: 7)

By 1978 G+W had invested almost US $ 300 million in the Dominican economy, which represented a huge increase from its initial investment of US $ 62 million when the company first started out in 1967. This is attributed to three main reasons:
a) increased investment by the parent company;
b) massive profits by the Central Romana sugar plantation;
c) Dominican laws which allows foreign corporations to reinvest profits in the country and repatriate only 18% of profits. (Murphy, 1991: 30)

It is important to note that in the 70s the Dominican Republic passed a legislation which allowed foreign companies to only repatriate 18% of their profits while the other 82% should either be turned over to the state, offered to charity or reinvested in the economy. G+W chose to settle for the latter two options and so it became involved in numerous social projects that were always of some benefit to the company, and it began a process of reinvesting its profits in almost all sectors of the economy. This included involvement that extended from its sugar operations, to a cement company, hotel and restaurant and tourist complexes, cigar manufacturing operations, cattle ranching, citrus and vegetable farming, and involvement in a financial institution. (Murphy, 1991; Goff, 1975: 7)

In 1969 G+W entered into an agreement with the Dominican Government making it the only private manager of an industrial free zone on the island. This is in contrast to other free zones in the country which were strictly administered by the government. The Dominican government further accommodated G+W by making changes to its industrial incentives law, to allow its free zone operation to be exempted from exchange restrictions. This 30 year contract allowed for G+W to derive an income soly from the renting out of land and buildings in the region. The tenants were made up of 18 US companies who were attracted by the availability of "low cost and non-unionized labour...for assembling and manufacturing imported components and raw materials which are then re-exported mainly to Porto Rico and the United States." (Goff, 1975: 10)

In 1975 G+W was the largest foreign investor in the Dominican republic with holdings of approximately $200 million. Its close relationship with the government is further reflected by the La Ramona tax exemption, which was first granted under the Trujillo Regime and continued to be renewed under the Balaguer Regime. (Goff, 1975: 10)

In 1984 G+W 's sugar operations and tourist complexes were sold to a Cuban-American consortium, because of profit losses and the publicity drawn to the poor working conditions of the Haitian plantation workers. What is most significant about this was that the government of the Dominican Republic was not at all involved in negotiations which resulted in a major part of the country being sold on the world market. G+W continues to wield some influence through its shareholdings in the operation despite the change-over of ownership. It is also believed that this change-over would have very little impact on labour use patterns in the sugar plantations. (Murphy, 1991:30-31)

2.4. How did Gulf and Western's Operations in the Dominican Republic impact on the Dominican Republic's Food Production and Food Security

"The oddity of being a massive agricultural exporter while at the same time being a net importer of basic foodstuffs was structured into the Caribbean economy from the colonial epoch and continues to be a major problem today." (Owensby , 1978 cited by Kowalewski, 1981: 46) Domestic food production is further limited by the geography of the islands since generally the islands are very small, are mainly mountainous and covered by a thin layer of topsoil which is eroded during the torrential rains. Severe droughts and hurricanes which these countries are prone to can severely damage crops. Outward expansion is therefore impossible and it is mainly the poor who are most affected since it is their holdings that are generally found on these hillsides. (Kowalewski, 1981: 46)

Apart from these geographical limitations an important impact on food production is associated with TNC involvement in Third World countries. It is argued that TNCs contribute to domestic inequalities, and of particular importance for this study is land inequality which results from TNC investments in the Third World. (ibid : 51)

Frundt (1979) in his evaluation of G+W 's presence in the Dominican Republic notes the following:
- a significant decline in the wages of cane cutters since the arrival of Gulf and Western;
- large sections of land being used for export production of sugar and beef, and very little being devoted to production for the domestic market;
- severe repression of trade union activity;
- involvement in activities that pose a direct threat (competition) to local business;
- an established relationship with the national government that allows it to enjoy certain economic privileges such as avoiding domestic taxes;
- obstruction of land reform programmes.

With regard to the issue of land, a major problem in this country revolved around the fact that G+W owned a large amount of land which in 1976 represented 4.4% of the nations total farm land. Apart from this, it also had contract arrangements with independent producers thus raising this figure to an effective 8%. This control gave the company the leeway to diversify agricultural production as it pleased - hence a large part of the land was used for the cultivation of export crops. (Frundt, 1979) The amount of land available for growing of food crops has therefore been greatly reduced so as to meet the sugar cane production and export crop demands of G+W. (Kowalewski, 1981: 53) This has an effect on the national food security as it diverts land away from the production of traditional staple grains to the production of nontraditional export crops.

The land that most TNCs control are usually of the highest quality and often large sections of this land is unused. In the case of G+W in the Dominican Republic about 50% of the land purchased for sugar production is uncultivated. Kowalewski (1981 : 56) dismisses the argument offered by G+W that this land is unsuited for the cultivation of any other crops, and points out that a number of experts have found this land to be "choice agricultural soil." In an attempt to avoid being criticized for the nonuse of land TNCs often use the land for cattle grazing. In 1976 G+W had a herd of 76 000 cattle grazing on 90 000 acres of land in the Dominican Republic - most of which was exported to the US. G+W also utilises some of its land to house about 1 600 head of horses which are used in polo matches and track racing. (ibid:57) In this case one can argue that G+W is guilty of misusing the much needed land either by abusing it or by leaving it to lay idle. This land could be utilized more productively for the cultivation of food crops.

In 1975 the land-hungry G+W was accused of evicting and displacing 800 peasants from their land in Maria Bonita, Rio Dulce and Altagracia in the Dominican Republic. G+W has also coerced small and medium farmers involved in food crop production into contract arrangements with the company through various and sometimes forceful means. G+W utilises up to 7000 acres of land for its tourist resort facilities in the Dominican Republic. This exacerbates the land problem and marginalises peasant communities. (Kowalewski, 1981: 53 & 54) Hungry peasants often attempt to ease their problem by seizing TNC land and growing food crops as was the case in 1974 on land owned by G+W in the Dominican Republic. However G+W responded by calling in the army who ploughed down the peasant's crops. (Kowalewski, 1981: 60) Hence one can argue that the operations of G+W affects the food security of peasants, who are displaced from their land, leaving them without a means to subsist.

TNCs particularly sugar producing TNCs often overplant and deplete the land quickly and therefore they are always in search of new land - when this happens the flexibility of TNCs allows them to up and leave "once the profit potential declines." (Kowalewski, 1981: 57)

Murphy writing in 1991 states that "sugar-cane plantations, always represent vast capital investments, are always tied to non-local markets, and with few exceptions are tied to international markets. They always employ wage labour, usually are corporately owned, and usually exploit the land intensively." (53) In his work he found the Dominican sugar industry to satisfy all of these characteristics.

A typical characteristic of the Dominican sugar industry, and of G+W operations, in the country in particular, is the seasonal nature of its employment which emphasizes "piece-rate payment rather than salaries; low technicalization and capitalization; low productivity of cane cutters" and the "extensive use of ...imported....Haitian labourers." (Murphy, 1991: 55; Vargas-Lundius, 1991: 222)

This seasonal nature of work makes workers extremely vulnerable since they are absorbed into the production process when they are needed and released or expelled when they are not needed. Furthermore, the piece rate system of renumeration is extremely exploitative since it forces the cane cutter to work at a pace so as to cut a certain quantity of cane to ensure that he/she would receive an adequate income. Linked to this is the issue of the low productivity of cane cutters which is chiefly attributed to the system of cane-cutting used particularly in the Dominican Republic which is said to be "extremely time-consuming and therefore lowers productivity..." (Murphy, 1991 : 59) This raises the question as to why then do corporations like G+W in the Dominican Republic continue with this seemingly unproductive manual system. (Jeffrey, 1989: 10; Vargas-Lundius, 1991: 229)

Murphy (1991) attempts to answer this by pointing to what he sees as being the main reason and that being "the relatively low direct costs (wages) and indirect costs (recruitment, housing, services, etc) of manual labour, compared to the costs of fire control, fertilizers, and more efficient organisation" if they were to adopt the manual system used in other parts of the world. (ibid : 59) Hence one finds that the cane cutter is caught in a cycle of low productivity and low wages, which results in them not being able to sufficiently meet their food needs. (ibid : 61)

Another unique aspect of the sugar industry in the Dominican Republic generally, and G+W in particular, is the extensive use of Haitian labour. The reason for this according to Murphy (1991) is that Dominican workers are not as economically desperate as the Haitian workers for employment, and they would therefore not accept the extremely low wages and the terrible living and working conditions offered for cane cutting. He writes that "Dominicans cannot imagine a worse job, with less prestige and less remuneration." (ibid:114) This is despite the high unemployment rate in the Dominican Republic. This then was the grand strategy "the indirect exploitation of the Dominican work force through the direct superexploitation of the Haitian cane workers" by the systematic displacing of Dominican labour with Haitian labour. (ibid:61, 63; Jeffrey, 1989: 7) Moreover, the ever present Haitian demand for employment, implies that total labour costs could be constantly kept at the lowest for all workers. (Murphy, 1991: 124; Vargas-Lundius, 1991: 229-230,235)

Individual food security is affected as a consequence of these extremely difficult working conditions, combined with the extensive exploitation of both Haitian and the few Dominican labourers, by virtue of the fact that they are paid the lowest possible wage. Once again the issue of entitlement comes in. Low wages obviously impacts on the entitlement of these workers by affecting their ability to obtain access to the necessary quantity of food. So as Vargas-Lundius (1991:229) points out, these conditions have made it impossible for workers to meet their basic food needs.

From the point of view of the employer, the most appealing aspect of employing foreign migrant workers, is the difficulty they experience in organizing themselves into labour unions. "The political vulnerability of the immigrant worker,.... who faces the constant threat of deportation, means that the traditional defense of labour provided by labour unions are often inaccessible to the immigrant worker." (Grasmuck, 1980 cited by Murphy, 1991: 121) Apart from this, in the case of Haitian labourers working on the sugar cane plantations in the neighbouring Dominican Republic, four other factors inhibited them from organizing themselves into unions. Firstly, the temporary, seasonal nature of their work meant that they were a constantly changing population of workers who often moved from one area to another. Secondly, the different languages spoken by the Haitians and the Dominican labourers, prevented them from joining the unions formed by their fellow Dominican workers. Thirdly, the strong anti-Haitian sentiment that prevails in Dominican society, implies that Dominican unions might and do exclude their Haitian counterparts from joining them. Fourthly, the Dominican government imposes stringent conditions that do not allow for the free development of unions, even for Dominican citizens themselves. (Murphy, 1991: 121)

One could therefore argue that unemployed and underemployed Dominicans experience individual food insecurity as a result of being indirectly exploited by the fact that Haitian labourers are a preferred source of labour for the sugar industry, simply because their circumstances as migrant workers allows them to be superexploited.

In this section I have tried to demonstrate how the activities of G+W impacts on the food security of the Dominican Republic at the individual and national level. I would agree with Kowalewski (1981) who found that TNCs have a negative impact on the food security of developing countries. Their internationalized profit motive combined with their colluding with the elites in developing countries "has resulted in the aggregation of huge land holdings producing crops for export rather than local consumption, in evictions of poor peasants, in land nonuse and abuse and in the marketing of highly inappropriate products" , which is exactly what happened in the case of G+W in the Dominican Republic. (Kowalewski, 1981: 64)

This must be viewed within the broader context of the political economy of the country. As was noted above, in the latter part of the 1980s there was a decline in Dominican sugar quotas, as a result of a drop in demand in the US. The Dominican Republic was therefore forced to sell its sugar on the world market, where low world prices, were brought down even lower.

This, added to the already deep fiscal crisis, caused extreme difficulties in domestic food production. "Production of basic foodstuffs has fallen to the point that more than half of the Dominican household food basket is now being imported." (Buttel, 1993: 1111) Most significant is its effect on the production of rice, an important staple in the Dominican diet. Until 1988 rice production received extensive state support and was sold at state regulated prices. However the opening up of the rice market has diminished rice surpluses and increased the dependence on rice imports. Domestic food production is further undermined by the competition it faces from the import of cheap grain, and processed foods consumed mainly by the middle and upper classes. (ibid : 1113)

Finally, one could attribute G+W 's move to sell its Dominican sugar operations in 1984, to this decline in the profitability of sugar. As was mentioned elsewhere in this paper, TNCs will relocate as soon as it is no longer profitable for them to remain in a particular country.

CHAPTER FIVE
ANALYSIS AND CONCLUSION

This chapter is divided into two parts. The first part attempts to analyse the findings in chapter four by drawing on the theory presented in chapters two and three. The intention here is to utilise the case material to illustrate particular patterns and phenomena that the author believes contributes to the problems that this paper set out to analyse. The analysis will revolve around the main issue of how the TNCs under study affect food security, food production and food consumption in these particular countries, by demonstrating how these patterns and phenomena contribute to this end. The second part offers some concluding remarks by outlining possible solutions and the way forward.

1. Analysis

At the outset I explained the aim of this paper as being:

- firstly, an examination of the oligopolistic control of TNCs over the commodity trade (particularly export products) in developing countries and the continuous increasing capitalist concentration;
- secondly, to address the implication of this increased integration and concentration of capital for food security in developing countries.

It was pointed out that in the 1980s, TNCs resorted to two main strategies in an effort to increase their power. These strategies entailed an expansion of firms through buyouts, with an increased emphasis on specialization of products. This expansion took place both within and outside the food system.

The analysis of the case studies will attempt to demonstrate how TNCs through particular patterns and phenomena impact directly and indirectly on food security in developing countries. These factors are identified as follows:

- Global Processes and their effect on the food security in developing countries.
- TNC/State Relations
- Geographical expansion and control
- TNCs and Land
- TNCs and Labour

1.1. Geographical Expansion and Control

The activities of both companies is indicative of a continual trend towards geographical expansion on both a global and regional level. These forms of expansion are prompted by the quest for power, control and profits. Franke (1987 : 455) captures this when he argues that since the post-independence period agribusiness has searched for "cheap land and labour ", and ways to make additional profit in the former colonies. Like sectoral expansion discussed below, geographical expansion, results in what Marsden (1990 : 6) calls the concentration of power and control within a few companies with an increasingly bigger market share not only inside and outside of the food system, but also "in ... every corner of the globe." (Burbach, 1980: 15) This position of dominance gives TNCs a distinct advantage over local competitors in developing countries, and in some cases they have the effect of displacing domestic production.(Bornschier, 1990; Kirkpatrick, 1981)

This is clearly illustrated in both the case of Del Monte and G+W where the farming activities of both large and small growers were affected because of the monopoly that these companies exerted over the commodity and land markets. This situation forced large growers into contract arrangements with Del Monte, while small growers were forced into wage labour. Likewise in the case of G+W, this monopoly led to the displacement of both small and medium farmers, some of whom entered into contract arrangements with the company, while others were left without a means to survive as they were evicted from their land.

This ties in with the arguments of Hewitt de Alcantara (1993) and Mackintosh (1990) who assert that the rural livelihood crisis in developing countries is largely the result of peasants not having control over commodity and land markets, and their unequal access to resources, which places them at the mercy of those who do have this control and access.

Expanding on the issue of control, we find that even in the face of global expansion, the parent company continues to wield control over the activities of the subsidiary company. Kirkpatrick (1981) mentions this characteristic in his discussion of TNCs. He points out that TNCs have become highly centralized structures with control vested in the headoffice which is responsible for all major decisions, from determining corporate strategy to location of new investments. This, according to him, has been made possible by technological developments with regard to communication systems.

Also linked to the issue of control, is the trend towards the merging of companies. The present day Gulf & Western and Del Monte are the result of the merging and integration of companies that have similar and in some cases dissimilar production interests. As Marsden (1990 : 6) points out, food companies resort to two main strategies to achieve a position of dominance over international and local markets. The first entails "innovation, takeovers, and leveraged buyouts" within a particular sector (in this case food). The second involves takeovers and buyouts outside the food sector. These strategies allow these companies to be in a position of advantage over smaller companies both inside and outside the food sector. Gulf & Western and Del Monte are illustrative of this trend.

These patterns not only allow these TNCs to maximize profit, but also to maximise control on a global level. "This has become possible because the transnational corporation transfers intermediate and capital goods, finance, technology, personnel and information across national frontiers - transnationally - within the boundaries of its organization, largely superseding the market, and therefore having relative freedom in fixing prices, costs, fees and interest rates in such a way as to maximize profits of the corporation as a whole." (Villamil, 1979: 70) The effect is one of marginalization of local firms and competitors, who are driven out of business because they cannot compete with these large firms.

1.2. TNC/State Relations

Brucan (1980) points to the conflictual/cooperative relationship that exists between TNCs on the one hand and governments and ruling classes in host countries, on the other hand. TNCs will try to seek out the best possible arrangement with host governments i.e one that will allow "intra-firm manipulations such as transfer prices", tax concessions, export subsidies, and the ability to absorb profits that would otherwise have to be reinvested.(Kirkpatrick, 1981: 390, 374; Bornschier, 1990) TNCs are in a strong position to negotiate very favourable conditions simply because they can relocate to countries that offer them a better deal. This strong bargaining power that TNCs hold often serves to inhibit host governments with regard to restrictive policies they might want to introduce to control and curb the activities of TNCs. (ibid)

In each of the case studies covered in this research paper, one finds the same kind of conflictual/cooperative relationship between the TNCs and host governments. On the one hand, we find that in each of the cases, the host countries attempt to control the activities of the TNCs, by imposing restrictions on the amount of profit that could be repatriated, on the % of stock to be owned by local interests, and on the amount of goods to be exported.

On the other hand, because of the tremendous power that TNCs possess, they are in a position to negotiate conditions conducive to the accumulation of profits, with governments. These conditions include guarantees against demands for wage increases, prevention of trade union activity, favourable government subsidies, taxes and exchange rates, and a safe passage for the repatriation of profits. In the case of Del Monte the conditions included a cheap labour force made possible by the fact that these workers were represented by a government union which strove to "quell labour militancy" rather than defend the interest of workers, and the availability of export subsidies. In the case of G+W, the conditions included repressive labour policies, low wages, generous tax concessions reflected by the La Ramona tax exemption, and changes to its Industrial Incentive Law allowing G+W's free trade zone in the Dominican Republic to be exempted from exchange restrictions.

It is also argued that TNCs wield financial control through their close links to donor agencies and commercial banks. This makes it difficult to draw a line between the interests of particular TNCs, and the World Bank, the IMF and the IDB. Feder (1982) argues that although one would expect these institutions to determine the investment patterns of the world, this is in fact determined by the interests of private monopoly capital.

It is these conditions that allow these companies to exploit land and labour, and amass profits at the expense of the host country. One is left with the question as to why then do host countries allow such a situation to prevail. Feder (1982) answers this question by pointing to a few local businessmen, politicians and bureaucrats in Third World countries, who support and encourage TNC investment and development projects in their countries, in the hope of enriching themselves through this process. However, as Salih (1994) argues, it is not only the lack of political will that has brought about the food crisis in developing countries. The crisis is also due to "the insurmountable internal and external constraints imposed on them by an international economic order which they are not able to influence." (ibid:7) It is to this that we will now turn our attention.

1.3. Global Processes and their effect on the Food Security of Developing Countries

It is clear, that in both Mexico and the Dominican Republic broader global processes linked to, amongst others, factors like, the fall in the prices of oil and sugar on the world market, the international debt crisis, and the introduction of stabilization and liberalization policies, are further exacerbating the food crisis in these countries. In both Mexico and the Dominican Republic, this food crisis is largely due to the decrease in government support for the domestic agro-food sector, and an increased support for the agricultural export sector brought on by these international pressures. While in Mexico this shift in emphasis is a more recent phenomenon, in the case of the Dominican Republic "the emphasis on agricultural export production appears as a historical continuity." (ibid:1117) This is based on a new model of accumulation which emphasizes comparative advantage and international trade and results in:

1. A clear trend toward specialization in export crops.
2. A progressive concentration and transnationalization of capital.
3. A decrease in food production for domestic consumption, with the transfer of land and other productive resources to TNCs.
4. A progressive impoverishment and proletarianization of small producers who increasingly have to engage in temporary wage labour for their livelihood. (Gacitua, 1991: 394)

This is in keeping with the argument put forward by Barkin et al (1990:9) who state that there is a general trend towards "the displacement of "traditional" food grains grown by small producers", and a concurrent increase in ""nontraditional" grains grown by large scale enterprises for higher income markets.... and export." In both the Mexico and the Dominican Republic, the expansion of export agriculture, is I believe a significant factor contributing to the tension regarding food security.

In Mexico, the current debt crisis, has pressurized the state towards a reorientation of state policy, and it is within this context that transnational firms have increased their control over Mexican agricultural policy. "Current steps towards trade liberalization are undermining the domestic agro-food complex promoting foodstuff imports and shifting the benefits of agricultural exports toward global financial interests." (Buttel, 1993:1117) In addition, as was pointed out earlier by Whiteford (1991) and Feder (1982) a large proportion of US AID and loans from the World Bank are directed at "the support of private-sector export-led development strategies in industry and agriculture" in developing countries. Furthermore, food aid programmes embarked on by the US and other advanced capitalist countries, acts as a disincentive to local food producers who are unable to compete with subsidized imports.

The increased emphasis on export production, linked to the World Bank/IMF policy prescriptions of the past decade, which encouraged liberal economic policies for developing countries, resulted in structural inequalities in these countries. According to Whiteford (1991) these policies entailed the enclosure of traditional peasant lands, and the appropriation of community-owned property for the production of export crops. As a result of the loss of land peasant families were forced into seasonal wage labour on large estates, which in many cases have links with TNCs, such as Del Monte in Mexico.

Gacitua et al (1991:391) argue that any increase in exports is normally accompanied by an increase in the "poverty of agricultural workers and small producers " who will experience a decrease in food consumption. This argument is based on the link between TNCs and their influence over "employment, wage levels and staple-food production," with the former two impacting on an individual's ability to access food, and hence one's food consumption. This trend is evident in both Del Monte and Gulf and Western both of whom, as we have noted earlier on, marginalized rural populations, pay their workers a very low wage, and have an influence over employment and production patterns in the countries in which they operate.

1.4. TNCs and Land

In the case of Gulf & Western vast amounts of land, are used for the cultivation of sugar and other export crops, as opposed to the cultivation of staple food crops, hence affecting food production and ultimately the national food security of the Dominican Republic. This is what Mukherjee (1994) defines as national aggregate food insecurity. This process also destroys the livelihood of those who loose their land as was the case with some 800 peasants who were forcibly evicted and displaced from their land by G+W in 1975, hence impacting on individual food security. Individual food insecurity is described by Mukherjee (1994) as a situation in which certain individuals, groups, or households do not earn enough to buy the food they need, or they do not have the means to grow the food they need.

1.5. TNCs and Labour

Although it has been argued elsewhere in this paper that TNCs often use capital intensive technology, thus not really drawing on the "cheap" labour of developing countries, in both the companies studied, it has been noted that since they draw extensively on labour, the type of technology must be fairly labour intensive.

In both cases it has been observed that the companies have a very heavy handed relationship with labour be it wage labour or contract labour. This relationship is characterised by extremely exploitative working and living conditions. These conditions are further made possible by collaborative government unions and repressive company/state labour policies. Mackintosh (1989) explores the issue of labour and argues that once the capitalist mode of production becomes dominant, wage labour together with other forms of production (eg. uncapitalized farming) are engulfed by this dominant mode of production, through which people are exploited by capital.

The issue of the exploitation of labour in the Del Monte canneries and on G+W's sugar plantations, and how this impacts on individual food insecurity or food consumption insecurity was examined. Wimberley (1991) states that activities of TNCs could actually lead to unemployment and increases in rural-urban migration, which could result in a "loss of access to subsistence food production" while at the same time depressing wages in the urban areas and promoting processes of proletarianization. It can be argued that this is what happened with Del Monte in Mexico. The introduction of contract farming by Del Monte resulted in the displacing of small producers, who were forced to either sell or rent their land to the larger land owners, and then work as wage labourers either for them or for some other employer. Some of these workers and their households "survive partly on wage labour, but also depend substantially on non-wage activities such as subsistence and petty commodity production which subsidize reproduction of their wage labour, enabling capitalists to pay them very low wages." (ibid:411) Consequently, one finds that these dispossessed producers can neither grow nor buy enough food with the amount of money they earn.

Apart from this, contract farming in itself is extremely exploitative. Mackintosh (1990) describes it as a "new form of unfree labour". It is "unfree" because the contract curbs the growers autonomy quite substantially, by subjecting the contractor to management. This is very clear in the case of Del Monte where the entire process from specifying the types of seeds, fertilizers, and equipment to be used, right up to cultivation specifications are controlled by Del Monte. Del Monte also retains the right to intervene and take direct control of the crop if it feels the need to. However the important aspect of contract farming in relation to food security has to do with it "increasing the risk" faced by the growers as a consequence of entering into this arrangement. This is largely due to the competitive global market in which contracting becomes "extremely volatile" as a result of being exposed to "wide price swings and overproduction." This leads to contractors experiencing "gross instabilities in income and little economic security in the absence of local markets for contracted produce." (Watts, 1990: 156)

Another aspect relating to the exploitation of labour has to do with the seasonal nature of work both in the Del Monte canneries and on the sugar plantations of G+W, which makes employment very uncertain, hence exposing workers to the possibility of starving if they do not find work. Furthermore, with regard to G+W the widescale use of Haitian labour was examined. These Haitian labourers, were paid the lowest possible wage, and had no recourse to labour unions simply because they were immigrant workers, and therefore faced the threat of deportation.

In sum, one can argue that TNCs aggravate the food crisis in the Third World. "The low incomes promoted by transnational corporate investment, via increased poverty and material inequality, slowed economic growth, and reproduction of the core-periphery structure itself, render many households that must purchase food from others unable to afford adequate nutrition, minimizing effective demand for food." (Wimberley, 1991: 412)

This analysis demonstrates the power and control that TNCs have, which is fostered by their "special" links with:
- firstly, the governments in Third World countries, and
- secondly, international financial institutions such as the World Bank, IMF, and the IDB, and leading commercial banks.

It is this "oligopolistic" control of TNCs which enables them to exploit land and labour in developing countries, hence impacting on both individual and national food security in these countries. Furthermore, it must also be noted that "business everywhere is outgrowing national boundaries" and is playing an increasingly important role in determining the way the world is organized politically and economically. It is no longer national governments that are determining and directing world trade, but this is largely being determined by the global workings of TNCs.

2. Concluding Remarks

This paper has attempted to demonstrate a link between TNC activities and whether or not these impact on food security in developing countries. This analysis illustrates that there is a negative correlation between TNC activities and food security in the countries under study.

In the light of this, pursuing food security should become the main aim of development policies in these countries. Future policies will have to try to increase food production by incorporating small producers into the process of accumulation, while at the same time also trying to increase the incomes of wage labourers. I would agree with Gacitua (1991: 401) who asserts that "Higher income levels and employment opportunities are essential for the achievement of better nutritional levels. Earnings generated by agricultural exports have to be redistributed by expanding the labour force and the consumption capacity of the population with increased salaries and the creation of new jobs."

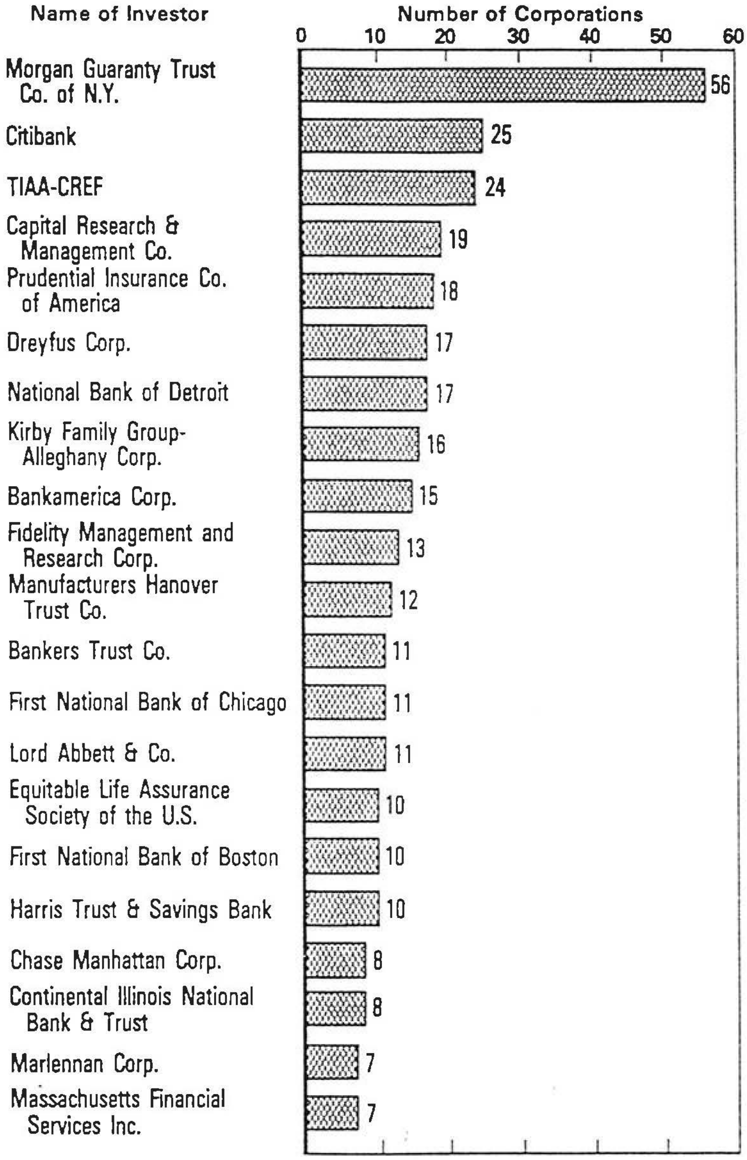
Another important factor is that the state has to develop agroindustrial infrastructure, rural services, and favourable technical, credit and price policies, to enable small cultivators to benefit from better prices, and improve staple food production. At the moment large numbers of rural populations are only tenuously integrated into wider markets, and yet at the same time their livelihoods are affected and determined by wider economic and political processes. (Hewitt de Alcantara, 1993: 2; Gacitua, 1991: 401) Hence, a solution to this problem would be to integrate "small peasant producers and marginal consumers into the market." (Tubiana, 1989:42) In order to do this domestics systems will have to be protected from "unstable world markets which are too competitive for producers who do not have the benefit of massive state transfers." (ibid:43)

APPENDIX 1

Source: From United States Senate Committee on Governmental Affairs, 1977: 259.

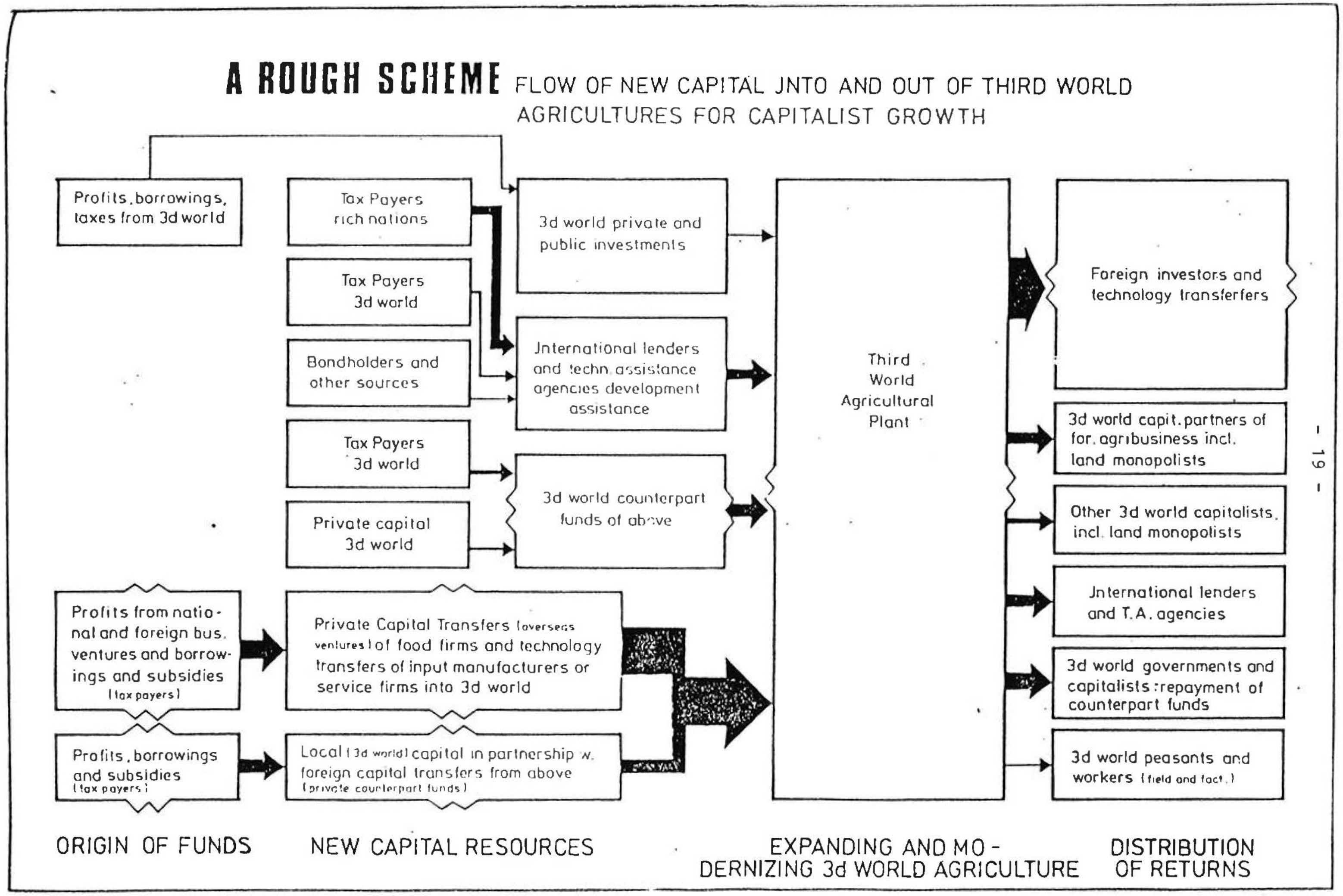
Chart II

Number of Corporations, Among 122 Studied, In Which Investor is One of Five Largest Stockvoters



APPENDIX 2

Source: From Feder, 1982: 19.



APPENDIX 3

Source: From Barkin et al, 1990: 126.

Table XII
Mexico: Grain Area, Yields, and Production
(25-Year Averages and Growth Rates, 1961-1986)

	Area		Yield		Production	
Crop	Average %	% Increase	Average MT	% Increase	Average MT	% Increase
Cereal Grains	100	1.2	1.7	3.3	16,466	4.6
Sorghum	11	11.3	2.9	1.7	3,189	13.3
Maize	75	0.4	1.4	2.7	9,684	3.1
Wheat	9	1.6	3.2	3.5	2,706	5.2

Note: Average area is the share of a grain in terms of total cultivated area of cereals; average yield is in metric tons/ha; average MT is in thousands. All growth rates are annualized averages for whole 1961-1986 period.

APPENDIX 4

Source: From DeWalt et al, 1991: 199.

TABLE 8.2 Comparison of Nutritional Indicators for Children Five Years and Under by Community, 1984

	Michoacan	*S.L. Potosi*	*Morelos*	*Tamaulipas*
Number of children (N)	*(80)*	*(56)*	*(70)*	*(53)*
Height for age				
Average (as a percentage of NCHS standards)[a]	94.8%	95.6%	97.6%	94.7%
Under 95%[b]	51.0%	50.0%	32.0%	47.0%
Weight for age				
Average	91.1%	92.7%	99.5%	96.1%
Under 90%	56.4%	38.7%	27.5%	26.4%
Weight for height				
Average	101.4%	101.6%	104.1%	106.1%
Under 90%	6.4%	12.5%	10.0%	5.6%

[a]Averages compared with NCHS median values for children in the appropriate age, sex, and measurement categories.

[b]This expresses the percentage of children who fall below the percentile of NCHS norms.

Source: Compiled by authors based on data collected in the INTSORMIL/UAM-X Field Project.

APPENDIX 5

Source: From Pelto, 1987: 523.

TABLE 21.3. Food Consumption by Food Expenditure per Week (Consumption in Grams per Person per Day)

Weekly Expenditure (Pesos)	*Milk*	*Meat*	*Eggs*	*Sugar*	*Soft Drinks*	*Fat*	*Beans*	*Maize*
Less than 250	46	32	18	34	43	19	35	373
250–500	106	58	28	40	82	28	36	326
500–1000	176	93	39	49	131	36	32	257
1000 plus	249	119	48	55	166	44	32	194

SOURCE: Adapted from Chavez et al. (1980:64–65).

APPENDIX 6

Source: From Pelto, 1987: 524.

TABLE 21.4. Weekly Income and Nutrient Intake per Capita in Rural Mexico

Income (pesos)	*Kcal.*	*Protein (grams)*	*Vitamin C (mg.)*	*Calcium (mg.)*	*Vitamin A (Retinol Equivalent)*	*Niacin (mg.)*	*Riboflavin (mg.)*
Less than 250	1,604	42	25	639	230	13	0.7
250–500	1,813	49	35	494	259	15	0.8
500–1000	1,927	53	52	719	395	18	1.2
1000 plus	2,086	58	68	790	478	20	1.4

SOURCE: Adapted from Chavez et al. (1980).

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