



1982

Book Review

William E. Thoms

Follow this and additional works at: <https://commons.und.edu/ndlr>



Part of the [Law Commons](#)

Recommended Citation

Thoms, William E. (1982) "Book Review," *North Dakota Law Review*. Vol. 58 : No. 1 , Article 6.
Available at: <https://commons.und.edu/ndlr/vol58/iss1/6>

This Review is brought to you for free and open access by the School of Law at UND Scholarly Commons. It has been accepted for inclusion in North Dakota Law Review by an authorized editor of UND Scholarly Commons. For more information, please contact und.common@library.und.edu.

BOOK REVIEW

MERCHANTS OF GRAIN, by Dan Morgan, Viking Press, New York 1979, 387 pp.

“Famines do not occur. They are organized by the grain trade.”

—Bertolt Brecht¹

Volumes have been written about the oil companies and their control of the world markets and economies. Relatively little has been written about the grain companies, in which six family-controlled corporations still control the movement of grain throughout the world. Dan Morgan's *Merchants of Grain* is an attempt to tell their story. The impact of the grain merchants on the farmer and the communities that are supported by farmers has been aptly stated by former North Dakota Agriculture Commissioner Myron Just:

The pyramid of power, as I see it, is 30,000 North Dakota farmers selling through about 500 grain elevators in North Dakota, farmer-owned but discreetly Minneapolis-run in my estimation, into one grain exchange which in turn sells mostly to six large exporters. So, you know the grain moves in that direction. And, the marketing power

1. D. MORGAN, MERCHANTS OF GRAIN 344 (1979).

and marketing information really concentrates as it moves on up. You could say that we really have 2½ million farmers that feed into this thing and that the power really becomes concentrated at the top.²

The extraordinary thing about the grain companies is their invisibility. Few outside the grain producing states have heard of Cargill, Continental, Louis Dreyfus, and the others. Morgan devotes a great deal of space to the emergence of their guiding families and their evolution from national capitalists to an international class that views the world as one organism for management functions. Embargoes come and go; the grain trade continues. Rhodesia was fed during its painful fifteen year transition into Zimbabwe by *sub rosa* deals with "Big Grain." Communist traders from Exportkhleb, the Soviet grain monopoly, function as part of the club, using their most sophisticated buyers to match wits with the grain companies' salesmen, a mismatch that resulted in the "Great Grain Robbery" of 1972. Canada, true to the ideals of prairie populists, eschewed private marketing in favor of a nationalized Wheat Board. Nevertheless, that nation still relies on the grain companies to market some of its grain, and, in fact, could not move its harvest without them.

The grain companies own elevators, mills, docks, and fleets of ocean-going ships. The exporting nations are few — the United States, Canada, Argentina, and Australia — much fewer than the membership of the Organization of Petroleum Exporting Countries. And yet, no wheat cartel has emerged, and the companies and national wheat boards still compete for the trade of the rest of the world. As more and more of the population of poor nations moves to the cities, the demand for bread and wheat products increases — tastes encouraged by our own Department of Agriculture. Concomitant with industrialization is the lowered self-sufficiency of agricultural populations and the increase in the desire for bread, an easily stored, easily distributed commodity. For this reason, the greater part of *Merchants of Grain* deals with the growth and distribution of wheat, which is known as the "desert plant" because of its ability to grow in hot, dry climates.³

If wheat is now a popular taste, it is still an acquired one. Part of the demand for wheat is emulation of Western diets, but much of it has been engendered by the food aid programs and activities of the grain companies. The United States and Canada have had

2. *Id.* at 234.

3. *Id.* at 15.

huge agricultural surpluses. Supposedly, it is better to “cram it down the throats” of foreign consumers than to allow the surpluses to accumulate and become a drag on the farmer and taxpayer alike. Morgan discusses Public Law 480, which provides aid in the form of loans for foreign countries to buy agricultural products, and its effect in creating markets for our surpluses overseas.⁴

The most interesting and controversial chapters of *Merchants of Grain* deal with grain sales to the Soviet Union. At one time Russia was a grain exporter, and the Black Sea ports of Odessa and Rostov were centers of the international grain trade, as well as the cradle of some of the largest companies today. The change from an exporter to a net importer has come about, Morgan states, not so much because of the vaunted inefficiencies of Soviet agriculture, as because of a rising standard of living and increased taste for meat as part of the regular diet. Although somewhat dated by the 1980 Carter grain embargo and the lifting of the embargo in 1981 by Reagan, this book contains a well-paced account of the ups and downs of the United States-Soviet Union grain trade.⁵ On the one hand, the Soviet Union had observed the market and knew what it was doing. On the other hand, the Nixon and Ford Administrations were concerned with the effect of consumer prices, transportation snafus, and labor disaffection as a result of the sale. The American Government wanted some orderliness and stability in the market, while the good entrepreneurs of Exportkhleb were out for the best deal they could get. Even during the latest embargo, a certain minimum of sales continued⁶ as part of the process which led one observer to say that “North Dakota, at times, seems to be the largest state farm in the Soviet Union.”⁷

Wheat sales abroad may affect the market price in the United States as those sales compete with domestic use. Rice, on the other hand, is largely an export crop. Heavily subsidized in well-represented regions of Louisiana, Arkansas, and Texas, rice growers have had a great deal of influence on foreign policy. Detroit may rail at Tokyo for cutting into its auto sales markets, but that is a whimpering meow compared to the howl the rice

4. See 7 U.S.C.A. §§ 1691-1736g (West 1973 & Supp. 1981).

5. See generally Osakwe, *Legal and Institutional Barriers to United States-Soviet Trade: Soviet Perspectives*, 8 VAND. J. TRANSNAT'L L. 85 (1974).

6. So far, the current administration has rejected calling for grain embargoes against the Soviet Union in response to events in Poland. Conventional wisdom suggests that the Soviets could easily circumvent an embargo. The administration is sensitive to anti-embargo pressures from states. Sales of food to Poland, however, are temporarily suspended while martial law remains in effect. See Greenfield, *Haunting and Humbling*, NEWSWEEK, Dec. 28, 1981, at 72.

7. Speech by Professor William Dando, University of North Dakota geographer, Foreign Culture/Food Policies: U.S. Actions and North Dakota Implications, in Grand Forks, North Dakota (March 21, 1980).

barons raise in the direction of Japan's exporting of rice to once-captive United States' markets. Of the major Asian nations, only China is feeding itself totally on domestic rice. Morgan's saga of rice sales and strategy ultimately leads to a discussion of the rise and fall of Tongsun Park and the "Koreagate" affair of the late 1970's.⁸

The major point the author stresses throughout his book is that the grain companies, more than other corporate giants, operate in an atmosphere of secrecy. He implies that the prices on the commodity exchanges are but the tip of the iceberg. Few know how the companies operate, and fewer still know the intricacies and details of their marketing efforts and their effect on national policies and governments all over the world. The fact that most of the companies are family owned lends to this secrecy. The clublike atmosphere in which trading is done (one's word is still one's bond here) adds to the conspiratorial atmosphere. Yet, Morgan is relatively nonjudgmental about the behavior of these companies.

It is in the last chapter, concerning world hunger, that the critic emerges. People are starving, but in any country one who has the money is not deprived of food. It is not a food problem, but a money problem that is the focus of Morgan's criticism:

Since multinational grain companies, like other multinationals, respond to the laws of balance sheets and profit and loss statements, it does not make sense to expect them to correct either the system or themselves. Business often does things that are socially progressive, productive, and in the best interests of developing countries, but business does not do these things out of a social conscience, but because they are profitable. It is up to others, particularly those with political power, to make the necessary modifications.⁹

Morgan believes the world can feed itself. It is poverty, rather than inadequate food production and the population explosion, that is at the root of the problem of world hunger. Many observers would disagree with this thesis. But Morgan goes on to point out that the United States itself, as well as the grain companies, has profited from the growth of a commercial food system in which other countries have become more and more dependent upon

8. D. MORGAN, *supra* note 1, at 296-310.

9. *Id.* at 345.

imported food. This may be as onerous to the recipients as oil imports are to us.

The mention of oil imports today immediately brings to our attention something that is not discussed in Morgan's book — the effect on the grain trade if food-exporting but oil-importing countries, such as the United States, begin growing crops for large-scale harvesting and conversion to gasohol and other motor fuels. What will be the effect on the food machine he details in his book? Will the grain companies be the guiding spirits of the synthetic fuel industry, as well as their other conglomerate enterprises? And what will be the effect on recipient countries, which are now dependent on persistent surpluses from the United States and Canada, when grain that was once destined for bread to feed the hungry goes to feed automobiles and locomotives instead?

The tone of *Merchants of Grain* is descriptive journalism, rather than advocacy. This is a complex book about a complex subject. The author, who deplors the great market leverage the grain merchants have, nonetheless displays a certain grudging admiration for the organization and driving force of the grain companies. This is the internationalism of the future. And who knows? Maybe the world would be better off in the hands of corporate executives, who are "out for the buck" and hate war because it interferes with the smooth functioning of their machine,¹⁰ than with dictators of the Macias, Pol Pot, Idi Amin, and Bokassa stripe, who view power as a source of self-aggrandizement. The grain companies may have changed the world's taste and diet, made disproportionate profits, and coerced governments, including our own, but Morgan allows, as we should, for the possibility that they may have done a great deal of good, if only by accident.

—William E. Thoms*

10. *Id.* at 227-28. See also Mayer, Book Review, 12 VAND. J. TRANSNAT'L L. 491, 494-95 (1979) (reviewing D. MORGAN, *MERCHANTS OF GRAIN* (1979)).

*Professor of Law, University of North Dakota.

