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[New Extractivism, Peasantries and Social Dynamics: Critical Perspectives and Debates]

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Food empires: 7 theses on how capital currently operates in
food production, processing and distribution

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Food empires: 7 theses on how capital currently operates in food production, processing and distribution

Jan Douwe van der Ploeg

1.

With the notion of food empires I refer to the oligopolistic and global networks that increasingly control the production, processing, distribution and consumption of food, and the means needed to organize its production (technologies, inputs, credit, access to markets, etc.). Food empires substantially differ from agribusiness. Whilst the latter represented *capital directly invested* in, and therefore controlling, the production and/or processing of food (i.e. a direct engagement in productive activities), the food empires of today represent, instead, *control over flows*¹. Food empires control the flows that link production, processing, distribution and consumption – and through this control over the interconnecting flows they indirectly control and submit productive activities. This control allows food empires to appropriate and centralize value. In a way food empires resemble classical political empires. They essentially control productive activities *of others* and at the same time tend to *extend* such control to ever widening geographical spaces (see e.g. Kamen, 2003; Colás, 2007)

Current food empires could be generated due to (1) a nearly unlimited availability of cheap credit that allows for ongoing take-overs² (Burrough and Helyar, 1990; Ploeg *et al*, 2004); (2) new information and communication technologies (ICT) that allow for control-at-a-distance; and (3) neo-liberal policies that favoured agro-export enterprises and simultaneously allow for unbridled expansion of new food empires.

Leverage (due to extremely biased ratios of own and external capital) allows for high rates of profit.

2.

By controlling flows, food empires increasingly represent *control over markets*. They are able to condition and manipulate markets. Therefore, obtaining ever higher market shares is strategic, the more so since this spurs stock value. Markets are not submitted anymore to an (external and) invisible hand – instead, they are operated by an increasingly visible hand. One of the mechanisms used is to organize, if needed, *oversupply* of agricultural merchandise in specific localities, thus introducing downward pressures on off-farm prices. ICT, extremely low transport costs, and internal trade-offs (between losses on some flows and high profits on others) are instrumental in this respect.

3.

Food empires do not produce value; they *drain value produced elsewhere*. The Value Added that appears in the accountancy type of representation (of both national economies and enterprises economies) is to be understood as ‘value appropriated’. Through their control over the production, processing, distribution and consumption of food, food empires are able to appropriate value produced elsewhere. Food empires are vampire-like constellations: they drain away the value produced elsewhere³ - they do not produce value themselves through *productive* activities.

¹ A theoretical implication is that there are no direct wage labour/capital relations as in classical agribusiness.

² This mostly makes for very high levels of indebtedness.

³ Of course, all processes of capital accumulation imply, in a way, the appropriation of value. But apart from primitive accumulation, it is about the appropriation of *surplus value* to be invested as capital in order to obtain more surplus value. Food empires, instead, appropriate value through their control over markets which allows them to skim these markets. Direct engagement in material production (and in the production of surplus value) is not needed anymore. By organizing and controlling unequal exchange relations (that is: by controlling the

4.

Food empires relate to primary production (to farms and farmers, whatever their specific nature) through: (1) a generalized squeeze on agriculture (off-farm prices stagnating, costs increasing); (2) volatility in the markets; (3) an increased financialization of primary production (partly following from squeeze and volatility); and (4) the omnipresent risk of redundancy (meaning that access to markets can get lost overnight). These newly emerging conditions increasingly block the development of productive forces (the 'historic mission of capital'). They do not reproduce primary agricultural production, they tend to destroy it. The particular combination of draining (see thesis 3) and destruction, makes food empires into *extractivist mechanisms*.

5.

Corporate circles (food empires included) are hardly worried about poverty, destruction of natural resources and global heating (apart from the green washing meant to appease the domestic customers). Poverty, destruction of natural resources and global heating just open, in their perception, new opportunities for large scale farming in which labour input is replaced by new, 'smart' technologies and re-organized input use (re. GMOs not requiring pesticides; zero-tillage not requiring more than minimal fossil energy use; etc.). Hence, the degradation produced helps to open new markets. *The misery of the current cycle of capital accumulation paves the way for the next cycle.*

6.

Thus, the operation of food empires deepens the second contradiction of capital (the one between capital and nature). At the same time they *reshape the first contradiction of capital*: food empires re-pattern the interrelations with primary producers of food (among them especially the peasant producers) into antagonistic ones that essentially oppose labour (as constructive, innovative and productive entity) and capital (as oppressive and vampire-like phenomenon).

7.

Alongside land-grabbing (i.e. the abrupt and enforced construction of large scale farm enterprises that meet the new conditions imposed by food empires), food empires also induce repeasantization. In order to face the squeeze on agriculture, volatility and the danger of redundancy, farmers (of whatever nature) increasingly engage in new lines of defence which simultaneously are aiming at the *construction of alternatives*. These are (1) the enlargement of the own autonomous resource base which helps to become independent of technologies and inputs controlled by food empires⁴; engaging in multifunctionality (that is: producing more products and more services)⁵ and in the construction of new peasant markets (increasingly supported by civil society) (Ploeg, Ye and Schneider, 2012); and (3) getting involved in the building of new forms of territorial self-regulation. This latter type of activity is increasingly supported by society at large, through e.g. food councils.

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linkages between different markets), value might be appropriated as well.

⁴ Agroecology is becoming a main banner here

⁵ Thus going beyond the script of the specialized farm as defined and promoted by food empires.

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