

# **A Comparative Political Economy Approach to Farming Interest Groups in Australia and the United States**

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ABSTRACT. Commons ([1950] 1970: 34) insisted that “economics should be the science of activity.” In this tradition, the aim of this paper is to investigate the impact of farming interest groups on natural resource policy by using a comparative political economy approach. Special attention will be given to farming interest groups in Australia and the United States. Curiously, each group takes a very different ideological approach to promoting farming interests. Our contention is that each group tends to display values that were prominent during its formation. The ideology and thus behavior of interest groups cannot be isolated from the history, the economic conditions, and the changing alternatives open to individuals. It is very reasonable to argue that two groups with similar goals might pursue different means to the same ends; the different means simply reflect values that were important in the formation of the groups. As such, there might be a concerted effort of the farming interest group, based on history, economic conditions, and custom, to either encourage a higher degree of competition or protect against the degree of competition.

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## I

**Introduction: Farming Interest Groups and  
Natural Resource Management**

IT IS UNQUESTIONABLE THAT farm practices impact the quantity and quality of natural resources. For example, forests can be inefficiently converted to cropland by artificially high crop prices. Domestic farm subsidy programs not only impact domestic agriculture markets but also have international ripple effects that disrupt farm production around the world. Local surpluses generated by artificially high prices put downward pressure on world prices and disrupt farm operations and renewable natural resource management decisions around the globe (Simon 1996: 125). Consequently, it is also undeniable that farming interest groups influence and impact on natural resource management. Partly as a result of interest group activity, governments have encouraged sustainable soil-use practices, not by telling farmers what they must do, but by combining cash with alternative land-use practices so that the farmers have financial incentives to use the sustainable alternative (Parsons 1941: 756). The political economy of natural resource economics, that is, the continual conflict between future and present appropriation (Gray 1913: 505), cannot escape the indispensable analysis of the political economy of farming collective action. As such, an examination of farming interest groups—formation, evolution, institutional decision-making processes, and goals—would reveal the direct link between farming applications, government policies as a result of lobbying, and natural resource management. Farming applications/practices are not simply the result of government policies, though for our purposes we will only concentrate on the values and ideology of farming interest groups, which naturally determine lobbying that influences government policy.

Commons ([1950] 1970: 34) insisted that “economics should be the science of activity.” In this tradition, the aim of this paper is to investigate the structure, development, and evolution of farming interest groups using a comparative political economy approach. The analysis in this paper is not only restricted to the American context and, as such, is a contribution to the literature. Moe indicates that there is

little research of a comparative nature in the analysis of farming interest groups (1980: 181), and to our knowledge this argument is still valid today. Special attention will be given to farming interest groups in Australia and the United States. Our research proposes to appeal to theories of collective action by Commons ([1950] 1970), Olson ([1965] 1971), and others in order to perform a comparative study of each country's largest farming interest group. The aim is to determine why two farming groups with supposedly similar interests have evolved such different means of achieving those interests. Our contention is that each group tends to display values that were prominent during its formation. The ideology and thus behavior of interest groups cannot be isolated from the history, the economic conditions, and the changing alternatives open to individuals. Knowledge of history is necessary for an understanding of the ideology of an interest group, the relative importance of the different factors, and the different proposals and demands for the future.

## II

### **The Political Economy of Collective Action**

GENERALLY, INTEREST GROUPS FORM because agents feel there is an opportunity to accomplish something collectively they cannot do alone. If members of a group have a common interest or objective, and if they would be better off by achieving that objective, it has been thought to follow logically that the rational, self-interested individuals would form a group to act collectively to achieve the objective (Olson [1965] 1971: 1; Knoke 1990: 6). This objective, or purpose, of group formation is important in understanding how groups evolve. A group's purpose is defined as that desirable state of affairs that members intend to bring about through joint action. A group's purpose is thus tied closely to the group's value set and ideology. With an understanding of the origin of a group, we can be equipped to explain how members become involved, make plans, and take collective action (Zander 1985: ix).

Interest groups arise spontaneously in response to a feeling of common interests among individuals; emotional or ideological elements are often present in group formation. Economic, political, or

environmental changes disturb the “normal” behavior of potential group members, prompting them to interact and become increasingly aware of their shared interests. As this awareness grows, they form an interest group to serve as their representative. For example, U.S. farmers acted cooperatively in the 1870s to control railway corporations through politics and through the so-called Granger laws, and in 1890 the farmers joined with others to dissolve manufacturing corporations through antitrust laws. In Australia, the political system has enabled rural representatives to be elected to federal and state parliaments in disproportion to the votes received and to occupy powerful government positions such as deputy prime minister and trade minister.

Olson ([1965] 1971: 17–19) was very critical about the assumption that collective action is an inherent human instinct or propensity; this assumption does not add anything to our knowledge of group formation. The specific conditions that provoke a group’s formation affect the way a group’s membership and purpose change (or resist change) over time (Zander 1985: ix). History and political climate play a large part in what types of groups form and when they form. Insight into the historical context of group and purpose formation is critical if we are to study not only what groups do but also why they do what they do (Castles 1967: 17). Economic conditions certainly affect the presence of “trigger states” for group formation. Results from a historical survey confirmed that groups tend to form in waves concurrent with times of political or social unrest (Hrebemar 1982: 17).

Parsons (1941: 751–760) suggested that group power is real. Free, self-regulating markets are an ideal. Markets were, in fact, used initially for conflict resolution. They grew out of societies iteratively forming rules to ease the burden of continually conflicting interests. Markets today are the sum of these rules that were established to grease the wheels of social progress so that people would have a reliable way to settle disputes. Markets are not a natural order (Parsons 1941: 751–760). Commons ([1950] 1970: 15) accepts conflicts of interest as natural and indispensable ingredients of social processes: “Conflict and power are real.” This is not conflict in the narrow sense of friction; the political economy of conflict between interest groups is

inherently conjoined with mutual dependency that evolves into the achievement of some form of order. Thus, social processes intrinsically embody conflict, mutual dependency, and order in a decentralized but consensual democratic polity. Nevertheless, it is not order in the static equilibrium sense of individualist economics; rather, it is order in the dynamic sense of continuously and eternally resurfacing problems. Collective action, which is essentially an “institution” in modern capitalism, provides a tool of analysis and investigation for comprehending the similarities and differences in the varied forms of order as the result of collective action. In order to be relevant, social (economic) analysis must account for the effect of power on relations between economic agents, whether they are individuals or groups (Galbraith 1973: 6).

The formation and evolution of an interest group is path-dependent. During this process, the wills of individuals are brought together into a created collective will. Zander (1985: 5) states that initial conditions under which a group forms determine its evolution. One reason that purposes of groups are path-dependent is that individuals in groups develop a common point of view with regard to the group’s interests. Beliefs of group members are influenced by the individual’s association with the group (Zander 1985: 11). Perhaps relatedly, group leaders can impact members’ involvement as well as their desired involvement. The fact that leaders affect members’ opinions means that shifts in member interests are likely to be muted. As mentioned above, group membership in terms of population of a group has a direct effect on group ideologies. Having a large membership means that a shift in beliefs on the part of a few individuals will not affect the direction of the group (Zander 1985: xiv). Large group values are also path-dependent because they often have a large staff. Staff members influence the ideology of the group due to the mere fact that they are the ones dealing with the day-to-day operations of the group. Further, groups whose membership is based primarily on provision of selective incentives tend to display more path-dependent behavior. Constituents are not associated on the basis of common political beliefs, so they are less likely to be concerned about group activity not directly related to them. Such groups tend to persist over time, as membership does not grow and decline around social issues

(Hrebenar 1982: 26). These characteristics indicate that large, persistent, diverse groups such as the farm lobbies studied here should display even less ideology change over time than most groups.

Thus, group purposes tend to stay unchanged over time. Zander (1985: 40) states that groups tend to hold on to original value sets indefinitely. Zander further contends that some purposes themselves resist change. Goals are less likely to be changed if they are immeasurable. Purposes that concern outcomes for the group as a whole should be less changeable than goals that affect the separate fates of individual members (Zander 1985: 142). Thus, group purposes tend to be more path-dependent than individual purposes. The organization tends to “insist” on the original value set. Parsons sums it up nicely: “social arrangements have something approaching careers of their own” (Parsons 1941: 763). In addition, as the organized form of collective action is evolved, custom comes into play. Customary behavior—the mere repetition, duplication, and variability of practices and transactions—is stabilized as social behavior, affording to the group the expectation that the usual successful ways of doing things must be carried on (Commons [1950] 1970: 354).

The group/government interaction takes the form of lobbying, or the attempt to secure specific policy by government. Among other things, interest groups either defend themselves against intrusions by government or demand government assistance. Lobbying frequently involves an adversarial and competitive process between different interest groups (Mack 1989: 2). So both agricultural interest groups in our study are promoting path-dependent and customary values that originated when the groups formed. It is very reasonable to argue that two groups with similar goals might pursue different means to the same ends; the different means simply reflect values that were important in the formation of the groups. During a credit collapse, manufacturers respond to falling prices through closing factories and laying off workers. Farmers cannot shut down their farms, nor lay off themselves and families. They must tolerate the adverse economic conditions and go on producing a surplus at falling prices while manufacturers can maintain prices by unemployment. Similarly, farmers often increase their output even when the demand is inelastic and this is contrary to their common interests. Farmers had always to deal

with these adversarial environmental conditions, encouraging them to form interest groups. As such, there might be a concerted effort of a farming interest group, based on history, economic conditions, and custom, to either encourage a higher degree of competition or to protect against the degree of competition. As stated before, the action of collective groups embodies conflict, mutual dependency, and order in a decentralized but consensual democratic polity. An investigation into farming groups provides reasons to comprehend the varied forms of “order” as the result of collective action.

### III

#### **Farming Collective Action in Australia and the United States**

THE NATIONAL FARMERS FEDERATION (NFF) and the American Farm Bureau Federation (AFBF) are the largest agricultural interest groups in Australia and the United States, respectively. Both maintain that a main function is to serve the interests of domestic farmers. Curiously, as revealed from the vision, mission, and goals of each interest group in Table 1, each takes a very different ideological approach to promoting these interests. NFF’s dominant ideology promotes free competition and the elimination of agricultural subsidies worldwide. AFBF’s recent agenda has centered on supporting the 2002 Farm Bill, under which one-half of net farm income comes from various levels of government subsidies.

Table 1 provides the first indication of the values and ideology of each farming group. At first glance, many of the purported values and goals are quite similar. The legislative agenda of each group tells a very different story, however. In 2002, the NFF’s legislative agenda focused on lobbying for improved competition. Government aid was focused on initiative programs designed to improve infrastructure for efficient farms. NFF preferred programs that discourage the continuing survival of inefficient farms. Specifically, it argued for abandonment of unenforceable price regulation in the transportation industry and the establishment of a competitive licensing system for transporters of agricultural goods. Additionally, it lobbied for increased penalties for collusion generally, and promotion of competition in banking and energy industries. Internationally, the NFF suggested that

Table 1  
Vision, Mission, and Goals of NFF and AFBF

	National Farmers Federation (NFF)	American Farm Bureau Federation (AFBF)
<b>Vision</b>	Australian farmers operating profitable and sustainable farm businesses	A growing agriculture industry that depends less on government payments and more on returns from the marketplace
<b>Mission Statement</b>	To influence the Commonwealth government, Parliament, and agencies to deliver policy outcomes to the advantage of Australian farmers	To implement policies that are developed by members and provide programs that will improve the financial well-being and quality of life for farmers and ranchers
<b>Goals</b>	<ul style="list-style-type: none"> <li>• Increase profitability by reducing costs</li> <li>• Increase markets and revenue</li> <li>• Improve sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Implement policies that grow markets</li> <li>• Eliminate trade sanctions</li> <li>• Increase farm income by increasing farmer investment</li> </ul>



**Industrial Relations**

- Reduce labor and employment costs
- Reduce labor administration costs
- Increase utilization of enterprise agreements
- Improve farm labor supply

**Taxation**

- Lower tax burden and compliance costs
- Increase access, use, and benefit of farm tax programs
- Capital gains taxes should be repeated
- Death taxes should be eliminated
- Farmers and ranchers should not have to pay self-employment taxes on unearned income

**Telecommunications**

- Increased access to voice, Internet, and mobile services
- Reduced cost of voice, Internet, and mobile services
- Promote increased Internet usage

**Macroeconomics**

- Ensure macroeconomic policies are to the benefit of farmers (i.e., low interest rate, low inflation regime)
- Use market-based incentive programs to reduce compliance costs of regulation
- Oppose Kyoto Protocol

Table 1 *Continued*

	National Farmers Federation (NFF)	American Farm Bureau Federation (AFBF)
<b>Farm Costs</b>	<ul style="list-style-type: none"> <li>• Reduce costs of farm inputs</li> <li>• Increase competition in farm inputs</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce costs of farm inputs</li> <li>• Promote low-interest loan programs</li> </ul>
<b>Trade</b>	<ul style="list-style-type: none"> <li>• Reduce market barriers to Australian farm exports</li> <li>• Encourage international trade reform</li> <li>• Maintain Australia's science-based quarantine and SPS rules</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate unilateral trade sanctions</li> <li>• Eliminate foreign trade barriers</li> <li>• Enforce agreements with EU and China to open markets</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>• Improve competition in market chain</li> <li>• Ensure market power is not abused</li> </ul>	<ul style="list-style-type: none"> <li>• Resist consolidation by corporate farmers</li> </ul>
<b>Food Industry</b>	<ul style="list-style-type: none"> <li>• Increase access, use, and benefit from government food programs</li> </ul>	
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Ensure water resource security</li> <li>• Ensure land resource security</li> </ul>	<ul style="list-style-type: none"> <li>• Increased role for renewable fuels in natural resource policy</li> </ul>

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<ul style="list-style-type: none"><li>• Increase access, use, and benefit from environmental stewardship programs</li><li>• Limit costs of greenhouse impacts, adaptation, and abatement</li></ul>	<ul style="list-style-type: none"><li>• Farmers respond to economic incentives to improve sustainability (voluntary, incentive-based conservation)</li><li>• Reduce compliance costs</li></ul>
<ul style="list-style-type: none"><li>• Agricultural programs improve farmers' risk management and self-reliance</li><li>• Increase access, use, and benefit from these agricultural programs</li></ul>	<ul style="list-style-type: none"><li>• Need continued income support</li><li>• Reduced use of ad hoc support; increase in long-term, reliable income support</li><li>• Provide safety net for farmers so they can participate fairly in markets</li><li>• Oppose supply management programs</li><li>• Increase funding for agricultural research</li></ul>
<ul style="list-style-type: none"><li>• Ensure government regional programs boost the profitability of the rural economy</li><li>• Increase access, use, and benefit from these regional programs</li></ul>	<ul style="list-style-type: none"><li>• Increased farm income from investment provides rural growth opportunity</li><li>• Increase rural economic development via access to competitive grants</li></ul>

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**Agricultural Programs**

**Regional Development**

the best way to help efficient Australian farms is through world trade liberalization and elimination of price and income supports (National Farmers Federation 2002).

On the other hand, AFBF's legislative agenda focused on maintaining farms. Notably, the agenda put a priority on maintaining the 2002 farm bill. This bill provides countercyclical payments to farms in the form of both direct supports and marketing loans. This bill provides insurance against low returns from the marketplace. Elsewhere, AFBF supported using public funds to encourage alternative energy sources that come from farms (ethanol, for example). Internationally, AFBF favored reduction in tariffs, but not income supports explicitly (American Farm Bureau 2003). As such, we believe that each group's legislative agenda is more telling of the dominant ideology in each group. These ideologies and values were present in the earliest days of these groups' formation. The evolution of these values requires the investigation of the long process of development and evolution of each farming group, which takes place in the following section. This will help us to determine the behavior and the influence of each group.

#### IV

#### **The National Farmers Federation in Australia**

IN JULY 1979, the National Farmers Federation was established. The achievement of farmer unity in Australia and the establishment of "one voice" for Australian farmers were long sought. It took almost 90 years after the establishment of the first federal organization, the Pastoralists Federal Council (1890), for the divisions between primary producers to be bridged. The rift between primary producers, known throughout Australia's agricultural history as "farmers" and "graziers," was deep-seated. The reasons why people producing the same commodities chose to organize in distinct associations were historical, ideological, social, class-related, and even due to snobbery. Primary producers were victims of their own diversity. Not only were farm organizations spilt along commodity lines, but it was possible to find two or more organizations representing producers of one commodity. The fact that primary producers thought of themselves as pro-

ducers of specific commodities rather than as general primary producers was a major factor to overcome in order for unity to be achieved.

The roots of the division can be traced back to the 1800s, when pastoralists used their political influence to control large tracts of arable land for sheep, denying small farmers land for cropping. They first fought over land (Halpin and Martin 1999: 35). This left bitter scars that were aggravated by differences in wealth, property size, social status, lifestyles, and methods of farming. Graziers usually employed full-time staff as well as casual shearers, and farmers were far more reliant on family labor. Many graziers belonged to the employer class and had off-farm investments and social links to the city. The wealthier graziers sent their children to expensive private schools—the high value placed on private school education by grazing families was not blemished by hard times and falling farm income—and shopped for a range of household items in the city in preference to county towns. Some had city residences. Farmers generally had more modest lifestyles, only employing outside labor during busy seasonal periods, and making use of local schools and stores. There were also extensive differences in ideology. While graziers supported the free market and had close ties with wool brokers (grazier associations accepted broker membership), farmers had an inbuilt fear of middlemen and wanted the marketing of farm produce taken out of outsiders' hands and placed in a government-sponsored organization.

In 1893, Australian farmers organized in New South Wales under the banner of the Farmers and Settlers' Association in order to change the colonial land laws and remove land from the pastoralists. A few years earlier, the graziers had united as the Pastoralists' Federal Council (1890) to oppose the demand of shearers that they employ only members of the Amalgamated Shearers' Union. For many decades, the pastoralists had comprised the economic and social elite of Australia, but had lost much of their power in the colonial parliaments through the extension of suffrage and democratic reforms. They were now being threatened by their own "servants": the shearers, farm laborers, and wool carriers. They had little choice other than to organize against organized labor. The Pastoralists' Federal Council was

originally an industrial relations body with the purpose of fighting the closed-shop principle, establishing “freedom of contract,” and stopping what they considered the excessive pay demands of the Amalgamated Shearers’ Union. In August 1891, a meeting between the two opposing groups in Sydney saw the shearers accept freedom of contract as a precondition for an industrial agreement to cover shearing throughout the colonies. This was a moral boost for the newly formed Pastoralists’ Federal Council. This success established industrial relations as a forefront issue for the pastoralists, even in subsequent organizations. The pastoralists later took upon themselves all primary producers’ organizations in arguing against national wage increases. It became customary that industrial relations was the responsibility of the subsequent pastoralist-grazer interest groups.

There were deep and traditional divisions between wheat farmers, who demanded government intervention and distrusted the grain merchants, and wool growers, who supported the free market and had strong links with pastoral houses. However, the divisions became blurred when many small wool growers demanded price guarantees for wool and a monopoly marketing board for wheat. The Victorian Wheatgrowers’ Association changed its name to the Victorian Wheat and Woolgrowers Association in 1929 for two major reasons. One was to cater to the increasing number of its members who had diversified into wool to lessen their dependence on wheat. The second was to attract small wool growers who were unhappy with the free market philosophy of the grazier organizations. In New South Wales, the Farmers and the Settlers’ Association was predominantly a wheat growers’ body, but it attracted many wool growers through its support for organized marketing. Many Farmers and Settlers’ Association members combined wool production with wheat farming while others diversified into fat lambs, which produced wool as a byproduct.

The radical wheat grower organizations—the Australian Wheatgrowers Federation (1931) and the Australian Wool and Meat Producers’ Federation (1939)—came into prominence between World Wars I and II to demand government intervention in their industry to protect the livelihoods of farm families. In contrast, pastoralists, who adhered to the free market and had close ties with the wool brokers, thought the wheat growers demanded government-backed marketing

schemes that would provide price guarantees and eliminate the industry of the middlemen they distrusted. However, by the fourth decade of the 20<sup>th</sup> century, there were only two strands. The pastoralists, now calling themselves graziers, had remained true to their freemarket philosophy; the small wool growers of the farmers and settlers' movement had joined the radical wheat growers in the quest for "orderly marketing." This consisted of grower-controlled marketing boards with monopoly trading powers and government-backed price guarantees. Farmer organizations became affiliates of the Australian Wheatgrowers Federation and argued that orderly marketing should be extended beyond wheat to wool. Unlike their counterparts in North America, Australian wheat growers did not seek answers to marketing problems through cooperatives (Connors 1996: 31).

The year 1948 brought the first of the unbroken run of five-year wheat stabilization schemes that continued virtually unchanged until 1968. There were many factors behind the eventual achievement of wheat stabilization, including two world wars that saw the introduction of controlled marketing under wartime defense powers. Of greater significance were the increased stature of the Australian Wheatgrowers Federation by the wars' end, the growing importance of the wheat vote, and the wide acceptance of the fact that the government had the right to intervene in the Australian wheat industry. The Australian Wheatgrowers Federation had not only achieved its aim of a wheat stabilization plan but had also dominated the Australian Wheat Board, the sole seller of the annual harvest. When many graziers diversified into wheat in the 1960s, however, the Australian Wheatgrowers Federation firmly resisted their demand to affiliate and gain seats in the Australian Wheat Board. The Australian Wheatgrowers Federation perceived that the graziers, once inside, could attempt to undermine the wheat stabilization program.

In 1968, the Graziers' Association of New South Wales produced a unity study report that suggested a number of reasons why farmer-grazier unity would be difficult to achieve. Among them was the superiority of graziers as men belonging to the employer class, having higher education standards, and being the type of people who (unlike United Farmers and Woolgrowers' Association members) were persuaded by reasoned argument (Connors 1996: 10). Yet unity remained on the agenda, and a major impediment was removed within two

years of the report's completion when graziers succumbed to low wool prices, drought, rising costs, and political pressure. They accepted what farmers had long desired: a reserve price scheme for wool. As well, they entertained the belief that compromises should be made in the interests of unity. There was also a shift in the Graziers' Association's power base toward a reserve price. More members had received a taste of orderly marketing and price guarantees following the big swing to wheat in the 1960s. At the same time as the wool industry was in dire trouble, governments were about to change, the exchange rate was being managed and manipulated upward, the mining industry was growing in importance, the Greens were emerging, and the manufacturing lobby was reaching its peak. All these factors hastened the development of the National Farmers Federation (Connors 1996: 156). In 1970, the graziers had accepted a single marketing authority for wool, which had the power to operate flexible reserve prices to ease the ups and downs of the market. By 1974, they gave way on fixed floor prices and were securely trapped in the protectionist web.

The election in December 1972 of the Whitlam Labor government, the first Labor government in 23 years, also encouraged unity. Now, there was a government in control that owed its existence to the trade union movement with very little support within the farming community. The Labor government transformed the Tariff Board into the Industries Assistance Commission to advise government on all forms of assistance to all sectors of the economy (Halpin and Martin 1999: 36). The emergence of the Industries Assistance Commission was another factor encouraging farm organizations to amalgamate. Its establishment meant that farm organizations had to present detailed submissions for the continuation of assistance activity. Farmers' organizations required more resources and more skilled staff to present farmers' cases in public submissions with comprehensive and economically literate submissions before the Industries Assistance Commission. Unity would cut costs and acquire those resources. However, few farm organizations had the staff and resources to develop detailed policy submissions for their industry. Only the Australian Woolgrowers and Graziers Council and its close affiliate, the Graziers' Association of New South Wales, were probably capable



of sophisticated economic and social analysis in those days. The Australian Woolgrowers and Graziers Council, as already mentioned, had customarily taken up the burden for all farm organizations in arguing against national wage increases before the Conciliations and Arbitration Commission. It employed economists and industrial advocates and took the view that what was good for the economy, such as lower wage costs, lower interest rates, and lower tariffs, was also good for farmers. The remaining federal commodity organizations operated on a very tight budget. In the fight for new members and retaining existing members, some farm organizations kept their fees very low. This meant a lack of money to employ staff to prepare submissions of quality. Farm organizations found the task burdensome and called on the federal government for assistance in making claims for assistance! Only the graziers had the wealth and resources, the result of higher membership fees applied to their larger and wealthier producers and property investment, to take on the broad issues. Apart from the resources, the graziers, as primary producers operating in the free market, also had the inclination to tackle such issues. The economists employed by the farm organizations in the early 1970s had been trained by university economists, who tended to the side of freemarket economic rationalism. The new breed of young economists in farm organizations played a role in shifting farm leadership away from a handout mentality and toward concentrating on reducing costs, including lower tariffs, structural reform, and industrial relations.

In 1975, annual conferences of both the United Farmers and Woolgrowers' Association and the Graziers' Association voted by large majorities in favor of amalgamation and setting up a joint working group. After a successful vote, it was announced on August 1, 1977 that unity was established (Connors 1996: 188). The National Farmers Federation was so named without public protests from "graziers." The term "farmers" now meant all primary producers. The positions on the NFF Council and its various commodity councils were hotly contested, with "farmers" competing against "graziers." The Western Australian dairy farmer Don Eckersley defeated grazier Ian McLachlan in the ballot of July 20–21, 1979 to become the first president. Eckersley won not just on his popularity, but also because the farmers

outnumbered the graziers in positions of power on the state organizations that nominated delegates to NFF. The graziers may have been beaten by the farmers for key positions such as NFF president and commodity council presidents, but they got their staff into top positions of the NFF secretariat. Thus, while farmers were the victors in the ballots, senior staff positions were filled by the economists and other professionals from the now-defunct grazer organizations. This had a major impact on the style and direction of the NFF. The main people preparing the policy documents, writing speeches for President Don Eckersley and commodity council heads, and writing submissions to the government and the Industries Assistance Commission were former employees of the now-superseded grazer organizations with an inherited free market ideology. In the second NFF Council meeting, in October 1979, a set of policy resolutions was passed that were basically prepared by the staff with a free market ideology. In regard to economic policy, the resolutions were what the graziers had been arguing for a long time: lower protection levels and greater competition throughout the economy (Connors 1996: 218).

An increasing focus in agricultural policy on “self-reliance” and “individual risk management” are the principles on which the NFF operates. State intervention should aim ultimately toward restructuring and making the market work more “efficiently” in the interest of larger-scale farmers and agribusiness. The increasing emphasis is on farming as a business, rather than as a lifestyle (Higgins 1999: 141). With regard to natural resource management, the NFF has always strongly supported voluntary, incentive-based approaches toward sustainable management of farms. The NFF prefers the devolution of management responsibility to discrete regions because the best people to make decisions about natural resources are those who live in these regions. This argument highlights the need to access to good-quality baseline data. Lovett (1998: 16), from the NFF, states: “The bottom line for farming is that it must be both profitable and environmentally sustainable. The two are naturally complementary and neither can exist without the other. Protecting biodiversity protects farms, and protecting farms from environmental degradation means more profitable farms.”

**The American Farm Bureau Federation**

THE AMERICAN FARM BUREAU FEDERATION arose as a national organization in 1919 after numerous, short-lived attempts to establish a national organization. The idea of organizing to exert collective economic power had begun gathering momentum half a century earlier, around 1870. Farmers of this era perceived the railroads, farm machinery manufacturers, and bankers who held farm mortgages to be monopolies that should be regulated. Immediately following the Civil War, the frontier expanded rapidly, and labor-saving machinery enabled many farmers to expand their operations. National railroads made long-distance marketing feasible for the first time, and heavy overproduction resulted in plummeting prices for many agricultural commodities. Currency was unstable, and tariffs often worked against farmers, both as exporters of food products and as consumers of manufactured articles. They were at a disadvantage in procuring favorable legislation along these lines, compared with the influence of the bankers. The farm organizations were demanding price increases, but the bankers were demanding and obtaining price decreases through retirement of the greenbacks (1867) and demonetization of silver in 1879 and 1900 (Commons [1950] 1970: 212). On top of this, wealth was being transferred to urban populations, and the social status of the farmer was eroding. From all appearances, rural farmers were being left behind in the economic scheme of things, and they blamed the city dweller for the farm predicament. Farmers, and then wage earners, began to organize politically in order to legislatively and administratively constrain corporations and employers, whom they began to distinguish as "capitalist" class (Commons [1950] 1970: 265).

In 1867, Oliver Kelly (Kile 1921: 47) decided that this plight was largely the result of the independence of farmers, blindly following what their fathers had done. Kelly organized the National Grange to be a secret agricultural society, modeled after the Masonic Order, of which he was also a member. The purpose of the Grange was intended to be social and educational. The Grange grew quickly after

it began to promote itself as a means of protection against corporations and of opportunities for cooperative buying and selling. The Order spread quickly after 1873, when a panic caused creditors to press farmers for loan payments. The Grange actively played to farmers' discontent to encourage membership. The organization was able to garner enough political support to cause legislators to regulate railroads so that farmers could ship their produce without handing over all profits to the transportation conglomerates. After that, the power of the Grange unraveled, as some thought the organization should be more political while others thought it should stick to its educational roots and be less actively involved in politics. Grangers were able, however, to establish "Grange stores," which were the first coordinated efforts at community-wide cooperative buying and selling of farm products. Some of these were quite successful, but when a couple of larger commercial cooperatives failed, local Granges began disbanding for fear they might be held responsible for the debts. The organization, as a national entity, splintered.

The discontent that fostered the success of the group was still around, however. The benefits to be derived from an organization were too alluring to be forgotten. A string of attempts at organizing farmers followed. The Farmers' Alliance was built on the successes of the American industrial laborer and sought to draw attention to cooperative possibilities. This organization (along with organized labor) was able to move its members to political action, but it had no core business. Lack of funds caused the power of the Alliance to dissipate several years later, when political disagreements between state units arose. In 1902, the Farmers' Union was built on the ruins of the Alliance by Newt Gresham. A national organization was set up, and former Alliance organizations were invited to join. Membership grew rapidly for the Union, which emphasized cooperative and other economic features of the organization, rather than the social and educational features prominent in earlier organization efforts. A great variety of cooperative enterprises were started, and many were successful. Partly because of this, the Union was not able to support a truly national organization. Cooperatives, naturally segregated to areas of particular crop interest, resulted in an inability to sustain a national organization. Other, smaller organizations came and went before the

American Farm Bureau Federation grew to prominence. Around this time, many commodities were establishing, or attempting to establish, cooperative selling markets. These met with varying degrees of success but, importantly, they brought previously independent farmers together, taught organizing principles, and furthered the idea of gain through cooperative enterprise.

The U.S. government showed initial signs of getting involved in agricultural life in 1908 when President Theodore Roosevelt established the Commission on Country Life. This was to be a survey and investigation to see what could be done to improve the quality of rural life and inject a little enthusiasm in the "country life movement." The seeds for a national organization were planted. Simultaneously, state agricultural colleges were becoming established. Through these colleges, the government began to organize and pay for farmers' institutes, where progressive farmers could go and receive instruction on the newest farming techniques. It was soon realized that, especially in the poorer areas, a very small percentage of the rural population was being reached. Information needed to be taken out to the farmers. Extension work was born, where agriculture professors were paid to disseminate their findings by visiting farms in their area.

The next development was the coming of the county agent. A group of agricultural experts was sent to Texas to spread the latest information about combating the boll weevil. The idea was to use demonstrations on farms to prove to the rural public that science could conquer problems that farmers alone could not. Rural farmers could see firsthand that the new information worked, and the demonstrators gained their confidence. Farmers in Smith County, Texas, became the first to contribute toward the salary of their own full-time demonstrator, or county agent. Others quickly followed, as it became clear that having someone assigned to keep up with agricultural advances was good for the business of farming. The Smith-Lever Act in 1914 made federal funds available to hire a county agent for each county in the United States.

There were soon county agents everywhere, spreading agricultural awareness to the masses. They found that one agent could not, because of time constraints, advise every farm in the county. In fact, the agent was often only seeing a few of the more progressive

farmers. Agents decided to enlist the help of these progressive farmers. These farmers were encouraged to organize into a "county farm bureau," which could collect dues to help pay the agent's salary and help the agent disseminate information and demonstrations to the farmers further out in the county. Since more members meant more money and greater influence, the county agent often took part in membership drives. The influence of the farm bureau was extended throughout nearly every farm in the country, and the county agent became jointly answerable to the state college of agriculture and to the local farm bureau. This intertwining of the government and farm bureau operations from the earliest days is important to the group's evolving ideology. Farm bureaus were first organized under the aegis and with the assistance of the federal government.

The relationship between the county agent and the farm bureau was the source of much consternation and criticism on the part of competing interest groups and free market organizations. Because the agent's salary and continued employment was tied to bureau membership fees, the agent had an incentive to make a showing on a cash basis. The agent began to assist the local farm bureaus with cooperative buying organizing for buying common farm supplies in bulk for the entire county. The farmers who joined were normally put on the mailing list for technical publications; the farmers who did not join were not. The farmers who joined had first call on the county agent's services: the farmers who did not join normally had last call or no call at all. Farmers thus had a specific incentive to join the farm bureau. The dues they had to pay were an investment (and probably a good investment) in agricultural education and cooperation (Olson [1965] 1971: 150).

Producers of farm machinery and other farm implements were forced to sell at very narrow profit margins in order to secure the patronage of these cooperative buyers. Those that did not were unable to sell anything at all, as the business of farmers in each county went to only one supplier. Because county agents were involved in the administration of these cooperatives, the suppliers complained loudly that federal funds from the Smith-Lever Act were being used to favor farmers' interests. The U.S. Department of Agriculture was

forced to regulate the extent to which the county agent could participate in cooperative buying. The agent could help organize the group, but could go no further. Farm bureaus had to hire purchasing agents to oversee cooperative buying. Cooperating with the county agent was now only one of the lines of work of the farm bureau. From this point forward, the farm bureau grew in power as it operated more independently of the county agent.

Local farm bureaus crystallized into state units to take advantage of the organization that had been provided for educational means by the county agents. Almost immediately, the state units came together to form a national organization, the American Farm Bureau Federation. The size and the relative stability of the American Farm Bureau Federation has resulted from two factors. One is that, for a long time, it was the natural channel through which farmers could get technical aid and education from the government; the other is that it controls a vast variety of business institutions that normally provide special benefits to AFBF members (Olson [1965] 1971: 157). The primary motivation for nationwide organization was to keep control of food products until they reached consumers, thereby reducing what were seen as excessive profits on the part of railroads and other middlemen. After intense argument between leaders who wanted to keep up the educational focus of the farm bureau and others who wanted to take advantage of the political and economic possibilities of organization, a middle ground was reached. Education would still be on the agenda, but exploiting the organization to improve the lot of the farmer was a higher priority. National dues of 50 cents per member were established in 1921, giving the AFBF a financial base that previous attempts at farm organization had not enjoyed. Economic goals were as follows: to extend cooperative marketing of farm crops to the point that maximum benefits were secured for the producer and consumer; to limit the profits and reduce the costs of distribution in all lines not handled cooperatively; to estimate world supply of farm products so as to regulate flow and stabilize prices; to establish new foreign markets for surplus American farm products; and to provide cheaper sources of farm inputs. So, from the very beginning, cooperative buying and selling were at the heart of AFBF's agenda. Also,

the AFBF was notably in favor of using legislation and regulation to improve the farmer's competitive position, control output and price of farm commodities, and reduce tariffs on agricultural exports.

As the group evolved, a close relationship with the federal government continued. In 1933, the Roosevelt administration began a vast program of aid to agriculture under the Agricultural Adjustment Act. To get the program off to a rapid start, the administration had to rely on the only nationwide administrative system that had any experience with agriculture—the Agricultural Extension Service, with county agents in every county (Olson [1965] 1971: 152). Battles were fought with varying degrees of success over price controls of inputs and outputs. Cooperative organizations first established by the AFBF were quite successful; by this time, however, they were organized along commodity lines and were managed regionally, rather than nationally.

Today, the legislative agenda addresses many of the same concerns. Although management of many of the remaining buying and selling cooperatives has long been turned over to specific commodity interests, the ideology that promoted government help with export and input markets remains a key part of AFBF's strategy. Concerning export markets, AFBF has asked for federal help with eliminating export licensing for previously sanctioned markets, continuing to seek new markets globally, providing funding for international market development programs, and continuing to monitor and enforce existing trade agreements. AFBF supports temporary immigrant worker programs that are agriculture specific, and supports regulation of packing and shipping companies. These and other programs seek to keep prices of agricultural inputs low. The dominant ideology of the AFBF, then, displays considerable evidence of path-dependence. Major support of cooperative enterprises (which proved untenable on a national scale) notwithstanding, the AFBF of today embodies many aspects of the same ideology that it showed in the early 1900s when it was forming. While these things certainly impact natural resource management, the AFBF advocates a natural resource policy very similar to that of the NFF. That is, it supports sustainable development in all its forms, as long as it does not inhibit productivity of agricultural business. Specifically, it encourages development of water



resources and reformation of the Endangered Species Act and other legislation to reduce regulatory compliance costs for farmers.

## VI

**Conclusion: A Comparative Approach**

THE NFF, WHILE ESTABLISHED RELATIVELY RECENTLY, inherited the ideology of the free market as a result of a concerted effort by the graziers' organizations to install the free market ideology in the newly formed organization. The graziers' organizations had the funds to support professional staff (with a free market ideology) and were able to provide the necessary infrastructure for the newly formed organization to be operative, independently of the election results to the Executive Board. In this way, the employment of the previous staff of the graziers' organizations guaranteed that the values of the free market would be installed in the NFF. The circumstances under which the group was formed are important. Large, previously existing groups were joined into a national organization. The NFF began as a national organization with an already-developed set of values taken from the graziers and large farm interests. In contrast to the AFBF, government involvement and cooperative ideology were inhibited in the advancement of the NFF.

The AFBF enjoyed very strong support by the government. Its historical development is linked with government support, a connection that is maintained even today. The AFBF originated in a much more decentralized way, as a collection of small farmers seeking a voice in a large economy. With government agents helping to provide structure, individuals gathered power until they formed a national organization. This bottom-up development structure tended to encourage the interventionist ideals of the small, powerless, and independent farmer. While the AFBF is in favor of free competition, this competition should not be to the detriment of the stability of farmer's income. In this context, natural resource policy for both organizations should not impact negatively on the profitability of farms.

In its 2002 *Annual Review*, the NFF's position on environmental management is based on four principles: information, property rights, incentives, and partnerships. For the NFF, managing the balance

between natural resource management and property rights is a major issue. Restoring to farmers security of their use of natural resources would encourage private investment to manage farm business in an environmentally sustainable way. However, the NFF is concerned that the government will adopt a top-down approach to the issues regarding environment management systems, which would prohibit farmers' involvement in the decision-making process and in the process of change (National Farmers Federation 2002: 27). In general, farm businesses should be based on profitability, sustainability, competitiveness, risk management, and self-reliance; the role of the government is to provide the supporting public goods of information and the appropriate institutional environment.

The Organisation for Economic Cooperation and Development (OECD) reports show a wide range of farm income support across OECD countries. They estimate U.S. subsidy levels to be around 20 percent. More notably, Australian farmers receive only 4 percent subsidy, second-lowest only to New Zealand (OECD 2003). This is in keeping with the lobbying agendas of the two large groups analyzed here. The AFBF, as revealed in the *Legislative Agenda 2003*, strongly supports the 2002 Farm Bill. The Farm Bill offers a combination of countercyclical income support and direct support for marketing and loans. While the market should be competitive, these same markets should offer "fair" prices for agricultural products. These policies support "broad national goals" and "the associated benefits for our entire nation, and the futures of the families and rural communities involved" (American Farm Bureau 2003: 4). Although these policies have not resulted in significant increases in subsidies to U.S. farmers as yet, they have the potential to do so to a significant degree if farm prices drop (NSW Farmers Association 2003: 3). With regard to natural resource management, the Farm Bill has provided increased resources to assist farmers in the improvement of resource management. However, AFBF stipulates that this increased funding should be provided for voluntary, incentive-based programs because these are the most effective and efficient ways of improving and protecting the environment. Thus, both organizations have similar positions regarding natural resource management. There is a major difference, however: the AFBF lobbies for and promotes the passage of the Farm Bill.

Implicitly at least, it is willing to tolerate and support inefficient farms through the provision of government income support and establishment of a “fair” price. This would be totally unacceptable for the NFF. The NFF has been demanding the elimination of domestic and foreign subsidies for agricultural products. If farm businesses cannot meet the market test, they should close down, whether the shutdown is the result of price fluctuations or of lagging behind voluntary environmental sustainability programs.

It is not by accident that the positions of the NFF and the AFBF are so different. The dominant ideology of the NFF is free market, while the AFBF favors government intervention, government income support, and a “fair” price. Current world conditions and domestic political settings certainly play some role in the contemporary behavior of these organizations, but the evolution of each organization has played the key role in the positions they now take regarding how best to improve domestic agriculture. The historical development and evolution of both organizations demonstrated that conflict, mutual dependency, economic conditions, and custom have shaped the ideology of each organization, even though both organizations have the same goal: to protect the interests of farmers.

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