

RAFI

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GRAMEEN TURNS MEAN?

FROM POVERTY-FIGHTER TO THE PEASANTS' PINKERTON

*Is Bangladesh's fabled Grameen Bank turning mean with its Monsanto deal...
or is the "Monster" turning farmer philanthropist?*

The Grameen Bank's June 25th announcement that it will accept US\$150,000 from Monsanto Corporation (St. Louis, MO. USA) to launch the Grameen Monsanto Center for Environment-Friendly Technologies is stirring up a storm of controversy throughout agricultural and rural organizations around the Third World. The surprise move was unveiled jointly by Muhammad Yunus, Managing Director of the Grameen Bank and Robert Shapiro, Monsanto's Chair and CEO. The company's initial grant is for soft loans to Bangladeshi farmers. The loans are available to buy agricultural and rural technologies including Monsanto's own proprietary herbicides, hybrid rice, hybrid maize, and cotton seeds. Monsanto is the world's largest crop chemical company and third largest seed enterprise. Monsanto, which is completing a \$33.5 billion merger with the conglomerate, American Home Products has spent \$8.1 billion in the past two years buying agricultural biotechnology companies. Its most recent acquisition - the international seeds operations of Cargill Inc. (for \$1.4 billion) together with its May takeovers of U.S. maize and cotton seed firms makes the "Monster" the world leader in cotton seed sales (an important Bangladesh export crop) - and number two in maize seed - a crop with growth potential in South Asia. (For further details on these and other Monsanto-related mergers, please see RAFI's homepage at www.rafi.ca.)

BioSafety Pressure: While Monsanto has stated that it will not provide transgenic crop seed because Bangladesh does not have a regulatory framework for the approval of genetically-modified organisms, the Grameen/Monsanto announcement is expected to put political pressure on the government to adopt biosafety rules amenable to Monsanto's extensive line of herbicide-tolerant crops. Yunus and Shapiro have said, however, that the joint venture will begin by selling hybrid seeds to poor farmers. Hybrid rice and maize are biologically incapable of breeding "true" in the second generation. The seeds are either sterile or they produce often unwelcome genetic "throwbacks". Although some scientists regard hybrids as a boon to crop yields, there is a growing opinion that the real advantage is that farmers are forced back to the market every year to buy new seeds. Traditionally, Bangladeshi rice farmers - among the poorest of the poor - not only save seed for replanting, but women breed diverse seed types in order to have varieties suited to their immediate ecosystems and economies. Hybrid seeds could more than quadruple seed costs as well as end forever the process of poor farmers adapting plants to their resource-poor soils. "It doesn't take many years of buying new seed before the traditional varieties lose their germination level or are eaten," Pat Mooney, RAFI's Executive Director notes, "Trying to get off the Grameen-Monsanto treadmill of seed purchases is impossible once the old seeds die." Hope Shand, RAFI's Research Director agrees, "We'll lose both farmers and a lot of crop genetic diversity."

Offers that can't be refused? "The Monster's grant could simply subsidize the sale of its own products," Shand says. "Because the Grameen Bank operates in 36,000 Bangladeshi villages and is often the farmers' only route to credit, poor farmers could find themselves under intense pressure to buy Monsanto's seeds and herbicides," Mooney adds.

A Bankers' "Mother Theresa": Since its founding in 1983, the Grameen Bank has pioneered the concept of "micro-credit" whereby the Poor - very often women, obtain small loans (often less than \$100) without collateral. Muhammad Yunus, the Bank's founder, has shown that the poorest of the poor will repay their debts 98% of the time - a rate far superior to the record of commercial banks either in the South or in industrialized countries. Today, about 8 million families obtain micro-credit to launch tiny but profitable ventures such as the purchase of chickens to sell eggs. Almost half of the micro-credit activity continues to centre around the Grameen Bank in Bangladesh. The Bank's success has made it a hero in the developing world and turned Muhammad Yunus into a kind of bankers' Mother Theresa. A World Bank-sponsored conference on micro-credit in Washington last year accorded Yunus rock-star status and corporate gurus from George Soros to Ted Turner have flocked to his side. "They see him as the proof that a kinder, gentler capitalism can work for the poor," says Pat Mooney.

But now, concerned environmentalists such as Vandana Shiva of the Research Foundation for Science, Technology and Ecology in New Delhi, fear that Grameen has turned mean - or lost sight of its founding goals. In an open letter to Yunus dated July 4th, Shiva, wrote, "Monsanto's technologies are not environment friendly or sustainable. They pose a threat to ecosystems and agriculture."

Pinkertons for peasants: This kind of capitalism can also turn poor but independent farmers into poorer and dependent peasants. "If farmers are pressured to stop saving and developing their own plant varieties, their costs will sky-rocket. The crops they plant will be those designed for the large fertile lands of big farmers - not for their own fragile ecosystems," Hope Shand points out. According to critics like Shand, the Grameen connection is a great deal for Monsanto, "They've bought a cheap distribution and finance system that not only reaches into half the villages of Bangladesh but also guarantees that the poor will repay their loans." In North America, Monsanto has hired Pinkertons (private police) to enforce farm contracts and technology licencing agreements. The "Monster" has gone after farmers threatening criminal charges wherever they suspect them of trying to save patented seed. "In Bangladesh, the Grameen credit network can do Pinkertons' work for the company at no cost," Mooney argues.

The Loan Terminator: The "Monster's" strategy goes beyond Bangladesh and well beyond increasing sales for Roundup, its flagship herbicide. Once Grameen uses its prestige to make South Asia's governments tow the line on biosafety legislation (the company believes that transgenic crops are perfectly safe for consumers and the environment) the region will become an important new market for agricultural biotechnologies. Indeed, Civil Society Organizations in South Asia fear that poor farmers will become the guinea pigs for untried new biotech products and processes. As of May this year, the "Monster" is co-owner (with the US Department of Agriculture) of the Terminator Technology. (For further information, please see RAFI's homepage) The Terminator can render the seed of any crop infertile in the second generation whether or not it is a hybrid. This makes it the ideal platform for companies to introduce patented genetic traits they don't want farmers to save from season to season. Monsanto's own genes for Roundup-tolerance or insect-resistance can all be loaded onto the Terminator "platform" and sold to farmers with Grameen Bank loans. The Terminator's inventors have already suggested that the vast rice and wheat lands of South Asia are ideal for the Terminator (known formally within the Monster as the "Technology Protection System"). Both the intergovernmental Convention on Biological Diversity and the Consultative Group on International Agricultural Research (CGIAR) have expressed their concern about the impact of this technology on farmers and the environment.

Re-Green Grameen: On July 3rd, RAFI wrote to Muhammad Yunus asking him to reconsider the Monsanto relationship and to come out clearly against any linkage between corporate grants and the purchase of the grant-giver's products. RAFI also asked Grameen to join the opposition to Terminator Technology and to support the traditional right of farming communities to save, exchange, and develop plant varieties. RAFI asked for a response by Tuesday, July 7th. "Grameen has been crawling all over our website," Hope Shand of RAFI comments, "but they have not given any indication that they will reply." "For the sake of the credibility of the micro-credit movement," Pat Mooney adds, "and to protect the independence of Civil Society Organizations, we have to speak out against deals such as this. We have no choice but to work with partner organizations among farming and rural communities to challenge the Grameen/Monsanto strategy. Hopefully, this is just a clumsy mistake that can be corrected quickly. We want a green and not a mean Grameen." In her July 4th letter to Yunus, Vandana Shiva concluded, "We call on you to withdraw from this partnership with Monsanto and invite you to join the growing worldwide movement of people against Monsanto and against genetic engineering and patents on life."

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RAFI is a non-profit international civil society organization headquartered in Canada. For more than twenty years, RAFI has worked on the social and economic impact of new technologies as they impact rural societies.