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Pervasive Powers. The Politics of Corporate Authority. Introduction

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Introduction

**By Sara Angeli Aguiton, Marc-Olivier Déplaudé, Nathalie Jas, Emmanuel Henry,
and Valentin Thomas**

“We are the flour in your bread, the wheat in your noodles, the salt on your fries. We are the corn in your tortillas, the chocolate in your dessert, the sweetener in your soft drink. We are the oil in your salad dressing and the beef, pork or chicken you eat for dinner. We are the cotton in your clothing, the backing on your carpet and the fertilizer in your field.” This is how Cargill described itself in 2001 (Kneen 2003). Cargill is a company that is little known, despite the fact that it is the second biggest world trade agro and food corporation just behind Walmart, and the world’s largest trader in agricultural commodities such as wheat, corn, soybeans, sugar, cocoa, palm oil, and rice (Agrifood Atlas 2017, 11).

Cargill and three other corporations (Archer Daniels Midland, Bunge, and the Louis Dreyfus Company) organize a large part of the world’s trade in agricultural commodities. Forming what has been nicknamed the “ABCD group”, these four firms “own ocean-going ships, ports, railways, refineries, silos, oil mills, and factories”, and even farmland (Agrifood Atlas 2017, 26-27). They alone control ninety percent of the global grain market and seventy percent of the world’s agricultural commodities market (*ibid.*, 26; Murphy *et al.* 2012). They not only provide the transport but also transform

these commodities into other products (from animal feed to chocolate, along with chemicals and additives for a wide range of industries), thus supplying many agri-food companies and other industries such as materials, energy, and big pharma. They have also developed insurance products and financial services, to such an extent that they have become major players in the financialization of both commodity trade and agricultural production.

Cargill is the largest of the four corporations. Dubbed the “Goldman Sachs of agricultural commodity trade”, it is particularly effective at anticipating extreme price fluctuations in global agricultural markets and turning them into very significant gains (Agrifood Atlas 2017, 26). In 2020, it employed 155,000 people worldwide and had customers in more than 125 countries (Cargill 2020). Its turnover in that year stood at 114 billion dollars and it paid a dividend of 1.2 billion dollars to the group’s shareholding family. Despite its size, Cargill is still controlled by the descendants of its founder and therefore remains an unlisted “family company”.

Cargill was founded in the United States in 1865. Like the other ABCD corporations, it is a very old company which first gained prominence by taking advantage of the railway boom and then by purchasing storage facilities on the banks of rivers and the Great Lakes. It discreetly developed on an international scale, in particular by setting up in strategic ports. During the 1970s and 1980s, the company diversified further and integrated its activities in response to changes in the global market. In 1978 it already had 140 subsidiaries in 36 countries. In 1994, its non-merchandising activities (processing of oil seeds and corn, poultry, feed and fertilizer production, financial

services, etc.) already represented more than eighty-two percent of its business (Kneen 2003). It has successfully pursued this strategy to become not only the most integrated of the ABCD corporations, but also a formidable financial company.

Cargill's transformation into a powerful corporation has been based on industrial and commercial strategies, including the development of technologies such as GMOs, the use of subcontracting and the creation of various mergers and joint ventures. But that is not all. Cargill has also heavily invested in building national and international standards and regulations that are favorable to its activities and projects. To this end, it has developed privileged links with many states and transnational organizations. Like other very large agri-food corporations, Cargill is extremely active in the negotiation of major international trade treaties and in building global governance of the agri-food system. For example, it was deeply involved in transforming the General Agreement on Tariffs and Trade (GATT) into the World Trade Organization (WTO), which has extensive regulatory powers, particularly in the trade of agri-food products (Agrifood Atlas 2017; Engdahl 2006; Murphy *et al.* 2012).

Finally, Cargill has employed many other strategies to support its development, ranging from legal action (against NGOs, states or other firms) to tax optimization and evasion. It has also made clever use of public relations, including philanthropic actions and discourse concerning its role in securing global food supply and its initiatives to become environmentally sustainable.

The Cargill Corporation has sometimes been described as “faceless” in that it is not directly associated with any brand known to the general public and has always sought to keep a low profile. It nevertheless came to the attention of NGOs and researchers more than twenty years ago and has been the object of considerable criticism (Mighty Earth 2019). In the second half of the 1990s, it was criticized for investing in GMO seeds (Keen 1998). Along with other agribusiness companies, it has been accused of profiting from forced child labor on cocoa plantations in Côte d’Ivoire and Ghana. It has also been blamed for the major environmental harm caused by the development of intensive farming in certain areas of the world (Amazon rainforest and South Asia) and for its involvement in land grabbing in various countries. Its tax evasion practices, especially in countries suffering from extreme levels of debt, have been condemned, as has its tolerance of the violent methods used by some of its subcontractors against indigenous communities. Cargill has also been linked with multiple cases of chemical and bacteriological contamination (meat contaminated with E. coli bacteria or by Salmonella, water pollution, etc.). The dreadful working conditions of some of its employees, particularly those working in slaughterhouses, attracted especial attention during the Covid crisis (Dryden and Rieger 2020). All in all, Cargill’s activities have major socio-economic and environmental consequences. The list of accusations against the corporation continues to grow, to such an extent that the Mighty Earth NGO recently named it “the worst company in the world” (Mighty Earth 2019).

Given the scope of its activities, the economic and political power it has acquired, the multiple strategies it implements to preserve and strengthen this power, and their major economic, social and environmental effects, Cargill can be defined as a pervasive

company. One specific aim of this book is to highlight the pervasive powers of such corporations, which by virtue of their methods and magnitude, possess an unprecedented capacity to transform and shape the social and physical world. The concept of “pervasive powers” relates to the idea of diffuse and generalized powers with both macro and micro dimensions. These economic actors contribute to the production of world views, major decisions, legislations and teleological discourses, while at the same time remaining active at the local scale, contributing to technical standards, implementation methods, etc. These pervasive powers are consequently exercised in a very wide variety of places such as regulatory arenas, the courts, or influential professional circles. Multiple smaller or less considered social spaces also serve as pervasive dissemination interfaces for these powers without necessarily being immediately perceptible. Yet these powers are never established for all eternity. On the contrary, they require intensive and continuous work by companies and their intermediaries.

This book develops the hypothesis that these historically shaped powers accumulate, densify, and constitute what we propose to call “corporate authority”. Whilst similar to the more widely used notion of “private authority”, the concept of “corporate authority” underlines the differences between companies and non-economic actors (environmental NGOs for example). It also has the advantage of not presupposing any distinction between “public” and “private” actors, as we defend the idea that corporate authority is coproduced by big business and by states. This calls for the investigation of how corporations not only attempt to influence governments but also how they interact. Attention also needs to be paid to the way in which these corporations and their proxies

(business associations, law firms, etc.) work with one another, with states and with international organizations, to craft regulatory systems that suit them, until they become “rule producers” in their own right. Finally, it is a matter of understanding how they try to transform the social world to suit their own purposes. Such processes are not without their contradictions and conflicts however: although they know how to cooperate on certain common issues, corporate actors are also caught up in competition and diverging interests. Similarly, corporate and state actors do not necessarily have the same objectives or capacity to impose their views. Furthermore, other non-governmental actors are able to resist the transformations to which they are being subjected and to defend alternative visions for the future of the social and economic development and political functioning of the societies in which they live. One of the challenges of this book is therefore to put these opposing aspects into perspective, so as to make a global analysis of the powers that very large companies have gained over the social world. These issues are explored over seven chapters.

The first chapter is a theoretical chapter, co-authored by Sara Angeli Aguiton, Marc-Olivier Déplaudé, Nathalie Jas, Emmanuel Henry and Valentin Thomas. It sets out the main reflections running through the book. Based on existing research on the power of the business community and on global governance, it defines the concepts of “pervasive powers” and “corporate authority” that we put forward to account for the capacity of corporate actors to transform and shape the social and physical world. The construction and perpetuation of these powers require continuous work by corporate actors, through which they fuel what we call a “corporate repertoire of actions”. We then look at the

material dimension of corporation strategies, at the irreversible effects they produce, and finally at how these pervasive powers challenge democracy.

In the second chapter, José Ramón Bertomeu-Sánchez takes us to Franco's Spain at the time of the Second World War. What interests him is to understand how, over this short period, Spanish agriculture began to shift from low-performance agriculture to a powerful agriculture that relies on the intensive use of pesticides. He shows that this transformation resulted from the combination of modernization projects led by agricultural engineers and fascist autarkic policies. In particular, this combination took the form of public policies that encouraged the development of agronomic programs and of the chemical industry, leading to the creation of the Register of Pesticides in 1942. The success of this register, which made it possible to structure an initial pesticide industry, was essentially based on the refusal to take into account numerous health issues relating to the use of arsenic products in agriculture. The emergence of the Spanish pesticide industry thus led to diffuse forms of violence – repeated and not necessarily immediately perceptible – against people working with pesticides and against consumers. The importance of this chapter is twofold. Firstly, it reminds us that the state cannot be conceived solely as the object of attacks by unscrupulous industries. The political and administrative elite have visions of how their countries should develop, and these visions can be transformed into policies aimed to create new industries or bring about the transformation of entire economic sectors, despite the problems or opposition they may generate. At the same time, Bertomeu-Sánchez points out that twentieth-century projects to modernize the economy required the perpetration

of various forms of violence, both visible and more insidious, not only in authoritarian regimes such as Franco's, but also in regimes considered to be democratic.

In the third chapter, Nathalie Jas also helps to shed light on the omnipotence that the pesticide industry seems to have enjoyed over recent decades. To this end, she places herself in France, in the period immediately after the Second World War, a period during which the industry underwent rapid development. She shows that this boom cannot simply be explained by the favorable context of a rapid intensification of agriculture backed by voluntarist public policies. It was also the result of strategies and devices used by certain industry representatives to, on the one hand, professionalize and organize the industry and, on the other hand, to establish its presence and its vision of plant protection in a wide range of areas: administrations of the French Ministry of Agriculture, European institutions, agronomic research, technical supervision of agriculture, and even in the courts. Nathalie Jas thus highlights how, as early as the 1950s, certain senior executives of the largest French companies worked to set up what she calls a "systemic corporate ascendancy" over the institutions and actors in charge of agricultural development. More specifically, she analyzes one of these devices: a learned society co-founded by the industry, the main function of which was to develop scientific and technical tools (standards, content for professional journals, awards, certifications, scientific events, etc.) that are useful to the industry, while also being aimed at other actors. This chapter thus invites us to denaturalize the existing power of very large corporations and industries and to view it as the result of multi-situated historical processes, marked by many uncertainties and difficulties. The construction of

this power required continuous, multifaceted, and constantly renewed work with many actors.

In the fourth chapter, Thomas Depecker, Marc-Olivier Déplaudé and Nicolas Larchet propose a micro approach to shed new light on the organizations in charge of representing and promoting industrial interests. They provide an extremely detailed analysis of the progressive shaping of the French Nutrition Foundation, an organization founded in 1974 by French and multinational food companies in order to come up with answers to the rising criticism of industrial food. They highlight the continuous work of negotiation carried out by food company executives, firstly to convince academics to take an interest in their organizational project and secondly to define and develop the shape of the organization itself and the content of its activities. This is an important chapter, as it draws attention to two key aspects of corporate strategies aimed at academia. First of all, the enrolment of academics is not a straightforward process and cannot be understood simply in terms of buying or financial corruption. While it is based on elective affinities, it must also adapt and contribute to the projects and conceptions of the actors enrolled. The latter thus help to construct the new organization. Secondly, this chapter shows that in order to understand how corporate authority is constructed, one must analyze the work carried out at very micro scales. It is this work, repeated in many other local, national or international spaces, that allows us to understand how the pervasive powers of corporations are constructed and perpetuated.

The fifth chapter proposes another angle of approach to the “quiet politics” carried out by economic elites to secure their power over the long term. Stève Bernadin takes a look at American insurance companies and analyzes the strategies they implemented between 1959 and 1974 to promote their road safety and automobile regulation agenda. He shows how they used an extremely varied repertoire of action that was far from being limited to political lobbying alone. Insurance companies thus adapted to changes in debates on traffic safety that could potentially harm their interests and switched between bureaucratic discretion, legal struggle, scientific controversy, or media exposure. They even went so far as to join forces with consumer associations to influence public debate and decisions. Insurance companies thus sought not so much to prevent road safety controversies, as to give themselves the wherewithal to effectively respond to attacks on their interests. This chapter invites us to consider the divergence of interests and conflicts that exist not only between corporations and public authorities, but also between industries. It highlights the abundance of resources available to corporate actors and the variety of strategies they are able to deploy. In this way it shows that the fluidity and adaptability of corporate actors are important drivers of their power and their capacity to endure.

In the sixth chapter, Marlène Benquet, Paul Lagneau Ymonet and Fabien Fourault document the public and private co-production of public regulations. As an example, they take the case of the creation of a business law. The law in question was introduced in France at the end of the 1990s to encourage life insurance policy holders to use private equity funds to invest their capital, thus contributing towards the very rapid growth of France’s private equity sector. In exploring the creation of this law, the

authors underline the conflicts within the financial sector (especially between private equity and insurance companies, which took a very poor view of private equity's stranglehold on savings) and the state. The study of the co-production of regulations thus calls for the study of the controversies and power relations that traverse rather than oppose state and corporate spheres. Certain actors consequently weave alliances in order to gain influence over the regulation crafting process. This important contribution to the book shows that public actors are neither arbiters nor passive instruments in the hands of corporate actors, but that they too take advantage of these alliances with the private sector to achieve their own political goals – in this case, it was a question of strengthening the neoliberal shift driven by the French Minister for Economic Affairs and Finance at the time. As a result, it is the very role of governmental action that the chapter invites us to consider: far from being instruments that are imposed by the state and external to the economic balance of power, public regulations can be tools at the service of this balance of power.

The seventh and final chapter explores another modality for the crafting of public policies by corporate actors. Chris Hurl and Anne Vogelpohl shed light on the corporatization of public policymaking for public service procurement by examining the role of four major consulting firms – KPMG, Deloitte, PwC and EY in Germany, Canada and the United Kingdom. The authors propose to conceive corporatization as an overhaul of public service procurement standards based on a corporate model. This allows them to explore in all three countries the rise of public-private partnerships as the preferred form of public policy on infrastructure. Hurl and Vogelpohl show that consultancy firms develop three strategies. Firstly, they disseminate corporate business

models based on specific modes of calculation. Secondly, they build policy-pipelines that enable the rapid dissemination of these models. And finally, they establish themselves as legitimate experts for the assessment of deals that they themselves draw up on behalf of public authorities. Hurl and Vogelpohl contribute to this book by looking at how corporations influence not only the content of public policy but also the standards with which it is structured. The intermediation work of consulting firms thus consists both in normalizing and internationalizing these standards, and in creating areas of robust complicity between public and private actors. Finally, the chapter helps to document the recent growth of financial expertise in the construction of cognitive frameworks and instruments for the evaluation of public policies, which are increasingly focused on the profitability of the services constituted in this manner¹.

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