



SOCIAL CHANGE AFFECTING AGRICULTURE

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THE COUNTRYSIDE

Plus ca change plus ca meme chose (Alphonse Karr)
(The more things change the more they stay the same)

Australian agriculture sails upon a sea of continual change in its economic, social, political and technical environment. Within the industry, the number of farms continues to decline, but their average size tends to increase as their labour force grows smaller and their operation becomes more capital intensive. The chronic decline in the terms of trade persists, with occasional short-lived reversals. Farmers have resisted the resulting downward pressure on their income by raising their productivity through a combination of the adoption of new technology and structure of their industry, farmers are still producing essentially an unchanged mix of commodities in which the products of broadacre cropping and grazing predominate.

As we lift our gaze, beyond the farms and their associated agro-industries, the pattern of change becomes more complex, more turbulent and often less predictable. This is not intended to say that Australian agriculture is a stable bucolic backwater. Indeed, the contrary must be acknowledged to be the case. The industry operates in a highly unstable economic and climatic environment. Of the major segments of the Australian economy, it would display the greatest variability of per capita income while, internationally, the Australian industry would perhaps be the least stable in the developed world. But we know this. The instability of our farming environment is one of the givens of our national existence and one of our achievements has been the way in which we have adapted to this reality. The wider our focus on the total setting of the industry, however, the less confident we can be about the future nature of that setting.

The farms most immediate setting, the rural-urban community shows its own pattern of structural change. There is a tendency for small towns to stagnate or decline, and for larger natural growth centres, like Wagga and Tamworth, to prosper and to grow. Unlike declining small farms, the non-labour resources of which tend to become absorbed into surviving growing enterprises, the small, stagnating country town tends to persist and maintain a separate identity, to the delight of some and the despair of others. This persistence is no doubt due to a complex of factors, including such things as the declining values of business assets and of real estate, which tend to trap some members of the community in the declining environment. No doubt too, the small declining town retains certain residual competitive advantages in the provision of certain goods and services to the local farming community and to the passing trade.

While the continued existence of these small struggling communities is some cause for pleasure, and the prospect of their passing cause for sadness, there can be no denying that many of them contain significant social and economic problems,

associated with low incomes, non-availability of services and cultural deprivation. Poverty is disproportionately represented in rural Australia and is most certainly even higher, and its costs on an individual basis greater, in the smaller rural urban entities.

Data from recent censuses suggest some resurgence in Australian rural population with a decline in the proportion of the total national population in the major metropolitan areas. Closer examination of the data shows, however, that the rural resurgence is uneven, with it tending to be associated, in the main, with the dormitory communities, like Gosford, and with mining communities, like the Pilbara. Other increases are associated with the growth of tourism, the greater mobility of retirees and others seeking lifestyle change to the climatically more favoured areas, such as the North Coast of NSW. The consequence of this is that, for much of the rural hinterland, it is business as usual, with relatively stable or declining population and the pattern of structural change of towns referred to above.

Declines in relative economic or social significance are not important in themselves. After all, Australian agriculture is still a big and growing industry which is a crucial sector in the economy while rural life has particular advantages which have little to do with size and isolation. On the other hand, relative decline can have unpleasant consequences, while the stagnation or absolute decline of individual communities can be associated with undesirable social costs and suffering.

BEYOND THE COUNTRYSIDE

Don't make predictions; particularly about the future (Sam Goldwyn).

The principle source of unpredictable, unexpected change, or turbulence, in the sea on which the good ship agriculture sails, lies outside the industry and its immediate community. We know about drought and flood, what they can do, and what we can do about them; but there is, in the wider world, a great capacity for change which we cannot anticipate and for which we cannot accordingly plan. Such variability is known to decision theorists as uncertainty, a situation in which the probabilities of outcomes is not known. This contrasts with risk where probabilities are known. What is suggested is that the outside environment is a more important source of uncertainty than is the immediate farm environment. This should be no source of comfort to rural people, because more remote environments are probably more difficult to learn about and, almost certainly, to command.

The relative decline in the economic and social significance of the agricultural sector would suggest a similar decline in political significance. Certainly, the farmers' political party, the National Party, appears to be in disarray and has lost seats in Federal and State Parliaments. At the same time, policy actions have been taken at both levels to remove benefits previously enjoyed by farmers and rural people in general. Important protectionist props have been removed from the farm sector, or are under threat; while the whole rural sector is experiencing or facing the loss of services in the name of efficiency. The loss of its domestic marketing monopoly by the Australian Wheat Board and the significant erosion of rail services in NSW, are but two of a number of examples of such developments. The fact that the Far

North Coast of NSW was not spared the second of these developments, in spite of its recent gains in population, would suggest that those gains have not been enough to protect it. On the other hand, one could argue that the decision in question was made by the Government that is coming to be perceived as lacking in political acumen, and which has failed to appreciate that the Far North Coast cannot be brushed off as perhaps the rest of the rural sector might.

Perhaps, however, these symptoms of decline in the political clout of the rural sector are more apparent than real. Certainly the Nationals have lost seats but, then, they have failed to conceal their corrupt elements as well as have other parties. Further, and perhaps more significant, the agrarian socialism of the Party may be losing appeal to its electorate. Certainly the rhetoric of the Party, and of the farmers' industrial association and lobby group, the National Farmers' Federation, seem to be more opposed than consistent these days. Perhaps we are perceiving in the decline of the Party, not so much a fall in the political significance of the rural sector as a swing to the other parties by traditional National Party voters.

Even if the rural sector is under political pressure, effective resistance to that pressure can be expected from the sector, particularly its farm component. The National Farmers' Federation is a skilled and potent pressure group, while farmers constitute a large and united body, typically dominating a still significant number of electorates. The wild card here, however, is the rural urban vote which is becoming increasingly targeted by all parties as constituting a group of voters worth distinguishing from farmers in rural electorates. In the past this distinction has rarely been made and the likely consequences of such a development is, at this stage, difficult to discern.

Again, one should be careful not to read too much into losses of services, or into the reduction of subsidies, such as those provided through water prices to irrigators. We live in a deregulationist age and governments are hardpressed. What we are perceiving, at least to an extent, are the consequences of this for the rural sector, rather than a decline in the political potency of the sector. Other parts of the community are also "copping it" and it is not clear whether the rural sector is being hit harder than those other parts. Certainly, the political strength of a sector should influence greatly the consequences of deregulation of it, as is shown by the resilience of support for the clothing, footwear, textiles, motor industries and the waterfront.

To my mind the three greatest areas of uncertainty facing agriculture are the environment, overseas trade and technology. Associated with each of these are significant social and political considerations, many of which are difficult for the industry to influence.

The environment is increasingly coming to be an important political consideration, both in Australia and overseas. In particular, there is concern about the contribution agriculture makes to land and water degradation and an apparent wish to do something about it. Past government policies have almost certainly contributed to the present situation. This would be true of the salinity problem in the lower Murray-Darling Basin, the degradation of arid lands and of deforestation. Some of these problems can be ameliorated, if not reversed, by policy reform. Thus

the salinity problems of the lower Murray-Darling would benefit from changes to irrigation water allocation and pricing policies, the degradation of arid lands from land tenure reform, and deforestation will be influenced by recent changes to taxation policy. The situation would also benefit from improved operation of the capital market and better information and information flows, all of which require government action.

Even if we fully understood the biophysical dimensions of our environmental problems, which I suspect we do not, there would remain substantial need for action to improve the operation of resource and environmental markets through regulation and improved systems of property rights, before desired outcomes could be obtained. Further, there is growing realisation that there are classes of environmental problems which are "beyond markets". This is certainly true of concern for the rights of distant generations and the appropriate preservation of biological diversity. It may also be true of such worrying international or global problems as acid rain, the greenhouse effect and erosion of the ozone layer. Such problems call for a degree of wise regulation and potential loss of sovereignty that should be worrying to any student of history.

More pragmatically, environmental degradation means that some parties are imposing costs on others without paying for them. Environmental policy often consists of action to correct such situations. To the extent that farmers give rise to environmental problems in this way they must expect actions to improve the environment to apply downward pressure on their incomes.

International trade in the future will have powerful effects on Australian agriculture. Major political developments, in particular the seeming disintegration of the Russian empire and the new introversion of China, offer the possibility of either great benefit or great disaster to the world in general. The prospects for trade do not look promising in the short-term and are quite unclear for the longer-term. Regardless of the outcome, Australia is but a straw to be blown by the historical wind. The outcome of these events will almost certainly be of greater significance for trade and for Australia than will the Uruguay round of trade negotiations.

In the longer term, the prospects for economic growth around the Pacific rim and in Asia, promise significant increases in the demand for food and fibre. The impact of such a development on the terms of trade for Australian agriculture will depend greatly on world supply response. History teaches us that such response could be substantial and that the nature of technological change will be of key significance.

Technology is bound to strongly influence Australian agriculture. One of the miracles of the modern world has been its ability to defeat the malthusian spectre by means of a remarkable and sustained stream of technological change. The question can reasonably be asked as to whether this can be sustained into the future. In particular, concern has been expressed over the impact of modern technology on the environment. This has been evident particularly in the northern hemisphere where "hothouse" policies of agricultural protection have resulted in the most intense manifestation of modern technology. The resulting impact of these

technologies on such fundamentally important resources as ground water leads to questions about their sustainability.

If the answers to these questions are in the negative then, either new more sustainable and environmentally kind technologies must be developed or things will have come to a sorry pass indeed. This, and other issues, have produced pessimists, such as Dr. David Suzuki, who assume that technology cannot deliver. There are others, and I am among them, who believe that the job can be done and that the shape of future technology can be perceived in recent advances in bio-technology. If I can be allowed to resist the blandishments of Mr Goldwyn in order to embrace the forecast of Alphonse Karr, then I would say, providing the world can successfully pick its way through the disintegration of the Russian Empire, we should prepare ourselves for a future in which the broad trends will be very much like those of the past with all the challenges, possibilities and difficulties they pose.