

IMPLEMENTING AND MAINTAINING NEOLIBERAL AGRICULTURE IN AUSTRALIA.

PART II

STRATEGIES FOR SECURING NEOLIBERALISM

Bill Pritchard

School of Geosciences, University of Sydney

Introduction

The formal attachment to this [multilateral agricultural liberalisation] agenda has displayed a quality akin to religious fervour, unqualified by the details of experience (Jones 1994:1).

During the 1960s and 1970s there was a seismic shift in the intellectual environment of the discipline of agricultural economics in Australia. The discipline as a whole became more centred on the influence of the Chicago School paradigm, which emphasised the social benefits of free markets. By the 1980s, these views had inculcated key policy arenas within the Australian Government. In combination with a reformist Labour Party administration which sought to challenge the policy authority of National Party influence in rural affairs,¹ these perspectives gained centrality as a guiding vision for public policy interests in agriculture. The first instalment of this two-part series of articles (Pritchard, 2005a) detailed how, by the end of the 1990s, this intellectual juggernaut had radically transformed the relationships between the state and market within Australia's rural economy. In this article, attention is focused to the issue of how these policy prescriptions have been maintained and justified. Such a focus is extremely timely, coming approximately ten years after the formation of the WTO. The Australian Government's advocacy of market liberalisation in agriculture is extremely influential within that body. In her history of Australia and the world trading system, for example, Capling (2001:2) argues "Australia has wielded far more influence in multilateral trade institutions than is warranted by its size and power in the global economy". So what arguments have been used by the proponents of market liberalisation in Australian agriculture to have created these perspectives as a largely unchallenged ideology for Australian agricultural policy?

This article argues that the maintenance and justification of market liberal agriculture has been built upon three dominant characteristics within the Australian agricultural policy discourse. First, econometric modelling has been employed to build anticipations of future imminent wealth arising from the implementation of these policies. Second, policy analysts and mainstream agricultural economists have shown relatively little interest in debating the distributional outcomes of liberalisation, thus (advertently or inadvertently) creating policy silences over this entire set of questions. Finally, an absence of 'market distortions' has been developed to provide a normative benchmark for the preferred political relations between food, agriculture and society. The cumulative impact of these three discursive themes has been to normalise market liberalisation as 'apolitical', while at the same time constructing alternative policy visions as 'politically interventionist'.

¹ The National Party represents rural interests within the political coalition that constitutes the conservative side of Australia's two-party political divide.

In contextual terms, the focus in this article on examining the justificatory discourses of liberalisation builds upon recent literatures in the social sciences on policy discourse and its relationship to state action (Larner 2003; Larner and Le Heron 2002; Peck and Tickell 2002). Following Koc's (1994) comparable discussion of 'globalisation as a discourse' more than a decade ago, these literatures argue that an understanding of state policies must involve not just the analysis of material outcomes from particular actions, but the underlying ideologies and rationales that shape decision-making processes.

The messenger is the message: legitimising policy through the lens of econometric modelling

Fifteen years later, some of the farm groups question just whether the benefits were as great as expected (Perrett 2001:50). (Media commentary on the fifteenth anniversary of the launch of the Uruguay Round.)

Australia's decision to unilaterally liberalise agriculture during the 1980s and 1990s reverberates across national agricultural policy discourse. By 'going alone' ahead of the normal bounds of reciprocity in trade relations, policy makers in Australia anticipated they would be setting an example upon which the rest of the world would see merit and follow. However, the intervening years have not witnessed the liberalisation of agricultural trade to the degree earlier anticipated, leaving Australian policy makers with few 'policy levers' to assist the domestic farm sector and an international trade policy environment that diverges considerably from the free trade model. This dilemma has generated the need for a *culture of expectation* to infuse policy discourse. Because there is minimal evidence of the benefits accruing to Australia from 'going alone', the focus of policy discourse necessarily has emphasised an allegedly forthcoming economic windfall to farmers from the supposedly 'brave' position Australia has taken.

The ballast for this policy discourse has been a heavy weight of reports and publications on the merits of trade liberalisation. Since 1996, economic and trade agencies of the Australian Government have published over 100 research documents advocating trade liberalisation in agriculture. A number of these documents have been published in multilingual formats reflecting Australia's attempt to gain high moral ground as world leader of the trade liberalisation project. Their common critique is summed up most memorably by Reason versus Emotion (Stoekel and Corbet 1999), an edited collection of like-minded studies into global trade reform. As suggested explicitly in its title, this publication suggests that the trade policy choice is between the supposed rational logic of multilateralism, and ill-informed 'emotionalism'. In another instance, in 1998 the Minister for Trade initiated a Parliamentary inquiry into trade liberalisation but gave terms of reference for Committee members to investigate the "benefits"—not the "impacts"—of these policies. Oddly in the face of a veritable avalanche of funded research in this area, a key conclusion from that Inquiry was that trade liberalisation had not been 'sold' by the Government strongly enough (Pritchard 2000).

Caught within the pincers of a deregulated economy and the failure of the rest of the world to follow suit, it is not surprising that the Australian Government has taken pains to play its only policy card. However of more pressing relevance to the topic of this article is the question of whether it has been over-played.

At face value there appear entirely legitimate national interest grounds for advocating agricultural trade liberalisation. It is widely accepted in Australia that agricultural trade liberalisation has and will generate substantial national economic gains. This popular wisdom is built from the commonsensical proposition that if other countries liberalise their agricultural import regimes or stop subsidising their own farmers, then Australian producers will be able to sell more product. However like many pieces of popular wisdom, the narrative in its simplest sense obscures a more complex reality. Closer investigation

reveals a discrepancy between the forecast sizes of national benefits that would flow to Australia from agricultural liberalisation, compared to what their centrality to policy might suggest.

Successive Trade Ministers and bureaucratic agencies ‘play the liberalisation card’ through their energetic citation of dollar value estimates of the size of national benefits Australia will gain through these policies. Mostly these estimates originate from analysis that uses ABARE’s Global Trade and Environment Model (GTEM), a computable general equilibrium model (DFAT 2001a:163). Based on this approach, the Australian Government has argued that a halving of all forms of trade protection would generate global economic gains of US\$400 billion, with US\$90 billion of this being generated from agriculture (DFAT 1999: iv). In the contemporary Australian context, the use of GTEM has allowed the Australian Government to assert that if the Cairns Group proposal to the Doha Round is accepted, Australian gross national product will increase by AUD\$2.1 billion per year by the year 2010 (Andrews et al. 2003:258).

A striking discursive strategy that accompanies the citation of these estimates across many Government publications is that these dollar value estimates tend to be quoted in isolation and as authoritative. With reference to the former, very rarely are dollar estimates put into context. For example, the suggestion that world GDP could be enlarged by US\$90 billion from agricultural liberalisation seems superficially impressive, but consideration needs to be given of the denominator (i.e., “US\$90 billion of what?”). World GDP currently exceeds US\$30,000 billion. Therefore, expressed as a percentage of world GDP, agricultural trade liberalisation might be expected to generate (an upper bound) boost to the global economy of approximately 0.3%. Similarly, the estimated AUD\$2.1 billion boost to the Australian economy from the Cairns Group position being adopted in the Doha Round translates to an anticipated improvement to GDP of less than 0.24% in 2010. As suggested by Thurow (1996:132) when discussing a comparable situation, such gains “are so small that they are within rounding error—no one will ever know whether they really existed or not”. Furthermore, the considerable investment made by the Australian Government in generating the computational and technical expertise to make these kinds of forecasts is not matched by comparable investment in the analysis of distributional impacts arising from anticipated changes. This is discussed in greater detail in the following section, but for the moment it should be noted that national wellbeing is calibrated simplistically with the maximisation of GDP, with no explicit regard to the question of who might benefit; nor what environmental resources might need to be employed or exploited in order to achieve those gains.

A related issue here is the assumption that ABARE’s forecasted estimates amount to an authoritative and accurate account on which policy can be set. The econometric modeling profession is oriented to an ex-ante (forward looking) frame of reference, with a somewhat weaker focus on ex post validation of results. Yet when comparative ex-post assessment is undertaken, the inconsistencies and contradictions within models are exposed. In an important study that considers the utility of nine econometric models seeking to forecast the outcomes for developing nations from the Uruguay Round, it is concluded:

If as a developing country negotiator, one wanted to draw upon the model results [undertaken during the Uruguay Round] to support or help frame a negotiating position for the next round, seemingly there is support for almost anything one wanted to argue. The gains to developing nations could be large or small; agriculture could be the most important issue, or it could be services. Impacts on individual countries could be positive or negative, large or small (Whalley 2000:1-2).

Evidently, the veracity of economic models is only as good as the assumptions on which they depend. But because critical debate on these issues (to the extent that this exists) is technically complex and

imbued with mathematical language, these issues are largely impenetrable for media commentators, trade sceptics and the general public. Consequently, debate on economic models has largely escaped serious policy review and contestation within the Australian polity. (A notable exception being during the Senate debate on the Australia-US Free Trade Agreement in 2004, when two different models produced vastly different conclusions and the legitimacy of the economic defence of the Agreement hung on the question of ‘which model was correct’.) This has led to the situation where the politics of justifying an entire field of public policy in Australia is reduced to an assumed and uncontested status as demonstrably in ‘the national interest’, with impressive dollar value signifiers of this placed strategically within the ‘sound bites’ of politicians’ media engagements.

Considered more generally, the way that Australian agricultural policies have been legitimated by econometric models reflects the tendency towards a narrowing of bureaucratic discourse towards more technical and abstracted conceptions of ‘the national interest’ or ‘the public good’. The emphasis on these abstracted notions underscores the role of ‘global imaginaries’ (Larner and Le Heron 2002) in neoliberalism; ideal end-states upon which policy visions are anchored. Writing with regards to the comparable set of processes that justified National Competition Policy, Morgan (2003:109) argues that the interest groups that tend to extract most benefit from NCP bureaucracies were those that “had access to the technical and intellectual expertise that allowed them to perform the job of ‘translating’ their aspirations into the language and techniques of the presently dominant paradigm”. Econometric modeling is therefore a justificatory discourse with great strategic relevance for the maintenance of Australia’s neoliberal agricultural policies. Its ‘black box’ of impenetrability gives authority to its results, which are presented in absolute terms and in isolation. The significance of econometric modeling, therefore, is exaggerated and de-contextualised, with ‘the national interest’ presented as a dollar value separated from the politics from which it is assumed to derive.

Silences on the social implications of policy

Fundamental to the Australian Government’s ability to persuasively advance the cause of agricultural trade liberalisation at a global level is the perception that these same policies have been successful domestically. In this regard, there is profound importance in examining the record of Australian agriculture over recent decades, and how this has been incorporated into policy discourses within Government.

Over the past 50 years Australia’s total agricultural production has risen steadily, but the number of farms has declined progressively, by about 1.3% per year (Lawrence and Gray 2000:38). Family structures continue to provide the ownership vehicles for 98% of farms (Garnaut and Lim-Applegate 1998) however there is considerable debate as to whether family farming can continue to survive. During the 1990s, approximately 80% of Australian broadacre agriculture was unprofitable (Robertson 1997), and in 1994-95 the sale of farm products accounted for only 37% of farm families’ income, with the remainder coming from off-farm activities or non-traditional uses of farm land (for example, farm tourism) (Lawrence and Gray 2000:39). Therefore:

The divide between the well-off 20% and the rest is marked. Farms with incomes in the lowest 20% are living in poverty and the middle [approximate] 50% are using pluriactivity [income from non-farming sources] to survive (Alston 2004:41).

The social realities of Australian farm restructuring documented by rural sociologists and geographers however tend to struggle to find space within the dominant account of agricultural change authored within the Canberra bureaucracy. Of course to some extent there is a natural inclination for Governments of any persuasion to de-emphasise negative social impacts within society. However under the influence of neoliberalism, this lack of regard goes further and takes on strategic meaning. Firstly,

there is a philosophical disinterest within neoliberalism over social costs and distributional issues in general because, as far as neoliberal theory is concerned, self-correcting markets will address those issues over time. Second, there is a dominant ideological-political view that efficiency and equity are separate policies fields, and that the former should be given priority. This is captured by Morgan's (2003:6) observation that contemporary mainstream political dialogue "increasingly consists of arguments about which means will most effectively achieve a shared goal of increasing growth and productivity", as opposed to wider framings of the 'national interest'. The general tenor through which this discourse usually runs is that the efficiency gains to the national economy allegedly made possible through liberal market rationalities will boost national income and thus offer more potential scope for Governments to address any so-called 'distributional costs'. Given the institutional divisions within the bureaucracy however, the policy advocates usually making these claims are rarely the same ones responsible for advocating or implementing 'distributional' policies. This reflects a separation between the 'efficiency logics' that dominate the more insular central agency and economic portfolios, and the more holistic perspectives that tend to find favour in service portfolios. As Thurow (1996:69) comments with regards to the theory of comparative advantage:

... the theory holds is that those who gain from international trade receive enough extra income from their activities that they could compensate those who lose when international trade commences. If that compensation isn't actually paid (and it almost never is), then those who lose are quite rational to oppose international trade.

With regards to these issues, it is sometimes questionable whether the mainstream advocates of liberalisation connect the politics of trade liberalisation with the grounded socio-economic conditions facing farm families. The neoliberal consensus would seem to be that family farming should persist only to the extent that it is sustained by the market, and the primary role of Government should be to ensure that liberal market conditions are upheld. This perspective is consistent with a pervasive attitude in ABARE research outputs that interprets unequal financial performance in Australian farming solely within the lens of 'efficiency' considerations. A recent discussion of these issues by ABARE blankly stated that "there are no economic reasons" to believe that the substantial consolidation of agricultural production into a fewer number of larger economic units will not continue, without any recognition of the social implications that may follow from this conclusion (Hooper et al. 2002:500). Moreover, when these implications *are* acknowledged, the advice tends to be brutal. In 1998 the Executive Director of ABARE simply suggested that family farmers facing financial hardship should obtain welfare and counselling, and then sell their farms (Gray and Lawrence 2001:39).

Close examination of commentary from ABARE regarding the beef industry exemplifies the tendency to 'write out' the social and distributional implications of policy. In ABARE's 2003 beef survey (Gleeson et al. 2003:40), data is presented that indicates that large beef farm properties generate financial rates of return that are considerably higher than small properties; that the difference in rates of return between small and large properties is getting wider, and that the vast majority of properties with herds less than 1,000 cattle have received a zero or negative rate of return in most years of the past decade. At face value these data would appear to carry profoundly important implications. They show that despite a massive growth in Australian beef exports since the 1980s, most beef farmers have faced considerable financial difficulties, and this is being reflected in a gradual evolution towards an industry dominated increasingly by large (often corporate-owned) properties. For evidence-based social scientists seeking to 'join the dots' linking social/economic performance and policy, the obvious implication arising from ABARE's data is that the social and economic vulnerabilities of smaller beef properties have magnified precisely at a time when the industry has trumpeted an impressive expansion based pivotally on trade liberalisation decisions in Japan, Korea and, to a lesser extent, the US. Applying this

logic to current policy settings leads to the conclusion that more liberalisation may be a misplaced or even counter-productive strategy for improving the fortunes of the 96% of specialist beef properties in Australia with herds of less than 1,000 cattle.

Yet the ABARE authors of the report fail to acknowledge these implications, and indeed, normalise the results within efficiency considerations. Their discussion of the data suggests:

In the beef sector, as in most agricultural industries, there is a strong link between property size (measured here as herd size) and rate of return. In most years, properties with large herd sizes generate higher rates of return than smaller properties. Low rates of return for small specialist beef properties are partly a consequence of their location in closer settled areas where property values per hectare are high, where there is greater emphasis on the 'lifestyle' aspects of farming and where there is greater accessibility to off-farm employment (Gleeson et al. 2003:40).

For the substantive arguments of this article, this text is illuminating for both its emphases and silences. Firstly, it under-emphasises and normalises the outcomes revealed by the relevant statistical data. Larger properties are said to receive higher returns “[I]n most years” (when in fact, this is a long-term structural condition of the industry) and the low rates of return for smaller properties are explained through recourse to social processes (‘lifestyle’, ‘access to off-farm work’, etc). The ABARE authors introduce these sociological explanations with no supporting evidence or interpretation whatsoever. It implies a causality such that the availability of off-farm work leads to the situation where farm families on smaller beef properties ‘can get by’ with lower rates of return, and hence it is of no cause for concern. However, the direction of this causality can be disputed: perhaps off-farm work has proven necessary *because* of low rates of return in farming. An extensive literature on farm families, pluriactivity and women in farming suggests a range of hypotheses about these relationships (Alston 2004; Argent 1999; Special Issues of *Sociologia Ruralis* 38(3), 1998; *Rural Society* 8(3), 1998). Palpably, the ABARE authors resort to this shorthand and unsubstantiated sociological explanation as justificatory window-dressing to avert attention from the reality that Australian agriculture is systematically generating highly uneven economic outcomes.

Inevitably, most of the purported benefits from global beef sector liberalisation will flow to a minority of larger-scale interests. In an environment where a minority of larger producers account for a majority of output, *ceteris paribus* they will receive the lion’s share of any benefits from trade liberalisation. However, a central characteristic of ABARE’s discourse around these issues is to ensure that these distributional issues are not given prominence.² For example, in a recent article that seeks to document the gains to agriculture from trade liberalisation, ABARE notes that the net cash income for the ‘average beef farm’ would be anticipated to increase by AUD\$8,200 annually from the year 2010, if the Cairns Group Doha Round proposal is accepted (Andrews et al. 2003:258). However as indicated above, bifurcation in the Australian beef industry between large-scale properties and ‘others’ renders the concept of ‘the average farm’ as an increasingly mythological concept. Evidently, ABARE cultivates the faux-egalitarian (“Dad and Dave”) construct of ‘the average farm’ in order to present trade liberalisation as having ‘national’ and not sectional benefits. By way of contrast, simple extrapolation of ABARE’s own data suggests that if the gains to liberalisation are spread equally across the Australian beef sector (which, as discussed immediately below, is a doubtful proposition in any case), then the net cash incomes of corporate-owned beef farms might be expected to increase by \$145,573 each; the average net

² In contrast to its discussion of EU and US agricultural subsidies, as discussed below, where for reasons of political strategy these same issues are given prominence.

cash incomes of the top 10% of family-owned beef farms would increase by \$25,712; and the net cash incomes of 'all other' beef farms might be expected to increase by just \$3,204.³

But moreover, it is probable that any gains from trade liberalisation would be skewed across the beef industry to an even greater degree than suggested above. Neoliberal analysts tend to present arguments about the benefits from trade liberalisation utilising assumptions of scale-neutrality; that it works independently from structural changes in industries so that increased market opportunities offered by trade reform will assist all producers equally. One recently published ABARE paper expresses this perspective in the following way:

When discussing the likely impact of trade reforms, it is important to note that any permanent or sustained increase in farm gate returns will lead to resources shifting into agricultural production from other sectors. At the same time, the number and structure of agricultural enterprises in Australia will continue to be influenced by other factors, including technology change, economic growth and incomes in other sectors and lifestyle choices. However, in general, sustained higher and more stable farm gate prices in Australia brought about by agricultural trade reforms will lead to higher and more stable farm incomes. This will clearly be beneficial to agricultural producers, along with rural communities more generally (Sheales and McDonald 2003:7–8).⁴

But this assumption glosses over the reality of how industries adjust to changing circumstances. In the contemporary context, it is more than likely that increased export opportunities in Australian agriculture would not be scale-neutral in their effects, but would provide proportionately greater advantages to larger and more sophisticated participants better able to capture market advantages. This is evidenced strongly in recent research on the broadly comparable case of supermarket-led agricultural restructuring (Reardon and Berdegue 2002) and moreover, has been apparent in the Australian beef industry itself, where increased export opportunities to Japan in the early 1990s arising from trade liberalisation were accompanied by considerable industry concentration and the emergence of new supply chain mechanisms based around the tight vertical coordination of large-scale producers (Pritchard 2005b). It would seem that neoliberal analysts choose not to address these issues for a combination of ideological and strategic rationales. Ideologically, the recognition of these dynamics would fly in the face of their predilection to assume competitive behaviour in markets and to downplay the institutional realities of market power, information asymmetry, and the possibilities of firms to use international size and scope as elements of competitive advantage. Strategically, the dominant neoliberal mainstream would seem to not wish discussion of these issues because they would complicate the cultivated narrative about trade liberalisation being consistent with the 'national interest'. Effectively, neoliberal analysis as practiced by the Australian Government skirts around the entire issue of who benefits from trade liberalization and how.

This neglect of distributional issues within Australian agriculture is all the more striking, moreover, because of the Australian Government's explicit interest in documenting such issues in other countries. A key plank of the dominant research paradigm in support of agricultural liberalisation has been to document the distributional impacts of agricultural support policies in Europe, the US and Japan (Podbury 2000). Not surprisingly, research projects funded by the Australian Government tend to conclude that these policies are ineffective in their goals (although Pritchard and Burch (2003:163–64)

³ These calculations are based on the fact that ABARE's estimate is that 'average farms' would see an increase of \$8,200 on a net cash income of \$70,900 (Andrews et al. 2003:258). This ratio of gain is extrapolated to average net cash incomes for each of the three categories of farms cited, based on data in Gleeson et al. 2003:41) for the period 1999-2002.

⁴ These same words are repeated identically in another ABARE publication: Andrews et al. (2003:258).

dispute this for the European case). Evidently, the international politics of liberalisation would seem to encourage the distributional implications of policy to be silenced in the domestic context, but underlined for calculated strategic purpose in other contexts.

Defining the politics of food, agriculture and society through the conception of ‘market distortions’

If Australia’s agricultural policy discourse is to be believed, the fundamental issue at hand for world agriculture is a choice between the adoption of ‘market distorting’ and ‘market liberal’ policies. A common refrain within Australian agricultural policy discourse is how the ‘market distorting’ policies of other countries represent political interventions that deny more prosperous national futures.

But what is a ‘market distortion’? Neoliberal economists calibrate such measures against the assumption of a free market equilibrium that would evolve in the absence of ‘distortions’. However, what is missing from this conception is recognition that all markets are necessarily embedded in political and social formations. Following the vein of institutional approaches in economics and sociology, the abstraction of markets from their grounded contexts denies the concrete realities of social life. Ultimately, the operation of markets depends on politically enacted relationships between markets and citizenship. Laws on the abolition of slavery and child labour, seen from particular perspectives, might be regarded as ‘market distortions’, as do restrictions on immigration and regulations on food safety. Hence, the concept of ‘market distortions’ is political. It is bereft of meaning outside of the political assumptions on which it is constructed.

In the case at hand, the Australian Government has strategically sought to construct a version of the concept of ‘market distortions’ that fits its own trade interests. Fundamental to this agenda has been an attempt to gain widespread acceptance of a ‘minimalist’ definition that gives attenuated regard for the sovereign rights of other countries to determine national specific formulations of the relationships between agriculture, food and society. To pursue this agenda, Australia has been a strong advocate for the WTO to measure ‘market distortions’ on an ongoing basis. The genesis of this agenda can be traced to 1983 at least, when the Director-General of the GATT formed a seven-person committee proposing “international surveillance” of countries’ trade policies (Spriggs 1990:57). Following this initiative, an Australian team of economists proposed a similar set of ideas in 1987, at the outset of the Uruguay Round. That committee argued that such an international project should be modelled on Australia’s Industries Assistance Commission (IAC, the fore-runner of the Productivity Commission) (Spriggs 1990:59). Over time, these ideas fermented into the WTO’s Trade Policy Review Mechanism (TPRM). Australia exercised an integral role in the formation of the TPRM, which now regularly reviews individual countries’ performances in liberalising trade. Analysis of a country’s performance against the criteria of the TPRM carries no sanctions, but has an important role in ‘public shaming’ (Morgan 2003:28) that reinforces the terms of global trade discourse in favour of Australia’s interests. Former members of Australia’s Productivity Commission provided an initial corpus of professional staff expertise within the TPRM, and the body used the Productivity Commission’s procedures as a template (Morgan 2003:11). Broadly, the development of the TPRM provides a mirror reflection on the international stage of the (domestic) processes described in Pritchard (2005). The explicit politics of this agenda are described bluntly in a recent policy document for the Australian Government authored by a leading economist, formerly of ABARE but now with a private-sector think-tank, who advocates a wider and more formal role for the TPRM on account of two reasons:

The first is to include economy-wide analysis of the costs and benefits of the trade policy measures of the country under review. The second is to change the review process ... The main element of this... [recommendation] is an open, independent and

*transparent analysis, repeated systematically on a regular basis in each of the capitals of members countries. Economy-wide analysis **combined** with due process changes the **politics of protection**. It makes sense — it is basic good governance — and it has been shown to work in securing trade liberalisation in other countries (Stoekel 2004:xiii) (emphasis in original).*

Yet a profound irony circumscribes the Australian agricultural trade policy agenda in this regard. To the outside world, the Australian Government likes to promote the impression it is a full and consistent supporter of the market regulation of agriculture. To domestic audiences however, the maintenance of policy requires that slightly different signals are sent out. Perhaps sending out different messages to different audiences is all part and parcel of trade policy. Nevertheless, the contradictions within these stances deserve exposure. Of particular note, although the Australian Government's overarching approach to agricultural policy is heavily laden with neo-liberal ideology, it still intervenes opportunistically in order to satisfy particular political agendas.

This capacity was illustrated most obviously in the 2004 assistance package for the sugar industry. Significant quantities of sugar cane are grown in tropical and sub-tropical coastal areas of eastern Australia. For a number of years, farmers in this industry have faced difficult economic conditions. During the 1990s, the Australian Government implemented reforms that liberalised the Australian sugar market, so that domestic prices were equivalent to the world market price. However, because of extensive subsidisation by the US and EU, world market prices in the sugar sector are extremely low, and have fallen by about 50% since the early 1990s (Garnaut 2004). Consistent with the general character of Australian agriculture, the Government eliminated all economic support for the sector, but at the same time, argued that global trade reform in the sugar sector was close at hand, and this would lead to improved international market conditions and thus revive their economic fortunes. To this end, in 2003 when bilateral trade negotiations commenced with the US towards an Australia-US Free Trade Agreement, the Australian Government lobbied strongly for a comprehensive deal that would provide Australian sugar producers with significant US market access. (The US sugar market is heavily protected via producer subsidies and border restrictions.)

However, this strategy failed. The Agreement concluded in early 2004 provided no preferential market access for Australian sugar, and this provoked massive protest from Australian sugar producers. Critically for the Australian Government, this occurred in a Federal election year in a context where the Government's re-election chances were perceived to hinge on its ability to retain seven electorates with significant numbers of sugar farmers. Consequently, in April 2004 the Australian Government announced a sugar industry assistance package worth AUD\$444 million, equating to approximately AUD\$67,000 per sugar farm and also including assistance to sugar mills to improve their sustainability and funding for projects to develop new markets for sugar. Furthermore, this package came after three previous packages during the past decade, that together were worth AUD\$202 million (Gordon 2004).

Of course the Australian Government's largesse with regards to sugar producers is exactly the same kind of policy that, if implemented in the US, EU or Japan, would have elicited a storm of accusation. In this respect, the only defence offered by the Australian Government is that the package was WTO compliant. In practice however, this was achieved through the micro-scale legal detail of the package, as opposed to its basic intent. The Australian Government structured its assistance payments to sugar farmers on the basis of each farmer's previous three years of production. Through this mechanism, payments were technically de-coupled from current production levels, thus providing no incentive for farmers to increase production and hence run foul of WTO Agreements (Ludlow with AAP 2004).

Yet while the sugar package appears to remain WTO compliant, it is obviously inconsistent with the philosophical spirit of neoliberalism that Australia adopts more generally. A useful comparison is

Australia's 'technically legal' sugar package and its response when, in 2003, Japan used provisions of the WTO Safeguards Agreement to increase beef tariffs from 38.5% to 50%. On that later occasion, the Australian Government begrudgingly accepted Japan's legal right to this policy, however placed significant diplomatic pressure on her to reconsider. The Australian Government argued that Japan was acting within the letter, but not the spirit, of the WTO. According to the Australian Minister for Trade: "We will be doing everything we possibly can to convince the Japanese government that this is not fair" (House of Representatives 2003:11254). This, of course is a very curious definition of 'fairness'. If Australia is to criticise other countries' protectionist policies—even when they are consistent with WTO Agreements—moral equivalence should suggest that it desists from policies themselves that might be within the letter, but not the spirit, of WTO Agreements.

This inconsistency also brings into focus another aspect of the persistence of Australian agriculture resting on the vision of multilateral liberalisation. For the US, sugar is a politically strategic commodity. This is true both of domestic politics—in the 2004 Presidential election year, the economic health of the industry was seen as vital for President Bush's ability to "retain" Florida—and international politics. Not coincidentally, just a few months after rejecting Australia's claim for special access into the US sugar market, the US offered considerable market access concessions to a host of developing countries in the context of upcoming WTO talks to restart the Doha Round, previously stalled following the collapse of the Cancun Ministerial in September 2003. Granting special access to Australia would have limited America's scope to offer this "sugar-coated bait" (Sharma 2004) and thus win over the support of key developing countries.

Although the most visible of such initiatives, the 2004 sugar package nevertheless represents the tip of an iceberg of agricultural policy practices that, if pursued by other countries, in all probability would be pilloried by the Australian agricultural trade policy mainstream for their alleged 'market distorting' nature. First, since 1992 the Australian Government has operated a set of policies aiming to facilitate agri-food exports under the heading of the *Agri-Food Strategy* (1992-96), the *Supermarket to Asia* (1996-2001) and the *National Food Industry Strategy* (2002 onwards). Given the nature of Australia's two-party democracy and the political importance of marginal electoral seats in many rural areas, these programs can be understood as responding to a political motivation for the Australian Government 'to be seen to be doing something' to assist Australian agri-food exporters (Pritchard 1999). Broadly under the terms of these successive programs, Government funds are available upon application to assist would-be exporters to develop marketing plans, undertake overseas trade studies, develop supply chain coordination, and to develop export 'readiness'. The current *National Food Industry Strategy* appropriates AUD\$102.5 million over five years in funding for these purposes. Many of these programs skirt a fine line in complying with Australia's WTO commitments (which prohibit subsidies being made under particular defined headings), and it is understood that various initiatives under these successive programs have been required to seek detailed legal advice from the Attorney-General on their WTO compliance.

Biosecurity is another key area that problematises Australia's advocacy of neoliberal agricultural policies. Australia is a biophysically-isolated island continent with a rich and diverse fauna and flora. For this reason, it has invested considerable financial and legal resources to establish a comprehensive quarantine regime. Under the Sanitary and Phytosanitary (SPS) Agreement of the WTO, such arrangements are allowable only to the extent that they are based on the rule of science. However, international disagreement over what is considered to be scientific rationality has opened Australia's quarantine system to litigious challenge. In a succession of cases (salmon imports from Canada; apple imports from New Zealand; banana imports from the Philippines), Australia has been required to justify the ongoing existence of quarantine measures (and in the case of Canadian salmon, these measures were

found to be in breach of WTO obligations). This exposes an obvious policy tension between, on the one hand, advocating agricultural liberalisation and, on the other, maintaining the importance of restricting imports because of biosecurity.

Moreover, this challenge is rendered difficult because the SPS Agreement is imprecise in relevant sections. The Agreement indicates that restrictions cannot be maintained ‘without sufficient scientific evidence’ (SPS Article 2.2) but scientific considerations are not necessarily subject to definitive conclusion. Moreover, Governments have considerable freedoms in determining what is to be regarded as an ‘acceptable’ risk; it might be that for in a particular case, zero risk is deemed appropriate. Evidently, the concept of what level of risk Governments should adhere to is not reducible to black and white scientific assessment.

This ambiguity poses a real dilemma for Australian trade negotiators. Under a different set of circumstances, the biological and environmental uniqueness of the island-continent presumably would lead Australia towards an expansive definition of biosecurity acceptability, which was malleable and sensitive to national circumstances. Yet to be consistent with the overarching role of neoliberalism as a ‘meta-regulation’ for trade policy positions, Australia seeks to construct increasingly narrow conceptions of acceptable risk. An example of how these tensions translate into a cascading set of contradictory policy discourses is illustrated in the following quote from DFAT, which suggests (i) that minimalist, ‘science-based’ risk methodologies are not political but other approaches are; (ii) that ‘environmental’ considerations are ‘subjective’ and non-scientific, and (iii) that political decisions over environment, society and culture, rooted in national sovereignties, have no place in world trade:

*[I]t seems clear that [the EU’s] objective is to inject social and cultural factors into the process of risk assessment and risk management, turning the decision-making process into a ‘political appraisal’. Clearly, acceptance of the EU’s proposal on precaution could have potentially very wide-ranging policy consequences for Australian interests. [The EU perspective] could dilute the notion of risk assessment, moving it away from a focus on science to non-scientific factors. This could conceivably lead to future negotiations on agriculture being not so much about market opening, but more about the extent to which environmental **and other subjective**, non-scientific factors should dictate world trade (DFAT 2001b) (emphasis added).*

Conclusion

As way of summation, it is pertinent to observe that Australia’s political and economic history provided a fertile soil for *a particular kind* of agricultural politics to flourish. Compared with much of the rest of the world, the relationships between food, agriculture and society in Australia can be said to have been *exceptional*. The country was colonised by the British with an explicit objective to become an agricultural export platform. This dependence on the British market, in turn, was related to the enactment of the ‘Corn Laws’ which liberalised British domestic agriculture, and therefore, agricultural development in Australia has always been a highly industrialised, capitalist operation. Correspondingly, Australian Governments have viewed rural landscapes mainly in terms of their productive capacities, and have constructed agricultural policies almost wholly through the prism of international competitiveness. This represents a quite unsophisticated policy framework compared with how most countries of the world have constructed the political relationships between food, agriculture and citizenship. It is profoundly ironic, therefore, that Australia’s agricultural exceptionism has provided an alleged blueprint for the rest of the world. Without a nuanced appreciation of the complexities of food,

agriculture and citizenship in particular sovereign spaces (whether this be the role of rice in Japanese national identity or the cultural centrality of village community life in Europe), Australian policy makers rely on a stylised and ultimately partial set of perspectives from which they construct new global imaginaries that understand the politics of food solely as a market relation.

Fundamentally, this article and its predecessor have been prompted by political concerns relating to the focus and direction of mainstream agricultural analysis in Australia. A stark dichotomy exists between the tendency of much agricultural economic analysis to celebrate the efficiency of Australian agriculture, and the disclosure by many social scientific studies of considerable economic deprivation and social problems in rural Australia. Economic analyses that conclude rural producers will be better off in liberalised market conditions appear *prima facie* at odds with the robust opposition to these reforms by many rural producers (Pritchard 2000). This article does not argue against liberal market agriculture *per se*, but suggests that neo-liberal theory has considerable (and at times, exclusionary) purchase within Australian agricultural policy institutions, with the effect of encouraging exaggerated interpretations of the benefits of these policies based on political-ideological renditions of what constitutes the ‘national interest’. The legitimising, triumphal and non-critical terms of this debate ultimately narrows Australia’s policy options and delimits public debate. This article has sought to compile arguments in favour of a more pluralist and inclusive debate on agricultural policy in Australia, by exploring the basis upon which currently dominant mainstream perspectives have been developed and are maintained. As suggested by Margaret Alston:

A move away from neo-liberal market mantra appears necessary to ensure a viable future for rural people and rural communities. In making this move, it may be necessary for Australia to refocus its response to WTO rhetoric by incorporating support for regional areas into its policy initiatives (Alston 2004:44).

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