

Governing the Boundaries of Viability: Economic Expertise and the Production of the ‘Low-Income Farm Problem’ in Australia

Abstract

In the last thirty-five years, the economic viability of farmers both in Australia and internationally has assumed increasing political prominence with governments seeking to restructure agricultural industries. With reference to Australia, it has been argued increasingly by politicians, economists and farm organisations that some farmers have little prospect of survival, and require government assistance to exit the industry in the claimed interests of improved national productivity. However, viability has not always been governed in this way. In fact, the categorisation of farmers on the basis of their capacity to earn an ‘adequate’ income emerged only in the late-1960s. Through an examination of the emergence, from 1967 to 1971, of ‘low-income’ farms as a national problem, this paper shows how ‘problems’ of restructuring are constituted discursively as objects of knowledge. Applying a Foucauldian-inspired genealogy of government, I reconstruct the authorities and forms of knowledge through which a low-income problem was constituted and assembled in a knowable form. Of particular significance in this paper is how economic expertise assumed prominence as key authorities in constituting previous collectivist forms of assistance as irrational, and in linking the future viability of Australian agriculture to the theories and practices of agricultural economists.

Introduction

The productivity and efficiency of farmers has assumed increasing significance on the political agenda of many Western nations since the late-1960s. Issues such as the globalisation of production, the emergence of global regulation, the substitution of labour with capital, changes in consumption patterns, and the declining contribution of agriculture to national GNP have all contributed to an increased international concern with the restructuring of agricultural industries (see Marsden, Lowe and Whatmore 1990; Marsden 1992; Le Heron 1993; Bonanno, Busch, Friedland, Gouveia and Mingione 1994; McMichael 1994; Marsden and Arce 1995; Goodman and Watts 1997). Applied specifically to the Australian context, agricultural restructuring has been pursued vigorously since the early 1970s (see Lawrence 1987; Burch, Rickson and Lawrence 1996; Burch, Lawrence and Goss 1999; Higgins 1999; Higgins and Lockie 2001). Economic changes at both the international and national level have raised questions among economists, farm organisations and state agencies

concerning the capacity of some farmers to be able to earn an adequate income, and thereby contribute to national productivity.

The emergence in Australia of a political agenda for restructuring provides the focus for this article. It is not my intention to provide a detailed historical analysis of the various programs, institutions or forces that have sought to shape farming industries. Rather, I examine a brief, yet crucial, period in Australian history (1967-1971) in which attempts were made to 'restructure' agricultural industries. An analysis of agricultural restructuring in this temporal period is significant for two interrelated reasons. First, it marked a fundamental historical shift in how farm viability was both reflected upon and governed as a political problem. From this period, 'reconstruction' and 'adjustment' became the key objectives for managing agricultural change (Higgins 1999). Government programs were implemented from 1970 to encourage so-called 'unviable' farmers to exit the industry, while providing incentives for remaining producers to improve their productivity. Second, from the late-1960s, the emerging sub-discipline of agricultural economics assumed increased authority in speaking 'truthfully' concerning issues of agricultural change and regulation. Objectives of 'adjusting' unviable farmers from agriculture were argued by economists, in both the public service and academic institutions, to make agricultural resources available for those farmers who would use them in the most efficient manner, while ensuring also that the welfare needs of unviable farmers were met (see Mackay 1967; Standen and Musgrave 1969; Harris 1970; BAE 1971). Agricultural economists were, from the late-1960s, accorded a central role in 'discovering' the causes of viability problems, and in diagnosing solutions that were seen to smooth inevitable processes of economic development. Such authority has continued to the present day (see for example Kingma and Samuel 1977; Musgrave 1990; Gow 1996; McColl, Donald and Shearer 1997; Malcolm, Davidson and Vandenburg 2000). The economic theories, arguments and models put forward to explain, and provide solutions to, the changes of the late-1960s contributed to a new way of thinking about farm viability. Thus, programs that had sought to collectivise risk for all rural producers were, henceforth, argued by agricultural economists to be inefficient and contribute to the creation of a 'low-income farm problem'.

While economists have, in Australia as well as many Western nations, assumed an authoritative position in studying, and making recommendations on the governing of, farm viability, it is surprising that the types of assumptions and 'truth games'

underpinning their practices have received little attention in sociological analyses of restructuring. Rural sociologists have generally been more interested in explaining why restructuring occurs rather than accounting for the practices through which it is constituted (see Busch and Juska 1997). Such analyses are underpinned by a modernist ontology (see Lockie and Kitto 2000) that tends to dichotomise concepts – such as structure/agency, global/local, production/consumption, viable/unviable – and does not account for how these concepts are produced, ordered and stabilised as objects of knowledge. As a consequence, the distinction between such dualisms as viable and unviable farmers has rarely been questioned, and the historical practices used to produce these categorisations concealed in grand narratives of economic efficiency, agricultural productivity and global restructuring (see Higgins 2001a).

This article contributes to a broader sociological knowledge of agricultural restructuring by arguing that the emergence of a low-income farm problem in Australian agriculture toward the end of the 1960s is inseparable from its production through the practices of agricultural economists. Through the application of what Dean (1999) and Rose (1999) refer to as a ‘genealogy of government’, I examine the discursive practices through which some rural producers were constituted, from the late 1960s, as a threat to the ongoing security of Australian agriculture. Specifically, I am interested in the role played by economists as ‘experts’ in constituting a low-income farm problem, and in transforming heterogeneous elements into a unified governable form through which the conduct of farmers could be known, and their practices acted upon. This follows Murdoch’s (1995) advice that analysts of agricultural regulation should seek “to follow networks of governance as they both construct the sphere to be regulated and intervene in that sphere” (p. 187). The paper draws attention to how seemingly neutral attempts to describe low-income farms, and diagnose solutions, sought to constitute farm viability as a domain of knowledge on which only economists could authoritatively speak.

Background to the Emergence of a Low-Income Problem

The post-War years in Australia were characterised by considerable prosperity. Under the long leadership of the conservative Liberal Prime Minister Robert Menzies, from 1949, there was an increase in social spending and a belief that state expenditure would create an equitable and just society (Graycar 1983). At the same time, the

Country Party, in Coalition with the Liberals, was gaining prominence under the leadership of John ‘Black Jack’ McEwen – leader from 1958. The Country Party endorsed strongly ‘protectionist’ policies that supported small commodity producers, and favoured government incentives, provided from the early 1950s, to expand agricultural production (Lawrence 1987).

However, by the late 1960s many economists were arguing that the general prosperity of the post-War years was coming to an end. Applied to agriculture, a continuing fall in farmers’ terms-of-trade, the declining contribution of agriculture to the GNP as a result of mineral development, the impending membership of Britain with the European Economic Community, declining wool prices, and diminished access to some overseas markets (Hefford 1985; Lawrence 1987; Gruen 1990) raised doubts concerning the effectiveness of previous policies. Following the retirement in January 1966 of Liberal Prime Minister, Robert Menzies, a number of leaders followed including, Harold Holt (1966-1967), John Gorton (1967-1971) and William McMahon (1971-1972). These Liberal leaders, while remaining committed to previous policies of subsidisation, were faced with the prospect of declining farm incomes, and evidence that policies of ‘closer settlement’ and agricultural expansion had failed to achieve their objectives.

It was within this political environment that a problem of low-income farms emerged. However, as I argue in this article, a claimed crisis in expansionist policies did not simply cause low-income farms to appear as the proper site of intervention. A problem of farm viability first had to be constituted as truthful, and the conduct of farmers rendered into a visible and calculable form. This was made possible by the work of economists who, through a questioning of previous forms of governing (discussed below), sought to transform a number of disparate elements into a unified, governable, viability issue. Prior to an examination of how this occurred, it is first necessary to outline the analytical approach that guides this paper.

Farm Viability and a Genealogy of Government

The methodological approach that guides the analysis of regulation in this article is developed primarily from Mitchell Dean and Nikolas Rose’s Foucauldian-inspired writings on governmentality. Unlike realist understandings of regulation that seek

some kind of correspondence between theory and reality, the style of analysis favoured by scholars of governmentality attempts to:

...interrogate the problems and problematisations through which 'being' has been shaped in a thinkable and manageable form, the sites and locales where these problems formed and the authorities responsible for enunciating upon them, the techniques and devices invented, the modes of authority and subjectification engendered, and the *telos* of these ambitions and strategies (Rose 1999, p. 22).

In other words, an analytics of governing is not a search for the 'true' dynamics or actors that drive regulation (if this is indeed possible). Rather, it is interested in the array of discourses, authorities, sites and techniques that makes governing possible. As Dean (1999, p. 38) notes, an analytics of governing is not therefore concerned with finding a space of freedom beyond power, but of opening a space in which domination can be revealed as a contingent historical product, and hence be questioned.

To study governing in this way disposes researchers to what Rose (1999) calls a *diagnostic* methodology in which a symptomology of particular governmental strategies is constructed 'within a field of relations of truth, power and subjectivity' (p. 57). This may be termed more accurately a 'genealogy of government' (Dean 1999; Rose 1999) in that it involves a concern with: 1) how series of discourses, that constitute such 'issues' as farm viability, come to be formed as authoritative bodies of knowledge, and 2) how these forms of knowledge seek to "filter, hierarchise and order" (Foucault 1980, p. 83) historical events. What makes this type of discourse analysis distinctively genealogical is its quest to make visible the strategies and practices of ordering that have been concealed in the 'scientific' attempt to unify historical experience as part of some underlying logic or 'meta-narrative'. For Dean (1992, p.216) it embodies a 'methodical problematisation of the given, of the taken-for-granted'.

A genealogy of government owes much to Foucault's 'archaeological' work on discourse. In *The Archaeology of Knowledge*, Foucault (1972) explains how his archaeological style of discourse analysis focuses on discursive practices as 'scientific' statements that seek to draw upon a broader body of knowledge to justify their claims as truthful. The statements that constitute discourse, however, do not simply record what happened 'in reality'. They "systematically form the objects of

which they speak” (Foucault 1972, p. 139), by making reality knowable in a particular way, by creating new fields of problems, and categorising issues in such a form that they are amenable to intervention. In other words, objects of study such as madness, punishment, sexuality and, in the context of this paper farm viability, are constituted through the very forms of knowledge that seek to describe them and diagnose solutions. This prescribes what can be thought and said about a particular topic, the ways in which knowledge can be represented and ordered, and who has authority to designate, name and classify such knowledge. A concern with discourse as sets of ‘scientific’ statements or what Dreyfus and Rabinow (1982) refer to as ‘serious speech acts’, involves two key prescriptions for analysis. First, discourse needs to be studied in terms of its *rarity*: “studying statements at the limit that separates them from what is not said, in the occurrence that allows them to emerge to the exclusion of all others” (Foucault 1972, p. 119). Second, the conditions of existence for statements can only be established by examining their relationship with other statements within a broader field of truth games – what Foucault (1972, p. 99) calls an *enunciative field*.

From the perspective of a genealogy of government, the practices of ‘expert’ forms of knowledge play a crucial role in constituting and ordering seemingly obvious problems. As Rose and Miller (1992, p. 188) note, expertise is central in translating the ‘political’ concerns of government – efficiency, industrial productivity, law and order, normality – into the politically ‘neutral’ discourse of management, social science, accounting and so forth. Armed with the language of rationality and truth, these expert knowledges seek to influence the concerns of individuals by offering to teach them the techniques by which they might manage their finances better, live in a healthier way or work more efficiently (Rose and Miller 1992, p. 188). It is the claimed non-political activities of expertise that is argued in this paper to be important in the emergence of a farm viability problem in Australia.

The archaeological analysis of discourse is extended in Foucault’s later genealogical writings to examine the relationship between discursive practices and non-discursive events and technologies. Genealogy seeks to render visible the chance events, political alliances, material technologies and struggles that have enabled certain discursive practices to be authorised over others. The purpose of genealogy is to shatter the unity of meta-narratives by allowing the production of an *effective* history that has the capacity to “record the singularity of events outside of any monotonous finality” (Foucault 1984, p. 76). This represents an effective means of

questioning the scientific attempt by scholars to unify historical experiences according to some underlying logic – such as rationalisation, scientisation or social progress. In other words, genealogy represents a means of not only examining the formation of, and regularities between, ‘scientific’ statements but also foregrounding the historical events and spaces of struggle that enable certain forms of knowledge to be authorised, but not others.

A recent article by Murdoch and Ward (1997) is a good example of how this type of approach is useful to an analysis of agricultural regulation. Through an examination of the statistical construction of a farming ‘sector’ in the United Kingdom (see also Murdoch 1995), Murdoch and Ward (1997) argue that agricultural statistics were central to the post-War emergence of a ‘national’ farming sector. Rather than reflecting a sector that already existed, the work of collating statistics actually became central in constituting that sector. As Murdoch and Ward (1997, p. 319) note, the statistical representations led to a whole new way of thinking about farming as a discrete sector based upon the norms and categories of agricultural statistics. They allowed boundaries to be constructed between viable and unviable farmers, and arguments to be made by government and non-government agencies to rationalise and modernise ‘the sector’. The crucial point here is that despite the crucial role of statistical expertise and techniques in constituting Britain’s ‘national farm’, the practices, techniques and alliances that produced such statistical representations were effectively concealed in meta-narratives of ‘modernising’ and ‘rationalising’ agricultural production. Thus, such narratives had profound power effects by enabling statisticians to effectively ‘tell the truth’ about the structure of British agriculture. In a similar manner to Murdoch and Ward I argue in this paper that the emergence of a ‘low income farm problem’ in Australia during the late-1960s cannot be separated from the practices that constituted it as an object of knowledge.

The Constitution of the ‘Low-Income Farm Problem’

From the early 1960s a number of agricultural economists had noted the existence of farms in Australia earning what were considered to be low-incomes (eg. Lewis, 1961). However, the evidence collected suggested that these farms were concentrated regionally in dairying (eg. Bird and Marriott 1966), and a low-income problem was therefore seen as confined to specific parts of that industry. It was not until 1967 that

these low-income farms were beginning to be viewed as a broader economic issue, having the potential to affect all industries. This ‘problem’ was constituted primarily through the work of agricultural economists in the Federal and State public services, and at the rural University of New England in Armidale (New South Wales), who were attempting to understand this ‘new’ issue and diagnose solutions.

Nevertheless, a number of events are noteworthy in enabling a discourse of low-income farms to be possible. First, as mentioned earlier in the paper, Australian agriculture was seen to be entering a crisis period toward the end of the 1960s. Events and trends abroad were placing pressure on Australian farm incomes and thus resulting in added burdens on government to increase tariffs and subsidies. Calls by many farmers, through the Country Party (in Coalition government with the Liberal party) and various farm organisations, for further support from government were interpreted by some in urban areas to be indicative of a ‘great rural bludge’ (Buckley 1972). Criticisms of government support came also from within agricultural industries. The widespread provision of support to small commodity producers (primarily grain growers, dairy farmers and farmers with mixed commodities) had always been opposed by the wealthy ‘grazier’ organisations (especially wool-grower organisations) who had a largely export-based focus (Connors 1996). Members of these organisations received little, if any, government support and tended not to gain financially from the protectionist objectives of the Country Party. They were thus favourable to free trade, the removal of so-called ‘distortionary’ assistance measures, and supported any arguments to scale-down assistance levels.

Second, by the late-1960s, electoral support for the Country Party, which promoted high levels of government protection for small commodity producers, was beginning to wane. This was related to large numbers of small farmers voluntarily leaving the industry throughout the 1960s (Hefford 1985), the continued population growth in urban areas, problems in the identity of the Party (see Aitkin 1973; Connors 1996) and ongoing tensions with its Coalition partner in government, the Liberal Party. As noted later in this article, such problems were compounded by a growing sense of dissatisfaction within the Party that previous forms of intervention had not worked and were ineffective in properly addressing the crisis facing Australian agriculture. It was within this political environment that the knowledge of agricultural economists emerged as an authoritative discourse that promised to find the true cause of farmers’ problems and overcome them in an objective and politically-neutral manner.

The Small Farm Problem in Australia (McKay 1967)

The claimed need for a new approach to agricultural regulation was signalled in a paper delivered in February 1967 by the Director of the Bureau of Agricultural Economics, D.H. McKay, to the Agricultural Economics Society. The Bureau of Agricultural Economics (BAE) was an agency of the Commonwealth government dedicated largely to gathering information concerning trends in commodity prices, and providing agricultural policy advice to Federal agencies and Ministers. Therefore, the BAE was formally recognised as a form of authoritative advice. Moreover, as McKay was a public servant, his views may be regarded as acceptable to the Liberal/Country Party Coalition government of the day.

In his paper, McKay noted the existence of an impending economic crisis in Australian agriculture based upon the income levels of some farmers. McKay focused primarily on disparities between incomes in agriculture and other industries and argued that while average farm incomes were in line with non-farm incomes, there were substantial differences between industries. High incomes in the wheat, beef and wheat-sheep industries tended to skew the overall figures. In industries such as dairying and horticulture, incomes were noted to be far below the average. For McKay, this indicated the presence of not only a group of producers who faced immediate problems, but also a significant number who “may well become a problem” (McKay 1967, p. 130). Using the arbitrary figure of \$2,000 as the dividing line for a viable farm income, McKay (1967, p. 124) estimated that 80,000 or one-third of Australia’s 250,000 farms fitted into the low-income category. Of these, 34,000 were in the dairy industry. By way of comparison, a survey in 1966 headed by R.F. Henderson (who was later commissioned by the Australian Federal government to report on poverty in Australia) of 4,000 people living in Melbourne, argued that an annual income of \$1,716 constituted a ‘poverty line’ (Henderson, Harcourt and Harper 1970). In a similar manner, McKay’s estimate might be considered a poverty line for farmers.

Despite recognising the limitations of his conclusions, McKay, nevertheless, sought to identify the ‘causal’ factors contributing to this low-income problem. These included first, the physical constraints of size that inhibited the level of farm output; second, the lack of managerial ability on the part of farmers; and third, the inefficiencies introduced by the inability to purchase new capital to increase farm

output. McKay here constituted farm viability as a low-income farm problem and, in so doing, sought to link a number of heterogeneous factors into a unified technical form. In fact, in a similar manner to the work of Murdoch and Ward (1997), McKay's specification of \$2,000 as the threshold of viability/unviability can be seen as a means of constructing the statistical boundaries of a 'national farm', and representing in a visible form those farms and farmers argued to require 'rationalisation'. Thus, from the perspective of a genealogy of government, the rendering of farm incomes into a comparable and quantifiable statistical form, constituted the low income problem in a way that could be made amenable to "evaluation, calculation and intervention" (see Miller and Rose 1990, p. 7).

The emergence of farm viability as a problem was made possible also through a questioning of the 'protectionist' forms of government assistance that had been favoured most strongly by the Country Party. This was evident in McKay's criticisms of subsidisation as a means of governing the viability of farmers. McKay (1967) noted perceptively that it could not be guaranteed that the political will would always exist to make increasing transfer payments to farmers. Moreover, subsidisation was argued to benefit high-income producers and thus exacerbate the low-income problem. Such an argument shows how Mackay was attempting to order the problem of low-income farms as part of a grand narrative of social progress in which improved knowledge (in this case the knowledge of economists) leads to more effective forms of governing.

In concluding his argument, McKay stated:

I find myself driven to the conclusion that we in Australia must look more closely than we have in the past at the structural adjustments which may be required in the agricultural sector to ameliorate the low income problem (McKay 1967, p. 132).

While this statement unified into a governable problem the statistical boundaries constructed to divide viable from unviable farms, McKay's final point questioned decisively subsidisation and other previous forms of intervention, and argued for the necessity of future intervention to reduce the number of low-income farms:

I believe we will have to consider very carefully whether the structural adjustments required should be left to the economic forces working on rural industries or whether the adjustments will require more positive steps to *reduce* the number of low income farms (McKay 1967, p. 132, my emphasis).

In the above statements, McKay constituted farm viability as part of a broader (and inevitable) historical narrative of economic development in which governments could legitimately intervene in agricultural industries only to improve market efficiency. This way of reflecting on rule narrowed considerably the options for debate on future forms of intervention and formed the basis for the deliberations of the following group of agricultural economists analysed.

The Farm Adjustment Problem with Particular Reference to Australia (Standen and Musgrave 1969)

Following McKay's controversial paper, many economists and politicians alike had begun to be persuaded that farm problems such as the 'cost-price squeeze' were not transitory in nature and required new forms of government intervention. However, how best to intervene was still a matter of some debate. A National Workshop on Agricultural Adjustment Problems conducted at the University of New England in Armidale, New South Wales, in February 1968 was an attempt to better understand the low-income farm problem and thus provide directions on how it might best be dealt with by policy-makers.

The workshop provided an opportunity to share ideas, and was dominated by agricultural economists from universities and the public service. Perhaps not surprisingly, its broad conclusions supported the economically-based discourse at the time (a discourse also shared in different ways by export-oriented producer organisations and the urban Left) that agriculture was in crisis because previous forms of intervention had not adopted a 'rational' approach to resource allocation. This type of rationality was summed up by Lewis who stated:

Assault(s) on economic rationality leave the door open to pressure group politics which can make Australia much poorer and, indeed, may be doing so... Our institutions must be adapted to introduce economic reality to public policy decisions unless we are willing to accept a seriously sub-optimal rate of economic growth. (Lewis 1969, p. 231)

As a relatively young sub-profession, agricultural economists were striving to stake their claim to scientific legitimacy. The statement by Lewis attempted to authorise the expertise of agricultural economists as crucial in averting economic decline and in ensuring continued growth. In arguing for the introduction of "economic reality" to

maintain social progress, Lewis was, in fact, constructing a discourse that excluded other ways of explaining agricultural change – especially the explanations of so-called ‘sectional’ pressure groups. It is not my intention to examine all the papers presented at the *Problems of Change* Workshop. Only one will be analysed in some detail, a paper entitled ‘The Agricultural Adjustment Problem with Particular Reference to Australia’ by B.J. Standen and W.F. Musgrave. This paper has been chosen as it was drawn upon subsequently by a number of economists writing on farm viability (eg. Harris, Crawford, Gruen and Honan 1974; Kingma and Samuel 1977).

Essentially, Standen and Musgrave (1969) sought to use the influential arguments of United States agricultural economists, T.W. Schultz and E.O. Heady, to establish whether a farm problem existed in Australia and, if so, what types of government intervention might be considered. Briefly, Schultz (1949) argued that in considering solutions for the economic problems from growth in agriculture, it was necessary for governments to focus on the longer run effects of price instability on farm incomes, capital and land. It might be expected, according to neo-classical economic theory, that when farm earnings dropped lower than incomes in urban areas, farmers would take higher financial rewards in towns and cities. However, in practice this was not occurring. For Schultz, this gave rise to resources not being allocated to their most efficient use and thus a *farm problem* where a role for government was necessary.

Heady (1966) developed Schultz’s ideas during the 1960s. His thesis, as applied by Standen and Musgrave, can be summarised as follows:

- While consumer demand for food is relatively inelastic, changing resource prices and advancing technology make supply elastic.
- Increased supplies of capital due to economic growth make labour more expensive resulting in pressure for the substitution of capital for labour and a ‘cost-price squeeze’.
- This results in the development of a farm structure where fewer farmers work on larger farms with more capital intensive technologies.
- The cost-price squeeze places financial pressure on smaller, less capital intensive farmers creating a process of structural adjustment.
- This does not necessarily create a low-income problem unless the movement of labour and capital out of agriculture is insufficient to allow income parity with resources in other sectors.

- Government policies should therefore be aimed at facilitating the movement of labour and other resources out of agriculture so that they continue to receive satisfactory returns and so that farmers are compensated for capital and assets which are unprofitable to turn to other uses. (derived from Standen and Musgrave after Heady, 1966).

Overall, Standen and Musgrave (1969) endorsed Heady's thesis in terms of its recognition of farm viability as a long-term resource efficiency problem, and castigated those policies "directed at shielding agriculture as though it were troubled by some temporary disadvantage" (p. 18). They noted, however, that the pressures for adjustment in Australia had not been as severe as in other countries, such as the United States. This was not taken to mean an absence of a viability problem in Australia. Like McKay, Standen and Musgrave observed a concentration of low-income farms in dairying, fruitgrowing and high rainfall wool production where the enterprises were argued to be too small to equalise returns in the face of falling prices. These industries were noted to contain many of the characteristics outlined in Heady's thesis and were held to be representative of Australia's 'farm problem'. In drawing upon theories of agricultural change, Standen and Musgrave attempted to unify the low-income farm problem as a logical and universal outcome of successful economic growth. This not only concealed their practices as 'experts' in constituting this as a problem, but also represented previous forms of governing as 'irrational' and an impediment to further economic progress.

Farm Adjustment and the Role of Government (Harris 1970)

On the basis of its use in texts on agricultural policy it seems that Harris' work on the role of government had the most significant impact on the constitution of farm viability as a political problem throughout the 1970s. As Harris was, at the time of the article, the Director of the Commonwealth Bureau of Agricultural Economics it can be assumed that his views on both the low-income 'problem' and possible options for intervention were largely acceptable to the government (Hefford 1985, pp. 270-271).

Similar to the previous agricultural economists examined, Harris constituted low-income farms in a way that represented economic knowledge as the only way of securing prosperity and growth. He commenced his analysis by explaining why change was needed in the farm sectors of industrialised nations. Similar to Standen

and Musgrave, Harris used the Heady thesis to explain the emergence of low-income farms in Australia. As noted above, the Heady thesis argued that low-income farms emerged as a consequence of 'inadequate' adjustment to changed economic conditions. While Harris noted that the incomes of Australian farmers generally remained comparable with the non-farm sector in the post-War period, this situation deteriorated from late 1960s. Due to farmers not transferring to alternative occupations when their incomes reached low levels Harris argued that an adjustment problem indeed existed. However, McKay's (1967) arbitrary figure of \$2,000 was rejected as an accurate basis for judging whether or not a farmer was earning an adequate income. For Harris, not all farms earning around \$2,000 were problem farms. Equally, comparisons between the welfare of farm and non-farm families were seen as limited in the conclusions they provided. Nevertheless, as Harris stated:

The important thing is that a substantial proportion of Australian farmers appear to be earning incomes too low to give them much chance of financing the further investment necessary to enable them to maintain income parity with the rest of the community in the future (Harris 1970, p. 111).

The point here was that farmers were remaining on their land well after the point that their incomes had gone below what might be considered the 'poverty line' for an urban family (see Henderson et al. 1970). On the basis of farmers choosing to stay on their land, Harris (1970) argued that "on the grounds of economic efficiency...a case exists for government policies to deal with the low income question because the economy could benefit by using the resources elsewhere" (p. 114). Government intervention was here constructed as essential in ensuring that economic efficiency was maintained. In fact, by dealing with low-income farms using economic models and techniques, governments were seen to have the capacities to secure progress in the interests of improved efficiency for both agriculture and society – not simply the interests of particular pressure groups.

Harris concluded his article by suggesting policy objectives that might potentially underpin government involvement in addressing the low-income problem. These included strategies to facilitate voluntary amalgamation of small farms, upgrading of low income farms where feasible and departure of low income farmers, and avoid development of new low income farms (Harris 1970, pp 116-117). At the time that Harris was writing, a Commonwealth Liberal/Country Party Coalition government had already initiated measures to address the low-income situation in the dairying

industry through the Marginal Dairy Farms Reconstruction Scheme. Similar to his predecessor McKay, Harris (1970) argued that problems of farm viability were more widespread than just one sector, and that there was no reason “why a low income wheat, sheep, dried fruit or even beef producer should not have the same opportunities available to him [sic] as a dairy farmer” (p. 118). Harris here constituted farm viability as a widespread problem that could be diagnosed by economists, and that needed to be assisted by government if national growth and economic security were to be maintained.

The three papers discussed above make it clear that agricultural economists played a crucial role in the constitution of low-income farms as a problem for the continued prosperity of Australian agriculture. In this way, economic knowledge was crucial in establishing the low-income problem as part of a grand narrative of economic growth in which future prosperity depended upon the ‘rational’ solutions put forward by economists. Particular assumptions underpinned how this problem was constituted. First, that a ‘cost-price squeeze’ in agriculture was a direct result of claimed successful economic growth in industrialised nations. Second, both a welfare and efficiency problem arose if farmers did not adjust to these pressures for change. Third, it was the duty of governments to intervene in order to maintain the economic security of both farmers and society. The reflection on governing in this way contributed to an increased concern with farm ‘reconstruction’ from the early 1970s.

Rural Reconstruction and the Regulation of Low-Income Farms

As noted above, agricultural economists in the late 1960s believed that a low-income farm problem was evident within a number of agricultural industries. However, apart from the dairy industry, these ideas had not been applied practically to other industries. Due to key statements by Mackay (1967) and others the Federal government had, by the late-1960s, largely accepted that there was a more widespread low-income problem requiring intervention. This involved some strategic political realignments. As part of a conservative Coalition, the Liberal Party had sought to leave rural affairs to its governing partner, the Country Party on whose support it depended. However, in early 1970 the Liberal Party, under the leadership of John Gorton, issued a statement of its own policy guidelines for rural industries that included endorsement of assistance measures designed to facilitate the exit of low-income farmers (Hefford

1985, p. 70). In justifying this move, senior Liberal member, Anthony Street stated, echoing the statements of agricultural economists noted above:

It is becoming clear that all Australian industry will have to be prepared for structural change and rationalisation. Australia will have to keep up with the world since the world will not slow down for us. The Government will have to realise that it will be much cheaper in the long run to encourage restructuring measures financially now, rather than drift on until the position becomes acute. (Commonwealth of Australia 1969, p. 475)

Such a position was initially at odds with the objectives of the Australian Country Party that sought to promote itself as the farmer's party, and maintain measures designed to protect the farm sector. Nevertheless, the almost dogmatic support for protectionism began to be challenged significantly from August 1970 when the Country Party Minister for Primary Industry, Doug Anthony, commissioned the Bureau of Agricultural Economics (BAE) (an agency of the Federal Department of Primary Industry) to investigate, and report on, the need for immediate and longer-term adjustment with specific reference to the wool industry.

At this time, the wool industry was one of the largest industries in Australia and comprised almost half of the total commercial farm holdings in Australia. Up until the late 1960s, the BAE had undertaken largely cost-of-production surveys that were used as the 'raw material' by the Country Party and many farm organisations to support their arguments for price stabilisation schemes (Connors 1996, p. 68). While Anthony was known for his dislike of economists, he was, by 1967, beginning to question the tactics of his own Party in using the BAE figures to support political arguments for 'protection all round'. On this basis, he gained Cabinet approval in 1967 to extend the fact-finding role of the BAE (Martin 1990, p. 158). The BAE's role was enhanced further when Anthony replaced John McEwen as leader of the Country Party in 1971. Thus, while being a seemingly inconsequential change, the increased authority given to the BAE was essential in enabling economic discourse to assume a central position within agricultural policy-making. In fact, as Martin (1990, p. 158) notes, during the early 1970s the BAE changed its role considerably from fact-finding responsibilities to policy analysis and forecasting roles. The BAE report of 1971 was important in transforming the priorities of economists into a form through which intervention could be pursued.

BAE Report on Debt Reconstruction and Farm Adjustment (February 1971)

The BAE Report on debt reconstruction and farm adjustment (BAE 1971) was released in February 1971. Its arguments were very similar in nature to those contained in Harris' (1970) article. As Harris remained in the directorship of the BAE this was, perhaps, unsurprising. However, the BAE report sought to extend these ideas and propose possible forms of assistance based upon a strategy of reconstruction. Essentially, the BAE reinforced the earlier work that had been conducted by agricultural economists in both universities and the public service.

The BAE argued that adjustment to market conditions was occurring at an unsatisfactory rate, and that high levels of debt and farmers with low-incomes were indicative of longer-term economic problems in Australian agriculture. This was applied primarily to the wool industry, although the Bureau noted that problems of economic viability were applicable to other industries. As the BAE (1971) noted:

Debt problems of the magnitude currently being experienced are a sign of longer-term economic weaknesses in parts of the industry structure. Any debt reconstruction measures, to be effective and to lessen the likelihood of similar financial problems arising to the same extent in the future, must be associated directly with measures designed to facilitate structural change in the industry (p. 4).

Rather than being conceptualised as just a temporary phenomenon that could be corrected through collectivised forms of support, as was the case in the past, the debt situation in the wool industry was here represented as indicative of longer-term economic problems. Reform focusing primarily on 'low income farmers' was argued to be the only way in which such problems could be addressed. In arguing for the 'necessity' of structural change, the BAE sought to establish its scientific credentials as central in diagnosing agricultural problems and in providing rational policy advice on the future directions of Australian agriculture.

In order to establish that a problem requiring changes to industry structure existed, such statistics as farm income and total rural indebtedness by farming zone and debt per sheep equivalent were collated and presented in a tabular form. From these statistics the 'debt position' of the wool industry was compared with other industries and evaluated. The BAE argued that the tabulated figures did not indicate a serious situation in themselves, but were, nevertheless, "consistent with a situation affording

concern in significant parts of the industry” (BAE 1971, p. 6). This was despite the BAE’s admission that the evidence regarding debt was “inevitably limited” and that the application of any single or precise criterion to measure the extent of the debt situation was difficult. Nevertheless, tentative assessments were made regarding the debt situation in the wool industry and producers grouped into three categories:

- Those whose debts represent a large proportion of the total equity value of their property.
- Those whose equity remains reasonable in relation to their total debt but who have difficulty in servicing their debt.
- Those with small debts, but whose incomes are low or may become low in time because they have little capacity to adjust further in the face of continuing income pressures. (derived from BAE 1971, pp 13-14)

Producers in these categories were constituted as a problem to the future prosperity of the industry, although debt was seen as only one determinant in defining a farm’s viability. In this way, statistics were used effectively to construct boundaries between viable and unviable farms, and define the variables and categories through which intervention could be pursued, and efficiency restored.

Debt problems in the wool industry were claimed to seriously compromise the efficiency of the agricultural sector as a whole, and were used by the BAE to support a case for government action of a debt restructuring and farm adjustment nature. A role for governments was thereby accepted as a means of distributing industry resources towards their most economically effective use, and ensuring that low income farmers who wished to leave their properties were adequately compensated “at a fair market price” (BAE 1971, p. 21). The BAE believed that this would maintain the stability of agricultural industries at the same time as providing low-income farmers with an alternative to further income deprivation. The recommendations of the BAE contributed to the formulation by the Commonwealth Government of a rural reconstruction scheme in April 1971.

Rural Reconstruction Scheme (April 1971)

The *States Grants (Rural Reconstruction) Bill* (Commonwealth of Australia 1971a) was formulated primarily as a response to the economic downturn – which was

rendered a knowable problem by economists – in Australian agriculture, but particularly in the sheep and sheep-wheat industries. Using BAE figures, the price of wool, debt levels and loss of farm income were all deployed as indicators that a crisis existed that could not be addressed through previously dominant price support policies. As the Country Party Minister for Primary Industry, Ian Sinclair, noted:

The burden on the budget of a price support scheme of the magnitude required would be enormous. Apart from this it is essential for the health of the industry that it should not be fully insulated from the effects of changes in demand as reflected in price (Commonwealth of Australia 1971a, p. 2333).

Previous ‘protectionist’ policies were thus discounted as unrealistic, with budget and market realities argued to require forms of intervention that exposed farmers to changes in market demand. This was a radical shift given the Country Party’s dogmatic support during the 1960s for assistance that protected farmers from the effects of changes in market prices. The departure of leader, John McEwen, along with the loss of electoral support, a crisis of Party identity, and scepticism from within the Party over protectionist forms of intervention, meant that many Country Party members began to accept the advice from economists that a strategy of reconstruction was the only ‘rational’ means of governing farm viability.

The specific forms of assistance in this Scheme included:

- Debt reconstruction – To assist a farmer through re-arrangement of debts, carry-on finance or concessional loans, who although having sound prospects of long term commercial viability, has used all his [/or her] cash and credit resources and cannot meet his [/or her] financial commitments.
- Farm Build-Up – To supplement through concessional interest rates and grants the normal processes under which properties which are too small to be economic are amalgamated with an adjoining holding or are subdivided and the subdivided portions are added to adjoining holdings, or to assist a farmer with a property too small to be economic to purchase additional land to build up his [/or her] property to at least economic size.
- Rehabilitation – To provide limited assistance via a loan of up to \$1,000 to those obliged to leave the industry where in the opinion of the Authority administering the scheme this is necessary to alleviate conditions of personal hardship. (derived from Commonwealth of Australia 1971b)

The Rural Reconstruction Scheme shows how the discursive practices of economists had an impact on the sorts of measures seen to be effective for managing change. While the objectives of this legislation attempted to ensure that producers maintained their way of life through wide distribution of resources, this was now only applicable to those who could meet the criteria for 'long-term commercial viability'. In other words, some farmers previously seen as viable, were now constituted as both a welfare problem, due to their incomes being close to the 'poverty line', and a risk to the long-term economic efficiency and security of the entire industry. The concept of viability was thus re-configured in terms of the *capacity* of farmers to earn an adequate income, and contribute to their personal financial welfare as well as to national economic security. In the process, protectionist forms of assistance were argued to be serving only 'sectional' (read Country Party) interests, and were constructed as irrational and ineffective in advancing the overall economic security and progress of Australian agriculture. This linking of long-term farm viability to the personal capacities of producers has had an enduring impact on the governing of Australian agriculture and remains of central significance in contemporary Federal programs such as the National Drought Policy and the Property Management Planning program (Higgins 2001b).

Conclusion

This article demonstrates that a close relationship exists between political strategies of agricultural restructuring and the discursive practices of economists. The genealogy of government I have developed shows the different ways in which seemingly inevitable forms of regulation are constructed through economic knowledge as 'rational', 'truthful' and necessary, and the forms of 'restructuring' that accordingly emerge. In focusing on the emergence in Australia, during the late-1960s and early-1970s, of the 'low-income farm problem', the article argued that the practices of agricultural economists were central in constituting the viability of some farmers as a widespread problem of national economic significance, seen to require new forms of governing. A low-income farm problem was produced through the discursive practices of agricultural economists, who called into question previous 'protectionist' forms of governing, and sought to provide a more 'rational' approach to regulating farm viability. In fact, economic expertise was central in representing, in a knowable form,

the existence of low-income farms, and in constituting the characteristics of viable farmers.

However, the authority accorded to economic forms of knowledge neither developed in a vacuum, nor was pre-given. A number of non-discursive events and political changes enabled the practices of economists to assume increased prominence in providing solutions to the problems seen to beset agricultural industries. For instance, the following factors were all significant in enabling economic knowledge to be constituted as a rational and authoritative solution to the spiralling fortunes of Australian farmers: the previous identification by economists of a low-income problem in the dairy industry; opposition from 'grazier' organisations and the urban Left to support small commodity producers; the declining electoral support for the Country Party (who had historically advocated high levels of government protection); doubts within the Country Party concerning its future direction; the development by the Liberal Party of its own agricultural policy platform; and the greater role given to the BAE by, Doug Anthony, the Minister for Primary Industry (a Country Party member).

The relationship between these events, and the practices of agricultural economists, enabled a distinct low-income problem to be possible, in which some farmers were seen as a threat to their own future viability, and the economic security of agricultural industries. It was crucial also in the development of 'reconstruction' as the most 'rational' strategy to respond to the low-income problem constructed by economists. However, at the same time that increased explanatory power was being accorded to economic knowledge, meta-narratives of improving agricultural efficiency and securing continued social progress ensured that the highly political objectives underpinning this knowledge remained concealed. The genealogy of government developed in this article shows clearly the political practices through which these narratives were constituted, and the categories and forms of ordering enabling economists to assume authority in speaking about farm viability. It provides a significant example of how 'agendas' of restructuring are produced as objects of governance, and the discursive and non-discursive practices that constitute agricultural regulation, yet are overlooked in the search for unifying explanations of social change.

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