How Farmers Empowered Meatworkers

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Abstract
This article explores the role of non-union actors, in the form of farmers and their 'Board of Control', in indirectly empowering meatworkers and their unions (Curtis, 1999). My focus is the period 1923 to 1973, the first fifty years of the operation of the New Zealand Meat Producers' Board of Control. The article explores ways the Board used statutory powers in the collective interests of farmers to limit the scale and scope of meat companies (Chandler, 1990) and, by limiting their powers in the product-markets of central concern to farmers, made these companies commensurately weak in labour-markets.

Introduction

In this short article I explore the role of non-union actors, in the form of farmers and their 'Board of Control', in indirectly empowering meatworkers and their unions (Curtis, 1999). My focus is the period 1923 to 1973,the first fifty years of the operation of the New Zealand Meat Producers' Board of Control. The article explores ways the Board used statutory powers in the collective interests of farmers to limit the scale and scope of meat companies (Chandler, 1990) and, by limiting their powers in the product-markets of central concern to farmers, made these companies commensurately weak in labour-markets. This is primarily an analysis of how employers were made weak by the structuring of product-markets and subsequently labour-markets, and owes much to the insights of Fligstein and Fernandez (1988). More broadly, it is intended to extend that by Curtis and Reveley (2001), the insightful account by Barry (2003), and the influential study of the labour process by Willis (1985).

Interventions

In the early twentieth century the meat industry in New Zealand provided a counterfactual to most of the international trade in which multinational companies (US and UK-based) dominated local interests including farmers (Critchell and Raymond, 1912). The operation of the Board secured an alternative rationality, at odds with the situations in the rest of Britain's far-flung farms, when it acted to prevent a vertical-integration or 'rationalisation' of the meat industry in New Zealand. Specifically it limited backward-integration by multinational companies (e.g., Borthwicks, Vesteys, Swifts and Armour) that dominated the international trade.[1]

Willis notes that by 1934 three multinational companies owned the entire processing sector in the state of Victoria (Australia). Uniformity of ownership was not the case in New Zealand where the ownership of meat processing was shared between multinational and local proprietary interests, as well as a number of farmers' cooperatives. The key to understanding the preservation and stability of this mix was the establishment of the New Zealand Meat Producers' Board of Control in 1922. The Board was comprised primarily of elected farmers' representatives but was granted statutory powers by the Act that established it. Its interventions impacted and shaped a variety of product-markets in the collective interests of farmers, and made significant impositions on the rights of proprietary and cooperative interests in the industry. They were first enforced by regulation and subsequently inscribed in legislation; the Meat Export Control Act (1923), the Slaughtering and Inspection Amendment Act (1934), and the Meat Act (1939).

The Board moved to license the processing plants of meat companies at its first meeting. To do so, the Board interpreted sections of the Slaughtering and Inspection Act (1900) which had provided a comprehensive system of inspection in terms of hygiene standards for processing plants (slaughterhouses), including those engaged in export (hence, meat freezing) in a way that had not been done previously. The Act had previously been administered by local authorities with the Department of Agriculture. The Board administered the Act for those plants involved in processing for export. It transformed legislation intended to regulate food hygiene into a delimitation of throughput and ownership in processing. The Board transformed the inspection of plants for hygiene purposes into the regulation of the ownership of processing plants, the construction of new plants and even the configuration of existing ones.

The Board assumed control over all aspects relating to the negotiation of freight rates, insurance and the scheduling of shipping. The Board ended all of these deals and negotiated bulk contracts as the single purchaser of shipping space. This intervention had two dimensions. First, the implementation of single purchasing checked the rise of freight rates. Arguably the handful of shipping lines that serviced New Zealand had been able to operate as a cartel. And at least one of the lines was owned outright by Vesteys (Knightley, 1981). Second, single purchasing operated to average the costs faced by shippers. The Board took over the negotiation of freight and insurance rates and the scheduling of cargoes to ports around New Zealand. The Board eliminated any benefits of economies of scale for exporters in the industry. That is, an individual farmer exporting through the consignment system faced the same structure of costs and timetables as a vertically-integrated company like Vesteys which owned processing plants in New Zealand, Australia and Argentina (Knightley, 1981).

Limiting economies of scale and backward integration of multinational companies like Armour, Swifts, Borthwicks and Vesteys constituted a defensive reaction to what was regarded as a ‘Meat Trust’. This term had emerged in the wake of the Word War I and the termination of the first war Commandeer in June 1920. The post-war return to market arrangements unleashed an intense struggle between multinational companies, mainly as a consequence of the expansion by Vesteys and of their encroachment on the market shares of other international and local concerns. The struggle played out along the commodity chain as Vesteys attempted to undercut the existing cartel supplying the markets in Britain, which was then dominated by Armour and Swifts. Furthermore, the prices for frozen meat in Britain were crashed by the big players. As a result farmers in New Zealand found that the prices they received at stock auctions and from consigning dropped precipitously and, even more ominously, that their share of the prices received at Smithfield also fell (Hayward, 1972: 13). Farmers quickly made the decision that a farmer-controlled Board of Control was required, and that it should limit the trust-like features of the multinational companies and preserve and protect the system of consignment as an alternative way of accessing markets in Britain.

The consignment system of processing and export allowed farmers to defend and extend their interests beyond the farm gate, competing in product-markets and at auctions for livestock. Consignment allowed the largest of the New Zealand own d meat companies to brand and to export frozen meat (Lind, 1981, Macdonald, 1957), however, and what is more important, consignment allowed farmers to independently access the markets in Britain. Consignment, or “forward selling”, combined the payment of cash advances, charges and commissions (Critchell and Raymond, 1912; Desmond, 1951).

The Board locked farmers’ access to consignment into place with a policy called the ‘open door’. The Board enforced the right of farmers, acting individually or in groups, to access and use the processing capacity of meat companies. Meat companies were required to provide this service at cost to the farmer. The open door imposed a significant burden on meat companies while it allowed farmers to avoid selling livestock to them at the farm-gate (that is, to agents employed by the various companies) or at auction, should they regard prices as too low. Farmers tended to use the open door in conjunction with agents based in Britain, and the policy allowed a number of farmer-owned firms to begin their marketing operations without the capital outlay required to build or buy processing plants (Lind, 1981, Macdonald, 1957).

Over-capacity and Seasonality

Such was the impact of licensing that the Board was able to prevent companies that owned multiple processing plants from shutting their least profitable plants. The British companies closed a number of plants between the end of World War I and the creation of the Meat Board. After the Board was established none of the multiple-plant companies were able to close operations, with the exception of the Borthwicks plant at Pakipaki which was destroyed in the Hawke’s Bay earthquake of 1931. The stock of processing plants increased during the period, as did the issue of over-capacity.

The problem of over-capacity for meat processing companies was multiplied by the seasonal character of the sector. New Zealand had a short killing season when livestock was slaughtered and processed. There is no historical series for comparison but, as late as the mid-1980s, Evans estimated that the killing season in New Zealand lasted for 160 days compared to 230 in Australia. France, the UK and USA were even less seasonal (Evans, 1985). Such over-capacity and seasonality in processing provided a continuing opportunity for meatworkers and their unions, but the situation was more nuanced than the simple use of industrial action, or the threat of it, to disrupt throughput and thus profitability for meat companies. The short killing season was a manifestation of both the preferred farming system in New Zealand and the demands of the market in the UK. Meat Board interventions prevented a ‘rationalisation’ of the international trade outside the processing plants, and the meat companies as employers were limited in reconfiguring the labour process inside their plants.

While the transformation from solo-butchering to the chain system was achieved over several decades, this reconfiguration was compromised from the very outset by the retention of work practices that limited daily output, ‘the tally’, and by the organisation of processing through parallel chains. The subsequent success of the unions in securing seniority in the latter meant that processing companies had to manage not one but several killing seasons in each of their plants; each of which was based around a single chain and each of which was subject to individual or combined disruption from meat workers.

The retention of ‘the tally’ is arguably the single clearest measure of union strength, both at the point of conversion of the labour process from solo-butchering to the chain system, and enduringly as a measure of industrial output that increasingly undermined the potential for improved productivity on the dis-assembly line. When the dis-assembly line was first introduced to processing in New Zealand, in 1932, it displaced the solo-butchers whose daily tally or output was considered to be 100 sheep each working day. This tally was also to determine, in part, the expectations of output from companies running slaughterboards of solo-butchers and fell under the expanding purview of the Board. Trials with different versions of the chain, in various processing plants around New Zealand, resulted in the adoption of a variant with sequential workstations engaging thirty-two men along it (Loach, 1969).[2] The new chains were therefore paced to process 3200 sheep each working day and to employ thirty-two men. This was a tally for individual chains which was to remain the industry standard until at least the 1990s.

The chain 'de-skilled' work on the slaughterboard to the extent that several weeks would suffice to train new slaughtermen to begin work on the dis-assembly line (Cammock and Inkson, 1984, 1988). The meat companies were able to hire local and unskilled men to replace migrant solo-butchers and supposed troublemakers. Indeed, the implementation of the chain in combination with the seasonal and intermittent character of work in processing plants seemed a harbinger of the likely casualisation of employment in the processing sector. But this threat of casualisation was not realised and was in fact reversed, partly because of the piecemeal introduction of the chain, partly because of other restrictions from the Board, and partly because of broader political developments that directly favoured labour

The delimitation of the chain in terms of output and manning meant that companies that wanted to process in excess of 3200 sheep each working day needed to invest in second and subsequent chains. This limited flexibility, plus the impact of seasonality, resulted in the construction of parallel chains in processing plants. This approach allowed processing companies to deal with the seasonal fluctuations in the numbers of stock sent to slaughter by farmers. Typically, the processing plants throughout the country commenced operations around this time by starting up only one of their killing chains (called the first chain). As the numbers of stock being made available by farmers increased throughout the spring, the processing plants increased their capacity to slaughter by starting up their other killing chain(s) (called the second chain, third chain, etc.) (Cammock and Inkson, 1984; Shields, 1982). Parallel chains constituted a rational, if not industrially rationalising, response to a processing sector subordinated to farming imperatives. Maximal flexibility and efficiency would have entailed the casualisation of employment so that individual chains could be started and closed on a daily basis. Putting aside real issues of start-up and shut-down costs, such an approach would have allowed a day-labouring regime using a casualised and de-skilled workforce. It is only possible to speculate on the extent to which this casualisation might then have been used to challenge and rationalise the broader notion of seasonality and hence the prevailing conditions of small-scale farming, because the meatworkers union responded to the challenge immediately. Alongside the piecemeal introduction of the chain system, starting first with the British-owned and controlled plants, the meatworkers' unions undertook a significant reorientation of focus and association (Shields, 1982).

A new association of meatworkers was formalised in 1936-1937, New Zealand Freezing Workers and Related Trades Association (NZFWA). This effort by the meatworkers' unions to regroup, and the broader effort among unions in New Zealand to recover from a sustained offensive mounted by employers, was aided greatly by the election of the first Labour Government in 1935 and its support of compulsory unionism (Holt, 1986). The NZFWA pursued a strategy that was very different to its predecessors. Whereas the earlier Slaughtermen's Federation and then the New Zealand Freezing Workers' Union had relied mainly on the scarcities of its craft workforce to secure the labour markets for it, the NZFWA instead centred its efforts at reconstituting a form of union control through embracing the tenets of seniority in seasonal employment (McNulty, 1958).

Seniority acted to prevent casualisation, to entrench seasonality and to provide continuity of employment across killing seasons. It absolutely stymied any efforts at multiple starts / closures of chains within a single season. Seniority reinforced the collective interests of farmers insofar as farmers wanted as many competitors for their livestock as possible, but at the cost of intensifying social antagonisms. Seniority meant that each man was given a number that remained with them during their entire employment. At the start of the killing season, the 'first chain' would be manned by the thirty-two men with the lowest numbers. The second chain by the next most senior thirty-two, and so on. Seniority was at first enforced by the union among the slaughtermen on the chain and then extended to the various follow-on departments that processed the non-meat by-products of industrial slaughter (fellmongery/pelts, small goods/offal, casings, fertilizer/blood and bone, etc.).

The use of parallel chains allowed actual flexibility in the operations of processing plants and, what is most important, it allowed companies to respond promptly to the decisions of farmers and competitors in the essentially localised markets for stock. But this configuration of the dis-assembly line further reinforced over-capacity in the processing sector (Evans, 1985). The success of the meatworkers union in imposing seniority across the parallel chains was then not only an industrial victory for labour which exploited over-capacity and seasonality (which in turn created weak employers), but it reinforced both phenomena in a sector in which the needs of industry (processing plants) were subordinated to those of farming.

Conclusion

This article has examined an explanation for industrial strength and militancy on the part of meatworkers, in the interventions of the Board in product-markets. These interventions were undertaken in the collective interests of farmers and acted to render meat companies weak employers. The more proximate bases of union strength lie in the nexus of the daily tally and seniority which, in turn, had structural expression in the configuration of processing plants through parallel chains. The parallel chains provided flexibility in processing plants in the context of the subordination of corporate interests to those of small-scale farming. However, they extended the problem of over-capacity, and the focus of companies on securing throughput in a seasonally proscribed environment.

The end of this period of long stability, of what Cammock and Inkson (1988) called a stable accommodation between otherwise conflicting interests, began in the 1980s. Calder and Tyson (1999) argue that the dramatic decline of strike activity in the 1990s was the result of changes to industrial relations legislation. While anti-union legislation no doubt played its part, the beginning of the end came sooner than that, and the main developments occurred outside the processing plants. It commenced with the exit from the industry of Swifts in 1974. By 1995 all of the multi-national meat companies had exited New Zealand, largely because the entry of Britain into the European Community made the sourcing of meat from New Zealand a much less attractive proposition.

This exodus, the result of the partial closure of the main market, provided new challenges to farmers and the Meat Board. Interventions on the part of the Board of Control to limit the influences of meat companies became increasingly problematic when New Zealand-owned, proprietary and farmers' co-operative companies became the main players. For meatworkers, the meat companies became less and less like weak employers, in an industry with clearly declining margins for profit. The indirect and unintended empowerment of unions by the Board ended in the mid-1980s when a neo-liberalising Labour Government, bent on proving its commitment to the World Trade Organisation's agenda that categorised the Board as some sort of nefarious 'single seller', abolished its statutory status (Curtis, 2001). Thereafter industrial relations in the meat industry began increasingly to resemble those elsewhere: unions in retreat, pay and conditions ever worsening. This decline took some time to work through as the meatworkers unions were relatively powerful. Nearly two decades of plant closures and rationalisation ensued. By the end of the 1990s, meat companies had finally secured the very significant victory of breaking union control over seasonality. That is, processing plants could open and close their operations several times a season, depending on the availability of stock, partially controlled by company decisions about how stock might be allocated to plants. This success on the part of meat companies (as increasingly strong employers, and also empowered in the markets for livestock) has not obviously benefited farmers in New Zealand.

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