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Monsanto and the Bio-Tech Conglomerates: Sowing the Seeds of Famine in Ethiopia

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Author's note

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The research focussed on how GMO seeds were used as of the mid-1990s to destabilize the agricultural cycle in Ethiopia. This diabolical "free market" agenda was a dress rehearsal for the agri-bio-tech conglomerates' assault led by Monsanto on peasant economies in all major regions of the World.

Michel Chossudovsky, May 23, 2014

The "economic therapy" imposed under IMF-World Bank jurisdiction is in large part responsible for triggering famine and social devastation in Ethiopia and the rest of sub-Saharan Africa, wreaking the peasant economy and impoverishing millions of people.

With the complicity of branches of the US government, it has also opened the door for the appropriation of traditional seeds and landraces by US biotech corporations, which behind the scenes have been peddling the adoption of their own genetically modified seeds under the disguise of emergency aid and famine relief.

Moreover, under WTO rules, the agri-biotech conglomerates can manipulate market forces to their advantage as well as exact royalties from farmers. The WTO provides legitimacy to the food giants to dismantle State programmes including emergency grain stocks, seed banks, extension services and agricultural credit, etc.), plunder peasant economies and trigger the outbreak of periodic famines.

Crisis in the Horn

More than 8 million people in Ethiopia – representing 15% of the country's population – had been locked into "famine zones". Urban wages have collapsed and unemployed seasonal farm workers and landless peasants have been driven into abysmal poverty. The international relief agencies concur without further examination that climatic factors are the sole and inevitable cause of crop failure and the ensuing humanitarian disaster. What the media tabloids fails to disclose is that – despite the drought and the border war with Eritrea

– several million people in the most prosperous agricultural regions have also been driven into starvation. Their predicament is not the consequence of grain shortages but of "free markets" and "bitter economic medicine" imposed under the IMF-World Bank sponsored Structural Adjustment Programme (SAP).

Ethiopia produces more than 90% of its consumption needs. Yet at the height of the crisis, the nationwide food deficit for 2000 was estimated by the Food and Agriculture Organization (FAO) at 764,000 metric tons of grain representing a shortfall of 13 kilos per person per annum.1 In Amhara, grain production (1999-2000) was twenty percent in excess of consumption needs. Yet 2.8 million people in Amhara (representing 17% of the region's population) became locked into famine zones and are "at risk" according to the FAO. 2 Whereas Amhara's grain surpluses were in excess of 500,000 tons (1999-2000), its "relief food needs" had been tagged by the international community at close to 300,000 tons.3 A similar pattern prevailed in Oromiya, the country's most populated state where 1.6 million people were classified "at risk", despite the availability of more than 600,000 metric tons of surplus grain.4 In both these regions, which include more than 25% of the country's population, scarcity of food was clearly not the cause of hunger, poverty and social destitution. Yet no explanations are given by the panoply of international relief agencies and agricultural research institutes.

The Promise of the "Free Market"

In Ethiopia, a transitional government came into power in 1991 in the wake of a protracted and destructive civil war. After the pro-Soviet Dergue regime of Colonel Mengistu Haile Mariam was unseated, a multi-donor financed Emergency Recovery and Reconstruction Project (ERRP) was hastily put in place to deal with an external debt of close to 9 billion dollars that had accumulated during the Mengistu government. Ethiopia's outstanding debts with the Paris Club of official creditors were rescheduled in exchange for far-reaching macro-economic reforms. Upheld by US foreign policy, the usual doses of bitter IMF economic medicine were prescribed. Caught in the straightjacket of debt and structural adjustment, the new Transitional Government of Ethiopia (TGE), led by the Ethiopian People's Revolutionary Democratic Front (EPRDF) – largely formed from the Tigrean People's Liberation Front (PLF) – had committed itself to far-reaching "free market reforms", despite its leaders' Marxist leanings. Washington soon tagged Ethiopia alongside Uganda as Africa's post Cold War free market showpiece.

While social budgets were slashed under the structural adjustment programme (SAP), military expenditure – in part financed by the gush of fresh development loans – quadrupled since 1989.5 With Washington supporting both sides in the Eritrea-Ethiopia border war, US arms sales spiralled. The bounty was being shared between the arms manufacturers and the agribusiness conglomerates. In the post-Cold War era, the latter positioned themselves in the lucrative procurement of emergency aid to war-torn countries. With mounting military spending financed on borrowed money, almost half of Ethiopia's export revenues was earmarked to meet debt-servicing obligations.

A Policy Framework Paper (PFP) stipulating the precise changes to be carried out in Ethiopia had been carefully drafted in Washington by IMF and World Bank officials on behalf of the transitional government, and was forwarded to Addis Ababa for the signature of the Minister of Finance. The enforcement of severe austerity measures virtually foreclosed the possibility of a meaningful post-war reconstruction and the rebuilding of the country's shattered infrastructure. The creditors demanded trade liberalization and the full-scale privatization of public utilities, financial institutions, State farms and factories. Civil servants including teachers and health workers were fired, wages were frozen and the labor laws were rescinded to enable State enterprises "to shed their surplus workers". Meanwhile, corruption became rampant. State assets were auctioned off to foreign capital at bargain prices and Price Waterhouse Cooper was entrusted with the task of coordinating the sale of State property.

In turn, the reforms had led to the fracture of the federal fiscal system. Budget transfers to the State governments were slashed leaving the regions to their own devices. Supported by several donors, "regionalization" was heralded as a "devolution of powers from the federal to the regional governments". The Bretton Woods institutions knew exactly what they were doing. In the words of the IMF, "[the regions] capacity to deliver effective and efficient development interventions varies widely, as does their capacity for revenue collection". 6

Wrecking the Peasant Economy

Patterned on the reforms adopted in Kenya in 1991 (see Box 9.1), agricultural markets were wilfully manipulated on behalf of the agribusiness conglomerates. The World Bank demanded the rapid removal of price controls and all subsidies to farmers. Transportation and freight prices were deregulated serving to boost food prices in remote areas affected by drought. In turn, the markets for farm inputs including fertiliser and seeds were handed over to private traders including Pioneer Hi-Bred International which entered into a lucrative partnership with Ethiopia Seed Enterprise (ESE), the government's seed monopoly.7

At the outset of the reforms in 1992, USAID under its Title III program "donated" large quantities of US fertilizer "in exchange for free market reforms":

> [V]arious agricultural commodities [will be provided] in exchange for reforms of grain marketing… and [the] elimination of food subsidies…The reform agenda focuses on liberalization and privatization in the fertilizer and transport sectors in return for financing fertilizer and truck imports…. These program initiatives have given us [an] "entrée" …in defining major [policy] issues… 8

While the stocks of donated US fertiliser were rapidly exhausted; the imported chemicals contributed to displacing local fertiliser producers. The same companies involved in the fertiliser import business were also in control of the domestic wholesale distribution of fertiliser using local level merchants as intermediaries.

Increased output was recorded in commercial farms and in irrigated areas (where fertilizer and high yielding seeds had been applied). The overall tendency, however, was towards greater economic and social polarisation in the countryside, marked by significantly lower yields in less productive marginal lands occupied by the poor peasantry. Even in areas where output had increased, farmers were caught in the clutch of the seed and fertilizer merchants.

In 1997, the Atlanta based Carter Center – which was actively promoting the use of biotechnology tools in maize breeding – proudly announced that "Ethiopia [had] become a food exporter for the first time".9 Yet in a cruel irony, the donors ordered the dismantling of the emergency grain reserves (set up in the wake of the 1984-85 famine) and the authorities acquiesced.

Instead of replenishing the country's emergency food stocks, grain was exported to meet Ethiopia's debt servicing obligations. Close to one million tons of the 1996 harvest was exported, an amount which would have been amply sufficient (according to FAO figures) to meet the 1999-2000 emergency. In fact the same food staple which had been exported (namely maize) was re-imported barely a few months later. The world market had confiscated Ethiopia's grain reserves.

In return, US surpluses of genetically engineered maize (banned by the European Union) were being dumped on the horn of Africa in the form of emergency aid. The US had found a convenient mechanism for "laundering its stocks of dirty grain". The agribusiness conglomerates not only cornered Ethiopia's commodity exports, they were also involved in the procurement of emergency shipments of grain back into Ethiopia. During the 1998-2000 famine, lucrative maize contracts were awarded to giant grain merchants such as Archer Daniels Midland (ADM) and Cargill Inc. 10

Laundering America's GM Grain Surpluses

US grain surpluses peddled in war-torn countries also served to weaken the agricultural system. Some 500,000 tons of maize and maize products were "donated" in 1999-2000 by USAID to relief agencies including the World Food Programme (WFP) which in turn collaborates closely with the US Department of Agriculture. At least 30% of these shipments (procured under contract with US agribusiness firms) were surplus genetically modified grain stocks. 11

Boosted by the border war with Eritrea and the plight of thousands of refugees, the influx of contaminated food aid had contributed to the pollution of Ethiopia's genetic pool of indigenous seeds and landraces. In a cruel irony, the food giants were at the same time gaining control – through the procurement of contaminated food aid – over Ethiopia's seed banks. According to South Africa's Biowatch: "Africa is treated as the dustbin of the world…To donate untested food and seed to Africa is not an act of kindness but an attempt to lure Africa into further dependence on foreign aid." 12

Moreover, part of the "food aid" had been channelled under the "food for work" program which served to further discourage domestic production in favour of grain imports. Under this scheme, impoverished and landless farmers were contracted to work on rural infrastructural programmes in exchange for "donated" US corn.

Meanwhile, the cash earnings of coffee smallholders plummeted. Whereas Pioneer Hi-Bred positioned itself in seed distribution and marketing, Cargill Inc established itself in the markets for grain and coffee through its subsidiary Ethiopian Commodities.12 For the more than 700,000 smallholders with less than 2 hectares that produce between 90 and 95% of the country's coffee output, the deregulation of agricultural credit combined with low farmgate prices of coffee had triggered increased indebtedness and landlessness, particularly in East Gojam (Ethiopia's breadbasket).

Biodiversity up for Sale

The country's extensive reserves of traditional seed varieties (barley, teff, chick peas, sorghum, etc) were being appropriated, genetically manipulated and patented by the agribusiness conglomerates: "Instead of compensation and respect, Ethiopians today are …getting bills from foreign companies that have "patented" native species and now demand payment for their use."13 The foundations of a "competitive seed industry" were laid under IMF and World Bank auspices.14 The Ethiopian Seed Enterprise (ESE), the government's seed monopoly joined hands with Pioneer Hi-Bred in the distribution of hi-bred and genetically modified (GM) seeds (together with hybrid resistant herbicide) to smallholders. In turn, the marketing of seeds had been transferred to a network of private contractors and "seed enterprises" with financial support and technical assistance from the World Bank. The "informal" farmer-to-farmer seed exchange was slated to be converted under the World Bank programme into a "formal" market oriented system of "private seed producer-sellers." 15

In turn, the Ethiopian Agricultural Research Institute (EARI) was collaborating with the International Maize and Wheat Improvement Center (CIMMYT) in the development of new hybrids between Mexican and Ethiopian maize varieties.16 Initially established in the 1940s by Pioneer Hi-Bred International with support from the Ford and Rockefeller foundations, CIMMYT developed a cosy relationship with US agribusiness. Together with the UK based Norman Borlaug Institute, CIMMYT constitutes a research arm as well as a mouthpiece of the seed conglomerates. According to the Rural Advancement Foundation (RAFI) "US farmers already earn $150 million annually by growing varieties of barley developed from Ethiopian strains. Yet nobody in Ethiopia is sending them a bill." 17

Impacts of Famine

The 1984-85 famine had seriously threatened Ethiopia's reserves of landraces of traditional seeds. In response to the famine, the Dergue government through its Plant Genetic Resource Centre –in collaboration with Seeds of Survival (SoS)– had implemented a programme to preserve Ethiopia's biodiversity.18 This programme – which was continued under the transitional government – skilfully "linked on-farm conservation and crop improvement by rural communities with government support services". 19 An extensive network of in-farm sites and conservation plots was established involving some 30,000 farmers. In 1998, coinciding chronologically with the onslaught of the 1998-2000 famine, the government clamped down on seeds of Survival (SoS) and ordered the programme to be closed down. 20

The hidden agenda was to eventually displace the traditional varieties and landraces reproduced in village-level nurseries. The latter were supplying more than 90 percent of the peasantry through a system of farmer-to-farmer exchange. Without fail, the 1998-2000 famine led to a further depletion of local level seed banks: "The reserves of grains [the farmer] normally stores to see him through difficult times are empty. Like 30,000 other households in the [Galga] area, his family have also eaten their stocks of seeds for the next harvest."21 And a similar process was unfolding in the production of coffee where the genetic base of the arabica beans was threatened as a result of the collapse of farmgate prices and the impoverishment of small-holders.

In other words, the famine – itself in large part a product of the economic reforms imposed to the advantage of large corporations by the IMF, World Bank and the US Government – served to undermine Ethiopia's genetic diversity to the benefit of the biotech companies. With the weakening of the system of traditional exchange, village level seed banks were being replenished with commercial hi-bred and genetically modified seeds. In turn, the distribution of seeds to impoverished farmers had been integrated with the "food aid" programmes. WPF and USAID relief packages often include "donations" of seeds and fertiliser, thereby favouring the inroad of the agribusiness-biotech companies into Ethiopia's agricultural heartland. The emergency programs are not the "solution" but the "cause" of famine. By deliberately creating a dependency on GM seeds, they had set the stage for the outbreak of future famines.

This destructive pattern – invariably resulting in famine – is replicated throughout Sub-Saharan Africa. From the onslaught of the debt crisis of the early 1980s, the IMF-World Bank had set the stage for the demise of the peasant economy across the region with devastating results. Now, in Ethiopia, fifteen years after the last famine left nearly one million dead, hunger is once again stalking the land. This time, as eight million people face the risk of starvation, we know that it isn't just the weather that is to blame.

Notes

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