The Global Cottage and other tales.
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Wendy R. Holm, P.Ag.

*"Big agricultural companies in the United States
are falling like wheat before a combine's whirling blades,
causing some observers to wonder how long large Canadian players
can remain standing before being blown over by the wind of globalization..."*

Canada's Farmers Feeling Winds of Consolidation,
Globe and Mail, March 16, 1999

Pentagon, Prowl, Pursuit, Sceptre, Squadron, Steel, Raptor, Cadre, Lightening, Avenge... To the general public, they might as well be the names of the latest video-games — the kind you'd feel lucky to find in your (now adult) child's abandoned techno-toy-box when your cousin from Winnipeg arrives unexpectedly for the weekend with her twin 10 year old boys.

But farmers recognize these chemicals as serious herbicides, not toys. Each manufactured by Cyanamid which — since its mid-1994 acquisition for $9.7 billion (US) — is now owned by American Home Products (AHP). (*What's Monsanto Up To Now*, Brewster Kneen, Rams Horn, July 1998.)

When American Home Products purchased 65 percent of Monsanto's stock last year for a cool $34.4 billion, it announced a global joint venture to create and market grain and animal feed products "enhanced through biotechnology".

The American Home Products/Monsanto merger unites Monsanto's Roundup (the world's biggest selling herbicide) division with AHP/Cyanamid's agrotoxin division, making AHP — with combined herbicide sales of $5.24 billion — the largest manufacturer of agrotoxins in the world, surpassing even Novartis. (The merger also brought together Monsanto's Searle and AHP's Wyeth-Ayerst pharmaceuticals, making AHP the top seller of prescription drugs in the U.S.; both Searle and Wyeth-Ayerst have significant interests in "womens' health" drugs.)

For its part, Monsanto then turned around and purchased Cargill's international seed operations in Central and Latin America, Europe, Asia and Africa (everywhere except Canada and the U.S.) for $1.4 billion. The acquisition includes seed research, production and testing facilities in 24 countries and sales and distribution operations in 51 countries. In turn, Cargill has just announced its planned acquisition of long-time rival Continental Grain Co.'s grain handling assets.

As Kneen points out, Cargill's expertise in designing and controlling macro-structures (trade agreements, aid programs, transportation systems) combined with Monsanto's structural design and control at the micro (genetics) level means Monsanto will be able to concentrate on 'genomics' and 'information' — genetically engineered seeds — while Cargill supplies inputs and trades and crop processing functions. Roundup Ready Canola meets the Terminator Gene.

More recently, Dupont's planned $7.7 billion (US $) acquisition of Iowa-based seed breeder Pioneer Hi-Bred International will add a $1.8 billion (US $) seed division to Dupont's growing agri-food empire.

Farmer cooperatives are not immune to such merger pressures. Two of the largest US based farmer cooperatives — Farmland Industries and Cenex Harvest — have just announced a merger that will result in an annual grain handling capacity of $6.7 billion (US $). Closer to home, last summer's merger of Alberta Wheat Pool and Manitoba Pool Elevators created Agricore Cooperative. And publicly traded Saskatchewan Wheat Pool and United Grain Growers are competing to see who can build more high-throughput grain elevator capacity

NEW BED FELLOWS?

Shivering in the cold of Ottawa's agri-policy vacuum, Canada's farmers are increasingly vulnerable to the attention of new international bedfellows eager to creep 'neath the covers and cosy up to Canada's agri-food resource base.

Archer Daniels Midland, 42% owner of United Grain Growers, is one such example.

With sales of $13.9 billion US in 1997 and five-year profits of $2.9 billion, Archer Daniels Midland (ADM) is the world's largest agricultural commodity firm. American taxpayers have underwritten $5 billion on ethanol subsidies this decade, $3 billion of which has gone to ADM; during that same period ADM contributed $2.8 million to both the Democrat and the Republican parties to keep the ethanol subsidy on the books. Presently, ethanol and other corporate subsidy programs land ADM an additional $400 million a year — over $1 million a day — from US taxpayer pockets. In 1996, Archer Daniels Midland was found guilty of rigging (price-fixing) the market for lysine - an animal food additive - and fined $100 million by the US Justice Department.

During the first half of this fiscal year, shipments by United Grain Growers dropped a whopping 22%, cutting gross profits by $11 million. (Does any farmer not know what happens when farmers fall too far behind? Governments lacking in policy-sense and savvy offer farmers loans and venture capital programs. Farmers lacking in options often take them. Till the chickens come home to roost, as they say. Venture capital always has a surgical buy-out clause sitting in the - distant only at the time the contract is signed - 5 to 7 year future. Does anyone doubt but that as Clint Rempel, Canada's top young farmer in 1997, watches his third generation dream fall to the auctioneer's gavel, the capital interests behind the hog plant will be in the crowd? With money in their pockets and little competition from farmers for a 350 sow farrow-to-finish, 2,000 head finisher barn operation, they'd be fool not to go for it; farmers are way cheaper and more tractable as employees...) UGG also has distribution contracts with Dupont and Pioneer.

HEY THERE, PILGRIM...

In a recent address to Canadian chicken farmers, United States chicken magnate Buddy Pilgrim (could there be a more "American" moniker?), former president of Pilgrim's Pride (fourth largest chicken processor in the US), warned Canadian farmers that supply management is inefficient and they would pay the market price for it. Pilgrim said there are no independent chicken farmers left in the US.

BST OR BUST

The US plans to start shipping milk into Canada in coming months now that it has won a key WTO ruling that found Canadian dairy industry export pricing programs "illegal" under global trade rules and challenged our administration of minimum import requirements. I strongly suspect the key issue here is not only market access but, more importantly, sovereignty; the decision will inevitably place further pressure to remove Canada's ban on BST... Why? Because with BST and non-BST milk in the marketplace, consumers will demand labelling. Retailers and (increasingly foreign-controlled) dairies (e.g. Italy's multi-national dairy conglomerate Parmalat Finanziaria SPA, new owner of Ontario's Ault and Beatrice dairies) can be expected to oppose BST labelling on the grounds that the costs of handling "different" milk (processing, labelling, inventorying, pricing) would place an unfair burden on the industry/consumer when and if they "needed to bring in some milk from the States to meet consumer demand in the face of domestic shortages." Never mind that such shortages have not yet occurred. It's more about erasing technical barriers to universal sourcing of product consistent with bottom-line corporate priorities

WORLD BANK SAYS YES

Browsing the web the other day, I happened to visit the World Bank's homepage, where I was interested to find that one of their program priorities is "sustainable intensification" of agricultural systems: "an integrated approach to farming which increases agricultural output per unit of land while maintaining the long term ecological and biological integrity of natural resources, providing economic returns to individuals, contributing to quality of life, and strengthening a country's economic development." Sustainable intensification is, in large measure, a euphemism for genetically modified crops.

EUROPE SAYS NO

As concentrated agri-giants merge and remerge in their race to supply engineered techno-food to the new global village, some communities are quietly saying no to such options. Six European food retailers (Britain's J Sainsbury and Marks and Spencer, Carrefour of France, Delhaize of Belgium, Italy's Effelunga, Swiss Migros and Ireland's Superquinn) recently announced a consortium to keep genetically modified food out of their store brands. "By establishing verified, non-genetically-modified sources in the farmers fields and ensuring segregation through the supply chain, we will be GM-free. This move will enable Sainsburys to eliminate all GM ingredients from its own-label product in response to customer demand for GM-free foods" said a Sainsbury executive.

CAT AND MOUSE THEORY OF COMPETITIVENESS

For BC's farmers, comparative advantage and competitiveness is not unlike a global game of cat and mouse: the reason there are more mice than cats is because the mouse can run thru holes too small for the cat to follow.

As consumers increasingly call for market tricks (organic, non-adulterated product) that today's agri-food transnationals have grown too large and stiff to perform — and, hoist on their own petard, they hang and die from their own weight — it will be smaller, more fleet-footed players who grab and hold the competitive edge on domestic and world markets.

Why shouldn't those players be farmers themselves? Organized into new-style, global cooperatives? Providing nutritious, sustainably and ethically produced food products to domestic and world communities? Why should globalization imply decapitalization for Canada's independent farm sector?

No less an authority than Murray Fulton, University of Saskatchewan ag economist and director of the Centre for the Study of Cooperatives, is calling on cooperatives to look beyond their borders and start considering international alliances: "People are now starting to ask the question how could you form a co-op that spans one or more countries. Up until now, that is a question that other people didn't even ask..."

Sound familiar?