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## ECONOMIC DEPENDENCE AND DEMOCRATISATION: THE CASE OF THE TOBACCO ECONOMY

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### Introduction

Tobacco production is typically associated with economic development in Malawi. It provides direct employment to over 500,000 people and contributes earnings to 7 million Malawians (Torres 2000). Tobacco exports to over 50 countries account for 70% of the country's foreign exchange (Ministry of Information website 2003). Industry representatives suggest tobacco earnings provide an essential income to buy medicines, pay teachers' salaries, and create employment. The powerful forces behind Malawi's tobacco-dependent economy are United States (US) subsidiaries Limbe Leaf, Stancom and Dimon which together purchase over 95% of the tobacco crop and sell it to global cigarette firms like Philip Morris and British American Tobacco. While prices on the auction floors have been a central focus of public discussions about the plight of tobacco tenants and other tobacco producers, I want to consider here company efforts to project images of responsible corporate citizenship and to look at the real situation of tobacco workers.

Building on the growing movement for responsible corporate behaviour, Philip Morris along with the major leaf buyers in Malawi are involved in a programme to eliminate child labour in the tobacco industry. While tobacco firms tackle child labour and deteriorating conditions in the agricultural sector, they benefit from the invisibility of men, women, and children who add economic value to their tobacco. A consequence of labour invisibility is the global consumption of over 5 trillion cigarettes a year with little to no consumer recognition of workers' experiences and energy applied to tobacco production in places like Malawi.

In this paper, I argue that the labour of tobacco tenants and their families is made invisible by different forms of corporate power. To make labour invisibility in Malawi's tobacco sector visible, I discuss the tobacco value chain and present three examples of

tobacco workers whose lives are devoted to tobacco production. In addition, I will illustrate how the practices of transnational tobacco companies work to conceal the experiences of local tobacco tenants and workers. I suggest that the connections between labour invisibility and corporate power forms are expressed in corporate initiatives to end child labour.

In the next section, I will discuss the tobacco value chain to show the range of human activities that connect Malawi's tobacco crop to the global setting.

### Tobacco Value Chain

The tobacco value chain refers to three phases of social and economic activity – production, distribution, and consumption – that span several continents and rely on people like rural farmers and factory workers (Hartwick 1998). When the habitual smoker in a European city lights up an American-blend cigarette, he or she obtains satisfaction from the tobacco product and benefits from the labour of men, women and children that produced the tobacco. Recognition of the value chain activities contributes to making visible the people who devote their lives to tobacco.

#### *Production: Harvesting, Drying, and Baling*

Prior to harvesting, tobacco families till the land, construct nurseries, apply pesticides (methyl di-bromide and ethyl-bromide) to seedlings, and remove weeds, suckers, and tobacco flowers to ensure full-body leaves. Harvesting takes place between February and April and is a labour-intensive activity involving a large number of child workers. Using only their bare hands, tobacco household members remove leaves from plant stalks: bottom leaves are pulled first, then the other leaves as the leaves mature (Mataya & Tsonga 2001).

Once harvested, leaves are transferred to drying sheds, sewn together, placed on drying sticks, and air-cured. Tobacco quality and storage time (up to two weeks) are dependent on weather conditions. Tobacco families construct their own drying sheds next to their temporary huts. After drying, leaves are classified by a registered grader and made into clusters, or 'hands'. Poles for sheds and drying sticks contribute to Malawi having one of the world's highest rates of deforestation (Tobin & Knausenberger 1998).

A manual-operated 'jack' is used to make tobacco bales weighing up to 120 kg. Workers load leaf of the same grade and compress it into bales. Hessian or burlap cloth is used to wrap bales. Workers paint farm registration numbers on the bales' main surfaces with ink made from fruit from the sausage tree (*Kigelia pinnata*). After receiving notification of delivery dates from the auction floors, bales are transported to rural dis-

tribution centres from where they later are sent to auction. (Tobacco Research Authority of Malawi).

#### *Distribution: Selling, Buying, and Transporting*

During the selling season (April to September), farmers sell tobacco to US buyers on the Lilongwe, Mzuzu, or Limbe auction floors. Farmers are informed of the date and time of sale, and the row number of their bales so they can observe the auctioning of their bales. One bale is sold every 6 seconds earning up to US\$300 in foreign exchange per bale. After the bales have been auctioned, the auction deposits the relevant proceeds in farmers' bank accounts. In the past decade, farmers have rioted over five times in protest over low prices offered by US buyers (Van Donge 2002).

Three US subsidiary companies buy over 95% of Malawi's tobacco and sell it to cigarette makers like Philip Morris. Limbe Leaf, a subsidiary of Universal Corporation (Virginia), purchases 45% of the crop. Buyers operate leaf-processing factories next to the Lilongwe auction floors to fill orders from global cigarette makers.

Twenty tons of tobacco is packed into 40-foot containers and transported by road from Malawi to the port in Durban, South Africa. Dockworkers load hundreds of containers on to vessels operated by companies like Maersk that help export Malawi's tobacco to over 70 countries. Tobacco containers travel up to 3,000-4,000 km before being offloaded and transported to storage areas for aging. Global cigarette makers store tobacco for up to three years before producing cigarettes. (Tobacco Control Commission of Malawi 1998.)

#### *Consumption: Manufacturing, Marketing, and Consuming*

Philip Morris and other global firms manufacture 5 trillion cigarettes a year. American-blend cigarettes, an internationally popular cigarette type, are comprised of a mix of flue-cured burley, 'oriental' and Maryland leaf, and typically contain burley leaf from Malawi. The portion of US-grown tobacco in American-blends declined from 90% to 45% between the 1950s and 2000s. The International Labour Organisation reported in 2003 that tobacco-manufacturing workers are among the best paid in the global tobacco industry (*Tobacco at a Crossroads* 2001; International Labor Organization 2003).

US tobacco firms spent US\$9 billion to promote smoking in 2000 and US\$9.5 billion in 2002 (Tobacco Free Kids website 2003). Philip Morris' Marlboro, one of the most valuable and the world's leading cigarette brand, is a dominant symbol at sporting events, cultural programmes, and youth anti-smoking projects. Instead of preventing youth from lighting up, tobacco firms promote their cigarettes through advertising using sex appeal and western lifestyle symbols thereby creating 2,000 new American youth addicted to smoking every day. Each new smoker earns the tobacco industry US\$50,000. (Campaign for Tobacco Free Kids 2003 website; Transdisciplinary

Tobacco Use Research Center 2003).

Each time a consumer lights up a cigarette a relationship is established between smoker and tobacco worker in places like Malawi. This relationship is concealed by global tobacco firms who profit from the conditions of poverty in Malawi and from nicotine addiction from cigarette smoking. The World Health Organisation reports that about 5 million tobacco-related deaths occur each year. Other harmful effects include the human indignity of agricultural workers in tobacco growing areas who receive little or no money from tobacco and are unable to meet their daily food requirements. For each kilogramme of tobacco produced in Malawi, workers contribute to over 1,200 cigarettes, or 60 packets. One packet costs US\$7 in New York City (Mackay & Ericksen 2002). A tobacco worker, earning the minimum wage rate per day in Malawi of MK40.70 (approximately US\$0.66), would have to work over ten days to buy one packet of cigarettes in New York – cigarettes with tobacco that may have been cultivated on his farm plot.

### Portraits of People Working in the Tobacco Industry

Now I will present three brief portraits of people who devote their lives to tobacco in Malawi. The aim is to draw attention to the everyday activities of tobacco tenancy and to make visible the individuals that grow tobacco. The examples are not representative of all tobacco workers and do not cover all the different types of people involved in the tobacco industry (for example, there are smallholders, seasonal workers, and *ganyu* labourers among others. After presenting the profiles of Matthews Banda, Joyce and Gladys, and Gift Phiri, I discuss the influence of corporate practices on the lives of tobacco workers.

#### *Tobacco Worker: Matthews Banda*

Matthews, his wife and 3 boys arrived at Tiona Tobacco Estate in 2002. In his home district, Dowa, Matthews was unable to complete his primary education because his family required him to help with corn cultivation. After hearing about Tiona Estate from a friend, he entered into an oral agreement with the landlord to farm 2 hectares of tobacco and to sell the crop to the landlord. In February 2003, Matthews was suffering from 'loose bowels' (diarrhoea) and bilharzia (schistosomiasis) – a disease caused by parasitic worms. A local medical worker examined him and attributed the conditions to unsafe drinking water and unsanitary washing facilities on the farm.

#### *Child Labourers: Joyce and Gladys*

Joyce and Gladys are from two different households on Tiona Estate. During their free time, the girls like to go on walks and dance together with their friends in the area.

Unlike the boys their age on the estate, Joyce and Gladys do not attend the nearby primary school because their parents require them to assist with household chores and tobacco cultivation. According to Joyce, the most difficult part of tobacco farming is removing tobacco leaves from plants. Gladys dislikes tobacco cultivation, but when she is required to work Gladys enjoys helping her mother string tobacco.

#### *Trade Unionist: Gift Phiri*

At 34, Gift has two wives and nine children. He is a Muslim and a member of the MCP. In 1999, Gift became involved in the Tobacco Workers' Union. He facilitates union meetings and conducts study circles about health and safety issues with tobacco workers. Gift also recruits members and resolves labour grievances. In 2000, Gift attended the global child labour conference in Nairobi, Kenya, sponsored by British American Tobacco. In 2004, Gift will seek a position as an MCP branch leader in Mangochi District.

### In The Shadow of Corporate Power

Providing experiences of tobacco workers helps to make tobacco workers visible and to understand their relationship with corporate power in Malawi's tobacco sector. On the surface, it appears the social and economic life on estates occurs far away from the centres of corporate activity and power. However, the social and economic experiences on estates are linked to corporate power in many ways.

Matthews is unable to read and write. He enters into an oral agreement with the landlord to grow tobacco on the landlord's estate and sell the tobacco to the landlord at the end of the season. While many Malawians I interviewed prefer tenancy due to the opportunity to 'be your own boss' and to have your 'own' land, tenants and their families are in positions of vulnerability due to high illiteracy rates and insufficient arithmetic skills to keep track of their debts to the landlord.

Often, a landlord inflates the prices for food and inputs like tools and fertiliser which the tenant has loaned from him. At the end of the season, a landlord deducts the loan amounts and pays little or no money to tenants. Part of the explanation given to tenants is that buyers like Limbe Leaf pay low prices on the auction floors, and therefore the landlord receives insufficient amounts of money to cover his expenses. It is claimed that the earnings from the tobacco that the landlord purchases from his tenants is insufficient to cover the cash advances and loans for inputs. The landlord presents the tenant with two options: stay on the estate and work off the debts or leave the estate. Tenants in Nkhotakota in March 2000 informed me that sometimes landlords erase the debts and allow them to remain on the estate to try their luck during the next growing season.



In March 2003, Godfrey Chapola of the Tobacco Control Commission indicated to me that prices for tobacco are set by cigarette manufactures like Philip Morris and British American Tobacco who place orders with companies like Limbe Leaf. Global cigarette manufactures have been facing increasing pressure due to a rise in anti-tobacco lawsuits and an increase in awareness of the health effects of smoking in the US and other developed countries. There has also been the recent adoption of the World Health Organisation's tobacco treaty. In response, companies appear to be passing the costs of world tobacco control measures, declining rates of smoking, and anti-smoking lawsuits in the US to growers in places like Malawi. Data that supports these trends show Malawi's tobacco export revenue dropped from US\$332 million to US\$207 million in 2001 (Economist Intelligence Unit 2002), and tobacco prices on the international market declined 50% in real terms from 1989 to 1999 (Poitras 1999).

The cases of Joyce and Gladys are examples of the use of child labour in Malawi's tobacco sector. Children spend time with their parents helping with tobacco production and household chores. Labouring activities that prevent children from attending school and that damage their health are those forms of labour which are the concern of anti child labour campaigns (Fyfe 2002). In the past few years, the child labour issue has appeared in corporate responsibility programmes of tobacco firms. An example is the Geneva-based Eliminate Child Labor in Tobacco Foundation (ECLT) formed in October 2001 through an association of global trade union bodies, manufacturers and growers, and other allied organisations. The ECLT aims to develop independent research to produce an objective picture of the conditions and level of child labour in the tobacco industry, to support and fund local and community-based projects, and to establish and share best practices and lessons learned (ECLT website 2002). The ECLT's three founding members are British American Tobacco (BAT), the International Tobacco Grower's Association (ITGA), and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco, and Allied Workers Associations (IUF). In addition several new members have joined. These include Philip Morris and the three US leaf merchants with subsidiaries in Malawi—Universal Leaf Tobacco Corporation, Standard Commercial Corporation, and Dimon Incorporated. The buyers are also members of Together Ensuring Children's Security, a tobacco industry sponsored initiative to eliminate child labour with a total four-year project budget of US\$2.8 million (ECLT 2003).

In 2002, ECLT selected Malawi as a pilot project and launched a four-year programme with a total project budget of US\$2.8 million. According to the Foundation's website, the aim of the project in Malawi is to address 'the child labour situation in its root causes, mainly poverty, by improving the general living conditions of children and of their communities in 60 villages'. Working in collaboration with local NGOs and communities in Dowa and Kasungu districts, the project will build and rehabilitate

schools, construct pump-driven water wells, educate villagers in soil management and tree planting, and train community health workers in proper medicine use.

Consumer rights advocates believe that a corporate-run campaign to end child labour is a public relations strategy. They claim such a move is an attempt to deflect criticism against an industry seeking to reinvent itself due to widespread negative publicity about the health consequences of smoking. Critical observers raise questions about the seriousness of an industry that devotes increasing amounts of money to promote smoking among women and children in developing countries like Malawi. The billboard on the outskirts of Lilongwe city in March 2003 that stated '*Kumtima kuti myaa*' ('Enrich your heart') to promote Embassy cigarettes raises concerns about the sincerity of tobacco firms. Are they supporting child labour projects simply to buy a socially responsible reputation? John Kapito of the Consumer Association of Malawi raised this question when he refused to participate in a child labour conference in Kenya in 2001 sponsored by British American Tobacco.

Unlike John Kapito, trade unionist Gift Phiri with the Tobacco Workers' Union attended the tobacco industry conference in Kenya to help build a global campaign against child labour. By participating in the child labour talks Gift established links between his union and representatives of the top global tobacco companies. In December 2002, the Tobacco Workers' Union launched a project in Gift's home district Nkhotakota to build a school and raise awareness of children and parents working in tobacco about the problem of child labour. The two-year project with a budget of US\$170,000 paid for by Scandinavian Tobacco (ECLT 2003) was a victory in the struggle to draw international attention to tobacco workers and the conditions that give rise to child labour. But the partnership between the union and global tobacco firms raises questions about the power of tobacco corporations to enhance their corporate image through projects aimed at eliminating an important source of cheap labour.

I am going to conclude the presentation by addressing an important piece of draft legislation that impacts on tobacco tenants and their children. The draft Tenancy Labour Bill is one of the items trade unionist Gift Phiri is discussing with union members. The Bill stipulates written contracts between tenants and landlords covering things like transportation of a tenant, food provisions and accommodation, and fair loan repayment schemes. In addition, it prohibits contracts with persons under the age of eighteen. The Bill was drafted by the Ministry of Labour in 1995 and was sent to the Ministry of Justice in 1997 where it sat idle until 2000. Since then at least three workshops were conducted to solicit feedback from trade unions and other relevant stakeholders. Currently, the Bill is with the Office of the President and expected to be introduced in parliament in the near future. The passage of the Tenancy Labour Bill is an important step to improve the situation of tobacco tenants and draw more attention to the people who create economic value to tobacco. Combined with the proper implementation

mechanisms, the Tenancy Labour Bill will help build the momentum to construct a tobacco economy that better reflects the interests of the people who produce Malawi's 'green gold'.

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# FROM FREEDOM TO EMPOWERMENT

Ten Years of  
Democratisation in Malawi

PROCEEDINGS OF THE CONFERENCE HELD FROM  
4TH TO 6TH JUNE 2003  
AT CAPITAL HOTEL, LILONGWE

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