

## **“Of Cabbages and Kings”: Restructuring in the Irish Food Industry**

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*Abstract:* The food processing industry in Ireland has become more concentrated, diversified, and internationalised in recent years. To date, most Irish discussions have tended to treat the food industry as part of agriculture, assuming a consensus of interests around its development between farmers and industry managers. This paper questions that assumption, drawing on international studies of vertical integration in food production to explore the effects of structural change in the industry for farmers, and to a lesser extent, for industry employees and food consumers.

### I INTRODUCTION

In the mid-1980s, the food industry was responsible for around one-quarter of all manufacturing employment and of the net output of all manufacturing industry in Ireland (Matthews and O'Connor, 1987). Over 80 per cent of employment in the food industry in Ireland is in Irish-owned companies, and 29 per cent of all indigenous employment in Ireland was in the food industry in 1986 (Foley, 1990, p. 227). The beef processing industry alone has been described as Ireland's single most important industry, accounting for over 10 per cent of total national exports (Commission of the European Communities, 1990, pp. 15-28). Even more importantly, it is an industry which, along with others like mining, fishfarming and forestry, is central to current state policy for economic development in Ireland, with its emphasis

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on building up industries out of the natural resource base. As I will argue later, the interests of the food industry are also coming to dominate state policy for agricultural development. It is therefore surprising how little attention it has received from either rural or industrial sociologists in Ireland. For example, the most recent sociological introduction to Irish society (Breen *et al.*, 1990) contains no index reference to the food industry, and neither its chapter on "Agriculture: Policy and Politics" nor that on "Employment, Unemployment and Industrial Policy" has any specific discussion of it.

In the mass media and the public domain generally, the food industry has also tended to be invisible. Press presentations of the GATT negotiations during the last months of 1990 appeared under headlines like "Farmers protest over GATT" or "Farmers sceptical on GATT compromise". Yet most EC farm income supports do not go directly to farmers – in the first instance, they go to food processors and manufacturers who are expected to pass back their benefits to farmers in the prices paid for farm products. It is not the farmers who sell into intervention, or who recoup export funds from selling on non-EC markets. The food industry clearly has as great an interest in the outcome of the GATT talks as farmers have, yet their particular interest, and their lobbying and pressure tactics if any, have generally remained unreported.

The invisibility of the food industry, as is often the case, is commensurate with its power and influence. If it is farming that produces the cabbages, it is the food industry that produces the kings. In 1988, of the IR£1,184.6 million which the Republic of Ireland received from EC funds for industry, farmers, infrastructural and community developments, around 70 per cent went to the sector which was funded under the Guarantee section of FEOGA, that is the food processing industry (Ella Shanahan, *Irish Times*, 22/3/89). The bulk of its IR£838.5 million came from export refunds and from payment for the costs of storing meat, grain and dairy products in intervention. Why is it, then, that the cabbages are so much easier for us to see? One reason may be the dominance of co-operatives in Irish food processing: the co-ops are widely thought of as just the farmers themselves, in collective form. But even private industry tends to become subsumed into this framework – agricultural commentators (e.g., Michael Dillon in the *Irish Times*) often refer globally to "the beef industry" without differentiating between cattle producers and meat processors. The *Irish Farmers' Journal* talks of agriculture as "Ireland's biggest industry" and the term "agribusiness" is used to describe both highly developed farms, and food processing companies. Most structural analyses of the Irish economy include food manufacturing as part of agriculture rather than industry (see e.g., Foley and Mulreany (eds.), 1990).

The absorption of the food industry into farming makes it particularly amenable to the consensus interpretations which dominate public discourse

about industry and economic development generally in Ireland. For that reason alone, it is important to try to establish what the main trends occurring within it are, and how these may be affecting relations between the industry and other groups in Irish society. There are also theoretical reasons for insisting on the distinction between farming and the food industry, agriculture and agribusiness. Irish rural sociology, preoccupied as it has been with the fate of "family farming" in Ireland, has too often treated individual farms as integrated into the rest of society only through local community relations and market exchange, or at best through relations to the state conceptualised in terms of relations between individual farm households and agents of development policy (Hannan, 1979; Kelleher and O'Mahony, 1984). Compared to rural sociologists elsewhere, we have been slow to grasp the potentially transformative effect on farming of developments within "the dominant forces of the capitalist economy" itself (Commins, 1990, p. 48), particularly in those parts of capital which are engaged in the processing of farm produce and the manufacture and marketing of farm inputs. According to Marsden *et al.*, "It is increasingly necessary to examine the rôle of farm businesses and the farm family in *relation* to these capitals rather than treat "the farm" as an individual capital narrowly associated with agricultural production alone" (1986, p. 280).

## II RESTRUCTURING IN THE IRISH FOOD INDUSTRY

This paper offers only a partial analysis of the Irish food industry (notably, those enterprises which are engaged in the distribution and selling of food to consumers have not been included here) and while recognising that the food industry is part of a larger agribusiness structure which includes the manufacture and supply of inputs to farmers as well as the processing of food and non-food outputs, it has deliberately avoided dealing with that larger picture. It concentrates on outlining some of the main restructuring trends which appear to be occurring in Irish food processing at present, and linking them to some key features of the international context, in order to assess their implications for farmers, employees, and food consumers.

For nearly two decades the Irish food industry has been operating in a policy context of encouraging increased production in agriculture, and guaranteeing markets for particular farm products. That context helped to shape the way the industry was structured by the mid-1980s. First, food industry plants emerged as relatively large in scale. This is particularly true in beef and milk processing, where the average plant, in terms of turnover, is above average size for Irish industry as a whole, and at least on a par with the EC food industry (Matthews and O'Connor, 1987). Second, it is highly specialised, paralleling the extraordinary degree of specialisation which exists in Irish farming. Beef and milk processing dominate, followed at some distance by other meat and

grains. Third, in the mid-1980s there were still two recognisably different types of organisation operating in the industry, with milk processing monopolised by the co-ops but beef processing typically and increasingly carried out by capitalist enterprises. Finally, the Irish food industry was and is still predominantly a bulk agricultural processing industry. This is more true of the beef industry which is mainly a slaughtering and bulk packaging one, due, it is often suggested, to its heavy reliance on EC intervention sales. The milk industry has also concentrated heavily on primary processing (milk separation, powdered milk production) or on consumer foods which are fairly lightly processed (butter, cheese), but during the last decade it has also developed more heavily processed final foods, particularly for the domestic and UK markets, such as yoghurt and dairy desserts.

Since the mid-1980s, there appear to have been quite striking levels of restructuring, particularly organisational and financial, occurring in the Irish food industry. The most publicised of these has been the expansion of Goodman International, which had already established a firm base in the beef processing industry by 1985 through its subsidiaries Anglo-Irish Beef Processors and (in the UK) Anglo Beef Processors. Between 1985 and 1989 both companies embarked on a series of acquisitions, giving Goodman International (depending on whether the takeover of the 5 Master Meats plants are included) at least 11 establishments in Ireland, and 15 in Britain. The company also expanded into pig processing (Allied Irish Pig Processors), into meat by-products (Pedro Pet Foods, Rye Valley which makes convenience foods, Regal Foods which manufactures functional proteins), and into cold storage facilities. At this point Goodman International also had a 68.2 per cent shareholding in Food Industries, which operated in the dairy, cold storage, malting, grain and fruit processing areas. It moved into dairying by taking over Bailieboro, Westmeath and Lagan co-ops (since acquired by Golden Vale), and into malting with the acquisition of Minch Norton in 1988, followed in 1989 by the purchase of a 14 per cent stake in the Australian company Joe White Maltings (see among other sources for the above information *The Farmers' Journal*, August 30, 1990).

In the dairy sector, "a new crop of acquisitive groups, mainly bred out of the co-ops" (Murdoch, *Irish Times*, 30/12/88) has also been very active during this period. By the early 1980s the dairy co-operatives had established virtual monopoly control not only over the manufacturing milk but also the liquid milk market in Ireland. They had undergone extensive rationalisation and amalgamations, producing an industry structure in which a small number of very large organisations were dominant. By the late 1980s, the major co-ops (Kerry, Avonmore, Waterford) had floated part of their holdings on the stock exchange and were starting to converge, in ideology, activities and attitudes

to suppliers, with private food companies. Kerry Co-op went public with the launch of Kerry Group Plc in 1987, and in 1988 it acquired three new companies, two in the US and one in Ireland. One of the US acquisitions was an Illinois chocolate manufacturer, the other (Beatreme) a manufacturer of inputs for final food products, such as processed soybean and coconut oils for use as mixers and creamers in food, caseinate particles from spray-dried beef, and a type of cheese used in the manufacture of macaroni cheese dishes. Kerry had been a supplier of caseine and caseinates to Beatreme for some years before the takeover. The Kerry Group has other holdings overseas, such as South-West Meats in Somerset where raw beef and lamb (largely but not exclusively from Ireland) are processed for sale to major UK outlets.

Avonmore Foods has followed a similar pattern, acquiring a 42 per cent interest in a privately controlled British dairy company (T.H. Goodwin and Sons) and in 1989 taking over Roy's Dairy Inc, a Wisconsin business manufacturing Italian cheeses, whey protein concentrate, milk powder and butterfat products, as well as Irish Country Bacon in Roscommon. Waterford Co-op has a long history of joint ventures and linkages with companies outside Ireland (Brophy, 1985), as in its manufacture of products under the Yoplait brand, which it holds under licence from a conglomerate of French co-operatives. In 1988 it launched Waterford Foods Plc, and in 1989 defeated a bid by Food Industries to buy Premier Tir Laighean in a joint venture with Express Dairies, a subsidiary of the US multinational Grand Metropolitan. Express Dairies already had a 20 per cent stake in Premier Dairies (a subsidiary of Premier TL) which guaranteed it access to the milk supplies it needed to manufacture Bailey's Irish Cream. Waterford Foods also has a major acquisition in Wisconsin, Galloway West, a dairy company which makes among other things Swiss cheese and eggnog, and reportedly sees this as a basis for further expansion in the US where consumption of dairy and "fresh" products is growing (*Irish Times*, 6/10/90). One of the first of the Irish dairy co-ops to diversify and expand overseas was Bord Bainne, with the acquisition some 10 years ago of Adams Foods, a UK fruit juice manufacturer. In recent years Bord Bainne has been building up a strong distributive base through acquisitions in Belgium. It is currently estimated to be the largest single food distribution company operating in the Benelux countries.

One other agri-food sector where interesting moves have been occurring is the grain sector, with its associated activities in malting, flour milling, animal feed manufacture and bread production. The Sugar Company appears to have an interest in moving into this area, having acquired in 1989 a 50 per cent share and management control in Odlums which was estimated to control about 40 per cent of the Irish flour market at that time, and which has a minority stake in a British-based mass production bakery group, Kears. Grain

trading in Ireland is dominated by a small number of very large companies, such as R and H Halls of Cork which has an interest in another very large malting company (Barley Exports) and a London-based subsidiary Alexander Partners through which it trades on world markets. In 1990, Halls itself was taken over by IAWS, the smallest of the co-ops to have gone public. Milling grain for animal feed production, on the other hand, appears to be still fairly fragmented, with a large number of small, often family based, companies operating across the country. In the bakery sector there has been dramatic restructuring in recent years, with the disappearance of some six very well-known companies, from Bolands and Mother's Pride to Johnston Mooney and O'Brien, and the emergence of very large mass-production plants like Brennans of Walkinstown and Nevilles in Ballyfermot which supplies Dunnes Stores.

Underlying these and other examples, there appear to be three significant trends in the restructuring of the Irish food industry in recent years – towards increased concentration, towards diversification, and towards internationalisation. Some further comments on each of these are made below.

### *2.1 Concentration*

The trend towards concentration in the Irish food industry is the only one to have received much public attention – primarily focused on Goodman International, which in 1990 was estimated to control at least 40 per cent of beef processing capacity in Ireland, as well as being the largest beef processor in Britain with about 30 per cent control of the beef market there. However, lamb processing (dominated by Halal, said to be the second largest lamb producer in the EC) and pig processing (dominated by Galtee, part of the Mitchelstown food group) also appear to be quite concentrated. In the area of milk processing, the domination by a small group of very large co-operatives or amalgams of co-operatives is also well known (the Dairygold group, for example, formed from the recent merger between Mitchelstown and Ballyclough, processed 200 million gallons of milk in 1989, while Golden Vale, since its purchase of Bailieboro, Westmeath and Lagan from Food Industries, has a total annual milk supply of 140 million gallons) but has provoked much less comment; indeed, competition between co-operatives appears often to be regarded as undesirable rather than something to be encouraged.

The exact degree of concentration which exists at present in the food industry here is difficult to establish, as while data exist on the scale of enterprise involved, there are little available on the distribution of ownership. In terms of scale of enterprise, food companies in Ireland, as in the more industrialised countries of the EC as a whole, have a higher average turnover than the average for all manufacturing industry (Matthews and O'Connor, 1987). Beef and milk processing companies are strongly oriented towards production

for export, which itself is associated with larger than average size of concern (Foley, 1990). Ownership, however, is not only less well documented, but (as has already been indicated) is in a period of considerable flux, and the relation between ownership and control becomes less easy to define as new forms of both proliferate, from contracting and franchising to the arrangements for stock exchange quotation recently worked out by some co-operatives.

It would appear, however, that concentration is most marked at the stage of the food industry which is closest to the processing of bulk farm commodities; nearer the stages of finished food production, we find trends towards fragmentation as well as concentration. Examples are the break-up of the bakery industry into two sectors, one involved in mass production of bread in a few very large plants, the other consisting of thousands of small speciality bakeries and baker-finishers; or the emergence in recent years of a growing number of "farmhouse cheese producers" alongside an increasingly concentrated structure of factory cheese production. The trend towards concentration in industrially produced food may not necessarily coincide with a decline in artisanal food production.

## 2.2 *Diversification*

The trend towards diversification is occurring in at least two different ways. First, food companies are diversifying the range of products they manufacture from an unchanging raw supply base. The larger dairy co-ops, for example, moved away some years ago from a narrow focus on butter and powdered milk production, diversifying into yoghurt and other dairy desserts, cottage and other cheeses, and various sorts of spreads. They are now, as noted above, adding another stage of product diversification – producing interim food elements to be sold on to manufacturers nearer the finished foods end of the chain. Besides the casein example cited earlier, Mitchelstown's (1990) planned extension of its whey processing facilities now that whey has become useful not only in animal feeds but as an element in the production of baby and invalid foods could be mentioned. A similar but less developed trend is apparent in the meat industry where some companies are starting to process meat or meat by-products into proteins for use in manufacturing final foods.

A second sort of diversification is evident also, where companies established strongly in one agri-food chain, such as beef or dairying, move into another. A number of dairy processors (Bord Baine, Premier TL, Waterford Foods) have moved into fruit juice production or distribution; Goodman International diversified from a base in beef processing into milk processing and barley malting among others. A further development here is the movement into the industry of companies from outside, for example Guinness' move into meat processing with their company Meadow Meats, which sells much of its output

directly to large supermarket chains in Britain, or Carrolls' excursion into fish farming.

This second type of diversification is not really novel to the co-operatives, which have been multisectoral producing groups, combining various sorts of farm product processing with the production of farm inputs such as animal feed, timber and iron gates, for many years. What is new in recent co-op diversification moves is the movement into sectors of food production which are not necessarily tied to indigenous Irish raw materials. It may also be noted that there are connections between concentration and diversification, with the largest producers being the most likely to diversify into other areas and also being likely to occupy a dominant rôle in the areas they move into. For example, on acquiring Minch Norton, Food Industries became the largest malster in Ireland with an output of more than half the national total. And we can also find cases of "de-diversification" or of companies restructuring to consolidate their core interests – for example, Bord Baine shedding its involvement in fruit juice production to concentrate on acquisitions which consolidate it as a marketing and distribution company for dairy products.

### 2.3 *Internationalisation*

Diversification is also linked to the third and in some ways most interesting trend discussed here. In the 1970s, internationalisation in the Irish food industry mainly took the form of penetration by foreign companies, particularly British and particularly into beef processing and into bakery and confectionary production. The strong presence of the co-ops acted, initially at least, as a deterrent to multinational penetration in the milk sector. Licences to separate milk are usually only issued to co-operatives in Ireland (Ward, *et al.*, 1982, p. 92), so overseas companies could not easily establish themselves directly at the bulk processing stage here. On the other hand, since the co-ops assemble bulk milk supplies from a large number of small individual producers they can provide an attractive base for multinationals to link into; a notable example is the link between Grand Metropolitan, its subsidiary Express Dairies, the latter's subsidiary Virginia Milk Products, and the co-ops Virginia Milk Processors and Premier Tir Laighean.

During the 1980s, the level of international penetration in the beef processing sector seems to have declined. In fact, since the mid-1980s the trend towards internationalisation is associated as much with Irish companies expanding overseas as the other way around. This appears to be a result primarily of a new strategy for getting access to overseas markets; increasingly, Irish food companies are trying to locate the stage of producing consumer-ready foods as close as possible to the overseas consumers themselves. For example, when Goodman International announced the addition of Tara Meats



in Shrewsbury to Anglo-Beef Processors' holdings in 1989, the ABP Chief Executive said: "One of the major reasons for this acquisition is to help us to meet the ever-increasing demand which the group is facing for consumer-packed meat" (*Irish Times*, 9/6/90). The demand is in Britain, so the investment in facilities to meet it was in Britain. The deputy Chief Executive of the Kerry Group was reported recently as saying that producing interim food elements in Ireland and exporting them to be made into final foods elsewhere makes sense because it means that "We do not spend money shipping water all over the world" (*Irish Times*, 10/10/90). Irish food companies are starting to emerge, if only in a small way, as multinationals.

### III THE FOOD INDUSTRY IN INTERNATIONAL CONTEXT

If Irish food companies are "internationalising", what sort of wider industry structure are they trying to penetrate into? Recent studies of the international food industry (Martinson and Campbell, 1980; Davis, 1980; Frankel, 1983; Goodman, *et al.*, 1987; Tullis and Holist (eds.), 1988; Buttel and Goodman, 1989) treat two features of it as particularly significant: its increasing concentration, and what is called its increasing "vertical integration". The latter refers to the development of formal linkages (often but not necessarily through relations of ownership) upstream and downstream between different stages of the production process in a given agri-food chain, and may also be associated with horizontal integration where different chains are linked together. What were earlier identified as diversification and internationalisation in the Irish food industry can be seen as examples of such integration.

Internationally, the food industry is highly concentrated, in terms of both ownership and regional distribution. Of the 53 food companies which in 1985 had sales of over 2 billion dollars, 27 were American-based multinationals and 12 were UK-based (Bertele, 1988, p. 210). The early entry of these two countries into industrialised food enabled their companies to build up, not just global markets, but global production structures whose presence today is itself a factor encouraging further concentration in the food industries of other countries. Most of these very large companies are multisectoral, producing both food and non-food products, and most have followed a strategy of development through vertical integration, both forwards into distribution and even retail outlets for their food products, and backwards into the supply side (Newby and Utting, 1983).

In explaining the emergence of these trends, analysts have suggested four "driving factors" in particular (Bertele, 1988). One is agricultural policy in the US, which has consistently encouraged farmers to expand output and thus led to the build up of food surpluses. This "productionist" ethos is associated

with concentration and crisis not only among farmers but also among food processors, promoting amalgamations and increases in scale in the industry. It has also provided opportunities to achieve dominant positions for some strategically placed corporations, such as Cargills for example, which as a shipping and grain trading company was able to take advantage of the US's need to dispose of its surplus grain after the Second World War. Cargills, ranked by Bertele as the largest food corporation in the world, with sales of over 32 billion dollars in 1985 (1988, p. 210), has developed from grain trading into animal feed manufacture, cattle feedlot production, and the production, processing and sale of battery farmed chicken, among other things. The fact that surplus food production in the EC has occurred in conditions of guaranteed markets, while encouraging increasing scale of production in the food industry, may have delayed structural concentration; however, concentration, particularly on a regional basis, is also becoming evident here (Commission of the European Communities, 1990, Section 15, pp. 3, 5).

A second "driving factor" cited is technological change. This promotes concentration by favouring large corporations and early adopters at the expense of other users, and it particularly encourages vertical integration. For example, development in plant breeding technologies has encouraged corporations to vertically integrate growers so that they can control the physical characteristics of the raw material they process: tomatoes which can be machine harvested, for example, or wheat which has the desired levels of starch or gluten. A third factor is the emergence of a highly concentrated mass retailing sector, which has forced food manufacturers to seek equivalence in scale in order to bargain from an equal position of power, or else to move into the retailing sector itself through acquisitions and vertical integration. Finally, the rise of mass consumerism and the homogenisation of international tastes in food are cited as driving factors, although it may be argued that these are as much a product of the emergence of a concentrated and integrated international food industry, as a cause.

It may in fact be more appropriate to see concentration and vertical integration not as "driven" by such factors but rather as a strategy which is being fairly consciously adopted by food companies because of the particular sort of market conditions they are facing. At least in the developed countries, where their largest markets are, there is effectively no real demand for more food. Food companies can expand only by displacing the market shares of other producers or by creating artificial demands among consumers. The food industry worldwide spends heavily on advertising; in America, it provides about 28 per cent of all advertising expenditure, although food sales account for only about 14 per cent of disposable income (NESC, 1989, p. 262). A study of an attempt by multinational mass bread producers to penetrate the

French bread market has described how they not only tried to influence the dietary advice given to consumers in the popular media but actually forced the flour millers who supplied them to stop selling flour to the small "artisan" bakeries (Bertaux and Bertaux-Wiame, 1981). Behind the battles to acquire rights to established food brands, the techniques for depriving competitors of access to the inputs or outlets they need, and the incorporation of more and more stages of food production into a single integrated chain, it has been argued, lies a desire by companies to increase their control over their environment: what is at issue is not efficiency, nor even (in the first place) increased accumulation, but power (see Heffernan, 1984; Friedland, 1980).

The nature of the international food industry structure obviously conditions and constrains the possibilities for expansion of companies which, like the Irish ones, are late entrants into the arena, and are trying to expand from a base in the early, bulk processing stage of food production. It effectively leaves only two strategies open to them. One is to try to develop from bulk processing into finished and "branded" food products. Since this almost inevitably means displacing existing food products from the market it is likely to be strongly resisted (Erin Foods, for example, encountered severe barriers when it first tried to sell its products on the British market (O'Rourke and McStay, 1979, p. 112)). Companies which follow this strategy may have to negotiate access arrangements with already established corporations over sharing or dividing up markets, as Erin Foods did with Heinz, or Waterford Co-op did with the French owners of the Yoplait label. The alternative is to move away from making finished foods to concentrate on the production of interim food elements from the raw materials the company controls, and combine this with vertical integration, through takeovers or contractual agreements, into the later manufacturing stages where such food elements are used. Both strategies have been variously used by Irish food companies in recent years. Both seem likely to increase the trend towards vertical integration in the international industry structure, but each may have rather different implications for the Irish economy and for other groups in Irish society who are involved with food production.

Before developing that issue further, we should note that a recent analysis of the international food industry identifies the emergence of a trend running counter to vertical integration — a trend towards "dis-integration" or "substitutionism" (Goodman, *et al.*, 1987). According to this study, technological developments around food production, particularly coming from the chemical engineering and pharmaceutical industries, are starting to open up the possibility that industry could produce its own raw materials for finished foods. Recent advances in genetic engineering, for example, now allow microorganisms to be designed that will produce a variety of food components

under controlled industrial conditions, such as mycoprotein, a substance that closely simulates the texture of meat but which is obtainable from virtually any carbohydrate source through the operation of a micro-fungus. Further development of such technologies could have major dis-integrating consequences for companies based, as Irish ones are, in the primary processing of bulk agricultural commodities. Ironically, Goodman, *et al.*, suggest it was in these very companies, internationally, that the process of substitutionism got its initial impetus. These companies were among the first to recognise the commercial possibilities of "fractionating" agricultural products into their basic components – fats, proteins, glucose, carbohydrates and so on – in order to make maximum use of their raw materials; but once these elements could be isolated, it became possible to think about reproducing them from other, non-agricultural sources.

Given the presence of some very large and powerful corporations which have vested interests in the survival of particular integrated agri-food chains, the development of a totally "industrial" food system in which no agricultural inputs are used seems unlikely. Goodman, *et al.*, suggest rather that the global food industry is becoming restructured around two competing "capitals" – one being the corporations referred to above, which have established themselves in traditional agri-food chains like milk, beef or grain, and the other being based in the chemicals and emerging bio-genetics industries. How the struggle between them proceeds seems likely to determine the sort of food we will be eating in the next century.

#### IV THE FOOD INDUSTRY, FARMERS, AND OTHER GROUPS IN IRELAND

This paper started by arguing that the food industry has been largely invisible in public discussions of Irish economic development. What public discussion of it does exist appears dominated by the belief that increasing scale, increasing concentration and particularly increasing integration within food production is good for everyone. It is good for the industry and therefore good for the farmer, good for employment, and good for the consumer because a more integrated industry can be more responsive to what the consumer actually wants.

There have been some dissenting voices, but they are not by and large very effective. The retailers' and grocers' association RGDATA has opposed concentration in the retailing sector, and the Irish Farmers' Association (IFA) has expressed occasional concern about concentration in the food processing sector. The IFA has warned that it will not tolerate "profiteering" by food processors, associating excess profit taking with both increased concentration of ownership, and the large scale of processing plants which it claims prevents

competition in the areas in which they are located and forces farmers to accept low prices for their produce.

The claim that concentration in the food industry encourages the "exploitation" of farmer suppliers has some support from the international sociological literature. A number of studies suggest that the emergence of an oligopolistic agribusiness industry squeezes farmers from both sides, making them pay high prices for their industrial inputs and accept low prices for their farm outputs (e.g., Martinson and Campbell, 1980; Goodman, *et al.*, 1987). However, the IFA has not put forward this argument in any consistent way. IFA concern about concentration has been targeted on the beef processing industry and on the private companies engaged in it; it has not (to my knowledge) made similar comments on amalgamations and increasing scale in the milk industry, where the co-ops have a monopoly. Yet the IFA also holds no particular brief for the co-ops: during attempts in the co-op movement to resist Food Industries' takeovers of Bailieboro and Westmeath, the IFA gave no public support to the co-op ideal and some of its comments suggested it favoured the expansion of private enterprise in the milk processing sector. Whether this may be explained by the business interests of some of the IFA leadership, or by the populism which pervades IFA attitudes to industry (favouring private enterprise and an entrepreneurial approach to farming, but suspicious of "big business" and "foreign banks" getting a hold over Irish cattle farmers), it leaves it unable to develop an effective critique of relations between farmers and an increasingly capitalist food industry in Ireland.

Most policy-oriented reviews see no conflict of interests between farmers and food processors. From their perspective, tighter integration of farmers into the food industry will benefit both. As early as 1981, a report on the beef industry in Ireland argued that lack of integration between farmers and processors was a major constraint on the industry's capacity to develop (Steering Committee, 1981). One of its recommendations was the reorganisation of the existing system of cattle production so that farmers would breed, rear, fatten and finish cattle on the same farm, and do so under contractual agreements with factories which could then specify in advance what type of beef they wanted, and when. The 1989 NESC report *Ireland in the European Community* argued even more explicitly for the vertical integration of Irish farmers. In fact this report offers quite a revolutionary perspective on Irish agriculture which has attracted surprisingly little attention from farming or other interests. It defines farming as the production of inputs for a food industry, and when it analyses the well-known "structural problems" in Irish agriculture it treats these as problems not for farmers but for the industry. It describes the food industry as confronted by problems of insecurity, seasonality and non-uniformity of supplies from farmers, constraints which can only

be overcome by getting farmers to enter into long-term supply contracts with processors. The state is asked to back this programme by tying farmers' access to development aids to their becoming the sort of supplier the industry wants, and if necessary by intervening directly to take land from farmers who cannot make a living from such production.

In fact, the state has already been backing a strategy of vertical integration of farmers into agribusiness for some time. The agricultural advisory service has been trying to resolve "the income problems" of Irish farmers by promoting a farm production system which is heavily dependent on purchased inputs in order to increase output (Leeuwis, 1989). This not only integrates farmers more tightly into the farm input supply side of agribusiness, it also shifts them towards the sort of production system desired by food processors. If cattle, for example, are over-wintered in sheds where they are fed on purchased feeds rather than grass, they can be sold for slaughter in the spring when processing factories have a scarcity of raw materials, rather than in the autumn. Whether or not this sort of farm development strategy solves the income problems of farmers (Leeuwis argues that it does not), it appears quite useful in solving those of agribusiness.

Sociological studies of vertical integration in food production elsewhere are much less sanguine than Irish policy analysts about the consequences for farmers. They find that it contributes to concentration of production in farming as well as in the food industry, and hence to structural and regional dualism in agriculture. Moreover, they suggest that when the food industry engages in forward contracting with farmers, it usually succeeds in controlling not only the relations of exchange but also the production process on the farm itself. Such contracts increasingly specify what inputs are to be used in production, what sort of technology, often who these are to be purchased from, and how the farmer's own time and labour should be organised (see Davis, 1980; Heffernan, 1984). For Davis, vertical integration transforms farmers into virtual industrial employees, but with the advantage (for the industry) that they still think of themselves as "independent producers". Others (e.g., Bernstein, 1977; van der Ploeg, 1986; Marsden, *et al.*, 1986) argue rather that in capitalist society the "family farm" is becoming a new site for the struggle between labour and capital over control of the conditions of production.

That view is challenged, according to Goodman, *et al.*, by the emergence of "substitutionism" in international food production, which is making farming more and more irrelevant as an economic activity within food production. However, it seems equally likely that as non-agricultural sources of food components become more available internationally, Irish companies which continue to use agricultural inputs and which compete on international markets

will increase their efforts to integrate their farmer suppliers more tightly. In that context, the possibility of "substitution" may be used as a threat to control farmers; or companies may indeed partially substitute their supplies from Irish agriculture with agricultural and/or non-agricultural sources from outside the country (as has already been happening in the move by co-ops out of butter production into the production of "dairy" spreads).

I suggested earlier that Irish food companies have been using two strategies to penetrate into international food markets. One is to maintain the entire agri-food chain from farming and primary processing to the production of consumer-ready foods in Ireland, and to negotiate or acquire distribution outlets overseas. The other is to become a multinational, not just selling on international markets but actually internationalising parts of the food production process itself. Typically, the primary processing stages are retained in Ireland, while the further processing into finished foods is exported to the country where the market is. The two strategies may differ not only in their implications for farmers (once firms become multinational they can look for supplies on a global market, overcoming the constraints of seasonality in Irish agriculture), but also for employees in the food industry.

The main reason which is usually advanced for subordinating agriculture to the needs of the food industry in Ireland is that the food industry is the better bet for generating employment. It has provided a fairly stable 20-25 per cent of manufacturing employment since the 1970s (NESC, 1989, p. 84) whereas employment in farming has fallen rapidly to the present official estimate of about 15 per cent of the labour force. That official figure, however, may severely underrepresent the continuing importance of farming as one economic activity among others in rural households – in terms of job creation, a policy of encouraging part-time or "pluriactive" farm households might provide as good a result as that of encouraging concentration in agriculture to promote a large-scale concentrated food industry. Moreover, "rationalisation" in the food industry over the last decade has been accompanied by falling employment. Output per worker in the Irish food industry in 1985 was 188 per cent of what it had been in 1973 (Matthews and O'Connor, 1987, p. 67). Between 1980 and 1989, employment in meat and dairy processing alone in Ireland fell by 18.3 per cent, from 91,807 to 75,028; this compares with a drop of 4.7 per cent in the EC as a whole (Commission of the European Communities, 1990).

For employees, the emergence of food companies as "Irish multinationals" adds an ironic twist to the usual story of multinational activity here: instead of (as foreign multinationals do) retaining the most technologically advanced parts of the production process at home and exporting the less skilled, lower paid assembly work abroad, Irish food companies are doing the opposite.

Even where companies are not internationalising their production process, development in the food industry appears to be accompanied by underdevelopment or deskilling of the work force (for example, the substitution of general operatives for trained bakers in the bread industry or for qualified butchers in the meat processing companies), and also by the externalisation of sections of the work force (such as milk delivery workers in Premier TL) by transforming them into "self-employed" contract workers. Over time, both employees and farmer suppliers may find themselves occupying very similar positions in their relations with the food industry.

A third group which has a keen interest in what happens in the food industry is the consumers. Concentration and vertical integration in the food industry appear to be associated with increasing anxiety among consumers about what they are eating. But consumer resistance seems unlikely to bring about any radical change in the way the industry is becoming structured. In the early 1980s, consumers did appear to be resisting the expansion of highly processed industrialised foods, particularly over the heavy use of food additives. A preference developed for "fresh", "natural" or lightly processed foods, whose wholesomeness (unlike that of heavily processed foods) could still be judged largely by their appearance; but that in turn was overtaken by the discovery that such foods were frequently produced by most unnatural and environmentally destructive methods, that they were quite likely to harbour disease, or contain within them pesticide and other residues which were probably far more dangerous than the additives in processed foods. Increasingly, specialists in nutrition advise that food should be evaluated primarily in terms of its constituent nutritional elements (calories, proteins, fats saturated and unsaturated), on which grounds industrially created foods could well be judged more healthy than "natural" ones. Between 1985 and 1989 Irish consumption of butter fell from 43,000 to 13,000 tonnes; a BBC survey of its "Food and Drink" programme viewers' major concerns about food in November 1990 found that concern about nutritional value was now in first place, displacing concern about chemical additives and pesticide residues, which had led in previous surveys, down to second and third. As our evaluation of food shifts away from its surface qualities (appearance, taste, texture, smell) to its underlying elements, paralleling the shifts in the industrial production process itself, we become less and less able to judge for ourselves what we should eat. We may be able to read the label, but we literally no longer know what we are eating. If the food industry developed, as Goodman, *et al.*, argue, by progressively appropriating and industrialising the labour and knowledge and skills of farmers, the same process seems now to be extending to the domestic kitchen and the consumer of food.



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