

# Agribusiness: The American Example and its Implications for Australia.

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## INTRODUCTION

'The only way to solve the so-called farm problem, once and for all, and avoid cumbersome government programs, is to progress...from agriculture to agribusiness.'<sup>1</sup> This is the way in which John H. Davis commenced his famous and influential article in the 1956 *Harvard Business Review*.

Davis, an academic who later became Assistant Secretary of Agriculture under Eisenhower, spoke of the 'great transformation' of the U.S. economy by forces of research and technology — forces which could not be halted and which would inevitably draw agricultural production and marketing into a position of interdependence. He recognised the problems of the small farmer caught in a cost-price squeeze, of the American consumer paying high prices for food commodities, and of the lack of co-ordination between production and consumption of agricultural goods. Just as importantly, he noted that continued government interference in agriculture raised 'serious questions in the minds of those who believe strongly in private enterprise'<sup>2</sup> and considered that vertical integration and business co-ordination of agricultural production would provide the stability and efficiency desired by both producers and consumers. His conclusion reflects the optimism of the 1950s: 'All of America stands to benefit by the use of the agribusiness approach...Our end objective should be to utilize our vast capacity to provide food and fibre for the further improvement of our own living standards and the implementation of our aims abroad.'<sup>3</sup>

Like so many American dreams the reality has come to more closely resemble a nightmare. Farmers have been forced from the land in increasing numbers by the 'inevitable' forces which Davis praised, corporate executives have jumped back and forth from agribusiness company presidencies to government portfolios as a means of securing their interests, agricultural research has progressively ignored the needs of the small farmer, food prices have soared, food quality has deteriorated, and corporate interests have increasingly relied upon energy-inefficient technology and ecologically unsound agronomic practices.

The aim of this paper is to review the trend towards agribusiness focusing upon why it occurs, how it occurs, who benefits and who loses. The U.S.A. provides the best example of the trend. The U.S. experience is then contrasted with the situation in Australia.

The message of the paper is this: that despite statistics or studies which claim to show the economic viability of the family farm, agriculture is becoming progressively dominated by the needs and interests of monopoly capitalist industries. As a corollary it is suggested that the needs and interests of monopoly capitalism are not consistent with those of the small-scale independent farmer, nor with those of the consumers of food.

The premise upon which this paper rests is that it is impossible to understand what is happening in agriculture without analysing the food industry and its links with corporate enterprise.

The three main sections of the paper are as follows:

- (1) What is 'agribusiness', what is the extent of its influence and why does it occur?
- (2) Who benefits, who loses, and what other effects does it have?
- (3) What implications does this have for Australia?

#### WHAT IS 'AGRIBUSINESS', WHAT IS THE EXTENT OF ITS INFLUENCE AND WHY DOES IT OCCUR?

'Agribusiness means', Davis wrote, 'the sum of all farming operations, plus the manufacture and distribution of all farm production supplies, plus the total of all operations performed in connection with the handling, storage, processing and distribution of farm commodities'.<sup>4</sup>

Most definitions stress that agribusiness is a system of economic organisation in which farming is integrated with the wider (industrial-urban) economy.

This is generally considered to occur in one of two ways:

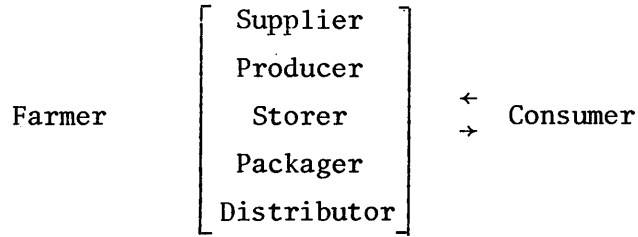
- When a food processing company contracts with an individual farmer for production of a certain type of agricultural commodity at a certain time for a predetermined price. In this case the company may, or may not, supply the farmer with inputs and may, or may not, be involved in all of the storage-processing-distribution operations.
- When a company owns a farm and supplies it with tools, seeds and fertiliser and where production is geared to the outlets of the company. This provides a link between agricultural supply operations (manufacture and sale of fertilisers, insecticides, machinery, etc.), grower-producer operations, and storage-processing-distribution operations.<sup>5</sup>

As a means of understanding the agribusiness phenomenon in capitalist countries, it is worth considering the historical changes which have occurred in the economic organisation of farming. I have attempted to outline these changes in Figure 1.

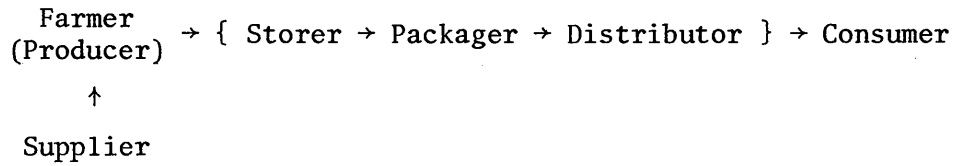
Independent 'family farms' have been of two sorts shown as 'A' and 'B'. Self-sufficient (independent) farming refers to that undertaken by pioneer agricultural communities in the U.S. The farmer and his family lived a marginal existence by trapping native animals, growing vegetables and grain crops, and raising domesticated stock for farm consumption. The farm family consumed nearly all the food produced. The storage, packaging, and distribution operations (such as the slaughtering of animals, butter and cheese production, preservation of fruits, etc.) was a family concern and there was little available surplus from one year to the next. Where a surplus existed goods were bartered, or, where some cash was obtained from off-farm sales small pieces of equipment (axes, hoes, saw) were purchased. The farm was, in essence, self-sufficient and production was for use value.

As farming techniques improved and urban and overseas markets developed, the independent farmer became market-oriented producing agricultural goods for their exchange value rather than for their direct use value. The fowl run and pig sty gave way to the petrol tank and machinery shed, and a mixed agricultural base gave way to that of specialised production. From the sale of agricultural commodities the farmer purchased fertilisers, seeds and equipment. Individual entrepreneurs in the towns and cities were involved in separate storage, packaging and distribution operations. It was these entrepreneurs who were first to horizontally, and then vertically, integrate. As these increasingly large firms continued to tie up the storage, packaging, and distribution of foodstuffs they looked toward increasing their control over the actual production of agricultural goods.

A. Self-sufficient (independent) farming

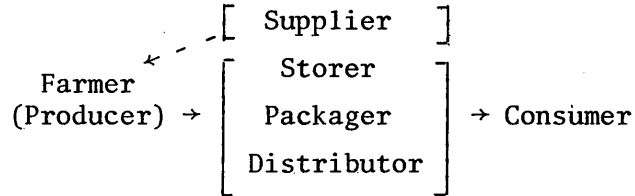


B. Market-oriented (independent) farming



C. Agribusiness

(i) Contract farming



(ii) Corporation farming

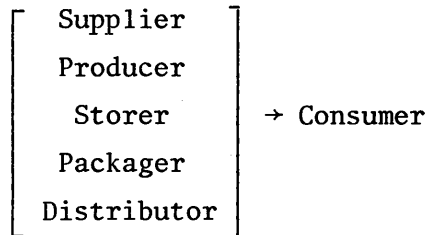


FIGURE 1

CHANGES IN THE ECONOMIC ORGANISATION OF FARMING  
U.S.A. AND AUSTRALIA

The first form of agribusiness (C(i) in Figure 1) is that in which a food-based corporation contracts with the market-oriented (independent) farmer (shown in 'B'). The corporation in some cases supplies the farmer with his inputs. The farmer may have some autonomy (in terms of decisions about irrigation/spraying/harvesting crops, or animal husbandry practices) but many of the important production decisions are made for him and he produces certain goods, at a predetermined price, for the corporation.

The second type of agribusiness farming sees the elimination of the farmer. The corporation owns the land and hires a manager to look after farm interests, just as it appoints managers for supply and distribution operations. The corporation has total control over the agricultural goods and has eliminated the direct producer, and middlemen, from the production process. This is the final stage in the movement from agriculture to agribusiness.

The farming models presented in Figure 1 are ideal-typical and correspond only in a general way to the actual historical forms found in U.S. and Australian agriculture. But two things are clear:

- (1) The change occurring is from that of the virtually self-sufficient (independent) farmer to that of the totally integrated company. The independent farmer is progressively eliminated from farming as corporations grow in size and number.
- (2) There is a change in the social relations of production of agriculture as farmers move from a position of independence and autonomy as small producers, to dependence on the agribusiness firm for their continued employment in farming.

Definitions of agribusiness which ignore this second factor tend to overlook the real meaning of agribusiness — that it is the movement from petty bourgeois production relations to capitalist production relations within agriculture.

It must be recognised that the small independent farmer is not a capitalist whose source of profit is the labour power of employees. Nor is he a labourer employed by a capitalist. He is, as Marx suggested, a petty bourgeois producer who owns and controls small amounts of capital and uses his own labour power in the production process. The movement towards agribusiness (and capitalist relations of production) means that independent farmers either forsake control of the production process (i.e. decision about what to produce) so as to remain in farming, or leave the industry and are replaced by managers and labourers employed by agribusiness firms. Agribusiness is, therefore, a change in the social organisation of agricultural production, one which has profound effects on the structure of farming communities and on the production, cost, and distribution of food and fibre. I have attempted to represent the class changes which are occurring within agriculture in Figure 2.

The extent of influence of agribusiness is difficult to judge. It is known that corporations favour egg, chicken, fruit, vegetable and feedlot beef production, that is, assembly-line agriculture where products can be moved from 'seedling to supermarket'.<sup>6</sup> (One, more ambitious U.S. corporation claimed its objective was to meet the needs of consumers 'from womb to tomb!')<sup>7</sup> Most avoid areas of risk and invest in production of high turnover, easily mechanised, scientifically controlled, low variability goods. Corporations vertically integrate to eliminate middlemen, reduce risk by controlling production, and wherever possible, mechanise to save labour costs and minimise labour disruption.

A large corporation, such as Tenneco in the U.S., can plant its own land using its own tractors and own fuel. Crops are sprayed with its own insecticides and pesticides. Food is processed in its own plants where it uses its own chemical colours and preservatives. The food is then packed in its own containers which are distributed to grocery stores through its own marketing system.<sup>8</sup> This is not the world of the family farmer or corner grocer but of a corporate 'food system'

Class	Ownership of productive resources	Control of productive resources	Control over labour power of others
Bourgeoisie (B)	✓	✓	✓
Proletariat (P)	—	—	—
Petty Bourgeoisie (P.B.)	✓	✓	—
<u>Change</u>			
(1) P.B. → P.B.	✓	—	—
(2) P.B. → B	✓	✓	✓
(3) P.B. → P	—	—	—

FIGURE 2

CLASS RELATIONS WITHIN CAPITALIST SOCIETY AND  
CHANGES TO THE PETTY BOURGEOISIE IN AGRICULTURE

NOTES

The top section shows the characteristics which define the classes according to traditional Marxist theory.

The bottom section indicates the broad changes which occur with the advent of agribusiness.

1. P.B. → P.B. The farmer contracts with a food corporation. He remains part of the petty bourgeois class but to do so he relinquishes control over his productive resources.
2. P.B. → B. The farmer who 'gets big' takes on labour and becomes, by virtue of his control over this labour and increased capital, a member of the bourgeoisie. These relations also occur when an agribusiness firm purchases a farm. Ownership and control of the production resources as well as the control of the farm labour rests with the company. The farm labour employed is part of the proletariat. These are capitalist relations of production within agriculture.
3. P.B. → P. The small farmer is no longer viable and must leave farming. In relinquishing ownership and control of his land the farmer, in most cases, becomes a wage labourer — a member of the proletariat.

producing agricultural goods in a style which approximates car (or other industrial) manufacture.

Estimates of corporate control vary. One writer has suggested that corporate farmers account for only 7% of total U.S. food production (but heavily control specific areas),<sup>9</sup> while another group has estimated that corporations, either by direct control or control over distribution, account for 80% of U.S. food production.<sup>10</sup>

Among evidence brought forward to show the importance of agribusiness, the following is significant:

- 20 large corporations control poultry production in the U.S.<sup>11</sup>
- 12 oil companies have reorganised feedlot beef production from the traditional 1,000-10,000 cattle lots in the Midwest to 100,000 cattle lots in Texas.<sup>12</sup>
- 3 corporations — United Brands, Purex, and Bud Antle (a Dow Chemical subsidiary) — dominate lettuce production in California.<sup>13</sup>
- the 25 largest supermarket chains account for over half of all U.S. retail food sales.<sup>14</sup>
- one-tenth of U.S. farms produced half the agricultural output (and one-one hundredth produced one-quarter of agricultural output) in 1972.<sup>15</sup>
- in California 45 corporations own 3.7 million hectares — half the farm land in the state.<sup>16</sup>

Jim Hightower, author of several books concerning the influence of agribusiness, has claimed that for any given food line over 55% of the market is in the hands of the four largest companies.<sup>17</sup>

This situation of oligopoly means that the few sellers of the product lines are able, through market manipulation, to control the amount, and therefore the price, of food in the market place. He claims that the food industry is more highly concentrated than the rubber, plastics, fabricated metals, and textile industries. In the U.S. in 1963 the 50 largest food manufacturing corporations owned nearly 50% of assets and obtained 61% of profits. By 1974 the 50 largest corporations held 60% of the assets and obtained 75% of the profits.<sup>18</sup>

There has been a growing centralisation of ownership and control in the food industry, that is, among companies concerned with one or more of production, supply, storage, packaging, or distribution operations. Accompanying this has been a concentration of resources in particular areas of agriculture, and continued specialisation of production. Both tendencies have been a consequence of the specific nature of the accumulation process within capitalism.

Under capitalist relations of production the individual producer, in a competitive position with others in the industry, seeks to maintain or improve his position. If he fails to innovate, others will and he will lose his place to those who can produce goods more cheaply or those who have captured the market with new products. Either way, to maintain his economic viability, he is engaged in what Marx termed 'the constant revolutionising of the forces of production'. If he fails to adopt new labour-saving (and therefore cost-saving) production methods he is likely to fall behind others and become uneconomic.

For the individual manufacturing firm, just as for the individual farmer, the incentive is to expand production by adopting new innovations and by replacing labour with machinery. This has led to a thorough and rapid transformation of secondary industry but, because of the specific nature of agricultural production,<sup>19</sup> has in past decades occurred to a limited extent in farming.

The individual manufacturer, under conditions of free market competition, is forced to innovate and expand operations in order to effectively compete with other

producers. Indeed, it is usually desirable for a firm to gain as much control of the market and to eliminate as many competitors as possible for, in this way, a known market is assured, competition is thwarted and the price level of the product can be manipulated. This situation occurs, of course, under conditions of monopoly or oligopoly. Once the firm reaches this level of control it will usually act to limit its supply in an endeavour to keep prices as high as possible. The monopolist does not reinvest all his profits in plant and equipment because this may lead to a position of overproduction in the market, and subsequent price decreases.

The monopolist or oligopolist, therefore, must look for new outlets for capital. This is the main reason why firms in the food industry and others not directly engaged in food processing have penetrated agriculture. The short-run interest of the large corporations is not necessarily to make a profit in agriculture but to dispose of capital otherwise held unproductively. Corporations handling millions of dollars from such products as petrol, chemicals, rubber, and aeroplanes seek to invest in undercapitalised areas of the economy. Agriculture, particularly the scientifically advanced modern agriculture, provides an acceptable outlet and it has the added feature that financial gain made in other sections of corporate production can be written-off against investments for land improvement. Tenneco again provides the example. In 1969 it sought to use federal tax breaks as a means of reducing its taxable income from oil. With a gross oil income of \$464 million and a taxable oil income of \$88.7 million, Tenneco, through a variety of tax provisions relating to agricultural production, not only paid no taxes but had a credit of \$13.3 million!<sup>20</sup> In this case, agricultural investment is profitable without returns to farming. 'Profits' are from federal tax allowances, federal crop subsidies, and when the land is sold, from capital gains.

The small, independent farmer cannot compete in this climate. He may be efficient by traditional standards<sup>21</sup> but he cannot hope to undercut those who are able to profit from making losses in agriculture. In most cases his product will be more expensive and his inputs more costly than corporate farmers. In fact he can be undercut price-wise by the corporations until he is forced from the industry. A similar situation occurred in the so-called 'supermarket revolution' in the U.S. in the 1920s when high-volume, high-turnover supermarket chains lowered their profit margins and displaced the corner store grocers. By the 1950s the small competitors had been eliminated and the large chains increased their price levels. Today the large supermarkets have profit margins equal to or greater than the small competitors they displaced. That is, the chain stores and corner grocer chains currently operating in the U.S. are similar to the family-owned businesses, minus the family.<sup>22</sup>

So too, it seems, with agriculture. The family farm is being increasingly displaced as the large conglomerates enter agriculture. Once agribusiness firms gain control of the market they can dictate the terms of production; once outlets are blocked they are in a position of contracting those remaining, under guidelines and conditions which render the former independent producers virtual slaves to the agribusiness conglomerate.

In summary, agribusiness expansion occurs because of the needs of large corporations. Under conditions of capitalist production, monopoly industries invest excess capital in areas which will maximise returns for the corporation as a whole. A 1%-2% return on capital from investment in agriculture may, because of government concessions and tax deductions, translate to a 10% (or higher) return to the corporation as a whole.<sup>23</sup> Small producers, unable to compete, are either displaced or absorbed by the agribusiness firm. The result of the process is the proletarianisation of the family farmer, the further concentration and centralisation of agricultural capital, and greater control of food production by the large corporations.

## WHO BENEFITS, WHO LOSES AND WHAT OTHER EFFECTS DOES IT HAVE?

### Who benefits?

The corporations are the beneficiaries. They strengthen their overall position in four ways: first, as mentioned above, by increasing their control over food production and distribution; second, by obtaining government support for their activities — this is in the form of tax concessions, subsidy payments, and government financed research projects; third, by improving their financial position through horizontal and vertical integration; and, fourth, by reducing production and marketing risks through contract arrangements, reorganisation of agricultural production, increased mechanisation, and adoption of technical or scientific innovations.

It could be claimed that the consumer may benefit in the short run from agribusiness activities since the products of agribusiness must be able to compete price- and quality-wise with those from independent producers. But with oligopolistic control of food outlets the consumer has difficulty in securing supplies of cheaply-produced unprocessed foodstuffs. With most lines, potential savings are lost in the polythene wrappings and cardboard containers which have become a seemingly essential, but of course, expensive component in the food distribution network. Indeed, food inflation can, in large part, be attributed to the activities of corporations in the food industry. One estimate has shown that consumers in the U.S. in 1972 paid an extra \$2,000 million because of monopoly overpricing in 13 food lines.<sup>24</sup>

### Who loses?

Those who suffer most are the small farmers, those living in rural communities, and, of course, food consumers. Each will be considered, in turn.

#### (a) Small farmers

Over 100,000 farms are abandoned each year in the U.S. and it has been estimated that of the remaining 2.9 million farms, 1.5 million provide their owners with incomes below the poverty line.<sup>25</sup> Those who remain in farming are told by government and industry officials to 'get big or get out'.<sup>26</sup>

Those who decide to 'get big' do so under the dictates of the New Agriculture, that is, by attempting to increase production through expansion of land in production and by raising productivity through introduction of new technology. The farmer purchases modern tractors and machinery and uses increased levels of fertilisers, pesticides, herbicides and weedicides. By raising production levels he hopes to offset the increasing costs of inputs.

The result is that while the farmer may become more productive in the short run he has climbed aboard the 'agribusiness treadmill'<sup>27</sup> and becomes a sort of rural 'junkie' hooked on agricultural chemicals. To stay on the treadmill the farmer must spend greater amounts of money on inputs. The inputs (petrol, farm equipment, fertilisers, insecticides, etc.) are the same products the agribusiness firms 'sell' to themselves for use on their own land. That is, the farmer must purchase inputs supplied by a competitor who employs the same inputs at a lower cost. Not only does this make the farmer increasingly uncompetitive with respect to his agribusiness rival, but it means that once on the treadmill he must continue to purchase higher levels of chemical, and other, inputs to maintain his viability. If he fails to feed his newly developed chemical habit he faces the prospect of 'drying out' by selling his farm and becoming a member of the urban work force.

The cost-price squeeze in agriculture, considered to be one of the most serious problems facing the small, independent farmer, occurs because agricultural inputs controlled by large corporations continue to rise in price while the returns on agricultural products rise less rapidly, or indeed, fall. Oversupply in the market together with product price instability means continuous expansion of



production is necessary to offset increased input costs.<sup>28</sup> The independent farmer, like the agribusiness corporation, must concentrate and centralise capital to remain viable — in other words, he must get bigger. As he gets bigger he moves from a position of being an independent producer to one of being an employer of labour, that is, from a petty bourgeois producer to a capitalist. In short, the small farmer is eventually forced to become a capitalist, or leave the industry.

This would seem to confirm Marx's observation that in the development of capitalism the simply commodity (petty bourgeois) producer would be progressively absorbed into one of the two main classes, the bourgeoisie or the proletariat.<sup>29</sup>

#### (b) The rural community

The death of the small town portrayed graphically in *The Last Picture Show* is one of the great tragedies of the twentieth century. Small towns have provided diversity of interests, alternatives to mass culture and many social benefits not found in city existence. But with 'capitalisation' of the countryside, the movement of people from the land, and improvements in transportation and communications, the *raison d'être* of the small town has been undermined. In the U.S. during the past 50 years some 40 million people have migrated from rural areas.<sup>30</sup> The death of small towns cannot be blamed on agribusiness as such, but a few examples, given below, suggest that higher levels of agribusiness activity has resulted in a further erosion of rural life.

- Goldschmidt, in an early study of California's central valley, investigated social life in two communities: one dominated by large, predominantly corporation-owned farms; the other, dominated by small family-operated farms. Where the small farms prevailed Goldschmidt found a higher standard of living, better community facilities, better streets and footpaths, more parks, more stores with greater retail trade and twice the number of social organisations.<sup>31</sup>

This was reiterated by Raup who indicated that where corporate farming prevails 'the rural community declines. Per capita costs of public services go up or the quality of service deteriorates, or both; and the youth of the community are forced to go elsewhere if they are to obtain adequate training and employment. Poor schools, poor roads, deficient housing and limited cultural opportunities tend to be associated with rural communities dominated by large firms. Examples can be found in California, Colorado, Florida, Texas, the Mississippi Delta states and elsewhere.'<sup>32</sup>

- Corporation interests can override community needs. In California a proposal for a hospital in one country town was blocked by a corporation because it would have increased property taxes.<sup>33</sup>
- Money is exported from the local community. Agribusiness purchases are not made at local agencies but through state and national distribution networks. An example is provided by Hightower. The Safeway national food chain which has displaced thousands of local country stores returns all profits to its head office in Oakland, California. Of the millions of dollars annual profit from its 2,300 stores Safeway returns little, or none, to the regional areas.<sup>34</sup> Similarly, decision-making is no longer local. Planning is centralised in Oakland with little regard for individual community needs.<sup>35</sup>

The penetration of agribusiness means the further decline of service towns and the movement of the rural population to urban areas. This has nothing to do with the personal desires of those migrating — many are forced to leave the country areas in search of work. That is, they are moved by the same economic force which has concentrated capital in large urban areas — the expansion of corporate power.

(c) Consumers

It is consumers who suffer most from the activities of agribusiness corporations.

(i) Nutrition. Food corporations are not necessarily concerned with food quality. Their immediate interest is to increase food sales and to maximise returns to shareholders. The objective becomes one of inducing consumers to purchase products tapered to industry needs rather than of producing food which consumers need for adequate nutrition.

The wares of McDonald's are an excellent expression of the contradiction between the desire of industry for profit and the real needs of consumers for low-cost nutritious food.

The all-American dinner of a hamburger, fries and a 'shake' was developed by McDonald's according to the demands of their consumers. But McDonald's research had shown that their important consumers were the children since it was they who, in four out of five families, decided where the family would eat. Research also showed that those aged 7 to 13 ate an average of 6.2 hamburgers per week and that this was at least double the amount consumed by those in most other age groups.<sup>36</sup>

An advertising campaign was launched in an endeavour to attract, and keep, the children as consumers. This they did with the Disney-like characters of Ronald McDonald, the Hamburglar, Mayor McCheese and other creations of the corporate mind. A bland menu was systematically developed since this was most desired by the children's palates and could be reproduced homogeneously throughout all outlets.

Advertising was not geared toward the nutritional value of McDonald's food but emphasised that a visit to McDonald's was a visit to fun-land. 'The message we're trying to get across', one executive explained, 'is that going to McDonald's can be a fun experience for the American family. For a housewife, it's a mini-break in the day's routine. For Dad, it's an opportunity to be a hero to the kids, but in a way which won't cost much money. For the children, it's plain fun.'<sup>37</sup>

Analysis of the all-American meal by a Harvard professor showed that it was low in vitamins B and C but very high in saturated fats. This, he claimed, was typical of a diet which raised the cholesterol count and increased susceptibility to heart disease.<sup>38</sup> Another professor who developed a vitamin chart from which he assigned points to products according to their nutritional value gave McDonald's regular pattie 18 points and Apollo dog food 30.<sup>39</sup> It is interesting to note too, that milk shakes at McDonald's are not referred to by that name since they do not contain fresh milk. Rather, their 'shakes' are an aerated foam made of serum solids, fats, sugars, imitation flavours, artificial colours and stabilizers.<sup>40</sup>

However, it is not only the 'fast food' corporations which have come in for criticism. Most processed food contains substances which have been shown to be harmful to humans. It is estimated that the average American eats 6.7 lb. (3.0 kg.) of food additives per year. These substances in preserving the colour of food and lengthening the shelf-life of products meet the needs of industry, but may, such as in the case of nitrates and nitrites, be carcinogenic or produce other undesirable effects. In six U.S. studies which involved the testing of over 200 children, food colours and flavours were found to cause over 50% of the hyperkinesis and learning disabilities experienced by the children.<sup>41</sup>

The most insidious aspect is that the chemical concoctions which lace the corporate food lines are forced upon consumers without their knowledge. While food quality deteriorates, new ways are found to preserve or enhance the 'look' of food. Some examples:

- Chickens are fed xanthophyll to improve their skin colour.
- Spray-on gloss coatings have been developed for use on apples, citrus fruits, and tomatoes.

- Green-picked fruit is gassed into colour at the right market time (tomatoes have been found to contain less vitamin A and C and to have inferior taste and firmness when 'gassed').<sup>42</sup>
- Fuzz on peaches is being removed mechanically and replaced with a water soluble, fungicidally-treated wax coating to prevent water loss and improve shelf-life.<sup>43</sup>

The American consumer does not have a 'vote' in the adoption of these techniques — they are behind-the-scenes forms of cosmetic surgery aimed at producing a product suited to the needs (for handling-storage-packaging, etc.) of the food corporations. The choice of food outlets is also limited. The independent butchers, bakers, and fruit and vegetable proprietors have long disappeared. Like the petty bourgeois farmer they have been progressively replaced by corporate operations. The giant supermarket now carries 'look-alike' products and provides inferior service. The consumer suffers, accordingly.

(ii) Packaging and advertising. Packaging and advertising costs are born by the customer. Through processing and packaging, a corporation can:

- make a product appear different from others in the market.
- engage in advertising based upon the supposed differences.

A familiar example is that of breakfast cereals. Wheaties in the U.S. costs 53¢ per regular box. Each box contains no more than 2¢ worth of wheat, and it has been claimed, incidentally, that in terms of nutritional value eaters could do just as well by chopping up the box and adding milk, as by consuming the cereal itself.<sup>44</sup> The company making Wheaties also makes Total, a box of Wheaties sprayed with 0.5¢ worth of vitamins per box. The cost of Total, however, is 22¢ per box more than Wheaties. Product differentiation leads to further consumer exploitation. Examples abound of similar rip-offs — potatoes are reconstituted to form 'perfect' potato chips but sell at 50% above the normal price, packet cake mixes have been found to contain over 40% air, product containers often cost more than the products they hold,<sup>45</sup> and in some cases advertising is false and deliberately misleading.<sup>46</sup>

Processing and marketing costs have also started to rise disproportionately in terms of other production costs and are excessive by any standard. In the U.S. tomato industry, for example, the farmer receives 9% of gross receipts, the (usually migrant) labourer 4%, and the cannery worker 4%. The remaining 83% of gross receipts goes to the cannery and to retail outlets.<sup>47</sup>

(iii) Food standardisation. Processed foods increasingly lose specific characteristics which may be thought to limit their market size. None of the manufactured pizzas, for example, is too highly seasoned or particularly different in flavour from its competitors. Regional differences in food preferences tend to be ignored and consumers have no real choice when food outlets are limited in number and in product lines. The chicken, hot dog, hamburger, donut and pancake food chains in the U.S. provide examples of the 'food factories' which offer consumers limited choice and little variation. Ray Kroc, the founder of McDonald's, explained that it was impossible to grill and garnish your Big Mac according to taste. 'The minute you get into customizing you're on an individual basis...the cost of the product is exactly the same but the labour triples.'<sup>48</sup>

The popular rejection of overprocessed, unnutritious foods culminated in the upsurge of the so-called 'health foods'. Once a community-oriented, 'back-to-earth' search for wholesome and untreated products, the movement has been swamped by the large food conglomerates which have begun to charge *higher* prices for products which are *less* processed. It costs more not to have preservatives added, and for the artificial colours not to be included. Advertising of the corporate health food lines seeks to recapture the 'personal' and 'old worldly' touch. Brand names include 'Mrs. Karl's' (bread), 'Sara Lee' (pies and cakes), 'Blue Bonnet'

(margarine), 'Log Cabin' (syrups), and smiling, homely mothers appear on television to sell the new 'nutritious' foods of the corporate giants.

If they scratch below the surface American consumers find the turkey they consume is produced by the Greyhound Corporation, potatoes are grown by Boeing, lettuce by Dow Chemicals, and that the ham on their dinner plates is supplied by the International Telephone and Telegraph Corporation.<sup>49</sup>

(iv) Corporate carelessness. The possibility of widespread food poisoning (which can occur if fungi and bacteria are not properly treated) increases with the size and scale of the food operation and with the increased geographical area of marketing outlets. Accidents can also occur as a result of insufficient quality testing or incorrect labelling of products. In Michigan in 1973 a large chemical firm which manufactured both highly toxic chemicals, and a feed additive, cross-contaminated the products. As a result an extremely dangerous halogenated hydrocarbon was included in the feed supplements of animals on over 500 farms. By May 1975, 16,000 cattle, 3,000 pigs, 1,200 sheep and 1.5 million fowls had been quarantined, and later, destroyed. But despite this action the chemical substance (which in humans causes headaches, numbness, balance problems, liver trouble, weight problems and stomach cramps) had been found in food. The chemical which is stored in fatty tissue of animals as well as humans has been absorbed by an unestimated number of people. Compensation claims have been enormous, as have the environmental and other effects.<sup>50</sup>

The toxic nature of modern agri-chemicals has been highlighted in studies of farm workers. In one county of California in 1969, 25% of farmworkers sought medical advice for pesticide-related illnesses. The use of these chemicals in California made agricultural fieldwork one of the most hazardous occupations in terms of time lost for occupational illness.<sup>51</sup> Indeed, it has been estimated that some 75,000 acute pesticide poisonings occur in the U.S. each year. In one study carried out over 10 years in Florida it was found that 10% of all deaths were caused by pesticide poisoning and that it was the leading cause of death in the under-5 age group.<sup>52</sup>

Corporate carelessness also involves abuse of soil and water resources through existing management techniques, and pollution of streams and waterways by chemical substances and animal wastes. As a result of excessive irrigation and other agribusiness practices the San Joaquin Valley in California is undergoing a process of 'desertification'. Salt levels in soils are increasing and approximately 160,000 hectares of farm land are being rendered useless.<sup>53</sup>

A potentially dangerous development is that corporations have been experimenting with nuclear power as a means of replacing fossil fuels in farming.<sup>54</sup> The devastating effects on farm lands and food resources, of even small-scale localised accidents, are obvious. It has been regularly claimed in the U.S. that the harnessing of nuclear power to agriculture will herald a new era of farming. But it will be an era which, as one of the more careful analysts has noted, 'will accelerate the current monopoly of farm lands by corporations, industry, and their esoteric technologies'.<sup>55</sup>

#### What other effects does agribusiness have?

(i) Agribusiness generates further agribusiness, that is, it is an expansionary process. Publicly-funded agricultural research is becoming increasingly geared to the needs of the large corporate farmers and technical research has been favoured over people-oriented research. In 1969, for example, of the 6,000 scientific-man-years devoted to research at state agricultural experiment stations in the U.S., only 289 were devoted to 'people' problems.<sup>56</sup>

Breeding and genetic research is conducted so as to promote mechanisation. Thick-skinned and tasteless tomatoes are selected for experimental purposes because they are best able to survive mechanical fingers. Vegetables are being tailor-made

for harvesting and processing machines.<sup>57</sup> In one of the more bizarre experiments, University of Georgia researchers are attempting to breed a featherless chicken so as to eliminate the need for plucking.<sup>58</sup>

Machinery-oriented research is invaluable to corporations because they employ an overwhelming percentage of farm labour and have an incentive to introduce labour-saving devices. The scale of operations on corporate farms also favours mechanisation. Government concessions on machinery purchases are another incentive. Most importantly, increased mechanisation is favoured by management because machines don't organise and they don't strike: this is a crucial aspect in an industry dependent on specific planting and harvesting times. One U.S. professor pointed to the model of the future — huge, corporate-owned farms with 'the control of large acreages (concentrated) in the hands of a few highly trained personnel'. This he believed would liberate 'significant economies of scale latent in the agricultural firm'.<sup>59</sup>

The state, in assisting agribusiness, is at the same time working against the interests of the small, independent farmer. It has been claimed that mechanisation research conducted by land grant colleges in the U.S. is either irrelevant, or at best only incidental, to the needs of some 87%-99% of American farmers.<sup>60</sup> The state extension worker also fits neatly into the agribusiness pattern by encouraging farmers to leave farming or to purchase the products of agribusiness firms. In many cases the extension worker is little more than a salesman for fertiliser and insecticide companies.

Direct government support is also worth noting since subsidy payments benefit large corporations more than small farmers. In 1967 the poorest 20% of U.S. farmers received 1.1% of government payments while the richest 5% received 42.4%.<sup>61</sup> Subsidy payments are not based on need, nor for that matter on efficiency, but to the detriment of the small farmer, upon input and output levels.

Agribusiness will expand under capitalism because, as indicated earlier, it provides a convenient outlet for excessive capital. The cause of agribusiness expansion comes not from the needs of the small farmer, nor from the needs of consumers, but from the needs of the economic system, that is, to ensure the continuation of profitable levels of capital accumulation. This is achieved by promoting the expansion of monopoly capital — the dynamic sector of the economy.

(ii) There will be changes in rural class relations. As was indicated in Figure 2, some farmers will increase their efficiency and their scale of operation and become like their agribusiness counterparts, employers of others' labour. Other farmers will abandon their farms and join the ranks of the workers. This latter process of proletarianisation can occur in two stages. At first, the small farmer may attempt to supplement his income by working off the farm. Like his farmer colleagues who contract with a corporate firm, he becomes in effect a semi-autonomous employee and is semi-proletarianised. In many states in the U.S. over 40% of farmers work off the farm as a means of improving their yearly income. With increased input costs and falling (or slowly increasing) prices for farm goods the next step taken by the farmer is to sell his property and move into full-time wage labour, that is, to become a proletarian.

The progressive absorption of the petty bourgeoisie into capitalist relations of production may swing class alliances of the small farmers away from the conservative parties to the labour-oriented parties. The increasingly proletarianised farmer may have a good deal to gain by supporting rural labour rather than by maintaining traditional links with the conservative forces, which in most cases aim to reduce wage rates. The small farmers have already turned their backs on the Farm Bureau and other traditional farmer organisations but they remain at this stage reluctant to join with the more vocal farm worker organisations to further their cause. It has been suggested that corporations have sought to actively encourage dissention and disagreement between the small farmers and farm workers as a deliberate divide-and-conquer tactic.<sup>62</sup>

(iii) There will be a growing concentration of farm land in the hands of the bourgeoisie. As the small farmers leave the land the larger more viable neighbours and agribusiness firms will consolidate the smaller holdings. Once land passes from private to corporate ownership it is virtually impossible to restore it to family farming. The corporations are permanent structures unaffected by death of individuals. While stockholders may change the corporation can exist indefinitely.<sup>63</sup>

Corporate purchases tend to inflate land prices making it more difficult for even the large family farmer to increase his landholdings and therefore, maintain his viability. 'There is no doubt', one researcher wrote, 'this trend will erode, and eventually undermine, the position of the independent operator in the agricultural economy'.<sup>64</sup>

(iv) The agribusiness model, as an example of 'successful' capitalist industry, will be exported to the underdeveloped world. That this is occurring today has been well documented by numerous researchers.<sup>65</sup> The underdeveloped country is expected to adopt the American 'package' consisting of fertilisers, insecticides, management techniques, plant breeds and machinery. Of course, this produces extreme dislocation in peasant-based, labour intensive agricultural economies. Agribusiness is from all accounts one of the worst forms of imperialism.<sup>66</sup>

(v) There will be a change in the nature and type of work on farms. The self-employed multi-skilled decision-maker will become a contract farmer or a labourer and make way for the technically precise specialist who knows (and cares) more about computers or calculators than about cows or cauliflowers.

It has been estimated that in U.S. contract farming agreements, over half the traditional decision-making practices are removed from the farm and centralised in the corporate boardroom.<sup>67</sup> In relation to the tomato industry where over 95% of all production is under corporate control the company will contract with a farmer, supply him with tomato seedlings, tell him how they should be grown, send inspectors to overlook operations such as planting/fertilising/spraying, and remove the bulk loads once they have been harvested.<sup>68</sup> In effect the farmer simply leases his land to the corporation. This position of economic servitude<sup>69</sup> is the price the farmer pays to remain in farming. Decisions are made by the highly trained technical experts who work for the agribusiness firm.

Adam Smith once wrote that agriculture was not susceptible to so great a division of labour as other branches of industry because, he thought, agricultural operations could not be performed simultaneously — 'one man cannot be ploughing, another sowing, another reaping'. But this is now the case with corporate farming. With agribusiness, soil, climate, and plant species can all be altered and on the corporate farm one man may drive a tractor, another a header and a third may engage only in mechanical repairs. Similarly, a geneticist, soil scientist, biologist, and biometrician all may be employed by the agribusiness firm. In these circumstances occupational specialisation has reached the level of specialisation which occurs in manufacturing, and agriculture has, as Marx suggested, come to resemble simply another branch of industry defined by a detailed division of labour and capitalist relations of production. Marx also saw the effect of this development:

All progress in capitalistic agriculture is a progress in the art, not only of robbing the labourer, but of robbing the soil, all progress in increasing the fertility of the soil for a given time, is a progress toward ruining the lasting sources of that fertility. The more a country starts its development on the foundation of modern industry, like the United States, for example, the more rapid is this process of destruction.

Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth — the soil and the labourer.<sup>70</sup>

Under capitalist relations of production the farm worker, unlike the family farmer, has no say over what is produced, how it is produced, or what happens to the product. Nor does he own the product. He is, in the classical Marxist sense, 'alienated' from his work as much as any labourer under capitalism.

#### WHAT IMPLICATIONS DOES THIS HAVE FOR AUSTRALIA?

Despite the rhetoric of politicians and academics aimed at promoting the belief that the family farm will remain the backbone of Australian agriculture, there is evidence to suggest growing corporate involvement in farming and in control of the food industry.

The degree of vertical integration by agribusiness in Australia has been recently documented by Nankivell. Evidence brought forward included the following:

- 3 transnational companies control 98% of Australia's biscuit industry.
- 3 transnationals control 95% of our cereal market.
- 60% of bread manufactured in Australia is controlled by 3 corporations.
- transnational companies control 40% of Australia's flour mills and 50% of our gristing capacity.
- 3 companies control 90% of Australia's chicken meat output.
- corporate integration has favoured transfer pricing and substantial sums of money have been unofficially exported to parent companies overseas.
- 12 companies control 65% of Australia's red meat throughput.<sup>71</sup>

Nankivell argues that agribusiness has grown considerably since the 1960s and that control of the storage-processing-distribution operations rests increasingly with U.S. and U.K. corporations.

However, it could reasonably be asked why Australia, with its extensive cropping and grazing systems, small internal market, and government-supported marketing co-operatives, should follow the trend of the U.S.

The simple answer<sup>72</sup> is that Australia, as a capitalist economy, faces the same laws of capital accumulation as does the U.S. The stated aim of state and federal governments (of all political persuasions) is to improve the efficiency of agriculture so that agriculture will contribute as fully as possible to overall economic growth.<sup>73</sup> The Green Paper of 1974 prepared for the Federal Labor Government and considered to be one of the most significant documents on agricultural policy in Australia, contained the following statements:

- 'rural policy must be concerned with continued improvement of efficiency in rural industries'.
- 'Australian agriculture is becoming increasingly capital intensive and hence more energy intensive. We think this trend should continue.'
- 'the family farm will only survive...if it is flexible and if it is able to take advantage of improved, and more capital intensive technology'.
- 'one of the problems of rural policies is that actions taken to improve the welfare of particular groups may conflict with the needs of economic efficiency'.
- 'from the point of view of income distribution it is normally better to allow the market to work and to compensate for any adverse consequences'.
- 'whichever is the most efficient -- the family farm or the company farm -- will be the one that eventuates: that if family farming is the most efficient it will survive; if not, then the nation will gain from the emergence of company farming'.<sup>74</sup>

These sentiments were repeated by a visiting agricultural expert in 1977 who told us: 'If you don't become more productive you are going to have a terrible time in the international race for markets'. He then denounced the attitudes of those wishing to halt the processes leading to agribusiness and noted: 'This of course creates problems for the humanists because it forces change. It usually means larger units. It usually means a more commercial type of agriculture. The humanists have just got to reconcile themselves to this if they are going to be a part of modern society.'<sup>75</sup>

Could there be any clearer statements of the desire for laissez-faire economic policies and of the continued faith in Adam Smith's 'invisible hand' for optimum resource allocation? If Australia is to follow the U.S. model we have a good idea of how the 'hand' will operate. With amazing dexterity it will squeeze the small farmers and at the same time pick the pockets of consumers. Wealth will be transferred from the petty bourgeoisie and proletariat to the bourgeoisie as corporations grow in size and influence.

While policies of the state and federal governments have, in the past, sought to improve the position of the independent farmer, they have more recently encouraged the expansion of monopoly capital into Australian farming. The same types of tax breaks and land concessions applying in the U.S. also apply in Australia. One company, operating in the early 1970s and backed by \$2,000 million in foreign corporate finance began to buy Australian farming properties. The company's aim was to purchase some 10%-15% of Australian farms and to lease them back to their original owners at a cost of 5% per annum. The farmers agreed to have their money invested by the corporation in mining and industrial stocks. In this way the corporation obtained ownership and control of agricultural land and as well had 'Australian' capital to invest in other areas such as mining. The farmer was bound to the corporation by a serf-like relationship. The arrangement allowed him to remain on the land. But he was now an employee of a firm, it was no longer his land, and his capital was tied up by the corporation and invested as the corporation saw fit.<sup>76</sup>

Other government policies have also favoured the extension of corporate activities. Just as in the U.S. subsidies are based upon input and output levels and so favour the larger farmers. Taxation concessions are very generous in the area of 'development' investment, and machinery purchases can be written-off over a five-year period. These policies advantage the large-scale capital intensive producer. As well, Australian governments have craved the financial resources of foreign investors. It is estimated that about 60% of cattle grazing country in the Northern Territory is now owned by U.S. investors, and that other sections of agriculture (cotton farming, vegetable production, irrigated crops) have also experienced heavy American investment.

The important question is whether future policy decisions will act to perpetuate the existing trends. All evidence would seem to indicate they will. The elevated position of independent farmers in the Australian economy, has been consequent upon their over-representation in politics. But farmers are no longer numerically large and their existing parliamentary influence is seen, even by conservative forces, to greatly outweigh their statistical importance. There are signs of political rumblings in the coalition and it is no secret that the Liberals have desires to eventually break with their country colleagues and rule in their own right.<sup>77</sup> Should this occur at the Federal level, this would herald a period of socio-economic reorganisation within Australia. A 'free enterprise' agriculture would prevail and a corporate grab for the land would be pursued with renewed vigour. There may even be a dismantling of some of the 'socialist' components of agricultural organisation, such as the marketing boards. It is these, of course, which have been the mainstay of petty bourgeois profit in agriculture and their removal would lead to the virtual collapse of the family farm.

Should a Federal Labor government be returned to office, policy decisions would also favour the development of a more efficient agriculture. Subsidy payments



would be decreased, many of the tax concessions available to family corporations removed and farmers told to become more economically viable and not to rely upon government support.

Either way, the demise of the small farmer seems assured. As the Rural Bank's Chief Economist noted in a paper previewing agriculture in the year 2000, 'with increased efficiency being forced on the rural sector there are likely to be increasing developments in agribusiness, particularly in the field of the processing of agricultural products, and the supply of inputs to agriculture'.<sup>78</sup>

Research in the Universities and State Agricultural Departments has also begun to aid the requirements of agribusiness. As in the U.S., genetic research has been concerned with fitting plants and animals to the newly developed equipment of the agribusiness firms, and in some cases machinery has been developed specifically for them. Tree-shaking equipment has been promoted as a means of replacing orchard workers, fruit has been hormonally treated to fall at specific times, sheep have been penned in an effort to evaluate their capacity for feedlot production, and, as a means of replacing the shearer, chemical defoliant has been used to fleece sheep.

Many of these developments, particularly in regard to plant genetics, complement the needs of agribusiness supply firms. It is to their benefit if plants developed by the geneticists can only survive through heavy doses of fertilisers and insecticides. There should be no doubts about the power wielded by agribusiness. In the case of 245-T the corporate lobby has used its powers to undermine the pressure for legislation to ban the chemical. It has been claimed that evidence linking 245-T to birth defects has been deliberately suppressed in Australia. In the U.S. scientists with information detrimental to the product have been threatened with loss of tenure or cuts in research funds if data are published.<sup>79</sup>

The Industries Assistance Commission in its evaluation of rural research in Australia noted some bias in publicly-funded projects — 'some new technology requires considerable capital and/or skill and large farms are likely to have more access to both'.<sup>80</sup> Research reflects the partisan nature of government assistance to agriculture and highlights the naive traditionalism of agricultural researchers. Most consider their work to be objective and value-neutral and many retain a simplistic faith in the economic system's ability to employ their findings in a beneficial manner. They fail to see the social implications of their research or see that a great deal of their work, rather than assisting farmers, actually hastens their departure from agriculture.

Australian agricultural extension workers, like their American counterparts, are also guilty of pursuing the interests of corporations. They have been involved in communicating to the farmer the desirability of adopting new agribusiness 'packages'. They also carry with them the message of 'get big or get out' to promote the ideology of the efficiency of large-scale agriculture.

The result has been the steady decline of the farming community. In 1940 about 25% of the Australian work force was directly involved in agriculture but, by 1974 this figure had dropped to 6.5%.<sup>81</sup> Since the beginning of the 1970s the number of Australian farmers has been declining at a rate of well over 2% annually.<sup>82</sup> The decline of self-employed farmers has been greater than for any other group. It is estimated, too, that over 30% of Australia's remaining farmers take off-farm work as a means of supplementing their returns from agriculture.

Despite these trends figures have been produced to show that agriculture is still overwhelmingly in the hands of the family farmers. For example, although there was a fourfold increase in farming companies during the period 1954-71 most of this growth was in family companies. Of the 7,400 companies operating in 1971 only 100 were public, indicating that company farming organisations were a very small, if not insignificant, proportion of the 178,000 farm business units operating in Australia.<sup>83</sup>

Unfortunately these figures act to mystify the processes of development. They tell us nothing about the extent of contract farming — the first form of agribusiness penetration, they ignore agribusiness ownership and control of farm supply and food distribution operations, and they lead us to overlook the possibility of quite profound short-term changes which may occur under suitable conditions. For example, in the U.S., integration within the chicken industry changed from 4% to 92% within the space of 10 years.<sup>84</sup>

We may also be led to ignore the possible effects of a severe depression. The American experience of the 1930s, where banks foreclosed on farm mortgages and created overnight a class of landless labourers, could easily be repeated in Australia.

Australian rural towns have suffered a similar fate to that of their U.S. counterparts. Some regional centres have grown, but the smaller service towns have collapsed as farm properties have grown in size. The economic base of rural Australia has, because of population attrition and the subsequent contraction of commercial activity, been seriously weakened. The centralisation of capital has led to the centralisation of people and Australia, despite its land resources, is one of the most highly urbanised countries in the world. Rural to urban migration is likely to continue under existing economic and political forces.

It is also important to recognise that there is a growing division between the large (and profitable), and small (and unprofitable) farm units. In 1971, which was considered a good farming year, only about 8% of the 178,000 farm business units in Australia had cash surpluses in excess of \$25,000. In contrast, 45% had cash surpluses below the basic wage of \$5,000 per annum, and one-third of that 45% produced no cash surplus at all.<sup>85</sup>

As farming becomes progressively less profitable for the small independent farmer we are likely to witness the expansion of corporate control of farm lands. This will parallel corporate expansion in the food industry. As our food habits become more Americanised we will become victims of the 'McDonaldisation' of Australia. We have the same food companies as those in the U.S. They produce similar lines and sell their wares through U.S.-style advertising and marketing campaigns. The growth in 'convenience' foods; the increased involvement of supermarkets in sales of meat, bread, and delicatessen items; the extent of packaging and product differentiation all follow American trends.

But a word of caution is necessary before embarking on a programme to boycott Burger Chef or malign McDonald's. This analysis has concentrated almost exclusively upon the similarities which exist between the food-agricultural sector in the U.S. and Australia. It is also necessary to stress that historically different forces have operated to create different rural social formations within each country. So, while it can be assumed that economic processes similar to those occurring in the U.S. are also underway in Australia, it is important to note that socio-political factors have had, and will continue to have, a determining influence on the form of monopoly capital expansion. Correspondingly it is not yet certain whether it is desirable, from the point of view of capital as a whole, for monopoly capital to continue to penetrate the agricultural production sector (that is, to extend activities from vegetable/chicken/egg/cotton production into areas such as sheep and wheat growing). It may be that non-agricultural capital will wish to articulate with agricultural capital in a different manner from the relationship which has emerged in the U.S.<sup>86</sup> Competitive capital in the rural sector is well represented by the farm lobby which, in Australia, has significant political influence. Monopoly capital may not wish to challenge, or may not have the capacity to challenge, the hegemony of competitive capital in Australian agricultural production.

Perhaps the most important point to remember is that the penetration of monopoly capital is both problematic and contradictory. Until more research is conducted it is impossible to accurately determine the likely developments in Australian agriculture. Only the pointers are there, and, from the foregoing

analysis it is argued, on the basis of circumstantial evidence, that a pattern of control, ownership and rural social organisation similar to that of the U.S. will begin to emerge in Australia.

Should this occur we should not, of course, lament the passing of the rural petty bourgeoisie. It has been, as Buckley has emphasised, a reactionary force which has worked against the interests of the proletariat.<sup>87</sup> But the form of agricultural organisation which replaces it will be one geared to ever greater levels of exploitation of man and nature — one which seeks profit above all other considerations. Corporate control of our food resources may be one of the most dangerous developments we face.

#### FOOTNOTES

1. Davis, J.H., 'From Agriculture to Agribusiness', *Harvard Business Review*, Vol. 34, 1956, p. 107.
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5. See, for example, Taylor, L., and A. Jones, 'Professionals and Specialists in Agribusiness: an Analysis of Social Organization and Power', *Sociologia Ruralis*, Vol. 5, No. 4, 1965, p. 339.
6. Shea, K.P., 'American Agriculture', *Environment*, Vol. 18, October 1976, p. 37.
7. Hightower, J., *Eat Your Heart Out* (Vintage Books, New York, 1975), p. 30.
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10. Union for Radical Political Economics (U.R.P.E.), 'The Capitalist Food System: a Framework for Understanding Food Inflation', in D. Mermelstein (ed.), *The Economic Crisis Reader* (Vintage, U.S.A., 1975), p. 355.
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12. *Ibid.*
13. *Ibid.*
14. U.R.P.E., *loc. cit.*
15. Dowd, D., *The Twisted Dream* (Winthrop, Massachusetts, 1977), p. 176.
16. Perelman, M., 'Efficiency in Agriculture: the Economics of Energy', in R. Merrill (ed.), *op. cit.*, p. 71.
17. Hightower, *op. cit.*, p. 16.
18. *Ibid.*, pp. 20-21.
19. Agricultural production has not, during the period of competitive capitalism, provided the same incentives and return on capital as has manufacturing industry. Also production of agricultural goods has been associated with cyclical economic, and climatic, risks which can be avoided in secondary industry. Adoption of expensive equipment is, of course, limited by the relatively small amounts of capital available to the independent farmer.
20. Kotz, *loc. cit.*

21. See, for example, McDonald, A., 'The Family Farm is the Most Efficient Unit of Production', in R. Rodefeld *et al.* (eds.), *Change in Rural America* (Mosby, St. Louis, 1978), pp. 201-202.
22. Kotz, *op. cit.*, p. 42.
23. Raup, P., 'Economies and Diseconomies of Large-scale Agriculture', *American Journal of Agricultural Economics*, Vol. 51, No. 5, 1970.
24. Hightower, *op. cit.*, p. 75.
25. Kotz, *op. cit.*, p. 42.
26. \_\_\_\_\_, 'The New American Farmer', *Time*, November 6, 1978, p. 61.
27. Merrill, R., 'Toward a Self-sustaining Agriculture', in R. Merrill (ed.), *op. cit.*, p. 303.
28. While it might appear that the consumer benefits from a lower price for agricultural commodities (caused by oversupply), this is not usually the case. Food processing firms and retail outlets ensure that price levels are kept high. When there is a price fall in an agricultural product the consumer pays the usual price and the middlemen — often branches of the agribusiness firm — achieve a higher than normal profit.
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30. Green, S., 'Corporate Accountability and the Family Farm', in R. Merrill (ed.), *op. cit.*, p. 53.
31. Perelman, *op. cit.*, p. 82.
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40. *Ibid.*
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44. *Ibid.*, p. 62.
45. *Ibid.*, pp. 48-87.
46. Boas and Chain, *op. cit.*, pp. 115-116.
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53. Quoted in *Science for the People*, *op. cit.*, p. 6.
54. Perelman, M., *op. cit.*, p. 78.
55. Merrill, R., *op. cit.*, p. 320.
56. Hightower, in R. Merrill, *op. cit.*, p. 90.
57. *Ibid.*, p. 88.
58. Hightower, *Eat Your Heart Out*, *op. cit.*, p. 213.
59. Seckler, D.W., 'Why Corporate Farming', in R. Rodefeld et al., *op. cit.*, p. 199.
60. Hightower, in R. Merrill (ed.), *op. cit.*, p. 94.
61. Dowd, *op. cit.*, p. 177.
62. Downs et al., *op. cit.*, and Myers, R., 'The National Sharecroppers Fund...', in R. Merrill (ed.), *op. cit.*, pp. 129-141.
63. For a discussion see Bible, A., 'Impact of Corporation Farming on Small Businesses', in R. Rodefeld et al., *op. cit.*, p. 211.
64. *Ibid.*
65. See, for example, Perelman, M., 'The Green Revolution: American Agriculture in the Third World', in R. Merrill, *op. cit.*, pp. 111-123; Lappe, F.M., and J. Collins, *Food First* (Houghton Mifflin, Boston, 1977); George, S., *How the Other Half Dies* (Allenheld, Osmun and Company, Montclair, 1977); and Cleaver, H.M., 'The Contradictions of the Green Revolution', *American Economic Review*, Vol. 62, No. 2, May 1972, pp. 177-186.
66. See, for example, George, S., *op. cit.*
67. Hightower, *Eat Your Heart Out*, *op. cit.*, p. 198.
68. Hansen, M.K., and S.J. Risch, 'Food and Agriculture in China', *Science for the People*, Vol. 11, No. 3, May/June 1979, p. 41.
69. *Ibid.*
70. Marx, K., *Capital*, Vol. 1 (International Publishers, New York, 1967), pp. 506-507.
71. Nankivell, P., 'Australian Agribusiness: Structure, Ownership and Control', *The Journal of Australian Political Economy*, No. 5, July 1979, pp. 3-16.
72. A more detailed answer would need to include an analysis of, among other things:
  - the existing forms of, and reasons for, monopoly capital investment in Australia;
  - the role of Australian agriculture in the 'Pacific Rim' strategy;
  - the relationship between U.S. agribusiness and the Australian food industry;
  - investment allowances and tax avoidance schemes as they apply to Australian agriculture;
  - the political influence of agribusiness in Australia;
  - the degree of opposition to agribusiness practices by rural and consumer groups;
  - emergency and agriculture.

73. See Report to the Prime Minister by a Working Group, *Rural Policy in Australia* (Australian Government Publishing Service, Canberra, 1974), p. 31.
74. *Ibid.*, pp. 32-193.
75. Cochrane, W., discussion section of T. van Dugteren (ed.), *Rural Australia* (Hodder and Stoughton, Sydney, 1978), p. 161.
76. Sharp, N., 'Australian Farming: the Changing Structure', *Arena*, No. 21, 1970, p. 59.
77. See Aitken, D., 'The Australian Country Party', in H. Mayer and H. Nelson, *Australian Politics: a Third Reader* (Cheshire, Melbourne, 1973), pp. 415-425.
78. Gillin, E., 'Agriculture in the Year 2000', *Trends*, Vol. 10, No. 4, April 1977, p. 12.
79. Sanderson, C.A., 'Politics of 245-T', *Australian Left Review*, No. 71, October 1979, p. 24.
80. Industries Assistance Commission, *Financing Rural Research* (Australian Government Publishing Service, Canberra, 1976), p. 39.
81. *Ibid.*
82. Obtained from Nalson, J.S., 'Rural Australia', in A.F. Davies, S. Encel, and M.J. Berry, *Australian Society: a Sociological Introduction*, 3rd edition (Longman, Melbourne, 1977), p. 305.
83. *Ibid.*, pp. 305, 309.
84. Hightower, J., *Eat Your Heart Out*, *op. cit.*, p. 201.
85. Nalson, *ibid.*, p. 309.
86. It could be argued that monopoly capitals' promotion of the family farm in Australia may help to divert attention from the more important changes in ownership and control which have occurred in the processing-packaging-storage-distribution networks. This stance — which would amount politically to continued protection for small-scale farming — could be adopted for ideological reasons (to perpetuate myths of success through hard work, and to promote the image of the self-made man/rugged individualist and Australia as a nation of small producers), as well as for economic reasons (to keep production risks among the small producers since they have shown a capacity to 'exploit themselves' in economically depressed periods by working harder and accepting a lower-than-average standard of living).
87. Buckley, K., 'The Great Rural Bludge', *Meanjin Quarterly*, March 1972, pp. 71-77.

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