

An Institutional and Economic Complexity Approach to the Development of Agricultural Interest Groups in Australia

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Abstract: The formation of interest groups is path-dependent. The ideology and thus behavior of interest groups cannot be isolated from history, customs, economic conditions and changing alternatives open to individuals. In Australia, there were historical and traditional divisions concerning farmers producing for international markets that depend on flexible world prices and those producing for the domestic market with stabilized and subsidized prices. The National Farmers Federation (NFF) (1979) is the result of a historical-evolutionary-developmental process of preceding agricultural interest groups. Hence, an understanding of the NFF ideology that promotes free competition and the elimination of agricultural subsidies worldwide, in contrast to the agricultural interest groups in the United States and UK, requires an examination, using an institutional and economic complexity approach, of the evolution of agricultural interest groups in Australia.

Keywords: institutional economics, economic complexity, agricultural interest groups, Australia

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The National Farmers' Federation (NFF) is the agricultural interest group in Australia representing all primary producers.¹ The NFF maintains that their main function is to serve the interests of domestic farmers. Curiously, the NFF takes a far different ideological approach to promoting these interests than other agricultural interest groups, such as the American Farm Bureau Federation (AFBF), which is the largest agricultural lobby group in the United States, the National Farmers' Union in the UK, and farm organizations in other countries, who enroll farmers as a vocational group. Most importantly, the Australian experience is in direct contrast with agricultural groups that favor government intervention, as the NFF's dominant

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ideology promotes free competition, mistrust of government, and the elimination of agricultural subsidies worldwide.

The formation of the NFF in 1979 marked a sea change, in terms of both the style of lobbying undertaken and the substance of the policy positions promoted by farmers' representatives (Botterill 2005, 208). However, the structure and ideology of the NFF is not accidental as the formation, beliefs and behavior of interest groups is path-dependent. It is important to discover the reasons for the unique structure and ideology of the NFF. This is because the NFF was one of the major protagonists to stir government policies toward free trade, deregulation, and structural adjustment, not only in agriculture, but rather in the whole Australian economy. For example, the Australian waterfront dispute in 1998 between the union movement and the federal government joined by the NFF and Patrick Stevedores is arguably the most important Australian industrial struggle of the previous century and had significant international implications. The Australian government, the NFF and Patrick Stevedores engaged in a coordinated effort to undermine the union movement and to impose the introduction of individualized working arrangements within the stevedoring industry, with the hope that this arrangement would mushroom throughout the economy (Svensen 1998, 1).

From an institutional point of view, Commons ([1950] 1970, 34) insisted that "economics should be the science of activity," whilst from an economic complexity standpoint economics should be the "science of effective co-ordination and the generation of innovative and sustainable collective action capacity" (Elsner 2005, 19). Both approaches are complementary as they equally value critical scrutiny of the dominant institutions (O'Hara 2007, 35). Seeing that the "economy is a complex system of rules, and economics is the study of the coordination of these rules and how they change" (Dopfer and Potts 2004, 10), in this context, economic agents are not motivated to maximize utility; on the contrary and to be more precise, economic agents attempt to solve problems (Dopfer and Potts 2004, 15) either individually or through collective action. In this tradition, the purpose of this paper is to determine, by using an institutional approach matched with economic complexity, the formation and evolution of agricultural interest groups in Australia.

An institutional and economic complexity approach to investigate agricultural collective action is appropriate, considering that both approaches integrate within the framework of economic relationships, the interaction between history, institutions, politics, social consciousness and ideas. The development and evolution of interest groups is a historical, dynamic and comparative process in nature. Therefore, an institutional approach is most suitable. An institutional approach stresses that making economic sense and understanding economic relationships is not feasible without explicit awareness of power, institutions, and values. The historical, political and ideological aspects of interest group formation are fundamental to the evolution of the group, as such economic complexity methodology is applicable as it "is basically concerned with problems of relationships, of structure, and of interdependency rather than with the constant attributes of objects" (Hayden 2006, 51).

As Commons ([1950] 1970, 118) affirmed, “I have never been able to think of the various social sciences as separate fields of history, political science, law, economics, ethics and administration,” in contrast, “most economic theory is based on the idea that when dealing with an economic system, we are dealing with an ordered system. Mechanics and the analysis of equilibria in closed systems are examples of theories of order” (Dopfer and Potts 2004, 4). My research proposes to appeal to institutional economics and theories of collective action to perform a study of the evolution of agricultural interest groups in Australia to determine their unique ideology and how goals and the means of achieving these goals have evolved.

In tandem, the economic complexity literature is relevant in the case at hand. Accordingly, there is a long-run tendency in capitalist economic systems toward greater complexity, driven by powerful economic forces (Hodgson 2003, 471-2). The comprehension of the evolution of agricultural groups in Australia, inline with the economic complexity literature, necessitates endogenizing the decisive factors in sight: preferences, technology, knowledge, and institutions. Indeed, rather than starting based on *ceteris paribus*, economic complexity is primarily concerned with the formation and change of preferences, knowledge, technologies and institutions through historical time. Undeniably, the acknowledgement of real-world interdependencies and interactions implies complexity to become a core object and tool of analysis of economics (Elsner 2005, 31); “as common systems principles and characteristics, such as openness, complexity, wholeness, hierarchy, and regulation were found to be useful in explaining the functioning of all systems” (Hayden 2006, 51).

To my knowledge an examination of the evolution of agricultural interests groups in Australia using an institutional and economic complexity approach has not been attempted before. Students of institutional economics would benefit from this paper as it provides a novel methodology in determining the unique structure and ideology of the NFF. The paper is organized as follows: the next section provides general information about the NFF; the third and fourth sections outline the analytical framework; section five develops an evolutionary approach to the formation of the NFF and the final section provides the concluding remarks.

The National Farmers’ Federation

The National Farmers’ Federation (NFF) is the agricultural interest group in Australia representing all primary producers. NFF’s dominant ideology promotes free competition and the elimination of agricultural subsidies worldwide. For nearly 30 years, agricultural policy in Australia has been dominated by free-market economics, and although new issues have been prevalent to the policy agenda, the nature of the policy proposals and the prevailing value system remain unchallenged (Botterill 2005, 217). 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. In contrast, the NFF stresses that “protectionism in world agricultural markets is a major problem for Australian farmers. Australian agriculture will not reach its full

potential if efforts to establish and enforce freer trade in international agricultural markets are not stepped up . . .” (NFF, Trade Election Policy, November 2001).

The NFF was formed as an organization with which the government could consult in order to formulate desirable agricultural policy. The NFF was established in 1979 and has exercised a monopoly in representation of Australian farmers for more than a quarter of a century. Quite logically, it could be argued that the young history of the NFF, as compared to the AFBF that was established in 1919, might not provide enough information or be of no interest as a research topic. On the contrary, while the NFF was established in 1979, Australia displays a rich history of agricultural interest groups, starting with the Pastoralists Federal Council, which was established in 1890. This Council eventually evolved into the NFF. The 90 year history prior to the establishment of the NFF certainly had a major influence in the formation of the current organization.

The NFF is the “peak” body of farm organizations. It comprises state farm organizations, commodity councils, associates and affiliates. State farm organizations represent the interests of the agricultural sector in their respective states, and national commodity councils represent individual commodities on national issues. Halpin (2003, 141) names the federations of state farm organizations and commodity councils as the NFF family. The NFF family of agricultural interest groups has played a central role in facilitating the free market approach to Australian agriculture policy and co-generating the discourses that support it. This shift to a trade liberal paradigm, along with economic and industry deregulation, sits within an overreaching commitment by successive Australian governments and the NFF to a free market agenda in agricultural policy and the whole Australian economy.

The Institutional and Economic Complexity Approach to Collective Action

Interest groups either defend themselves against intrusions by government or demand government assistance. Generally, interest groups form because agents feel there is an opportunity to collectively accomplish something they cannot achieve on their own. Interest groups arise spontaneously in response to feelings of common interests among individuals. Emotional and/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, the U.S. farmers associated themselves in the 1870s to control railway corporations through politics 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 parliaments in disproportion to the votes received and to occupy powerful government ministries, such as Deputy Prime Minister and Trade Minister. The objective, or purpose, of group formation is important in understanding how groups evolve. A purpose of a group is that desirable state of affairs that members intend to bring about through joint action, and is thus

tied closely to the group's ideology. Without an understanding of the origin of a group, we are not equipped to explain how members become involved, make plans, and take collective action (Zander 1985, ix).

Olson ([1965] 1971), to some degree, agreed with Polanyi ([1944] 1975) that collective action should not be considered an instinct or propensity. Polanyi ([1944] 1975) stated that the utopian endeavor to establish a self-regulating market system resulted in a series of disturbances and dislocations that inevitably produced suffering, unemployment, price fluctuations and waste. These disturbances eventually generated collective action to influence government policy to mitigate and control the ravages of the system through institutions, tariffs, subsidies, wage guarantees, social insurance, and so forth. Institutions have an important role in reducing uncertainty, as North (1990, 6) stressed. Alongside the movement toward a free market system, there is an opposite movement in the form of collective action to control the establishment of a "free" market system.

This is Polanyi's ([1944] 1975) concept of "double movement." The ravages of unprotected exposure to markets are something that societies have been historically unwilling to bear. People have always struggled to protect human and natural substance, as well as business organization from the "satanic mill" of unfettered free enterprise (Polanyi [1944] 1975, 73). As the market mechanism did not produce desirable results to individuals due to the disparities of bargaining power, collective action is the means by which individuals promote and/or force the necessary reforms. The degree of market exposure of any particular group in an economy increases the likelihood that the group will look to group action for security and stability not found in the marketplace. Indeed, Polanyi suggests that politically powerful but economically weak masses formed groups to protect themselves from the economically powerful few.

The study of collective action, the nature of property rights and the structure of power cannot be incorporated in individualist economics (Parsons [1950] 1970, xiv). Individualist economics perceives economics as a logical, deductive science, to be based upon the assumption of rational self-interest of individuals. However, we are ". . . dealing more with group concentrations of economic power than with atomistic individuals, more with qualitative than with quantitative matters, more with dynamics than with statics. Groups, power, change, multidisciplinary subject matter, and qualitative considerations are the substance of institutional economics" (Paarlberg 1993, 823). As well, individualist economics ruled out history, actually "economics forgot history" (Hodgson 2001), as a part of economics to avoid reducing the subject to a mere description, or a narrative, which could not claim to be a science. Nonetheless, the history of economic conditions and the ever-changing alternatives open to individuals is necessary for an understanding of current reality and of the relative importance of different factors that make up the reality, as well as the different proposals for the future.

In place of neoclassical economics, Commons accepts conflicts of interest as natural and indispensable ingredients of social processes: "Conflict and power are real" (Commons [1950] 1970, 15). It is not conflict in the narrow sense of friction;

the institutional approach to 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 structure. Nevertheless, it is not order in the static equilibrium sense of individualist economics rather order in the dynamic sense of continuously and eternally resurfacing problems. Collective action, which is essentially an “institution,” – “a stable and significant rule population” (Dopfer and Potts 2004, 10) and “the social cement that conditions the roles agents play in economic life” (O’Hara 2007, 35) – provides a tool of analysis and investigation to comprehend the similarities and differences in the varied forms of order as the result of collective action.

“Complexity is a way of viewing the economic system in terms of what it really is” (Dopfer and Potts 2004, 3). Complexity is not so simple, a notion that it can be captured by a single index or any of a number of parameters of a graph (Albin 1989, xiv). Complexity theory fuses evolutionary propositions, endogenous processes, self-reproduction, emergent properties and holistic relationships (O’Hara 2007, 7) making the methodology pertinent to the development of agricultural interest groups in Australia. Due to the fact that economics, based on the economic complexity methodology, becomes a holistic study, it is likely that contradictions and paradoxes emerge in the organization of institutions and technologies. In contrast, “a fundamental flaw of the dominant scholarly paradigm is its mechanistic treatment of information-handling, signaling, decision making and knowledge institutions” (Albin 1989, xvii).

The system endogenously evolves due to the inherent attributes of the complex processes involved in real world dynamics. Irreversibility is patterned into the dynamics because the process of change impacts institutions and technologies that are subject to path dependence and metamorphosis (O’Hara 2007, 7-8). Hence, a change somewhere along the line will, with various feedback loops and impact loops, affect the other parts of the system. Through the impact of positive-policy loops, even progressive changes (“from above”) may instigate quite major transformations of the system, producing confusion and the lack in resources to cope with the magnitude of the required changes (O’Hara 2007, 29) encouraging in this way the formation of collective action groups.

Hence, the methodologies adopted in this paper to discover the evolution of agricultural groups in Australia “. . . is a realist analysis of the structure, contradictions and unstable reproduction of economic systems, paying particular attention to the link between agency and institutions, habits, and instincts in an environment of uncertainty, ignorance and bounded rationality” (O’Hara 2007, 35).

Interest Group Formation and Behavior

For Olson ([1965] 1971), individuals choose their participation in collective groups only on the basis of rational cost-benefit calculations. The judgment of collective action as exclusively based on self-interest utilitarian calculi is not erroneous, but

mainly incomplete. Others have indicated that motives for joining groups can be self-interest, in an Olsonian, “economic” sense, or political. Hrebena (1982, 33) finds that people are induced to join groups for a complicated mixture of material (selective incentive) and purposive (political) reasons. This is important because the reasons people join groups affect the way groups’ ideologies evolve.

Undeniably, interest groups would almost always prefer compulsory membership. Since groups, especially large groups, cannot make membership compulsory, they must also provide some non-collective goods to encourage potential members to join (Olson [1965] 1971, 16). Large groups are more likely to be more consistent with Olson’s theory that individuals choose their participation in collective groups only on the basis of rational cost-benefit calculations. In order to keep numbers up, these groups must offer large membership reward packages, often unrelated to their political ideology (Moe 1980, 30).

Longlived organizations also tend toward use of selective incentives to draw new members. Group members, who only join for political reasons, tend to leave after an issue of interest that provoked their joining is over. Members who have joined for selective incentives, however, will stay as long as they are receiving their benefits (Hrebena 1982, 62). Farm lobby organizations, like the one examined here, are both large and have a long history. As such, the expectation is that they would have constituencies that are interested in the organization’s activities only as far as it affects their membership rewards. These kinds of organizations, then, are naturally less responsive to changes in the attitudes or ideologies of their members.

Moe (1980) explains that farm organizations draw membership primarily for non-political reasons. The associations put together packages of selective incentives, which draw members who join only for personal gain. The organization, in return, broadens its membership base and gets funds that it can use to promote its goals. New members who are affiliated only for personal gains from membership have no political interest in these values. As such, the organization is less buffeted by continual changes in values of its constituency. Hence, these values guide the behavior of the group, independent of their eventual goals. Group purposes tend to stay unchanged over time. Zander (1985, 140) states that religious and political organizations tend to hold on to original value sets indefinitely. He further contends that some purposes themselves resist change. Goals are unlikely 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.

Therefore, my contention is that each group tends to display values that were prominent during formation. The ideology and thus behavior of interest groups cannot be isolated from the history, the economic conditions or the changing alternatives open to individuals. Knowledge of history and customs is necessary for an understanding of the ideology of the interest group, the relative importance of the different factors and the different proposals and demands for the future. Insight into the historical context of group and purpose formation is critical if we are to study not only what groups do, but why they do what they do (Castles 1967, 17).

The formation of an interest group is path-dependent, the presence of which results in past states influencing later conditions (North 1990, 100). During this process, the wills of individuals are brought together into a created collective will. Zander (1985) states that initial conditions under which a group forms determines its evolution. Individuals in groups develop a common point of view with regard to the group's interests. Thus, group purposes tend to be more path-dependent than individual purposes. The organization tends to "insist" on the original value set. So the agricultural interest group in our study is promoting path-dependent values that originated when the group formed. It is very reasonable to argue that the two groups with similar goals might pursue different means to the same ends, as is the case of agricultural groups worldwide; the different means simply reflect values that were important in the formation of the groups. Thus, 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 to protect against the degree of competition. As such, an examination of farming interest groups - formation, evolution, institutional-decision-making processes and goals - would reveal the direct link between farming requested policies and government policies as a result of lobbying.

As the organized form of collective action - especially with the government - has evolved, custom and tradition has come into play. Customary behavior - the mere repetition, duplication, and variability of practices and transactions - and tradition 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). Consequently, path dependence is a major factor in constraining our ability to alter performance for the better in the short run (North 1997, 17). So, the agricultural interest group in our study is promoting path-dependent customary and traditional values that originated when the groups formed.

Nonetheless, the principle of historical specificity must be embedded in the evolutionary and institutional structure of interest group formation and behavior through time; individuals and structures interact through time in the determination of socioeconomic processes (O'Hara 2007, 8), as "living systems both adapt to their environment and modify their environment" (Hayden 2006, 52). Traditional time concepts and clocks are not sufficient for the space-time coordination to solve problems through collective action. Real-time systems relate to the sequential events in interest group formation and behavior rather than to clock time, as "the system itself defines when events should happen" (Hayden 2006, 60), an approach adopted in this paper. It is necessary to be able to model temporal relationships relevant to particular interest group formation and behavior.

Activity sequencing places social problems within the context of social behavior, which is ideally timed by the succession of events relevant to that social behavior-problem nexus within social time. In other words, reference to clock time becomes secondary as the process to internalized timing involves activity sequence structure. In this fashion, "there is no end to a system . . . One-dimensional systems (such as would be implicit in an assumption that human consumption is the end of economic

activity) are not real-world economic systems” (Hayden 2006, 52). Activity sequencing timed by the succession of events is an utmost suitable procedure of investigation of the evolutionary process of the development of the NFF, providing “a means of disaggregating the system into subsystems without practicing reductionism” (Hayden 2006, 54).

In complex systems with their non-deterministic, idiosyncratic, path-dependent processes, the standard that emerges will be anything but “optimal” (Elsner 2005, 24). Because systems are not automatic equilibrium systems, they respond to changes in the external environment to achieve a specific goal (Hayden 2006, 55). Therefore, the economy can neither be understood nor analyzed by a simple modeling apparatus (Hayden 2006, 74), as replicator dynamics do not describe a tendency toward an equilibrium state or, from an empirical standpoint, regression to the mean (Metcalf and Foster 2004, ix). A complex evolving economic system is always restless in substantial disequilibrium (Dopfer and Potts 2004, 11). “Consequently, it is futile talk of the optimality of arrangements at any stage in history; all we can note is that history makes itself” (Metcalf and Foster 2004, xv). Hence, interest group formation and behavior cannot achieve an “optimal” state of affairs in ever-changing environmental conditions and in actual fact interest groups attempt to change the non-optimal state of affairs.

The interest group formation and behavior literature presents an adequate distillation of the institutional and economic complexity literature around which the following sections of the paper would be presented. The interest group formation and behavior framework does not only account for path-dependency arising from ideology (and mental models generally) but also from network externalities and consequent vested interests. Both ideological and institutional structures are important to the survival of a policy lobby network (Botterill 2005, 209). The aforementioned discussion of how vested interests congeal around any given institutional structure, and thereby impede changes to the same structure, is very relevant to the line of reasoning of the difficulties encountered in moving from an initial commodity-based configuration of multiple agricultural interest groups to a single vocation-based group in Australia. These tools of analysis will be applied in the following section to investigate the establishment of NFF as a historical-evolutionary process.

The Formation of the National Farmers’ Federation

From the 1880s to the 1920s

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 in 1890 – for the divisions between primary producers to be extinguished. The divisions between primary producers, known throughout Australia’s agricultural history as “farmers” and “graziers” were deep-rooted. The reasons why people producing the same commodities

chose to organize in distinct associations were historical, ideological, social, class-based and even snobbery; thus an institutional and economic complexity approach is quite suitable. Not only were farm organizations split along commodity lines, but it was possible to find two or more organizations representing producers of the same commodity. The fact that farmers thought of themselves as producers of specific commodities rather than as primary producers in general was a major factor to overcome for unity to be achieved. Therefore, the development of the NFF “can neither be understood nor analyzed by a simple modeling apparatus, it requires methodologies that allow for the interaction between the ecological system and social institutions” (Hayden 2006, 74).

This division between primary producers negatively influenced the formation of national agricultural policy, specifically in the interest of all farmers: “What is apparently disquieting to ministers and civil servants is the fact that sometimes there is more than one voice purporting to speak from an [agricultural] industry and some reconciliation of points of view becomes necessary” (Campbell 1966, 118). McEwen (October 21, 1964, 2 quoted in Campbell 1966), the long-time Country Party leader and Minister of Trade, addressed the Annual Conference of the Australian Primary Producers’ Union and clearly showed his frustration: “. . . there’s nothing more tormenting than to have conflicting advice offered to you . . . by virtually saying to the government: ‘Well, here we’ve given you the conflicting advice, now you sort it out’. This is weakness; this is not strength.” However, many primary producers believed it was not their role to make life easier for the government, as those who asked farmers “to speak with one voice” really demanded them to “listen with one ear;” in other words, unconditional acceptance of government policy (Connors 1996, 3). As Campbell (1966, 126) maintained, “one can appreciate that a minister’s frustration and worries (as well as those of his advisers) might be reduced if an acceptable agreed policy were submitted by a particular industry, but a reduction in the number of sleepless nights of Ministers of the Crown and civil servants is not the ultimate criterion of good government.”

The roots of the division and conflict between primary producers can be traced back when pastoralists used their political influence to control large tracts of arable land for sheep runs, denying small farmers land for cropping. The first conflict was over land (Halpin and Martin 1999, 35). The first farmers in various Australian colonies were subject to a number of regulations and the most burdensome of these were those relating to land. Many of these constraints reflected the views of the British Government rather than that of the inhabitants. It was regulations such as the attempt in 1829 to confine agricultural occupancy in New South Wales to the nineteen counties surrounding Sydney that gave rise to the “squatter” (Campbell 1985, 248-49). Those who were defiant of what they viewed as unnecessary constraints took their flocks and herds beyond the bureaucratically determined limits of settlement. This action, together with their characteristic behavior, gave rise to the legend that “squatters” were strong-determined-independent individuals mastering the rugged land of Australia, who could stand on their own feet and were hostile to any government interference. This hostility to government developed into a social belief

and persists even today with important ramifications, as “in social systems, primary controls are social belief criteria. They give the social system structure. Social structure includes constraints, rules, customs, beliefs, legal codes and the like. These structure social systems by guiding social and economic action, by legitimizing transactions, and by requiring deliveries to be made” (Hayden 2006, 56).

Even though the United States and Australia had similar patterns of internal settler colonialism (Craig and Phillips 1983, 415-16), the settlement patterns of the two countries are diagrammatically opposite. In the century that followed the 1776 Revolution, agriculture was in the hands of small mixed producers in the United States. This gave way in the 1880s, to extensive grazing and dryland wheat production in the arid rangelands of the west. In Australia, the course of development was almost opposite. The first century of colonization from settlement in 1788 was one of the domination of capitalist grazing-large landholders who simply occupied land, displaced the indigenous population, and sought to force the state to legitimize their rights in land.

The squatters, however, could not escape government regulation forever. New regulation was the result of community attitudes toward land as property and the increase in population, new laws were established to ensure an equitable partition of land. After the gold rushes, the movement for free selection began and the changes in land legislation designed to break up large estates in the name of closer settlement meant a curtailment of pastoralists rights in land and, hence, in their power, privileges and wealth. Pastoralists fought so successfully that even though the first Land Acts for closer settlement were passed in 1860, it took another twenty years and several more parliamentary decisions before the small farmers were able to settle with any security on the land (Craig and Phillips 1983, 411-2).

The struggle for land was aggravated by differences in wealth, property size, social status, lifestyles, and methods of farming. Graziers usually employed full-time workers 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 and shopped for a range of household items in the city. Some had a city residence. Farmers generally had more modest lifestyles, employing outside labor only during busy seasonal periods, making greater use of local schools and stores and having a greater sense of being part of the community. While graziers supported the free market and had close ties with woolbrokers – grazier associations accepted broker membership – farmers had a built-in dislike of middlemen and wanted the marketing of farm produce taken out of their hands and placed under government control. This divergence of beliefs is extremely important as “beliefs deliver criteria to institutions. Institutions deliver social information to beliefs to determine whether the institutions are in conformance with the beliefs” (Hayden 2006, 83).

The graziers supported the free auction system and the farmers wanted government intervention in the industry to put a reserve price on all wool sent to auction. Graziers, relying predominantly on the free wool and beef markets for their livelihoods, were “unprotected” and sought an Australian economy free of the

inflationary impact of tariffs and national wage increases. The hostility toward government exhibited by the squatters became ingrained and customary, as quite often the pastoralists would boast of their independence and hostility to government intervention (Campbell 1985, 251).

There were also political differences, with farmers tending to be strong Country Party supporters – in 1914 the farmers created their own political party, the Country Party, which is still in existence with a different name – and the graziers split between the Country and Liberal parties (Connors 1996, 4). To begin with, political energies and actions of the agricultural interest groups involved establishing and sustaining the Country Party in conjunction with parliamentary-electoral support for the party (Halpin and Martin 1999, 35).

However, the Country Party developed a life of its own and, in its desire to share power and cooperate with its conservative allies to form viable governments, could not always deliver what farmers desired. Farmers discovered this as early as the 1920s, when the demands of wheatgrowers for compulsory pooling were not supported. The graziers' complaints about Australia's high tariffs were unwelcome, as the federal Country Party was not prepared to risk its alliance with their conservative ally. All formal links between the Country Party and farm organizations were broken by the mid-1940s. The party wanted to drop its image as a sectional party and appeal to the wider non-metropolitan electorate, while the farm organizations believed that ending their affiliation would give them a better working relationship with the Labor governments. In addition, the small electoral base and the growing diversity of farmers all impeded the formation of a stable electoral base sufficient to sustain a political party (Halpin 2003, 145). Consultative mechanisms between agricultural interest groups and government replaced a dedicated "farmers party" as a means to influence agricultural policy (Halpin and Martin 1999, 33).

When small farming became reasonably economically secure, elements of earlier Australian traditions and the general ideological baggage of a European colony were interwoven to produce the "pioneer" in which the small farmer battles the elements, subdues the land, and flourishes within small communities and in the wider Australian economy (Craig and Phillips 1983, 411). Australia was a big man's country for much of the nineteenth century, as the inland population of Australia had a very strong male bias, hence in this sense it was a man's country (Craig and Phillips 1983, 415).

In 1893, farmers organized in New South Wales (NSW) under the name Farmers and Settlers' Association to change the colonial land laws and remove land from the pastoralists, who only a few years earlier had united as the Pastoralists' Federal Council (1890) to oppose the demand of shearers that they employ only members of the Amalgamated Shearers' Union (see Timeline). The Pastoralists, having lost much of their power in the colonial parliaments through the extension of suffrage and democratic reforms and comprising the economic and social elite of Australia, were now being threatened by their own "servants": the shearers, farm laborers and wool carriers. They had little other choice than to organize against organized labor. The Pastoralists' Federal Council was an industrial relations body

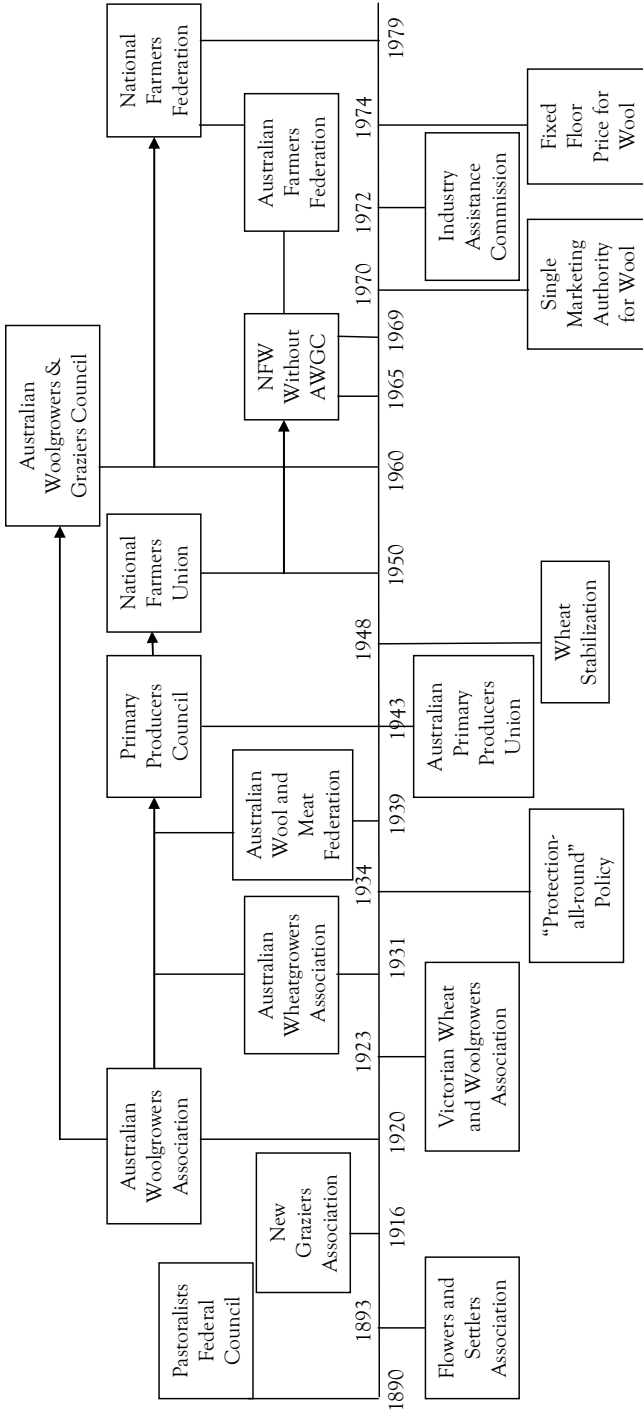
designed with the purpose of fighting the closed shop principle and establishing “freedom of contract” and bringing to a standstill what they considered the excessive pay demands of the Amalgamated Shearers’ Union. The strikes of 1890 and 1891, however, took much of the fight out of the shearers.

In August 1891, a meeting between the Pastoralists’ Federal Council and the Amalgamated Shearers’ Union in Sydney saw the shearers accept freedom of contract as a pre-condition for an industrial agreement to cover shearing throughout the colonies. This was a moral boost for the just-formed Pastoralists’ Federal Council. The union’s goal of all union shearing sheds had ended in bitter defeat and the shearers, while able to organize another strike over pay and conditions in 1894 were a weakened force until revitalized after the Federation with the institutionalization of federal awards for shearing and other rural industries under the Commonwealth arbitration system (Connors 1996, 21). After this event, it would become customary and habitual behavior (an individual pattern of regularity formed in order to make order out of the apparent chaos of the world and they arise out of action and are ingrained in the thought and behavior of the individual (O’Hara 2007, 27) or the interest group) for pastoralist organizations to take up the burden for all agricultural organizations in arguing against the national wage increases before the Conciliations and Arbitration Commission. Even with the inception of the NFF, this tradition was maintained as industrial relations have always remained high on its agenda.

To small farmers, as well as bush unionists, the pastoralists (known disparagingly as “squatters”) represented a despised class. There was a major concern about their strong influence in the colonial parliaments, antipathy of their wealth and social position, and bitterness at what many saw as their superior attitude toward workers and farmers. Changes were on the way, however, which resulted in some of the old attitudes shifting. Some changes were engendered by the decline of grazier influence with legislatures, the wooing by politicians of the numerically superior farmers and a campaign by the graziers’ associations to recruit small woolgrowers. One example of the latter was the decision by the NSW Pastoralists’ Union in 1916 to change its name to the Graziers’ Association. The term “grazier” was supposed to soften the image of an organization established by prominent wealthy pastoralists (Connors 1996, 76).

There were deep and traditional divisions between wheat farmers, who demanded government intervention and distrusted the grain merchants, and woolgrowers who supported the free market and had strong links with pastoral houses. In this context, however, “for policy purposes, especially with regard to the natural environment, the system concept of negative and positive feedback is very important” (Hayden 2006, 58), as the divisions became blurred when many small woolgrowers demanded price guarantees for wool and a monopoly marketing board as it existed for wheat. When the Victorian Wheatgrowers’ Association changed its name to the Victorian Wheat and Woolgrowers’ Association in 1929, there were two major reasons. One was to cater to the increasing number of its members who had diversified into wool to lessen dependence on wheat, and the other was to attract small woolgrowers who were unhappy with the free market ideology of the grazier organizations.

TIMELINE



From the 1930s to the 1960s

In 1931, wheatgrowers united nationally as the Australian Wheatgrowers Federation (AWF). In 1939, small growers decided that the Australian Woolgrowers' Council (1920) – later the Australian Woolgrowers and Graziers' Council (AWGC) (1960) – which had retained the free market ideology of the Pastoralists' Federal Council, should no longer represent them federally. Suddenly, Australia had two organizations claiming to speak for woolgrowers: the Australian Woolgrowers' Council and its breakaway, the Australian Wool and Meat Producers' Federation (AWMPF) (1939). The organizations, Australian Wheatgrowers Federation (1931) and Australian Wool and Meat Producers' Federation (1939), came to prominence between the two World Wars to demand government intervention in their industry in order to protect the livelihoods of the thousands of farm families. In contrast to pastoralists, the wheatgrowers demanded government-backed marketing schemes that would provide price guarantees and relieve the industry of the middlemen they distrusted. However, by 1940 there were only two strands. The pastoralists, now calling themselves graziers, had remained true to their free market philosophy but the small woolgrowers had joined the radical wheatgrowers in the quest for “orderly marketing”: 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.

Granting protection for the wheat industry was relatively easy because it had one voice: the Australian Wheatgrowers Federation (1931). Wool, however, had two voices: the Australian Wool and Meat Producers' Federation (1939) and the Australian Woolgrowers' Council (1920) – later the Australian Woolgrowers and Graziers' Council (1960). The first organization espoused a floor price for wool and argued that if it worked for wheat it would work for wool. The second not only adhered to a free market ideology, but was a constant critic of the McEwen government's “protection-all-round” policy formulated in 1934.

The AWGC and its NSW affiliate, the Graziers' Association, employed economists who wrote submissions and newspaper articles and gave speeches attacking Australia's high tariff walls and espousing the free auction system for wool. The early divisions between farmers and graziers centered on land control, wealth and social status, but were aggravated by the Country Party itself when it became a party of high protection. Many farmers, enjoying the benefits of income support schemes, muted their criticism of tariffs that increased their own production costs, but the graziers selling on the international market were not so inhibited. In that era, McEwen could buy off farmers with stabilization plans, but not the unprotected wool and beef producers.

The Australian Primary Producers' Union (APPU) (1943) wanted to unite all farmers as individuals working for the common good, while the Primary Producers' Council of Australia (1943) – later named in 1950 the National Farmers' Union of Australia (NFU) – was essentially a “federation of federal commodity

federations” (Campbell 1966, 115). The NFU, in contrast to the APPU, held to the Australian tradition and custom of farmers uniting under the banner of the product (s) they produced, not as vocational farmers. However, “in some respects the NFU structure is irregular and even messy” (Harman and Smith 1967, 73).

While the NFU was an attempt to model the organization on the lines of the National Farmers’ Union of England and Wales, it was not as successful as its political influence was limited because the commodity-based organizations remained dominant conceding little to the all-purpose group. The commodity groups were not prepared to hand over real power to a central body (Connors 1996, 109). “The member associations have been at pains to ensure that it [NFU] does not trespass on their traditional territory” (Campbell 1966, 115).

Every member body of the NFU – and later the Australian Farmers’ Federation (1969) – had the right to remove any item from a conference agenda that it believed to be a matter of the commodity organization of concern. Importantly, the AWGC, a foundation member, left the NFU in 1965. The AWGC was opposing higher tariffs as a partial substitute for import controls and death duties, which would have had a disproportionate impact on its members, being part of the wealthier class. The president of the AWGC explained that “the interests of the grazing industry cannot satisfactorily be accommodated within, or subordinated to, an organization such as the N.F.U.” (Harman and Smith 1967, 78).

The NFU had little but contempt for the APPU for attempting to break tradition and accept farmers as individuals, as well as for allowing all its members to have a say on policies affecting particular commodities. The APPU ambition was a direct threat to the power base of commodity organizations. Both NFU and APPU, however, were suffering lack of recognition in an arena dominated by the commodity federations. In the case of the APPU, it was extremely difficult to secure representation on marketing boards and advisory committees. The APPU desired to participate in negotiations about the national wage and tariffs, but lost interest when its application for registration with the Arbitration Commission was refused; those issues were traditionally the responsibility of the AWGC.

Importantly, opposition to the APPU was also based on social status as primary producers of wool, wheat and meat considered it beneath their dignity and an insult to associate within the same organization that included poultry farmers and market gardeners (Harman and Smith 1967, 75). In sum, the Australian Primary Producers’ Union was an idealistic attempt to unite farmers as individuals. In the end, it was forced to alter its own constitution to allow autonomy to its commodity divisions before it could gain representation on advisory or marketing bodies and successfully negotiate with the NFU (Connors 1996, 109).

The year 1948 was the start of the five year wheat stabilization schemes that continued virtually unchanged until 1968, when the cost-of-production formula for determining guarantee prices was revised drastically. It was a time of protection, subsidy, technical change and expansion, all with the assistance of the federal and state governments (Halpin and Martin 1999, 35). There were many factors behind the eventual achievement of wheat stabilization, including the 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 war's end, the growing importance of the wheat vote to all three major parties and the wide acceptance of the fact that the governments had the right to intervene in the wheat industry.

The Australian Wheatgrowers' Federation had not only achieved its aim of a wheat stabilization plan, but also had dominated the Australian Wheat Board, the sole seller of the annual harvest. When many graziers diversified into wheat by the 1960s, however, the Australian Wheatgrowers Federation firmly resisted their demand to affiliate. The Australian Wheatgrowers Federation saw the graziers as a potential "Trojan horse" which, once inside, could attempt to undermine the wheat stabilization program (Connors 1996, 32).

In 1966, a directory published by the Department of Primary Industry listed 150 voluntary farmers' organizations (Harman and Smith 1967, 68). In 1968, the Graziers' Association of NSW produced a unity study report that raised 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 the United Farmers and Woolgrowers' Association of NSW members, were persuaded by reasoned argument.

Nevertheless, "complex systems evolve because their components and subcomponents change at different velocities and because these velocities are mutually determining" (Metcalf and Foster 2004, x) and, as such, 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 and accepted what farmers had long desired. That is, a reserve price scheme for wool. Additionally, unity discussions with the United Farmers and Woolgrowers' Association of NSW were in the wind and there was a feeling in the air 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, with more members having received a taste of orderly marketing and price guarantees following the big swing to wheat in the 1960s.

At the same time that the wool industry was in dire trouble, governments were about to change, the exchange rate was being managed and manipulated upwards, the mining industry was growing and putting competitive pressure on the farm sector, the Greens as a political party and force were emerging, and the manufacturing lobby was reaching its peak. These features had "considerable increased complexity, with direct interdependencies, collective-good problems and social dilemmas" (Elsner 2005, 45). At the same time, there was an ideological challenge to agricultural policy as part of a broader shift across economic policy settings in Australia. These changes reflected important changes in Australia's external environment which would have necessitated policy change due to the UK joining the European Economic Community (EEC) (Botterill 2005, 211). All these factors hastened the development of the NFF. By 1970, the graziers had accepted a single marketing authority, which had the power to

operate flexible reserve prices to ease the up and downs of the market. By 1974, they gave way on fixed floor prices and were tightly stuck in the protectionist web.

The 1970s

While the 1970 decision of the Graziers to join the United Farmers and Woolgrowers' Association in seeking a single wool marketing authority removed a major impediment to unity, there was another event in the early 1970s that gave the unity drive a big boost. That event was the election in December 1972 of the Whitlam Labor Government, the first Labor government in 23 years. This administration owed its existence to the trade union movement and had very few supporters within the farming community. Importantly, 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).

In this context, the emergence of the Industries Assistance Commission, a change in the institutional structure and the establishment of new rules was another factor encouraging farm organizations to amalgamate, as "the emergence of a new rule has evolutionary significance if it affects the organization of agents, the order of their interactions, as well the coordination of economic activities descriptive of the macro order" (Dopfer and Potts 2004, 15). The new institutional framework for assistance injected economic rationality in deriving agricultural policy; and outside of government's obvious control, in this way limited political influence. In the past, the formulation of national agricultural policies was informal, private, ad hoc, complex and based on social rather than economic principles as a result of close association with the Country Party, Federal-State bargaining, a powerful department of Primary Industry, and countless non-departmental authorities (Warhurst 1982, 15). "The full range of controls and regulation affecting Australian farmers is truly mind-boggling" (Campbell 1985, 252).

Policy-making for primary industry was "closed" and "cozy," self-interested, narrow, and even corrupt, as it was claimed that the Country Party gained financial and other benefits as the result of the closed decision-making process (Warhurst 1982, 20). Assistance to agriculture was subjected to little public scrutiny. The goal was to cease the tradition of behind-closed-doors negotiations between government and select producer groups and to open the issue of government assistance to all industry to public scrutiny. Agricultural policy making was targeted explicitly. In this way, "the farm groups lost political clout and the rules of the game had changed" (Botterill 2005, 214).

The establishment of the Industries Assistance Commission and the incorporation of primary industry into its responsibilities meant that farm organizations had to present detailed submissions for the continuation of assistance. The style of the debate on agricultural policy was totally changed, and this stood as the new institution's greatest achievement (Warhurst 1982, 15). The battle of ideas was won by the proponents of deregulation and as a result, support-seeking farmers needed to be much more professional in their approach (Botterill 2005, 215).

Farmers' organizations required more resources and more skilled staff to present farmers' cases in public submissions in the form of comprehensive and economically literate submissions before the Industries Assistance Commission.

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 NSW, were probably capable of sophisticated economic and social analysis in those days. The Australian Woolgrowers and Graziers Council had long taken up the burden for all farm organizations in arguing against the 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. Around 1967, the Graziers' Association of New South Wales, with 11,000 members, could afford a secretariat of over sixty employees (Harman and Smith 1967, 69).

The other federal commodity organizations operated with very small budgets. In the fight for members, some farm organizations kept their fees low. Both the AWMPF and the AWF adopted the principle of equal voting rights and equal subscriptions. Subscriptions had to be kept down to the level suitable to the poorest member and, as a result, these organizations were unable to afford large, or even full-time, secretariats (Harman and Smith 1967, 71). This meant a lack of funds to employ economists and other professionals to prepare submissions of quality. Funds were not even available to set up an office in Canberra, the national capital. In addition, "the failure to appreciate the need for expert bureaucracies of their own has been one of the greatest mistakes made by farm organizations . . . [and there was] widespread suspicion and misunderstanding of 'experts', especially economists" (Harman and Smith 1967, 81-2).

This was a case of direct interdependency causing complex co-ordination problems (Elsner 2005, 20). Marshall (1985, 30) notes that farm organizations found the task burdensome and called on the Federal government for assistance in making claims for assistance! Hence, amalgamation was the way to cut costs and acquire those necessary resources. 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 broader issues. Apart from the resources, the graziers, as primary producers operating in the free market, also had the inclination to tackle such issues.

In addition, the economists employed by the farm organizations in the early 1970s had been trained by university professors with a free-market economic-rationalist ideology. The young economists employed in farm organizations, the Bureau of Agricultural Economics, the Treasury and the Industry Assistance Commission were altering farmers' mentality away from handouts toward reducing costs and competition, including lower tariffs, structural reform to the waterfront, shipping and transport systems, and industrial relations (Connors 1996, 56-7). This would be proved to be extremely important in the development of the ideology of the NFF.

The economic complexity literature is relevant here insofar as it highlights the possibility of one longstanding configuration “flipping” quite unpredictably into another configuration as a result of what may seem originally to be unexceptional changes in the environment.² Prior to 1979, the agricultural policy network was much looser, and during the 1970s it experienced major institutional and ideological change that was instrumental in network demise and the emergence of a new network based on different values (Botterill 2005, 209). In the case at hand, the establishment of the Industries Assistance Commission appears to have been the telling environmental change that flipped the system of agricultural interest groups in Australia into one dominated by the NFF; in particular, flipped the dominant ideology of such groups from protectionist to free trade.

As a result of the changes implemented by the Whitlam government, institutionally through the establishment of the Industry Assistance Commission (IAC) and ideologically through the introduction of increased economic rationality into agricultural policy making, the policy network was transformed (Botterill 2005, 215). The economic complexity perception used in this case is in the context of systemically interconnected and interactive variety (Hodgson 2003, 472). The establishment of the IAC increased economic complexity in the sense of a growing diversity of interactions between human beings and between people and the interest groups that they form and between interest groups and government.

In 1975, annual conferences in NSW of both the United Farmers and Woolgrowers’ Association and the Graziers’ Association voted by large majorities in favor of amalgamation and the setting up of the joint working group to lay the ground rules. Early in 1976, every member of each organization received a copy of the group’s report, setting out the advantages and disadvantages of amalgamation, and the procedures for achieving it. On August 1, 1977, the Australian Electoral Office reported to the Industrial Register of the Conciliation and Arbitration Commission that 74% of the Graziers’ Association members voted in the postal ballot. Of those, 93% said “Yes.” For the United Farmers and Woolgrowers’ Association, the turnout was 68% with 94% saying “Yes” (Connors 1996, 188).

The National Farmers Federation was so named without public protests from “graziers.” The term “farmers” now meant all primary producers. The divisions of the two groups were now far less visible. The constitution was designed to end the domination of the rural sector by commodity-based farm organizations; new rules were set up to achieve the task at hand (Ormerod and Rosewell 2004, 26). The NFF president is the recognized voice of Australian agriculture, while the commodity council presidents generally play a secondary role. It was the reverse in the past when the leaders of the commodity-based organizations were dominant (Connors 1996, 261). It was quite obvious that for unity to be established and preserved, the power of the commodity-based organizations had to be curtailed, as they were the constant source of disunity.

The positions on the NFF Council and its various commodity councils were hotly contested with “farmers” competing against “graziers,” even though allegedly that distinction did not exist. 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 because the farmers outnumbered the graziers in positions of power on the State organizations that nominated delegates to the NFF. The first NFF election was described by *The Bulletin's* rural columnist, Kenneth Graham, as a victory for the "agrarian left": the election of "farmers" of the AWMPF over the "graziers" of the AWGC on both the NFF and the commodity councils was seen as heralding a change of emphasis by farm organizations away from free market economic rationalism and back toward more government intervention (Connors 1996, 216). It was a reflection that "many farmers have been molly-coddled and protected for so long that they do not want to accept responsibility for making market adjustments or [even] managing their own pest control programs" (Campbell 1985, 253).

However, in a "turbulent environment, interactions will tend to be based upon strategic considerations" (Dopfer and Potts 2004, 19). In this case at hand, the graziers might have been beaten by the farmers for key positions such as NFF president and commodity council presidents, but they got their key staff into top positions of the NFF secretariat, which proved extremely important. While farmers were the victors in the ballots, senior staff positions were filled by the economists and other professionals from the now-defunct grazier 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 Industries Assistance Commission were former employees of the now superseded grazier organizations who had an ingrained free market ideology.

The second NFF Council meeting in October 1979 passed a set of policy resolutions that were basically prepared by the staff and the office bearers. In regard to economic policy, the resolutions were what the graziers have been arguing for nearly a century: lower protection and greater competition throughout the economy. This was a significant event for the newly-formed NFF, as it made a complete break from the past when the majority of Australian farmers sought government intervention in their industries to eliminate middlemen and protect them from competition; in contrast with many of its predecessors, the NFF very quickly converted into a leading advocate and mouthpiece of free-market economics (Botterill 2005, 216). The NFF was the first industry lobby in Australia to adopt the free market philosophy, which was a slap in the face to the Country Party, which traditionally had been associated with protection (Connors 1996, 262). "The NFF family has reinforced rather than contested rural neoliberalism" (Halpin 2003, 143).

There seems little doubt that the staff of the NFF had considerable influence in formulating the ideology of the newly-founded organization. Meanwhile, "for structural change to occur, it is necessary for the control mechanisms such as beliefs, rules and requirements to change" (Hayden 2006, 101) and, in this case, the grazier organizations had been led by sophisticated and better educated leaders and staff than the farmer organizations. The NFF followed the grazier practice of employing experts who apparently also had a free market ideology. As the defeated Greeks won over the

powerful victorious Romans with their culture,³ it was the economic philosophy of the defeated graziers, rather than that of the more numerous and electuary victorious farmers, which dominated in the NFF.

Nevertheless, with institutional change – as the establishment of the IAC – new beliefs will develop consistent with the new pattern of behavior, such as a free market ideology. As the “increased uncertainty, instability and turbulence, indeed, proved to be counter-productive for any collective problem-solving” (Elsner 2005, 22) under the belief structure of protectionism of the majority farmers. The new patterns and beliefs may be inconsistent with the unchanging values of the majority. The inconsistency leads to alienation and social disorientation, which in turn leads to new social processes and networks. “This is usually a haphazard trial-and-error process” (Hayden 2006, 80).

In this way, the once-protectionist farm-leaders became swayed by the free market ideology as attributed to the fact that these same leaders were now playing a new, wider, different role associated with “the national agricultural interest” where a new perspective was compelled. At this point, not only did the farm leaders have to consider the consequences of the continuing demands for agricultural protection for their political credibility, they also argued for removal of protection for other sectors and for removal of restrictive practices of trade unions. They also, more importantly, needed to consider the consequences of such demands for their credibility in lobbying governments of other countries (particularly the United States and European Union) to reduce their agricultural protection.

In the end, the reason for Australia’s national agricultural group persisting with the free-market ideology, while many equivalent groups elsewhere (the United States and UK specifically) remain protectionist, stems ultimately from the historical power and wealth of Australia’s pro-free-market grazing industry. Nevertheless, the fact that cannot be ignored is that Australia’s agriculture depends much more on exports markets than the United States and UK, as Australia’s domestic markets are much smaller, and thus Australian farmers have much stronger motivation to set an example in reducing protection of national agricultural markets. The free-trade position is warranted for a country with a small population and an export-oriented agricultural sector. Even though measuring for only less than 4% of GDP, agriculture supplied one-fifth of Australia’s export earnings. With a small tax base, a policy of subsidies complemented by import protection would be unsustainable. The export-oriented agricultural industry thus benefits more from a free-market approach across the economy which reduces input prices increasing export competitiveness (Botterill 2005, 216). Without this fact, the power and wealth of Australia’s grazing industry would not have been sufficient to bring the NFF to embrace the free market ideology.

The NFF from its very beginning, made it clear that industrial relations would be high on its agenda, inheriting the traditional role of the pastoralist organizations. In the 1980s, it became the leading player in the employers’ fight against centralized wage fixing and in demanding faster reform of the industrial relations system by insisting upon the introduction of individual contracts between employers and workers. About 100 years after the Pastoralists’ Federal Council joined other

employers to fight union demands, the NFF, the “one voice” for Australian agriculture, was playing a similar role. The NFF accepted the removal of the fuel freight subsidy, deregulation of sugar and dairy industries, and deregulation of the financial sector.

Farm leaders in Australia expected these changes to be vital to boosting Australia’s competitiveness on international markets, as they resulted in lower protection and marketing costs. Farm leaders realized that agriculture had to be a part of the change and it was harder to argue that other countries should reduce support unless Australia was initiating the necessary changes (Connors 1996, 230). The NFF increasingly pursued the rationalization of the farm sector through the removal of inefficient farmers and the restructuring of the agricultural sector of the economy. Instead of requesting further government intervention the NFF adopted economic rationalism and insisted that the solution to the agricultural sector is situated under the feet of the individual farmer, who must increase productivity and efficiency or leave the industry (Halpin and Martin 1999, 37). An increasing focus in agricultural policy on “self-reliance” and “individual risk management” are the principles based on which the NFF operates. The increasing emphasis is on farming as a business and farmer entrepreneurialism, rather than farm-life as a lifestyle (Halpin 2003, 143; Higgins 1999, 141).

The free trade policies advocated by the NFF have been catastrophic to small farmers, leading to a gruesome joke among farmers that NFF stands for “No Family Farms.” Many poor farmers are not members of any farm organizations and are unrepresented (Botterill 2005, 216). In addition, a major target all along of the NFF has been unions. Svensen (1998, 4) argues that the impetus for formation of the NFF came from a dispute with the unions in 1978 over live sheep exports. In addition, the NFF arranged the importations of scabs from New Zealand during the 1984 shearing dispute, and was instrumental in the defeat of the meat-workers union at Madginberri abattoir in 1986.

Any member intending to leave the NFF must give 12 months notice and pay all money owing to the NFF by the date that the notice expires. The long term notice is intended to give any dissatisfied member considerable time to reconsider, and for others to convince the dissatisfied member to change its mind. This would also prevent a sudden withdrawal of funding for the NFF. The fact that funding must be paid up to the expiry date is also seen as a disincentive to leave (Connors 1996, 216). The goal is to achieve a stable, secure and committed tight network of farm organizations, as “policy continuity is the most likely outcome of tight networks, discontinuity is more likely in weaker networks, while policy change would be associated with network change” (Botterill 2005, 217; Marshall 1985, 11).

Since the NFF was established in July 1979, there have been no defections of major consequence and no splinter groups have emerged to claim to speak for a commodity in opposition to the NFF, as in the past. In the end, “who would have imagined that the ‘farmers’ and ‘graziers’ would work in harmony within organizations that while abandoning the title ‘grazier’ were pursuing a ‘grazier’ agenda? The cockies have not forgotten how to whinge but they now whinge more on

the basis of research than emotion and have learned to whinge with ‘one voice’” (Connors 1996, 271).

Conclusion

The preceding analysis, in trying to comprehend the deeper layers of social reality of the case study of Australian agricultural interest groups, has demonstrated that grounded theory assists in comprehending the casual processes involved (O’Hara 2007, 7) by revealing the historical and traditional divergence of interests between primary producers in Australia. There was divergence of interests between farmers producing for international markets and those producing for the domestic market; between producers of commodities that depend on flexible world prices and producers of commodities with stabilized and subsidized prices; between large farmers living far away from the city and away from country towns and market gardeners and poultry farmers living on the urban-rural fringe. This is not a special specific characteristic of Australian agriculture; it is a characteristic of all agriculture, hence some general lessons can be derived for other settings. Even so, farmers in Australia were victims of their own diversity, which became traditional in establishing a customary behavior within organizations, among organizations and between organizations and the government and implemented economic policies. Even if “individual agents are usually heterogeneous defying simple, easily generalizable descriptions” (Ormerod and Rosewell 2004, 24) is possible.

As a result, what general lessons or inferences can be drawn for other settings from the specific Australian case under study? We should remember that “society is a set of relationships; not people, or bronze, or horses. The relationships are determined by institutions, which are patterns of activity that prescribe the roles for the elements (humans, animals, machines, trees) as well as the emotional commitments for the human element” (Hayden 2006, 79). In this context, due to the geographical distribution of different types of commodities, particular commodity organizations tended to be powerful in specific rural areas; defining in this way territorial divisions and geographical limits between agricultural organizations. This also discouraged amalgamation between organizations, as organizations exercised monopoly position in the area of control and wasted resources to maintain that position. The territorial divisions and the rise of monopoly position of agricultural organizations did not facilitate communication, debate, and discussion between members of different organizations, which hindered the development of mutual trust. Consequently, the views of organizations in establishing “one voice” differ according to their history, their power, and their relative effectiveness.

The establishment of “one voice” for farmers might have achieved the goal of unity at a cost of sacrificing the ideology of the majority of farmers, that of government intervention. Eventually, “power and ‘hierarchy’ will normally enter and ‘conquer’” (Elsner 2005, 27). A lesson derived in the study of collective action is that it is not the number of votes of members that matter, but it is power and wealth that really determines the final outcome. Voting with dollars is more powerful than voting

as members. The strong-determined-independent “squatters” that developed an ideology hostile to government interference, as a result of history, custom, tradition, and economic conditions were able to outmaneuver the ideology of numerous farmers.

In sum, the examination of the development of agricultural interest groups in a historical and social context requires an understanding of the origin of an agricultural interest group, the conflicts among different groups and between groups and government, the history of economic conditions and the ever-changing alternatives open to group members, path-dependency, the institutional structure and customary and traditional values and behavior. “To get the analysis right it is necessary to open up the black boxes of technical, institutional and organizational givens” (Albin 1989, xxii). In the case of Australia, the current ideology of the NFF of free market is not accidental, but rather a result of the path-dependent development and evolution of the numerous agricultural groups in Australia.

Notes

1. Primary producers would be used only as a descriptor for farmers and graziers, excluding miners, fishers and loggers.
2. I am grateful to an anonymous referee for this important contribution.
3. “Graecia capta ferum victorem cepit et artes intulit agresti Latio” (subjugated Greece captured its tough victor and imported arts in peasant Rome) (Oratiou, Epistulae, 2.1.156).

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