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Worlds of Food

Place, Power, and Provenance in the Food Chain

Kevin Morgan, Terry Marsden, and
Jonathan Murdoch

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Beyond the Placeless Foodscape: Place, Power, and Provenance

The foregoing chapters bring us to the point where we can directly address the three themes that constitute the subtitle of the book—namely place, power, and provenance. Reflecting the binary thinking that pervades the agri-food literature—global versus local, embedded versus disembedded, conventional versus alternative, quantity versus quality, and so forth—these themes tend to be treated in a highly compartimentalized fashion, with *place* and *provenance* being the preserve of the alternative food literature, while *power* seems to be the proper object of analysis in the conventional food literature. This binary conceptual tradition has the effect of segmenting the food sector into unduly rigid and path-dependent worlds of production. It could even lead to the (erroneous) conclusion that the conventional food chain is inextricably tied to a particular world of production, invariably the Industrial World, while alternative food chains are embedded in, and tethered to, the Interpersonal World.

To overcome this unwarranted division of labour, we propose to examine the roles of place, provenance, and power in both the conventional food chain and the ecological food chain. However, we also want to suggest that the borders between these worlds are more porous and much less static than the worlds of production literature sometimes implies, leaving open the possibility that firms and regions can move from one world to another.

Each world of production may have its own nuanced regulatory environment, where a specific mix of rules, regulations, and quality conventions defines its distinctive milieu, but all worlds are subject to some meta-regulatory trends that are emerging in the global food sector, two of which have the potential to induce significant changes. For the sake of simplicity, we shall refer to these meta-regulatory trends as the *new moral economy* on the one hand and the *neo-liberal economy* on the other.

Taken in isolation, these regulatory trends could trigger very different trajectories of development, with major implications for place, power, and provenance in the food chain, because the former involves reregulating the food sector, while the latter aims to deregulate it. In reality, of course, these meta-regulatory trends will evolve not in isolation but in tandem, creating a whole series of tensions and conflicts in the multilevel governance system,

from the global level of the WTO to the local level of municipal government. To illustrate these tensions and conflicts, the following section examines the new moral economy of food as a prelude to addressing the themes of place, power, and provenance in different food chains.

The New Moral Economy of Food

The concept of the moral economy has resurfaced in recent years, partly as a response to the excessive utilitarianism of mainstream economics and partly as a vehicle for academics and activists to address the normative issues that they consider to be *intrinsically* significant (such as health, education, and well-being), rather than merely instrumentally significant (such as money). According to Sayer, a prominent social theorist in this field, the concept of the moral economy can be defined in the following way (Sayer, 2000):

> the moral economy embodies norms and sentiments regarding the responsibilities and rights of individuals and institutions with respect to others. These norms and sentiments go beyond matters of justice and equality, to conceptions of the good, for example regarding needs and the ends of economic activity. They might also be extended further to include the treatment of the environment. The term moral economy has usually been applied to societies in which there are few or no markets, hence no competition and law of value, and in which economic activity is governed by norms regarding what people's work responsibilities are, what and how much they are allowed to consume, who they are responsible for, beholden to and dependent on. However, moral norms... are also present and influential in advanced capitalist societies, though they tend to be overlooked by political economy, radical or otherwise. They exist both within the formal, money economy and outside, particularly in the household economy. While the norms may be considered part of a moral order, both the norms themselves and the associated behaviour are invariably influenced by networks of power and considerations of cost and risk.

Although this is offered as a generic definition of the moral economy, it turns out to be highly germane to contemporary debates in and around the global agri-food system. From the ecological standpoint of this book, one of the great merits of Sayer's conception is that it helps to overcome 'the dualistic separation of nature and society', which has been one of the abiding weaknesses of the mainstream agri-food literature (Goodman, 1999). Another advantage is that it provides an ideal context in which to frame the discussion of health, well-being, fair trade, and development, the quintessential dimensions of the new moral economy of agri-food. Sayer's moral economy clearly has strong affinities with 'green political economy', which challenges the way that societies value nature and, in particular, 'challenges the valuation of nature purely on the basis of individual preferences expressed through market choices or cost–benefit analyses instead of through political and ethical argument' (Sayer, 2000).

Both the above conceptions agree that conventional political economy tends to overlook the moral claims of society or nature because of its fixation with unrestrained economic power in terms of narrow self-interest. Paradoxically, though, only a moral economy perspective can help us to understand why the most powerful economic actors, namely the multinationals, feel constrained to exercise their power in a naked and unencumbered manner in their dealings with weaker interlocutors. We are not of course suggesting that these corporate leviathans recoil from striking the most advantageous deals possible, but that they do so, to use Sayer's terms, in the context of prevailing moral norms. As we shall see, multinational retailers clearly have the power, at least in theory, to secure much lower prices from their developing country suppliers than they enjoy at present. The fact that they refrain from doing so in practice is a testament, however modest, to the tempering (and civilizing) effects of prevailing moral norms that have been established through a messy combination of multilateral political agreements, NGO pressure, and the moral sentiments of affluent consumers at home. To explore the new moral economy of agri-food in more detail, in the following sections we will examine its two key dimensions.

The Moral Economy of Health

Despite its celebrated lobbying power, the conventional food industry in Europe and the US manifestly failed to anticipate what turned out to be one of the biggest challenges it has ever faced: namely, 'the global epidemic of obesity' (World Health Organization, 1998). The fact that a poor diet is a risk factor in a whole series of non-communicable diseases—such as cancer, coronary heart disease, obesity, and diabetes for example—had been well known, and widely accepted, for decades. However, it was not until the early years of the twenty-first century that one of these diseases—obesity—caught the political imagination of governments in developed and developing countries alike. Although just one of a number of diet-related diseases, obesity began to assume a totemic status in the public mind largely because it was so visible, because it was rapidly developing among children, and because new estimates of the human and financial costs were beginning to appear more regularly around the world. In the advanced OECD countries, obesity is most pronounced in the lower socio-economic classes, especially among women and in rural communities. In developing countries, by contrast, obesity tends to be more common in the higher socio-economic classes, reflecting the historical situation in the advanced countries, where 'only the rich could afford to get fat' (Lang and Heasman, 2004).

The advent and diffusion of cheap, highly processed food, high in fat, sugar, and salt, is widely believed to be one of the main causes of the global epidemic of obesity. The conventional food industry tries to absolve itself of any responsibility for obesity, arguing instead that sedentary lifestyles are the root cause of the problem, when in fact this is caused by a cocktail of factors, poor diet and inadequate physical exercise being two of the principal ones. It is debatable whether the 'moral panic' about obesity genuinely concerned the multinational food companies. What really goaded them into action were two particular threats: the threat of anti-obesity litigation from obese consumers and the threat to their share prices from a nervous investment community.

Anti-obesity litigation began with the landmark *Pelman* v. *McDonald's* case in the US, where two New York teenagers filed a suit against McDonald's for making them fat and, in particular, for allegedly concealing the health risks of Chicken McNuggets. Although the case was dismissed, the judge's verdict was very damning for the fast-food giant. Among other things, he said that a combination of additives and a high fat content made Chicken McNuggets more than just fried chicken, he admitted that reasonable consumers might not know this, and he called the product a 'McFrankenstein creation' (Buckley, 2003). An anti-obesity litigation industry sprung up in the wake of this landmark case, led by the attorneys-general, many of whom are focusing on the cost to their states of maintaining Medicaid payments to low-income patients with obesity-related diseases. These lawsuits remove the obese person from the litigation and substitute financial loss to the state's finances (Grant, 2005). The implications of these trends were not lost on the food industry, particularly the suggestion that fast food may be 'addictive', creating a dangerous association between 'big food' and 'big tobacco'. New scientific findings from Princeton University suggest that high fat and high sugar foods create biochemical reactions similar to those seen in people addicted to tobacco. If true, these findings could undermine the key legal defence of the fast-food industry—that consumers are wholly responsible for their weight. Far from being a matter of gluttony or fecklessness, obesity seems to be the result of vulnerable genes in a hostile environment (Shell, 2002).

The international investment community quickly recognized the implications of this new moral consciousness about food. One of the first to offer an equity analysis was UBS Warburg, which unnerved the food industry by suggesting that the risks associated with obesity 'have not yet been factored into share prices' (UBS Warburg, 2002). Even more dire warnings were issued the following year by equity researchers at JP Morgan, who forecast that manufacturers of fast food, soft drinks, and snacks faced an ever growing risk of tougher regulation, especially in Europe, in their key growth products. The JP Morgan analysts even drew up a new set of metrics for judging food companies based on the product portfolios most exposed to the 'obesity risk'. In terms of the percentage of total revenue derived from 'not so healthy' food, the analysts found that the league table was headed by Hershey, with a 95 per cent exposure, followed by Cadbury (88 per cent), Coca-Cola (76 per cent), PepsiCo (73 per cent), and Kraft (51 per cent) (Lang and

Heasman, 2004). These firms were also heavily implicated in what many health and consumer groups consider to be the most egregious practice of all: namely, the marketing of unhealthy food and drink products to children, mostly in the form of child-directed TV advertising. A recent report from the International Association of Consumer Food Organizations, called *Broadcasting Bad Health: Why Food Marketing to Children Needs to Be Controlled*, came to the following conclusions:

- the food industry's global advertising budget is $40 billion, a figure greater than the GDP of 70 per cent of the world's nations;
- for every dollar spent by the WHO on preventing the diseases caused by western-style diets, more than $500 is spent by the food industry promoting these diets;
- in industrialized countries, food advertising accounts for around half of all advertising broadcast during children's TV viewing times. Three-quarters of such food advertisements promote high-calorie, low-nutrient foods;
- for countries with transitional economies (such as those of eastern Europe), typically 60 per cent of foreign direct investment in food production is for sugar, confectionery, and soft drinks; for every $100 invested in fruit and vegetable production, over $1,000 is being invested in soft drinks and confectionery;
- over half the world's population lives in less-industrialized countries such as Russia, China, and India and they are now suffering a rising tide of diet-related diseases as food companies export their products and their advertising practices. (Quoted in Lang and Heasman, 2004.)

To counter its critics, the food industry's response consists of two well-rehearsed arguments: on the health front, it maintains that there is no such thing as unhealthy food only 'unhealthy diets' and, on the ideological front, it argues that food choice is a private not a public matter. Governments that try to promote a more nutritious food policy are immediately accused by the food industry of behaving in a 'totalitarian' manner because they make an unwarranted intrusion into the private realm of the individual and treat food choice as an issue of the public realm (Nestle, 2002).

Yet, if the burgeoning health cost of diet-related disease is not a legitimate issue for the public realm, it is difficult to imagine what is. Ever since the US Surgeon-General issued 'a call to action' to combat escalating obesity levels in 2000, there has been growing political concern that diet-related diseases could, if unchecked, bankrupt the public health service in the worst-affected countries. By common consent, the US is the worst-affected country, with the healthcare cost of obesity-related illness reaching $117 billion in 2001 and showing no sign of abating (Buckley, 2003). One of the key targets of obesity litigation in the US is constituted by education boards, which have allowed fast-food companies to colonize school vending machines, in some cases offering exclusive rights (so-called 'pouring rights') to soft drink companies that share with the school the proceeds from increased soda consumption (Nestle, 2002).

This very brief overview of the obesity epidemic is just one aspect of the escalating human and financial costs of diet-related disease. If, as Sayer suggests, the study of moral economy focuses on the norms regarding the rights and responsibilities of individuals and institutions with respect to others in production, distribution, exchange, and consumption, then it is clearly appropriate to speak of the emergence of a new moral economy of diet-related disease. At the heart of this new moral economy is a highly contested debate about responsibility. To what extent should governments be responsible for the social environment of food choice? Should the food industry desist from selling foods of low nutritional value? How culpable is the individual when there is little nutritional information available from producers and little knowledge on the part of consumers? And, most important of all, is it morally acceptable to treat children as discerning and responsible consumers to whom products of low nutritional value can be marketed on a routine basis?

The fact that these questions are now posed more forcibly than ever suggests that a new moral consciousness is beginning to take shape around *conventional* food consumption, so much so that ethical considerations are no longer confined (if indeed they ever were) to alternative or exotic forms of consumption (Sassatelli, 2004). The growing moral questioning of conventional food, or 'ordinary consumption' (Gronow and Warde, 2001), is both a cause and a consequence of the erosion of trust in conventional products, which suggests that 'ordinary' consumers are engaged in requalifying foodstuffs. This requalification challenges the habitual, taken-for-granted assumptions about food quality that have prevailed in the post-war era, a process in which consumers begin to '*distance* themselves from food goods in order that they might *reconnect* in new ways' (Murdoch and Miele, 2004).

One of the potential virtues of the obesity epidemic is that consumers might become more aware of the hidden costs of so-called cheap food. This means that the food might seem cheap at the point of sale, 'but the citizen/taxpayer pays additional costs for healthcare later' (Lang and Rayner, 2003). In terms of the capacity to affect public health, poor diets are more common, and far more of a threat, than episodic food scares.

Containing and reducing the burgeoning costs of diet-related disease will require action at a number of different levels. For example, governments will need to play a more robust role in reforming the social environment of food choice to make healthier options more accessible and affordable. For their part, food companies will have to respond to moral pressure from consumers and political pressure from governments to develop healthier product lines. And if consumers are to assume more responsibility for their health, as they are increasingly enjoined, they will require better information about their food, particularly with respect to its nutritional value, its ingredients, its country of origin, and its methods of production. Whereas, in theory, food labelling policy should help to empower consumers here, all the evidence suggests that it has a bewildering, rather than an empowering, effect, as we shall see later.

The Moral Economy of Fair Trade

Another important dimension of the new moral economy is the debate around fair trade for developing countries. The creation of a fair trade system through multilateral agreement at the WTO needs to be distinguished from Fairtrade (FT) labelled products. One might think that there would be less need of an FT *label* if we had a fair trade *system*. In this respect, the WTO claims to be designing the rules of a new, and ostensibly fairer world trade system. Indeed, this is one of the formal aims of the Doha Development Round, which was called as such to signal to developing countries, a majority of the WTO's members, that their interests would be paramount in the making of a new multilateral trade agreement. Formally, then, the Doha Round is seeking to introduce a stronger moral economy perspective into the world trade system by rewriting the rules of the game in such a way that unequal countries are not treated equally, a sure way to reproduce inequality under the guise of equality.

In our discussion of the Doha Round in Ch. 2 we underlined the significance of the Development Box, a concept that embraced the 'non-trade' concerns that are vitally important to any conception of fair trade. Under pressure from developed countries, and especially from big agri-exporting countries such as the US, the Development Box idea was watered down into a less radical version of Special and Differential Treatment (SDT). The relationship between trade and development is central to the negotiations on SDT, a concept that stretches back to the earliest years of the GATT. With the advent of the WTO, however, the SDT provisions were weakened in the Uruguay Round. This rendered them less effective as a mechanism for promoting indigenous development and fair trade. Developing countries agreed to this change at the Uruguay Round in anticipation of the benefits from increased market access in agriculture, textiles, and clothing, along with full implementation of the SDT provisions. As we saw in Ch. 2, however, most of these benefits failed to materialize in the years following the Uruguay Round. Understandably cynical and frustrated, developing countries have since decided to refocus their efforts on the SDT provisions and to make them more 'precise, effective and operational' (ICTSD, 2004).

To this end, developing countries have made two specific SDT proposals. The first is for a *Special Products* category which would allow them to designate certain crops—those vital to food security, livelihoods, and rural development—as exempt from tariff cuts. The introduction of this idea into the Doha negotiating framework signals a major change in WTO thinking

because it means that the Geneva-based body has finally accepted that not all crops are equal. The second SDT proposal is for a *Special Safeguard Mechanism*, which would allow poor countries to increase tariffs temporarily in the face of fluctuating import prices or volumes (Oxfam, 2005). SDT provisions might look like dry and arcane technicalities, but they constitute the main political battleground on which the campaign for a fairer trade system will be won or lost.

The US is leading the campaign for a narrow definition of SDT, arguing that it should apply to a restricted range of farm products, essentially those produced by subsistence farmers. 'Food security', said a US trade official, 'is often better served by opening markets to high-quality, low-cost produce than favouring domestic producers' (Beattie, 2005). The US is opposed to a broad SDT agreement principally because this would encourage developing countries to provide for their own food security, thereby reducing the export markets for US agri-business. In a remarkably candid statement, the USDA (2001) said that its agri-food strategy for the new century was predicated on a fusion of the local and the global, because

> domestic demand alone is no longer sufficient to absorb what American farmers can produce. Demand by well-fed Americans grows slowly, with population growth. The promise of new, much faster-growing markets lies overseas. . . . As a result, the US must consider its farm policy in an international setting, helping farmers stay competitive while pressing for unfettered access to global markets.

A recent Oxfam analysis illustrates the vested interests at stake in the SDT dispute with reference to rice, the staple food for half the world's population (Oxfam, 2005). Rice is more than an ordinary crop, it is a way of life, the means through which the poor pay for the manifold needs of their households. It is also a crop that is largely cultivated and processed by women, whose earnings are crucial to poverty reduction in rural areas. However, the US has developed a large interest in rice and it has become the world's third largest exporter of it—even though its rice costs twice as much to grow as it does in Thailand and Vietnam, the world's top rice exporters. This situation is made possible because of lavish state subsidies: in 2003, for example, the US government ploughed $1.3 billion into rice sector subsidies, supporting farmers to grow a crop that cost them $1.8 billion to produce. Between 2000 and 2003 it cost on average $415 to grow and mill one tonne of white rice in the US, but that was dumped on export markets for $274 per tonne, 34 per cent below its true cost of production. As Oxfam states, the 'real winner from this combination of subsidy bonanza in the US and rapid trade liberalization in developing countries is US agri-business' (ibid.).

To be remembered as a genuine development round, the Doha trade round will have to temper the global ambitions of US agri-business and design a fairer set of world trade rules. A new and fairer WTO Agreement on Agriculture could begin quite simply, in Oxfam's view, with the WTO clearly committing itself to its own negotiating text, which says that 'developing country members should be able to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies, food security, and livelihood concerns' (ibid.). Giving developing countries more autonomy over their domestic policy space, helping them to access developed country markets, and ending export dumping would herald a genuine shift to a fairer trade system.

In the absence of a fair trade *system*, the Fairtrade (FT) *label* helped to fill the vacuum. FT labelling was created in the Netherlands in the 1980s and FT products have managed to establish an identity for themselves in a relatively short space of time. A major organizational innovation came in 1997, when the Fairtrade Labelling Organization was formed to provide an independent international body to oversee the certification of FT products. Over 70 per cent of FT goods consist of food and drink products, mainly in the form of coffee, cocoa, bananas, and sugar. FT goods are now sold in seventeen countries and these are sourced from 360 production groups in forty countries, representing a total of 4.5 million growers and their families. Sales of FT products in the eighteen countries in which they are licensed are growing by roughly 20 per cent a year, and some of these products, such as coffee and bananas for example, are becoming mainstream products in conventional supermarkets.

The central goal of the FT label is to change international commercial relations in such a way that disadvantaged producers can increase their control over their own future by earning a fair return for their work and by having better working conditions. In short, the FT label helps to 'humanize' trade relations by making the 'producer–consumer chain as short as possible so that consumers become aware of the culture, identity, and conditions in which producers live' (Raynolds, 2003). The FT transaction is therefore much more than a conventional commercial transaction. Guillermo Vargas, a member of the Costa Rican Fairtrade coffee cooperative, emphasized this point during his European tour in 2002, by saying that 'when you buy Fairtrade you are supporting our democracy' (Morgan and Morley, 2002).

A more localized form of solidarity was injected into the FT campaign in 2000, when Garstang, a small town in the north of England, declared itself to be 'the world's first Fairtrade Town'. The move earned the town such positive publicity that it stimulated other areas to follow its example, with the result that more than 220 towns, cities, and smaller-scale zones had acquired Fairtrade status by early 2005. Five conditions have to be fulfilled before an area—be it a town, city, or zone—qualifies for Fairtrade status:

- the local council must pass a resolution supporting Fairtrade and serve FT tea and coffee at all its meetings;
- a range of FT products must be readily available in the area's shops, with targets set in relation to population;

- FT products must be used in local workplaces and community organizations, especially schools;
- the council must attract support from the local civil society for the FT campaign;
- an FT steering committee must be formed to sustain the commitment to Fairtrade goods. (Fairtrade Foundation, 2005)

One of the most remarkable aspects of the Garstang story is that the campaign to highlight the plight of primary producers abroad resonated with the campaign to help primary producers at home (see Box 5).

Although the FT label can never be a substitute for a fairer trade system, the rationale for FT-labelled products will not disappear if and when the WTO achieves a more equitable world trade regime. This is because the FT label seeks to address *development* issues—such as labour standards, ecological practices, and participative governance structures, for example—that might not be part of a new *trade* system.

One of the common threads running through these two dimensions of the new moral economy—human health and fair trade—is that they are led not by governments but by new social movements, notably consumer associations, development agencies, and environmental groups (Murdoch and Miele, 2004). In the case of health, we noted the erosion of public trust in the conventional food system, especially in Europe, with the result that consumers are beginning to place a higher premium on such attributes as the provenance of their food. This suggests that, contrary to the tacit assumptions of the agri-food literature, ethical and quality considerations are no longer confined to the alternative food sector.

If the health example signals a new relational reflexivity, with consumers concerned about their own well-being as well as that of their children, the fair trade case illustrates a very different sentiment, namely, a regard for the unknown and distant 'other'. Although the moral economy literature from Smith to Sayer notes that moral sentiments have a tendency to decline with distance, the diffusion of FT goods and the proliferation of Fairtrade Towns suggests that consumer–producer linkages can be a mechanism, however modest, to affirm international solidarity between a rich North and a poor South. Although the FT label is just one modest component of a fair trade system, it highlights issues that are pivotal to the new moral economy of international trade and development.

The growing concerns for human health and fair trade imply the need for a more robust regulatory approach to the agri-food sector, a very different prognosis from the neo-liberal concern for liberalization and deregulation. In both health and fair trade, powerful agri-business interests are demanding a lighter regulatory regime, creating new tensions within and between the conventional and ecological food systems, as we will see in the following sections.

Box 5: Garstang: the world's first Fairtrade Town

Garstang is a historic Lancashire market town with a population of just over 4,000 people. At a town public meeting in April 2000, the people of Garstang voted unanimously for Garstang to become 'the world's first Fairtrade Town'. The driving force behind this declaration was Garstang's small Oxfam Group, led by Bruce Crowther.

Early Campaigning

The Oxfam Group started campaigning on Fairtrade back in 1992, before the Fairtrade mark was even launched. It was not initially an easy task. In 1997 the group tried unsuccessfully to get Fairtrade products used in local cafés and restaurants. They also targeted churches, by giving a large catering tub of Fairtrade instant coffee to each of the six places of worship in Garstang and inviting them to order more. Three took up the offer. Later in 1997 a *Garstang Fairtrade Guide* was published, although at that time only five places in Garstang sold any Fairtrade products.

Making the Local Link

To try to persuade the remaining churches, schools, and traders to use and/or sell Fairtrade products, the group decided to organize a Fairtrade meal at a local restaurant during Fairtrade Fortnight 2000. However, they realized the local campaigning climate had changed. As Bruce Crowther explained, 'when I saw dairy farmers marching down Garstang High Street carrying a banner bearing the words 'We want a fair share of the bottle'. I realized that we could no longer continue campaigning on fair trade with developing countries, without the link to local farmers. They also want a fair price for their produce.' To highlight the relevance of fair trade to farmers around rural Garstang, the meal consisted of both local produce and Fairtrade products. The Mayor, head teachers, clergy, traders, and farmers' representatives were invited to the meal. The Mayor became interested in the Fairtrade campaign, the aim of which was now to get Garstang declared a Fairtrade Town, the first in the world.

Place, Power, and Provenance in the Conventional Food System

The conventional food system embraces some of the biggest names in the corporate universe—such as Monsanto and DuPont in food technology, Cargill and ConAgra in food processing, Nestlé and Unilever in food manufacturing, Wal-Mart and Carrefour in food retailing, and McDonald's and

Burger King in food service. Each of these firms constitutes a dense corporate network composed of its own multi-site facilities, multiple suppliers, and strategic partnerships, similar to the 'food clusters' we encountered in Ch. 3. In their different ways, many of these firms see the problems of diet-related disease as offering untapped opportunities for new product development, so much so that health, nutrition, and well-being are thought to offer the best growth prospects in the foreseeable future. Far from being the preserve of the alternative food chain, the health and well-being market is now being targeted by the very same food and drink companies that contributed to the problem of diet-related disease in the first place. Let us take three examples to illustrate this zeitgeist.

Although the majority of its products remain high in fat, sugar, and salt, PepsiCo was quicker than most of its rivals to recognize the market potential of a healthier product portfolio. The company recently introduced its own labelling system in the US to identify healthier products, using criteria set by an independent board of health experts. As a result, some 40 per cent of sales come from products designated with the green 'Smart Spot' given to healthier brands such as sugar-free cola, for example. While PepsiCo's new strategy is largely designed to pre-empt tougher regulation and anti-obesity litigation, the company insists that the new direction is good for business because, in the words of its chairman, Steve Reinemund, 'Smart Spot products grew at more than twice the rate of those without the designation last year, providing more than half the company's revenue growth' (J. Grant and Ward, 2005). To improve its health profile the company acquired two companies with strong 'nutritional images', namely Quaker Oats and Tropicana, which helped to offset the unhealthy image of Pepsi-Cola and Frito-Lay. At the same time, even Frito-Lay is seeking to change its image because, according to its new chief executive, 'one of the great untapped opportunities is to take a leadership role in health and wellness' (ibid).

Nestlé, the largest food company in the world, is thinking along similar lines. Foods with alleged medical benefits, otherwise known as 'functional foods' and 'nutraceuticals', are expected to be the biggest source of growth for the next twenty years. Peter Brabeck, its chief executive, confirmed this when he said that 'it is my conviction that the next value creation, and it will be huge, is going to be nutritional aspects. That is what allows you to ask 40 per cent more for a product' (Benady, 2005).

As a symbol of US-style globalization, and therefore an iconic target for anti-capitalist protesters around the world, McDonald's is perhaps the most controversial conversion to healthy product lines. Ever since its first corporate social responsibility report appeared in 2002, where it committed itself to minimizing ecological damage and improving animal welfare, McDonald's has sought to improve the nutritional image of its products. A combination of anti-obesity litigation, poor financial results, and the advent of more health-conscious consumers forced the company to rethink its strategy. In the biggest overhaul of its product lines in fifty years, the world's largest fast-food chain introduced a range of healthier products in Europe in 2004 as part of a new menu which was described as being 'more Mediterranean than Midwestern'. While launching the new menu, the head of its European operation, Denis Hennequin, bluntly declared that 'McDonald's must move beyond simply providing "convenience" and start catering to a real shift in awareness of the need for a well-balanced diet' (Johnson, 2004). Some European managers at McDonald's had been trying to reform the menu for years, to reduce salt levels, for example, but the company's headquarters in Illinois blocked them, fearing it would change the flavour of the company's core products. One frustrated UK manager complained that 'the Americans don't understand the pressure we are under from the health campaigners' (Revill, 2004).

No part of the food chain is more closely attuned to these market trends than the supermarkets, arguably the most powerful actors in the agri-food system today. As we saw in Ch. 3, the globalization of the supermarkets is a relatively new phenomenon. Belatedly, some supermarkets are 'going global' in two ways at once: first, their supply chains are becoming more globalized, as they seek to sidestep the seasons to offer year-round produce; second, to overcome sluggish markets at home they are seeking to exploit new growth markets abroad, particularly in the developing countries (Busch, 2004; Reardon et al., 2003). The world's top ten food retailers are shown in Table 7.1, which reveals that Wal-Mart, the number one in terms of turnover, comes way down the league table in terms of foreign sales, suggesting that it is still something of a novice in the globalization stakes.

It may be a latecomer on the global scene, but Wal-Mart is rapidly making up for lost time with an aggressive expansion programme around the world, especially in Latin America, Europe, Korea, and China. Some analysts predict that this is part of a new trend in which food retailing will polarize between global and local companies because:

> three forces are pushing the top retailers to further globalization: first, the growing sophistication of consumers; second, capital intensification to extract ever-tighter financial returns; and third, the need to get the best price from suppliers in order to stay competitive, *globally sourcing while appearing local.*
>
> (Lang and Heasman, 2004: 164, emphasis added)

The spatial effects of these new food retailing strategies will vary from one supermarket to another, depending on the particular mix of global/local sourcing they adopt in each national market. It will also depend on the kind of *qualities* the supermarket wants to embody, what significance it attaches to the *provenance* of its products, and what type of *consumers* it wishes to attract. This serves to reinforce our argument in Ch. 3, where we challenged the caricatured view of 'supermarkets' as homogenous entities selling standardized products. To illustrate this point in more detail it is

Table 7.1. The top ten food retailers in 2002

Rank	Company	Country	Turnover ($ m.)	No. of countries	Foreign sales (%)
1	Wal-Mart	US	180,787	10	17
2	Carrefour	Fr.	59,690	26	48
3	Kroger	US	49,000	1	0
4	Metro	Ger.	42,733	22	42
5	Ahold	Neth.	41,251	23	83
6	Albertson's	US	36,762	1	0
7	Rewe	Ger.	34,685	10	19
8	Ito Yok (incl. Seven Eleven)	Jap.	32,713	19	33
9	Safeway	US	31,977	3	11
10	Tesco	UK	31,812	9	13

Source: IGD (2002*b*).

worth examining two supermarket strategies, namely Wal-Mart and Waitrose, to show that place, provenance, and power can be mobilized in very different ways within the conventional sector.

From Price to Provenance: A Tale of Two Supermarkets

With 1.4 million employees, Wal-Mart's workforce is now larger than those of General Motors, Ford, General Electric, and IBM combined and, in revenue terms, it is the world's largest company. Its economies of scale are so vast and its macroeconomic effects so extensive, that Wal-Mart's social significance is compared to that of the Ford Motor Co. a hundred years ago. Since opening its first store in Rogers, Arkansas, in 1962, Wal-Mart has shown considerable dexterity in defining its core customers and catering to their needs, for example by providing products that appeal to low-income women. In retrospect, one of the best decisions of Wal-Mart's founder, Sam Walton, was to locate many of its earliest stores in towns with populations of fewer than 5,000 people, communities that were ignored by its rivals. This strategy gave Wal-Mart a near monopoly in its local markets and helped it to weather the recessions of the 1970s and 1980s more successfully than the likes of K-Mart and Sears, its larger competitors at that time (Head, 2004).

Wal-Mart's competitive strengths fall into two categories: its *technological* repertoire and its *social* repertoire. The technological repertoire is believed to have been one of the biggest drivers of US productivity growth in the second half of the 1990s. A study by the McKinsey Global Institute found that the organizational innovations pioneered by Wal-Mart were the key to the step change in productivity in general retailing between 1995 and 2000, and these included 'more extensive use of cross-docking (taking goods directly from factory to store) and better flow of goods/palleting; the use of better forecasting tools to better align staffing levels with demand; redefining store