Chapter Title: SOJIZACIÓN AS A NEW FIRST MOVEMENT: A POLANYIAN ANALYSIS OF THE SOUTH AMERICAN SOYBEAN ‘BOOM’
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Book Title: The Age of the Soybean
Book Subtitle: An Environmental History of Soy During the Great Acceleration
Book Editor(s): Claiton Marcio da Silva, Claudio de Majo
Published by: White Horse Press. (2022)
Stable URL: https://www.jstor.org/stable/j.ctv309h1fx.11

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CHAPTER 5

SOJIZACIÓN AS A NEW FIRST MOVEMENT: A POLANYIAN ANALYSIS OF THE SOUTH AMERICAN SOYBEAN ‘BOOM’

Matilda Baraibar Norberg

Introduction

South America—specifically Brazil, Argentina, Paraguay, Bolivia and Uruguay—has become an increasingly specialised world provider of soybeans. Indeed, over the last two decades, more than 33 million additional hectares of land (roughly a surface area equivalent to that of Vietnam, or to all the arable surface of Ukraine) have been incorporated into soybean production.¹ This land-use change, here referred to as sojización, has brought multiple consequences, ranging from deforestation, soil degradation and water pollution to agribusiness domination, displacement of family farmers and ‘foreignisation’ of land.² While the consequences differ from one place to another, sojización has brought dramatic technological, productive and social transformations throughout the region, leading to increased land concentration and land-use intensification. The consequences of this dramatic change have rightfully received much scholarly attention. Less thoroughly addressed, however, is the preceding history that shaped the preconditions for sojización to occur.

The standard (liberal) story about the soybean expansion in the Southern Cone often depicts the boom as a spontaneous (market) response: South America had available (cheap) land, a new technological package had ‘emerged’, centred on glyphosate tolerant soybeans (which allowed for cutting costs and expanding the frontier by the incorporation of more marginal land) and

¹ The soybean acreage in these countries has increased from 30 million hectares (Mha) in 2000 to more than 63 Mha in 2021: USDA, Oilseeds: World Markets and Trade (Washington: United States Department of Agriculture, Foreign Agricultural Service, 2021).

a sharp rise in international demand for soybeans. In this narrative, sojización was simply the natural consequence of ‘rational’ profit-seeking farmers and traders responding to new price relations (in which soybeans yielded the highest annual returns). However, this naturalised and de-politicised story ignores all the decisions and regulatory shifts that in fact preceded and created the necessary conditions for the boom. A more accurate analysis of the historical and political dynamics behind sojización in South America calls for a careful inquiry into the history of gradual and intersecting shifts at different scales (international to national) that paved the way for the boom. For this purpose, I have taken inspiration from Karl Polanyi’s seminal 1944 book The Great Transformation, in which he exhaustively identified and examined the necessary conditions for a wave of marketisation to emerge. While the empirical focus is on Argentina, Paraguay and Uruguay, these are situated in the wider South American context and put in dialogue with the broader world history of capitalist agri-food relations. This chapter thus contributes to a deeper understanding of sojización by a historically informed exploration of the multiple shifts and continuities that made it possible.

Tackling Sojización as a New First Movement

Polanyi famously argued that market society in nineteenth century England did not emerge spontaneously, organically releasing man’s natural ‘propensity to barter, truck and exchange’, as per the standard liberal narrative; rather, as he demonstrated, the onset of the free market was intentionally staged. He described in detail how a multitude of gradual, but far-reaching, regulative shifts (e.g. the removal of restrictions to mobility, enclosures, the establishment of freedom of contract, the repeal of the Corn Laws, the Gold Standard and the strengthening of private property rights to land) served to disembed humans and nature from their traditional institutions and social ties. This disembeddedness, in turn, allowed for their gradual commodification – i.e. the transformation of nature and of human life time into the interchangeable

5 Ibid., pp. 313–14.
commodities of pieces of land and labour in the self-regulating market.\(^6\) However, humans (labour) and nature (land) are only fictitious commodities; they are not ‘produced’ to become interchangeable goods (through a market price) in profit-driven markets. However, as this fiction was staged, all other functions of humans and nature, bar those that could produce gain, came to be ignored. This brought stupendous economic achievements, but at the price of great harm and violent destruction.\(^7\)

Famously, Polanyi argued that the unleashing of market forces – the first movement – became too destabilising, disruptive and destructive to be able to last for long. The overexploitation of humans and nature thus soon provoked societal responses for protection – a countermovement – which pushed back markets and ultimately re-embedded them, in what he called a double movement. This mechanism explains why England actually experienced ‘pure’ industrial capitalism only between 1834 and 1870.\(^8\) After that, labour, money and land were still commodified, but their price (wages and rents) ceased to be subject to market mechanisms alone.\(^9\)

When writing *The Great Transformation* in 1944, Polanyi believed that people and societies had learned important lessons from the devastating effects caused by the deliberate expansion of profit-driven ‘self-regulating’ markets. As a more realistic appraisal of markets had come to the fore, he asserted the death of the unfettered market economy, believing a new era of unprecedented freedom could emerge.\(^10\) Polanyi’s predictions about the future may have been overly optimistic. The post-war compromise between states and market, embedded liberalism, undeniably put some restrictions on markets, but state intervention proved to be perfectly compatible with an economy based in mass production and consumption and a move towards the universalisation of the commodity form.\(^11\)

Many scholars have taken inspiration from Polanyi to identify a new

\(^{6}\) Ibid., pp. 68–113.

\(^{7}\) Ibid., pp. 110–13; 195–97.

\(^{8}\) Ibid., pp. 87–120; 201–30.

\(^{9}\) Ibid., pp. 240–65.

\(^{10}\) Ibid., p. 322.


**first movement** emerging after the collapse of the Bretton Woods system.\(^1\) Neoliberal globalisation is here understood to represent an increasingly institutionalised market society world-wide.\(^2\) Many a scholar has also explored contemporary potential Polanyian countermovements.\(^3\) However, such scholars have largely ignored the fact that the most dramatic processes of commodification in recent decades have taken place in natural resource-rich countries in the Global South. More specifically, the most dramatic processes of commodification have happened in peripheral frontier areas, in spheres that until recently were regarded as impossible (or inconvenient) to define, isolate, privatise or price. Sojización is arguably a particularly illuminating example of the dynamics of this new **first movement**, responding to an increased global appetite for food, feed and fuel, as well as to the market strategies of transnational agribusiness firms and financial capital. Notwithstanding the fact that sojización emerged out of the uneven power-relations of neoliberal agrofood globalisation, it is clear that South America states have also been important actors in (co-)creating the necessary conditions for this ‘great agrarian transformation’.\(^4\)

Inspired by Polanyi’s holistic and historically informed account of the multiple interacting regulatory shifts necessary for the emergence of marketisation in nineteenth century England, I will now turn to the many-layered history preceding sojización in Argentina, Paraguay and Uruguay. This analysis builds on several years of research on various aspects of regulatory shifts in relation to agrarian change, drawing on multiple and diverse sources, inclu-


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dring more than fifty interviews with politicians, agribusiness firms, family
farmers, cooperatives, state officials and NGOs in Argentina, Paraguay and
Uruguay. I also use national legislation, white papers and business reports,
as well as insights from literature in agrarian history, land-systems science
and political economy.

Persistence of Non-market Arrangements Alongside
Long-term Commodification (1860s–1970s)

South America has been inserted in capitalist world markets since colonial
demand for export crops and wage labour started to transform the region.16
Argentina, Paraguay and Uruguay soon became specialised in livestock
ranching. The long-term trend since then has been that of the constant com-
modification of new areas (frontier land in agricultural systems) and human
activities (wage labour). Notwithstanding this long-term trend, non-market
arrangements have also persisted over time.17 In this section, I explore the
history of this dual dynamic from the late nineteenth century until the neo-
liberal turn in the 1970s. This longer historical contextualisation provides a
sense of both the continuities and breaks enabling the process of sojización.

The incomplete staging of market society under laissez-faire
liberalism (1860s–1920s)

In the new international division of labour that emerged with the first
wave of globalisation (1860–1914), South America became an increasingly
specialised commodity provider for the great industrial centres.18 In this era
of industrial capitalism in Europe, a spectacular and far-reaching commo-
dification process took off all over the continent. Natural resource-based
products became highly ‘competitive’ due to the region’s vast amounts of
(cheap) land, combined with rapidly declining international freight costs,
a liberal trade regime (pushed particularly by Great Britain) and the Gold

16 A. de la Torre, T. Didier, A. Ize, D. Lederman and S. Schmukler, Latin America and the Rising
17 The ‘incomplete’ transition to capitalist farming has been seen to represent backwardness in both
liberal and Marxist traditions (e.g. the ‘agrarian question’).
18 R. Prebisch, The Economic Development of Latin America and its Principal Problems (New York,
ECLAC, 1950) https://repositorio.cepal.org/bitstream/handle/11362/29973/002_en.pdf?se-
Standard. 19 Laissez-faire liberalism was the dominant ideology among both foreign and domestic elites. The big landowners of the Rio de la Plata region often acted in alliance with foreign investors, holding down trade and land taxes and defending open migration policies. This led to a rapid extension of the frontier and spurred further rounds of commodification in new areas. 20 The lines dividing the colonial farms from the territories dominated by indigenous groups gradually moved outwards, triggering a series of border conflicts, including military campaigns which sometimes sought to ‘free’ new lands for agricultural exploitation. Indigenous peoples, and their mestizo allies were displaced, marginalised, forced to settle, or killed – the normal sequence in historical processes involving settler colonialism. 21

The ports of Montevideo and Buenos Aires shipped wool, hides and meat from a vast ‘hinterland’ of big cattle and sheep herds, few horses and even fewer men. By the early twentieth century, Argentina managed to diversify exports by adding cereals (wheat and maize) and flax. 22 Under this belle époque of primary export-oriented development, Uruguay and Argentina entered a relatively long period of sustained economic growth (while most other export-oriented countries in South America suffered from intense commodity-price volatility and short cycles of booms and busts). 23

While economic growth rates were high, income distribution worsened sharply during the period. 24 This was linked to the fact that land was the main basis for wealth, and land ownership was extremely concentrated. The unequal, bimodal land tenure structure of latifundio (big estates controlling vast amounts of land – typically engaged in ranching activities) and mini-fundio (small farmers with very small parcels of land – typically engaged in

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24 Bulmer-Thomas, The Economic History, p. 117.
plant agriculture) had been established already during colonial times, but the dominance of the latifundio was reinforced after independence.\(^{25}\) In Uruguay the agrarian frontier was already exhausted by the mid-nineteenth century with most of the land in the hands of large ranchers.\(^{26}\) In Argentina, the lion's share of the ‘new’ lands ended up in the hands of the big landowners. The majority of the many European migrants that arrived in both countries never became land property owners, but actually ended up in the big cities. The rest became sharecroppers or (seasonal) labourers on large estates.\(^{27}\) Meanwhile, the area controlled by the latifundio expanded from the 1850s to the 1930s.\(^{28}\)

Paraguay at first followed a different developmental path from its neighbours. After overthrowing the local Spanish administration in 1811, it promoted autarchy, self-subsistence and family agriculture. Land was nationalised, expropriated from the church, foreigners and big landowners. The state also monopolised the commercialisation of lucrative trade branches, such as yerba mate.\(^{29}\) This path was nevertheless terminated by the defeat in the War of the Triple Alliance (1864–1870) against the joint forces of Brazil, Argentina and Uruguay. The war nearly wiped Paraguay off the map; it lost an impressive share of its male population, territory, economy and autonomy. Large tracts of public land were sold off to pay off its war debt; around 26 million hectares of land were privatised between 1870 and 1914 and a sizable amount ended up in foreign hands.\(^{30}\) Consequently, latifundio (many of which now came under foreign ownership), achieved a dominant position


in Paraguay’s agrarian structure.\textsuperscript{31} Besides selling off land, Paraguay adopted similar export-oriented policies to those of Argentina and Uruguay, leading to the expansion of ranching activities and new export products (particularly \textit{quebracho}, a hardwood that yields an extract used in tanning).\textsuperscript{32}

While markets expanded during this period (with land and labour becoming increasingly commodified in areas close to urban centres, transport nodes and ports), a high degree of self-subsistence, use of family labour and non-market access to land continued to prevail among peasants and family farmers, the groups who still constituted the vast majority of the rural population. People’s time was not sold on a ‘free’ labour market, and people consistently engaged in different transactions for a plethora of social motives, rather than exclusively in the search for profit. Particularly in rural areas, nature and people remained largely non-commodified, embedded in traditional institutions and social ties.\textsuperscript{33}

One partial explanation for this persistence of non-market arrangements was the fragility and weakness of the relatively newly independent South American states. State intervention had freed trade from the confines of the colonial legacies of mercantilism but, as Polanyi underlined, an efficient free market system requires much more than deregulation. It needs constant maintenance by a strong ‘market-police’ state, imposing strict competitive rules.\textsuperscript{34} In contrast to late nineteenth-century England, the ‘new’ South American states – exposed to external as well as internal threats – were too weak to guarantee the capitalist ‘rules of the game’. Moreover, chronic budget constraints often curbed infrastructural projects that would have allowed for the integration of more humans and land into commodity circuits.\textsuperscript{35} Most of the \textit{de facto} investments in this respect were instead made by foreign trading firms (mainly British) and exclusively related to an extractive model of

\begin{itemize}
\item \textsuperscript{31} Masi and Borda, \textit{Estado y economía en Paraguay}, p. 25.
\item \textsuperscript{32} Ibid., pp. 26–31; Raidán Martínez, ‘Medio ambiente y agricultura en el Paraguay’, 112.
\item \textsuperscript{33} According to Polanyi, the institution of the market was fairly common from the later Stone Age, but its role was no more than incidental to economic life, and it was always been embedded in social relations. Polanyi, \textit{The Great Transformation}, pp. 45–56, 60.
\item \textsuperscript{34} Ibid., pp. 60, 110–13.
\end{itemize}
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agrofood exports. Notwithstanding some country-specific variation, all states lacked the financial and organisational muscles needed to secure private property rights, ‘free’ competition and the necessary infrastructure (railways, roads, rural police, public services, etc.) required for a more thorough staging of market society. In geographically and socio-economically remote areas, far away from the sites of high concentration of capital and power, the state was almost completely absent, with no capacity to provide basic services. In the absence of state-backed markets, other social arrangements prevailed.

The states not only lacked resources to enforce market society, but also acted in contradictory ways, playing a dual role in relation to marketisation. The landowning elite had a huge influence over the state and thus often shaped agrarian institutions in their own interest. The result was intensely ambivalent. The rural associations – e.g. the Argentine Rural Association (SRA), the Uruguayan Rural Association (ARU) and the Rural Association of Paraguay (ARP) – emerged as powerful lobby organisations in the late nineteenth century. Together with their allies the (British) investors and the Catholic Church, they pushed for the removal of export and land taxes. On the other hand, this kind of captive state’s ambition to establish bourgeois property rights on the land (i.e. commodify land) was often compromised by its alliances with traditional landed classes, essential to securing social control and political order.

The great landowners had little interest in a transition to a pure market system, as they wanted to maintain their vast lands and paternalistic, dependent and pseudo-feudal labour relations with their workers (peones). Different forms of unfree labour (peonage), such


37 Argentina and Uruguay developed a more independent state apparatus and domestic markets than Paraguay, but were still largely in a dependent position. Baraibar Norberg, The Political Economy of Agrarian Change, pp. 69–70.


40 Since a competitive labour market did not exist, the seemingly contradictory elements of deteriorating labour conditions and labour shortages co-existed.
as debt-labour, were often used to keep labour costs down. The states reinforced the power of landlords over ‘their’ workers by making vagrancy, conscription and passport requirements stricter, restricting labour mobility. This effectively prevented the establishment of a ‘free’ labour market, standing in the way of the spread of capitalist relations.

Another way in which the latifundio curbed the spread of capitalism, was the fact that the large estates generally incorporated very little technology and labour, as they could compensate low productivity per hectare with vast holdings of land. Capital accumulation originated more from land rents (rentier capitalism) than from the surplus extracted from labour. The South American landlords could live well and achieve high status from the ‘richness of nature’ alone, without having to subject themselves to the market ‘laws’ of constant productivity increases. The small farms, the minifundio, on their hand, lacked both the capital and the technology to invest in the land, and remained to a large degree engaged in subsistence farming.

Economic behaviour is always contingent on historically-produced social relations. These relations had to be rewritten before economic behaviour could be recast, but the export-oriented model reinforced the wealth and power of the great landowners and it did not create a national bourgeoisie.

An incomplete ‘agrarian modernisation’ under state interventionism (1930s–1970s)

After the Great Depression, faith in self-regulating markets and export-led growth plummeted. Laissez-faire policies were declared to have failed throughout the world, but they were understood to have been particularly detrimental for South America, since the price relations between primary commodities and manufactured goods in the period from 1870–1930, had moved against the first, creating a long-term deterioration in the terms

41 Bulmer-Thomas, The Economic History, p. 145.
43 Baraibar Norberg, The Political Economy of Agrarian Change, p. 66
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Development was no longer sought through specialisation in comparative-advantage (i.e. natural resources), but the new leitmotif was state-led inward-oriented development and industrialisation, which meant changing the productive structure away from high reliance on a few commodities. From the 1930s to the early 1970s, pervasive policy intervention was adopted, for example Import Substitution Industrialisation, which ultimately promoted the industrial sector at the expense of a heavily taxed agricultural sector, using both direct and indirect policies (e.g. export taxes, export quotas and licences on major agricultural commodities). In addition, exchange rate controls resulted in a highly overvalued currency, adding further disincentives to agricultural production. Paraguay differed from the rest of the region in so far that it continued with a free-trade regime, while also increasing state interventionism.

While ‘true’ development was understood to require industrialisation, agrarian reform and modernisation were also on the policy agenda. The latifundio – the power base of the old rural oligarchy, with its feudal-like social relations and low use of technology and labour – was seen to stand in the way of total factor productivity growth, the formation of domestic markets and emancipation of the rural poor. At the same time, smallholders (minifundio) and landless peasants were trapped in poverty or subsistence farming. The need for agrarian reform in South America was soon expressed by a broad range of actors – from struggling peasants (campesinos), to scholars and politicians, and the president of the USA.

47 Masi and Borda, *Estado y economía en Paraguay*, pp. 29–33
Consequently, the majority of these states launched new public bodies for state-led redistribution of land to the rural poor. The social function of land – the doctrine that land ownership is not an inviolable right of the individual against the state, but entails societal responsibility beyond private utility – became popular. By the middle of the twentieth century, this doctrine had been incorporated into most of the constitutions in the region, opening up for public confiscation of large private landholding that failed to fulfill its social purpose. Land reform was often combined with tax incentives, extension services, credits, price supports and price regulation. The aim was to transform big and petty producers alike into modern high-yielding, market-oriented, farmers. The states particularly promoted the green revolution technologies (high yielding seeds, fertilisers, machines, irrigation and pesticides). In this vein, the states also invested in public agricultural research and development, as well as in infrastructure (silos, elevators, roads and ports) to reduce transport costs and to incorporate new areas in market circuits.

It was within this context that soybeans started to become more important. In Argentina, with its well-developed seed science, locally adapted soybean–seed varieties with improved yields started to emerge in the 1960s, after decades of public and private investments in research and development on soybean seeds. Soybeans were also promoted in extension services as an ideal wheat rotation crop. Gradually, soybeans started to become adopted by some commercially-oriented medium size farmers. Soybeans proved ideal...
for Argentina, since they were not consumed nationally and thus faced no price or quota restrictions, which from time to time affected most other crops.\textsuperscript{57} Even so, it would take many more decades until soybeans began to gain prominence as an export commodity in Argentina.

Public research on soybeans also had a long history in Uruguay. During the 1960s and 1970s soybeans were hailed as an ideal rotation crop in mixed farming systems, capable of boosting the productivity of pastures due to their nitrogen-fixing capacity. Yields in Uruguay remained relatively low, however, and only a small segment of farmers adopted the crop.\textsuperscript{58}

In Paraguay, soybean production started to expand within the realm of the governmental efforts to expand wheat production under the ‘National Wheat Program’, in which soybeans were promoted as the ideal complementary rotation crop.\textsuperscript{59} Soybeans became particularly important in the Atlantic Forest areas; Paraguay aimed to turn its vast ‘unproductive’ forests, into agricultural areas. Infrastructural projects (e.g. the construction of the Itaipú mega hydroelectric dam) and economic incentives for farmers to clear the forest, spurred settlement in the area.\textsuperscript{60} Many of the settlers were Brazilian farmers (so-called Brasiguaios), with a strong specialisation in cash crops such as cotton and soybeans.\textsuperscript{61} Leapfrogging into the technological advances from decades of Brazilian publicly funded research in adapting temperate-zone soybean varieties to the geographic conditions of the Atlantic forest,\textsuperscript{62} the economic margins of soybean production increased. Paraguay achieved an exportable surplus of soybeans in 1970, but the production was still negligible compared with the expansion of the coming decades.\textsuperscript{63}

Notwithstanding the dynamic development of soybeans and some other crops during this period, the bulk of agricultural production was stagnating, and South America’s share of international agricultural trade was in steady
decline.\textsuperscript{64} One reason was the relatively protectionist agricultural trade policies of the advanced economies. The USA and Europe heavily subsidised their agriculture, which soon led to considerable surpluses driving international food prices downward.\textsuperscript{65} In addition, the \textit{General Agreement on Tariffs and Trade} (GATT) – well aware of the unique political status that agriculture enjoyed in some major economies – included articles that allowed protective tariffs on key agricultural products.\textsuperscript{66} Another reason was the already-mentioned domestic policies favouring industry at the expense of agriculture, particularly in Argentina and Uruguay, through restrictions and levies on agricultural trade and regulations on land market.\textsuperscript{67} These and other regulations put breaks on market forces, slowing down the pace of commodification.

Another obstacle to the development of capitalist farming in the region was the extreme resilience of the landowning structure. After decades of ‘agrarian reform’, South America remained the region with the most unequal land structure in the world, with large estates dominating the landscape.\textsuperscript{68} Powerful landlords successfully managed to curb all initiatives that would seriously change the land-owning structure.\textsuperscript{69} On a country-by-country basis, agrarian reform was least implemented in Argentina and Uruguay. In Paraguay, Stroessner had, under half a century of ‘agrarian reform’, expanded the agrarian frontier, with 12.23 MHa of public land, mainly in the Atlantic forest region – most of it ending up in the hands of big landowners.\textsuperscript{70} The

\begin{thebibliography}{99}
\bibitem{4} Baraibar Norberg, \textit{The Political Economy of Agrarian Change}.
\bibitem{7} By 1960, latifundio represented roughly 5% of farm units and about four-fifths of the land, while minifundio represented four-fifths of farm units but had only 5% of the land: E. Botella-Rodríguez, ‘La cuestión agraria en América Latina: desafíos recurrentes y nuevas preguntas para la historia rural’, in D. Soto and J.M. Lana (eds), \textit{Del pasado al futuro como problema: la historia agraria contemporánea española en el siglo XXI} (Prensas universitarias de Zaragoza, 2018), pp. 285–311.
\end{thebibliography}
survival of the *latifundio* during the twentieth century played the function of retarding the mobilisation of the land similarly to how Polanyi argued feudal forms of life did in Central and Eastern Europe in the nineteenth century.\(^{71}\) Since the landlords were more interested in social prestige and political power than in maximising economic profit, they did not reinvest surpluses into production to incessantly rise productivity. Most of them did not adopt green-revolution technologies, but continued to produce in extensive ways, making little use of capital and labour.\(^{72}\)

In a parallel way, the great majority of peasants continued with very small parcels of land, and did not become competitive capitalist farmers.\(^{73}\) Petty producers that had non-market access to land continued to live, produce and reproduce without having to turn themselves into wage laborers. They continued deploying diverse production strategies (including self-subsistence) and family labour on their small parcels of land, instead of specialising land-use and exerting themselves to find the most advantageous employment for whatever capital or labour they could command. They upheld production and consumption patterns in accordance with the social values of tradition, reciprocity, exchange or kinship (not only profit).\(^{74}\)

The small producers who had to pay rents to access land, however, had no alternative but to try to maximise profit. While some of them became successful capitalist farmers – specialising in cash crops, hiring wage-labour, and reinvesting in the land – most did not. The green revolution technologies spurred the displacement of peasants since the so-called high-yielding seeds required optimum conditions (irrigation, intensive use of fertilisers and chemical pesticides, rich soils and monoculture) to provide good harvests. Since poor peasants did not have these conditions, many ended up outcompeted. Displaced peasants from areas of fertile land and proximity to market outlets often moved to more marginal lands or forest areas. Geographical and socio-economic remoteness from the sites of high concentration of capital and power could thus represent a refuge from the pressures of market society.

\(^{71}\) Polanyi, *The Great Transformation*, pp. 192–93


While the governments wished to incorporate all land under production, budget constraints often curbed necessary investments in basic infrastructure to make exploitation profitable in many remote places.\textsuperscript{75} Many forest areas, swamps and savannahs were thus continuously considered too difficult, too costly and too risky to exploit by capitalised farmers and firms. Many peasants and native communities could still access food knowledge, prestige, farmland and labour (partially or completely) in these areas, outside of market arrangements. Land in these places remained interwoven with multiple human needs, such as source of food (often combining hunting, fishing, gathering and farming), home, identity, sacred place, etc.\textsuperscript{76} Overall, and notwithstanding the long-term trend of commodification, significant amounts of production and consumption remained, to a varying degree, socially embedded in ways that Polanyi depicted as characterising pre-market societies.\textsuperscript{77} However, with the breakdown of the Bretton-Woods system in 1973, the introduction of floating exchange rates and the oil crisis, the idea of the self-regulating market came again to dominate with strengthened force around the world.

**The Neoliberal Turn: Regulative Shifts Paving the Way for Sojización**

A renewed faith in liberalisation and de-regulation, was already expressed by the military dictatorships in the 1970s, but it was not until after the 1982 debt crisis and the wave of re-democratisation in the same decade (1983 in Argentina, 1985 in Uruguay and 1989 in Paraguay) that neoliberal reforms would be fully implemented. The international lending organisations spurred and deepened the policy shift through their free-market reform prescriptions, and their enhanced power over debt-ridden developing countries, under the


\textsuperscript{77} Polanyi, *The Great Transformation*, pp. 79–88.
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so-called *Washington Consensus*.\(^{78}\) The powerful rural lobby organisations from the late nineteenth century already mentioned above (SRA, ARP and ARU in Argentina, Paraguay and Uruguay respectively), took an active role in restructuring policies in all three countries, pushing for even lower taxes and a further down-sizing of the state.\(^{79}\)

While the restructuring reforms varied in intensity, timing and forms,\(^{80}\) all countries took significant steps towards trade liberalisation (dismantling tariff and nontariff barriers such as taxes and quotas), promotion of foreign direct investments, fiscal austerity (e.g. cutting public research and investments on agriculture, closing down the public boards for price regulation and support programmness) and decentralisation (significantly reducing the role of the state for planning and development of the economy).\(^{81}\) Moreover, land markets were liberalised. Restrictions on foreign or anonymous shareholders owning land were removed, private property rights to land were strengthened through land-titling programmes, public land was privatised and the *social* function of land was toned down (excluding the traditional usufruct right to land). Furthermore, rules for land renting were relaxed and many other ‘obstacles’ to investments in land markets (foreign or domestic) were taken away.\(^{82}\) Soon foreign investments started to flow back into the region, particularly into land deals and agriculture.\(^{83}\)


\(^{80}\) Argentina became the shop window for neoliberal reforms under Carlos Menem (1989–1999). Uruguay, with its strong tradition of state interventionism, liberalised less than Argentina. The neoliberal shift was more gradual in Paraguay, since it had always remained open to trade. F. de Castro, B. Hogenboom and M. Baud, *Environmental Governance in Latin America* (Bas- ingstoke: Palgrave Macmillan, 2016); Bulmer-Thomas, *The Economic History*, pp. 393–95; Baraibar, *Green Deserts or New Opportunities*.


Free-market rule was becoming increasingly institutionalised in the whole world, and regulatory shifts at different levels reinforced each other. For example, the breaks previously imposed on the international agricultural market under GATT were to a large extent removed by the 1995 creation of the World Trade Organization (WTO), with its Agreement on Agriculture.\(^8^4\) Agriculture has also become increasingly financialised in line with the whole economy, and as regulations against speculation on agricultural futures markets began to be relaxed in the 1980s and 1990s.\(^8^5\) Liberalisation and financialisation allowed for agribusiness enterprises to expand exponentially, and become increasingly transnational.\(^8^6\) These shifts of the neoliberal turn coincided with population increase, economic growth (particularly in China) and dietary shifts towards augmented meat consumption. The rising global demand for animal products in turn increased demand for animal feed, such as soybeans.

Moreover, the WTO institutionalised a strong intellectual property right regime (IPR) through the Agreement on Trade-Related Aspects of Intellectual Property Right, obliging countries to provide for the protection of plant varieties (most often via patents). Biotechnology and strong Intellectual Property Rights made it possible to isolate, privatise and apply economic value to new elements of nature. The genetic information of plants also became inserted in the capitalist economy through strong patents on biotech/GM crops.\(^8^7\) This commodification has played a crucial role for sojización, since soybeans are the most widely used GM crops in the world, accounting for almost half of the global biotech crop area.\(^8^8\) The most common trait is herbicide tolerance, i.e. soybeans designed to be combined with a specific herbicide for cheap weed control and no-tillage farming. The first patented biotech soybeans were Monsanto’s (now Bayer) 1996 Roundup Ready soybean, modified to tolerate glyphosate (Roundup). Argentina, Paraguay and Uruguay were fast approving the new technology, which marked a new phase of expansion in soybean production, since the new technological package allowed for good yields in less fertile soils, and reduced operating costs.


\(^8^6\) Clapp, Food, pp. 97–99.

\(^8^7\) Clapp, Food, pp. 64–67, McMichael, Food Regimes and Agrarian Questions, p. 45.

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The transforming regulatory shifts of the neoliberal turn changed the playing field so that agribusiness could expand and rapidly specialise in land-use that rendered the highest margins in the international market. This turned out to be soy. While the soybean had been known in South America among experts and in experimental fields since the late nineteenth century, and while it had become more widely known and often promoted in different ways by public agencies by the mid-twentieth century, it was not until the early twenty-first century that the soybean became the leading crop *par excellence*. The soybean chain is also the most integrated to world trade of all agricultural commodities, with the lion’s share of harvest grown for export, thus forming part of the wider political restructuring that emerged out of the collapse of the Bretton Woods system, in which regulations and restrictions put on markets have been gradually liberalised or removed. These policy shifts, combined with the new biotechnology that allowed for the incorporation of more marginal lands, made possible the dramatic expansion of soybean-area driven by agribusiness firms and financialised big farmers – a new *land rush* had emerged, sojización.

### The Consequences of Sojizacón

Along with the expansion of corporate farming in Latin America, decisions over land-use and productive orientation are increasingly taken in response to shareholder value maximisation (rather than to the experience and expectations of the farmer). Soybean production under the technological packages of genetically modified traits proved to involve significant economies of scale, increasing land concentration in the world’s already most unequal land region. Petty producers had either to become more ‘competitive’ or to abandon the peasant way of life. Consequently, during the last few decades people have been pushed away from the land they worked in Latin America at a pace

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comparable to the most contentious wave of land enclosures in England between 1750 and 1850. In contrast to the case of industrialising Europe, however, the recent wave of Latin American peasants migrating to the cities is not absorbed by an expanding industry; rather they become ‘surplus’, impoverished in the city slum. The petty farmers that manage to remain in activity need to adopt more commodified forms of doing agriculture (buy inputs and services, specialise land-use in the highest economic returns, etc).

Agribusiness firms have not only expanded and displaced peasants and other less productive farming units, but have increasingly entered forest areas and savannah to cultivate soybeans or pastures for cattle. Accordingly, a new commodification process of land emerged, in which an ever-increasing chunk of nature (land) and human lifetime (labour) is transformed into an increasingly socially disembedded commodity. In this process, claims to land based on family, tribe, vicinity, and/or on customary rules and traditions are weakened.

The increased commodification of land has not only caused social exclusion, but also increased environmental exploitation. The most significant land-use conversion has been the recent sizeable expansion of crop (feed) and pastureland over natural ecosystems. As forests, savannahs and wetlands are transformed into agricultural land, the diversity of ecosystems and species declines, and carbon is released into the atmosphere. At the same time, risks of outbreaks of zoonotic diseases rise, since wildlife, livestock and people come into closer contact. Moreover, the increased competition for land not only crowds out peasants and converts forest areas to agricultural land, but also increases the incentives for land-use intensification, further increasing the pressures on the soil, the water and other natural resources. This is already causing water pollution, soil-degradation and loss of other ecosystem functions.

92 The liberalisation following the AoA alone is estimated to have caused between 20–30 million people in the global south to leave agriculture: McMichael, Food Regimes and Agrarian Questions, p. 54.
93 Author’s interviews with small producers in Argentina, Paraguay and Uruguay
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Conclusion

The increased commodification of land in South America during the past decades has thus brought about a transformation that in many respects mirrors Polanyi’s first movement. This chapter has shown that sojización, this new ‘great transformation’, was preceded by extensive and intentional intervention in much the same way as Polanyi described of market society expansion in late nineteenth century England. Notwithstanding the long history of uneven commodification, the chapter has showed that many people in rural areas in South America remained embedded in social-economic arrangements along the ‘Polanyian’ lines of reciprocity, redistribution and householding/self-subsistence up until the neoliberal turn, when market expansion allowed new chunks of nature and human activity to become increasingly commodified.

The chapter has also showed how the recent wave of commodification, illustrated by sojización, just like the previous market expansion, brought high ‘costs’ for humans and nature. Polanyi understood that one core causal explanation for exploitation of humans and nature in market society is the fact that land and labour are actually not like any other goods; they are not created to be sold on the market.

Labour is only another name for a human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilised; land is only another name for nature, which is not produced by man; actual money, finally, is merely a token of purchasing power which, as a rule, is not produced at all. None of them is produced for sale.⁹⁶

They are thus fictitious commodities. But when this fiction is staged, when man and nature are no longer allowed to be multidimensional and socially embedded, but commodified (privatised, isolated and rationalised down to tradeable goods subjected to the law of the market), all other functions bar those that can produce profit come to be ignored. Since the profit-creating functions cannot be isolated from the person or whole ecosystem carrying out the particular task, man and nature suffer overexploitation.⁹⁷ This mechanism explains the alarming exploitation of humans and nature that emerged with sojización.

Besides providing analytical insights into the causes and effects of sojización, Polanyi’s seminal book can also inspire us to look for protective responses. Famously Polanyi argued that the unleashing of market forces – the first

⁹⁷ Ibid., pp. 68–76
movement – became too destabilising, disruptive and destructive to be able to last for long. The overexploitation of humans and nature thus soon provoked societal responses for protection – a countermovement – which pushed back markets and ultimately re-embedded them in society in a double movement. ⁹⁸ According to Polanyi, this mechanism explains why England actually experienced ‘pure’ industrial capitalism only between 1830 and 1870. After that, labour, money and land were still commodified, but their price (wages and rents) ceased to be subject to market mechanisms alone. ⁹⁹

Undeniably, there are many social movement reactions in South America that mobilise against sojización, suggesting re-embedding land and agriculture in other social values than profit, and these could be seen as potential countermovements. ¹⁰⁰ To date, I nevertheless find them either too small and fragmented, or too short-lived and uncoordinated, to pose any challenge to the system. There has also been discussion of whether the ‘post-neoliberal’ governments that swept the region in the ‘Pink Tide’ (Kirchnerismo in Argentina, Frente Amplio in Uruguay, and the very short period of Fernando Lugo as President in Paraguay) could be seen as some type of new re-embedding. The more interventionist environmental legislation taken by the states in this period, such as the ban on logging in many forest areas (in Paraguay and Argentina) and obligatory rotation plans against soil erosion (in Uruguay), can be seen as putting some breaks on sojización. All three countries have also adopted policies in support of family farming. ¹⁰¹ However, while environmental legislation and programmes for social protection undeniably increased between 2005 and 2015, soybeans under agribusiness continued to expand and family farmers are continuously and increasingly out-competed and displaced. ¹⁰²

One reason for the lack of effective countermovements to protect humans and nature may lie in the severely eroded ability of individual states to push for alternative economic politics in today’s globalised agro-food system, in which the investment and trade liberalisation regimes are institutionalised

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¹⁰² Ibid., p. 298.

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world-wide. The distance between the actual places of exploitation, where social-ecological costs are felt, and the places of decisions and power is abysmal. While there already existed a contradiction between market expansion at the international level and the protectionist movement and policies at the national level under Britain’s unilateral adherence to free trade, today’s incongruity between the decisions taken by transnational corporate actors and the local people most affected by the decisions taken is vast. This allows for an unequal socio-ecological exchange in which the most extractive and damaging activities are dislocated far away from the core economies. The commodification of international capital has further enlarged the distance and abstraction involved in the agro-food system, obscuring and constraining the feedbacks of the socio-ecological ‘costs’ involved. Investors can thus make profits whilst their risks and costs can be transferred to geographically disparate locations. Consequently, the social-ecological costs of this new first movement fall disproportionately on nature and poor people in the South — i.e. the depletion of natural resources and the displacement of small farmers and indigenous groups caused by sojización take place in specific places in rural South America. Ultimately, while the world economy is increasingly integrated, and the strong economic actors increasingly transnational, humans and nature are still placed-based.

This mismatch of scales between transnational capital and local people and places thus poses new challenges for the emergence of a new double movement. However, as shown in this chapter, South America has not been a power-less site, or a mere victim of the strategies of the transnational agribusiness firms, but domestic regulative shifts have played an important role co-shaping sojización. The lack of strong interventionist policies (stricter environmental and social legislation, limits to the freedom of enterprise, and other regulation for the rolling back of markets and compensatory protection of humans and nature) is in this way also responding to domestic factors, such as powerful pressure groups in favour of sojización. The traditional landed organisations together with the ‘new’ transnational agribusiness have formed a new powerful alliance. The power of these domestic pressure groups has been particularly clear in the (sometimes-violent) discussion (and shifting practices) on export taxes on soybeans (Argentina and Paraguay) and land

103 Silver and Arrighi, ‘Polanyi’s “double movement”’, 338–40.
104 Dale, Karl Polanyi, p. 416.
Market society is in this way self-reproducing. However, in line with Polanyi it seems clear that the devastating effects of *sojización* cannot continue indefinitely: ‘business as usual’ is not an option. In the end, climate change, biodiversity loss and staggering inequality eventually put whole societies at risk, pressing for the use of more vigorous tools to end overexploitation and re-embed the economy.

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