Creating a corporatised society: Australian agricultural restructuring and the emergence of corporate power

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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Declaration

I declare that:

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed. I acknowledge the support I have received for my research through the provision of an Australian Government Research Training Program Scholarship.

Signed

Patrick O’Keeffe

Date:
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Contents

Declaration .......................................................................................................................... 2
Acknowledgements ........................................................................................................... 3
Publications ....................................................................................................................... 7
Abstract ............................................................................................................................ 9

Section 1: Exegesis ........................................................................................................... 11
Chapter 1: Introduction .................................................................................................... 12
Chapter 2: Theoretical Framework .................................................................................. 43
Chapter 3: Method ............................................................................................................ 54
Chapter 4: Article Summaries ......................................................................................... 60

Section 2: Creating a reality of markets, firms and consumers ....................................... 67
Chapter 5: Contestability in the Australian Wheat Industry ............................................ 68
  Chapter 6: Efficiency, productivity and...fairness: An analysis of the Harper Review into Australia’s competition policy ................................................................. 83
  Chapter 7: ‘Who wouldn’t want more efficiency?’ Analysing the construction of efficiency as a ‘truth’ within policy discourse ........................................................................... 92
  Chapter 8: Responding to the productivist paradigm: Experiences of farmers in Victoria’s western Wimmera .............................................................................................. 107

Section 3: Making society governable: The case of Australian wheat export market deregulation .................................................................................................................. 112
  Chapter 9: Creating resilience or private sector dependence? Shifting constructions of the farmer in Australian policy discourses ........................................................................... 113
  Chapter 10: Maximising efficiency, marginalising equity: A genealogy of Australian wheat export market deregulation and ‘the good farmer’ ................................................. 128
  Chapter 11: Creating a governable reality: Analysing the use of quantification in shaping Australian wheat marketing policy .................................................................................. 146

Section 4: Emerging corporate power in Australian agriculture ..................................... 169
  Chapter 12: Understanding supply chain management strategies of agricultural corporations: A resource dependency approach ............................................................................... 170

Section 5: Discussion and Conclusion ............................................................................ 189
  Chapter 13: Discussion .................................................................................................. 190
  Chapter 14: Conclusion ................................................................................................. 213
References ......................................................................................................................... 224
Appendix 1: The experiences of wheat growers in Victoria’s western Wimmera following deregulation of the export wheat market 266
Appendix 2: Documents 285
Publications

This is a list of publications that I have either completed or commenced throughout my candidature:

Peer-Reviewed Journal Articles


O’Keeffe, P., (In preparation), Hierarchical value chains and the role of information in global agribusiness.

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Abstract

This thesis analyses the corporatisation of Australian society, by examining the discursive construction of knowledge, identities and values and the contribution of these constructions in shaping of Australia’s policy environment. I focus this research on the case study of wheat export market deregulation, which I argue should be viewed as part of the broader restructuring of Australian society and economy.

To understand the liberalisation of the wheat export market and how it was made possible, I have drawn on mainstream policy discourses around policy areas relating to competition, employment, social services, economic and industry policy, to understand the society which policy makers have sought to create. I draw on these broad policy discourses, to analyse how concepts such as competition, efficiency, individualism and ‘the consumer’ have been constructed as policy truths, which have been uncritically used by policy makers to shape how policy problems are identified, conceptualised and addressed. I argue that in doing so, policy discourses construct a reality of markets, firms and consumers, aided through the reconstruction of ‘what matters’, and the roles of key actors within society and the relationships between these actors. For example, the State portrays its role as creating an environment which enables the most efficient and productive actors, firms, producers and consumers, to prosper. Liberalised markets are constructed as integral to this. Policy makers portray markets as disinterested and therefore fair. As efficient mechanisms in facilitating the productive use of the nation’s resources. People are reduced to consumers. Citizen power is distilled as consumer power. Firms are portrayed as efficiency-maximisers, who are able to produce what it is that improves consumers’ material living standards. Thus, the liberalisation of markets and firms, is constructed as necessary in enhancing the well-being of rational, individualised consumers. This emphasis on markets, firms and consumers draws attention from people as workers, including farmers. This construction, I argue, externalises the negative social implications caused by economic restructuring in Australia in recent decades, such as increasingly precarious employment, diminished rights for welfare recipients, farmer exits and the decline of rural communities.

These constructions create a reality which makes the shift from the public to the private appear as a logical, common sense solution to the challenges facing society. I use the case study of farming and, specifically, wheat export market deregulation, to show how this shift has been made possible in this context. To make this reality operable, I show how governmental technologies, such as audit, the entrepreneurial individual, cost-benefit analysis, performance objectives, econometric modelling and the consumer were used to act upon society, to make the shift towards liberalisation of the wheat export market happen. The construction of firms as efficiency-maximisers which are relatively powerless in relation to markets and consumers is central to this shift. As a consequence, policy makers have either ignored, or failed to recognise, the capacity of firms to shape their external environments to create favourable operating conditions: a ‘business friendly environment’. Thus, the interests of firms have been portrayed by policy makers as essentially reflecting the interests of the broader society. In the case of wheat export market deregulation, the liberalisation of this market has enabled transnational firms to expand their geographical footprint and extend their
global value chains. On the other hand, farmers, whom policy makers claimed were the primary beneficiaries of wheat export market deregulation, contend with consolidated markets instead of choice, declining autonomy rather than individual freedom and, in some cases, feelings of disempowerment and disenfranchisement.
Section 1: Exegesis
Chapter 1: Introduction
Introduction

Throughout the 1980s, 1990s and 2000s, successive Australian Governments engineered extension programs of economic reform, aimed at deregulating key industries, privatising State-owned assets and authorities, and rescinding trade barriers. This shift in policy focus was particularly pronounced in agricultural industries. As such, the restructuring of government intervention in agricultural industries has had a significant impact on farmers and their communities, which has been extensively documented by authors such as Lawrence (1987), Gray and Lawrence (2001a), Tonts and Jones (1997), McKenzie (1994), Cocklin and Dibden (2002), Botterill (2012) and Head, Atchison and Gates (2012).

In this thesis, I aim to contribute to this literature by examining how such seismic shifts in policy were made possible, and in whose interests. In particular, I focus my analysis upon the discursive dimension of power relations, expressed through the economic rationalist programs enacted by successive Australian Governments. Specifically, I analyse the Australian wheat industry as a case study. The deregulation of the Australian wheat export market is under-represented in geography and sociology research in particular, with literature on this topic dominated by scholars from the field of agriculture and resource economics, whose research has primarily centred on analysing and predicting the changes to wheat prices and supply chain costs resulting from this shift (Mugera, Curwen and White 2016, McCorriston and MacLaren 2007; Irving, Arney and Linder 2000; Allen Consulting 2000a; Royal Commission into Grain Handling, Storage and Transport 1988). As such, scholarly and government-produced literature, which emphasises the impact of market structure upon wheat prices and costs has narrowed ‘what matters’, in relation to this policy area. Furthermore, as I suggest in my research, knowledge, values and identities around the wheat industry and farming have been constructed to value market-driven data as credible, and objectives such as maximising wheat prices as the only legitimate industry policy aims.

Drawing on geography and rural sociology literature in particular, I focus on how policy discourses have sought to construct market-produced data as legitimate, how the construct of the good farmer has been shaped to promote self-reliance and entrepreneurialism as a good farming attitude, and how policy values have been shaped to prioritise efficiency and marginalise equity. As I argue in this thesis, these discursive constructions are all integral to making deregulation possible. In analysing the neoliberalisation of Australian agriculture, through focusing on the reconstruction of knowledge, identities and policy values while underpin Australian society, I draw upon Higgins and Lockie’s (2002, p.420) conceptualisation of neoliberalism, which they argue:

[…] needs to be seen as more than just the application of a political philosophy, ideology or the evolution of a new state form. Rather, it comprises an assemblage of rationalities and technologies of governing that seek to govern in an advanced liberal way […] rather than portending an abandonment by the state of the will to govern, advanced liberal rationalities of government seek to transform critiques of the welfare state into strategies for governing conduct in more effective ways.
Therefore, whereas this thesis analyses what is an apparently simple shift from state intervention (through statutory wheat marketing) towards liberalised markets, I use this research to show how technologies of government have been employed, in the past three decades in particular, to make this shift appear to be a logical and common sense response to the deceptively simple question of which market structure is best equipped to maximise growers’ returns. In drawing this research together in the discussion and conclusion in Section 5, I argue that these shifts are not confined to the wheat industry, and help us to understand how Australian society has been corporatised.

The Australian wheat export market was one of the last remaining markets to be deregulated. In 2008, the statutory marketing of wheat was ended by the Australian Government, which allowed private grain traders to export Australian bulk wheat for the first time since 1948 (Botterill 2012). This shift was framed by Government Ministers as essential for the industry, but, most importantly, for the viability and longevity of Australian wheat growers. Growers, it was argued, needed choice and freedom to market their wheat on their terms, which would enable them to use the market to obtain the best possible prices (Commonwealth of Australia 2008a; Productivity Commission 2005a, 2000a, 2000b; Irving et al. 2000). The deregulated wheat market was predicted to feature multiple grain traders competing amongst themselves for growers’ wheat, empowering growers and enabling them to exercise choice over whom to sell their wheat to (Commonwealth of Australia 2008b, 2012). However, as I show later in this thesis, this scenario has not eventuated (O’Keeffe 2017c). Regional markets have become concentrated, whereas growers have expressed concern that the promised benefits of deregulation have not materialised (O’Keeffe and Neave 2017; Baker 2016).

In seeking to understand the deregulation of the Australian wheat industry, it is necessary for this work to address a number of commonly held misconceptions. First, the myth that ‘good’ industry policy must be developed to maximise efficiency, competition and productivity. Second, the notion that markets, and therefore consumers, have conclusive power. As will be discussed in greater detail in the chapters to come, policy discourses regularly portray firms as having limited power, who are compelled by the market to maximise efficiency and return efficiency gains to consumers. Third, the myth that frames wheat growers as self-reliant, independent individuals who are primarily concerned with maximising their incomes. Fourth, the myth that wheat export market policy must maximise efficiency by, on the one hand, facilitating entry of firms which have the capacity to use resources efficiently, and on the other, supporting ‘good’ farmers who are willing and able to use their skills and self-interest to obtain the best prices for their wheat. Fifth and finally, the myth that the externalities created through this process of deregulation - farmer exits and the decline of rural communities in particular - are regrettable, though essential, by-products of the greater aim of enhancing the efficiency and productivity of the wheat industry.

I start this thesis by exploring these misconceptions, and I propose that, rather than resulting from some sort of accidental misunderstanding, these points have been carefully constructed by specific policy discourses. This work therefore explores these constructions to understand how they helped make wheat export market deregulation possible. I divide this work into five sections. The exegesis the first section, where I outline the rationale, structure and theoretical
approaches used in this research. Next, Section 2, ‘Creating a reality of markets, firms and consumers’, analyses policy constructs such as efficiency, the power of markets, and conversely, the limited power of firms in markets, to understand how these constructs are used to shape policy. In Section 3, ‘Making society governable: The case of Australian wheat export market deregulation’, I explore the operationalisation of these policy constructs, by focusing on wheat industry deregulation. In that regard, I look at how discourses were produced and re-produced to shape the policy environment which made deregulation appear as a logical shift. In particular, I focus on the shaping of farming and farmer identity to accord with this deregulatory goal, as well as the use of performance objectives, audit and assessment to govern and shape the AWB’s conduct, and the co-optation of farm lobby groups to accept and re-produce these constructs. In Section 4, ‘Emerging corporate power in Australian agriculture’, I explore the outcomes of this shift in the policy environment. In particular, I analyse the increasingly consolidated wheat export market by using resource dependency theory to interpret firms’ strategies for developing and using power over markets and policy makers. In this section, I challenge two key assumptions which underpinned deregulation: that competition would naturally develop with the removal of regulatory barriers to market entry; and that firms would lack the will or the capacity to influence markets and policy development. I provide a more detailed outline of these sections, and the chapters contributing to these sections, in Chapter 4 of this introductory section. Section 5 includes a discussion of the broader implications of this work and the conclusion, where I draw together the results from the preceding sections to argue that wheat industry deregulation has facilitated a shift in power, away from farming communities, and towards consolidated farms and agricultural corporations.

The remaining sections in this introductory chapter first examine the changing relationships between the state, the market and society in Australia and discuss how this has influenced economic restructuring in recent decades. Next, I focus on deregulation in agricultural industries and regional Australia, drawing on the historical events which have contributed to this shift, and sociology and geography literature which analyses the social implications of deregulation throughout rural Australia. I then turn to the Australian wheat industry and the history of wheat marketing policy, before analysing wheat export market development following deregulation. I then examine the recent investment activity in the Australian wheat export market and the firms engaging in this activity, which I suggest are typically well-capitalised transnational firms which are seeking to expand their geographic footprint through their Australian investments. Following this, I reflect on my use of the PhD by Publication format, which enables me to explore the topic of economic restructuring and wheat export market deregulation in particular, in all its complexity.

The State, the market and society

The privatisation and deregulation of Australian industries and markets is a highly complex topic. In this research, I analyse the deregulation of the Australian wheat export market, implemented by the Federal Government in 2008. This issue cannot be sufficiently
understood by analysing this policy change in isolation from other broader societal and economic changes which have occurred in recent decades.

Economic restructuring, which commenced in Australia throughout the 1980s, reflected programs of reform similar to those implemented by governments in the United States, UK, Canada and New Zealand (Magnan 2015; Konings 2011; Larner 2006; Le Heron and Roche 1999; Pusey 1996; Coleman and Skogstad 1995; Quiggin 1995). As Pusey (1996, p.69) has stated, “These reform programs issue from an economic rationalism which presumes that economies, markets and money offer the only reliable means of setting values on anything”. According to Pusey (1996, p.69), the aim of economic rationalism is to “shift the burden of coordination from state, bureaucracies and the law to economies, markets and money”. This shift was motivated by two key constructions. First, the construction of the State as the cause of economic malaise through its inefficiency and complacency and, second, the construction that liberalised markets and firms were motivated by self-interest and commercial disciplines, which were necessary to improve Australia’s economic performance (IAC 1988).

Policy discourses problematised the State as the central cause of the apparently stagnating productivity and efficiency which was undermining Australian well-being (Fairbrother, Svenson and Teicher 1997; Keating 1992; Mauldon and Schapper 1974). Examples commonly cited for State-driven stagnation include the imposition of tariffs, the use of statutory marketing arrangements, government underwriting for commodities prices, the assistance to industries such as agriculture and manufacturing, the regulation of labour markets and finance, and in some cases the restriction of foreign companies from entering markets (Pritchard 2005a; Griggs 2002; Keating 1992; Martin 1990; Campbell 1974; Mauldon and Schapper 1974; Harris, Crawford, Gruen and Honan 1974). Policy makers agitating for change claimed that these policies restricted the Australian economy and its citizens by curtailing individuals’ freedom, limiting choice and undermining incentives to work hard and be innovative (Aulich and O’Flynn 2007; Keating 1992; Industry Commission 1991). Within Australia, the economic rationalism of the Hawke and Keating Governments in the 1980s and early-to-mid 1990s, focused on abruptly ending the State’s intervention in markets and industries, essentially shifting control towards markets (Beer et al. 2016; Meagher and Wilson 2015; Pusey 1991; Gerritsen 1987). This included the corporatisation of federally owned airports (later privatised by the Howard Government), the privatisation of the publicly owned Australian Airlines, Qantas and the Commonwealth Bank, and the deregulation of currency and financial markets (Beer et al. 2016; Aulich and O’Flynn 2007; Quiggin 2002, 1995; Fairbrother et al. 1997). In addition, reforms such as Working Nation and The Accord, developed by the Australian Council of Trade Union and the Labour Government, sought to restructure unemployment, industrial relations and policy relating to wage growth in Australia (Humphrys 2018; Jose and Burgess 2005; Stilwell 1994). The Howard Government, which was elected in 1996, continued this policy trajectory through substantial reforms to healthcare, welfare, unemployment and industrial relations policies (Morris and Wilson 2014; Wilson, Spies-Butcher, Stebbing and St John 2013; Cooper and Ellem 2008; Aulich and O’Flynn 2007; McDonald and Marston 2005; Wilson and Turnbull 2005).
The abrupt shift away from post-World War II Keynesian policies, towards the deregulation and privatisation programs of the Hawke, Keating and Howard Governments, markedly changed the governance of the Australian economy. Indeed, it could be said that this shift changed how Australian society was governed - a change which Pusey (2016, 2003) suggests occurred at the expense of society. Rather than developing policy for the betterment of Australian society, Pusey argues, policy was developed to support a growing economy. Society, on the other hand, “slowly comes to be seen as a break on the market, or worse a generic externality and a stubbornly resisting sludge through which we must drive the economy” (Pusey 2016, p.7). This policy shift relied on the underlying assumption that the strength of the Australian economy is central to the well-being of its citizens and of the broader Australian society. Driven by this assumption, policy makers could present economic growth and multi-factor productivity as key indicators of economic performance, with the implication that strong performance against such measures reflects Australia’s prosperity and the prosperity of Australian citizens. After all, economic remuneration for work is closely associated with living standards. As Stilwell (1991, p.28) argued:

Wages are important for workers and their families because they are the principal determinant of their standard of living (in conjunction with prices, taxes and the social wage). This reminds us that wages policy is not simply a technical macroeconomic issue, but also one with major personal and social ramifications for the majority of the community whose material wellbeing depends on wage levels.

In this regard, wages, which are an economic measure of labour, are implicitly tied to notions of well-being and societal health (Stilwell 1991). However, this measurement then raises questions of how the gains of good economic performance are distributed throughout society. The urgency of this question is evident, given that in recent decades wage growth has stagnated (Ryan 2015; Parker 2012; Quiggin 2009; Stilwell 1991), and work has become increasingly precarious (Watts 2016; Healy 2016; Beer et al. 2016; Benach et al. 2016; Campbell 2008; Western 2007). Despite the growing inequalities within Australian society (Morley and Ablett 2016; Spies-Butcher 2014; Baird, Cooper and Ellem 2009; Stilwell and Jordan 2007; Pusey 1998a, 1998b), policy discourses maintain that markets are a great arbiter of fairness (Harper et al. 2015; Murdoch 2013). This argument, which has underpinned Australian competition and economic policy for the past three decades, suggests that liberalised markets, featuring competition between firms, delivers benefits to consumers. In this vision of the Australian economy, firms compete amongst each other by developing better products and services, in a wider range of options and at a lower cost, to attract the custom of consumers. However, in policy discourses, the satisfaction and well-being of consumers is conflated with the well-being of Australians. As stated by Harper et al. (2015, p.23), in their review of Australia’s National Competition Policy:

Competition policy, like other arms of government policy, is aimed at securing the welfare of Australians. Broadly speaking, it covers government policies, laws and regulatory institutions whose purpose is to make the market economy better serve the long-term interests of Australian consumers.
Thus, it is claimed that the welfare of Australians is directly related to their experience as consumers. Consumers, according to this report, are, “not just retail consumers or households, but include businesses transacting with other businesses. In the realm of government services, consumers can be patients, welfare recipients, parents of school-age children or users of the national road network” (Harper et al. 2015, p.31). According to this definition, there is no important distinction in competition policy discourses between people or business. What is important is the capacity of the market to function efficiently. The implication of this claim is that what is good for business is also good for consumers. The argument is underpinned by a number of assumptions, including the assumption that firms lack significant power to influence markets and are therefore best understood as governed by the needs and wants of consumers. Business is framed here as a largely benevolent actor whose presence in social and economic life benefits consumers. The role of government is therefore free to shift from providing direct support to its citizens, towards creating a ‘business friendly environment’, which is assumed to be essential in attracting the business and private investment that is necessary to enhance the Nation’s economic performance through which citizens will then benefit as employees and consumers.

As I will argue in this thesis, these assumptions, and policy makers’ desire to create an economic environment which facilitates firms’ access to previously restricted areas of Australian society, have created the conditions for corporate control of Agriculture. As Pusey (2016) has argued, this shift has been at the expense of Australian society, through this singular focus on attracting investment, increasing efficiency and productivity, and improving the contribution of agriculture to the national economy.

Thus, my research is concerned with understanding how people – workers, farmers, communities – have become marginalised in policy discourse, which appears indifferent towards their needs and values. In the context of the Australian wheat industry, this research examines the discursive constructions which have enabled this shift to happen.

Deregulation in Australian agricultural and regional policy

The problematisation of the State is particularly evident in discourses around Australian agricultural and regional policy, and has contributed to substantial policy change in these areas in recent decades. Following the Second World War, Australian agricultural policy was characterised by a high level of government intervention. This policy environment supported a collectivist, co-operative approach to agricultural organisation. This is evident in policies such as statutory marketing of commodities, Government underwriting of commodities prices and the use of tariffs. Policy makers focused on ensuring the security and stability of farmers, reducing their exposure to risk and uncertainty (Ryan 1984). Through providing farmers with guaranteed commodities prices, and restricting farmers’ exposure to what were perceived as volatile global markets and unscrupulous agricultural commodities traders, policy makers intended to increase farmers’ sense of security. In turn, it was assumed that farmers would respond to this stable environment by increasing their productivity. This logic was founded on the assumption that farmers would be more likely to sow crops, for example, if they knew
that they would receive adequate financial remuneration for this effort and financial outlay (Ryan 1984).

This approach changed across the 1970s and 1980s. Global commodities markets began to weaken, which placed considerable pressure on this approach to agriculture (Cockfield and Botterill 2007; Kingwell and Pannell 2005; Coleman and Skogstad 1995). National Governments had to decide whether to continue to protect and subsidise agriculture, or to retreat from this position. In Australia and New Zealand, governments chose to restructure agriculture, exposing industry to global competition (Woods 2006; Liepins 2000; Coleman and Skogstad 1995). Successive Australian Governments deregulated agricultural industries and markets, and privatised government-owned assets and authorities (Tonts and Haslam-McKenzie 2005; Alston 2004; Vanclay 2003; Cocklin and Dibden 2002; Vanclay and Lawrence 1993). The development of the Industries Assistance Commission (IAC) in 1974 was a critical aspect of this shift (Edwards 1987). The IAC was created by the Whitlam Government to assist the State to maximise productive use of resources, and to develop policy which would not harm domestic consumers (Warhurst 1982; Industries Assistance Act 1973). This change in policy focus, and the subsequent withdrawal of State support for agriculture, fundamentally altered the policy environment in Australia (Edwards 1987; Warhurst 1982). Examples of this change include the 25% across-the-board drop in tariffs in 1973, which arguably impacted industries such as manufacturing to a greater extent than agriculture, and signalled the intention of the Whitlam Government to shift policy emphasis away from protectionism, towards market-based approaches to economic organisation (Anderson, Lloyd and MacLaren 2007).

The 1971 Rural Reconstruction Scheme was the first attempt of the post-war Australian Governments to facilitate the removal of assistance for farmers whose farms were deemed to be ‘unviable’, and to re-allocate resources towards more profitable, efficient farmers (Cockfield and Botterill 2007, 2006; Higgins 2001a, 2001b; Musgrave 1979). Musgrave (1990) provides an example of the positive construction of adjustment through farm re-organisation and resource re-allocation:

In the final analysis, the process of labour shedding and farm reorganisation should be regarded as desirable in terms of economic efficiency. Presumably those who leave the industry have good reason and are better off for doing so. Similarly, those staying in the industry should also benefit. However, in an ongoing adjustment process there is no final analysis and the process is not without its costs either to individuals or the nation as a whole. Evidence of the cost to individuals is seen in terms of chronic and ephemeral poverty among rural people which, in turn, is a cost to the nation if it finds this form of poverty abhorrent. In addition, there may be other costs to society, springing from inefficient resource use due to lags in the adjustment process […] The conclusion would seem to follow that, if there is a problem requiring government intervention, it would be because adjustment is not occurring. In this respect the persistence of low farm income problems could be an indication that adjustment is not occurring fast enough.

In this regard, the ‘problem’ of government intervention is framed, not as one of preventing inefficient farmers from exiting the industry, but as one of concern that this process may not be occurring quickly enough. This perspective gained traction across the 1980s in particular.
The State withdrawal of agricultural assistance accelerated with the election of the Hawke Government in 1983, which further reconceptualised the relationship between farmers and the State. Rather than providing passive assistance to farmers, the Hawke Government perceived its role as creating an economic environment which enabled the most efficient farmers to be successful (Hawke 1986; Kerin 1986). Questions around agricultural policy became focused on how to maximise efficiency and productivity of resource use. Subsequently, the value of agricultural industries and the contribution of farmers to Australian society was judged according to these ambitions. Although this thesis focuses upon the deregulation of the Australian wheat industry, similar processes of deregulation have been implemented across other agricultural industries in Australia, including barley (Botterill 2012), dairy (Margetts 2007; Cocklin and Dibden 2002; Davidson 2002, 2001), beef (Pritchard 2006), wine grapes (Pritchard 1999), egg (Alston 1986) and wool (Vanclay 2003). Highlighting its influence over policy, the Industry Commission (1991, p.23) claimed to have:

[...] examined the effects of statutory marketing arrangements in recent inquiries into apples and pears (1990), the food processing and beverages industries (1989), the dried vine fruits industry (1989), the wheat industry (1988), the fresh fruit and fruit products industries (1988), the tobacco growing and manufacturing industries (1987) and the rice industry (1987).

These examinations typically reached similar conclusions - namely, that statutory marketing, particularly involving compulsory acquisition, undermined efficient resource use (Industry Commission 1991).

This retraction of agricultural assistance has contributed to a steep decline in the number of farmers managing their own properties (Alston 2012; Alston 2004; Tonts 1999). In particular, as larger farms have increasingly subsumed smaller properties through amalgamations, the number of individual farms dropped from 201,000 in 1960 to 120,000 in 1995 (Tonts 1999, p.581). This trend has continued, as the number of farmers in Australia dropped by 40 per cent from 1981 to 2011, from 263,200 to 157,000 (Australian Bureau of Statistics 2012). The exit of farmers from their land, and from the farming industry, affects farmers, their families and their communities, in many different ways.

For many farmers, their identity, well-being and sense of belonging is particularly grounded in their rural, farming environment (Kuehne 2012; Wiseman and Whiteford 2009; Wythes and Lyons 2006; Pretty, Chipauer and Bramston 2003). This is particularly evident in many farmers’ connection to their land, their communities and the occupation of farming. Furthermore, in some instances, farmers have inherited the family farm, which may have been in the family for a number of generations. The farm property may incorporate the family home, which may also have been the childhood home of the farmer. This heritage not only provides farmers with a significant attachment to the physical property, but also an attachment to their personal history and their family history. As Kuehne (2012, pp.2-3) explains in his auto-ethnographical article on his experience of having to sell the family farm, this connection to past and future generations becomes entrenched within the identity of the farmer, as “farmers are not simply representing their own identities, but also the identities of
their families stretching from the past to the future”. Thus, exiting the family farm can not only result in the severing of these connections to the land, to family history and the loss of income, it can also substantially impact farmers’ sense of identity, sense of belonging and, subsequently, mental health and well-being. As Kuehne (2012, p.5) describes, beyond the financial transaction of selling the farm and the subsequent loss of livelihood:

 [...] there were even deeper and more profound changes than these. It changed who I associated with, my sense of importance, my place in the community and my relationship with that particular piece of land. The sale of my farm invoked deep feelings of loss. This was caused by more than the loss of the farm; it was loss of certainty, loss of purpose and loss of identity.

Furthermore, some farmers internalise the decision to sell their farm as a sign of personal failure (Kuehne 2012). This is particularly significant, as I argue later in this thesis, because policy discourses have portrayed farmer exits as the result of the poor farm management practices of the farmers who are leaving the land. This framing constructs farmer exits as a result of individual inadequacies and, as Kuehne (2012) discusses, farmers in turn have accepted individual responsibility for this failure to succeed in the occupation which is intricately connected to their sense of identity. In contrast to this individualist construction, I argue below that farmer exits are best understood in structural terms, as a direct consequence of how policy makers have sought to engineer conditions for greater consolidation within Australian farm businesses, and to re-allocate farm resources towards the largest, most efficient farms.

As a result of this complex relationship between farmers, their land, family history and identity, the considerable number of farmer exits in Australia throughout recent decades has resulted in significantly higher rates of anxiety, depression and suicide among farmers, than is evident in the broader Australian population (Bryant and Garnham 2014; Alston 2012, 2004; Dean and Stain 2010; Wiseman and Whiteford 2009; Alston and Kent 2008; Wythes and Lyons 2006; Caldwell, Dear and Jorm 2004). Such health impacts are exacerbated by the unwillingness of many male farmers to recognise and seek help for mental health problems.

Beyond the considerable consequences of farmer exits upon farming families, the decline in farming populations has contributed to a significant decline in rural communities. Rather than remaining in their communities, farming families exiting their properties typically migrate to coastal regions, regional centres or cities (Smith and Pritchard 2012; Alston 2004; Tonts 1999). As a consequence, the increased rates of farmer exits have undermined rural populations and, in some cases, threatened the viability of rural communities (Talbot and Walker 2007; Tonts and Jones 1997; McKenzie 1994). As McManus et al. (2012, p.27) and Pritchard et al. (2012) have noted, farmers perform a key role in contributing to the resilience of rural communities, by maintaining local economies through employment, either directly in farming or ancillary businesses and community life, and through the maintenance of social spaces such as halls, as well as sporting clubs. Thus, declining farming populations potentially weaken the social capital and resilience of rural communities (Tonts, Plummer and Argent 2014; McManus et al. 2012; Talbot and Walker 2007; McKenzie 1994). As
McKenzie (1994, p.253) has argued, “this trend creates a vicious cycle of population loss, service decline and further out-migration”. As farmers exit rural, agricultural communities, the local population falls. Subsequently, the local economy weakens due to reduced spending on goods and services. In particular, agricultural businesses servicing farming populations are affected. In turn, employment opportunities become scarcer, which leads to further out-migration as people leave in search of work in cities and regional centres. In turn, services such as health, education, transport and communications have been withdrawn by Governments which have become increasingly focused on rationalising service provision, in part via consolidating services in areas of higher population density (Tonts and Jones 1997; McKenzie 1994; Stilwell 1992). This retraction of services causes further population decline, as people move in search of employment, health-care and schools. As McKenzie (1994, p.256) states, “There are also significant psychological impacts, with many seeing the closure of such central communities’ services as signalling the ‘death’ of a town”. The consequences of farmer exits upon the well-being of farming families and their communities are clear, and illustrate the limitations of policy making that has attempted to construct agriculture principally in economic terms.

The decline of Australian farming populations and subsequent effects of this outmigration from rural towns are closely associated with the retraction of State assistance for farming. As Dibden, Potter and Cocklin (2009, p.302) observe, Australian farmers experience the second lowest level of support among all OECD countries. According to Dibden, Potter and Cocklin (2009, p.302), farmers are:

[…] encouraged to adapt to liberalised trade through development of more productive farming systems, i.e., through intensive farming practices, farm consolidation, displacement of smaller, less ‘efficient’ farmers and developing better business management capacities.

This process is described by Dibden and Cocklin (2005), and Dibden, Potter and Cocklin (2009) as a form of competitive productivism that has driven Australian agricultural policy. By contrast, European agricultural policy is underpinned by a multifunctional approach, which assumes that “without State assistance, large numbers of family farmers are vulnerable to economic pressure”, potentially resulting in farmers abandoning their land (Dibden, Potter and Cocklin 2009, p.303). This pressure is constructed as having potentially severe social and environmental consequences. Thus, policies maintaining trade barriers and assistance to farmers are constructed as an essential measure to protect the European countryside from global markets (Dibden, Potter and Cocklin 2009; Potter and Tilzey 2007, 2005). As Dibden Potter and Cocklin (2009, p.302) argue, “the public good role of farming is key to this understanding, the argument being that farming (particularly in marginal areas) needs to continue if farmland biodiversity and the appearance and amenity of rural landscapes are to be maintained”.

Potter and Tilzey (2007, 2005) and Dibden, Potter and Cocklin (2009) have noted that this approach to agricultural policy contrasts with the increasingly neoliberal policies of the EU in other areas, such as financial and labour market deregulation. However, this ongoing support for agricultural assistance for farmers is attributed to the support for multifunctionality in
agriculture, which is grounded in a “social welfare justification for state assistance” (Potter and Tilzey 2005, p.590). This approach has influenced policy makers, who Potter and Tilzey (2005, p.590) argue have “gradually acknowledged the need to diversify the income base of family farms by capitalising on agriculture’s ancillary functions such as biodiversity, landscape and cultural heritage”. The multifunctional approach to agriculture, though weak in Australia (Bjørkhaug and Richards 2008; Argent 2002), is used in countries such as France, Germany and Norway, with the latter using government subsidies to employ the “language and action of a multifunctional agriculture into its agricultural mode of operation” (Bjørkhaug and Richards 2008, p.108). Bjørkhaug and Richards (2008) and Dibden, Potter and Cocklin (2009) highlight the role of farming organisations in supporting multifunctionality and maintaining State assistance for farmers. This support contrasts sharply with the activities of farming organisations in Australia, such as the National Farmers Federation, and Grains Council of Australia, who have consistently argued for greater competition in farming and the dismantling of government regulation, while using neoliberal concepts of choice, freedom and individualism to further these arguments (O’Keeffe 2016c).

The competitive productivism that characterises agriculture in Australia has also been connected to damaging environmental consequences that result from intensive farming methods and the use of fertilisers, herbicides and pesticides (Lawrence, Richards and Lyons 2013; Pritchard, Burch and Lawrence 2007). The pressure to maximise productivity to cope in an economic environment with few avenues for financial assistance, compels farmers to use potentially damaging farming methods (O’Keeffe 2016b; Lawrence, Richards and Lyons 2013). This is not to say that Australian farmers are not interested in minimising their environmental impact, or that all farmers are responsible for implementing damaging environmental practices. Far from it. The success of volunteer-based farm programs such as Landcare is evidence of farmer engagement with environmental practices, as is the growing proportion of farmers employing organic farming methods (Tennent and Lockie 2013). However, Australian agricultural policy discourses have, for a number of decades, prioritised and rewarded productivity. As I argue in chapters 8 and 9, productivity has been constructed as a policy truth, and productivist farming methods, such as the application of fertilisers, herbicides and pesticides, concentration of farm properties and increased specialisation, have come to represent smart farming (Argent 2002). Furthermore, environmental protections, such as policies which aim to prevent land clearing and mature tree removal, have been constructed as burdensome regulation, or “green tape” (Productivity Commission 2017).

By contrast, in Europe, farmers are provided with state support to modify their farming practices, in the interests of meeting environmental goals (Kliejn and Sutherland 2003). As described by Kliejn and Sutherland (2003, p.947), agri-environment schemes are used for “reducing nutrient and pesticide emissions, protecting biodiversity, restoring landscapes and preventing rural de-population”. As such, many of the programs delivered for farmers are tied to specific social and environmental aims, which, in contrast with Australian agricultural policy, are considered by policy makers to have value.

Within Australia, the Australian State and Federal Governments have responded to the social and environmental problems experienced throughout rural and regional Australia, by
developing regional policy which has encouraged communities to become more self-reliant (O’Keeffe 2014a; Beer et al. 2005; Cheshire and Lawrence 2005; Tonts and Haslam-McKenzie 2005; Gray and Lawrence 2001b; Herbert Cheshire 2000). Essentially, responsibility - though, crucially, not power - has been devolved from governments to local communities, as communities have been encouraged to find solutions to their own problems (Cheshire and Lawrence 2005; Lockie 1999). As Cheshire and Lawrence (2005) argue, this encourages people and communities to view their problems as resulting from their own failings, rather than acknowledging the structural causes of rural community decline.

Furthermore, regional development programs, such as the Victorian Government’s ‘Putting Locals First Program’, have been developed according to carefully constructed funding criteria, which closely align with the Government’s economic goals (O’Keeffe 2014a). Even as this approach might restrict the capacity of communities to respond to the challenges they encounter, it operates to absolve Governments of responsibility for the ongoing resilience of rural communities, while ensuring that community responses to their challenges are tightly controlled and politically acceptable.

Similar to regional development policy, Australian agricultural policy in recent decades has focused on promoting individualism, competition, self-help and self-reliance (Herbert-Cheshire and Lawrence 2005; Cheshire and Lawrence 2005; Gray and Lawrence 2001b; Higgins 2001a). In this thesis, I extend this analysis by exploring the conceptualisation of farmers as business-minded individuals who are centred exclusively in maximising their returns. This construction differs substantially from research which analyses the importance of farmers’ connection to their land, their family histories in farming, and the relationship between farming, identity and well-being (McManus et al. 2012; Kuehne 2012; Sartore et al. 2008; Fraser et al. 2005; Webb, Carey and Geldens 2002; Smailes 2000; Gray and Lawrence 1996; Cook and Ronan 1991). Policy discourses have constructed farming in economic terms, which has largely externalised these important social aspects of farming, rendering them insignificant in policy. As I will argue, this is an essential discursive shift that has helped to make deregulation possible.

**Changing wheat industry policy**

Australian wheat industry policy has changed markedly throughout the past hundred years. Popular perceptions of the State’s role in regulating farming, the trustworthiness of grain traders, and the role of the farmer in relation to the broader Australian society have changed on numerous occasions throughout this time, shaping wheat industry policy. In addition, global crises such as war and economic depression have often been the catalyst for policy change. For example, the compulsory acquisition of wheat was first enacted during the First World War (Connors 1971). Victorian Minister for Agriculture, the Honourable F.W. Hagelthorn (1916, pp.3-4), explained these measures:

> These are no ordinary times. The greatest war the world has ever seen is raging…The Federal and State Governments have interfered—not to prevent the farmer getting the benefit of high prices, but to save him from ruin and the country from chaos and disaster.
This justification suggests that Governments implementing this scheme are concerned that they may be encroaching on the individual freedoms of wheat growers, even as they argue that such encroachment might be necessary. Haglethorn excuses these measures, by articulating the graveness of the situation, and noting the extraordinary events which have compelled this decision. This shows a concern that growers may have been disgruntled at having to sell their wheat to the State, rather than to an open market. However, these statements also help to articulate the power of farmers at the time. This power is further illustrated in the call for growers to save “the country from chaos and disaster”, and in appeals to the agrarian sentiment that farming is the foundation upon which Australian society has been built.

Similarly, in 1930 the Australian State and Federal Governments appealed to wheat growers to sow an additional one million acres of wheat, in an attempt to rectify Australia’s trade deficit and help buttress the economy prior to the onset of the great depression (Victorian Department of Agriculture 1930). As stated in a document produced for Victorian growers to further this appeal, “He [the wheat grower] believes the situation is not of his making, but the more it is the fault of the foolish or selfish sections of the community the more it is the duty of the sounder sections to save the country from past folly” (Victorian Department of Agriculture 1930, pp.4-5). This rhetoric positions farmers as being reliable pillars of Australian society, while calling on growers to summon their sense of responsibility as a collective, to meet a challenge that is facing the nation. Wheat growers responded with a record wheat crop (Connors 1971).

The success of the compulsory acquisition of wheat throughout the War, and the perceived skulduggery and collusive activity of unregulated grain traders, led to growing support among farmers for a collective approach to wheat marketing. This support contributed to the formation of the Australian Wheat Board in 1939, which was tasked with managing the compulsory acquisition of wheat that was again enacted during World War II (Botterill 2012; Whitwell and Sydenham 1991). From 1948, with the Federal Government’s introduction of the first Wheat Stabilisation Plan, the Australian Wheat Board (AWB) became the sole exporter of Australian wheat. For growers, this process was relatively simple (Pritchard 1998). Wheat marketing was conducted entirely by the AWB, which pooled the wheat it received from growers, according to classification. This allowed the AWB to amass large quantities of wheat to sell to overseas buyers. The scale of these transactions was held up as a key advantage of statutory marketing, which was argued to provide growers with collective bargaining power in world markets. Growers were essentially provided with average prices through this pooling system, as net returns to growers were calculated based on the value of wheat sales and the costs associated with these transactions, including freight charges and marketing costs. Until 1989 this process was supported by government guarantees on wheat prices, articulated in the Wheat Stabilisation Plans. According to Ryan (1984, p.117), the first five Plans set price guarantees according to the cost of production, whereas the 6th Plan (1974/75) shifted this approach to reflect export prices. The removal of guaranteed wheat prices exposed growers to global wheat markets, shifting the policy focus from stability to
market efficiency (Pritchard 1998; Ryan 1984). In this climate the AWB was increasingly scrutinised, with attention focused on its capacity to deliver premium prices for growers.

Furthermore, throughout the early-to-mid 1980s, global wheat prices declined substantially in the midst of a “trade war” involving the United States and European Commission (Coleman and Skogstad 1995, p.244). This price decline threatened the viability of farmers, and also caused the Canadian and Australian Governments to analyse their own approaches to wheat industry assistance and marketing. At the time, the wheat industries in these countries were dominated by statutory marketing authorities, the Australian Wheat Board and the Canadian Wheat Board respectively, which were substantial participants in the global wheat trade (Boaitey 2013). Whereas the Canadian and Australian Governments each sought to motivate trade liberalisation, the Canadian government also sought to provide a level of protection for growers (Martin and Clapp 2015; Magnan 2015; Coleman and Skogstad 1995). As highlighted by Coleman and Skogstad (1995, p.257), the Canadian Government responded to the pressure upon Canadian farmers by providing “ad hoc payouts to western farmers to shield them from the trade war”. Coleman and Skogstad (1995, p.257) go on to argue that the Government’s “longer-term solution was to engage in a consultative exercise with the grains and oilseeds policy community with the objective of designing new programs to achieve income security and stability”.

By contrast, the Australian Government used this crisis as a catalyst to break from policies which provided direct, general assistance for farmers. This shift in approach was motivated by the IAC, in particular, and the Bureau of Agricultural Economics (BAE), who were among the most vocal critics of Statutory Marketing Arrangements, the Wheat Stabilisation Plans, and other means of Government intervention and assistance. These authorities argued that such measures created inefficiencies by distancing growers from markets, and preventing them from responding to market signals (IAC 1983, 1988; BAE 1987). Furthermore, the IAC portrayed the AWB as an inefficient monopolist, which was not subjected to competitive forces, and thus had no incentive to reduce costs or seek out the best prices for its wheat. The IAC claimed that the AWB had no capacity to accurately determine the costs of the services which they performed for growers, due to their protection from markets. As a result, the IAC argued that Statutory Marketing restricted growers’ returns, by reducing wheat prices and attributing supply chain and marketing services with arbitrary costs which were not the result of the price discovery process which would occur in a competitive market. In addition, as the AWB collectivised wheat prices and costs, providing an average return, the IAC claimed that this approach failed to reward the most efficient growers and deprived them of incentives, instead rewarding mediocrity. This argument in particular represented a clear shift away from the collectivism of the post-World War II years, and sought to motivate policy change based on the interests of individual wheat farmers.

The rhetoric of the individual resonated with the policy ambitions of the Hawke Government, expressed with particular clarity by Minister for Primary Industry John Kerin. In the 1988 policy statement ‘Australian Wheat Industry: Marketing in the Future’, Kerin claimed that “There is a need to shape the direction of the nation’s grains industry towards a future where commercial independence, maximum efficiency and marketing flexibility will be key
criteria” (Commonwealth of Australia 1988a, p.2). This statement argued for reduced government assistance for the wheat industry, suggesting that “The wheat industry now has the opportunity to reduce its reliance on Government and take control of its own affairs” (Commonwealth of Australia 1988a, p.5). Competition, it was claimed, would reduce growers’ costs and increase the potential for higher wheat prices, which, the Department of Primary Industry (Commonwealth of Australia 1988a, p.5) argued, would benefit growers who “should be concerned with maximising their net return”. The statement portrayed choice as a key mechanism for achieving this aim. Through the influence of the IAC, BAE and the Hawke Government, concepts such as competition, efficiency, choice and freedom of the individual were portrayed in policy discourses as guidelines which good policy must follow. Although the AWB’s control of wheat exports remained intact throughout this period, the Hawke Government did deregulate the domestic wheat market in 1989. Given the relatively small scale of this market compared to Australia’s wheat exports, domestic deregulation was not a monumental shift; however, it did signify the growing support among policy makers for market-based approaches to agricultural organisation.

**Wheat export market deregulation**

In 1999 the Australian Wheat Board was privatised (McCorriston and MacLaren 2007, p.638) despite significant opposition from wheat growers, who felt that a private organisation would be more concerned with returning benefits to shareholders rather than to wheat growers (Cockfield and Botterill 2007, p.48). In spite of these concerns, the privatised AWB Limited was floated on the Australian Stock Exchange in 2001 (McCorriston and MacLaren 2007, p.638). The United Nations Oil-for-Food inquiry, which began in 2004, raised allegations that AWB Limited had been making payments to the Iraqi regime of Saddam Hussein for the purpose of securing wheat contracts. As a consequence, in 2005 the Australian Government established a Royal Commission to investigate these claims under the oversight of Terence Cole (Cockfield and Botterill 2007, p.44). This scandal also provided the catalyst for full deregulation of the export wheat market, with the then Chairman of the Australian Consumer and Competition Commission Allan Fels stating that it showed “what a monopoly thinks it can get away with” and suggested that “the time [had] come to close down the Australian Wheat Board as an export monopoly” (Cockfield and Botterill 2007, p.44; Australian Broadcasting Commission 2006). The Howard Government responded to this crisis by implementing the 2007 Wheat Export Marketing Act, in which AWB Limited retained its statutory marketing of wheat exports from Australia.

The following year, the recently elected Labor Government implemented the Wheat Export Marketing Act (2008), which deregulated the wheat export market by abolishing statutory wheat marketing and permitting private grain traders to export Australian wheat. Then Federal Minister for Agriculture, Forestry and Fisheries Tony Burke argued in support of deregulation, stating that “The industry needs significant reform to increase the level of competition…Only then will returns to growers be maximised”. This claim repeated arguments presented over a number of decades, which portray competition as the solution to the problems of farm viability arising from declining commodity prices and the increasing
costs of inputs (Commonwealth of Australia 2008a, 2008b; Higgins 2001b; Commonwealth of Australia 1988a; Kerin 1986; Mauldon and Schapper 1974). Competition, it is argued, would benefit wheat farmers through increased flexibility of their wheat marketing and increased choice, while also ensuring that wheat farmers would have a number of private grain traders competing for their grain (Chang, Martel and Berry 2003; Irving et al. 2000; Watson 1999). Policy makers claimed that the increased choice and freedom would enable farmers to exercise their self-interest, marketing skills and knowledge, to obtain premium wheat prices. In this sense, wheat export market deregulation was portrayed as being primarily for the benefit of wheat farmers (Commonwealth of Australia 2008a, 2000b; Productivity Commission 2005a, 2000a, 2000b; Allen Consulting 2000a; Irving et al. 2000).

Australian wheat farmers repeatedly opposed this policy shift. When the potential deregulation of the export market was raised in 1992, the New South Wales Farmers’ Association conducted a series of six meetings, attended by 1,000 growers, where ‘straw polls’ showed less than 10 of the people in attendance, “…wanted to see the international grain traders muscle in on the Australian Wheat Board’s (AWB) single desk selling role” (The Sun-Herald 1992). Furthermore, the New South Wales Farmers’ Association reported that “distrust of international grain traders is widespread” (The Sun-Herald 1992). Support for the statutory marketing power of the AWB is echoed by Harold Flett, President of the Donald District of the Victorian Farmers Federation (VFF), who stated that “retention of the ‘single desk’ seller status is critical” (The Donald-Birchip Times 1992), whereas Pat Trethewan, VFF Goulbourn Valley District President, claimed that the ‘single desk’ “is something growers want and will fight to the back teeth to protect it” (Riverine Herald 1992). Comments such as this reflect growers’ strong support for the AWB, particularly through the late 1980s and early 1990s, when the liberalisation of the wheat export market was raised as a possibility. Concern from growers about the potential deregulation of the domestic and also export wheat markets was highlighted in a survey published in July 1988 by National Farmer (1988), in which grain growers were asked the following question, among others:

Do you favour more deregulation of the export marketing of Australian wheat? Yes – 12.8%; No – 81.2%; Undecided – 6.0%

Although there is no information as to how many growers completed the survey, the indication from readers of the National Farmer is that opposition to deregulation remained steadfast. As grain grower Ross Flannery (The Land 1988) stated, few grain growers “want private traders to get a leg in the door”. According to Flannery “At present we have 15 buyers in the world and one seller in Australia. If the market was freed up we potentially have 40,000 sellers but still only 15 buyers” (The Land 1988). However, rather than address the economic argument against deregulation of the wheat industry, groups representing grain growers focused on “inefficiencies” within the grain supply chain, or maintained an emphasis on “control” (O’Keeffe 2016c). Furthermore, farm organisations and the Federal Government directed their focus towards the subsidies provided to farmers in the EU and US, which they claimed undermined global markets and harmed Australian growers. For example, Clinton Condon, speaking to The Australian (1989), stated that “The opportunity exists at the
international level for governments to remove distortions which have plagued the international wheat trade…We all lose by interfering in free trade”. Ultimately, farm lobby groups (as distinct from farmers) legitimised the arguments around agricultural liberalisation, which were then used by policy makers to argue for wheat export market deregulation.

The Canadian Government followed a similar, though much more rapid trajectory of wheat industry deregulation (Magnan 2015; Martin and Clapp 2015; Boaitey 2013; Coleman and Skogstad 1995). As mentioned by Magnan (2015, p.3), “Since 2006, the federal Conservative Government has pursued further neoliberalisation of the grains sector by stripping the Canadian Wheat Board of its marketing monopoly”. This shift is in addition to the termination of financial supports, programs and subsidies (Magnan 2015, p.3). As in Australia, the majority of Canadian growers supported their Wheat Board. In an attempt to show support for its existence, the Canadian Wheat Board polled growers, finding that 62% supported maintenance of statutory marketing (Waldie 2011). Despite this support, the government proceeded with deregulation of the wheat export market, and was subsequently met with a $17bn lawsuit from the group ‘Friends of the Canadian Wheat Board’. While there is limited research exploring the perspectives and experiences of Canadian wheat growers following this policy shift, Ian Robson, who is a Canadian farmer and also member of the Friends of the Canadian Wheat Board, has claimed that “[Deregulation] has never been about giving farmers more freedom […] It’s about making them compete against each other. With the Wheat Board, the price of wheat was as high as $9 a bushel. Now it’s almost half. And it’s difficult for smaller farmers to do their own marketing and financing. It’s not more freedom for farmers. It’s freedom for the people higher up in the system” (McDonald 2014).

Similar concerns have been identified in Australian-based research exploring growers’ responses to the end of statutory wheat marketing. This research has found that farmers feel burdened with the additional workload associated with marketing (Head et al. 2011), while deregulation has undermined growers’ returns, increased the risks associated with marketing and led to farmers’ experiences of disempowerment and disenfranchisement (O’Keeffe and Neave 2017; Baker 2016; O’Keeffe 2014b). This is articulated by Martin and Clapp (2015, p.553), who state that the deregulation of the Australian and Canadian wheat markets “has meant that farmers who previously counted on the marketing board to help market grain are now expected to turn to commodity exchanges and large grain traders for marketing assistance and risk management”. O’Keeffe and Neave (2017) analyse how this is creating unequal power relations between traders and growers, many of whom feel disempowered and vulnerable. As discussed by O’Keeffe and Neave (2017), Martin and Clapp (2015) and Magnan (2011), the negative impacts on growers in Australia and Canada are particularly great for the small-to-medium sized producers.

**Wheat industry supply chains in Australia**

A key rationale for wheat export market deregulation was that competition in the export market would enhance competition in the wheat supply chain. This competition was claimed to result in cost savings, which would ultimately improve growers’ returns (Commonwealth
of Australia 2008a; Productivity Commission 2000a, 2000b; Allen Consulting 2000a; Irving et al. 2000). As I demonstrate below, this scenario has not eventuated. The figures, tables and writing included in pages 30-31 have been adapted from my article ‘Contestability in the Australian Wheat Industry’, which is included as Chapter 5 of this thesis. I present this background information here to explain the wheat industry structure and evolution of this structure following deregulation.

**Figure 1:** Australian wheat export supply chain

![Australian wheat export supply chain diagram](image)

Figure 1 presents a basic outline of Australian wheat supply chains. In Australia, infrastructure servicing the wheat industry, including off-farm storage and handling, and port facilities, are controlled by three regionally-based bulk handling companies (BHCs) - CBH (Western Australia), Viterra (South Australia), and GrainCorp (eastern Australia, including Victoria, New South Wales and Queensland). Farmers producing wheat for export sell to grain traders which, in most cases, access this infrastructure to export this wheat to overseas markets.
The BHCs’ ownership of storage, handling and ports stems from the privatisation of State-based grain authorities in the 1990s and early 2000s. The grain authorities controlled State-wide infrastructure networks, including grain handling, storage and port facilities. The privatised firms merged, causing further consolidation. As Figure 2 shows, GrainCorp emerged from the privatisation of 10 different boards and authorities across Victoria, New South Wales and Queensland. Thus, GrainCorp control infrastructure established and managed by these authorities. Similarly, Viterra (SA) and CBH (WA) control these segments of the wheat supply chain in their regions.

### Table 1: Bulk handling companies regional control of storage and handling, ports, and export markets.

<table>
<thead>
<tr>
<th>Supply chain segment</th>
<th>CBH (WA)</th>
<th>GrainCorp (eastern Australia)</th>
<th>Viterra (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share: up-country</td>
<td>Receives and stores approximately 90% of WA’s grain</td>
<td>Handles approximately 75% of east coast grain</td>
<td>80% market share of SA up-country grain storage</td>
</tr>
<tr>
<td>Market Share: port throughput (%)</td>
<td>100</td>
<td>80-90</td>
<td>100</td>
</tr>
</tbody>
</table>

Adapted from Stretch, Carter and Kingwell (2014, p.11).
Table 1 demonstrates how these BHCs have used this ownership of grain handling, storage and ports, either directly or indirectly, to develop market share. This table reflects a key problem of privatising vertically integrated, public authorities. The private companies emerging from privatisation, in many cases, control supply chains, including non-contestable facilities and infrastructure (ports and storage networks), and use this control to establish market share in the contestable segments of the supply chain (grain marketing). The potential for this scenario occurring was known when the wheat export market was deregulated, and was foreshadowed by Nationals Senator Barnaby Joyce, who argued against this policy shift in parliament (Commonwealth of Australia 2008b). Yet, as I suggest in Chapter 5, policymakers chose to rely instead upon a general interpretation of contestability theory, concluding that deregulation and privatisation would not restrict the competitiveness of the wheat market.

![Figure 3: Australian wheat export market concentration, 2009 to 2013. Data extrapolated from Australian Grain Growers (2014, p.3). Reproduced from O’Keeffe (2017b).](image)

However, as Figure 3 indicates, wheat export markets have become less competitive as the market has matured. The five most prominent wheat exporters have increased their market share, whereas the ‘other’ companies, which accounted for nearly 50% of Australian wheat exports in 2009, have seen this figure drop to 25% in 2013. At the State and regional level, market concentration is particularly high, as firms such as CBH, Glencore and GrainCorp focus their exporting activity in the regions where they control infrastructure. Wheat farmers who anticipated a greater level of competition following deregulation have argued that, as a
result of these regional monopolies developing, the number of wheat exporters operating at the local level is limited, giving firms considerable power over growers, who often have limited marketing skills and knowledge by comparison (O’Keeffe and Neave 2017).

**Recent investment in the Australian wheat export industry**

In recent years, there have been considerable investments in the Australian wheat industry. Table 2 includes the major investments occurring in this time, and explains which supply chain segments are central to these investments. These details are significant, as firms recognise that, if they are to develop a share of the export market, then it is essential to own supply chain infrastructure (O’Keeffe 2017c, 2016a). These investments are driven by firms’ desire to develop power through developing resources, and reduce dependencies upon the incumbent bulk handling companies. Firms such as GrainCorp and Viterra control bottleneck infrastructure such as ports, which are accessed by whole wheat growing regions. Competing grain traders are in the position where they must access these facilities, thereby contributing to the financial resources of their export competitors, or develop their own infrastructure.
<table>
<thead>
<tr>
<th>Company</th>
<th>Investment</th>
<th>State</th>
<th>Storage</th>
<th>Ports</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bunge Limited</td>
<td>Developing new ports at Bunbury and Geelong (Sprague 2014).</td>
<td>WA, VIC</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asciano</td>
<td>Formed JV with Itochu, Albany Bulk Handling (Thompson 2012).</td>
<td>WA</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitsui</td>
<td>Acquired 25% of Plum Grove (Tasker 2012).</td>
<td>WA</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louis Dreyfus</td>
<td>Acquired fertiliser company Ravensdown</td>
<td>WA</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Louis Dreyfus</td>
<td>Formed JV with Mountain Industries (parent Asciano)</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glencore</td>
<td>Acquired Viterra in 2012</td>
<td>SA</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Glencore</td>
<td>32.5% interest in Newcastle Agri Terminal JV with CBH and Olam Grains</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olam Intl.</td>
<td>Has a 32.5% interest in Newcastle Agri Terminal with Glencore (Thompson 2015)</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>Acquired 80% equity in Olam Grains Australia (World Grain 2014a) and 20%</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nidera</td>
<td>Acquired controlling share in PentAG Commodities</td>
<td>QLD</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noble Group</td>
<td>Quattro Ports JV with Qube Holdings</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COFCO</td>
<td>Acquired Noble Group and Nidera (World Grain 2016, 2014b)</td>
<td>Intl.</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Sumitomo</td>
<td>Acquired Emerald Grain in 2014 and owns Melbourne Port facilities, through 2005 acquisition of ABA (Binsted 2014).</td>
<td>VIC</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>CHS</td>
<td>Acquired 50% share in Broadbent Grain, which has since been renamed CHS Broadbent (Broadbent Grain 2014).</td>
<td>NSW</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHS</td>
<td>50:50 owner of Agfarm with Ruralco</td>
<td>Aus.</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADM</td>
<td>Acquired Toepfer international (ADM 2014a)</td>
<td>Intl.</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADM</td>
<td>Attempted to acquire GrainCorp.</td>
<td>NSW, VIC, QLD</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Cargill</td>
<td>Acquired AWB GrainFlow</td>
<td>NSW, VIC, QLD</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Marubeni</td>
<td>Parent company of Gavilon (Iwata 2015).</td>
<td>QLD</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2:** Recent company investments in Australian wheat storage, ports and marketing

As Table 2 shows, this investment has come from transnational agri-food firms, which in many cases have sought to acquire or merge with firms controlling existing wheat industry infrastructure such as ports and storage facilities. For example, Glencore acquired Viterra, which itself had acquired the privatised bulk handler ABB in 2009 (Sydney Morning Herald 2012; Australian Taxation Office 2010). This acquisition provided Glencore with ownership of the entire wheat supply chain in South Australia, one of Australia’s largest wheat producing states (Stretch, Carter and Kingwell 2013). In addition, a number of investments in smaller firms have been completed. Mitsui and Co, Salim Group and Seaboard have each acquired 25% of West Australian trading company Plum Grove (Tasker 2012; Brindal 2010).
Louis Dreyfus Commodities (Louis Dreyfus) acquired fertiliser company Ravensdown, giving the firms access to storage and a port berth in Western Australia (Cattle and Bettles 2013). United States co-operative CHS acquired a 50% stake in NSW wheat storage and handling company Broadbent Grain (Heard and Marshall 2014). Dutch firm Nidera acquired a controlling stake in PentAG Commodities, then was subsequently acquired by Chinese firm COFCO (Marshall 2015). These investments increase the control of the large, transnational firms within the Australian wheat industry, while reducing the number of smaller market participants.

Whereas this investment could be portrayed as evidence of increasing industry competition, the effect could be the opposite. The competition that is occurring is between oligopolistic transnational firms, which are acquiring smaller upstream firms to develop their power within the industry. Potentially, this kind of competition could lead to consolidation of ownership and capital within the industry, to the disadvantage of other industry participants, such as farmers.

**Geographic Expansion**

Companies investing in the Australian wheat industry are invariably large and well-capitalised global firms, as shown in Table 3. As such, their investments into the Australian wheat industry should be viewed in the context of their function as global value chain managers (Clapp 2015a).

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Revenue</th>
<th>Net Income</th>
<th>Market Cap</th>
<th>Countries Active</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADM</td>
<td>United States</td>
<td>62.95bn</td>
<td>1.39bn</td>
<td>23.88bn</td>
<td>160</td>
<td>31,800</td>
</tr>
<tr>
<td>Bunge</td>
<td>United States</td>
<td>44.88bn</td>
<td>532.00m</td>
<td>11.10bn</td>
<td>40</td>
<td>32,000</td>
</tr>
<tr>
<td>Glencore</td>
<td>Switzerland</td>
<td>152.06bn</td>
<td>-739.70m</td>
<td>54.68bn</td>
<td>50</td>
<td>110,380</td>
</tr>
<tr>
<td>CHS Inc</td>
<td>United States</td>
<td>31.35bn</td>
<td>412.42m</td>
<td>379.82m</td>
<td>25</td>
<td>12,160</td>
</tr>
<tr>
<td>Olam</td>
<td>Singapore</td>
<td>15.63bn</td>
<td>244.92m</td>
<td>4.15bn</td>
<td>70</td>
<td>18,040</td>
</tr>
<tr>
<td>Wilmar</td>
<td>Singapore</td>
<td>42.84bn</td>
<td>1.09bn</td>
<td>16.01bn</td>
<td>50</td>
<td>93,000</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>Japan</td>
<td>58.51bn</td>
<td>4.01bn</td>
<td>32.85bn</td>
<td>90</td>
<td>68,250</td>
</tr>
<tr>
<td>Marubeni</td>
<td>Japan</td>
<td>64.88tn</td>
<td>1.41bn</td>
<td>10.83bn</td>
<td>67</td>
<td>39,910</td>
</tr>
<tr>
<td>Sumitomo</td>
<td>Japan</td>
<td>36.40tn</td>
<td>1.56bn</td>
<td>16.39bn</td>
<td>67</td>
<td>66,860</td>
</tr>
<tr>
<td>Mitsui</td>
<td>Japan</td>
<td>37.69tn</td>
<td>2.81bn</td>
<td>24.66bn</td>
<td>65</td>
<td>43,610</td>
</tr>
</tbody>
</table>

**Table 3:** Profiles of publicly-listed firms investing in Australia’s wheat export industry. All financial figures converted to USD. Data sourced from company websites and the Financial Times (www.ft.com). Company information correct as of June 13 2017. Currency conversions conducted on June 13 2017, using www.xe.com. As information on Cargill, Louis Dreyfus and COFCO is not publicly available, these firms are not included in this table.
Firms portray their geographic expansion into new regions and, subsequently, new markets, as central to the development of their global value chains. As described by ADM (2016a, p.4), “The Company’s strategy involves expanding the volume and diversity of crops that it merchandises and processes, expanding the global reach of its core model, and expanding its value-added product portfolio”. In that regard, the recently deregulated Australian wheat industry is viewed as a site for geographic expansion, to be subsumed into their global value chains. Similarly, Bunge CEO Soren Schroder describes his company’s recent Australian investments as the final “piece” in the puzzle of Bunge’s global footprint (Singh 2015a). In that regard, the development of global value chains is outlined as an operating strategy, and geographic expansion enables the firm to extend this strategy. Potentially, firms may use this type of global expansion to reduce supply risks, and to ensure ongoing access to commodities. Furthermore, this development enables firms to connect exporting regions to new consumer markets, through their value chains. This interpretation implies that the value created through global value chains is derived solely from the trade in physical commodities. The puzzle, in this regard, involves sourcing wheat from all possible wheat producing regions.

Firms describe their investments in relation to Australia’s proximity to lucrative consumer markets in Asia (Reuters 2015, Singh 2015a, 2015b; ADM 2014b, 2013). Thus, the Australian wheat industry, by virtue of its closeness to growing consumer markets, becomes a significant site of contestation. Global value chain managers compete for the Australian market to feed upstream segments of their global value chains and develop their position within Asian markets. Despite their considerable scope and scale, firms such as Bunge and Louis Dreyfus have a relatively small presence in Asia (Bunge 2017; Louis Dreyfus 2017). Thus, developing a strong presence in Australia is an important aspect of developing the capacity to fully capitalise upon consumer growth in Asia.
<table>
<thead>
<tr>
<th>Production</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
<td><strong>Value (1000 tonnes)</strong></td>
<td><strong>Country</strong></td>
</tr>
<tr>
<td>China</td>
<td>126,215</td>
<td>United States</td>
</tr>
<tr>
<td>India</td>
<td>95,850</td>
<td>Canada</td>
</tr>
<tr>
<td>Russia</td>
<td>59,711</td>
<td>France</td>
</tr>
<tr>
<td>United States</td>
<td>55,147</td>
<td>Australia</td>
</tr>
<tr>
<td>France</td>
<td>38,950</td>
<td>Russia</td>
</tr>
<tr>
<td>Canada</td>
<td>29,281</td>
<td>Germany</td>
</tr>
<tr>
<td>Germany</td>
<td>27,785</td>
<td>Ukraine</td>
</tr>
<tr>
<td>Pakistan</td>
<td>25,979</td>
<td>India</td>
</tr>
<tr>
<td>Australia</td>
<td>25,503</td>
<td>Kazakhstan</td>
</tr>
<tr>
<td>Ukraine</td>
<td>24,114</td>
<td>Romania</td>
</tr>
</tbody>
</table>


Wheat production has an important geographical dimension. As Table 4 shows, China and India are the largest two wheat producing countries by a substantial margin, yet produce wheat primarily for highly populated domestic markets. In contrast, Australia is the ninth largest wheat producer, yet is the fourth largest exporter. The geographical significance of Australian wheat production is further highlighted in Table 3, which shows that three of the largest five wheat importers - China, Indonesia and Japan - are located in Asia. Australia is the only major exporting nation in close proximity. Thus, the deregulation of the Australian wheat export market in 2008 provided firms with a new territory, close to key Asian markets. For the ABCD companies (ADM, Bunge, Cargill and Louis Dreyfus) in particular, Australian deregulation represents new opportunities, both in terms of wheat sourcing and capturing a share of high value retail markets. This process extends the global reach of these firms, as well as the value that they are able to appropriate through moving wheat through value chains towards the final product. In addition to the value created through physical commodities, many of the largest transnational agri-food corporations, such as Cargill, ADM, Bunge and Louis Dreyfus, derive a significant percentage of their revenue from their participation in financial markets (Murphy, Burch and Clapp 2012; Salerno 2017). These firms actively speculate in commodities markets and farmland through subsidiaries which leverage their parent companies’ knowledge of commodity stocks and markets (Isakson 2014; Salerno 2017; Murphy et al. 2012). Thus, an integral part of value creation for agri-food corporations is the development of information, through their geographic expansion into new regions and markets, and their integration throughout entire value chains (Isakson 2014; Salerno 2017; Murphy et al. 2012). In this regard, the deregulation of markets such as the wheat export market in Australia provides firms with multiple new avenues for growth and value creation.
Summary

In this thesis I examine the deregulation of the wheat export market as an example of the broader neoliberalisation of Australian society. This approach is necessary, as the mechanisms which have driven wheat export market deregulation are not specific to the wheat industry, or agriculture. I argue that this shift has occurred as the role of the State has been re-constructed to facilitate the extension of private firms into aspects of Australian society previously thought of as the domain of the public. As I show in Chapters 5, 6 and 7 in particular, policy makers have justified this shift, by appealing to the belief that firms, moderated by markets, are best equipped to raise the performance of Australian industries and, therefore, improve the nation’s economic performance. Connected to this shift, is the role of the citizen as consumer, as a powerful actor in the process of establishing the most successful, most efficient firms. In this role, the citizen as consumer values that which firms can provide in liberalised markets. In addition, the consumer and their welfare are prioritised over producers, such as wheat farmers.

Thus, the deregulation of the wheat market is framed as a necessary shift, by policy makers arguing that encouraging the participation of firms in this market will enhance efficiency and the wheat industry’s contribution to the national economy. This policy change was made possible through a very specific construction of markets, firms and consumers, one in which knowledge, values and identities were reshaped to bring them into accord with the construction. The kinds of knowledge that could be counted as legitimate, I argue throughout this thesis, were constructed narrowly, as specifically quantitative information (such as wheat prices and costs), produced in markets. Specific policy values, such as efficiency, competition and individualism, were privileged over potentially competing values, such as equity, stability and security. Particular constructions of the identities of firms, consumers and farmers are also integral to this policy change. For example, large, transnational firms were portrayed as integral to maximising the performance of the wheat industry, through their superior efficiencies, scale and responsiveness to consumer needs. In this reality, wheat export market deregulation was portrayed by policy makers as common sense.

However, as I argue in chapters 9, 10 and 11, this construction needed to be made operational. To cast light on the process by which the construction was operationalised, I draw particularly on the concept of governmentality as a theory of neoliberalism, to highlight how technologies of agency and performance were used by policy makers to make deregulation of the wheat export market possible. Audit, cost-benefit analysis, performance objectives and econometric modelling were introduced from the 1980s onwards, ostensibly to make the AWB more accountable. However, these technologies of government were used to govern the industry by establishing the maximisation of wheat growers’ returns as the only legitimate purpose of statutory wheat marketing policy. In addition, technologies of agency were employed through instruments such as the structural adjustment policies, the Howard Governments’ Agriculture-Advancing Australian policy and latterly, the Agricultural Competitiveness White Paper, to construct ‘good’ farming behaviour in terms of actions associated with entrepreneurial, self-reliant individuals, who were primarily concerned with maximising their returns. Thus, consistent with this construction, policy makers claimed that
wheat export market deregulation was in farmers’ interests. In addition, firms were framed as the actors which were best equipped to maximise farmers’ returns.

As I argue in Chapter 12, this portrayal did not adequately consider firms’ capacity to exert power in markets. Underpinned by policy makers’ conception of competition in terms of contestability, which is concerned with potential, rather than actual, competition, wheat export market deregulation has resulted in consolidated markets featuring transnational firms such as Cargill, ADM and Glencore. These firms have sought to develop their position in the Australian wheat export market through influencing policy making and engaging in supply chain management strategies such as mergers and acquisitions, to build and protect market share. In this regard, the deregulation of the wheat export market has enabled firms to expand their global value chains, whereas the monopoly of the AWB has essentially been replaced by regional monopolies and oligopolies controlled by private firms.

In Chapter 13, I draw the articles I have completed for this research together, and examine the key themes emerging in this work. I draw parallels between the deregulation of the wheat export market, and other areas of Australian policy, such as employment, to critically reflect on the rationality which has underpinned the neoliberalisation of Australian society. I challenge the notion of the ‘business-friendly environment’ as a necessary precursor to a prosperous and happy society, and instead argue that this construction has been used to transfer power from the public sphere, to the private sphere.

Reflecting on the thesis format

This research examines the changing agricultural policy within Australia in the context of such large-scale trends. I use this research to shed light on why this shift towards deregulation occurred, how it was made possible, and whose interests are served by this shift. The multifaceted character of this research has required me to draw upon a number of different schools of thought, including economic geography, political economy and organisational theory. To enable appropriate consideration of the insights from these different approaches, and to address the different research questions arising from this work, I have structured the PhD research into a series of discrete research projects, each designed to produce one or more individual articles. These individual articles, taken together, contribute to the broader argument of this thesis, which explores how agricultural policy change in Australia has been engineered in the interests of global agribusiness. This reflects Dowling, Gorman-Murray, Power and Luzia’s (2012, p.295) suggestion that a PhD by Publication is best suited to doctoral research which “consisted of discrete schemes each of which spoke to a broader theme”.

I use the PhD by Publication format as a means of conducting the multidisciplinary research necessary to develop a comprehensive, coherent response to the research questions posed at the outset of this work. This method has also enabled me to respond to new ideas and theoretical approaches as these have emerged throughout the course of this research. For example, I did not envisage that I would be drawing upon sociology of quantification literature until my research revealed that quantification was potentially being used by policy
makers to narrow debate around the wheat industry. Furthermore, I had not anticipated that I would be citing constructions of the ‘good farmer’, and analysing these discursive formations as a key shifting in enabling wheat industry deregulation. The PhD by Publication format made it possible to adapt the research programme to take better advantage of these kinds of emergent insights that always form a key dimension of doctoral research.

My use of this format then caused me to consider how to best write a discussion and conclusion which did not simply repeat the points raised in the discussion and conclusion sections of the individual articles. I approached these chapters as an opportunity, not only to draw the points raised in each of the articles together, but to conduct a deeper analysis of what can be extrapolated from these articles as a connected and coherent body of work. Thus, I approached the discussion and conclusion sections by treating my articles as ‘data’. This approach enabled me to identify themes emerging in the articles which are not necessarily apparent when interpreting the articles as individual pieces. This cross-article analysis allows me to reach beyond the findings of the individual articles, to develop new findings that only become visible when surveying the entire body of work as an integrated whole. This process is similar in some ways to that used when analysing interview data, for example. Individually, interview data might reveal important insights, as articulated by different participants. However, drawing this interview data together then allows a researcher to develop a richer picture of this data and what it might reveal. My approach to the PhD by Publication is methodologically innovative in approaching its knowledge synthesis in a manner that is not currently reflected in the emerging literature on the PhD by Publication model.

As other student reflections on the PhD by Publication format have shown, this approach to doctoral research can be used as a learning tool (Robins and Kanowski 2008; Jackson 2013; Grant 2011). The process of submitting articles to journals in diverse fields such as economic and cultural geography, political economy, business and organisational theory, has enabled me to engage with journal referees in each of these fields. Regular editor and referee feedback has helped improve my understanding of these research areas, as well as respond to the suggestions of disciplinarily diverse reviewers and practice tailoring my writing to different audiences.

Finally, the PhD by Publication emphasises the need to publish. Robins and Kanowski (2008) and Jackson (2013) in particular, writing as Australian postgraduate students, cite the value of this format in improving publication outputs and therefore employability in a competitive job market. This publication focus is a motivation for publishing throughout my candidature. However, reflecting on my attempts to create a competitive publishing record during my candidature, it is hard to escape the sense that my conduct, as with the farmers that I study in this research, has been governed by quantitative performance measures such as publication statistics. As much as there is a genuine use of the PhD by Publication as a scholarly tool to improve my PhD research, the need to publish, for PhD candidates hoping to find employment in academia, is inescapable.

Ball (2012, p.17), talks about his shift from being “produced and formed as a welfare state academic subject” to a “neoliberal academic subject”, stating that:
We are burdened with the responsibility to perform and if we do not we are in danger of being seen as irresponsible. Performativity is a moral system that subverts and re-orient us to its ends. It makes us responsible for our performance and for the performance of others. There are two technologies at play here turning us into governable subjects – a technology of agency and a technology of performance.

In this regard, for Australian PhD candidates competing for increasingly scarce employment in academia, it can be irresponsible not to perform, and the performance of PhD students is most visible through publications (Jackson 2013; Dowling 2008; Park 2005; Boud and Lee 2005). As Sutton (2017, p.626) states, the culture of measurement and performance assessment is shaping how academic labour can be understood. A PhD candidature can be considered as part of that labour (Park 2005, pp.190-191), with the PhD by Publication a means through which research students can improve their contribution to the “research productivity of the performatve university” (Boud and Lee 2009, p.7). As described by Dowling et al. (2012, pp.293-294), “the PhD by publication offers insight into the production of researchers in the contemporary academy”. In this regard, while a PhD by Publication may be unusual in comparison with the traditional thesis as one singular document, it is an approach which is entirely consistent with the performative university.

However, this context then creates challenges for the student researcher, particularly if their work is critical of the neoliberalisation of one or more aspects of their society, as my work is. According to Dowling (2008, p.814), “Corporatism and neoliberalism are not simply parachuted into contexts like universities; they are enacted, performed and contested”. I am proud of my publishing record throughout my candidature. At the same time, it is also hard to escape the sense that, to an extent, my approach to this work has been governed by what is constructed as valuable, or countable, in the neoliberalised higher education context in Australia. This governance framework causes me to reflect on my identity as a researcher and my adaptation to this environment and, ultimately, whether my decision to complete a PhD by Publication is governed by the technologies of performance, such as benchmarking, performance measurement and audit, which I analyse critically throughout my work. In other words, am I engaging in some kind of performative contradiction, enacting and performing neoliberalism? Ball (2016, p.1050) highlights this dilemma of the performative university, stating:

> These technologies and the reform process […] are not simply changes in the way we do things or get things done. They change what it means to be educated, what it means to teach and learn, what it means to be a teacher. They do not just change what we do; they also change who we are, how we think about what we do, how we relate to one another, how we decide what is important and what is acceptable, what is tolerable. As I have said already – these changes are both out there, in the system, the institution; and ‘in here’, in our heads and in our souls.

At its core, my PhD research is focused on critically analysing the neoliberalisation of Australian agriculture, by specifically focusing on the deregulation of the Australian wheat industry. I challenge constructions of competition, efficiency and productivity, and analyse
the State’s use of technologies of agency and performance in particular, to govern individuals ‘at a distance’, and to shape what matters in this policy context.

Yet in adapting to my position as a precariously employed sessional tutor and PhD candidate, my own decisions and sense of value in myself as a researcher have been governed to emphasise my own productive outputs. The presents a challenge to my ‘soul’, as Ball (2003) might say. My research is intrinsically tied to my sense of who I am and the values I represent. My publications retain my sense of justice. Yet my individualistic, neoliberalised self exploits these values through publication that enhances my quantifiable value as a researcher, and my contribution to my university. It is striking to note that, in many of the student accounts of their own experiences of the PhD by Publication, the authors highlight their achievements by measuring their outputs in statistical terms, particularly through numbers of publications completed throughout their candidature (Jackson 2013; Grant 2011; Robins and Kanowski 2008). My concern is that the PhD by Publication, however beneficial and appropriate for my approach to this research, could lead to a re-shaping of what it is to be a PhD Candidate, and may reflect an addition area of expansion for the performative university.

Further research is needed to understand how the PhD by Publication is used and experienced by PhD candidates choosing this approach in the social sciences. For the purposes of this research, I am using this approach to address economic restructuring in Australia and the case study of wheat export market deregulation, through a range of different lenses, each employed in a series of discreet articles. These articles comprise Chapters 5 to 12 of this thesis. The discussion, Chapter 13, draws upon these articles as a form of ‘data’, which I draw together to understand and analyse the broader implications of what these articles, as a body of work, can reveal.
Chapter 2: Theoretical Framework
Introduction

This thesis addresses the case study of wheat export market deregulation in Australia, by analysing how this shift was made possible, what the purpose of this shift may have been, and what this reveals about the broader restructuring of Australian society. This chapter examines existing literature on wheat export market deregulation which has focused upon evaluating the efficiency gains and returns to growers resulting from this shift. This literature is underpinned by the logic that, if growers’ returns are shown to be increased by liberalisation of the wheat market, then this policy change is justified. However, I suggest that this issue is more complex. Therefore, in this chapter I develop a theoretical framework for analysing how this policy shift was implemented, how the focus of this policy has been narrowed and why.

This chapter commences by drawing upon scholarly and governmental literature on wheat export market deregulation, to analyse the conceptualisation of this issue in academic and policy discourses. Following this, I analyse the concept of governmentality as offering a helpful lens for examining this policy change. I draw upon poststructuralist discourse analyses for developing a theoretical approach to understanding the construction of policy truths such as competition, efficiency, the individual and the consumer. I then use literature examining technologies of performance and agency, and quantification, which I suggest have been applied by policy makers to make society governable, particularly in the case of the Australian wheat industry. Finally, I examine resource dependency theory as an approach for analysing firms’ use of corporate political action and supply chain management strategies to develop power over policy makers and markets.

I conclude this chapter by analysing what research is needed to better understand the issue of wheat export market deregulation, and how the articles contributing to this thesis aim to address these gaps in the literature on this topic. It should be noted that this Chapter draws upon the more detailed analyses included within each of the articles presented from Chapters 5 to 12.

How wheat export market deregulation has been analysed

Research analysing the Australian wheat industry deregulation is dominated by agricultural economists focusing either upon wheat price changes, or supply chain costs, including costs incurred by statutory marketing to growers and the broader community (Mugera et al. 2016; Williams 2012; McCorriston and MacLaren 2007; Chang et al. 2003; Watson 1999; Wait and Ahmadi-Esfahani 1996). This research addresses the AWB’s claim that it used countervailing power to deliver premium wheat prices to growers (McCorriston and MacLaren 2007; Chang et al. 2003; Watson 1999). This claim is portrayed by Watson (1999, p.429) as the only legitimate justification for statutory wheat marketing.

My research examines the strength of this argument. Studies such as Mugera et al. (2016); McCorriston and MacLaren (2007) and Chang et al. (2003) are underpinned by the assumption that statutory marketing deprives growers of choice and freedom, and therefore
prevents individual growers from using their self-interest to seek the best prices from the market. Williams (2012) and Mugera et al. (2016) have measured wheat price changes subsequent to deregulation in 2008, concluding that there is minimal evidence that any negative observations, such as reduced wheat prices and market volatility, can be attributed to deregulation. Whereas Mugera et al.’s (2016) research is an interesting analysis of shifting wheat prices in a West Australian context, work such as this assumes that all growers will have an equal opportunity to analyse and respond to market signals. Furthermore, in measuring changes in average prices, this literature may provide a distorted picture, as some growers with the resources to employ marketing expertise may have achieved above average prices, while other, less-resourced farmers may have struggled to cope with the demands of wheat marketing.

Associated with this literature are government-initiated inquiries analysing the effect of regulation upon supply chain costs. This literature estimates the financial costs of regulation upon industry (Centre for International Economics 2005; Allen Consulting 2000a; Productivity Commission 2000a; Industries Assistance Commission 1989; Royal Commission into Grain Storage, Handling and Transport 1988). Regulation is constructed by these studies as a barrier which imposes a clearly definable cost upon industry participants, such as farmers. At the core of such work is the presumption that removing these regulatory barriers will encourage the organic development of competition. In turn, it is assumed that competition will reduce supply chain costs. Deregulation is therefore portrayed as a policy shift offering immediate financial gains for growers. The 1988 Royal Commission into Grain Storage Handling and Transport (1988) first addressed this issue, claiming that deregulation of the state-based wheat supply chains would save growers $10 for every tonne of wheat they sold.

In more recent years, similar research has been conducted by Allen Consulting (2000a) and the Centre for International Economics (2005), each as part of government initiated inquiries into wheat export marketing. Using econometric modelling, Allen Consulting (2000a) predicted that deregulation of the wheat export market would lead to industry gains of up to $223 million per year. This research effectively serves two key purposes. First, it portrays regulation as imposing a cost upon growers and the Australian community. This argument implies that this regulation necessarily must be measured by the standard of whether it provides a financial benefit exceeding such a cost. However, the benefits that growers attribute to statutory wheat marketing are less easily quantified, and cannot be ascribed solely to monetary values. In placing a monetary value on regulation and identifying the potential savings that individual growers can expect, this work aims to persuade growers of the benefits of deregulation, as much as it aims to convey to policy makers what this policy shift could achieve. Despite the assumptions and value judgments inherent within this kind of research, these projections are presented as incontroversible, factual information and used as such by policy makers to strengthen their claims that statutory marketing served little purpose, and deregulation would deliver substantial costs savings and financial benefits.

As I show in this section, wheat export market deregulation has been examined in scholarly and government literature primarily through the lens of changes to wheat prices and supply
chain costs. However, I suggest that this research presents a narrowed conception of the wheat industry and of what matters in relation to this industry. Thus, I suggest that a different approach is needed to understand this shift in all its complexity.

Is there a better approach?

The deregulation of Australian wheat marketing is relatively unexplored by geographers or rural sociologists, who are otherwise well positioned to analyse these policy changes. While there has been a wealth of literature from Australian rural sociologists and geographers exploring the effects of deregulation upon rural communities and farmers in the past few decades (Argent 2005; Vanclay 2003; Gray and Lawrence 2001a; Tonts and Jones 1997; McKenzie 1994; Lawrence 1987), wheat export market deregulation is yet to be addressed on its own merits. Sociologists provide glimpses of the effect of wheat export market deregulation, often in the context of broader studies that explore social capital (Talbot and Walker 2007), or farmers’ experience of climate change (Head, Atchison, Gates and Muir 2011). These studies point to issues arising from deregulation without, however, fully allowing deregulation to take centre stage, and thereby open a problem space that demands further attention.

The concept of governmentality offers a lens through which questions around Australian economic restructuring can be understood in relation to rural, regional and agricultural policy change (Dufty-Jones 2015; Argent 2011; Gibson, Dufty, Phillips and Smith 2008; Cheshire and Lawrence 2005; Larner 2005; Higgins and Lockie 2002). The deregulation of the wheat export market could be interpreted as a simple transition from government regulation of markets to market liberalisation. This depiction of wheat market deregulation, which is reflected in the agricultural economics literature on this topic, implies that the neoliberalisation of agriculture is understood as the withdrawal of State intervention in markets and the reduction of State assistance for farmers. This process is characterised by Peck and Tickell (2002) as “roll-back” neoliberalism, most notably employed in the 1980s by the British and United States Governments of Thatcher and Reagan, though also by the Hawke and Keating Governments of the late-1980s and early-1990s in Australia. However, as Peck and Tickell (2002, p.384) have argued, in the time since:

[...] the agenda has gradually moved from one preoccupied with the active destruction and discreditation of Keynesian-welfarist and social-collectivist institutions (broadly defined) to one focused on the purposeful construction and consolidation of neoliberalised state forms, modes of governance, and regulatory relations.

According to Peck and Tickell (2002), this second-wave of neoliberalism resembles a program of re-regulation, or “roll-out neoliberalism”. Whereas “roll-back” neoliberalism suggests the withdrawal of government control of social and economic life, “roll-out” neoliberalism has come to resemble “a range of rationalities and techniques that seek to govern without governing society, to govern through regulated choices made by discrete and autonomous actors” (Rose 1996, p.328). These techniques, operationalised by neoliberalism,
are described by Rose (1993, pp.294-295) as including “monetarisation, marketisation, enhancement of the powers of the consumer, financial accountability and audit”. These technologies derive their power from their apparent disinterest and harmlessness (Miller and Rose 1991). Although they imply a level of distance from the State, governmentality theorists argue these technologies are instead used by the State to shape the conduct, the behaviour, the attitudes and values of its citizens.

In using this approach, I consider wheat export market deregulation as a project which was implemented by policy makers over three decades. To make deregulation possible, policy makers needed to construct a reality in which this shift appeared to be common-sense. The role of discourse is shaping values, identities and knowledge which accorded with the rationality of markets and which understood markets as the producers and communicators of value. In drawing on the work of Miller and Rose (2008, 1991, 1990), Rose (1996, 1993), Dean (1999), Higgins (2002a, 2002b) and others, I aim to build upon previous research which critically analyses the development of regional policy, through exploring the development of discourse (Lockie and Higgins 2007; Cheshire and Lawrence 2005; Liepins and Bradshaw 2003; Liepins 1996; Sharp and Richardson 2001).

Creating a governable reality

The case of Australian wheat marketing policy, across the past 30 years, is a particularly interesting one. The industry has ostensibly been deregulated, implying the withdrawal of the State. It could be argued that the deregulation of the wheat export market is made possible through the simple retraction of State support. However, as I will argue particularly in chapters 9, 10 and 11, deregulation is not so easily explained. Rather than conceptualising deregulation in terms of a simple absence of regulation, I draw on governmentality research and its associated analysis of how governmental technologies of agency and performance have been employed to make society amenable to governing. In particular, I explore the construction of individuals - in particular, farmers – as well as policy values and organisations, as part of this changing environment.

Technologies of Agency

The collectivism which underpinned Australian agricultural policy following the Second World War was increasingly rejected in the 1980s. In turn, the agrarianism which reflected the identity of the Australian farmers also changed significantly (Cheshire and Lawrence 2005). Rather than upholding values of cooperation and mateship, farmers were encouraged – particularly through emerging policy discourses – to view themselves as individuals (Botterill 2009; Lockie 2009; Cheshire and Lawrence 2005; Herbert-Cheshire and Lawrence 2005; Gray and Lawrence 2001b). Individualism and self-reliance were portrayed as long-held farming traits, though these were re-shaped to reflect independence from government support (Cockfield and Botterill 2012a; 2012b; Botterill 2009). Associated with this change is the individualisation of risk, and the development of the concept of individual responsibility.
This individualism of risk and responsibility operated to ensure that farmers understood their successes and failures as being due to their own individual capacities as a farmer (Cheshire and Lawrence 2005). Such a shift in farming identity should be viewed in conjunction with a broader policy shift from an emphasis on co-operation, towards a focus on the priorities of competition and efficiency.

Dean (1999, p. 167-169) argues that this construction of the self-governing individual is made possible through the implementation of political technologies, such as technologies of agency. Similar to technologies of empowerment, which aim to shape attitudes and behaviours under the guise of empowerment, technologies of agency encourage people to accept responsibility and become self-reliant through building and exercising agency (Herbert-Cheshire 2000; Larner 2000). This discursive construction re-shapes the role of government to be a facilitator of skill development, encouraging people to become active citizens (Herbert-Cheshire and Higgins 2004; Larner 2000; Rose 1996). Pritchard and Tonts (2011) outline how technologies of agency encourage the practicing of freedoms, yet carefully construct the freedoms that can be practiced, and how they are practiced. McKee (2008) posits that, although this shift is purported to transfer power from the State to the individual, the State in fact positions itself as an enabler, shaping the conduct of the individual. This approach has been applied in an agricultural context, most fruitfully by Higgins (2005, 2002a, 2002b, 2001b). In analysing the Agriculture – Advancing Australia package implemented by the Howard Government in the late-1990s, Higgins argued that, rather than withdrawing assistance from agriculture, as is commonly believed, this package instead re-shaped assistance to encourage farmers to adopt an economically rational approach to their farm practice (2001, p.324). This work develops the conceptualisation of farmers as self-reliant and individualistic. Higgins (2005, 2002a, 2002b, 2001b) shows that, while the individualisation of farmers represents a shift away State responsibility for farmers, this should be seen as a step towards the operationalisation of farmers, through the use of technologies of agency. In Chapters 9 and 10, I build upon this analysis by extending it to understand more recent policy shifts, including the deregulation of the wheat export market.

Technologies of Performance

From exploring the shaping of individual conduct in Chapters 9 and 10, in Chapter 11 I turn to the shaping of organisations’ conduct - in particular, the AWB and farm lobby groups. Throughout the 1980s, policy makers sought to measure and assess the AWB’s performance as a statutory marketer of wheat. The AWB’s lack of objectives was framed as a problem, as this prevented governments from measuring its success in meeting these objectives. Thus, technologies of government, such as performance objectives (the maximisation of growers’ returns), evaluation, audit, cost-benefit analysis and econometric modelling were introduced by policy makers to govern the AWB. Policy makers’ attempts to construct performance objectives to reflect emerging policy truths of efficiency and cost-effectiveness is an important development in the deregulation process, which is under-developed in literature on agricultural deregulation in Australia. I suggest that the concept of governmentality provides
an important framework for understanding this shift, particularly drawing upon Dean’s (1999) conception of technologies of performance. As described by Dean (1999, p.169), “technologies of performance, then, are utilised from above, as an indirect means of regulating agencies, of transforming professionals into ‘calculating individuals’ within ‘calculable spaces’, subject to particular ‘calculative regimes’”. Therefore, whereas technologies such as auditing and benchmarking are ostensibly used to increase transparency and accountability, Dean (1999) and others such as Power (1996), Higgins et al. (2015) and Miller and Rose (1990) have suggested that these instruments are designed to coerce and control.

In this regard, governmentality theorists argue that technologies of performance enable society to be governed ‘at a distance’, through monitoring and controlling the minute actions of individuals and organisations (Penny 2016; Higgins et al. 2015; Russell and Frame 2013; Miller and Rose 2008; Swyngedouw 2005; Higgins and Lockie 2002; Dean 1999). These simple and apparently neutral technologies are used to govern behaviour, through establishing norms or expectations which legitimise certain behaviours, and then monitor and assess the capacity of actors to perform according to these norms (Larner 2006; O’Malley et al. 1997; Rose 1993; Miller and Rose 1990). For example, this could include the norms of the market, to which individuals, as moral, risk-averse and economically rational actors, must conform (Larner 2006). In the case of wheat export marketing, this could include the construction of legitimate behaviour as the maximising of returns, and in relation to farm practice, the maximisation of productivity. Throughout this thesis, though particularly in Chapters 9 and 10, I explore the use of these technologies in shaping farmers as individuals. However, in Chapter 11, I draw on governmentality research into the use of technologies of performance to coerce the AWB into a focus on maximising growers’ returns. In particular, audit is a key technology used by Government in this process.

Audit is used by governments as a technology of performance, designed to facilitate legitimate behaviours (Miller and Rose 2008; Dean 1999). In ‘The Audit Society’, Power (1996) illustrates audit as a mechanism for governing the conduct of organisations. Power (1996, p.289) describes audit as a process of “making things auditable”. According to Power, this process first involves the construction of a legitimised knowledge base, which is amenable to audit, and the development of environments which recognise and accept this knowledge base. Regarding public authorities, policy objectives, audit and benchmarking become central to the governance of conduct (Rochford 2008; Power 2000, 1996). For example, in the case of wheat export marketing, this might include the use of audit to measure the AWB’s ability to provide growers with premium prices, while reducing the cost of this activity to domestic consumers. Thus, if audit is being used to measure the AWB’s performance against this objective, then the AWB is compelled to focus on improving its performance according to these measures.

As Power (1996, 1997) discusses, auditing assumes the existence of auditable ‘facts’. Quantification of social phenomena creates these facts, through definition, measurement and analysis. This is an important step in constructing what ‘matters’ in policy terms. This construction entails creating objectives and benchmarks, and instruments for interpreting and
assessing performance according to these standards (Diaz-Bone and Didier 2016; Desrosieres 2014, 2011; Rochford 2008; Swyngedouw 2005). Quantification, and its reductionist, depersonalising approach, is central to this. As analysed by Rose (1991, p.676), “To exercise power over events and processes distant from oneself it is necessary to turn them into traces that can be mobilised and accumulated”. According to Rose (1991, p.676), “Events must be inscribed in standardised forms, the inscriptions transported from far and wide and accumulated in a central locale, where they can be aggregated, compared, compiled and calculated”. This simplifies the phenomena in question, creating distance between the governed and the governing, while enabling the State to monitor the performance and individuals and organisations, whose actions are guided by the performance measures which they are subject to.

As quantification has developed in prominence, quantification of the social world has become established in many instances as a process for creating acceptable knowledge (Russell & Frame 2013; Russell and Thompson 2009; Scott 1998; Power 1996). This knowledge is constructed as acceptable, as it is presented as being free of subjective judgment (Le Gales 2016). It is rational, depersonalised, objective and neutral (Pritchard 2005a). In that sense, the numbers created through quantification are held as having power unto themselves - they create a reality which is taken to be self-evident (Espeland and Stevens 2008). Governments are then able to use these numbers as a simplified, yet disinterested, unequivocal representation of reality, and act upon this knowledge to create policy which governs society (Friedberg 2013; Espeland and Stevens 2008; Scott 1998). The construction of quantitative data as neutral and objective is challenged by Le Gales (2016, pp.516-517), for example, who argues that how the objects of measurement are defined guides how they are measured. Numbers, in that sense, are used to convey a dispassionate interpretation of reality, yet in essence the process of determining how numbers are produced is itself dependent upon opinion, judgement and subjective interpretation. In that sense, numbers are not neutral, and the reality that they are often used to portray is not self-evident (Espeland and Stevens 2008).

Yet, in the debate around wheat export marketing, supply chain costs and wheat prices, for example, are portrayed by policy makers in precisely such ostensibly neutral numeric terms. In recent decades, policy discourses have emphasised the value of quantification as a basis for determining policy (Espeland and Stevens 2008). Numerical information and econometric modelling are often portrayed as objective representations of knowledge, free of political bias and simply reflective of the truth. Such representations are referred to as “concrete evidence” on occasion (Chang et al. 2003), or simply as “evidence” – no further qualification required (National Competition Council 2004). For example, grower perspectives aired in public debates are described as limited in value, as they are not backed with “evidence” (National Competition Council 2004). In Chapter 11 in particular, I explore how these constructions have shaped wheat industry policy in Australia, and helped to facilitate the deregulation of the Australian wheat export market.

This literature provides significant resources for understanding how the wheat export market came to be deregulated. By analysing the use of technologies of performance to shape the AWB’s purpose, policy makers were then able to measure the AWB’s performance using
data which could be easily quantified. Integral to this, is the shaping of knowledge, and the legitimisation of certain forms of knowledge, and knowledge-creating processes. In Chapters 10 and 11 in particular, I explore how quantification and technologies of performance have been applied to shape and legitimise knowledge.

Emerging corporate power in Australian agriculture

In addition to this flawed construction of competition, I interrogate the notion that firms lack the power and incentive to exert control over markets, supply chain participants and policy makers. To do so, I draw upon resource dependency theory to analyse firms’ use of power to develop and protect their control of markets.

Resource Dependency Theory

Numerous organisational theories aim to understand firm strategies, including transaction cost economics and population ecology; however, resource dependency theory is most suited to the aims of this research because it provides an important framework for understanding the power of organisations, and how these organisations interact with their environment (Wry, Cobb and Aldrich 2013; Davis and Cobb 2010). According to resource dependency theory, the survival of firms is directly related to their capacity to reduce uncertainty of resource supply, particularly through reducing their dependencies upon other firms (Drees and Huegens 2013; Hessels and Terjessen 2010; Cascario and Piskorski 2005; Bretherton and Chaston 2005). Resources could be defined as physical, financial, political or informational (Wry, Cobb and Aldrich 2013). With regard to agribusiness, resources could include: the raw commodity; physical assets such as grain elevators, ports or transport; financial resources necessary to make acquisitions; or the political resources that may assist the firm in influencing policy development. Studies employing resource dependency theory therefore seek to understand how firms use existing resources, what motivates firms to develop new resources, and how resource dependent relationships with other firms are managed (Hofer 2012; Mottner and Smith 2009; Paulraj and Chen 2007; Bretherton and Chaston 2005; Elg 2000). In developing their resource base, resource dependency theory claims that firms will proactively seek to influence their environment (Drees and Huegens 2013; Gulbrandsen et al. 2009). This insight underscores the differences in approach to other organisational theories such as population ecology, which maintains that firms adapt to, rather than change, their environments (Davis and Cobb 2010; Nienhuser 2008).

However, resource dependency theory remains underutilised. In particular, very few studies leverage the concepts of resource dependency to understand strategies employed by firms in an agricultural context, despite this theory being eminently suited for this purpose. At the same time, resource dependency theorists have tended to draw upon quantitative data, such as broad surveys of firm executives or other large scale datasets. As such, there is very limited qualitative research using this theoretical framework. Yet, with annual reports, media announcements, speeches delivered by company executives, interviews and presentations to
shareholders, there is a considerable amount of data in which firms explain their strategies, which is amenable to qualitative analysis, but yet to be explored by resource dependency theorists. In Chapter 12, I analyse this kind of data, through the lens of resource dependency theory, which helps to extend and clarify the analytic potential of this theory. This research offers new insights, in particular by showing that agricultural firms aim to mitigate risk and uncertainty by developing supply chain control, and also through shaping government policy to enable their continued expansion into new regions and markets.

**What needs to be researched?**

This thesis aims to contribute to a number of fields of research. As this chapter highlights, I am drawing upon a number of different theoretical approaches to address the topic of Australian wheat industry deregulation and, more broadly, the neoliberalisation of Australian agriculture. However, these different approaches each enable me to understand an important aspect of this topic. For example, governmentality provides a valuable lens in understanding the discursive constructions of farmers, policy values and organisations to accord with the State’s ambitions to maximise the productive use of the nation’s resources. However, this same approach is less suited to understanding firms’ strategies of mergers and acquisitions as a means of developing market power than resource dependency theory, which is specifically developed for this purpose.

Whereas much of the literature examining wheat export market deregulation analyses the impact of different market structures upon wheat prices and supply chain costs, my research instead focuses on how this policy shift was made possible. How questions of wheat industry organisation shifted from a focus on the security and stability of farmers, towards efficiency, maximisation of incomes and how to best facilitate the re-allocation of farm resources. In doing so, this research offers a novel approach to this specific topic. However, I also draw upon the work of Higgins, Lockie, Pritchard, Lawrence, Cheshire and Haslam-McKenzie, among others, who have each sought to analyse neoliberalism and its impacts upon regional Australia and, most particularly, Australian agriculture.

In examining how wheat industry deregulation has been made possible, I cover a number of areas which are yet to be fully explored in relation to the Australian wheat industry. For example, contestability theory is relatively underutilised in Australia, particularly outside of the *Journal of Australian Political Economy*. My work adds to this analysis by questioning policy makers’ use of contestability theory in relation to the Australian wheat export market. Furthermore, I draw upon governmentality literature to examine the continuing evolution of the ‘good farmer’ in Australian policy discourses, and to highlight how this construction has helped facilitate wheat export market deregulation. I extend this analysis to examine how the Australian Government’s recent *Agricultural Competitiveness White Paper* uses this construction, in association with technologies of agency, to facilitate a shift towards farmers’ reliance upon private sector investment, rather than State expenditure. In building upon Pritchard’s (2005a) critique of econometric modelling, I use this research to understanding how quantification has shaped how knowledge is developed and interpreted in Australian
wheat industry policy development, and how this has externalised many of the social consequences of wheat market deregulation. In drawing together governmentality and sociology of quantification approaches, I offer a different theoretical lens through which to understand how quantification and technologies of performance, such as audit and benchmarking, can be used to shape policy.

In addressing the question of whose interests are served by this policy shift, I am also providing a departure from the existing literature on this matter. For example, if it is assumed that wheat prices are the primary ambition of wheat market policy (as is currently the case), then, if wheat prices were to be raised as a result of deregulation of the market, it could be assumed that farmers are those who benefit. However, this conclusion assumes that all farmers are equally well equipped to extract this higher price. This is not the case, as I will argue in Chapters 9 and 10. Which leads me to analyse how the deregulated wheat market has developed. Specifically, I focus my attention on the strategies employed by firms within this market, such as Cargill, ADM and Glencore. In doing so, I utilise resource dependency theory, which is rarely used in an agricultural context, despite being eminently suited to this field. Furthermore, I use this theory to examine firms’ market influence and influence over policy makers, and by analysing qualitative data such as Annual Reports, media releases and speeches, my empirical data and analysis offers a new approach to resource dependency theory research. In the next section, I describe the research methods which I have used to apply the different theoretical approaches outlined in this chapter.
Chapter 3: Method
**Discourse Analysis**

This research explores the discursive relations between power, knowledge and truth. I am particularly interested in the capacity of discourse to produce and re-produce what it is that matters, to set boundaries around how problems can be identified, understood and addressed. As such, this research uses a post-structuralist approach to discourse analysis, which I employ in the context of Australian agricultural policy, focusing specifically on the deregulation of the Australian wheat industry. There may be some diversity in the empirical data used throughout this thesis, and the theoretical approaches used to address each particular topic may differ. Nevertheless, in each paper I am examining discourse as a means through which power relations are shaped.

Throughout my thesis, particularly in Chapters 5, 7, 9, 10 and 11, I analyse discursive constructions which produce and re-produce truths such as competition, efficiency, productivity, freedom, choice and individualism. Similar approaches have been applied to policy studies in the United States (Dixon and Hapke 2003; Brasier 2002), New Zealand (Liepins and Bradshaw 1999; Liepins 1996), the United Kingdom (Potter and Tilzey 2005; Stenson and Watt 1999) and Australia (Lockie and Higgins 2007; Pritchard 2005a, 2005b; Tonts and Haslam-McKenzie 2005; Herbert-Cheshire 2000). These studies explore policy discourses to understand how meaning and knowledge is created, and how this is exercised as a form of power through discourse. In particular, Dibden, Potter and Cocklin (2009), Higgins (2005, 2002a, 2002b, 2001a, 2001b,) and Lockie and Higgins (2007) employ a poststructuralist approach to discourse analysis, to understand particular policies and policy shifts. These authors draw upon governmentality literature, citing Dean (1999), Rose (1996), Miller and Rose (1990), in exploring the State’s attempts to shape conduct of individuals, through establishing truths and norms. Exploring how discourse exercises power through the production of knowledge is central to addressing the questions I am posing in this thesis (Peck and Tickell 2002). Discourse can be considered as “more than ideology or rhetoric”, and more significant than a conversation, for example (Rose 1993, p.289). Discourse includes the use of language, but also ideology, strategy, and the relationship between knowledge and power (Graham 2005; Lees 2004; Sharp and Richardson 2001; Hall 1997). Discourse does not simply reflect power relations; discourse determines the structure of debate by developing ‘regimes of truth’, which act to impose boundaries around how a problem can be defined, while also limiting the potential solutions to this problem (Jacobs 2006; Lees 2004; Hall 1997). In this sense, discourses concern not only the context within which knowledge is produced, but also actively structure what can be considered as truth, and what cannot, while also directing how people should and should not act (Anderson 2010; Stenson and Watt 1999; Atkinson 1999). In shaping this knowledge, neoliberal discourse portrays itself as common sense, in which the market is normalised and depoliticised (Springer 2012; Pritchard 2005a; Peck and Tickell 2002).

According to Rose (1993, p.289), language should therefore be considered as the means through which the world can be understood, and operationalised, in ways that can be acted upon by those who might seek to govern, such as politicians or experts, and also by those who occupy those domains which are re-cast in this light, such as the market and the family.
Related to the use of discourse as a technology of governance, is the conceptualisation of the ‘authority of truth’, which Rose describes as being enabled by the role of the expert (Rose 1993, p.297). This conceptualisation is integral to the relationship between power and knowledge, whereby the truth is systematically produced by “expert, authoritative or scientific discourse” (Anderson 2010, p.50). Significantly, neoliberalism seeks to define itself as being apolitical, which implies that the ‘truth’, as constructed by neoliberal discourses, is beyond reproach due to its substantiation by disinterested experts (Peck and Tickell 2002, p.400). Significantly, through establishing what can be considered as truth, discourses also “create a series of absent agendas, agents, objects of concern and counter-narratives, which are mobilised out of the discursive picture” (Stenson and Watt 1999, p.192). Discourse, from this perspective, holds considerable power. The dominant discourse – for example, neoliberalism - directs “thought and action” to align with thoughts and actions which can be considered legitimate within that neoliberal discourse (Hall 1997, p.44). This approach to discourse analysis guides the development of the methodology for this particular thesis, which aims to understand how ideas and constructs which accorded with the neoliberal discourse came to be understood in general debate as ‘truths’, while alternate discourses were essentially rendered as insignificant or without basis.

Genealogy

In explaining the poststructuralist approach to discourse analysis as a method for understanding policy development, Hewitt (2009, p.7) states that “through debunking the rationality of policy making, researchers become aware of the contingent nature of the policy process”. This emphasis on the policy making process also accords with the emphasis of genealogical research as a study of process. According to Hewitt (2009, p.7), this focus enables the researcher to understand the creation of knowledge and rationalisation of policy instruments within the context of the dominant discourse.

When first studying present Australian agricultural policy, I was struck by how ideas like competition and efficiency were presented by policy makers, grain traders, farm organisations and farmers as essential to the ongoing welfare of agricultural industries and farmers. The unqualified acceptance of these ideas is even more noticeable, given that Australian agricultural policy was characterised by very different values, such as co-operation, farmer security and stability, and collectivism, only three to four decades prior. My immediate thought was: How did this complete change in attitudes and values occur, and what discursive shifts were required for this change to be made possible?

Thus, to address this question, my research is necessarily genealogical. A genealogy of wheat industry deregulation is essential to understand the process by which this policy shift came to be viewed as a logical policy shift that would benefit farmers, their communities and the Australian society. Concepts such as competition, efficiency, individualism, technologies of audit and performance management, the passivity of firms in relation to the market and the concept of the consumer as King (Jones 2012), are often presented in Australian policy discourses as self-evident truths, which therefore must be used to guide policy. Genealogical
research using a poststructuralist approach to discourse analysis has enabled me to identify the subtle, yet important, discursive shifts which have enabled these truths to become so ingrained in Australian policy making. In this research, I am seeking to understand the present policy environment by analysing previous discursive formations that have allowed this environment to develop as it has. As described by Kuchler and Linner (2012, p.582), the purpose of genealogical research enables the researcher to “present a history of the present designed to outline the conflicts and strategies of control that condition discursive formations”.

Though not explicitly stated in each article, all chapters drawing on empirical material, with the exception of chapter 12, are underpinned by this genealogical approach to research to some degree. Chapter 5 explores the use of contestability theory in policy, Chapters 6 and 7 analyse the uncritical and vague use of efficiency as a precursor to enhanced living standards, Chapter 8 seeks to understand how productivism has emerged as an essential approach to farming in Australia. Chapters 9, 10 and 11 analyse the construction of farming, farming organisations and farming identity to accord with approaches to agricultural organisation that aim to maximise productivity and efficiency. Thus, whereas these articles may draw upon a range of theoretical approaches, such as sociology of quantification, governmentality, economic geography and political economy, they are each underpinned by a genealogical approach to research, which aims to understand how Australian agricultural policy has developed to focus on economic indicators, while externalising social and environmental concerns. The next section of this work uses this analysis to then understand the strategies of corporations which have been encouraged to participate in this ‘business-friendly environment’, and what the potential implications of this shift may be.

This thesis therefore draws upon genealogical research that has analysed discourse, and its capacity to create knowledge through establishing rules governing what can be known, and how this knowledge can be understood (Van Herzele 2015; McMichael 2009; Jacobs 2006; Dixon and Hapke 2003; Higgins 2001b; Liepins and Bradshaw 1999). Building upon this work, I understand discourse as shaping policy debates through framing what legitimate knowledge is, and significantly, what legitimate knowledge is not. As mentioned by Higgins (2002b, p.5), “genealogy provides a conceptually coherent means for challenging the search in historical investigations for the origins or foundations of knowledge”, through exposing the “struggles for truth that underpin the claimed neutrality of these knowledges”. In this regard, genealogy is ideally suited to this research, which traces the construction of competition, efficiency and markets as politically neutral truths, and analyses how these truths have facilitated policy change.

Genealogical research examines processes of knowledge creation and power through discourse, while seeking to understand the silencing of alternate discourses (Van Herzele 2015; Kuchler and Linner 2012). This emphasis on the process of knowledge creation focuses genealogical research on understanding how truths are considered in the present, by analysing how truths have been constructed, and therefore, how they can be challenged (Hayter and Hegarty 2015). My genealogical research is inspired by Higgins’ (2001b) article on the construction of the ‘low income farm problem’. Higgins constructed a ‘genealogy of
government’, by exploring the problematisation of low-income farmers in the developing agricultural economics literature in the late 1960s and early 1970s. Whereas Higgins’ work analysed the problematisations of ‘unviable’ farmers, and of government assistance, I extend this analysis by exploring the problematisation of statutory wheat marketing, and the construction of competition and efficiency as solutions to declining grower returns. By tracing developing policy discourses, I analyse how these ideas have become accepted as truths within wheat industry policy, and how this facilitated wheat export market deregulation.

I have used this research to examine, not only policy itself, but also the process whereby policy is created and the discursive shifts which have influenced this process (Kuchler and Linner 2012). While my research considers key policy documents, such as Acts of Parliament or reports of government-initiated inquiries into the wheat industry, I also focus my research upon the ‘minor texts’ such as newspaper articles or letters to the editor, which I consider as forming part of this discourse. These documents help provide context, though also help illustrate smaller shifts, which may not otherwise have been detected.

Documents

I focused my document searches at the State Library of Victoria, the National Library of Australia (online collections) and the Public Record Office of Victoria. I also searched the online databases of authorities such as the Productivity Commission and ABARES, as well as the politicians’ websites to locate speeches and media releases. I used the Australian Parliament House website to find Hansard transcripts, as well as information on government inquiries, including committee reports, submissions and transcripts of public hearings. The newspaper articles published prior to 1994 were found in the Public Record Office of Victoria. Articles published between 1994 and 2004 were found in the State Library of Victoria microfilm collection, and articles published after 2005 were found using Google searches. I have included a comprehensive list of documents used by my research in Appendix 2.

Data Collection and Analysis

The published articles included in this thesis individually describe my approaches to data analysis for each discrete component of my overarching research project. As each of these studies was slightly different, it is not possible to recount here an overarching detailed ‘method’ of data collection and analysis. However, a few general statements are possible here.

In Sections 2 and 3 of this thesis, I use a similar approach to discourse analysis. In section 2, I interrogate key documents to analyse how key ideas such as efficiency, competition and productivity are represented, explained and justified in industry and competition policy discourses. For example, in analysing policy discourses’ use of contestability theory, I drew upon the documents which mentioned competition, contestability, or potential competition. I
noted where these ideas were mentioned, how they were represented and the context. Using this approach, I compared the use of contestability across a range of policy documents. I identified similarities and trends, and to develop a clear idea of how discourses construct and re-produce this idea. In Section 3, which explores the operationalisation of key ideas such as efficiency and contestability, for example, I aim to construct a genealogy of how the shift from collectivism to market-based approaches to organisation was made possible. In this work, I explore wheat industry deregulation as a process which occurred across four decades, from the 1970s to the present. In that sense, I aim to understand deregulation in the present, by exploring the discursive shifts which made this policy change possible. In analysing documentation representing farmers, farming, government organisations including the AWB and also firms, I aim to identify important, yet subtle shifts in discourse which contributed to this policy change.

Chapter 12 analyses merger, acquisition and joint venture activity in the Australian wheat industry. I located this information on company websites, newspapers and online news sites. I use this information to develop a picture of which companies owned which aspects of the wheat supply chain. Chapter 12 includes a textual analysis of annual reports, speeches and media releases, to understand why companies used particular strategies of investment. In that regard, I pieced together different pieces of information from these documents, presented in different contexts and to different audiences, to gain a greater depth of understanding about why these strategies were being employed. In particular, this aspect of my work explored strategies such as mergers and acquisitions as an expression of power. I use resource dependency theory in Chapter 12, to interpret this information by exploring the use of acquisitions, mergers and joint ventures as a strategy which enabled firms to develop resources and influence their external environment. In addition, I explore firms’ use of these strategies in relation to their global ambitions.
Chapter 4: Article Summaries
Article Summaries

In this chapter, I provide summaries of the articles in the coming sections, to survey briefly what each contributes to the overarching project of understanding how the Australian wheat industry came to be deregulated, and whose interests have been served by this policy shift. These articles are organised into the three key thesis sections:

- **Section 2**: Creating a reality of markets, firms and consumers
- **Section 3**: Making society governable: The case of Australian wheat export market deregulation
- **Section 4**: Emerging corporate power in Australian agriculture

Section 2: Creating a reality of markets, firms and consumers


This article analyses policy makers’ conceptualisations of competition in terms of contestability. I argue that support for contestability theory is misplaced. As I show in this article, contestability theory is based on limited theoretical and empirical foundations, yet policy makers have uncritically applied this theory. Policy makers draw loosely upon this theory to claim that the absence of regulatory barriers to market entry is sufficient for a market to be competitive. This neglects the key conditions of contestability theory, such as the stipulation that a market is competitive, provided there are no entry costs.

As I argue in this chapter, this theory is misapplied to the Australian wheat export market. Firms realise that, unless they own infrastructure - ports, storage facilities, for example - they will have a very limited ability to develop a substantial market share. This constraint effectively imposes an entry cost upon firms wanting to enter the deregulated wheat market. Firms have the option of either investing in new facilities, or acquiring existing firms that control infrastructure. These actions incur substantial costs. For example, Bunge have invested $60m in two new ports, in Bunbury and Geelong. ADM attempted to acquire Graincorp for $3.4bn. Few firms have the capacity to make these investments. As such, market entry is only genuinely accessible to those firms with this capability.

In this article, I show how efficiency is portrayed as a principal policy ambition, which is claimed to deliver benefits to consumers. Conversely, equity is marginalised and replaced with fairness. Fairness is conceptualised as achievable through markets, which reward effort and innovation. Furthermore, I argue that prioritising the consumer focuses policy upon the end result – the price, quality and choice of good or services. In turn, this undermines the importance of key actors and structures involved in the process of delivering products to consumers – the producers of the raw materials, the employees and market concentration. As with the previous article, I use this analysis to show how policy discourses shift attention away from the significance of market concentration and the power of large firms.

As I show in Chapter 5, competition is portrayed as a process of establishing which firms are best able to maximise efficiency and productivity and meet consumers’ needs. Subsequently, policy makers tolerate consolidated markets as an outcome of this process, believing this market structure is the most efficient, and best equipped to enhance consumers’ living standards. For example, a market featuring a small number of dominant firms is accepted on the presumption that these firms have reached this position as they are the best, most efficient firms, which are best able to meet the needs of consumers. Tampering with this, through government intervention, will undermine the efficiencies created through this competitive process and harm consumers.

**Chapter 7:** O’Keeffe, P., (2018b), Who wouldn’t want more efficiency? Analysing the construction of efficiency as a ‘truth’ within policy discourses, *Journal of Sociology*, [https://doi.org/10.1177/1440783318759087](https://doi.org/10.1177/1440783318759087)

This article draws together ideas developed in Chapter 5 and 6, to examine discursive constructions of the relationships between markets, firms, competition and efficiency. This article serves two important functions for this thesis. First, I analyse competition policy discourses in particular, to understand what competition and efficiency mean in the context of Australian industry and competition policy, and what benefits are claimed to result from these policy values. Second, I draw on the disaggregation of work to show that firms are best placed to benefit through this reconfigured policy environment. As I also show in Chapters 5 and 6, these policy shifts have been implemented on the apparent assumption that firms lack power in markets, and return efficiency gains back to consumers.

As this article shows, policy discourses portray competition and efficiency as essential ambitions of good policy. Competition compels firms and producers to be efficient. In turn, this raises living standards for us as consumers, as competition between firms lowers the cost of goods and services, leading to better product quality and diversity as firms aim to appeal to the needs of consumers.

There are a number of discursive constructions at work here. Efficiency is constructed as representing common sense. Any person of sound mind will believe that efficiency is a good thing. Conversely, this marginalises alternate discourses, as policy discourses portray those questioning efficiency as lacking common sense. Competition is normalised as part of
everyday life. In everyday life, there are winners and losers. Some firms will win, some will lose. This is a normal process. Restructuring is inevitable. Globalising processes, outside the control of the Australian government, will eventually cause these reforms to occur, so policy makers argue that proactive reform is essential.

Through focusing on the consumer and their material living standards, I argue Australian policy discourses marginalise those involved in the process of producing – such as workers and farmers. In this article, I draw on the increasingly precarious nature of work to highlight how this discourse has treated the negative effects of restructuring on the vulnerable populations in the workforce as externalities in the more important process of maximising the nation’s economic efficiency.


This article contributes to this thesis by addressing the concept of productivity in the context of structural adjustment policies implemented by the Australian Government in recent decades. As I suggest, this focus reduces the value of farming, and of farmers, to the capacity to be productive. As in the normalisation of competition as a process of creating winners and losers, I show that structural adjustment normalises farmer exits as an essential step in maximising industry efficiency and productivity. I then develop this idea further in chapters 9 and 10, to argue that these reductionist policy constructions externalise the social and environmental consequences of the neoliberalisation of Australian agricultural and rural industries.

Section 3: Making society governable: The case of Australian wheat export market deregulation


This article develops upon the previous chapter, by analysing how policy discourses have constructed farming as a reducible, calculable function which the State is able to act upon to meet its objective of maximising productive resource use. Policy makers’ focus on allocative efficiency underpins this shift. Whereas in Chapter 7 I explore this concept in relation to employment and competition policy, here I show its influence within agriculture. This aspect of economic efficiency is applied to rural and agricultural policy to re-allocate resources to the most efficient resource managers, whether they be firms or farmers. Policy makers claim this is necessary to facilitate the exits of the least efficient farmers from the industry, thus
liberating resources controlled by these farmers, such as farm land and machinery. Consequently, it is argued the most efficient farmers will acquire these resources, expand their farming operation and put these resources to more productive use. This is portrayed as beneficial for Australian society, as it improves industry efficiency and productivity.

This shift is made possible, in part, by the re-construction of farming and farmer identity. Policy discourses portray farming in reductionist terms. The value of farming is reduced to its capacity to convert resources into commodities. Questions around agricultural organisation become focused on enhancing the efficiency of this process. Similarly, farmer identity is reduced to the role of resource managers. Farmers have value, because of their role in converting resources to commodities. By maximising the efficiency of this process, farmers enhance their contribution to Australian society.

This construction makes structural adjustment possible. Farmers that are least able to maximise resource efficiency and productivity are constructed as not only poorly skilled farmers, but as an impairment on societal welfare. The exit of these farmers from the industry is therefore rationalised as a positive shift. This construction overlooks the valuable role of farmers in supporting rural communities and caring for the land, and also the relationship between farmers, their land and their histories in farming.


This article adds to the ideas I develop in chapters 8 and 9, by exploring the marginalisation of equity as a policy objective, and the subsequent externalisation of the negative social consequences of deregulation throughout rural Australia. The first part of my analysis explores the framework employed in Australia to prioritise efficiency in rural and agricultural policy. Here, I show how efficiency is constructed as the central goal of industry policy. Conversely, equity is portrayed as being antagonistic to this goal, and is separated from efficiency. Policy discourses claim industry policy should focus on maximising efficiency, whereas equity is best addressed through other government mechanisms such as welfare.

This creates problems for the AWB and statutory wheat marketing, which was essentially established as an equalising force for Australian wheat farmers. The key functions of the AWB were to provide farmers with security, to protect them from markets, to distribute returns evenly among farmers. However, these functions are now cast as being antithetical to the broader goal of maximising efficiency. As I suggest in this article, the AWB is constructed as incompatible with this policy framework. Numerous inquiries and reviews into wheat marketing structure throughout the 1980s, 1990s and 2000s were initiated by government to quantify the value of statutory marketing. However, this article shows how these inquiries were developed to focus on a narrow conception of economic efficiency, which prioritised wheat prices and supply chain costs, and to diminish the significance of the AWB’s equalising functions. Furthermore, growers’ participation into these inquiries was
devalued, derided as subjective and as lacking substantive evidence. Thus, despite the overwhelming support for the AWB which farmers articulate in these inquiries, statutory marketing is framed as a hindrance to the ‘good farmer’, and a barrier to greater industry efficiency.

_Chapter 11: O’Keeffe, P., (2018a), Creating a governable reality: Analysing the use of quantification in shaping Australian wheat marketing policy, Agriculture and Human Values, https://doi.org/10.1007/s10460-018-9848-6_

In accordance with the developing policy emphasis on efficiency analysed in chapters 8, 9 and 10, here I show how the AWB’s role was re-constructed to focus on its capacity to maximise growers’ returns. Specifically, technologies of performance, such as audit and performance objectives, were used by policy makers to shape and control the AWB’s function. Furthermore, this article draws upon sociology of quantification research, to examine how quantitative data, particularly real and projected wheat prices and supply chain costs, was prioritised by policy discourses as the only truly legitimate source of information which could be used in measuring the AWB’s performance and assessing wheat export market regulation. As in chapter 10, here I show how subjective data, particularly associated with growers’ claims on the basis of equity, was undermined as offering a credible basis for policy decisions. Rather, this article highlights the use of econometric modelling, particularly by Allen Consulting (2000), in predicting and legitimating the cost savings of deregulation. As such, I argue that the social world has been actively erased and policy narrowed to focus on quantifiable phenomena and quantitative data.

Section 4: Emerging corporate power in Australian agriculture


In arguing for wheat export market deregulation in 2008, Government Members of Parliament sketched out a post-deregulation scenario involving a market with many grain traders who would be competing amongst each other for Australian growers' wheat. This has not eventuated. The Australian wheat market is dominated by four firms, controlling 70 per cent of exports. This level of concentration is more pronounced at the State level, and even greater at the regional level. This result is due to the relationship between ownership of supply chain infrastructure and firms' capacity to develop market share. Firms focus their export activity in areas where they own infrastructure. As such, local markets, state markets, are highly concentrated. Furthermore, this policy shift was underpinned by the assumption that firms lack power to influence markets or policy development.
This article challenges the assumption that firms have little ability or desire to influence their external environment. In this article, I use resource dependency theory, developed as a theory of organisational power by Pfeffer and Salancik (1978), to explore how agricultural corporations protect and develop their power, with regard to interventions in markets and policy. This article suggests that firms do have power and the desire to use this power to their advantage. By implementing deregulation on the flawed assumption that it is the market and not firms which hold power, policy makers have erred substantially. As with the use of contestability theory I highlighted in chapter 5, this oversight has created an environment which allows corporations to develop their power within the Australian wheat industry, relatively unchecked.

Appendix


This article highlights the experiences of a small sample of wheat growers regarding wheat export market deregulation. These growers cite political disenfranchisement, the perceived loss of industry control, the emergence of concentrated markets featuring powerful firms and difficulties associated with wheat marketing as the key impacts of deregulation. The work articulated in this PhD thesis explores the process of wheat export market deregulation, which has shifted power from smaller family farmers to larger, consolidated farms and firms. This article refers to the outcomes of this process, as experienced by wheat farmers.

Summary

Together, these articles address the key research questions underpinning this thesis, which ask how the Australian wheat export market came to be deregulated, and in whose interests. Across these articles, I assemble the resources to argue that this shift was made possible through the discursive construction of competition, efficiency and productivity as truths which must be pursued by the State through policy. Furthermore, I show how the farming industry, particularly farmers and organisations such as the AWB, were re-constructed to accord with these truths, and instrumentalised to achieve the State’s objective of efficiency maximisation and enhancing productive resource use. This shift, I suggest, has been implemented to achieve these aims, through self-interested, business-minded farmers, and through large, transnational firms. This has caused power to shift towards firms such as Cargill, ADM, Bunge and Louis Dreyfus, which use the recently deregulated wheat export market to grow their control of global grain markets.
Section 2: Creating a reality of markets, firms and consumers
Chapter 5: Contestability in the Australian Wheat Industry

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Citation:
Contribution of article to thesis

In this article, I explore theoretical ideas of firms, markets and competition, which I suggest have shaped policy making in Australia. This helps ground the arguments that I make in this thesis, by showing how policy makers conceptualise competition, and competitive markets, and the perceived role of large firms in increasing economic efficiency of markets and industries.

In particular, I analyse policy markers’ use of contestability theory. I argue this theory is limited and is incorrectly applied in the case of the Australian wheat export market. I suggest contestability theory is used to legitimise the development of consolidated markets featuring dominant firms, under the guise that this market structure is the most efficient.

I show that the wheat export market has become concentrated, featuring oligopolies and regional monopolies. First, deregulation of the wheat export market has created concentrated markets, only accessible to well-capitalised, transnational firms. Thus, it is not contestable or competitive. Second, the choice and freedom promised to growers through deregulation has not eventuated.
Contestability in the Australian Wheat Industry

Introduction

In the past 30 years, policy makers have argued that privatisation and deregulation of State-administered businesses, services and infrastructure leads to enhanced choice, competition and greater efficiency. Less clear is the question of how contestability theory has been used as a policy lens to understand and predict competition and firm behaviour in deregulated markets. To address this issue, I analyse the application of contestability theory to the Australian wheat export market by examining policy documents such as reviews and inquiries into competition policy and wheat industry policy (particularly wheat marketing), initiated by government and government authorities between 1988 and 2008.

The Federal Government, under Prime Minister Kevin Rudd, deregulated the Australian wheat export market in 2008, ending 60 years of statutory marketing by the Australian Wheat Board. At the time, Minister for Agriculture, Tony Burke, said that deregulation would enable growers to maximise their returns on production (Grattan 2008). Many wheat growers, on the other hand, were sceptical of such claims. Members of Parliament and Senators from both major political parties argued that deregulation would create a market place featuring numerous grain traders competing for farmers’ wheat. For example, Liberal Senator Chris Ellison stated that “[i]t is imperative that as many participants enter the market as possible” (Commonwealth Government 2008b, p.2308). This, it was claimed, would give growers choice, while the competition would drive up wheat prices. However, this description of a competitive market differs from how competition has been conceived in policy documents. Contestability theory, emphasising potential, rather than actual competition, informed policy from 1988, when the Industries Assistance Commission (1988) argued for deregulation of wheat exports, to 2008, when the Rudd government’s policy shift was implemented.

The National Competition Policy Review, initiated by the Keating Government to investigate how a national policy could “develop an open, integrated domestic market for goods and services by removing unnecessary barriers to trade and competition”, provides a different interpretation of competition (Hilmer et al., 1993, p.361). Hilmer et al. (1993, p.3), dismiss the conception of market competition as necessarily involving large numbers of small firms, instead claiming that “competition between a few large firms may provide more economic benefit…due to economies of scale and scope”. Hilmer et al. (1993, p.2), draw upon Dennis (1977) to define competition as the “striving or potential striving of two or more persons or against one another for the same or related objects”. Referring to Baumol (1982), Hilmer et al. (1993, p.2) explain that:

Recent work suggests that the real likelihood of competition occurring (potential striving) can have a similar effect on the performance of a firm as actual striving. Thus, a market which is highly open to potential rivals – known as a highly ‘contestable’ market – may be of similar efficiency as a market with actual head-to-head competition.
Policy documents informing Australian wheat industry policy share this interpretation, viewing competition in terms of the contestability of the market, rather than the number of firms in that market. Yet, these policy documents do not refer in detail to the three conditions of a contestable market: that entry of new firms is costless, the market is susceptible to hit-and-run entry and entry is reversible (Shepherd 1984, 1995). This raises the question of how contestability theory is used in policy, and whether contestability theory can be applied to the Australian wheat export market.

To analyse the use of contestability of the Australian wheat export market, we first need to understand the broad structure of the wheat supply chain, outlined in Figure 1. In Australia, infrastructure servicing the wheat industry, including off-farm storage and handling, and port facilities is controlled by three regionally-based bulk handling companies (BHCs) – CBH (Western Australia), Viterra (South Australia), and GrainCorp (eastern Australia, including Victoria, New South Wales and Queensland). Farmers producing wheat for export sell to grain traders which, in most cases, access this infrastructure to export this wheat to overseas markets.

**Figure 1:** Australian wheat export supply chain

The BHCs’ ownership of storage, handling and ports stems from the privatisation of State-based grain authorities in the 1990s and early 2000s. The grain authorities controlled State-wide infrastructure networks, including grain handling, storage and port facilities. The privatised firms merged, causing further consolidation. As Figure 2 shows, GrainCorp emerged from the privatisation of 10 different boards and authorities across Victoria, New South Wales and Queensland. GrainCorp controls the infrastructure established and previously managed by these authorities. Similarly, Viterra (SA) and CBH (WA) control these segments of the wheat supply chain in their region.
Table 1 demonstrates these BHCs have used this ownership of grain handling, storage and ports, either directly or indirectly, to develop market share. This reflects a key problem of privatising vertically integrated public authorities. The private companies emerging from privatisation, in many cases, control supply chains, including non-contestable facilities and infrastructure (ports and storage networks), and use this control to establish market share in the contestable segments of the supply chain (grain marketing). Thus, the problem of uncompetitive markets, at the retail segment, can result from the initial privatisation. This scenario was known to policy makers when the wheat export market was deregulated; but policy-makers chose to rely instead upon a general interpretation of contestability theory to conclude that this deregulation and privatisation would not restrict the competitiveness of the wheat market.
**Table 1:** Bulk handling companies regional control of storage and handling, ports, and export markets.

<table>
<thead>
<tr>
<th>Supply chain segment</th>
<th>CBH (WA)</th>
<th>GrainCorp (eastern Australia)</th>
<th>Viterra (SA)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Share: up-country</strong></td>
<td>Receives and stores approximately 90% of WA’s grain</td>
<td>Handles approximately 75% of east coast grain</td>
<td>80% market share of SA up-country grain storage</td>
</tr>
<tr>
<td><strong>Market Share: port throughput (%)</strong></td>
<td>100</td>
<td>80-90</td>
<td>100</td>
</tr>
<tr>
<td><strong>Market Share: export tonnage</strong></td>
<td>48% WA bulk exports (2012/13)</td>
<td>28% eastern Australian exports (2012/13)</td>
<td>46% SA exports (2012/13)</td>
</tr>
</tbody>
</table>

Adapted from Stretch, Carter and Kingwell (2014, p.11).

I argue here that contestability theory is flawed and is applied uncritically in policy affecting the wheat industry, producing outcomes that do not reflect the promises made by politicians to wheat growers. The result has been that oligopsonistic regional wheat export markets are not contestable. Key conditions of contestability theory, notably that entry is costless, are not met. I outline contestability theory and the broader ideological context resulting in the growing support for this idea, before analysing policy documents to understand how contestability theory is applied in Australian policy-making. Finally, I examine the contestability of the deregulated wheat export market. As contestability theory has underpinned Australian policy, including wheat market policy, it is important to consider the robustness of this theory, its use in Australia, and whether this application leads to desirable policy outcomes.

**Market consolidation and efficiency**

Policy documents, including Hilmer et al. (1993), IAC (1988) and Harper, Anderson, McLuskey and O’Bryan (2015), argue that maximising efficiency should be the focus of competition and industry policy. Efficiency, it is claimed, is enhanced through competition between firms striving to meet the demands of the market. This claim needs to be considered in relation to the theoretical basis for these ideas, showing the context in which contestability theory was developed.

In his influential paper, ‘Industry structure, market rivalry, and public policy’, Demsetz (1973) contends that firm efficiency determines profitability. According to Demsetz (1973), the most efficient, and therefore most profitable, firms expand market share. Thus, Demsetz (1973, p.5), claims that if concentration emerges due to the “superior efficiency of those firms that have become large, then a deconcentration policy, although it may reduce the ease of colluding, courts the danger of reducing efficiency either by the penalties that it places on innovative success or by the shift in output to smaller, higher cost firms that it brings about”. This perspective influenced the relaxation of policy aimed at restricting market concentration (Kari et al., 2002).
The claimed relationship between market concentration and efficiencies grew in prominence, as did criticisms of antitrust policy within the United States. Critics such as Bork (1967; 1978), and Baumol and Ordover (1985, p.247) argued the Federal Trade Commission, in restricting market concentration, punished firms that were successful due to their superior efficiency and economies of scale and scope. Rather, activities such as mergers would substantially improve industries and markets, by introducing “efficiencies that make it necessary for other firms in the industry to try harder” (Baumol and Ordover 1985, p.247). These criticisms give rise to the prioritisation of market structures that are claimed to maximise efficiency (Bork 1967; Baumol and Ordover, 1985; Summers, 2001). This focus is underpinned by the assumption that larger companies will be the most efficient, and that ‘the market’ compels firms to return efficiency and profitability gains to consumers. These assumptions thus lead to the argument for the tolerance of concentrated markets. In turn, the development of large corporations is excused, on the assumptions that the presence of these firms increases efficiency, and firms, regardless of size, do not possess the power to influence markets. These assumptions are evident in the definition of competition used by Hilmer et al. (1993).

**Contestability theory**

Contestability theory was developed by Baumol (1982) as a revolutionary idea in economics and industrial organisation. Baumol outlined contestability in his 1982 address to the American Economic Association, entitled ‘An uprising in the theory of industry structure’, as a theory which intended to provide a flexible and applicable “benchmark for desirable industrial organisation” (Baumol 1982, p.2). Contestability theory enabled policy makers to operationalise the concepts developed by Bork and Demsetz, and apply these ideas to competition policy. According to contestability theory, oligopolies and regional monopolies that typically characterise agricultural markets are not necessarily reflections of market failure (Baumol, 1982; Baumol, Panzar and Willig, 1983a). Provided there are no barriers preventing market entry, such as prohibitive entry costs or regulatory barriers, these market structures are efficient and competitive – in principle and demonstrably so (Baumol, 1982; Baumol, et al. 1983a; Davies, 1986). Market efficiency, on the other hand, is weakened by government regulation restricting entry to these markets (Baumol, 1982; Baumol, et al. 1983a; Davies, 1986).

As already noted, contestability theorists posit that a market is contestable when three key conditions are met: market entry is costless, the market is susceptible to hit-and-run entry, and exit is costless (Baumol, 1982; Baumol, et al. 1983a). Regarding the first of these, Davies (1986, p.299) contends that a market for which entry is costless compels firms to act as if they would in a “perfectly competitive situation”, as the threat of competition forces incumbent firms to maximise efficiency. Yet Shepherd (1984, p.577) claims “virtually all production requires specific assets which cannot be transferred or sold costlessly”. For example, the employment of experts to facilitate this entry creates costs that may not be recovered, as may expenditure on necessary research and development (Shepherd, 1984).
Despite the absence of regulatory barriers and costs, the investment required by a firm to enter a market may still be substantial. Even if entry to the market were free, Dasgupta and Stiglitz (1988, pp.570-571) contend that “by the mid-70s, it was clear that free entry…was not sufficient to ensure economic efficiency”. Furthermore, Shepherd (1984) and Dasgupta and Stiglitz (1988) argue that contestability theory does not consider the potential for incumbent firms to deter potential competitors, directly or indirectly, from entering that market.

The second condition is the supposed vulnerability of that market to “hit-and-run entry”, otherwise described as “absolute entry” (Baumol, 1982, p.4; Shepherd, 1984). As Baumol (1982, p.4) explains, “[e]ven a very transient profit opportunity need not be neglected by a potential entrant, for he can go in, and, before prices change, collect his gains and then depart without cost, should the climate grow hostile”. Yet as Brock (1983, p.1065) claims, this depends on the incumbent firms’ inability to respond quickly to change, such as price changes, despite the success of their business being directly related to their capacity to do so. Schwartz and Reynolds (1983, pp.489-90), question the plausibility of the concept of hit-and-run entry, arguing that “hit-and-run entry may be impossible in markets that are almost perfectly contestable”. Schwartz and Reynolds (1983, p.489) contend that the strength of contestability theory is therefore limited as, once there is minimal deviation “from the strict assumptions of perfect contestability, pricing and entry decisions depend upon the nature of firm interactions”. Baumol (1982) explains that hit-and-run entry is fundamental to contestability theory and premised on the idea that this threat will compel firms to act efficiently (Schwartz and Reynolds, 1983). The implausibility of this concept, lacking robust support, undermines the strength of this theory.

Similar concerns apply to the third condition required for contestability theory to hold - that market entry is reversible. In other words, firms exiting a market will not incur sunk costs (Baumol et al., 1983b). Baumol et al. (1983b, p.496) ask, “[c]an markets in which there are ‘almost’ no sunk costs behave ‘almost’ perfectly contestably? We have shown that they can, and we believe empirical evidence will confirm that they generally do”. The use of the term ‘almost’ is disputed by Shepherd (1984) and Stiglitz et al. (1987), who contend that absolute freedom and costlessness of entry and exit is required for contestability theory to hold. According to Stiglitz et al. (1987, p.932), even “the presence of arbitrarily small sunk costs can serve as an absolute barrier to entry and make potential competition completely ineffective as a discipline device”. These criticisms highlight the rigidity of the conditions required for contestability theory to be applicable (Stiglitz, et al. 1987; Schwartz and Reynolds, 1983; Shepherd, 1984), yet Baumol et al. (1983b) claim otherwise, despite limited empirical support for these contentions.

Given that contestability theory has been applied to justify the deregulation of markets and industries, that it has limited empirical support, and is based on numerous questionable assumptions, the implications are concerning. In particular, contestability theory excuses concentrated markets and dominant firms within these markets (Blaug 2001). For example, Baumol and Willig (1986, p.10) argue:
We reject with equal conviction the position of those who hold that mere large size of a firm means that it must serve the economy badly, that high concentration ratios are sufficient to justify governmental restrictions upon the structure or conduct of an industry.

According to Baumol and Willig (1986, p.10), the undesirable consequences potentially resulting from concentrated markets would be mitigated by market contestability. They argue that incumbent firms will experience potential competition, as they would actual competition, and that the three key conditions of contestability (discussed above) can be met. Baumol and Willig’s argument presumes that firms will both act to maximise their efficiency and deliver gains from efficiency improvements to their consumers. Furthermore, this implies consumers have substantially more power than firms in this scenario. Each of these assumptions is questionable, yet is central to contestability theory.

Contestability theory fits with the emerging neoliberalism of the 1970s and 1980s, offering an excuse for neoclassical economists as to why real-world markets may not reflect perfect competition and not warrant state intervention. Contestability redefines the notion of competition to contend that oligopolistic or monopolistic markets can be competitive and efficient market structures. However, contestability theory is flawed and based upon questionable assumptions of firm behaviour. Despite these limitations, policy makers have applied this theory to a myriad of policy areas in Australia. The uncritical application of contestability theory to wheat market policy, resulting in concentrated wheat export markets that are not contestable, is particularly problematic.

**Applying contestability theory to policy**

Australian policy discourses around competition and economic policy extolling the virtues of contestability do not explain contestability theory, nor clearly define competition. Rather, arguments supporting the dismantling of regulatory barriers are prosecuted on the basis that this leads to ‘more competition’, or ‘greater contestability’. Policy documents do not critically reflect upon the viability and applicability of contestability theory. Articles by Baumol (1982; Baumol, et al. 1983; Baumol and Willig, 1981) are given ceremonious citations, accompanied by a brief description of the idea of contestability theory. However, these policy documents do not refer to the conditions required for contestability theory to hold. This implies that contestability has been used as an idea, without condition. Thus, policy makers have simplified contestability, portraying the removal of barriers to entry as sufficient to create a contestable market.

Through applying contestability theory in this manner, policy makers rely upon the robustness of a small group of studies (Baumol, 1982; Baumol et al., 1983; Baumol and Willig, 1981) that do not clearly support the applicability of contestability theory to real world markets. The limitations and weaknesses of this theory are not addressed by policy makers, despite the criticism that contestability theory has attracted. Policy makers thus avoid engaging with criticisms presented by Shepherd (1984, 1985), Dasgupta and Stiglitz (1988),
among others. Contestability theory is represented as fitting the overarching hope for deregulation in policy documents, which is to maximise market and industry efficiency. Policy documents presume the presence of large firms in markets will maximise efficiency, as larger firms are believed to be inherently more efficient, due to their size and scope. For example, the Productivity Commission (2005a, p.286) argues that:

…increasing concentration in the local economy has been a desirable outcome of trade liberalisation, rather than a new problem which competition policy must address. That is, increased international competition has served to drive out much inefficient small scale and fragmented production.

Thus, the oligopsonistic market structure fits policy makers’ ambition to maximise efficiency, and such a market is claimed to be competitive as it is contestable. Yet, policy documents apply a shallow, uncritical interpretation of contestability, with the sole condition being that external firms are not prevented from entering the market by regulatory barriers.

### Wheat export market contestability

Can contestability theory be reliably applied to the Australian wheat industry? The theory requires that market entry is costless. However, instead of directly addressing this condition, policy documents indicate that removing regulatory barriers to market entry is sufficient to create contestable markets. This idea is used clumsily in the example of the Australian wheat industry. The Bulk Handling Companies (BHCs) control storage, handling and port facilities, the non-contestable segments of the wheat supply chain, and operate grain trading arms, the contestable segment of the supply chain (Allen Consulting, 2008; National Competition Council, 2009). In its submission to the Productivity Commission Inquiry into the Wheat Export Marketing Amendment Act, the National Competition Council (2009) contends that unless the contestable and non-contestable segments of these firms are separated, competition will not develop. The National Competition Council (NCC), Allen Consulting (2008) and ITS Global (2006) argue that firms use their control of the non-contestable segments of the supply chain to prevent competing firms from entering the market. To address this problem, the Commonwealth Government introduced an ‘Access Test’ to ensure that grain traders entering the market would have clear access to storage and port facilities operated by CBH, ABB Grain (since acquired by Viterra) and GrainCorp. With regard to contestability theory, this regulation intends to ensure that grain traders can enter the export wheat market without incurring costs.

Despite these assurances, firms focus their export activity in areas where they control infrastructure. For example, between 2010 and 2012, CBH exports comprised 46.5% of all exports from its Albany port, 50.5% of total exports from its Esperance Port and 39.9% of total exports from its Geraldton port (Wheat Exports Australia, 2012). However, CBH has reduced its activities in the Eastern states, to consolidate its exports from Western Australia and South Australia. This focus indicates that although there may be no regulatory barriers
preventing CBH from establishing a presence in the Eastern states of Australia, the company, despite 12 years of investment and being a major Australian wheat exporter is still unable to develop a substantial and sustainable share of this market. Similarly, Emerald has withdrawn from Western Australia to focus on Victoria, where it owns facilities within the Port of Melbourne.

Bulk handlers Viterra and GrainCorp also focus their business in regions where they control storage, handling and ports. Conversely, firms that do not own infrastructure realise that, unless they address this shortcoming, they will not develop their share of the Australian market. As Yasushi Takahashi, Mitsui Australia Managing Director, states “for us to be a competitive and attractive supplier of wheat and grain…we will have to make some meaningful investments in ports, rails and silos’’ (The Australian, 2014a). Similarly, Olam Australia Chief Executive, Bob Dall'Alba, says “unless you're one of the large quasi-monopoly holders of assets, you're marginalised in the business, and therefore you need to keep investing in port and other infrastructure” (Jasper, 2014).

Table 2: Herfindahl-Hirschmann Index (HHI) figures for the Australian Export Wheat Industry (2011-2013).

<table>
<thead>
<tr>
<th>Year</th>
<th>Australia</th>
<th>QLD</th>
<th>NSW</th>
<th>VIC</th>
<th>SA</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/2012</td>
<td>1278</td>
<td>1238.06</td>
<td>3271.96</td>
<td>1595.83</td>
<td>1578.41</td>
<td>2122.34</td>
</tr>
<tr>
<td>2012/2013</td>
<td>1403</td>
<td>2135.35</td>
<td>3811.07</td>
<td>1546.61</td>
<td>2717.49</td>
<td>1944.39</td>
</tr>
</tbody>
</table>

Data compiled from NSW Farmers (2014) and Grain Producers Australia (2013).

Table 2 uses the Herfindahl-Hirschmann Index (HHI) as a measure of concentration in the Australian wheat export market and regional markets. The regional market figure presented in this table is most relevant, as the distance between markets prevents a wheat grower in Western Australia from transporting and selling wheat to a marketer operating in Victoria. I calculate HHI figures by adding the squares of the market share of each company in that market (Murphy 2006, p.13). Thus, a market with one company will have a HHI figure of 10,000, whereas a market with 100 companies each with a 1 per cent market share will have a HHI figure of 100. HHI figures between 1000 and 1800 indicate moderate concentration, whereas figures exceeding 1800 reflect a highly concentrated market (Murphy, 2006, p.13). As shown in Table 2, in 2012/2013 every regional market except Victoria exceeded this figure.

Policy makers will argue that, despite the market concentration evident in Table 2, markets are still competitive as there are minimal regulatory barriers preventing firms from entering these markets. However, without control of infrastructure, firms appear reluctant to make a meaningful entry into the Australian market.
**Investment in new infrastructure**

In the past three years, firms have developed port and storage facilities to rival the BHCs. Policy makers will suggest that this is evidence of contestable markets, pointing out that firms are entering the market and investing in facilities to support this entry. However, this development does not necessarily indicate contestability. As previously noted, for contestability theory to hold in real world markets, entry must be costless. As shown in Table 3, investing in ports is a long term, expensive endeavour. For example, Bunge Limited is investing A$60 million in developing port facilities in Bunbury (Western Australia) and Geelong (Victoria) (Financial Review 2014).

**Table 3: Investment in new port facilities by grain traders**

<table>
<thead>
<tr>
<th>Port</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Kembla (NSW)</td>
<td>A$75m investment by Quattro Group, a 50/50 joint venture established by Noble and Qube (Locke 2014; Wiggins and Toevai 2014).</td>
</tr>
<tr>
<td>Newcastle (NSW)</td>
<td>Investment by Asciano in partnership with Louis Dreyfus</td>
</tr>
<tr>
<td>Newcastle Agri Terminal (NSW)</td>
<td>A$70m investment by Glencore, 32.5% stake; Agrex Australia, 32.5% stake; and CBH, 18.9% stake, which CBH is trying to sell (The West Australian 2015). Agrex Australia is a joint venture between Olam Australia and Mitsubishi.</td>
</tr>
<tr>
<td>Bunbury (WA)</td>
<td>A$40m investment by Bunge Australia (Sprague 2014)</td>
</tr>
<tr>
<td>Geelong (VIC)</td>
<td>A$20m investment by Bunge Australia (Sprague 2014)</td>
</tr>
</tbody>
</table>

**Acquisitions**

Acquisitions are also used by firms to gain control of storage, handling and port facilities. Two firms that emerged from the privatisation of state-based bulk handling authorities, ABB Grain (South Australia) and GrainCorp, have been acquisition targets. Viterra acquired ABB Grain in 2009. Glencore then acquired Viterra in 2012. Similarly, Archer Daniels Midland attempted to acquire GrainCorp in 2013 (Packham and Neales, 2013). The then Federal Treasurer Joe Hockey rejected this acquisition in November 2013, claiming that it was not in the national interest (Packham and Neales 2013).

Table 4 below demonstrates that significant merger and acquisition activity has been occurring in the Australian wheat industry. Policy makers may argue that this suggests deregulation is having the desired effect, through attracting investment in the wheat industry. To an extent, this is true. Table 3 and Table 4 show substantial investments by firms in new infrastructure and in firms owning storage, handling and ports. However, only well-capitalised global firms are making these investments. While a contest is occurring, it is exclusively between very large firms with the capacity to make major investments. As firms need to control storage, handling and port facilities to be competitive, and control is achieved through investments that only the very large well-capitalised global firms appear capable of
making, the contestability of the wheat export market may actually be very limited. Thus, the market is formally open but, in reality, is only open to these major firms, as meaningful entry is dependent upon firms’ capacity to invest, to incur costs that are sunk.

Table 4: Acquisitions in the Australian wheat industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Acquisition Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Qube currently attempting a $9bn acquisition of Asciano</td>
</tr>
<tr>
<td></td>
<td>COFCO completed its acquisition of Nidera, purchasing the 49% of the company that it did not own, for US$750m (Ballard 2016; Financial Times 2016).</td>
</tr>
<tr>
<td>2015</td>
<td>Nidera completed its acquisition of PentAG (Nidera 2016).</td>
</tr>
<tr>
<td></td>
<td>COFCO acquired Noble Agri for AU$2.25bn (Cofco Agri 2015; Grain Central 2016).</td>
</tr>
<tr>
<td></td>
<td>CHS acquired a 50% stake in NSW firm Broadbent, Agfarm (Heard and Marshall 2014).</td>
</tr>
<tr>
<td>2013</td>
<td>ADM attempted to acquire GrainCorp for A$3.4bn.</td>
</tr>
<tr>
<td>2012</td>
<td>Emerald, through parent company Sumitomo, acquired Australian Bulk Alliance for A$120m (Emerald Grain 2013).</td>
</tr>
<tr>
<td></td>
<td>Glencore acquired Viterra for CS6.1bn (Hasselback 2013). In 2009, Viterra acquired ABB grain (Australian Taxation Office 2010).</td>
</tr>
<tr>
<td>2011</td>
<td>Cargill (Private Company) acquired AWB GrainFlow, giving Cargill ownership of 22 grain receival sites in Australia’s Eastern States (GrainFlow 2011).</td>
</tr>
<tr>
<td>2007</td>
<td>Queensland Cotton acquired by Olam Australia for AUD166m (Olam Group 2016; Chappell 2007).</td>
</tr>
</tbody>
</table>

The Australian infrastructure investments and acquisitions are substantial. However, they must be seen in the context that Australian wheat comprised only 3.75% of global wheat production in 2013, and in the light of how small are the Australian percentages of the total investments made globally by international merchants. Whether the Australian investments are financially sound in and of themselves (a concern expressed by the Food and Agriculture Organisation of the United Nations, 2015, p.12) may be beside the point. For example, Bunge’s $40m investment in its Bunbury port lost A$3.4m in its first two operating years (The West Australian, 2016), but Bunge Chief Executive Officer, Soren Schroder, also hastened to point out that “Australia is a very important piece for the global supply chain for a company like Bunge” (Garrett and Fitzgerald, 2014). According to Schroder, Bunge is “very close to having completed the global footprint…Canada and Australia were the last two pieces” (Singh, 2015a). If large corporations making investments and acquisitions are focused on developing their global supply and marketing strategies, is it at all sensible to ponder contestability within a national market, let alone sub-national markets? At the very least, it is difficult to think of production and price in a fragment of the global market reflecting the degree of contestation between firms participating in such a fragment.
Conclusion

This article has analysed contestability theory and its application to policies affecting the Australian wheat industry. I have argued that contestability theory is flawed, yet policymakers have used this theory uncritically to inform policy decisions such as the deregulation of the wheat export market. Policy makers have not adequately considered the limitations of contestability theory, nor cited the conditions required for the theory to hold (i.e. that market entry is costless, absolute and reversible). Policy decisions have been based on a broad interpretation of contestability, simplified to infer that the removal of regulatory barriers to market entry is sufficient to create a contestable market.

In the case of the Australian wheat export market, this logic is transparently misplaced. Firms may seek to enter this market without incurring cost but, to truly compete, ownership of infrastructure (grain storage and handling facilities, ports) is essential. To enter this market, firms must invest in new infrastructure, or through acquisitions of firms already owning infrastructure. This expenditure represents a barrier to market entry. Further, the magnitude of the necessary spending restricts market entry to highly capitalised, global firms that are capable of making these investments, incurring debt and potentially incurring losses as they develop market share.

In fact, the Australian wheat export market is concentrated, particularly in the oligopsonistic regional markets. It is possible that this scenario was actually desired by policy makers. Policy documents refer to the supposed efficiency gains that can be achieved by allowing large companies to develop market share. This claim hinges on the assumptions that large firms will be the most efficient, that efficiency is a good policy ambition, and that markets will compel firms to be efficient and prevent large firms from exerting market power. However, the policy-makers may well have played into the hands of large multinational firms for whom profitability depends more on the exercise of market power than on the efficiency of grain handling, storage, international shipment and selling.

What about the farmers? Wheat growers, for whom deregulation was supposedly implemented, are lost in this debate. Federal Members of Parliament and Senators claimed that wheat export market deregulation would create a market with numerous buyers competing for growers’ wheat. This scenario has not eventuated. This is unsurprising, given that this vision is inconsistent with the concept of competition that has informed Australian policy, which centres on potential, rather than actual, competition. According to Rod Sims, Chairman of the Australian Consumer and Competition Commission, the 2015 Harper Review of National Competition Policy was intended to support farmers. However, the Harper Review is focused on ‘making markets work for consumers’ and doesn’t mention farmers, or attempt to articulate how producers would benefit from oligopsonistic markets (Harper, 2015, p.7). Rather than benefitting wheat growers, this article contends that deregulation of the wheat export market is primarily intended to liberalise the participation of large, frequently multinational firms as buyers in Australian markets. Contestability theory conveys the idea that a market comprised of a small number of large firms is still
competitive, but its application to policy has resulted in a consolidated market which in reality is not open to new entrants and therefore, is not contestable.
Chapter 6: Efficiency, productivity and…fairness: An analysis of the Harper Review into Australia’s competition policy

This article was published in the refereed proceedings of the 2015 conference of The Australian Sociological Association, ‘Neoliberalism and Contemporary Challenges for the Asia Pacific’. This article was developed specifically for the conference, and is among the first published analyses of the the National Competition Policy Review (Harper et al. 2015).

Citation:

Contribution of article to thesis

This article analyses the Harper Review into Australia’s competition policy and its emphasis on maximising efficiency in the interests of the consumer. As in the previous chapter, I show that in prioritising allocative efficiency, policy makers have legitimised the development of large firms and concentrated markets, in the assumption that ultimately, the consumer will benefit. This article shows Bork’s influence, among others, in providing a theoretical basis for this policy construction. I argue that this presents a narrowed conception of the citizen as a consumer, which is an argument I develop further in Chapter 7. As in Chapter 5, this article is important to the overall thesis argument as it shows the constructions of firms, markets and consumers which have been used to justify policy makers’ emphasis on efficiency, at the expense of the social. This creates a policy ‘reality’, which I argue in chapters 9, 10 and 11, has been used to facilitate the deregulation of Australian agriculture, particularly, the wheat export market.
Efficiency, productivity and…fairness: An analysis of the Harper Review into Australia’s competition policy

Abstract

In December 2013 the recently elected Australian Government commissioned a review into Australia’s national competition policy. The review panel, chaired by Professor Ian Harper, published their final report in March 2015. This paper provides an analysis of the 2015 Australian Competition Policy Review (referred to henceforth as the Harper Review), which has the overarching objective of ensuring that markets work in the interests of consumers (Harper, Anderson, McCluskey and O’Bryan 2015, p.7). The key assumptions which underpin the Harper Review are that competition is the most effective means of achieving efficiency, while a more efficient and productive economy will deliver a range of outcomes including equity, fairness and increased living standards for all. Furthermore, this emphasis on efficiency, while placing less importance on market concentration, does not adequately consider the power that can be exercised by corporations with a high market share. This analysis hinges on the belief that “the disciplines of a competitive market” will be sufficient to ensure that corporations do act in such a way that the assumed benefits of competition filter through society (Harper et al. 2015, p.15). This focus crowds out alternate values, while providing constructions of power, equity, and social welfare, which fit within the rationality of competition and efficiency.

Introduction

Politicians from mainstream political parties frequently espouse the virtues of a competitive economy. Rather than being envisaged as an end point, competition is viewed as being a key means through which broader objectives of increased efficiency and productivity are achieved (Bowen 2014; Abbott 2015; Keating 1994). Through these aims, competition is considered as an important mechanism for achieving a broad range of outcomes, including economic growth (Keating 1994), higher incomes and increased living standards (Howard 1996), more opportunity and employment (Bowen 2014), fairness and equity (Harper et al. 2015).

In addition, Harper et al. (2015) view competition as a key means through which consumer choice, and subsequently, consumer empowerment, is reached. The fundamental belief that ties these objectives together, is that competition within markets compels businesses and service providers to increase efficiencies and pass these efficiency gains on to consumers. In announcing the Harper Review, then Prime Minister Tony Abbott (2013, p.1) stated that “The competition review will examine not only the current laws but the broader competition framework, to increase productivity and efficiency in markets…and raise living standards for all Australians”. This statement implies that redistribution can be achieved through increased competition within the Australian economy.
What is efficiency?

While efficiency is often mentioned by Australian politicians in relation to competition policy, a description of what efficiency represents is rarely forthcoming. Similarly, the Harper Review refers to efficiency on numerous occasions, though does not specify what this means (Harper et al. 2015). Inaugural Australian Consumer and Competition Council Commissioner, Rhonda Smith, stated that “The aim of micro-economic reform (and of competition policy as part of it) is to improve the efficiency with which resources are used, thus contributing to improved living standards” (Smith 1996, p.1). Smith describes efficiency as including technical and production efficiency, dynamic efficiency and allocative efficiency, with the latter explained as ensuring “resources go to where consumers value them most” (Smith 1996, p.1). Orbach (2011, p.141) contends that allocative efficiency is achieved “when the cost of resources used in production is equal to the consumer’s willingness to pay”. Orbach (2011, p.141) equates allocative efficiency with Pareto optimality, in which an allocation of resources benefits one or more people, without leaving another person worse off (Orbach 2011, p.141; Posner 1979, p.488). The Kaldor-Hicks criterion develops upon Pareto optimality, though contends that efficient distribution of resources can benefit a person and leave another worse off, yet the individual that has benefitted through this allocation will have the capacity to compensate those who may have been negatively impacted (Posner 1979, p.491; Coleman 1979, p.514). Using the Kaldor-Hicks criterion, some have contended that legal rules – such as competition policy – should not be designed to necessarily benefit all through redistribution, rather, any redistribution should occur through taxation or welfare (Weisbach 2003, p.439; Kaplow and Shavell 1994, pp.667-668). This contention suggests that issues of equity and efficiency can be separated, yet critics suggest that this is incorrect due to the “pervasiveness” of market failure (Stiglitz 1991, pp.40-41; Jolls 1998). As stated by Stiglitz (1991, pp.4-5), from this perspective, “Economists need not concern themselves with value judgments; whatever the government’s distributive objectives, it implements these through initial lump sum taxes and subsidies, and then leaves the market to work for itself”. Additionally, the potential to compensate those that are worse off through competition policy which primarily focuses on efficiency, will not necessarily result in the development of taxation and welfare policies which do ensure adequate compensation.

While efficiency is mentioned extensively throughout the Harper Review, the issue of whether competition policy should aim to deliver equitable outcomes receives relatively little attention. Furthermore, while the Harper Review aims to “make markets work in the long-term interests of consumers” (Harper et al. 2015, p.23), this ambition appears to differ from Tony Abbott’s desire to see competition policy deliver “raised living standards for all”. However, Abbott himself is inconsistent on this issue; having previously admitted in 2002 that increases in inequality might inevitably result from increased competition (Conley 2004, p.1).
The Chicago School and antitrust

Economists from the Chicago School criticised the static view of markets adopted by the neoclassical model of perfect competition (Sidak and Teece 2009). Additionally, from this perspective, government intervention is perceived as being an impediment to efficient markets. According to Shughart and McChesney (2010, p.390), antitrust enforcement was based on rhetoric opposing the development of big companies and prioritised the prevention of market concentration above all else. Subsequently, antitrust policy had developed to focus less “on the interest of consumers in free markets than to the interest of inefficient producers in safe markets” (Bork 1967, p.242, cited in Signorino 2013, p.7). From the perspective of the Chicago School, the promotion of efficiency is viewed as being more important than reducing market concentration (Bork 1967; Baumol and Ordover 1985, p.247). Though conceding that mergers may undermine competition in some instances, Baumol and Ordover (1985, p.247) argue that on the other hand, mergers which may result in increased efficiencies “make it necessary for other firms in the industry to try harder”. This is a key assumption which underpins the Harper Review.

Efficiency through ‘consumer welfare’

The emphasis of competition policy, within countries such as the United States and Australia has focused on delivering favourable outcomes for consumers (Kirkwood 2012; James Jr et al. 2013, pp.100-101; Murphy 2006, p.32). This focus implies that citizens effectively are consumers, yet this does not disclose the contention that consumer welfare is most effectively enhanced through an emphasis on efficiency (Bork 1967; Baumol and Ordover 1985, p.247). Robert Bork, of the Chicago School, is a key figure in shifting the focus of antitrust towards consumer welfare (Crane 2014; Elzinga 2014; Orbach 2011). This influence is such that consumer welfare, as developed by Bork, is the only goal of US antitrust policy (Orbach 2011, p.133; Crane 2014, p.835). As mentioned by Crane (2014, p.835), Bork’s consumer welfare effectively disguises the underlying, and predominant, emphasis of economic efficiency. According to Bork (1967, 1978), antitrust should be exclusively focused on promoting consumer welfare, which can be achieved through pursuing economic efficiency. This focus is underpinned by the assumption that an efficient company, regardless of their market power, will supply the market with better products at better prices for consumers (Bork 1967). As stated by Crane (2014, p.835), Bork repositioned antitrust law from being “a constraint on large-scale business power and toward a conception of antitrust law as a mild constraint on a relatively small set of practices that pose a threat to allocative efficiency”. In many ways, this idea of consumer welfare, and the championing of efficiency, excused the development of large corporations within concentrated markets. This approach fundamentally ignores the capacity of corporations with significant market share and political influence to exert market power. Furthermore, this also relies heavily upon the assumption that a large company will allocate resources efficiently and deliver outcomes that benefit consumers. The influence of these ideas is particularly pertinent with regard to the approach towards competition policy in Australia.
Harper Review into Competition Policy

Announced in 2013 by the newly elected Australian Government under Prime Minister Tony Abbott, the Harper Review follows Hilmer, Rayner and Taperell’s (1993) review of competition policy, which has underpinned Australian policy makers’ approach to competition in the past two decades, particularly through the 1995 National Competition Policy. Harper et al. (2015, p.15) explain their understanding of competition policy:

> Competition policy, like other arms of government policy, is aimed at securing the welfare of Australians…Properly applied, it can improve the quality and range of goods and services, including social services, available to Australians…the disciplines of a competitive market compel efficiencies in business conduct, which in turn contributes to the productivity and competitiveness of enterprises.

This definition suggests that competition leads to efficiency increases which enhance productivity, ensuring that businesses are more competitive and will deliver better products for consumers. This analysis hinges on the assumption that “the disciplines of a competitive market” will be sufficient to ensure that corporations do act in such a way that the assumed benefits of competition filter through society.

Consumers

The emphasis of the Harper Review is clearly focused on consumers, lending considerably from Bork’s notion of consumer welfare as being the fundamental aim of competition policy. According to Harper et al. (2015, p.23), “Our competition policy, laws and institutions serve the national interest best when focused on the long-term interests of consumers”. Importantly, Harper et al. (2015, p.15) extend the understanding of what a “consumer” is, to include those people who are reliant upon social services. To emphasise this point, Harper et al. (2015, p.23) contend that “Consumers in this context are not just retail consumers or households…In the realm of government services, consumers can be patients, welfare recipients, parents of school-age children or users of the national road network”. Furthermore, Harper et al. (2015, p.23) contend that ‘consumers’ can also include businesses. This appears to redefine the role of a citizen within their society. Reducing people to consumers, particularly with regard to government services, fundamentally alters the relationship between the government and the citizenry. Furthermore, Harper et al. (2015, p.20) emphasise that the power of the individual citizen can be enacted through their role as a consumer, and their capacity to exercise choice. I suggest this is a very limited conception of power, or empowerment, as Harper et al. (2015) frequently refer to. In addition, with regard to government services, it could be argued that a citizen does – or in the case of privatised public services, did - effectively retain some level of ownership over these services. The power that is exercised through the choices made as a consumer, as opposed to the power that is exercised as an owner, is relatively hollow.
While associating competition and choice, with empowerment Harper et al. (2015, p.20), also equate with the increased freedom of consumers. This is very much in the Chicago School tradition of associating freedom with free markets (Bork 1966; Friedman 1962). Furthermore, Harper et al. (2015, p.27) contend that the lives of those on lower incomes, can be enhanced through increased consumer choice. The application of this terminology, coupled with the narrow conception of what it is to be a citizen, considerably limits the scope for alternate values to be aspired to. Furthermore, the shallow conceptions of equity, empowerment and freedom of Harper et al. (2015) ensure that more rounded considerations of these values may be compromised through this emphasis on efficiency and productivity.

**The consumer of Human Services**

The broad definition of a ‘consumer’, by Harper et al. (2015), is of considerable significance. The positioning of a citizen as a consumer of human services for example, implies that neoliberal tenets such as efficiency and competition can be applied successfully throughout society. Furthermore, the assertion is that these ideas, which have arguably not been particularly successful in safeguarding the global economy with significant crisis, will deliver beneficial outcomes regardless of the context in which they are applied. With regard to social services, this is evident in Harper et al.’s (2015, p.24) assertion that consumer choice “encourages governments to adapt their services to better serve our needs”. Harper et al (2015) consider that competition will force government services to become more efficient and more productive, to remain attractive to consumers of these services. Consumers, in turn, can exercise their power by choosing a different service provider. Whether this approach is appropriate to social services delivery is also highly questionable, with the risk being that this approach significantly undermines the principles upon which social welfare might be based.

Nevertheless, Harper et al (2015) demonstrate a strong conviction that competition delivers equitable outcomes in society, and would argue that the development of more efficient and productive government services will ultimately result in improved social welfare outcomes. This argument is exemplified in the following statement (Harper et al. 2015, p.34):

> [D]eepening and extending competition policy in human services is a priority reform. Lowering barriers to entry can stimulate a diversity of providers, which expands user choice.

While Harper et al. (2015, p.34) acknowledge that in some remote location, competition between services providers may not be possible due to the size of the “market”. In this case, the “well-designed benchmarking of services” is essential in maintaining the quality of services, in cases when competition from the market is not able to have the effect of providing incentives for efficiency and productivity improvements. This suggests that in cases where markets are not competitive, service providers will be required to meet standards that assume the presence of competition. In this sense, even when markets aren’t competitive, mechanisms can be developed to resemble the influence of competition. While Harper et al. (2015) contend that government may have to intervene to ensure that competition is maintained, there is a sense throughout this paper that government should remove itself from
being a provider of services, to become a manager of competitive markets for those services, with the use of a “light touch” (Harper et al. 2015, p.24). In some ways, this reflects a neoclassical approach which does emphasise the role of government as intervening to ensure that markets more closely resemble perfect competition (Tsoufidis and Tsaliki 2015), rather than the more overtly libertarian approach adopted by the Chicago School.

**Public interest**

Within the terms of reference of the National Competition Policy Review, then Federal Treasurer Joe Hockey (2013a) called on the review panel to determine how productivity and efficiency can be attained through “identifying and removing impediments to competition that are not in the long-term interest of consumers or the public interest”. The idea of exactly what the ‘public interest’ represents, is not explored in any significant detail throughout the Harper Review. It could be assumed that since the Harper Review (2015, p.32) advocates maintaining the current public interest test outlined in the National Competition Policy, that this reflects the idea of the ‘public interest’, as developed within Hilmer et al. (1993). According to Hilmer et al. (1993), determining whether or not anti-competitive regulations are in the public interest should be based on two grounds – whether market failures are present (considered as being a rare occurrence), or if community values – which are described in vague terms as immutable and constantly changing – are compromised by increased efficiencies. The implicit assumption here is that markets are not likely to fail. The reliance upon free markets is reflected in the contention throughout the Harper Review that competition does deliver choice, which can then provide consumers with beneficial outcomes. However as Harper et al (2015, p.27) contend, “For choice to deliver real benefits, consumers not only need proper access to information, but it must also be in the right form for them to assess it, and they must have the capacity to access it”. Should these conditions for information not be met, then presumably the capacity for consumers to benefit through choice offered by that competitive market would be fundamentally reduced. Yet as Stiglitz (1991, p.17) states, “imperfect information is pervasive throughout the economy”. Criticisms of the neoclassical model of perfect competition, and perfect information, are not exactly new, with Schumpeter and even Hayek among the critics of this model. However the Hilmer Review, and subsequently, the Harper Review, appear less likely to acknowledge the potential for market failure.

Referring to ‘community values’, Hilmer et al (1993, pp.88-89) describe that “there are some situations where competitive market conduct may achieve economic efficiency, but at the cost of other valued social objectives…In both categories, it is also important to recognise that there will usually be a host of policy instruments by which governments can pursue their particular economic or social objectives”. Presumably, these policy instruments are likely to include taxation and welfare, which suggests that Hilmer et al. (2013) were of the view that distribution was best achieved through these means, rather than through legal rules. As Harper et al. (2015) advocate the conception of the ‘public interest’ as outlined by Hilmer et al. (2013), it can be seen that these reviews appear to share a belief in the Kaldor-Hicks
criterion for efficiency, and therefore are of the view that the issues of efficiency and equity can be separated (Stiglitz 1991, pp.40-41).

Conclusion

This paper provides an analysis of the Harper Review, published in 2015 as a review into Australia’s competition policy. The overarching assumption of the Harper Review is that competition results in increased efficiencies, which delivers increased productivity. Bork’s conception of consumer welfare is particularly influential with regard to the Harper Review, which effectively equates efficiency or markets as having a direct relationship to the welfare of consumers. Importantly, the broad definition of what a consumer is, which Harper et al. (2015) extend to include those who rely upon human services, implies that the principles of competition can be extended to all areas of society. This claim that competition should be introduced into human services in particular is highly contentious. Positioning people as consumers of government services, and choice as an expression of power, neglects the power that people exert over publicly owned government services, that were (and in some cases, are) effectively controlled by the citizens that Harper et al (2015) refer to as consumers. Furthermore, the shallow depictions of what equity, fairness or ‘the public interest’, actually represent, effectively crowd out broader definitions of these values.
Chapter 7: ‘Who wouldn’t want more efficiency?’ Analysing the construction of efficiency as a ‘truth’ within policy discourse

This article was developed for the ECR/HDR workshop organised by the Sociology of Economic Life thematic group of The Australian Sociological Association (TASA), after my initial abstract submission was selected for inclusion. This workshop, ‘From economic rationalism to global neoliberalism’ was organised to celebrate 25 years since publication of ‘Economic Rationalism in Canberra’ by Michael Pusey. Michael Pusey was the discussant for this article, and I thank him for his support and suggestions. A revised version of my workshop paper was submitted for inclusion in a special edition of the Journal of Sociology, to reflect on the significance of ‘Economic Rationalism in Canberra’.

Citation:
**Contribution of article to thesis**

This article continues my critique of policy makers’ rhetoric around competition, markets and efficiency. In relation to the overall thesis, this article shows the weaknesses of the claimed benefits of these constructs, which have been used to justify the incursion of corporate power into previously restricted areas of society, such as wheat marketing.

This article develops my analysis of discourses around firms, competition, markets and consumers, and the relationships between these constructs. I analyse consumers’ living standards as policy makers’ claimed motivation for creating a ‘business friendly environment’. This notion is underpinned by the erroneous assumption that firms lack power in markets and policy making, which I address in this article and throughout this thesis.

As in Chapters 5 and 6, I show how policy makers seek to create a favourable environment which will encourage firms’ participation in Australian markets. As I argue in this paper, this has undermined the quality of life of many Australians, particularly those in the workforce who are precariously employed, unemployed or underemployed.
‘Who wouldn’t want more efficiency?’ Analysing the construction of efficiency as a ‘truth’ within policy discourses.

Abstract
The discourse of Australian public policy refers regularly to the concept of efficiency as though the meaning of this term is self-evident and shared by all stakeholders in the policy process. Efficiency is constructed as a primary objective of policy, as an ambition which is unequivocally ‘good’. This focuses discussion on what policy change is needed to maximise efficiency, rather than the more pertinent question, of ‘Why efficiency?’ This paper examines how efficiency is described and justified, in a collection of Australian policy documents produced in the past 25 years by government departments, agencies and inquiries, and by mainstream lobby groups and consulting firms. These policy documents portray efficiency as essential in raising consumers’ living standards. In turn, living standards are narrowed, centring on satisfaction of consumers’ wants through markets, by firms. I build on Pusey’s argument that efficiency injures, rather than improves, quality of life for many people. Measures in the interests of maximising efficiency, such as casualization, outsourcing and disaggregation of jobs, have contributed to an increasingly insecure existence for many, particularly those on society’s margins. As a result, I argue that rather than seeking to maximise efficiency for the betterment of society, efficiency is pursued in spite of society.

Introduction
Efficiency is a term that is used widely, in many different contexts, and often, with different meanings. Within policy discourses, policy proposals are often justified through appeals to how efficiency can be maximised. On occasions, the term ‘efficiency’ is used to conjure an association with its formal meanings in economic theory, without however specifying the precise economic meaning of the term; at other times ‘efficiency’ is used more vaguely, essentially as a synonym for ‘good’. Efficiency is often constructed as an ambition, which if achieved, might result in the betterment of some aspect of Australian society. At other times, efficiency is framed as a solution to a problem - in particular, the problems caused by government regulation. Yet there is very little elaboration of how efficiency is concretely understood. The question of why efficiency should be prioritised over other, competing, social goals, also receives scant attention. Significantly, while efficiency is often portrayed as providing benefits to ‘Australians’, there is little critical attention given to understanding which Australians might be better placed to benefit from efficiency gains.

This article was developed for the workshop ‘From Economic Rationalism to Global Neoliberalism’, organised by the Sociology of Economic Life thematic group of The Australian Sociological Association (TASA) to mark 25 years since publication of Michael Pusey’s Economic Rationalism in Canberra. In this article, I draw upon Pusey’s work, to understand how efficiency is constructed as a truth, and how this influences the relationship between the state and society. At the Roundtable, ‘25 Years since Michael Pusey’s Economic Rationalism in Canberra’ at the 2016 TASA conference, Michael Pusey (2016) defined
economic rationalism as “the doctrine that economies, markets and money can always, at least in principle, deliver better outcomes than states bureaucracies and the law”. According to Head (1988, p.466) this concept is founded on the assumptions that “market forces typically unleash growth, innovation and efficiency, whereas governmental regulations and expenditures typically impede growth, stifle productivity and entrepreneurship, and generate inefficiencies in both the private and public sectors”. As Pusey (1998a, p.133) contends, throughout the 1990s, the application of economic rationalism by government shifted from reducing government intervention and removing market barriers, towards “institutional transformation that will ‘make Australia competitive’”. Through examining policy discourses, I analyse the framing of efficiency as a key priority in achieving this goal, which is argued to lead to enhanced living standards for consumers. Perhaps most pertinently, I explore the potential implications for the people and values that do not fit this focus upon efficiency and consumers’ living standards.

This article critically analyses key policy documents produced in the 25 years since the publication of Economic Rationalism in Canberra. I analyse documents produced by Federal Government departments and politicians (Department of Prime Minister and Cabinet [DPMC] 2014; Howard 1995a, 1995b; Turnbull 2015; Morrison 2015; Australian Government 2013); Committees of Inquiry established by Government (Hilmer, Rayner and Taperell 1993; Harper, Anderson, McLuskey and O’Bryan 2015); Government authorities (Jobs for New South Wales [Jobs for NSW] 2016; Productivity Commission 2016, 2013, 2005a, 2005b, 2001; National Commission of Audit [NCOA] 2014; National Competition Council [NCC] 2009); lobby groups (Business Council of Australia 2014) and consultancy firms (McKinsey Australia 2014; McKinsey Global Institute 2012, 2011). I selected these documents for analysis as they share a common aim of seeking to develop or influence policy, emphasising the role of efficiency in “making Australia competitive” (Pusey 1998a, p.133). Furthermore, these documents have either been developed to directly influence policy, such as the case with the Harper et al. (2015) and Hilmer et al. (1993) reviews into Australian competition policy, to shape policy debates (McKinsey Australia 2014; Business Council of Australia 2014) or to shape the direction of Government (Howard 1995a, 1995b; Department of Prime Minister and Cabinet 2014). I examine these documents to determine how efficiency is described and justified within the context of policy discourses, which I contend frame efficiency as a truth, through the production and reproduction of these arguments as knowledge. In exploring these constructions, and drawing upon Pusey’s work, I suggest that efficiency is pursued by the state, through firms, despite the needs and values of society.

Creating a business friendly environment
In the 25 years since Economic Rationalism in Canberra was published, Australian Governments have continued to privatise government owned assets and authorities, such as Telecom (Telstra), Trans Australia Airlines (Qantas), and the Australian Wheat Board (AWB International). More recently, the Harper Review, initiated by the Abbott Government in 2013, advocated for the privatisation and marketisation of human services (Harper et al. 2015). Throughout this period, agricultural export markets such as wheat have been
deregulated, whereas government assistance for industries such as car manufacturing has shifted from supporting job protection, towards enabling workers to transition to new employment. Labour market deregulation has been implemented alongside these changes, such as the Howard Government’s Work Choices legislation, which sought to undermine workers’ capacity to organise collectively (Peetz and Pocock 2009). Policy makers have argued these changes are necessary to enhance Australia’s competitiveness, by promoting competition and efficiency, to stimulate productivity growth and economic growth.

However, multifactor productivity growth has remained low in Australia for over a decade (DPMC 2014; Productivity Commission 2016, 2013; NCOA 2014). Policy discourses cite inefficient resource use as the cause; specifically, high production costs such as wages and employee benefits (DPMC 2014; Productivity Commission 2016, 2013; NCOA 2014). To address stagnating productivity and economic growth, policy discourses claim the Australian Government must work to create a “business friendly environment” characterised by deregulated markets and lower corporate taxes (DPMC 2014, p.iii; Jobs for New South Wales 2016; NCOA 2014). Central to this logic, is the assumption that firms will respond to competition by increasing resource efficiency, and will return the gains of these efficiencies to consumers.

Measures which aim to attract firms to the Australian economy, such as the reduction in corporate taxes, are portrayed as essential mechanisms in boosting wages and job growth (DPMC 2014, p.xi). These changes are therefore argued to be in the interests of Australian society. Firms, with their greater capacity to maximise efficiency and responsiveness to markets, are framed as the actors which will raise Australia’s prosperity. Thus, policy discourses frame governments’ central purpose as creating a business friendly environment.

**What is efficiency, and why is it pursued?**

In this process of improving prosperity, efficiency is used as a central idea. However, what efficiency represents is often left unexplained. Policy discourses frequently cite efficiency as a primary policy ambition, though use this term vaguely, as if this were a general ambition to portray a sense of what policy should be achieving. The National Competition Policy Review, initiated by the Keating Government to investigate how a national policy could “develop an open, integrated domestic market for goods and services by removing unnecessary barriers to trade and competition”, provides a rare, and brief, outline of what efficiency represents (Hilmer et al. 1993, p.361).

Hilmer et al. (1993, p.4) outline three components of economic efficiency: technical or productive efficiency, allocative efficiency and dynamic efficiency. This article is particularly interested in the concept of allocative efficiency, which Hilmer et al. (1993, p.4) explain “is achieved where resources used to produce a set of goods or services are allocated to their highest valued uses”. Hilmer et al. (1993, p.4) claim that competition enhances allocative efficiency “because firms that can use particular resources more productively can afford to bid those resources away from firms that cannot achieve the same level of returns”. Hilmer et al. (1993) and Harper et al. (2015) draw a connection between firm size and efficiency,
favouring a regulatory environment that doesn’t unduly restrict firm size, in the interests of maximising efficiency.

Thus, allocative efficiency is achieved when the most efficient firms, presumed to be the largest in a market, are able to procure resources from inefficient firms, presumed to be the smallest, and use these resources to their productive potential (Harper et al. 2015; Hilmer et al. 1993). Policy discourses construct firms as being the key actors in raising efficiency. Regulation which impedes firms and their capacity to be efficient is therefore portrayed as a barrier to efficiency. These two constructions are important, as the State and firms are portrayed as sharing similar needs and goals, whereas regulation which may protect society’s interests, are constructed as an impediment to these ambitions. The aim of the state, being the maximisation of efficiency to enhance productivity growth and economic growth, is framed as being achievable through the actions of firms.

**Efficiency as a truth**

This article now explores how policy discourses foster efficiency as a truth by developing these ideas as common sense thinking, which is apolitical and normal. The construction of competition and efficiency as common sense is evident in the 2014 report of the National Commission of Audit (NCOA), ‘Towards Responsible Government’. The NCOA was convened by the Federal Government under the Prime Ministership of Tony Abbott, to assess and report on “efficiencies and savings to improve the effectiveness of, and value-for-money from, all Commonwealth expenditure” (NCOA 2014, p.252). In response, the NCOA (2014, p.5) “developed a set of common sense principles to guide its deliberations”. Included in this list, is Principle 9, which states that government should:

> Act in the public interest and recognise the benefits of markets. In competitive markets, customers, not producers, take precedence. Competition and contestability drive lower costs, improve quality and give people what they want (NCOA 2014, p.9).

The inference is that this is not necessarily an argument, but simply reality, and should be considered as such by governments when developing policy. The NCOA imply that alternate approaches to policy lack sound thinking, and do not share the public’s best interests. Policy discourses frame markets as normal, boring and apolitical (NCC 2009; Howard 1995b). As opposed to politically motivated State intervention, markets are portrayed as apolitical mechanisms which simply facilitate price discovery and help organise transactions efficiently. For example, in his speech to The Menzies Research Centre, titled ‘The Role of Government’, then Federal Opposition leader John Howard (1995b) stated that “Sound money, responsible budgets and efficient markets are nothing more than mechanisms to deliver rising living standards”. Similarly, the NCC (2009, p.33) portrays markets as mechanisms for communicating information, allocating resources efficiently, and rewarding merit. According to policy discourses, markets exist outside the sphere of government, as opaque mechanisms which cannot be easily understood. Therefore, governments should not undermine their efficiency by intervening.
Efficiency is framed as a politically neutral concept, of little interest to society. Federal opposition leader, John Howard (1995b) argued that while “it might be boring to many…any government interested in its country’s economic future and jobs for its people must get on with the task of improving its efficiency”. Howard intentionally frames this task as uninteresting, and yet implies that this what good government should aim for. Howard suggests there is no question that Australia’s economic future is directly related to the governments’ capacity to increase efficiency, nor is there need for public debate on validity of this relationship. This needs to be accepted, as the NCOA claim (2014, p.11).

The creation of winners and losers by competition is also normalised as being simply part of economic life (DPMC 2014; Turnbull 2015). Thus, individual firms and industries should not be protected. Rather, the competitive process deserves protection. As Malcolm Turnbull said in a radio interview with commentator Neil Mitchell following his accession to the role of Australian Prime Minister in 2015 (Turnbull 2015):

> Business is tough. Competition is tough. Once you start providing protections for one business after another you start putting up the price of products in Australia.

Policy discourses normalise this process as an integral aspect of efficiency maximisation. Firms (and industries) that fail are portrayed as inefficient, incapable of meeting the needs of consumers, and undermine aggregate efficiency and productivity. Interference in this normal process, it is claimed, substantially undermines the efficiency of markets (DPMC 2014; NCOA 2014).

Through these techniques, I suggest, the maximisation of efficiency becomes an inevitable response to conditions which are beyond the control of individual governments (Hilmer et al. 1993; Howard 1995b; NCOA 2014). The urgent need to remove regulation is stressed by numerous papers (McKinsey Australia 2014; DPMC 2014; Hilmer et al. 1993). Regulation is portrayed as burdensome ‘red-tape’. Policy documents claims that unless corporate tax cuts and reduced government expenditure are implemented, Australian society will inexorably decline (DPMC 2014, p.iii). As such, it is claimed that policy supporting firms also supports Australia’s prosperity and Australians’ well-being.

**Raising living standards**

Policy discourses contend efficiency gains resulting from competition between firms, will lead to increased living standards. This is not presented as an argument, but as a statement of fact (Hilmer et al. 1993; Harper et al. 2015; Productivity Commission 2016, 2005a; McKinsey Australia 2014; DPMC 2014, NCOA 2014). As then Prime Minister Tony Abbott (Australian Government 2013) stated when announcing the Review of Australia’s Competition Policy, increased “productivity and efficiency in markets” would “raise living standards for all Australians”. Statements such as this, common throughout policy discourses, suggest the relationship is so obvious, that explanation or grounding in evidence is unnecessary. Yet, Abbott and others do not acknowledge that focusing on efficiency of
markets and firms may undermine people who lose in the competition for increasingly scarce and insecure employment.

Competitive markets, policy discourses claim, maximise efficiency (Hilmer et al. 1993; Industries Assistance Commission 1988). Competition policy, therefore, aims to increase efficiency (Hilmer et al. 1993; Keating 1992). These arguments are premised on the assumption that firms will respond to competition by maximising efficiency, which is framed as the primary ambition of business (Hilmer et al. 1993; IAC 1988; Productivity Commission 2005a; Sims 2015). Moreover, it is assumed that firms respond to competition by seeking to maximise efficiencies, will then pass on subsequent cost savings to consumers (Hilmer et al. 1993; Harper et al. 2015; IAC 1988; Productivity Commission 2005a). Therefore, creating a business friendly environment is assumed to raise the productivity and efficiency of Australian markets and industries, but also to improve the experience of Australian consumers.

While firms are portrayed as being the vehicles through which efficiency is maximised, policy discourses downplay the potential for firms to exert power over markets, policy makers and citizens. Instead, it is claimed that consumers possess all the power in this relationship, which they exercise through market choices (Harper 2015). The benefits accruing to consumers from competition, efficiency and productivity, in turn, supposedly lead to increased living standards, which are conceptualised in terms of access to cheaper, more diverse and higher quality goods and services (Hilmer et al. 1993; Harper et al. 2015; Productivity Commission 2005a). Thus, expanding firms’ participation in Australian life, through privatisation and marketisation for example, is framed in policy discourses as essential in enhancing consumers’ living standards (Jobs for NSW 2016; Harper et al. 2015; NCOA 2014; DPMC 2014). However, as Pusey has argued, this instead necessitates a limited construction of living standards and of citizenry, and by focusing on improving efficiency to enhance consumers’ living standards, quality of life is undermined. As I suggest, this ignores firms’ power in markets and creates asymmetrical power relationships between firms and citizens, which can be witnessed in markets for goods and services, though also in labour markets.

Portraying citizens as consumers enables living standards to be constructed as materialistic, and measurable through knowledge produced and communicated by markets. Pusey critiqued this focus on markets as a means of enhancing consumers’ living standards, by citing the welfare economics concept of living standards as reflecting aggregate utility “measured in dollars by the market” (Pusey 1996, p.72). In this sense, markets create and measure living standards according to the knowledge which markets understand, such as consumer choices and prices (Pusey 1996, p.74). Thus, the notion of living standards, and the knowledge with which it is constructed and assessed, is not interchangeable with other concepts such as quality of life and well-being, as some policy documents suggest (NCOA 2014). Pusey (1996, p.72) highlights the dissimilarities between ‘living standards’ and ‘quality of life’, citing Robert Lane, who stated that:
The issue is that commodities themselves, and the income to purchase them, are only weakly related to the things that make people happy: autonomy, self-esteem, family felicity, tension-free leisure, friendships. This is the major defect of a want satisfying mechanism.

Pusey argues that this is also the case in Australia, where life priorities of people are only indirectly related to income or money, or consumables (Pusey 2003a, 2003b, 1996). This illustrates the disconnection between policy conceptualising living standards in terms of utility and what it is that people actually desire as part of a meaningful, fulfilling life. Yet policy discourses do not highlight the problems associated with this disjuncture. Policy makers construct living standards as a vague, yet desirable goal which can be achieved through greater efficiencies, as firms compete to satisfy consumer needs. This turns attention away from questions about what efficiency is, or what conception of ‘living standards’ should be enhanced, towards the narrowed question of what policy change is required to maximise efficiency. This focus on efficiency is pursued by Governments, which do not address the question of whether efficiency improves peoples’ capacity to enjoy fulfilling, meaningful lives.

Creating employment?

Associated with the concept of living standards, are the claims that increases in efficiency result in more jobs, higher wages and more income per capita (McKinsey Australia 2014; Productivity Commission 2005a; Hilmer 1993; BCA 2014). These contentions rest upon the assumption that aggregate increases in productivity, arising from efficiency gains, will benefit the general population (Productivity Commission 2016). According to this argument, successful firms will re-invest in their productive capacity, resulting in more employment.

The Abbott and Turnbull Governments corporate tax cuts are underpinned by these tenuous assumptions (DPMC 2014; NCOA 2014). This contradicts research suggesting human labour is typically the easiest resource for firms to shed in an effort to reduce costs and increase efficiency (Wilson and Ebert 2013; Buchanan 2004). As stated by McKinsey Australia (2014: 23):

Now, the faraway labourer – or intelligent machine – is available for hire and may be better endowed than the local labourer in skill or price or speed of work, or with the efficiency of organisation, or whatever is required to win the customer.

McKinsey Australia’s (2014, p.iv) research paper ‘Compete to prosper’ aims to provide a “clear sense of purpose and decisive action by policy makers, business leaders [and] research institutions” to develop Australia’s skills and resources. This paper is developed in conjunction with the BCA, which McKinsey Australia describes as its “thought partner”. McKinsey Australia (2014, p.23) explains the outsourcing of labour to international labour markets or automation as inevitable, claiming that employment growth must centre on ‘interaction jobs’:

Interaction jobs are characterised by higher levels of reasoning, judgement and the ability to manage non-routine tasks…People in these jobs must be collaborative, creative, and have strong problem solving skills.
McKinsey Australia (2014, p.24) contrast interaction jobs with production and transaction jobs. According to McKinsey Australia (2014, p.24), 34% of full-time employees are engaged in “movement intensive” production jobs, whereas transaction jobs, which are “rules-based, and can be scripted, routinised or automated”, comprise 19% of the economy. These categories of employment, McKinsey Australia argue, will inevitably decline as firms seek greater efficiencies to appeal to domestic consumers. Supporting industries which house transaction and production jobs is framed as an inefficient allocation of resources. McKinsey Australia (2014) claim that the inevitable fall in these employment fields should not be arrested. This is reflected in policy documents arguing governments should not ‘pick winners’ by supporting ‘inefficient’ industries (DPMC 2014; NCOA 2014).

Despite their estimations that production and transaction jobs comprise 53% of full time employees, McKinsey Australia argue that aggregate employment will not be seriously affected by the phasing out of these jobs (McKinsey Australia 2014, pp.23-24). This claim is highly contestable and also masks the question of whether employees in these categories will be able to transition to employment in ‘interaction jobs’, which may require a substantially different skillset, education and training (McKinsey Australia 2014, pp.23-24). Prioritising efficiency at the expense of transaction and production jobs, risks a scenario where large sections of the workforce compete for increasingly scarce employment, for which many may lack necessary attributes, skills and qualification. The opportunities for many people with limited education, in low-skilled employment, will become increasingly scarce in this scenario. However, policy discourses do not address the potential ramifications of efficiency, which may undermine the well-being of significant sections of the working population, who may become excluded from formal employment as competition for fewer jobs increases.

Parent company of McKinsey Australia, McKinsey Global Institute (2012, 2011), also highlight that highly skilled interaction jobs can be disaggregated. This involves identifying which parts of complex interactive jobs can be performed by lower cost workers, and outsourcing these tasks. As mentioned by McKinsey Global Institute (2011, p.47), “What can be disaggregated will be. And, often, what can be disaggregated can be outsourced and offshored”. This foreshadows a re-allocation of resources, as jobs are separated into tasks requiring varying levels of skills and employment. High skilled workers retain the tasks that require a high level of skill and knowledge. Tasks requiring lower skills are outsourced, either to offshore locations where labour costs are lower, or to lower-cost workers. As McKinsey Global Institute claim (2011, p.51), this process creates “An employment landscape of virtual workers and disaggregated jobs – with resources always available across an Internet connection – gives employers unprecedented flexibility to deploy labour more precisely. Often this means more use of part-time schedules or hiring only on a temporary or contingent basis”.

This picture reflects a workforce with increasingly tenuous employment, yet is presented as a positive environment which is conducive to efficiency maximisation. The Productivity Commission (2016) and Jobs for NSW (2016) each draw upon McKinsey Australia to endorse this approach. According to Jobs for NSW, a government-backed agency that is
partnered with McKinsey, “previously [firms] may have relied on one person to do a series of consecutive tasks, now they can unbundle those tasks and get them done from discrete suppliers, wherever they are” (2016, p.53). Consequently, as Jobs for NSW argue, it is up to people to build capabilities that firms require in modern economies, and integrate into a “flexible and dynamic labour market” (Jobs for NSW 2016, p.53). The responsibility for adapting to these changes is outsourced to people, as workers, whereas firms’ interests are supported by Governments, on the false premise that this will raise consumers’ living standards.

The unbundling, or disaggregation, of jobs reflects policy makers’ emphasis on allocative efficiency. Splintering individual jobs by outsourcing lower-skilled tasks from highly skilled jobs is intended to focus the resources of these employees on tasks which most contribute to maximising productivity. This may potentially create a hollowing out of these jobs, undermining employment in fields such as law, medical science and accounting. While this shift is claimed to result in increased employment, there is little evidence to support this claim. Rather, the loss of transaction and production jobs, coupled with the dismantling of higher skilled jobs, may create further unemployment and underemployment, enhancing the corrosive social consequences of these trends.

**Casualisation and underemployment: the side effects of efficiency**

The unbundling and disaggregation of jobs is an extension of the ongoing fragmentation of work, which has involved the “destruction of core workforces and their replacement with more contingent ones” (Wilson and Ebert 2013, p.266). As Buchanan (2004, p.20) argues, this creates “a regime which fits many workers into the needs of production and service provision by offering only very limited choices to workers”. Thus, rather than creating freedom and choice for workers, the experience is the opposite.

Economically rationalist policies have created a workforce in which a growing number experience a precarious existence, characterised by unemployment, casualization and underemployment (Watts 2016; Healy 2016; Beer et al. 2016; Benach et al. 2014; Campbell 2008; Western 2007). Full time work has declined and increasingly, people are employed in part-time and casual work. (Healy 2016; Beer et al. 2013; Wilson and Ebert 2013; Western et al. 2007; Buchanan 2004). Lower skill, low income employment fields and areas previously characterised by a strong union presence have been most affected (Buchanan 2004; Beer et al. 2016; Healy 2016). Disaggregating jobs in the interests of increasing allocative efficiency is likely to exacerbate this process.

The increasingly precarious nature of work is directly related to housing and family instability (Beer et al. 2016; Healy 2016; Wilson and Ebert 2013; Campbell et al. 2013), and contributes to mental health problems such as stress, reduced self-esteem and social recognition, dissatisfaction, anxiety and depression (Blustein et al. 2016; Wilson and Ebert 2013; Benach et al. 2014). Disconnection from ongoing employment and stable working environments also contributes to social exclusion, as people lose social connections developed in the work place (Blustein et al. 2016; Benach et al. 2014; Wilson and Ebert
In addition to policies curbing workers’ rights, fragmentation and casualisation of the work force has diminished workers’ voice, and undermined conditions and access to entitlements (Wilson and Ebert 2013; Campbell 2008). Subsequently, managerial control over work has increased (Wilson and Ebert 2013).

Whereas Governments claim to focus on enabling people to develop their capabilities and employability, the increasingly precarious nature of work has most affected already marginal groups, such as single parents, young people, and people with limited skills and education (Beer et al. 2016; Healy 2016). As mentioned by Healy (2016, p.318), some low-skilled groups face “entrenched problems of workforce exclusion”. Policy discourses frame the disaggregation and fragmentation of work as essential in increasing the flexibility and dynamism of the work force, thereby increasing multifactor productivity and allocative efficiency. However, the increasingly precarious nature of work is causing significant societal problems, particularly for marginal communities. Furthermore, the welfare provisions to support people who have become disenfranchised through this process have been continuously eroded by Australian Governments since the 1980s (Watts 2016).

Welfare as a cost to efficiency

In the years following the Second World War, welfare had been developed as a safety net to support people in such a situation, emphasising respect and dignity as basic human rights to be protected (Watts 2016). In recent decades, this approach has shifted, as policies have increasingly sought to stigmatise, control and blame welfare recipients, whose rights as citizens have been eroded (Watts 2016). Welfare has been constructed as a cost to the taxpayer, which Governments must seek to minimise (Department of Social Services 2015; NCOA 2014; Porter 2016). For example, Minister for Social Services, Christian Porter (Porter 2016) cited a study by PriceWaterhouseCoopers which projected the lifetime welfare costs of Australia’s present generation to be A$4.8 trillion. This is framed as a significant source of inefficiency, in terms of the costs imposed on government, and also in terms of labour resources which are not being put to productive use (Porter 2016). As a result, Porter (2016) argued that the reliance of young carers, students and young parents on welfare needed to be addressed, by placing “fair and firm obligations on capable individuals to assume greater responsibility for their own lives”.

Policy makers have taken an increasingly punitive approach to welfare recipients. In announcing policies to reduce the perceived manipulation of the welfare system by people “who have little desire to work”, government Ministers Michaelia Cash, Christian Porter and Alan Tudge announced drug testing of job seekers and welfare quarantining, substantially increased activity requirements (from 30 hours per fortnight to 50 hours per fortnight) and cancellation of payments for not complying with these requirements (Cash, Tudge and Porter 2017; Department of Social Services 2017). I suggest the stigmatisation of welfare recipients is intended to construct welfare as burden on society, measurable in terms of budget costs, rather than a societal obligation to support those in difficulty. This deflects attention from the structural causes of unemployment and underemployment, which I argue in this article are created by the continued emphasis on maximising Australia’s overall productivity through a
focus on efficiency. While work is increasingly tenuous and insecure, the safety net for those who lose decent employment is continually being reduced. In the context of diminishing workers’ representation, this creates a substantially weakened work force, which experiences increasingly asymmetrical power relations with employers.

Externalising Society
Michael Pusey argued in his 2003 presentation to the Australian Senate entitled ‘An Australian Story: the troubling experience of economic reform’, policy development according to the neoliberal tenets of competition, efficiency and productivity has undermined the well-being of middle Australians (Pusey 2003a). According to Pusey, middle Australians experienced increasingly scarce employment, felt that corporations held too much power, income distribution was unfair and that families experienced a reduced quality of life (Pusey 2003a; Pusey 2003b). And yet, as this article suggests, governments have continuously claimed that creating and a business friendly environment through corporate tax cuts, a deregulated labour market will lead to the betterment of peoples’ lives through increased jobs and economic growth, which is claimed to benefit all of Australian society. As Pusey (2016) suggested in the Roundtable ‘25 Years since Michael Pusey’s Economic Rationalism in Canberra’ at the 2016 conference of The Australian Sociological Association:

The whole society slowly comes to be seen as a break on the market, or worse a generic externality and a stubbornly resisting sludge through which we must drive the economy. All policy reduces to economic policy.

This process externalises society, as Pusey has argued. Policy discourses construct efficiency as being in society’s interests. Yet this construction is founded on a series of tenuous claims and assumptions. In borrowing Pusey’s idea of society as an externality of the market, I suggest it is worth thinking about this concept with regard to the notion of efficiency and its construction as a key policy objective. Efficiency is claimed to enhance the productive use of resources. This logic, I suggest, is applied to people and society. Policy makers rationalise society as a collection of resources. Policy is developed to maximise the productive use of these resources. Policy makers use the concept of allocative efficiency to facilitate the transfer of resources to their highest valued use, with value narrowly defined in terms of productivity. If employees are resources, then application of this idea could result in a shift from the supposedly least productive, to the most productive employees. Furthermore, the roles performed by the most productive employees are stripped back to focus just on their most productive uses. Therefore, the most productive employees perform only those tasks which allow them to maximise their own productivity.

This creates a number of externalities. First, not all employees and people seeking employment will have the capacity to develop skills and knowledge required by jobs requiring a high level of skill and education. This potentially excludes large section of the work force from formal employment. Second, the disaggregation of interaction jobs may also undermine this group of employees, through reducing their tasks and responsibilities, and potentially, their claim to ongoing, full time employment. Secure, ongoing employment, which suits people with a range of skills, competencies, education and experience, and
provides employees with a supportive workplace is treated as anachronistic and as having little value. The loss of secure employment is constructed as an unfortunate, though necessary, consequence of markets and efficiency.

Whereas efficiency is framed as being the central policy ambition which improves living standards, equity is constructed as a cost which undermines efficiency. Equity becomes a problem to be addressed, rather than a goal to be achieved. Equity-enhancing mechanisms of government intervention to create or protect jobs, and welfare, are constructed as antithetical to the efficiency of the nation as a whole (NCOA 2014). Labour is reconstructed as necessarily flexible, tenuous and easily re-allocated to meet firms’ changing needs. Problems of unemployment and underemployment are framed as individual problems, rather than societal problems. Coupled with policies designed to curb the power of unions, this has contributing to an increasingly insecure, fragmented and disempowered workforce, which lacks an adequate safety net in the instance of unemployment.

Thus, in the interests of creating a business friendly environment, secure and stable employment has been replaced with flexibility and tenuousness, contributing to a precarious society characterised by increasing housing instability, mental illness and social exclusion. Policy makers overlook the inefficiencies created through these problems. The quality of life, rights and dignity of people who are externalised in this process are clearly undermined.

**Conclusion**

This article has highlighted the discursive construction of efficiency as a truth. Corporations are central to this truth. It is presumed that they are efficiency maximising organisations, which do not exert power and return the gains from their efficiencies to citizens, who are cast consumers. This process is claimed to increase living standards. Framing efficiency as a truth – either as a means through which the ideal of enhanced living standards can be achieved, or as a necessary policy response to stagnating economic growth and job losses - has led to a narrowing of the policy debate within Australia. Central policy questions become focused on how to increase efficiency, without pausing to consider if this is a sensible approach.

Efficiency is justified on the basis that this raises living standards. However, in this paper, I draw upon Pusey’s work to contend that this focus instead externalises society and diminishes quality of life for many. Despite this, efficiency is constructed as the main policy ambition. Equity is marginalised. Thus, other objectives and values which society and its citizens hold, such as meaningful, secure employment, are constructed as secondary and even antagonistic, towards this goal. It could be argued that rather than seeking to maximise efficiency for the betterment of society, that efficiency is pursued *in spite of* society.

This then raises the question of who this approach is intended to benefit. This is difficult to address with certainty. However, I draw upon the rationalisation of work, and employees, inherent within policy discourses, to construct a picture of employment that allows corporations to “deploy labour more precisely” (McKinsey Global Institute 2011, p.51). It is argued that this is to help assist the workforce to meet the requirements of corporations.
However, this places corporate needs above the needs of society. In that sense, society and its citizens are reconstructed to best meet corporate needs, which are of a workforce that is remote and flexible, and where jobs are rationalised as tasks, which can be distributed to the lowest cost employees. This is claimed to be a picture of efficiency, yet it is one where employees’ rights, security, stability and social ties are fundamentally undermined. Thus, I suggest that the state aims to create an efficient environment, to support corporations as central actors in the process of enhancing efficiency, despite the needs and values of its citizens.

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Chapter 8: Responding to the productivist paradigm: Experiences of farmers in Victoria’s western Wimmera

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This article begins to explore concepts such as allocative efficiency and resource re-allocation (analysed in Chapters 5, 6 and 7) in relation to agricultural policy. As in Chapters 5 and 6 in particular, I show how policy makers’ construct the ideal industry structure as that which maximises allocative efficiency. This leads to the concept of productivism and its relation to structural adjustment. Structural adjustment, through the re-allocation of farm resources (i.e. farmer exits), is portrayed as a positive and necessary means for increasing productive resource use.

Farming is conceptualised in mechanistic terms, as comprised of movable and replaceable parts. I develop this analysis in Chapters 9, 10 and 11 to show how this reductionist approach has been used to narrow farming value to economic performance, by decontextualizing farmers from their relationship to land, families and communities.
Responding to the Productivist Paradigm: Experiences of farmers in Victoria’s western Wimmera

Productivity growth is framed as essential for the success of Australian farmers (Australian Government 2015; Rural Industries Research and Development Corporation [RIRDC] 2007). I contend that this idea is presented within policy discourses as a statement of fact, yet is one that has been carefully constructed since the late 1960s and early 1970s. In 1971, the Committee for Economic Development in Australia (CEDA) published ‘Productivity’. This collection of works by prominent Australian agricultural economists argued that agricultural policy must aim to increase the productivity of Australian industries. As stated in the foreword by CEDA chairman AC Gray (Gray 1971, p.ii), “the plight of our rural industries is such that attempts to boost productivity are vital to the sectors long term survival”. Critically, in his essay ‘The Government, the economy, and productivity’, Nevile (1971, p.3) claimed that “government policies must be such as will lead to productive resources being used in those ways which are the most efficient from the point of view of the economy as a whole”. This is an important statement. In focusing upon the efficient use of resources, Nevile (1971) adopts a mechanistic view of agriculture. If farmers enter this picture, it is as managers of these resources. This approach contends that agricultural policy should view farms as a collection of resources, from which the challenge is to extract maximum productivity. Farmers are then defined by their capacity to be efficient, and to contribute to this broader ambition. This re-construction of the farmer is critically important to the overall picture of agricultural deregulation.

In more recent times, productivity, and productivism, has become so entrenched within policy discourses that it is simply referred to as ‘smart’ farming. According to the 2015 Agricultural Competitiveness White Paper, published by the Australian Government, “the future success of Australian agriculture depends on smarter farming practices” (2015, p.95). Smarter farming practices, in this context, are portrayed as those which seek to enhance productivity (Commonwealth of Australia 2015). This emphasis on the continued increase in productivity has been the focus of Australian policy for close to five decades, with policy developed to support the ‘smarter’, most productive farmers, and encourage the exit of ‘unviable’ farmers from the industry (Commonwealth of Australia 2015; Malcolm, Davidson & Vandenber 2000; Productivity Commission 1996; Burdon 1993; Gray, Oss-Emer & Sheng 2014; Productivity Commission 2005b; Higgins 2001b).

The shift towards an emphasis on productivity, and away from governmental support for farmers, has contributed to a decline in farming populations and an increase in the average size of farm properties within Australia (RIRDC 2007; Sheng, Zhao & Nossal 2011; Knopke, Strappazzon & Mullen 1995; Argent 2002; Hooper, Martin, Love & Fisher 2002). The concentration of farming businesses, into fewer, though larger properties, is clear. This process of “adjustment” is framed by Malcolm, Makeham and Wright (2005, p.61) as an inevitability, which is “actively” assisted by “governments of all persuasions”.
**Productivism**

Agricultural productivity is described by Nossal and Gooday (2009, p.4) as reflecting “changes in the efficiency of converting inputs into outputs”, and is pursued as a policy objective under the assumption that this will lead to increased living standards (Nossal & Gooday 2009). Productivism, as an approach to farming which aims to maximise productivity growth, is argued to result from the expanded use of technology, increases in farm size and scale and through the re-allocation of resources to more efficient farm managers (Nossal et al. 2009; Knopke, O’Donnell & Shepherd 2000; RIRDC 2007; Gray et al. 2014; Productivity Commission 2005b; Lawrence et al. 2013; Dibden, Potter & Cocklin 2009). The increased use of technology is cited by many as being a key driver of increases in productivity growth (Nossal et al. 2009; Knopke et al. 2000; RIRDC 2007; Nossal & Gooday 2009). This includes the development and application of new herbicides, use of fertilisers, improvements in plant breeding, pest and weed control and enhancements in machinery size and capability (Knopke et al. 2000). Maximising the capacity of these technological advancements is related to scale of farming operations (RIRDC 2007; Nossal & Gooday 2009). According to the RIRDC (2007, p.4), this could lead to increased consolidation of farm businesses, as “small farmers that are unable to employ the new technology cost effectively may lose their ability to compete”. Furthermore, economies of scale, achieved through increases in size, are also cited as an important driver of productivity growth (Nossal & Gooday 2009; Knopke et al. 2000; Malcolm et al. 2000). The relationship between productivism and expansion was established by LeCounteur (1971, p.10), who claimed that “A fundamental problem is that the pure subsistence farmer has limited resources with which he can produce alternative commodities with a direct consumer demand, and lacks the financial capacity to expand his area of grazing or farming activity”. This portrays expansion of farming size as essential, while claiming that this is achievable through intensive farm practices.

Structural adjustment, as a means of increasing agricultural productivity (Nossal & Gooday 2009; Gray et al. 2014), is associated with the concept of allocative efficiency, outlined by Hilmer, Rayner & Tapparell (1993, p.4) as being maximised when “resources used to produce a set of goods or services are allocated to their highest valued uses”. In relation to agriculture, allocative efficiency is increased when resources are managed by the most efficient, most productive farm managers (Gray et al. 2014). Resultantly, it is argued that productivity increases with the exit of least efficient, least productive farmers from the industry (Nossal & Gooday 2009; Gray et al. 2014). Fundamentally, this approach to policy is made possible by constructing farmers as resource managers, by viewing farms as ‘the community’s resources’, and by focusing policy upon the maximisation of the productive use of farm resources.

This emphasis compels farmers to try to maximise their productivity through technology use and increases in size, or face an uncertain future in farming. As stated by Gray & Lawrence (2001, p.42) this can lead to farmers becoming “trapped in cycles of increasing productivity for diminishing returns”. Furthermore, this is associated with increased specialisation, with farmers focusing on the most productive land uses available, and environment damage (McKenzie 2014; Lawrence et al. 2013; Dibden, Potter & Cocklin 2009; Pritchard, Burch &
Lawrence 2007; Gray & Lawrence 2001). In a policy context which has “encouraged the growth of productivist farming” (Lawrence et al. 2013, p.31), it is unclear whether farmers themselves feel capable of adopting alternative approaches to agriculture.

**Conclusion**

Through developing policy which aims to maximise industry efficiency and productivity and, through encouraging intensive farming methods, farm expansion and structural adjustment, policy discourses apply a reductionist, mechanistic approach to agriculture. I contend that this is an essential aspect of agricultural deregulation. Further research is required to understand how the re-construction of the farmer, and of farming, has made deregulation of agricultural industries possible.
Section 3: Making society governable: The case of Australian wheat export market deregulation
Chapter 9: Creating resilience or private sector dependence? Shifting constructions of the farmer in Australian policy discourses

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This article is the first of three which analyses how the reality of markets (which I highlight in the previous section) is made governable. Thus, I argue that through constructing a reality of markets, firms and consumers, and then governing this reality through technologies and agency and performance, policy makers have made deregulation of the wheat export market appear as a logical, common sense governance decision.

In this article, I analyse reconstructions of farming identity, through technologies of agency, to coerce farmers into meeting governing regimes’ policy objectives. I draw upon the examples of Structural Adjustment Policy (1988 and 1992), the Agriculture – Advancing Australia policy package and the Agricultural Competitiveness White Paper. The White Paper outlines the Commonwealth Governments’ plan to attract private investment to agriculture. Farmers, it contends, must reconstruct their farms to attract investment. This is framed as a critical aspect of modern farming. However, I suggest that this (in the context of agricultural policy change in the past three decades), completes a transition from State responsibility for farming, towards the individual, and then towards private sector dependence. Through the genealogical approach used in this article, I am able to trace this shift and highlight the subtle constructions of farming identity as a means of facilitating the emergence of corporate power in agriculture.

In Chapter 10, I develop this analysis, which I use to show how wheat export market deregulation was made possible.
Creating resilience or private sector dependence? Shifting constructions of the farmer in Australian policy discourses

Abstract

The Australian Government’s Agricultural Competitiveness White Paper aims to create a profitable and resilient Australian agriculture sector. In doing so, the White Paper emphasises farmers’ individual responses to the structural problems which have undermined farmers’ profitability, such as consolidated commodities markets. In particular, the White Paper recommends that farmers shape their farming practice to make their farms more attractive to private investors. This is presented as a normal response to farm profitability concerns. Farms are portrayed as investment targets and securing investment is framed as an essential skill of the modern farmer. To understand how this discursive construction has been made possible, this article develops a genealogical analysis of changing constructions of farmers, farming and of the role of the State. This research reveals the subtle discursive shifts which have helped shift responsibility for farming, from the State, to the self-reliant individual, and most recently, towards the private sector. Whereas the construct of the self-reliant, independent farmer has been used to facilitate deregulation of agricultural industries, this recent shift in power towards the private sector may potentially undermine farmers’ autonomy and increase dependence on private sector investment.

Introduction

The Australian Government released its Agricultural Competitiveness White Paper (White Paper) in 2015, intending to provide a blueprint for the long-term profitability, resilience and sustainability of Australian farming. The Australian Government describe this plan as a “$4 billion investment in farmers” (Commonwealth of Australia 2015, p.ii). This document emphasises the need for an “open and competitive business environment”, which is claimed to support farmers by maximising their returns (Commonwealth of Australia 2015, p.1). This document emphasises the individual actions required by farmers to improve their financial prospects. Among the stated government initiatives, mostly focused on reducing regulation, or red and green tape, which the Government argues will “reduce unnecessary barriers to productivity and profitability”, is the recommendation that farmers construct their farms as investable targets for private capital (Commonwealth of Australia 2015, p.2). Attracting investment is portrayed as an essential aspect of modern farming and according to this document, will help to stimulate growth in the agricultural sector following the end of the mining construction boom, which had underpinned Australia’s prosperity throughout the past decade. This need for farmers to attract private investment is normalised by this document, though as I suggest in this article, this potentially undermines the autonomy of farmers, and further reconceptualises the role of farming within Australian society, and farmers’ relationship to their land.

The Agricultural Competitiveness White Paper continues the emphasis of Australian policy discourses on individualism, competition and efficiency, through its emphasis on private
investment and farms as investment targets is a recent and, relatively unexplored discursive shift. Thus, the presentation of this idea as a central part of farming, and as a normal and logical response to farm profitability concerns, requires some attention. This article is therefore concerned with analysing how this idea came to be normalised in this manner, and in exploring the potential ramifications of this shift. In doing so, I conduct a genealogical analysis, which explores this present construction and how it was made possible, by examining discursive constructions of the 1980s, 1990s and 2000s, which facilitated the neoliberalisation of Australian agriculture, particularly, the construction of farmers as rational, calculating individuals, and of farming as reducible, calculable and administrable. This article makes visible the small discursive shifts which have occurred, and how this has shaped constructions of farmers and farming which are driving Australian agricultural policy. Through conducting this analysis, this article identifies the subtle shift in responsibility for farming, away from the State-centred policies of the early 1980s, towards the responsibilisation of farmers and the individualisation of risk, and finally, the shift in responsibility towards private sector investors which, ironically, could undermine the individual autonomy of farmers.

**Governmentality**

This article draws upon the Foucauldian notion of governmentality to understand the neoliberalisation of Australian agriculture and the changing roles for the State, farmers and farming within this context. Since the early 1970s, Australian agricultural policy has shifted from an emphasis on collectivist values, towards market based approaches which exposed individual farmers to global markets. The economic rationalism of the 1980s, defined by Head (1988, p.466) as premised on the belief that “market forces typically unleash growth, innovation and efficiency”, was embraced by Australian policy makers (Pusey 1991). Successive Australian Governments dismantled statutory marketing arrangements, privatised government assets and authorities and abolished Government assistance for farmers. These changes had significant ramifications for farmers and rural communities (O’Keeffe and Neave 2017; Kuehne 2012; Smith and Pritchard 2012; Lockie and Bourke 2001; Pritchard 2000; Tonts and Jones 1997). Farmer exits increased, causing a steep decline in rural populations. This undermined social capital and the viability of many rural communities (Baker 2016; Alston 2012; Talbot and Walker 2007; McKenzie 1994). Escalating mental illness within farming populations is a further consequence of this restructuring, with rates of depression, anxiety and suicide rising as many farmers struggled to cope with the rapidly changing policy environment (Bryant and Garnham 2014; Caldwell, Dear and Jorm 2004).

Throughout the 1990s, the policy direction shifted from rolling back Government support, towards the development of policy which claimed to give control back to regional communities (Tonts and Haslam-McKenzie 2005; Higgins 2002a). In this instance, policy is presented under the guise of empowering communities and individuals, though within tightly controlled frameworks which govern action by creating acceptable behaviours, norms and expectations (Herbert-Cheshire and Higgins 2004; Higgins and Lockie 2002). For some, this represents a second wave of neoliberalism, resembling a program of re-regulation, or “roll-
out neoliberalism” (Dibden, Potter and Cocklin 2009; Lockie and Higgins 2007; Higgins 2002b; Peck and Tickell 2002). In building upon the governmentality critique of neoliberalism developed by Foucault, Rose (1996, p.328) contends that neoliberalism has come to resemble “a range of rationalities and techniques that seek to govern without governing society, to govern through regulated choices made by discrete and autonomous actors”. These techniques, operationalised by neoliberalism, are referred to by Rose (1993, pp.294-295) as including “monetarisation, marketisation, enhancement of the powers of the consumer, financial accountability and audit”. The relative subtlety of roll-out neoliberalism contrasts with the shock of economic rationalism. Whereas the focus of economic rationalism is on the State’s rapidly retreat from its previously social-welfarist approach, advanced liberal rationalities are centred on governing the minute actions of individuals ‘at a distance’, shaping their behaviours in discreet, almost unrecognisable ways (Miller and Rose 2008; Rose, O’Malley and Valverde 2006; Argent 2005).

The individual is integral to advanced liberal rationalities of governing, which focus on achieving economic growth through prioritising the capacity of individual actors to make choices (Higgins and Lockie 2002; Jessop 2002; Rose 1993). Jessop (2002, p.2) contends that from this perspective, the apparent freedom of “rational actors” to make decisions is governed by established norms and expectations which delimit the scope of acceptable choices. Thus, the freedom to choose is restricted to those choices which are deemed to be acceptable according to these norms and expectations. In exchange for the freedom to choose, the individual accepts full responsibility, and full penalty, for these decisions (Cheshire and Lawrence 2005). In this instance, a responsible, moral individual is one that assesses the risks, costs and benefits of their choices, prosecutes entrepreneurial decisions and minimises risks to themselves and others (Lemke 2000). In this sense, the moral choice is also the economically-rational choice. If individuals bear the risks that are associated with their own personal decisions, and citizenship is reflected in the ability of those individuals to act “in an entrepreneurial manner’, then “it is possible to govern without governing society” (Rose 1993, p.298). Governing, in this sense, could be understood as the “conduct of conduct”, where it is the “regulated and accountable choices of autonomous agents” that are governed (Rose 1993, p. 298). Furthermore, authority is transferred from the political domain to the market. Thus, it is the authority of the market –which itself is governed by neoliberal constructs of competition, efficiency and the consumer – that individuals respond to and understand.

**Technologies of agency**

Advanced liberalism requires individuals have the capacity to make rational, moral and entrepreneurial choices. This leads to the construction of self-governing individuals, who accept responsibility, and act rationally (Gill 2011; Pritchard and Tonts 2011; Cheshire and Lawrence 2005; Halpin and Guilfoyle 2004; Herbert-Cheshire 2000; Larner 2000). Dean (1999, p. 167-169) argues this is made possible through the implementation of political technologies, such as technologies of agency and performance. These technologies shape
conduct by encouraging people to accept responsibility and become self-reliant through building and exercising agency (Herbert-Cheshire 2000; Larner 2000). Such techniques include training and skill development, providing individuals opportunities to become active citizens (Herbert-Cheshire and Higgins 2004; Larner 2000; Rose 1996). While this shift towards active citizenry is promoted through discourse under the veil of self-reliance and individual freedom, technologies of agency aim to encourage behaviours and attitudes according with policy ambitions (Pritchard and Tonts 2011). At the surface, this approach may claim to divest power from the state to the individual, yet the state retains power as an enabler (McKee 2008). The free, individual action of individuals is encouraged, yet this is a heavily structured freedom. In Australian agriculture, where it is commonly believed that government assistance was withdrawn in the deregulation of the sector, Higgins contends that rather, assistance “was targeted in new ways to foster an ‘active’ and economically ‘rational’ approach by farmers to their practice” (2001a, p.324). Farmers, in turn, were encouraged to reflect upon their attitudes and practice to change their conduct to accord with this approach to farming, and to develop their capabilities as active, responsible and entrepreneurial agents (Higgins 2001a; 2002a; 2005).

The discursive construction of farmers, farming and agriculture as “knowable, calculable and administerable”, is integral to this shift (Miller and Rose 1990, p. 5). Discourse is important in producing knowledge, and in changing and defining what can be constituted as knowledge (Jacobs 2006; Higgins 2001b; Liepins and Bradshaw 1999). This leads to the development of truths, or ‘regimes of truth’, which define how problems can be identified, interpreted and responded to (Dittmer 2010; Atkinson 1999; Rose 1993). Within agriculture, truths - such as the need to increase productivity and efficiency - are constructed and normalised, though have different meanings for different actors (Herbert-Cheshire and Higgins 2004, pp.294-295). For farmers, this reflects the need to increase productivity, through means that are prescribed and supported by the state, such as increasing technology use and economies of scale. For the State, this includes facilitation of structural adjustment. This renders agriculture as something that can be reduced to the question of calculation, or, the question of what industry structure can maximise productivity. In turn, farmers are judged as viable or unviable, based on their capacity to achieve productivity gains (Higgins 2001b). Responsibility, in this instance, is framed in terms of farmers’ ability to develop skills and capacity to implement productivity enhancing measures. Since the 1970s, the State has carefully shifted the focus of its responsibility, from supporting farmers to remain on the land through policies providing various means of assistance, towards creating a policy environment which prioritises values such as productivity and efficiency, and facilitates and encourages farmers’ entrepreneurialism and self-reliance. This article uses a genealogical analysis to make this shift visible. However, beyond this devolution of individual responsibility and risk towards individual farmers, I suggest that a further process is underway in Australia, which is shifting responsibility for farming towards private sector interests. As I argue, this has the potential to substantially undermine farmers’ autonomy, and transfer industry ownership and power towards financial investors. By drawing upon the discursive formations of the 1980s, 1990s and 2000s, this article analyses the process by which this transference of power to the private sector was made possible.
Genealogy

This article examines the discursive constructions which made the shift towards private ownership of farming appear normal, desirable, and in farmers’ best interests. To understand this change, we need to analyse the minute discursive shifts which shaped individual actors, policy values and perceived responsibilities of the State towards farming. Thus, to answer the question of how deregulation was made possible, I have sought to construct a genealogy of farming which captures these subtle shifts. In doing so, this research traces the discursive construction of truths, such as the good farmer, and the notion of farming as reducible to measures of efficiency and productivity, and therefore calculable and administerable. These truths are presented by discourses as neutral and normal. As with Higgins (2002a, p.5), my use of genealogy is intended to investigate how these truths came to be established and, to challenge the basis of these truths.

Furthermore, through this analysis I want to understand how the discursive shifts that occurred throughout the 1980s, 1990s and 2000s, have contributed to the apparently normal and logical suggestion within the Australian Governments’ Agricultural Competitiveness White Paper, that farmers must construct their farms as targets for private investors. Thus, my genealogical research is intended to “present a history of the present”, by analysing how this recent policy direction can be understood in relation to previous discursive constructions of the individual and the role of the State (Kuchler and Linner 2012, p.582).

This article therefore traces how constructions of farmers and farming have been developed over the past 30 years, and how these changing constructions have influenced the present shift towards private investment in farming. Furthermore, tracing the changing conceptions of the States’ responsibility towards farming is essential in understanding this shift. At the surface, it appears that the policy changes over the last 30 years have shifted responsibility for farming from the State towards the private sector. This article therefore constructs a genealogy of farming to analyse how this was made to appear as a logical, normal and sensible solution to farm profitability.

Method

This paper draws upon a wide range of policy documents, published between 1986 and 2016. These documents contribute to, and are shaped by, policy discourses around farming and farmer identity. I sourced these documents from the State Library of Victoria collections, the Public Record Office (PROV) and Victoria, and online. Policy Documents sourced from the State Library of Victoria were located through the online catalogue, using combinations of basic search terms such as “agriculture”, “rural”, “policy”, and through identifying collections from authors such as the Rural Industries Research Development Corporation and Government of Victoria. I included policy documents from the PROV within the Grain Elevators Board Agency VA 1057 record ‘Historical Information and Reference Collection’.
These documents, listed in Table 1, each aim to contribute to agricultural and rural policy debates and policy development. In examining this collection, I analysed how farmers are represented in policy discourses, and how these representations have shifted between 1986 and 2016.

Specifically, I analysed these changing representations by looking at how the documents characterise farmers – their needs, values, ambitions and expectations of agricultural and rural policy. In particular, I drew upon publications by the Australian Government and Government authorities in piecing together these representations, by investigating how these documents understood farmers and their interests and, how this changed over time.

Furthermore, in analysing Acts of Federal Parliament and policy statements in conjunction with these documents, I identified the behaviours, values and attitudes that Federal Government encouraged and rewarded. This helped me to develop a picture of the ‘good farmer’ and its representation in policy. Mainstream newspapers were important sources in this regard, as these documents contained both public comments from politicians adding to these representations and editorial statements articulating what the publication considered growers should want, or how they should respond to events.

In addition, I studied these documents to establish Government priorities and its perceived role in relation to farming. This is often unclear at first glance. For example, documents such as the Agricultural Competitiveness White Paper claim to be developed to support farmers’ interests. Through analysing this claim in greater detail, against the discursive constructions of farmers and farming over the past 30 years, this article is able to examine what this means, and how this claim relates to broader government priorities such as increasing the efficient use of the nations’ resources, for example. Through examining discursive representations of farmers, and Governments’ perceptions of its own role in relation to farming, this article
analyses this changing relationship. Specifically, this article uses this approach to examine how responsibility for Australian agriculture has shifted from the State, towards farmers, and potentially, towards private investment.

My analysis explores how policy shifts are facilitated by differing constructions of farming identity, and how policy discourses seek to govern the behaviour, attitudes and practice of farmers. The presentation of this analysis is chronological, to the extent that I track shifts in farmer identity and the role of government over a period of time, though to understand these shifts, my analysis first required me to view these documents as an entire collection. In presenting this analysis, I have not cited individual documents for every claim. Rather, I make claims on behalf of this collection of documents. When quoting sources to illustrate a point that I draw from my analysis of this discourse, I refer directly to a single source.

**Rationalising farmers’ value**

In recent decades, Australian agricultural policy has shifted from protecting farmers, towards protecting markets. This change re-imagines governments’ role in agriculture, frequently explained through policy discourses as creating the environment for markets to function. This, it is claimed, enhances efficiency, by connecting farmers with markets. As Larner (2000, p.245) explains, this conceptualisation of the role of the state is based upon the assumption that governments can create an environment “where active citizens will exercise responsibility for themselves and their families”. Accordingly, policy discourses construct the capacity of the individual to make responsible, informed choices as a freedom, which the state should not impede (Lockie and Higgins 2007). This is central to arguments which have contributed to the deregulation of wheat export marketing and other marketing arrangements underpinning dairy, wool, barley and egg industries (O’Keeffe 2017b; Gill 2011). Policies such as statutory wheat marketing emphasised the collective interests of farmers. In these arrangements, statutory marketing authorities marketed commodities on behalf of farmers and distributed averaged returns back to growers. These policies were supported by farmers, though policy makers argued that this prevented farmers from maximising their returns, while restricting freedom and choice. As such, it was claimed that state intervention in agricultural marketing restricted market and industry efficiency. Discursive shifts which constructed farmers as individuals, rather than as a collective, were therefore essential in re-shaping the State’s responsibility as creating an environment which enabled self-interested farmers to maximise their returns, through exercising freedom and choice.

The Rural Adjustment Schemes of 1988 and 1992 further distance the State from its previous responsibility of assisting farmers. The primary objective of the 1992 Rural Adjustment Scheme was to “foster the development of a more profitable farm sector that is able to operate competitively in a deregulated financial and market environment” (Rural Adjustment Act 3.1a). The Rural Adjustment Scheme operationalizes this aim by supporting profitable farmers to enhance the “productivity of their farm units” (Rural Adjustment Act 3.2b), while encouraging farmers without “prospects of sustainable long term profitability to leave the sector” (Rural Adjustment Act 3.2e). Policy makers pursue structural adjustment, believing
this enhances productivity, competitiveness, resilience, and self-reliance of the farm sector. As explained by Gray, Oss-Emers and Sheng (2014, p.5):

At an industry level, ongoing resource reallocation is an important source of productivity gains...In particular, exits of less efficient farm businesses release scarce resources for use by more efficient farms, which are able to expand and increase productivity, increasing the efficiency of resource use as a whole.

This distant terminology renders agriculture as eminently calculable (Miller and Rose 1990, p.5). Farms are described as farm units, or as scarce resources, from which policy must extract maximum productivity. The policy question becomes centred on how to achieve greatest productivity from the national resource base, with farmers operationalized as resource managers. This mechanistic approach necessarily views farmers as atomistic individuals whose value to society is considered in terms of their capacity to contribute to the productive management of the resources they control. This decontextualises farmers from their communities and land. Thus, policy discourses frame the exits of the least efficient resource managers from the industry as having no perceptible negative impact. Whereas policy discourses claim this process strengthens communities and builds resilience, I argue these reductionist conceptions of community, strength and resilience are narrow, and fail to capture the contribution of farmers to their communities. Subjectivity is rendered incalculable, and therefore unknowable. The more subjective farming values, such as family history in farm properties and the community, for example, are portrayed as being of lesser significance.

In this process, farmers are re-constituted as tools assisting the productive use of the nation’s resources. However, for this construction to hold, the value of farming first needed to be narrowed to questions that could be answered by quantitatively measuring efficiency and productivity. This externalises the social impacts of farmer exits. In this policy context, the value ascribed to the productivity of resource use significantly overshadows the broader impact of this shift upon farmers and their communities. Policy discourses construct farmers’ role in the industry as replaceable, while according minimal significance to their community function, beyond the transactions associated with their business. This is framed as a rational response to the realities of compressed terms of trade, and over-supply of commodities. Values such as co-operation are marginalised as “agrarian socialism”, belonging to a previous era. In that regard, while the individualisation of farmers facilitates structural adjustment, this is made possible by the rationalist re-construction of farmers and farming as calculable and administrable. Thus, the role of government shifts to focus on maximising productive use of farm resources, through individualised, self-reliant farmers.

The reallocation of resources articulated in the structural adjustment policies of the 1980s is made possible through measuring farmers against their capacity to manage resources efficiently. Policy discourses suggest that the more farmers are able to maximise the efficiency of this process, the more value they add to Australian society. The farmers who are least able to meet this aim are constructed as inefficient, poorly skilled and, as barriers to
industry efficiency and consumer well-being. Thus, the exits of these farmers is rationalised as a positive shift. According to the Financial Review (1992a):

Australian farmers have long cast themselves as among the most efficient in the world. By many definitions, this is true...But it is also true that the generalisation hides many sloppy operators - those who have survived on inheritances, the availability of relatively cheap land, unsustainable management practices and highly regulated marketing schemes.

In turn, government intervention is framed as unjustifiably supporting substandard farmers. Smart farmers are cast as those which adopt technology, avoid government support and favour market deregulation. This reflects the construction of good farmers as active agents, who adopt the language of self-reliance and responsibility, and develop their capacity to enhance productivity and stay viable. Conversely, the notion of the “grossly inefficient family farm” contributes to the perception that deregulation as necessary and overdue (Financial Review 1992a). Policy discourses construct farm unprofitability as an individual issue, stemming from poor farm management, outdated practices, lack of adaptability and incapacity or unwillingness to learn. The structural causes of this problem are not addressed.

Rather, policy makers view the exit of unprofitable farmers from farming as an essential, and inevitable, process of resource re-allocation. The construct of the unprofitable farmer is therefore necessary to make the process of structural adjustment appear as a common sense solution to problems of industry inefficiency. Their inefficiency is portrayed as a personal failing. Their continued existence in farming is cast as an impediment to the Governments’ aim of maximising productive resource use. The role of Government is repositioned to focus on transitioning these farmers out of the industry, causing their resources to be re-allocated to more productive and efficient actors.

**Producing business-minded, efficient farmers**

Policy discourses construct independent, business-focused farmers as the actors which are best positioned to increase resource productivity and efficiency. Thus, problems of farm viability are portrayed as being solvable through independence, improved business skills and a business-minded attitude. Good farmers are constructed as hard edged, economically rational business people, who are not concerned with their relationship with the land, and their role in supporting rural communities, they are only concerned with maximising their returns. This reflects a set of behaviours, values and attitudes, such as self-reliance, freedom, choice and individualism, which comply with policy values that have emerged from the 1980s onwards. This construction seeks to govern farm practice, moulding farmers into efficient actors which can be operationalised to meet broader policy ambitions.

Policy discourses portray the role of government as providing opportunities for self-reliant farmers to develop their skills in areas such as financial management, marketing and business management. These skills are framed as essential in the evolving farm sector, enabling farmers to enhance their self-reliance. For example, the Howard Governments’ ‘Agriculture -
Advancing Australia’ (AAA) package sought to make the farm sector more productive and competitive, facilitating “changes to producers’ skills, attitudes and practices, and by providing risk management tools, information and improved market opportunities” (Commonwealth of Australia 2004, p.2). The Commonwealth Government (2004, p.4) reviewed the AAA package, referring to a Solutions Research study commissioned by the Department of Primary Industries and Energy, to “develop a set of key indicators for producer behaviour, skills and attitudes”, which:

- a) are necessary pre-requisites for the package’s long-term goals of increased profitability, competitiveness and sustainability in agricultural industries; and
- b) could reasonably be attributed to the successful operation of AAA programs [Emphasis added]

Thus, the Solutions Research study was commissioned to identify the skills, behaviours and attitudes supporting the successful implementation of the AAA policy. According to the Commonwealth Government (2004, p.4), this study was based on a series of workshops with farm consultants and industry representatives, who “agreed that to achieve stronger agricultural industries”, policy should aim to enhance farmers “strategic management for the future; capacity for change and adoption of innovation; financial self-reliance; [and] market competitiveness”. This document frames these indicators as attributes of good farmers. Yet, they are developed specifically to support the AAA policy aims. Rather than developing policy to fit the needs of farmers, in this instance, farmers are shaped to support the Government’s policy.

This shift towards the business-minded farmer is critically important in facilitating agricultural deregulation. For example, with regard to the deregulation of the export wheat market in 2008, the Federal Government implemented this shift, by arguing that this was in farmer's interests. The Government drew upon this construction of the business-minded farmer, as one that was principally interested in maximising their returns. The government framed these farmers as good farmers. This policy was argued to support their ability to maximise their returns and reward their entrepreneurialism. Conversely, farmers arguing against deregulation were framed as being anachronistic and resistant to change. It is implied, that if wheat export market deregulation helps facilitate the exits of these farmers from the industry, this will be positive for society. The Agricultural Competitiveness White Paper continues this emphasis on creating the policy environment which enables the efficient, business-minded farmer to maximise their returns.

**Agricultural Competitiveness White Paper – creating dependent farmers?**

The Agricultural Competitiveness White Paper (White Paper) was announced by the Australian Government as a “a clear strategy to improve the competitiveness and profitability of the agriculture sector, boosting its contribution to trade and economic growth, and building capacity to drive greater productivity through innovation” (Commonwealth of Australia,
2013b, p.1). As the White Paper argues, increasing the competitiveness of the sector is essential, as “stronger farmers mean a stronger Australian economy” (Commonwealth of Australia 2015, p.1). This notion of strength is narrow, suggesting that strength is reducible to farm profitability. Thus, it is implied that farmers which are either experiencing financial difficulty, or structured out of the industry, lack strength and resilience. This emphasises the White Paper’s focus on the individual and its lack of reflection on the structural causes of farm profitability. For example, the White Paper acknowledges the consolidation of commodities markets, which is particularly evident in the deregulated wheat export market (O’Keeffe 2017c). However, rather than providing a structural critique of this outcome of deregulation, or a structural solution to this, the White Paper instead focuses on enabling farmers to succeed in this environment, principally, through attracting investment from the private sector.

The White Paper constructs farms as investment targets. Attracting private investment is framed as an essential part of “modern” farming, with farmers’ ability to do this central to their role as farmers (Commonwealth of Australia, 2015, p.7). In turn, the Government considers its role to be centred on providing farmers with the skills to attract investment. Farmers, it is argued, need to attract “external non-bank capital”, through enhancing their capacity to “demonstrate value and provide investable products that allow external investment” (Commonwealth of Australia 2015, p.47). The White Paper explains that domestic superannuation funds’ reluctance to invest in farming is due to the long term nature of farm investments, raising the question of whether the White Paper is suggesting that farmers should revise their farming models to deliver shorter-term gains for external investors.

This focus on private investment and construction of farms as investment targets fundamentally changes the relationship between farmers and their farms. Farms are portrayed as investments, and the farmers’ role is portrayed as shifting from maximising the productive use of their farm resources, towards attracting capital investment from external sources. In this sense, the Governments’ aim is to encourage greater private sector investment into agriculture and, in the wake of the end of Australia’s mining boom, stimulate investment into the Australian economy. However, this appears to be endorsing the financialisation of farm land, without sufficiently considering the implications of this shift.

In encouraging farmers to attract private investment, the White Paper proposes that farmers consider business models which cede full ownership of the farm to external investors, such as joint ventures, leasing arrangements and share-farming (Commonwealth of Australia 2015). The latter approach could potentially allow smaller farmers to develop greater scale by pooling resources, while still retaining a share in the decision making, with fellow farmers. This could potentially allow farming collectives to develop and for farmers to remain in the industry, without ceding control to private investors. However, in other scenarios described by the White Paper, such as joint ventures featuring multiple investors, or farmers selling land to external or offshore investors, to remain on their property as farm managers, it is conceivable that farmers will lose their autonomy and independence. Self-reliance, in this sense, is constructed in terms of the farmers’ capacity to attract external funding. An
independent farmer is framed as one who makes good business decisions and, in addition, can secure private sector funding. Yet through this act, a farmer could risk becoming dependent on private capital and losing their sense of individuality and self-reliance, which has been constructed as an essential characteristic of the good farmer.

The consequences of this are unclear. There is a growing body of literature exploring the negative consequences of farm financialisation for small holders in the South (Salerno 2017, McMichael 2013). While Magnan (2015) has illustrated the growing financialisation of farm land in Australia and the proliferation of corporate mega-farms, the implications for small-to-medium sized farmers are less well known. Research exploring the increased use of contracts, particularly by supermarket chains, has substantially undermined farmer autonomy over decision making (Burch and Lawrence 2013, 2009). This could suggest that the adoption of farming models featuring external investors may undermine farmers’ autonomy, however the pronounced shift towards financialisation in Australian farming evident in the White Paper, is relatively recent and the impacts of this may not reveal themselves for some time. Potentially, farmers may lose autonomy and independence through this shift, undermining previous constructions of farmers as independent and self-reliant. How this influences farmers’ conceptions of themselves, and their land, will be an important development to follow. Furthermore, if investors such as private equity firms are intent on short-term returns, and the involvement of these types of investors in Australian farm land increases, how will this alter land use and farming methods, and what will be the environmental implications of these changes? These are important questions, which the White Paper has not sufficiently considered in calling for greater private sector investment in Australian farming. What my analysis of the White Paper does reveal, is that this shift reflects a subtle, yet substantial, shift in the responsibility for the farm sector from government, towards corporate interests.

Conclusion

This article analyses the discursive constructions of farmers and of farming throughout the 1980s, 1990s and 2000s, culminating with the Australian Government’s Agricultural Competitiveness White Paper, published in 2015. The White Paper argues that farmers must make their farms attractive to private investors, claiming the ability of farmers to secure investment is an essential aspect of farming. The White Paper implies that Government’s role is to provide farmers with the opportunities to develop skills and knowledge in this area. The shift towards private investment in farming, and the governments’ role as an enabler of this shift, is portrayed as a normal, logical and self-evident response to the external pressures threatening the ongoing financial viability of Australian farmers. Through conducting a genealogical analysis of the changing constructions of farmers, farming and the role of the State, this article analyses the subtle discursive shifts which have enabled these present constructions to develop. In particular, this work emphasises the shifting responsibility for farming, from the State, towards individual farmers and then towards the private sector.

Throughout the 1980s, policy makers sought to reduce the State’s responsibility for farming and the protection of farmers, by deregulating markets and industries, withdrawing financial
assistance and exposing farmers to global markets. This shift was made possible by the individualisation of farmers, and the conceptualisation of farming value as being reducible to its capacity to convert resources into commodities. This decontextualised farmers from their communities and land, and rendered them as measurable, calculable, administerable and replaceable. Throughout the 1990s and 2000s in particular, farmers were encouraged to view themselves as business people who were concerned only with maximising their returns. The role of government became focused on enabling farmers to increase their independence and self-reliance, through developing business skills and knowledge, which were constructed as essential aspects of modern farming. This enables the Agricultural Competitiveness White Paper’s emphasis on private investment in farming to appear as a normal response to issues of farm profitability. Attracting private investment is portrayed as an essential skill that all modern, successful, business-minded farmers are able to perform.

However, as I suggest in this article, this has potentially significant ramifications for farmers’ autonomy. The business models identified in the White Paper, such as joint ventures featuring numerous private investors, all involve farmers’ ceding some level of control over decision making on their farm. The White Paper does not consider the consequences of this shift, and how this might be experienced by farmers and their communities. As I suggest in this article, this potentially leads to the farmers’ dependence on private capital, and control of the private sector over farming. In developing this construction of farming, the Australian Government has not considered how this might change land use decisions, and the environmental, social and economic consequences of these decisions.

Previous constructions of farmers have been used by successive Australian Governments to increase farm efficiency and productivity. Farmers’ identities and conduct has been shaped to meet these policy aims. In the example of the Agricultural Competitiveness White Paper, the Australian Government is aiming to further re-construct farming as an investment target. Farmers are considered as facilitators of this investment. Primarily, this shift is to stimulate private sector investment in Australian agriculture, in response to the end of the mining construction boom which had underpinned Australian economic success through the early part of this century. This article uses genealogical analysis to highlight how this shift was made possible, and to draw attention to subtle shift in responsibility for Australian farming, from the State towards the private sector.

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Chapter 10: Maximising efficiency, marginalising equity: A genealogy of Australian wheat export market deregulation and 'the good farmer'

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Contribution of article to thesis

This article analyses competition and agricultural policy discourses and the construction of efficiency as the legitimate goal of industry policy. I show how the policy discourses facilitated the separation of efficiency and equity policy and how this was used to de-legitimise the AWB’s key function of equalising returns among growers.

Policy discourses construct efficiency as encapsulating all that matters, while equity is cast as vague and value-laden. Thus, the ‘good farmer’ is framed as one who prioritises efficiency. Building upon my analysis of the State’s operationalisation of the modern farmer from the previous Chapter, I explore this construction in relation to the deregulation of the wheat export market.

Good farmers are portrayed as those who are business-focused, who desire the freedom and choice to market their wheat to who they want. Thus, farmers are shaped to desire wheat deregulation.

As such, policy makers claim that wheat export market deregulation, which is claimed to offer growers’ freedom and choice, is proposed by policy makers in good farmers’ interests. Good farmers are economically rational actors, and therefore are primarily interested in maximising the returns on their wheat. Deregulation is claimed to be necessary for growers to maximise their returns. Therefore if this is what matters and is what growers want, then this is the policy change which must be implemented.
Abstract

The Australian Government deregulated the wheat export market in 2008, ending 60 years of statutory wheat marketing by the Australian Wheat Board (AWB). In this article, I explore the discursive shifts which contributed to this change. I adopt a genealogical approach to this research, by collecting and analysing policy documents produced between 1983 and 2012, to understand how truths – such as efficiency, competition and the ‘good farmer’ – were constructed and reproduced to facilitate wheat export market deregulation in Australia. Through analysing the case of wheat export market deregulation, and the process by which this shift was made possible, this article contributes more broadly to research examining the neoliberalisation of Australian rural industries, and the discursive construction of norms, values and identities to facilitate these changes.

Introduction

From 1948 to 2008, the Australian Wheat Board (AWB) was the sole exporter of Australian wheat. This changed in 2008, when the Australian Government ended statutory wheat marketing, permitting accredited commercial grain traders to export wheat from Australia. Then Minister for Agriculture, Forestry and Fisheries, Tony Burke, claimed this move was essential to create competition and ultimately, provide growers with better returns for their wheat (Commonwealth of Australia 2008a). This shift followed the 2006 Inquiry into Certain Australian Companies in Relation to the UN Oil-For-Food Inquiry, headed by Terence Cole QC, which found the AWB (operating as the privatised AWB International) paid $220 million in ‘kickbacks’ to the Iraqi regime of Saddam Hussein (Botterill 2007; Overington 2007). The scandal damaged the AWB’s reputation and provided ammunition for critics of statutory marketing, creating the impetus for change (Cockfield and Botterill 2007).

However, this article contends that for two decades prior to this scandal being uncovered, policy makers had sought to problematise the AWB and statutory wheat marketing, as a source of industry inefficiency which could be addressed through market liberalisation. Key inquiries into the Australian wheat industry (Irving et al. 2000; Industries Assistance Commission 1988, 1983; Royal Commission into Grain Storage, Handling and Transport 1988) argued that the AWB, through its redistribution of costs and returns, undermined growers’ incomes, distorted market signals and hindered the productivity and efficiency of the Australian wheat industry.

Australian competition and industry policy discourses emerging throughout this period portray competition and efficiency as truths. Good policy, as claimed by policy makers, should maximise competition and efficiency by removing barriers to markets. Furthermore, as I suggest in this article, policy discourses systematically marginalised equity as a credible ambition of industry policy. Finally, growers were reconstructed as individual actors, which shared values of competition, efficiency, self-reliance, freedom and choice over security and
stability. This article aims to understand policy makers’ construction and use of these truths to facilitate wheat export market deregulation. To meet these aims, I use a genealogical analysis to trace the development of these ideas in relation to wheat industry policy. I collect and analyse Australian Government policy statements, Acts of parliament, parliamentary debates, reports into the wheat industry by government authorities, consultancy firms, independent inquiries and wheat industry groups, and newspaper articles, to understand how these key ideas have been constructed and used to shape policy. This article focuses specifically upon the Australian wheat industry, yet has broader relevance for agricultural and rural industries and communities which have experienced similar changes since the 1980s.

In examining the case study of Australian wheat export marketing deregulation, this article contributes to work by geography scholars, particularly in an Australian rural and regional context, which have analysed neoliberalism by making visible the discursive construction of norms and values such as competition and efficiency, and the instrumentalisation of individual, entrepreneurial subjects (Pritchard 2005a, 2005b; Argent 2005; Larner 2005; Gibson and Klocker 2005; Cheshire and Lawrence 2005).

Experience of agricultural deregulation in Australia

Following the Second World War, policy makers aimed to provide Australian producers with a stable environment to reduce risk and uncertainty and encourage greater production. Farmers were protected from global markets, and supported through mechanisms such as tariffs, statutory marketing authorities and government underwriting of price floors, which ensured that producers always had a buyer for their commodities at a minimum, pre-determined price. Declining terms of trade for agricultural commodities in the 1970s caused national governments respond by either maintaining or increasing forms of protection, or dismantling interventionist policies (Vanclay 2003). Australian Governments have wholeheartedly adopted the latter approach. Initially, the Whitlam Government implemented a general 25% cut to tariffs in 1973 (Anderson, Lloyd and MacLaren 2007), and in 1974 ended subsidies for superphosphate, substantially affecting producers (Gifford 1984). The Hawke Government’s election in 1983 accelerated privatisation and deregulation of industries, through its emphasis on increasing efficiency and productivity by promoting competition within markets and industries (Pritchard 2005a, 2000; Vanclay 2003). In particular, this resulted in a substantial retraction of government assistance for agricultural industries in Australia.

Globally, wheat production outpaced demand throughout the 1980s, causing a steep decline in prices. In the context of reduced State support for agriculture and farmers, this undermined the financial security of many growers who directed numerous, often militant protests towards the Australian Government. Minister for Primary Industries and Energy, Rob Kerin, and Prime Minister Bob Hawke both responded to this situation by distancing Government from this crisis, blaming depressed world markets on the “protectionist policies” of the United States and European Union, claiming this encouraged farmers to artificially increase wheat production. Rather than protecting farmers, the Government argued its role was to
create a competitive environment, to promote greater efficiencies and productivity which would enable Australian growers to compete internationally (Hawke 1986; Kerin 1986). In 1988, Kerin developed this argument, forecasting a future where “commercial independence, maximum efficiency and marketing flexibility will be key criteria” (Commonwealth of Australia 1988a). However, the social and environmental consequences of this direction have often been overlooked by policy makers.

For many farmers and their communities, the experience of deregulation has been difficult (Vanclay 2003; Tonts and Jones 1997; Alston 2004). While successive Australian Governments have withdrawn financial assistance for farmers, at the same time, governments have sought to facilitate the exits of the least efficient farmers from the industry, through policies such as the Rural Reconstruction Schemes of the 1970s, and Rural Adjustment Schemes of the 1980s and 1990s (Vanclay 2003; Alston 2004). This was framed as an essential step in “[fostering] the development of a more profitable farm sector that is able to operate competitively in a deregulated financial and market environment” (Rural Adjustment Act 3.1a, 1992). For farmers, the experience of losing the family farm is immense. This is documented by Kuehne (2012), whose auto-ethnography articulates the loss of identity, community, culture and livelihood resulting from his decision to sell the family farm. The attachment of farmers to their land, to the occupation and lifestyle is integral to farmers’ identity and sense of self (Wiseman and Whiteford 2009). The fracturing of this relationship is among the key causes of the very high levels of mental illness and suicide within Australian farming populations (Bryant and Garnham 2014; Alston 2012; Alston 2004; Wiseman and Whiteford 2009; Caldwell, Dear and Jorm 2004; Vanclay and Lawrence 1993).

The reduced numbers of farmers in Australia has substantially impacted rural farming communities (Vanclay 2003; Alston 2004; Alston 2012). The effect is cyclical, as declining numbers of farm families substantially undermines the viability of many rural towns (McKenzie 1994). This shift precipitates a retraction in rural service provision, as Governments rationalise services such as education and health care (Alston 2004; McKenzie 1994; Tonts and Jones 1997). Populations decline, as people move in search of services and employment. The rationalisation of services was driven by a developing emphasis upon self-help and self-reliance within regional policy (Tonts and Haslam-McKenzie 2005; Tonts and Jones 1997). In adopting this approach, Governments fundamentally re-shaped its relationship with rural communities, whose decline has been viewed by policy makers as an inevitable outcome of market-based policies designed to increase efficiency of resource use (Dibden, Potter and Cocklin 2009; Alston 2004). It should also be noted that at a time where agricultural restructuring facilitated farmer exits and resulted in widespread mental health challenges among farming populations, service provision was rationalised (Tonts and Jones 1997). In that sense, agricultural deregulation in the name of economic efficiency externalised the social implications of this policy shift, while the rationalisation of government services limited the State’s capacity to respond to this crisis.

In response to the increasingly tenuous nature of farming, farmers remaining in the industry have increasingly adopted productivist farming methods (Lawrence, Richards and Lyons 2013; Lawrence 1999). As described by Lawrence et al. (2013), specialisation, intensification
and economic concentration are the three key characteristics of productivist farming. However, productivist farming has also resulted in numerous environmental problems which could potentially undermine Australia’s capacity to respond to climate change and food security challenges (Pritchard, Burch and Lawrence 2007; Lawrence et al. 2012; Lawrence 1999; Vanclay and Lawrence 1993). To increase “the productivity of their farm units” (Rural Adjustment Act 1992), farmers become trapped in a situation where they feel compelled to employ environmentally damaging practices, to increase their productivity and avoid being cast as among the least viable, least efficient operators (Vanclay and Lawrence 1993; O’Keeffe 2016b). Thus, deregulation of Australian agriculture and rural industries, in an attempt to create greater efficiencies, has resulted in substantial externalities which have been extensively researched, and are potentially significant sources of inefficiency. Wheat export market deregulation is a further example of a policy shift which centres on achieving narrowing defined gains in economic efficiency, without due consideration for the broader social and environmental implications of this change.

**Dismantling the Australian Wheat Board**

Prior to deregulation in 2008, the Australian Wheat Board was the sole exporter of Australian wheat. For growers, this process was relatively simple (Pritchard 1998). Wheat marketing was conducted entirely by the AWB, which pooled the wheat it received from growers, according to classification. This allowed the AWB to amass large quantities of wheat to sell to overseas buyers. The scale of these transactions was held as a key advantage of statutory marketing, as this was argued to provide growers with collective bargaining power in world markets. Growers were essentially provided with average prices through this pooling system, as net returns to growers were calculated based on the value of wheat sales and the costs associated with these transactions, including freight charges and marketing costs. Until 1989 this process was supported by government guarantees on wheat prices, articulated in the Wheat Stabilisation Plans first implemented in 1948. According to Ryan (1984, p.117), the first five Plans set price guarantees according to the cost of production, whereas the 6th Plan (1974/75) shifted this approach to reflect export prices. The removal of guaranteed wheat prices exposed growers to global wheat markets, shifting the policy focus from stability to market efficiency (Pritchard 1998; Ryan 1984). In this climate the AWB was increasingly scrutinised, with attention focused on its capacity to deliver premium prices for growers. The social and environmental impacts of agricultural restructuring received little attention in the mainstream debate on wheat export marketing deregulation. This policy shift was framed as being primarily introduced in growers’ interests, and focused on the issue of wheat prices and supply chain costs. Australian Government members, as well as members of the opposition Liberal Party, argued that deregulation would empower growers through enhanced freedom and choice, which growers could use to achieve the best prices for their wheat (Commonwealth of Australia 2012, 2008a, 2008b). Further, Government Members outlined their expectation that growers would be able to choose between multiple grain traders, who would compete for their wheat (Commonwealth of Australia 2012). This perspective ignored the highly concentrated nature of the global wheat trade, which is dominated by four
transnational firms (Murphy, Burch and Clapp 2012). As such, the deregulated Australian wheat market has subsequently developed to be characterised by regional monopolies and oligopolies (O’Keeffe and Neave 2017; Australian Grain Growers Co-operative 2014).

As Figure 1 shows, in the five years following deregulation, the 5 largest exporters of Australian wheat nearly tripled their share of the export market. Conversely, the ‘other’ exporting firms’ market shares have declined markedly. In addition, market concentration is even greater at the regional level. Firms controlling regional wheat supply chains – previously owned by State-based bulk handling authorities – have used this control to establish a dominant share of the wheat export market in these regions (O’Keeffe 2017c). Industry concentration has been further accelerated by global mergers and acquisitions such as Glencore’s acquisition of Viterra. Recently, firms have invested in the Australian wheat industry, through mergers and acquisitions with incumbent firms owning infrastructure, or through new infrastructure projects. The effect of these investments is yet to be fully understood, though it should be noted that it is predominantly large, transnational agri-food firms that are investing in the industry. Whether this provides growers with greater choice, or reinforces the sense of disempowerment as growers are subsumed into the global value chains of these major firms (Lawrence 1999), is yet to be explored in relation to the wheat industry.
Wheat export market deregulation

There is surprisingly little research focusing upon wheat export market deregulation in Australia. Literature addressing this topic is dominated by agricultural economists. Prior to deregulation, research from within this discipline sought to measure the costs imposed by regulation, and also attempted to estimate the projected outcomes of wheat export market deregulation, including changes in price and supply chain costs (McCorriston and MacLaren 2007; Chang, Martel and Berry 2003; Watson 1999; Wait and Ahmadi-Esfahani 1996). Following the initial dismantling of the single desk for wheat exports in 2008, research has measured the outcomes of deregulation through analysing changing wheat prices following this policy shift (Williams 2012; Mugera et al. 2016). This body of literature portrays wheat export market policy as measurable through quantifiable measures of wheat prices, and supply chain costs such as grain marketing, handling and transport fees. There is certainly some merit to these assessments, yet this research only captures one aspect of what is a very complex issue. This research sits alongside inquiries initiated by the Federal Government (Irving et al. 2000; Productivity Commission 2010; Royal Commission into Grain Handling and Storage 1988), which have reduced questions around wheat industry policy to quantitative analyses of predicted and real costs and benefits of industry structure, particularly centring on financial returns to growers.

Farmers are portrayed as individual actors concerned only with achieving maximum returns for their wheat. This is an important discursive shift that helped facilitate wheat export market deregulation. Individualisation of farmers has been extensively researched in an Australian context (Gill 2011; Cheshire and Lawrence 2005; Higgins and Lockie 2002; Lockie and Higgins 2007; Higgins 2002a). This research articulates how farmers were encouraged – particularly through emerging policy discourses – to view themselves as individuals (Cheshire and Lawrence 2005). The individualisation of risk and creation of ‘responsible agents’ is associated with this change, with citizenship reconstituted to reflect the capacity of entrepreneurial individuals to accept responsibility, manage risk and bear the consequences of their actions (Higgins and Lockie 2002, p.421). The individualisation of farmers is important in the context of wheat export market deregulation, though is yet to be explored in relation to this policy shift. This is significant, as research which has exploring wheat export market deregulation has viewed farmers as individualistic, rational actors, primarily concerned with maximising their incomes. Thus, analysing these constructions is important in understanding how these shifts contributed to wheat export market deregulation.

Genealogy

This article draws upon research that has analysed discourse, and its capacity to create knowledge through establishing rules governing what can be known, and how this knowledge can be understood (Liepins and Bradshaw 1999; Jacobs 2006; Higgins 2001b). Building upon this research, I understand discourse as shaping policy debates through framing what legitimate knowledge is, and significantly, what legitimate knowledge isn’t. Thus, discourse creates ways of knowing, creating acceptable interpretations of problems, and acceptable
solutions to these problems. This process creates truths, or ‘regimes of truth’, on the one hand, while marginalising alternate knowledge and thought. Discourses frame how reality can be understood by shaping what is thinkable, instrumentalising ‘legitimate’ thought and knowledge to influence policy.

Numerous studies employ genealogical research to understand policy through analysing discursive change (Higgins 2002a, 2001b; Dixon and Hapke 2003; Van Herzele 2015; Liepins and Bradshaw 1999; McMichael 2009). As mentioned by Higgins (2002a, p.5), “genealogy provides a conceptually coherent means for challenging the search in historical investigations for the origins or foundations of knowledge”, through exposing the “struggles for truth that underpin the claimed neutrality of these knowledges”. Genealogy is ideally suited to this research, which traces the construction of competition, efficiency and markets as politically neutral truths, and analyses how these truths have facilitated policy change.

Genealogical research examines processes of knowledge creation and power through discourse, while seeking to understand the silencing of alternate discourses (Van Herzele 2015). This focuses genealogical research on understanding how truths are considered in the present, by analysing how truths have been constructed, and therefore, how they can be challenged (Hayter and Hegarty 2015). My genealogical research is inspired by Higgins (2001b) article on the construction of the ‘low income farm problem’. Higgins constructed a ‘genealogy of government’, by exploring the problematisation of low-income farmers by the developing agricultural economics literature in the late 1960s and early 1970s. Whereas Higgins’ work analysed the problematisations of ‘unviable’ farmers, and of government assistance, I extend this analysis by exploring the problematisation of statutory wheat marketing, and the construction of competition and efficiency as solutions to declining grower returns. By tracing developing policy discourses, I analyse how these ideas have become accepted as truths within wheat industry policy, and how this facilitated wheat export market deregulation.

**Policy documents**

To provide a detailed analysis of discursive shifts within wheat industry policy discourses, I draw upon a wide range of sources, detailed in Table 1.


Consultancy firms engaged to inform inquiries into the wheat industry ACIL Tasman (2004); Allen Consulting (2000a, 200b); Centre for International Economics (2005).


Table 1: Documents used in developing genealogy of wheat industry policy

These documents were published between 1983, marked by the Industry Assistance Commission’s (IAC) (1983) inquiry into the wheat industry and 2012, when the Australian Government abolished the accreditation scheme run by Wheat Exports Australia, allowing grain traders to export Australian wheat without State approval. I analyse these documents to explore how policy values and farmer identity have been constructed, in relation to the Australian wheat industry. In writing this analysis I consider these policy documents as a collection, and make claims based on my analysis of this collection as a whole. I refer to individual documents to illustrate certain points.

Prioritising efficiency

In this section, I explore how policy discourses created a policy framework which prioritised efficiency, and sought to marginalise equity as a credible industry policy objective. Policy makers used this framework to portray statutory wheat marketing as fundamentally incompatible with the State’s aim of improving industry efficiency.

In 1974, the Commonwealth Government established the Industries Assistance Commission (IAC) to “improve the efficiency with which the community’s productive resources are used” (Industries Assistance Commission Act 1973, section 22.1.a). This re-positioned agricultural policy to focus on enhancing the productive and efficient management of the “community’s productive resources”. This cast farmers as resource managers and their farms as resources. The “community” is presumed to desire efficient and productive management of these resources. Rather than protecting farmers, the Industries Assistance Commission re-framed agricultural policy to protect the community’s right for its productive resources to be managed with maximum efficiency, contributing to national economic performance. Intended or otherwise, this diminishes the position of farmers. Farmers’ claims for security and
stability, central to the collectivism which marked agricultural policy following the Second World War, are substantially weakened, as their role is re-cast in terms of their capacity to manage the community’s resources productively and efficiently.

The IAC (1983, p.6) reiterated this emphasis on efficiency in its 1983 review of the Australian wheat industry, stating:

Policy should have regard primarily for the efficiency with which the community’s resources are used...this view is not based on a belief that other community objectives are any less important but rather on the belief that other objectives can be achieved more directly, and at less cost, through instruments which are not part of industry assistance policy.

This statement separates efficiency and equity as policy objectives, reflecting the perspective of mainstream policy documents addressing wheat industry regulation from the 1980s onwards. This portrays efficiency maximisation as a credible objective of good industry policy, whereas equity is framed as antagonistic towards this ambition. Within this policy framework, the security, stability and equalising measures afforded to farmers by statutory wheat marketing are cast as policy objectives which lack credibility and undermine efficiency.

This is evident in the report of the Royal Commission into Grain Handling, Storage and Transport, initiated by the Hawke Government in 1986. The Royal Commission urged state governments to restructure grain handling organisations, “to ensure that the agencies are freed of social obligations”, and act as commercial entities (1988, p.46). As stated in the Royal Commission report, social obligations “can impose costs that would not usually be incurred in a purely commercial environment and these costs are ultimately borne by growers” (Royal Commission into GHST 1988, p.46). Importantly, social objectives in industry policy are constructed as a cost imposed by the state, with limited perceptible benefits to growers. AWB Operations Manager, Tom Pile, reproduces this argument (Daily Commercial News 1992):

The stakeholders must be convinced that the system will run as a commercial business and not be used as an instrument of government social policy. Yet, at a recent conference, a senior representative of the Department of Transport and Communications made the following statement: ‘When the government sat down to consider its options in framing the One Nation statement, it sought to meet a number of objectives. A key objective was to create jobs’…The objective is commendable, but it hardly forms the basis for a sound rail transport policy which is commercially and competitively oriented.

Policy discourses frequently emphasise the need to create a “purely commercial” wheat industry structure. Markets are portrayed as pure, apolitical mechanisms which are an arbiter of fairness, while government intervention in industry is constructed as politically motivated. Credible industry policy is framed as that which enhances efficiency, through facilitating development of a “purely commercial environment”. Equity is portrayed as an unnecessary impediment to this aim. Separating equity and efficiency allows policy makers to argue that
industry policy should prioritise efficiency, while claiming equity can be most effectively met through alternate policy instruments.

Thus, efficiency is constructed as the central objective of wheat industry policy. Firms are repeatedly portrayed as key actors in improving efficiency, and therefore, growers’ prosperity. Efficiency, it is claimed, is maximised when markets are competitive. Competition, rather than security and stability, is framed as being in the growers’ best interests, as competition maximises farmers’ returns, whereas the re-distribution of returns through statutory marketing dampens prices and incentives, encourages free-riding and is fundamentally unfair on the most efficient farmers. Policy makers argue the development of competition will benefit growers, as the market will encourage firms’ to pursue purely commercial objectives. In doing so, it is claimed that firms will increase industry efficiency, reduce supply chain costs incurred by growers, and use self-interest and greater marketing skills and efficiencies to deliver better wheat prices. Firms are constructed as lacking power to influence markets, and as answerable to growers, who are cast as the powerful actors in this relationship. Good farmers are framed as those which will be able to succeed in this environment. In this context, policy discourses introduce the concept of fairness, in place of equity.

Whereas firms are endorsed as central to improving the Australian wheat industry’s efficiency and productivity, government intervention is problematised as fundamentally inefficient. Among others, the Industries Assistance Commission (1988) and Royal Commission into Grain Storage Handling and Transport (1988) argue that as government authorities such as the AWB are not subject to competition, they lack the necessary incentives to minimise its expenditure, and are unable to accurately determine the costs of their services. While some credence is afforded to the AWB’s capacity to market large parcels of wheat, policy discourses argue that the market structure featuring one participant is incapable of maximising efficiency and productivity, and should be dismantled to facilitate greater participation from commercial firms. Crucially, policy discourses portray government intervention into wheat marketing, through the statutory marketing of the AWB, as resulting not from sound economic and social policy, but politically-motivated decisions influenced by agrarian socialists (Pritchard 2005a; 2005b). Conversely, as Pritchard (2005a; 2005b) argues, policy discourses present market liberalisation as politically neutral. Markets are portrayed simply as apolitical mechanisms, existing outside of the sphere of governments and impenetrable by political interests.

The success of these arguments fundamentally shaped the debate over wheat industry regulation. Industry policy was guided by the question of how to maximise efficiency, with the solution presumed to be through the development of competition. From within this policy framework, the redistribution of costs and returns among growers by the AWB is constructed as antithetical to this aim.
Externalising social and environmental costs

Yet in this conception, efficiency is considered narrowly as economic efficiency. Key policy documents such as Hilmer et al. (1993, p.4), define efficiency by describing three dimensions of economic efficiency – productive efficiency, allocative efficiency and dynamic efficiency. By focusing upon maximising the economic efficiency of individual industries, policy makers failed to account for the externalities created by these policy shifts. As an example, farming has been conceived of as a means through which productive use of natural resources can be maximised. The policy focus then shifts to meet this central aim, with all other concerns considered to be the responsibility of other arms of government. However, the focus on economic efficiency has created significant social and environmental problems, including the decline of rural communities following population out-migration and service retraction, the mental health challenges experienced by farmers and the environmental consequences caused by the proliferation of productivist farming. These issues require substantial government intervention and expenditure to address. This creates new sources of inefficiency, which become the problem of the broader society. These social and environmental costs are obscured in competition and industry policy discourses, which instead seek to construct efficiency as a strictly economic idea, and as the key value to guide competition and industry policy.

Marginalising social objectives

In prioritising efficiency and marginalising equity, policy discourses reduced the AWB’s value to focus on its capacity to increase wheat prices and minimise supply chain costs for growers. Significantly, this shift enabled policy makers to audit the AWB’s performance and quantify the value of statutory wheat marketing.

Numerous studies were initiated by government and industry groups to assess the costs and benefits of wheat industry regulation (Royal Commission into Grain Handling, Storage and Transport 1988; Joint Industry Submission Group 2000; Irving et al. 2000; National Competition Council 2004; Productivity Commission 2010). For example, Irving et al. (2000, p.5) were tasked with analysing and quantifying “the benefits, costs and overall effects on businesses involved in the Australian wheat industry and/or the community generally”. Similarly, the Commonwealth Government asked the Productivity Commission (2010, p.iv) to “assess the operation of the current wheat export marketing arrangements, including the costs and benefits”. Within these frameworks, quantifiable costs and benefits hold greatest weight, as they are claimed to be neutral, tangible and reliable. For example, Allen Consulting’s (2000, p.67) finding, based on econometric data, that deregulation of the wheat export market would lead to savings of between AUD$223 million and -AUD$71 million, was cited as incontrovertible evidence of the need for deregulation. Significantly, those quoting this data invariably failed to mention the negative projections of this modelling (Productivity Commission 2005a; Australian Grains Export Association 2004).
On the other hand, equity is treated with scepticism. Policy discourses frame equity as value-laden, subjective, and difficult to measure and understand. For example, the Productivity Commission (2001, p.45) claim that policy arguments based on equity are controversial and contentious. The subjectiveness of equity is viewed as creating “inconclusive, drawn-out political debates about equity or regional impacts, most of which are unknowable and unprovable” (Productivity Commission 2001, p.3). Significantly, this questions the validity of information based upon subjective interpretation. Conversely, the Productivity Commission (2001, p.xix) claim that the arguments for efficiency are simpler and clearer, and which can be made knowable through an assessment of the costs and benefits of regulation, in relation to the projected benefits and costs of deregulation. This perception substantially affected the capacity of Irving et al. (2000), the National Competition Council (2004) and the Productivity Commission (2010), in particular, to fully appreciate the social benefits of wheat export market regulation, as experienced by farmers and their communities. Growers’ claims that statutory marketing performed an important social function are largely dismissed on the basis that these claims are unsupported by evidence, or simply immeasurable. This marginalises growers’ observations and experiences. Furthermore, the Productivity Commission (2010) report on growers’ dissent following the first phase of wheat export market deregulation. Rather than using these opinions to contribute to its overall assessment of the success of wheat export market deregulation, the Productivity Commission counters these growers’ opinions, downplaying their significance and disputing the basis for their concerns.

These assessments are conducted in a context where equity itself is framed as an objective which is best addressed by means other than wheat industry policy. Further to this, assessments of the wheat industry deride equity as value-laden, and largely dismiss subjective data supporting statutory wheat marketing as lacking credibility. On the other hand, quantifiable information such as costs and prices are constructed as indisputable, unbiased and knowable information. This creates a significant bias in these assessments and re-constructs what can be considered as credible evidence in relation to this policy area. Irving et al.’s (2000, p.5), key finding, that “the Committee was not presented with, nor could it find, clear, credible, and unambiguous evidence that the current arrangements for the marketing of export wheat are of net benefit to the Australian community”, was referred to repeatedly throughout parliamentary debates on wheat export market deregulation. Yet this finding effectively silences the voices of the “overwhelming” number of growers who contributed to this inquiry by expressing support for statutory marketing (Irving et al. 2000, p.82). As Pritchard (2005b, pp.107-108) has argued, “This approach to understanding efficiency rests on an important methodological foundation: the costs from cross-subsidising individuals tend to be open to expression in monetary terms, whereas citizenship entitlements often are not”. Thus, as Pritchard (2005b; 2000) suggests, such assessments are poorly equipped to capture the benefits of particular policies of redistribution.

This approach is driven by a narrow focus on economic efficiency, which does not adequately consider the social and environmental externalities created through this process. In focusing upon the efficiency of the wheat industry through narrow indicators such as
wheat prices, the social and environmental costs arising from deregulation which do not fit within this reductionist, quantitative framework are rendered insignificant.

**Shaping Growers**

The shift in values underpinning wheat industry policy has contributed to wheat industry deregulation. Equally important, policy discourses have re-shaped farmer identity to accord with these values (Cheshire and Lawrence 2005; Lockie and Higgins 2002). The construction of the ‘good farmer’ is central to this. Research has explored the notion of the good farmer in relation to farming practice and associated environmental impacts (Silvasti 2003; Vanclay, Silvasti and Howden 2007; Lockie 1998). However, I draw upon research exploring individualisation of farmers, contending that the ‘good farmer’, has been operationalised to help facilitate wheat export market deregulation. The good farmer is considered less in terms of farm practice, farm appearance, community contributions or morality, and more in terms of their self-conceptualisation as a rational economic actor. The good farmer views themselves as a business person, who assesses the costs and benefits associated with their business, and sensibly makes decisions on this basis. This farmer employs common sense and, according to this discourse, common sense farming is that which maximises returns. Assessments of the wheat industry, and value of regulation in particular, aim to communicate to growers how much they could benefit financially from a policy shift which reduces regulation (Irving et al. 2000; Allen Consulting 2000; Royal Commission into Grain Transport, Handling and Storage 1988). These inquiries appeal to this farmer, who is constructed as being principally concerned with maximising their returns. Policy discourses rationalise and calculate the costs and benefits of regulation. This approach portrays quantifiable information as concrete, credible and value-free evidence. Good farmers are constructed as rational and calculating. Policy discourses frame good policy, and good business decisions, as based upon assessment of this evidence. As this evidence is constructed to show that deregulation will deliver higher returns to growers, and growers are framed as rationally concerned with maximising their returns, good farmers are constructed as those which want to ‘get on with business’ and support deregulation.

In conjunction with this shift, policy discourses portray a good farmer as independent, self-reliant and competitive. Rick Farley, as Executive Director of the National Farmers Federation argued that ‘As individuals, farmers are fiercely competitive and independence is built into the whole farming psyche’ (Canberra Times 1992). This comment is reflective of discourses throughout the 1980s and 1990s in particular, which highlight the stoicism of farmers as a long-held character trait, though re-frame this form of independence in terms of independence from government support. In Farley’s view, the farmer is an individual, independent of other farmers. Farmers are portrayed as competitive, in the sense that they relish competition with other farmers. Yet statutory wheat marketing considers growers as a collective, precluding competition between farmers and essentially delivering equal returns to growers.
Policy discourses frequently lament the injustice of this arrangement. Good farmers, it is claimed, are unjustly required to support the less efficient, less skilled farmers through statutory marketing, as costs and returns are redistributed among growers, regardless of how efficient or how skilled they may be. This is argued to reduce incentives, and moreover, to place an unfair burden on the most efficient farmers. However, this also prevents growers from utilising their skills and knowledge to maximise their wheat prices. Thus, a good wheat farmer is framed as one that wants to develop these skills and, will be prepared to accept their loss should they fail to build these skills and use them effectively. This is portrayed as a fair situation, with the market determining, without prejudice, which farmers succeed or fail based on their skills, knowledge, organisation and judgment. This construction does not consider the varying capacities of farmers to acquire these skills, and assumes that all will have equal ability and resources to develop the knowledge to market their wheat successfully.

Public debates frame wheat export market deregulation in terms of its impact upon growers. Yet, this policy is not directed towards the interests of all growers, but instead is designed for the ‘good farmer’. Deregulation of the wheat export market, is argued to provide growers with choice, freedom, and control. This is reflected by Senator Nick Sherry’s comments in Federal Parliament (Commonwealth of Australia 2008b, p.2131), claiming this policy shift was focused on providing growers control through prioritising freedom and choice. As Sherry stated, “After all, it is their wheat” (Commonwealth of Australia 2008b, p.2131).

Sherry equates choice with grower empowerment, though I argue that in this instance, choice is prioritised as a mechanism for enhancing grower self-reliance. Not all growers will have the capacity or the desire to exercise choice and freedom, and may experience this as a burden. However, this is not necessarily a concern for policy makers, who want to encourage growers who are prepared to accept responsibility for their wheat marketing. Those farmers who are incapable of developing the necessary skills and attitudes to market their own wheat successfully, are constructed as poor farm managers, who do not deserve ongoing government assistance to remain in farming. Rather, their exits from farming are constructed as an essential step in maximising productive resource use. The good farmers remaining in the industry subsume the resources that are made available through these exits, and put them to more productive use. Thus, the good farmers, for whom wheat export market deregulation was intended, operationalise the State’s central aim of increasing efficient use of the community’s productive resources.

Importantly, this creation of the good farmer, as a rational, self-reliant actor intent on maximising their returns, decontextualises farmers from their connections to their land and communities. This creates an “abstracted and aspatialised” conception of farming (Pritchard 2005b, p.110), which externalises the social implications of wheat export market deregulation in particular and centres policy restructuring on the impact upon individual farmers, and their capacity to maximise their returns by exercising choices in liberalised markets.
Conclusion

This article has analysed how neoliberalisation has occurred within an Australian rural context, by developing a genealogy of wheat export market deregulation. In examining this policy shift as a process which has occurred across three decades, this article has revealed how this change was facilitated by the discursive construction of norms and values such as competition, efficiency and individualism and, pertinently, the shaping of farming identity to accord with these values. More broadly, this article contributes to research by geography scholars which has analysed the shaping of the lives of rural Australians through neoliberal discourses and policies. The discursive formations which have facilitated this policy shift have decontextualised farmers from their land and communities. This has ultimately contributed to policy that is designed to support one interpretation of farming, while externalising the social and environmental consequences of this shift.

Fundamentally, I suggest that policy discourses sought to problematize statutory wheat marketing as an inefficient system, which deprived growers of freedom, control and choice, while inhibiting industry efficiency and innovation. Industry and competition policy discourses constructed efficiency as a central aim of industry policy, which was achievable through market liberalisation and competition between firms. Equity, or social obligations, was portrayed as oppositional to efficiency. Thus, policy discourses separated efficiency and equity in policy. Good industry policy, it was claimed, aimed to maximise efficiency. Statutory wheat marketing was constructed as being incompatible with this policy framework. As statutory wheat marketing redistributed returns evenly among growers, protected growers from what were perceived as volatile global markets and provided a measure of security and stability for growers, the marketing arrangements of the AWB essentially provided important equity-enhancing functions. However, assessments of the AWB’s performance framed these functions as contrary to the overarching aim of maximising efficiency.

The AWB and its single desk retained significant support among growers, particularly throughout the 1980s and 1990s. Thus, for deregulation to occur, policy makers had to portray the AWB as serving no identifiable purpose, which could not otherwise be addressed through markets. This gives rise to the assessment of the AWB in terms of costs and benefits it provided. The AWB’s value was narrowed to reflect the price premiums it delivered for growers, and its capacity to reduce supply chain costs. This is an essential aspect of wheat export market deregulation. The overarching policy framework which guided these assessments presumed that as the AWB redistributed returns among growers, it prevented growers for seeking out the best prices in an open market. Furthermore, due to the lack of supply chain competition, it was presumed that the AWB had no capacity to lower costs, as it was unable to accurately determine fair prices for their services. Therefore, assessing the AWB’s performance concerning these measures against projections of what would occur in a deregulated market, was destined to find that the AWB provided growers with limited value, while impairing the national economy.
Farmers were constructed as wanting the choice and freedom deregulation offered. Good farmers were portrayed as business-minded professionals. They understood the virtues of competition and trusted the capacity of firms to deliver improved returns, which, above all else, is what these farmers wanted. This implied that growers who did not share these values and attitudes were anachronistic, and held on to an outdated ideology. Thus, while it is claimed that wheat export market deregulation was introduced for growers, I suggest that this policy was for the ‘good’ farmers, who were able to operationalise the State’s objective to maximise efficiency. This marginalises farmers who do not fit within this framework.

Understanding the effect of wheat export market deregulation upon growers and their communities is an important area for further research. This is essential to develop a more complete understanding of the effect of this policy shift.

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Chapter 11: Creating a governable reality: Analysing the use of quantification in shaping Australian wheat marketing policy

Citation:
Contribution of article to thesis

This chapter analyses the use of quantification to make the wheat industry amenable to governing and, policy makers’ use of technologies of performance to govern wheat industry. Specifically, these technologies are focused on assessing and coercing the AWB, to narrow its value and focus towards maximising growers returns. Cost-benefit analysis and econometric modelling is then used to demonstrate the superiority of markets in meeting this aim. This analysis builds upon my argument in Chapter 9, which showed how growers had been constructed as principally interested in maximising their returns.

The power of these technologies is in their perceived normalcy. They are neutral. They simply convey the reality of a situation and enable policy makers to act this reality.

Thus, deregulation of the wheat export market is made possible through the reconstruction of policy values to focus on maximising efficiency through liberalised markets (argued in Chapter 10), the reconstruction and governing of farmers using technologies of agency (Chapters 9 and 10), and the coercion of the AWB through technologies of performance, such as audit, cost-benefit analysis and performance objectives (Chapter 11).

As in Chapter 10, I show how policy discourses marginalise social concepts such as equity and dismiss objections to deregulation on social grounds, due to the subjectivity of the data informing these objections. Thus, policy discourses effectively erase the social world, by discrediting the social, on the one hand and, portraying markets and information produced in markets as a reality.
Creating a governable reality: Analysing the use of quantification in shaping Australian wheat marketing policy

Abstract

This article analyses Australian policy makers’ use of quantification and technologies of government to implement the project of Australian wheat export market liberalisation. This article draws upon policy documents to analyse how quantification has been used to construct a simplified, governable conception of the wheat industry. Policy makers acted upon this constructed reality, through technologies of performance, such as performance objectives, audit, cost-benefit analysis and econometric modelling to facilitate wheat export market deregulation. In addition, this article shows how quantification was used to delegitimise the social consequences of deregulation, and marginalise farmers’ opposition to this shift.

Introduction

This article analyses Australian policy makers’ use of quantification and technologies of performance to make agricultural deregulation in Australia possible. Specifically, I examine the deregulation of Australia’s wheat export market, as a project which policy makers commenced in the early 1980s and pursued until the deregulation of wheat export marketing in 2008. There are two discursive constructions important to this shift. First, quantification was used to narrow the focus of statutory wheat marketing, administered by the Australian Wheat Board (AWB), towards maximising wheat prices. As I show in this article, this simplified the role of statutory marketing, making it amenable to governing. Second, governmental technologies such as performance objectives, audit, cost-benefit analysis and econometric modelling were used to measure and coerce the AWB and to demonstrate that liberalised markets would provide greater benefits to the Australian community. Importantly, throughout this project policy discourses sought to counter growers’ opposition to deregulation, by subtly marginalising the significance of their concerns and the importance of social and environmental consequences of industry policy. While wheat prices and costs are undoubtedly important, it is essential to examine how these quantifiable indicators were constructed as the sole, credible measure of statutory marketing policy. Furthermore, this article analyses how the emphasis on wheat prices was used as a key mechanism in the deregulation of this industry.

I commence this article by explaining the Australian wheat industry and its history of marketing regulation. Next, I draw upon sociology of quantification literature (Le Gales 2016; Espeland and Stevens 2008, 1998) and governmentality research analysing technologies of performance (Rochford 2008; Dean 1999; Power 1996; Rose 1991) to develop a conceptual framework for analysing this issue. Following this, I analyse how the AWB’s performance objectives were shaped to focus on maximising growers’ returns and policy makers’ use of audit to govern the AWB’s performance accordingly. I then examine policy makers’ use of cost-benefit analysis to demonstrate the claimed superiority of liberalised markets in enhancing industry efficiency and maximising growers’ returns. This
article explores how these reviews marginalise subjective forms of evidence, such as growers’ experiences and observations, instead focusing on quantitative methods for producing acceptable knowledge. I suggest policy makers used quantification to reduce and simplify the Australian wheat industry, coerce and control the AWB and wheat growers and, to legitimise wheat export market deregulation.

I analyse the Australian wheat export market liberalisation as a long-term project of government, rather than the result of responsible cost-benefits analyses of regulation and its benefits, as portrayed by agricultural economists and government authorities (Commonwealth of Australia 2008a; McCorriston and MacLaren 2007; Irving et al. 2000). This article makes visible the processes of quantification and use of governmental technologies such as audit, cost-benefit analysis and econometric modelling. In analysing the example of Australian wheat export marketing policy, I suggest policy makers have used an assemblage of these technologies to transfer thought, the rationality of markets, competition and efficiency into the domain of reality, to make the deregulation of the wheat export market possible (Miller and Rose 1990). In this sense, policy discourses construct the social world as a barrier to optimising allocative efficiency and productivity, thereby reducing the contribution of the wheat industry to the national economy. Quantification, in conjunction with assemblages of technologies including audit, benchmarking and cost-benefit analysis are used to reduce this barrier by delegitimising and erasing the social world. In justifying policy change such as wheat export market deregulation as being ‘in the national interest’, policy makers obscure the effect of market liberalisation upon people and communities. Whereas the deregulation of the wheat industry was framed as being in the interests of wheat farmers, this policy shift has created an environment where wheat farmers and their communities are disenfranchised and undermined. By tracing changing policy discourses around wheat marketing over three decades, this article draws attention to the subtle discursive shifts which made liberalisation of the wheat export market possible.

Background

The Australian wheat industry

Australia accounted for 3.28% of global wheat production and 9.62% of world exports in 2015/2016 (ABARES 2017a, p.37). In 2015/2016, 24,168 tonnes of wheat produced in Australia, of which 28.3% was used by domestic markets (ABARES 2017b) and 66.7% was exported predominantly to Asian and Middle Eastern countries such as Indonesia, Vietnam, China and South Korea (AEGIC 2017). Thus, while Australia is not a major wheat producer, it is a significant wheat exporter. Australia’s major wheat producing states in 2015/16 were Western Australia (8,800kt), New South Wales (7,500kt), South Australia (4,376kt) and Victoria (2,085kt)(ABARES 2017b). The location of wheat production determines how wheat is marketed. A higher percentage of wheat produced in regions close to large consumer markets (Victoria, New South Wales) is sold domestically, whereas West Australian and South Australian farmers export approximately 90 per cent of production (Stretch, Carter and
As an example of the wheat prices received by Australian farmers, GrainCorp’s cash prices at the Cootamundra Site fluctuated between AUD$201.86 and AUD$260.86 per tonne for ASW1 (Australian Standard White) wheat in the three months from July 14 2017 to September 13 2017 (CropConnect 2017).

Wheat export market deregulation

The Commonwealth Governments’ approach to wheat marketing, and agricultural policy more generally, has changed substantially in recent decades. The Industries Assistance Commission (IAC) was instrumental in this process. The Commonwealth Government developed the IAC in 1973 to “improve the efficiency with which the community’s productive resources are used” (Industries Assistance Commission Act 1973, section 22.1.a). The IAC focused upon regulatory arrangements it perceived as undermining efficiency, particularly the statutory marketing of agricultural commodities (Botterill 2012). In response to weakening global commodities markets and declining terms of trade, successive Australia governments restructured agriculture by deregulating markets and privatising government owned assets and authorities, thus exposing agricultural industries to global competition (Dibden, Potter & Cocklin 2009; Vanclay 2003; Higgins 2001). Agricultural restructuring accelerated under the Hawke Government (1983-1991), which substantially reduced protections and assistance for farmers. This enduring shift created significant social ramifications for rural communities (Baker 2015; Smith & Pritchard 2012; Vanclay 2003; Tonts & Jones 1997). Increased numbers of farmers exited the industry, leading to rising depression, anxiety and suicide throughout rural Australia as farmers lost their livelihoods, as well as their connections with the land and farming communities (Alston 2012, 2004; Kuehne 2012; Wythes and Lyons 2006; Fraser et al. 2005; Caldwell, Jorm & Dear 2004). The loss of farmers and their families from rural Australia lead to declining populations in many rural communities, affecting local economies dependent upon farming populations (Baker 2015; McManus et al. 2012; Pritchard et al. 2012; Smith & Pritchard 2012; Vanclay 2003).

It is in this context that I turn to the issue of Australian wheat export marketing. From 1948 onwards, the AWB compulsorily acquired wheat produced in Australia. The AWB accumulated the wheat it received from growers, sold this wheat to domestic and export markets and distributed the proceeds from these sales evenly among growers (Pritchard 1998). The IAC (1988, 1983) argued that this distorted markets, preventing farmers from responding to market signals and adjusting production decisions accordingly. Furthermore, the IAC claimed the AWB undermined industry efficiency as it lacked incentives to reduce costs or capture premium prices for growers (IAC 1988). Critically, questions around wheat export marketing became focused around the AWB’s perceived inefficiencies and its capacity to use its market power to deliver premium prices to growers.

Despite ongoing opposition from growers and farm organisations, these arguments contributed to the eventual deregulation of the wheat export market in 2008. At the time, Minister for Agriculture, Fisheries and Forestry, Tony Burke and Labor Senator Nick Sherry,
among others, cited research by Irving et al. (2000) and consultancy firm ACIL Tasman (2006) to support their claim that statutory wheat marketing restricted growers’ choices and freedom without delivering price premiums (Commonwealth of Australia 2008a, 2008b). Similarly, much of the scholarly research into statutory wheat marketing in Australia assumes that the central purpose of the AWB was to maximise growers’ returns, and that measurement of supply chain costs and wheat price changes can determine whether this policy shift has succeeded (Mugera et al. 2016; McCorriston & MacLaren 2007; Chang, Martel & Berry 2003; Watson 1999). Conversely, Baker (2016), O’Keeffe & Neave (2017) and Head, Atchison, Gates & Muir (2011) have sought to understand growers’ experiences of wheat export market deregulation. This research found that small-to-medium sized growers have struggled to adapt to this policy shift, resulting in many farmers feeling disenfranchised and vulnerable, while the new responsibilities of wheat marketing have created additional workloads and loss of leisure time. At the very least, this suggests that the narrowing of this policy question to a matter of wheat prices and supply chain costs has externalised a range of pertinent issues related to this policy shift. Thus, rather than address the impacts arising from this policy, this research seeks to understand how this shift was made possible.

Making society governable

Australian policy makers’ attempts to increase efficiency and productivity through quantifiable indicators such as prices and costs are not confined to the Australian wheat industry. Similar processes have been applied to restructure labour markets and diverse sectors such as health care, social security and higher education, in Australia and globally (Watts 2016; Connell 2013; Marginson 2013; Cooper & Allem 2008, Alston 2007). Central to these policy shifts, is the construction of markets as “object[s] of power and knowledge” (Mitchell 2008, p.1117). According to this construction, evident in mainstream Australian policy discourses, markets and economies exist naturally and in reality as apolitical mechanisms for the efficient ordering of the economy through transactions, “in the name of national and individual prosperity” (Rose 1993, p.286). This rationality has been applied by policy makers in the economic restructuring of Australian society (Watts 2016; Alston 2007, 2004; Pritchard 2005). However, the rationality of liberalised markets and economies alone is not sufficient to make this shift possible. Society must be made governable, and amenable to this reality of markets and the economy (Gibson, Dufty, Phillips & Smith 2008; Oels 2005; O’Malley, Weir & Shearing 1997).

Thus, in this article I draw upon governmentality research and its analysis of advanced liberal governing. As mentioned by Rose (1993, p.286), whereas the object of the economy, featuring markets comprised of competing firms, may not be dissimilar to other modes of governing such as liberalism, advanced liberal governing employs technical, practical technologies to make society amenable to that rationality. According to Miller and Rose (1990, p.3), governmentality research entails:

[...] an investigation not merely of grand political schema, or economic ambitions, nor even of general slogans such as ‘state control’, nationalization, the free market and the like, but of
apparently humble and mundane mechanisms which appear to make it possible to govern:
techniques of notation, computation and calculation.

In particular, governmentality research has focused on the creation and governance of self-governing individuals and the subtle coercion of these individuals through technologies of agency and performance (O’Keeffe 2017a, 2017b; Penny 2016; Higgins et al. 2015; Lockie 2009; Higgins and Lockie 2002). However, the use of technologies is also particularly evident in the governing of organisations, which is the focus of this article. The technologies central to advanced liberal governing include audit, financial accountability, benchmarking, calculation and cost-benefit analysis (Rose 1993, p.294). These technologies share three important aspects. First, they are seemingly innocuous, almost boring. Second, their power as governmental technologies is drawn from the power of numbers. Third, the construction of numbers through such technologies, particularly those numbers produced by markets, is portrayed as a representative of truth, knowledge and reality. This is essential to the project of advanced liberal governing. This leads to the importance of quantification to this project, and the relationship between quantification and governmentality.

Quantification

Quantification, described by Espeland and Stevens as “the production and communication of numbers”, has become increasingly prominent in attempts to understand and act upon social phenomena (2008, p.402). According to Espeland and Stevens (2008, p.402), quantification can have numerous purposes and meanings and “Only by analysing particular instances of quantification in context can these purposes and meanings be revealed”. In this article, I draw upon this interpretation to analyse how the Australian wheat industry, with all its complexities, has been narrowed to focus on quantitative measures such as wheat prices. As mentioned by Espeland and Stevens (1998, p.321), the “efficiency of bureaucracies and economic transactions depends on their growing depersonalization and objectification”. Quantification is an important part of this process. Quantification reduces complexity and removes the importance of context, making the objects of quantification more amenable to governing (Espeland and Stevens 1998). Numbers simplify society by reducing complex relations and situations to that which can be amenable to calculation (Friedberg 2013; Scott 1998; Espeland and Stevens 1998). Espeland and Stevens (2008, 1998) refer to this process as commensuration, where qualities are transformed into quantities. Scott (1998, p.11) suggests this helps reduce phenomena to something which is “more legible and hence more susceptible to careful measurement and calculation”. The reduction of complex phenomena to that which can be analysed, understood and communicated in quantitative form helps to shape how problems can be identified, understood and addressed (Espeland and Stevens 2008). In that sense, complex problems are reduced to solvable equations. Governing, in this instance, becomes a technical operation focused on the quantifiable performance of the economy.
Numbers are constructed as the product of disinterested, mundane technologies. Therefore, numbers are portrayed as pure representations of knowledge and of reality (Miller and Rose 1990). Furthermore, whereas numbers can be used to create distance between governance regimes and the objects of governing, policy makers are able to distance themselves from the technologies used to generate numbers, and the numbers that are used to legitimise political power (Porter 1995; Rose 1991, 1993). Thus, numbers are portrayed as objective, neutral and apolitical; as the product of humble, simple technologies and not the political judgment of policy makers (Le Gales 2016; Pritchard 2005; Porter 1995; Miller and Rose 1990). Diaz-Bone and Didier (2016) and Le Gales (2016) challenge this claimed neutrality of numbers, arguing that the norms and conventions which are established to define the objects of measurement and how they are measured, subtly influences how these numbers are produced. In that sense, numbers are not neutral, as is frequently implied by policy makers in Australia. Furthermore, the reality that they are often used to portray is not self-evident (Espeland and Stevens 2008). Despite this, advanced liberal governance regimes use numbers produced by quantification to represent a simplified, yet disinterested and unequivocal representation of reality, and act upon this knowledge to create policy which governs society (Espeland and Stevens 2008; Scott 1998).

Technologies of Performance

Quantification can be used to construct a narrow and simplified interpretation of reality, grounded in the perception of numbers as disinterested and trustworthy (Desrosièrtes 2011; Rose 1993). The knowledge created through quantification is operationalised through assemblages of technologies such as auditing, benchmarking, calculation, econometric modelling, data storage and analysis, making this reality amenable to governing (Le Gales 2016; Rochford 2008; Kurunmäki and Miller 2006; Swyngedouw 2005; Pritchard 2005a, 2005b; Larner 2000; Power 2000).

As defined by Kurunmäki and Miller (2006, p.89), technologies “refer to the routine and often humble mechanisms and devices through which the activity of government is conducted”. Policy makers legitimise such technologies, claiming that they are essential in enhancing accountability, transparency and credibility (Russell and Thomson 2009; Leander and Munster 2007). In this regard, technologies are constructed simply as examples of good governance practices. Governmentality theorists, on the other hand, argue that technologies of government are employed to define how phenomena can be understood, and legitimise acceptable thought and action within this context (Rose 1991). Rather than enabling greater public scrutiny of Government or corporate power, for example, the use of these technologies of performance enable the State to govern through society by monitoring and controlling the actions of individuals and organisations ‘at a distance’ (Higgins et al. 2015; Penny 2016; Russell and Frame 2013; Miller and Rose 2008; Swyngedouw 2005; Higgins and Lockie 2002; Dean 1999). Thus, technologies are used to govern the actions of ostensibly autonomous actors, who are compelled to operate within strict boundaries of acceptable thought and behaviour (Le Gales 2016).
Governmentality scholars have analysed individual policies and policy collections through identifying assemblages of technologies such as calculation, audit, cost-benefit analysis, benchmarking and performance objectives, to shape knowledge and actors and to act upon individuals and communities (Dufty 2015; McKee 2009; Rochford 2008; Lockie and Higgins 2007; Leander and Munster 2007; Kurunmäki and Miller 2006; Stratford 2006; Stenson and Watt 1999). For example, benchmarking and performance objectives act as a force for disciplining individuals, organisations and nations and directing resources towards legitimised activities and behaviours (Sum and Jessop 2013; Connell 2013; Sum 2009; Rochford 2008; Leander and Munster 2007). As Sum and Jessop (2013, p.37) state in relation to the Global Competitiveness Report and Global Competitiveness Index, which rank the economic performance of nations:

These numerical scores and relative rank orders operate as a disciplinary tool (or paper panopticon) that draws more and more countries into its number order, comparing their economic performance scores over time and their ranking in relation to each other. [...] They deploy numbers and tables to rank countries. Annual revisions create a cyclical disciplinary art of country surveillance that institutionalises a continuous gaze through numbers that depicts countries’ performance via changing rank and score orders.

Such disciplinary mechanisms govern behaviours, values and attitudes by compelling actors to view their own purpose and performance in relation to the objectives which are established by the governing regime. In addition, benchmarking delineates between good and bad performance. Thus, the knowledge captured and communicated through this mechanism becomes central to interpreting what good performance is, how it can be measured and, perhaps most pertinently, marginalising and delegitimising the activities, behaviours and values which are not included within this knowledge.

Similarly, audit, used by governments in conjunction with related technologies such as cost-benefit analysis and performance objectives, helps make society amenable to governing (Miller and Rose 2008; Dean 1999; Porter 1995). Power describes audit as “an active process of making things auditable” (1996, p.289). According to Power (1996, p.289), audit involves first developing a “legitimate and institutionally acceptable knowledge base”, and second, “the creation of environments which are receptive to this knowledge base”. With regard to the latter, audit requires “individuals and organisations to be made visible in a manner which conforms to the audit process” (Power 1997). As Power (1997, 1996) mentions, auditing assumes the existence of auditable facts. Quantification of social phenomena creates these facts, through convention, measurement and analysis (Diaz-Bone and Didier 2016). This is an important step in constructing what ‘matters’ in policy terms, entailing the creation of standards, performance objectives and audit processes for interpreting and assessing performance according to these standards (Desrosieres 2014; Rochford 2008; Swyngedouw 2005).

Audit presumes that individuals and organisations understand and measure their own purposes and values accordingly. Individuals’ actions are therefore not only guided by the performance objectives which are being audited, they are required to assess their own
performance against these objectives (Penny 2016; Higgins et al. 2015; Russell and Frame 2013; Miller and Rose 2008; Rochford 2008). In this sense, individuals and organisations are made calculable, and also calculating (Dean 1999; Rose 1991). Their values and actions necessarily shift according to the audit’s focus. Thus, while audit is portrayed as a policy instrument which enhances accountability and transparency, Power argues that the ‘act’ of auditing assumes more symbolic importance in lending legitimacy to the organisation (Power 2003, 2000, 1996). According to Power (2000, p.117), audit is instead used more substantively as a “private discipline of information gathering and control”. In that sense, audit shapes society by defining what actions, thoughts and behaviours have value, and compelling individuals and organisations to assess their own performance according to these values.

Muniesa, Millo and Callon (2007, p.4) describe mechanisms such as accounting methods and benchmarking procedures, economic modelling and pricing techniques as abstractors. For Muniesa et al. (2007, p.4), “to abstract’ is to transport into a formal, calculative space”. This involves decontextualizing objects, as part of the process of making goods calculable (Callon and Muniesa 2005). This concept of abstraction is particularly pertinent in relation to the deregulation of the wheat export market. On the one hand, I suggest that policy discourses have sought to marginalise the social function performed by the AWB, using benchmarking, performance objectives and auditing to construct this organisation as having an exclusively economic role. Thus, the economic performance of the AWB is separated from its social function. In conjunction with this shift, is the detachment of farming from its inherently social dimensions, including the attachment of farmers to their occupation, land and identities as farmers and, their role in supporting rural communities, economically and socially. Whereas quantification and technologies of performance prioritise the economic dimension of farming while excluding the social, technologies such as performance objectives, benchmarking, auditing and economic modelling enable policy makers to verify the superiority of markets. These technologies not only render the wheat export industry as calculable, but also enable the construction of markets (Muniesa et al. 2007).

Thus, I suggest that in the case of the Australian wheat industry, policy makers have deployed assemblages of governmental technologies to facilitate the liberalisation of the Australian wheat export market. Studies examining policy through the governmentality lens have previously argued that the social has been reconfigured, with policy makers devolving risk and responsibility to individuals and their communities (Cheshire and Lawrence 2005; Tonts and Haslam-McKenzie 2005; Higgins 2002; Stenson and Watt 1999). In the case of wheat export marketing policy in Australia, I suggest that rather, the social has been erased through technologies of performance which have sought to construct economic performance, as measured through wheat prices and supply chain costs, as being the only legitimate purpose of this policy area.

In drawing together sociology of quantification and governmentality research, this article helps to make the processes outlined in these theories visible in relation to the restructuring of an Australian agricultural industry. Furthermore, this article shows how quantification is used in a policy setting to marginalise opposition to neoliberalisation, thus lending greater
legitimacy to the technologies of government employed in the process of wheat export market deregulation.

**Method**

This study examines wheat marketing policy change from 1983 to 2012. This period encompasses the publication of the Industry Assistance Commission’s report ‘The Wheat Industry’, which is among the first major publications to argue for liberalised wheat markets in Australia, through until the second phase of wheat export market deregulation in 2012, when the accreditation scheme for wheat exports was abolished by the Commonwealth Government. Table 1 captures the significant events occurring in this period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Key event</th>
</tr>
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<tbody>
<tr>
<td>1989</td>
<td>Wheat Marketing Act 1989: Ended the wheat stabilisation plans and the underwriting of wheat prices by the Hawke Labour Government. Domestic wheat market is deregulated, allowing private companies to trade wheat within Australia.</td>
</tr>
<tr>
<td>1995</td>
<td>National Competition Policy implemented by the Commonwealth Government</td>
</tr>
<tr>
<td>1999</td>
<td>Australian Wheat Board privatised, known henceforth as AWB International (AWBI).</td>
</tr>
<tr>
<td>2000</td>
<td>National Competition Policy Review of the Wheat Export Market published, concluding that statutory wheat marketing provided no perceptible benefits to the Australian community.</td>
</tr>
<tr>
<td>2005</td>
<td>‘Kickbacks scandal’ emerges, implicating AWBI and its senior officials, who are alleged to have paid bribes to the Iraqi regime of Saddam Hussein, contravening the United Nations’ oil-for-food program. This creates further impetus for wheat export market deregulation.</td>
</tr>
<tr>
<td>2007</td>
<td>Wheat Marketing Amendment Act 2007 introduced by the Howard Liberal/National Coalition Government, maintaining the AWB’s single desk for wheat exports.</td>
</tr>
<tr>
<td>2008</td>
<td>The recently elected Rudd Labour Government deregulates wheat export marketing, permitting Australian wheat to be traded internationally by private companies, provided they are accredited by the newly-created Wheat Export Authority.</td>
</tr>
<tr>
<td>2012</td>
<td>The Wheat Export Authority and wheat export accreditation scheme is abolished by the Gillard Labour Government.</td>
</tr>
</tbody>
</table>

**Table 1**: Important events and changes to wheat industry policy from 1983 to 2012.

To examine policy change occurring within this period, I analyse policy documents published within this time, which share the common purpose of contributing to wheat industry policy. I sourced these documents from the State Library of Victoria archive collections and the National Library of Australia online collection. The documents are published by government authorities (for example, Industries Assistance Commission, Bureau of Agricultural Economics), State Governments, the Commonwealth Government, the Australian National Audit Office, private consulting firms (ACIL Tasman, Centre for International Economics, Allen Consulting) and the Australian Wheat Board. Table 2 contains a full list of documents analysed in this research.
I have separated these documents into two stages of deregulation, as each of these collections perform a different purpose in facilitating wheat export market policy change. The documents included in Stage 1 are published in a context where concepts such as competition, efficiency and liberalised markets are emerging in Australian policy discourses. I analyse how these documents establish a framework for quantifying and governing the AWB’s performance. In particular, these documents are important in constructing wheat prices and supply chain costs as the only legitimate indicators of the AWB’s performance, while discrediting alternate policy objectives which had underpinned the AWB’s existence since 1939, such as the re-distribution of returns among growers. In Stage 2, commencing with the National Competition Policy Review (Hilmer et al. 1993), I analyse how these documents use the framework established in Stage 1, to develop the argument for deregulation of the wheat export market. Cost-benefit analyses is central to this, with Irving et al. (2000), Allen Consulting (2000a), Productivity Commission (2000a), Centre for International Economics (Joint Industry Submission Group 2000) and ACIL Tasman (2004) each attempting to quantify the value of regulation, in terms of its costs and benefits, through generating quantifiable data pertaining to wheat prices and supply chain and marketing costs.
Stage 1: Performance objectives and Audit

Creating Performance Objectives

In the early 1980s, policy makers’ problematisations of government intervention into markets and industries gained mainstream appeal. This shift was underpinned by the rationality of markets as efficient, powerful mechanisms for improving economic performance. The AWB’s existence prevented this rationality from being extended to the Australian wheat industry. Thus, I suggest, policy makers commenced a project of wheat market deregulation by making the wheat industry amenable to this rationality. First, policy makers identified the need to measure the AWB and its performance. This entailed creating objectives which could be measurable through quantitative data. This had the effect of narrowing the AWB’s focus towards these objectives. Technologies of audit then provided a supposedly impartial technology for measuring the AWB’s performance according to this data.

Policy makers’ suspicions regarding the inefficiencies of organisations such as the Australian Wheat Board led to increased use of technologies designed to monitor and govern performance. The challenge for organisations such as the IAC, was that although their clear preference was for the liberalisation of markets, there were no mechanisms for creating a compelling case for the removal of statutory marketing. This is evident in the IAC’s 1983 inquiry into the wheat industry, which laments policy makers’ inability to measure and interpret the AWB’s performance. The IAC (1983, p.ii) argued that as the AWB was a statutory marketing authority and not subject to competition in either the domestic or export wheat markets, the AWB’s performance was difficult to measure. According to the IAC (1983, p.ii), “it is difficult to assess whether unnecessary costs are created by its involvement in activities which are not essential for it to market wheat efficiently” (IAC 1983, p.ii). Immediately, this narrows the AWB’s value to its capacity to “market wheat efficiently”. From this point, the IAC then raise the need to assess the performance of the AWB, stating (IAC 1983, p.59):

The nature of the environment in which such authorities operate also provides few benchmarks for either the authority or those outside the authority to determine whether unnecessary costs are incurred.

For policy makers (Bureau of Agricultural Economics 1987; IAC 1983; Victorian Government 1983), this problem is compounded by the absence of any performance objectives for the AWB. Subsequently, the IAC recommend that the AWB’s primary objective should be to “maximise returns to growers from the sale of wheat without taxing domestic consumers” (IAC 1983, p.59). This objective draws the AWB’s focus towards maximising returns and incorporates the interests of consumers, as though consumers are as invested in wheat marketing as farmers. In addition, the AWB is compelled to understand and measure its value in these terms. This is significant in shaping ‘what matters’ in relation to wheat marketing policy. In subsequent debates around wheat marketing policy, the AWB argued that its capacity to maximise returns was what justified its ongoing monopoly over wheat exports (AWB 1987). This legitimised policy makers’ narrowing of the AWB’s role,
and the reduction of this issue to the question of which market structure is best able to maximise growers’ returns. In a context where mainstream policy discourses presupposed that liberalised markets were best able to achieve this aim, the longevity of the AWB as a statutory marketer was already imperilled.

**Auditing the AWB**

The IAC (1983) recommended auditing to measure the AWB’s performance against the objective of maximising growers’ returns. This was portrayed as necessary in assisting proper assessment and accountability of the AWB. As mentioned by the IAC (1983, p.60):

> Growers and the community are not given much opportunity to examine the affairs of the AWB. The Annual Reports and newsletters of the AWB provide little information for growers or others to assess the commercial performance of AWB. Statements were made at the public hearings propounding benefits to growers…yet there were no data presented to substantiate these assertions.

This statement is interesting for a number of reasons. First, auditing is portrayed as being in the growers’ interests. Yet, there is no indication that growers were concerned with the apparent lack of transparency, or felt that auditing should be used to monitor the AWB. To address this shortcoming in relation to accountability and data, the IAC (1983, p.60) recommend that the AWB “publish separate accounts for sales on the domestic and export markets, including separation of identifiable and joint costs”, thereby allowing Members of Parliament to audit its performance. Using the technology of audit in this manner is intended to create a quantitative knowledge base, which can be used to assess the AWB’s performance measures such as price premiums and supply chain costs. Second, there is no indication of what constitutes good performance, or why performance against these indicators is preferable to measuring the value that growers’ ascribe to the AWB, for example. The “commercial performance of AWB” is assumed to be the measure of ‘what matters’, which all parties can agree upon, yet this subtly marginalises the AWB’s worth to growers. Wheat marketing and its broader role in Australian agriculture is simplified, reducing the significance of other factors previously central to wheat marketing policy, such as equity and the security of farmers and farming communities.

The subsequent auditing of the AWB was framed in terms of enhanced transparency and accountability. Yet, reports of these audits contain no significant information that would allow farmers to interpret the AWB’s performance. These documents state only that audits were completed, without providing details on the findings of these audits (Australian National Audit Office 1989, 1990, 1991, 1992, 1993, 1994). This suggests that rather than genuinely enhancing transparency and accountability, auditing the AWB provided the State with a technology to guide its performance to focus on maximising efficiency. Therefore, while quantification makes the AWB and its performance calculable, the construction of objectives and the use of audits make the AWB governable.
Stage 2: Determining the costs and benefits of regulation

National Competition Policy: Quantifying costs and benefits

In 1993, the Keating Government initiated the National Competition Policy Review to create a national framework for developing “an open, integrated domestic market for goods and services by removing unnecessary barriers to trade and competition” (Hilmer et al. 1993, p.361). As argued by Hilmer et al. (1993, p.1):

If Australia is to prosper as a nation, and maintain and improve living standards and opportunities for its people, it has no choice but to improve the productivity and international competitiveness of its firms and institutions. Australian organisations, irrespective of their size, location or ownership, must become more efficient, more innovative and more flexible.

Hilmer et al. (1993) identified market regulation as a key barrier to competition and efficiency. Using Hilmer et al.’s framework, the Keating Government subsequently implemented the National Competition Policy (NCP) in 1995. As explained by the Productivity Commission (2005, p.iv), “A key principle of NCP is that arrangements detracting from competition should be retained only if they can be shown to be in the public interest”. This compelled government to rescind policy such as statutory wheat marketing, which restricted market access, unless proponents of these policies could demonstrate that such regulation was in the public interest and, provided benefits which could not be derived from liberalised markets. Analyses of policy within this framework therefore assumed that competition would confer benefits to society, and that in most cases, regulation restricting competition was detrimental to the broader interests of society (Productivity Commission 2005, 2000a; Irving et al. 2000). Subsequently, assessments of the value of regulation were reduced primarily to the economic costs and benefits that it generated (Productivity Commission 2005, 2000a, 2000b; Irving et al. 2000; Allen Consulting 2000a).

This leads to the National Competition Policy review of the Wheat Marketing Act. Announcing this review, Minister for Agriculture, Fisheries and Forestry, Warren Truss, asked the Independent Committee, chaired by Malcolm Irving, to “analyse and quantify the benefits, costs and overall effects on businesses involved in the Australian wheat industry and/or the community generally” (Irving et al. 2000, p.viii). According to Irving et al. (2000, p.118):

In the Committee’s view, the question of the size of the single desk price premium is pivotal, since much of the argument for the single seller system providing a benefit appears to depend on the idea that the system provides significant additional export returns to growers over and above what would be provided by a multiple seller system [emphasis added].

Yet, as this paper demonstrates, the AWB’s objective to maximise grower returns was implemented at the IAC’s recommendation.
This emphasis on wheat price premiums and supply chain costs is pivotal. Yet it is also made possible through the subtle use of apparently humble and mundane technologies such as policy objectives, audit and cost-benefit analysis. This policy shift towards focusing on growers returns is made to appear self-evident, as common sense. Policy makers imply that it makes sense for a wheat marketing authority to focus wholly on maximising wheat prices. Auditing the AWB’s performance against this objective is portrayed as the obvious actions of a responsible government, as is using cost-benefit analysis to determine if regulation outperforms market liberalisation. Yet, each of these technologies are dependent upon the construction of value as being that which can be produced and communicated through markets, liberalised or otherwise. This is a subtle shift in power away from the AWB, statutory marketing and farmers, to the extent that the eventual deregulation of the wheat board is constructed as a common-sense decision.

**Econometric modelling: Creating acceptable knowledge**

Policy discourses portray quantitative information as an unambiguous and undistorted representation of reality. Furthermore, policy discourses claim that quantifying a policy’s consequences, or predicted consequences, is to exercise responsible policy making. This emphasises the claimed impartiality of numbers, minimising the scope for political judgment to unduly influence decision making. Thus, quantification helps depoliticise policy making and legitimises the engineering of society to meet general economic goals such as economic growth and the retraction of government expenditure.

Numerous studies, completed by consulting firms Booz, Allen and Hamilton (1995), Allen Consulting (2000a) and the Centre for International Economics (Joint Industry Submission Group 2000), have each used economic modelling to quantify the impact of regulation upon the wheat industry and the broader Australian society. These studies produce clear, communicable estimations of the costs (or benefits, depending on who commissioned the research) of wheat export market deregulation. In their assessment of statutory wheat marketing, Irving et al. (2000) commissioned Allen Consulting to quantify the projected costs and benefits of wheat export market deregulation. In ‘The Economic Impact of Competitive Restrictions’, Allen Consulting used econometric modelling to project the economic outcomes of deregulation, which it predicted would result in savings of between AUD$223 million and minus AUD$71 million. These findings were used frequently in Australian policy discourses to claim deregulation of the wheat export market would benefit the Australian wheat industry (Commonwealth of Australia 2008a, 2008b; Productivity Commission 2005, Australian Grain Exporters Association 2004). However, these findings are reported selectively, with only the positive deregulation scenarios mentioned in these documents.

In this instance, econometric modelling is portrayed as a neutral, unbiased mechanism for generating the evidence needed to understand wheat export market regulation costs. This information is inserted into the political discourse around this issue as a factual representation of reality, despite the limitations and assumptions of this modelling. Thus, in this instance,
Econometric modelling conducted by a consultancy firm has found wheat export market deregulation could cost as much as $223 million. Policy makers have selectively used this finding to argue that abolishing this regulation will reap up to $223 million in savings for the Australian community. First, this argument marginalises the importance and value of that regulation for wheat growers. Second, this helps reduce this policy issue to a simple, unbiased policy making decision, based on costs and benefits to the Australian economy. This construction is used to demonstrate the superiority of markets, thus making the construction of a market for Australian wheat exports appear logical, rational and necessary.

**Erasing the social**

As I argue in this paper, quantification enables policy makers to construct acceptable knowledge, to shape a simplified conception of reality. The legitimacy of this reality is dependent upon the erasure of the social world, in policy terms.

The complexity of the social world interferes with policy makers’ reductionist approach to agriculture in particular, where key policy questions are focused on how to best maximise the productive use of resources. The answer to this question, as constructed by policy discourses, is that this is best achieved through liberalised markets which promote allocative efficiency. This approach requires a distancing of policy makers from society. Quantification is central to creating distance, allowing the State to view society as an economy, comprising of distant and distorted, movable and replaceable parts. In turn, quantification enables policy questions to be reduced to equations which can be solved through the manipulation of numbers which are distant of the world they are claimed to represent. Dismissing competing discourses, and marginalising the value of qualitative reflections on lived experiences and observations, is central to this task. This article now analyses the discursive techniques used by wheat marketing policy reviews (Productivity Commission 2010; Irving et al. 2000) to erase the value of the social world.

**“Evidence” and evidence**

Studies such as the Irving et al. (2000) inquiry into wheat export marketing policy sought submissions from industry participants, including growers. Irving et al. (2000) treat these submissions differently, depending on the participants’ attitudes towards wheat export market deregulation. Despite it being “obvious that AWB Limited has very strong support from a majority of Australian wheat growers”, Irving et al. afford greater import to growers’ arguments criticising statutory wheat marketing (Irving et al. 2000, pp.64-67). Irving et al. (2000, p.64) summarise the perceived “benefits” of regulation using plain and passive language, presented as unsubstantiated, abstract claims:

> Price premiums are obtained from ‘single desk’ selling, which add to average export returns.
Following this, the perceived “disadvantages” of statutory marketing, according to growers, are written as arguments supported by critical appraisal of available evidence (Irving et al. 2000, p.65):

At best there is weak evidence the existence of significant price premiums over and above those attributable to quality and freight, [and]

The evidence that the ‘single desk’ delivers cost minimisation in storage and handling is problematic.

Irving et al.’s (2000, p.65-67) presentation of growers’ perceived disadvantages statutory wheat marketing appears to be used to counter the benefits of regulation, as claimed by the “majority” of growers. Portrayed as an independent study, this demonstrates Irving et al.’s subtle marginalisation of growers’ support for the AWB. This is further underlined in Irving et al.’s (2000, p.6) conclusion that they were presented with no “clear, credible or unambiguous evidence” of the benefits of statutory marketing. Thus, the inquiry considered submissions from the “overwhelming” proportion of wheat growers supporting statutory marketing as lacking sufficient clarity and credibility to influence their conclusions (Irving et al. 2000, p.82).

Similarly, ACIL Tasman (2004, p.20) examined the impact of grain market deregulation, in relation to the deregulated barley and canola markets. In outlining its methodology, ACIL Tasman argue:

Canvassing views from growers was not deemed necessary. As well as being time consuming and expensive, grain selling patterns and utilisation of new products provides sufficient indication of grower reactions and attitudes.

This reduces growers’ capacity to communicate information to their decision making in markets. Thus, markets are constructed as the only reliable indicator of growers’ preferences, values and opinions. This construction dehumanises growers, by narrowing all that is significant about their experience of grain market deregulation to their market transactions. This asserts the primacy of markets as a communicator of credible information, while further diminishing the value of the social world.

**Difficult to Document**

Policy discourses around wheat industry deregulation construct qualitative data, particularly that received from growers, as “difficult to document” (ACIL Tasman 2004, p.20; Allen Consulting 2000a, p.22). Data pertaining to the social world is eschewed in favour of the “concrete evidence” (Chang, Martel and Berry 2003, p.16) provided by quantifiable data that, in this case, monopolises the term ‘evidence’.
In assessing the impacts of deregulation of grain markets, ACIL Tasman consulted industry and rural media to identify concerns arising from this shift. This included largely economic matters. Additional concerns mentioned “were the social and environmental effects”, which ACIL Tasman claim were mostly cited by those who opposed deregulation (ACIL Tasman 2004, p.20). ACIL Tasman adopt two strategies in deflecting these concerns. First, the report tacitly claims that those raising the social and environmental effects of deregulation held a pre-existing bias, without considering that participants may have formed their view of deregulation based on their observations of negative social and environmental consequences of this shift. Second, ACIL Tasman (2004, pp.20-21) dismiss the credibility of these concerns by claiming that they are “not very well articulated”, “difficult to document” and therefore unsupported by evidence. This delegitimises these concerns as potential consequences of deregulation, as their articulation did not fit the ACIL Tasman’s methodological framework.


“A recent Senate Committee found that as a result of the application of NCP, “There is anecdotal evidence of a loss of social cohesion, amenity and human capital in small rural and remote communities” [Senate Select Committee 2000]. The Allen Consulting Group considers this conclusion difficult to justify given the limitations in assessing the broader impacts associated with removal of the single desk and the difficulties in determining the extent to which changes would reinforce existing structural change (ie, and possibly have only a marginal impact) or create new forces of change.

Rather than engaging with this report, or the rich academic literature which draws similar conclusions (Alston 2004; Vanclay 2003; Gray and Lawrence 2001; Pritchard 2000), Allen Consulting dismiss this research, contending that social impacts specifically arising from wheat export deregulation are too difficult to measure. This raises the question: if the negative social consequences of deregulation cannot be measured, do they exist? Rather than considering the broader social consequences of economic restructuring, Allen Consulting (2000b) focus their assessment of ‘social impacts’ upon economic impacts, such as changing wheat price premiums. This is a clear example of policy making narrowing the complexity of an issue, through the desire to create simple, easy-to-generate, quantifiable data. Resultantly, this undermines the potential social and environmental consequences of deregulation as legitimate concerns in the policy making process.

Individualising the social consequences of deregulation

Following the deregulation of the wheat export market in 2008, the Productivity Commission published an assessment of these reforms in 2010. This report is striking in its incapacity to absorb wheat growers’ negative experiences of deregulation. As an example, the following
comment attributed to a submission from the ‘Pike Family Trust’ identifies the additional responsibilities of grain marketing as a significant social impact of deregulation:

Although this ‘brave new world’ is welcomed by some it puts pressure on our business and families as there is not enough time to attend to all that one must, is required to and would like to within the farm let alone a life ‘after hours’. (Pike Family Trust, sub. 18, p. 1).

Rather than identifying the important issues of increased workload, reduce leisure time and increased pressures of families, the Productivity Commission (2010, p.86) argue that wheat export market deregulation is necessary and that growers’ will adapt:

Australian farmers, particularly grain growers, are resilient and resourceful and have a proven track record of adjusting to international market developments and domestic cost pressures (so-called declining terms of trade) by improving their productivity. This can mean short-term pain for some, but will deliver long-term gains in the form of a competitive and efficient wheat export industry.

Effectively, the supposed “short-term pain” of growers is constructed as less significant than the creation of a competitive wheat industry. Similarly, in predicting the social impacts of deregulation, Allen Consulting state (2000b, p.47):

It is clear that removal of the single desk will benefit some producers and disadvantage others. Those who are efficient and are able to manage risks (ie, financial risks, make appropriate choices as to how to market, chose appropriate wheat types, etc) will be the likely winners. It is likely that those producers who are unable to appropriately manage risks will exit the industry and there will be a round of farm consolidations [Emphasis added].

In other words, the negative social consequences of deregulation, such as increased pressure on farm families, reduced leisure time and in the worst cases, farmers exiting the industry, are portrayed as the problems of individual farmers rather than the structural change itself. Furthermore, these consequences of structural change are intentionally referred to in detached and distant language. The terms “short-term pain” and “a round of farm consolidations” do not convey the full extent of these outcomes. For farmers, exiting the industry creates a deep sense of loss, as farmers lose their connection to the land, their occupation, social networks and status as farmers (Kuehne 2012). Policy discourses purporting to examine the social consequences of deregulation mask these negative consequences, which are framed as unfortunate, though necessary, externalities.

In relation to the example of wheat export market deregulation, I argue that policy discourses have used quantification in conjunction with assemblages of technologies of performance, to construct quantifiable data, such as wheat prices and supply chain costs, as legitimate knowledge. Conversely, qualitative data such as farmers’ observations and experiences are delegitimised, greatly undermining the capacity of farmers to contribute to debates around wheat export market deregulation. In addition, the negative social consequences of deregulation are either portrayed abstractedly, or as illegitimate concerns which pale in
significance in relation to the ‘national interest’. In this regard, the social world, in contrast to the economic, is marginalised through policy discourses which frame the social as a barrier to economic reform.

Conclusion

This article analyses the process of Australian wheat export market deregulation, by focusing on policy makers’ attempts to define, measure and assess the value of the Australian Wheat Board as a statutory marketing authority. Policy makers sought to address the issue of wheat industry regulation, by using quantification to reduce this complex industry to simplistic and narrow measures such as wheat prices and supply chain costs. These measures are constructed as legitimate knowledge and used to determine Australian wheat export market policy. This portrayed the Australian wheat industry in simplistic terms and in isolation from the impact of structural change upon farmers and their rural communities. Equity was constructed as a peripheral issue, and subjective information such as experiences and perspectives as untrustworthy data, with assessments of the wheat industry instead favouring knowledge produced by statistical methods such as econometric modelling.

This shift was designed to shape the Australian wheat industry by establishing performance objectives which could be quantitatively measured. This compelled the AWB to focus on its objective of maximising growers’ returns. Any activity not specifically focused on this objective was framed as evidence of inefficiency. This created a substantial problem for the AWB, which was essentially established to equalise returns among growers, while relieving growers of the burdens of risk, workload and associated stress. Yet through narrowing the AWB’s purpose to focus on maximising returns from wheat sales, policy makers constructed these roles as having little value, and as being oppositional to the more important goal of maximising industry efficiency.

Subsequently, inquiries performed by the National Competition Policy Review panel (Irving et al. 2000), the Productivity Commission (2010, 2000a), and consultancy firms (ACIL Tasman 2004; Allen Consulting 2000a, 2000b), focused on addressing the question of whether wheat export market regulation delivered net gains to farm businesses and the broader community. This research specifically focused on whether the AWB, or firms competing in a deregulated market, would be able to deliver premium prices to growers, while minimising supply chain costs. These studies are portrayed as disinterested investigations, designed to establish the costs and benefits of wheat export market regulation. However, this research marginalises growers’ attempts to participate, through portraying submissions based on experiences and observations gleaned through working in the industry as unreliable, biased and not supported by ‘evidence’. Conversely, this research considers statistical data, particularly generated through economic modelling, as credible, neutral and disinterested representations of reality. In this regard, policy makers’ use of quantification and technologies of government depoliticises the decision to deregulate the Australian wheat export market. This is instead portrayed as the actions of a responsible government, based on
an unbiased representation of reality. Thus, the project of wheat export market liberalisation is legitimised as a prudent policy change, rather than a processual shift driven by ideology. Importantly, this shift also subtly transfers importance from ‘value’ to ‘performance’. The performance of statutory wheat marketing supplants the value that wheat growers ascribe to this regulation. Research such as that conducted by Irving et al. (2000) and the Productivity Commission (2010, 2000a) focuses on measuring performance: of the economy, the industry and of the AWB. These objects, such as the economy and the wheat market, are constructed as real, performing entities. On the other hand, the social world is erased. The relationships between farmers, their families, family histories, land and communities are overlooked, and considered as ancillary concerns which simply distract attention from the central purpose of wheat marketing policy, which is to maximise industry efficiency.

The detachment of the economic performance of the AWB and the wheat industry from its social context in particular, is made possible through technologies of performance such as audit, performance objectives, cost benefit analysis and econometric modelling. These technologies delegitimise the social as having any significance in relation to wheat marketing policy. In this process, farming is constructed as having value exclusively in its capacity to convert resources into commodities. Conversely, the social consequences of deregulation and structural adjustment, such as farmer exits and declining rural communities, are portrayed as the necessary, though unfortunate consequences of such policy shifts, which, policy discourses claim, are in the national interest. In this process, the social world is conceptualised as a barrier to the economic performance of the industry and the enhanced contribution of the wheat industry to the national economy. Through assemblages of governmental technologies, policy discourses minimise this barrier by delegitimising the importance of the social world in industry policy. This leads to the potential for further research examining the experiences of wheat farmers and their communities, following this policy shift. Whereas this article argues that the social world has been delegitimised through this process of policy change, qualitative research through interviews with actors subjected to this process could enhance our understanding of the implications of deregulation.

Quantification enables this process to occur, by constructing a reality which reflects a simplistic, reductionist wheat industry. Technologies such as audit and assessment are applied by policy makers to act upon this constructed reality. My use of sociology of quantification and governmentality shows how this process was made possible, and how alternate discourses were marginalised in favour of rationale of markets, efficiency and competition.
Section 4: Emerging corporate power in Australian agriculture
Chapter 12: Understanding supply chain management strategies of agricultural corporations: A resource dependency approach

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Policy makers claimed that wheat export market deregulation would provide growers with market power, in an environment where numerous firms would be competing for their wheat. As I showed in Chapter 5, this environment has not eventuated, as markets are consolidated. To a large extent, this consolidation has been exacerbated through the supply chain management strategies of firms, such as mergers and acquisitions, which have removed smaller participants from the market. In this article, I explore firms’ use of these strategies as a means of developing market power and protecting market share. In addition, I analyse firms’ use of corporate political action as a strategy of influencing policy making and reducing the risks associated with regulation restricting their capacity to expand into new geographical areas and markets.

In Chapters 5, 6 and 7, in particular, I analyse the construction of a reality of markets, firms and consumers, which I suggest is underpinned by the assumption that firms lack power in markets. This article shows this assumption to be incorrect.
Supply chain management strategies of agricultural corporations: A resource dependency approach

Abstract
The Australian federal government introduced deregulation of the wheat export market in 2008, as a means of creating a competitive wheat industry. However, this initiative did not sufficiently consider the potential for agricultural corporations to proactively seek to shape their environment. Utilising resource dependency theory, this article analyses the strategies employed by agricultural corporations, such as acquisitions, integration and geographic expansion, to develop control of supply chains and markets, and mitigate risks associated with resource supply and competition. Despite leading to concentration of markets and consolidation within supply chains, agribusiness corporations manipulate discourse around food to promote these strategies as necessary to enhance global food security. Furthermore, this article analyses the use of political lobbying by agricultural corporations to create a regulatory environment which enables integration and expansion. This article enables resource dependency theory to be more directly observable, through analysing tangible examples of these associated practices, implemented by agricultural corporations. In addition, this article contends that through heightening our awareness of how firms respond to deregulation, resource dependency theory provides the tools to reflect critically on the aims and methods of government deregulation initiatives.

Introduction
The global agribusiness firms known as the ABCD companies, Archer Daniels Midland (ADM), Bunge Limited (Bunge), Cargill and Louis Dreyfus, employ vertically integrated supply chain management strategies, with each of these firms employing tens of thousands of workers globally, across numerous geographically diverse regions (Murphy, Burch and Clapp, 2012; Cargill, 2015a; ADM, 2016b; Louis Dreyfus, 2011; Bunge, 2016). The ABCD companies describe their activities as being focused on improving food security, which they contend is achieved through their capacity to develop integrated supply chains, established through investment strategies including mergers, acquisitions and joint ventures (Louis Dreyfus, 2011; MacLennan, 2014, ADM, 2016c, Bunge, 2015a). While these strategies are often framed as necessary to mitigate risk, the result of this approach is consolidation within agricultural industries such as wheat (Clapp, 2015a, 2015b; Murphy et al., 2012; Ahmed, Hamrick and Gereffi, 2014; ADM, 2013). However, this is incongruent with government approaches to developing competitive industries and markets, through implementing programs of deregulation. This article explores strategies such as integration and consolidation, ostensibly implemented by the ABCD companies as a means of reducing risk, to understand how this may impact the objective of the Australian federal government to develop competition within the wheat export market.
In analysing perceptions of, and subsequent strategies designed to mitigate, risk and uncertainty by the ABCD companies, this article employs resource dependency theory as a lens through which to understand this activity. Developed by Pfeffer and Salancik (1978), resource dependency theory contends that firms will seek to develop their resources, through strategies such as mergers, acquisitions and joint ventures, to sustain competitive advantage on the one hand, and reduce uncertainty, on the other (Crook and Coombs, 2007; Bretherton and Chaston, 2005; Connelly et al., 2013). Though this theory is particularly well suited to analysing the use of integration by agribusiness, this framework has rarely been applied within an agricultural context. Furthermore, while studies have sought to explore changes in wheat prices following deregulation of the Australian wheat export market (Curwen et al., 2016; Williams, 2012), and the impacts of deregulation upon wheat farmers (O’Keeffe, 2014b; Head et al., 2011), the actions of companies within this recently deregulated market are yet to be explored.

To understand why these strategies of integration are employed by the ABCD companies, this article analyses annual reports, media releases, statements to investors, speeches and comments attributed to company spokespeople in news articles. In particular, statements from these sources relating to the ambitions of the company, merger and acquisition activity, risk and uncertainty, geographical diversification, or which contribute to discourse around trade and food security have been included in this analysis. Understanding the employment of organisational strategies by the ABCD companies, through analysing discourse, builds upon the work of Murphy et al. (2012) and Clapp (2015a), who argue that these companies seek to shape discourse around food policy. Furthermore, this article focuses upon the ABCD companies due to their position as the dominant global agribusiness companies, controlling over 70 per cent of the global grain trade (Murphy et al., 2012; Clapp, 2015a).

This article commences with an outline of resource dependency theory, focusing on how this theory understands firm behaviour with regard to resources, relationships and risk, before exploring how this theory perceives political action by firms. Following this, the deregulation of the Australian wheat industry is examined. This article then focuses on the strategies that are employed by the ABCD companies to develop resources, reduce risk and influence policy development. Following this, implications for the deregulated Australian wheat export market are considered. This article will argue that while strategies of integration and expansion are framed by the ABCD companies as risk-reducing, risk is managed through approaches which provide the company with control of grain networks and markets. As these strategies are dependent upon government regulations which allow companies to freely implement these strategies, the companies seek to mitigate the risks posed by policy shifts by exerting influence over policy development. This article contends that while governments may intend to create competition by deregulating agricultural industries, such policy may not achieve this objective without sufficient consideration of how firms may respond in deregulated environments.
Resource Dependency Theory

Resource dependency theory provides an important framework for understanding the power of organisations, and how these organisations interact with their environment (Davis and Cobb, 2010; Wry, Cobb and Aldrich, 2013). This develops upon Emerson’s theory of power-dependent relations (1962), which contends that the more dependent firm 1 is upon firm 2, the more power firm 2 has over firm 1. In addition, the work of Blau (1964), in analysing the instability of these relationships was particularly influential. According to resource dependency theory, the survival of firms is directly related to their capacity to reduce uncertainty of resource supply, particularly through reducing their dependencies upon other firms (Bretherton and Chaston, 2005; Hessels and Terjessen, 2010; Cascario and Piskorksi, 2005; Drees and Huegens, 2013). Resources could be defined as physical, financial, political or informational (Wry, Cobb and Aldrich, 2013). With regard to agribusiness, resources could include the raw commodity; physical assets such as grain elevators, ports or transport; financial resources necessary to make acquisitions; or the political resources that may assist the firm in influencing policy development. Studies employing resource dependency theory therefore seek to understand how firms use existing resources, what motivates firms to develop new resources, and how resource dependent relationships with other firms are managed (Bretherton and Chaston, 2005; Mottner and Smith, 2009; Paulraj and Chen, 2007; Hofer, 2012; Elg, 2000). In developing their resource base, resource dependency theory contends that firms will proactively seek to influence their environment (Drees and Huegens, 2013; Gulbrandsen et al., 2009). This underscores the differences in approach to other organisational theories such as population ecology, which contends that firms adapt to, rather than change, their environments (Nienhuser, 2008; Davis and Cobb, 2010). This relates to the mitigation of risks and uncertainties arising from the environment of the firm, which will now be explored.

Risk and Uncertainty

Resource dependency theory posits that firms will seek to reduce the uncertainties existing within their environment. Uncertainty is described by Pfeffer and Salancik (2003, p.67) as being the “degree to which future states of the world cannot be anticipated and accurately predicted”. From within this framework, the external environment, that which is beyond the immediate and direct control of the firm, will be the greatest source of uncertainty for a firm (Nienhuser, 2008). The exposure of a firm to uncertainty and risk can be caused by relationships with other firms, competition from rival firms and the dependency of a firm upon another for access to key resources (Mottner and Smith, 2009; Finkelstein, 1997; Carter and Rogers, 2008). Uncertainty may be caused by an unstable, or unfavourable, political environment (Hillman et al., 2009). These uncertainties may centre on access to necessary resources, the potential actions of competitors, government policies and regulations, and further environmental changes that were not anticipated by the firm (Nienhuser, 2008, Chen, Chen and Ku, 2012; Malatesta and Smith, 2014). Studies which have sought to understand mergers and acquisitions implemented by firms have found that the prevalence of these
strategies is increased when uncertainty is present within the operating environment (Nienhuser, 2008; Drees and Huegens, 2013; Pfeffer, 1972; Paulraj and Chen, 2007).

Less attention has been focused upon the uncertainties resulting from competition, and the strategies that may be employed by firms to reduce exposure to these uncertainties (Sheppard, 1995). In addition, Pfeffer and Salancik (1978) contend that the uncertainties arising from competition can be mitigated through horizontal integration. In this sense, a firm may engage in mergers or acquisitions to reduce competition within a segment of a supply chain. This may result in the reduction in the number of competitors present within the market, and therefore increase the market share, and market power, of the firm. Associated with this, is the reduced risk that the firm may be subject to price competition. Furthermore, these strategies may be employed as a defensive strategy, aimed at reducing the potential for external firms to enter a market through acquisitions.

Uncertainty is a broadly defined term in resource dependency theory. However, if uncertainty is created by the external environment of the firm, and it is governments that regulate that environment, then in many ways uncertainties can be related to policy governing firm behaviour. For example, government policy could potentially limit the use of strategies such as vertical integration, or limit the growth of a firm within a market by restricting horizontal integration. Therefore it is now important to focus on the development of political resources by firms.

Corporate Political Action

Resource dependency theory helps us to understand how the firm may seek to alter their environment to create a more favourable business climate (Wry, Cobb and Aldrich, 2013; Johnson, 1995; Nienhuser, 2008; Davis and Cobb, 2010; Getz, 1997; Bouwen, 2002). The environment can be considered to include external firms, though also encapsulates the regulations and policies established by governments, which can restrict or protect behaviours that a firm may engage in (Hillman et al., 2009). Hillman et al. (2009) contend that an important chapter from ‘External Control’ is frequently overlooked; specifically chapter “The Created Environment: Controlling Interdependence Through Law and Social Sanction”.

Wry, Cobb and Aldrich summarise the implications of this neglected chapter well (2013, p.449):

Pfeffer and Salancik’s idea was straightforward: if firms are unable to reduce uncertainty and dependence, they will seek to create a new, more favourable environment by establishing, altering, or dismantling government regulations.

This is particularly relevant, the previous section has suggested, because competition and government regulation may be conceptualised by firms as a source of uncertainty. This can also lead to coalitions of firms developing, who may have shared ambitions with regard to how government policy is influenced (Henry, 2011). Henry (2011, p.379) states that these coalitions “are held together by power seeking relationships that better enable individual
network actors to affect policy change”. Henry (2011, p.379) refers to the development of relationships between firms, termed “advocacy coalitions”, which are based upon shared policy ideas, and the contention that these firms should seek to influence policy. The development of political resources by firms as a means of creating a more favourable environment is a relatively undeveloped area of resource dependency theory. Studies exploring this aspect of firm behaviour have focused particularly on the use of board interlocks and political ties (Hillman, 2005; Mullery et al., 1995; Boyd, 1990; Haunschild, 1990). Yet surprisingly little research has been conducted with regard to attempts of firms to influence policy through shaping discourse. Furthermore, studies have tended to focus on the development of political resources, while not connecting this with the identification of sources of uncertainty which may be mitigated through the deployment of these resources. This article will now turn to the Australian wheat industry, to explore how and why deregulation of the export wheat market came to be implemented, before conducting a preliminary analysis of the outcomes of deregulation.

**Deregulation of the Australian Wheat Export Market**

The deregulation of the Australian wheat export market effectively ended the export monopoly held by the Australian Wheat Board (AWB). This followed more than two decades of debate concerning the position of the AWB as a Statutory Marketing Authority, which had been established in 1948 with the intention of providing wheat growers with security and stability in their wheat marketing (Higgins and Lockie, 2002; Botterill, 2012; Whitwell and Sydenham, 1991). Throughout much of the 1980s, 1990s and 2000s, the Industries Assistance Commission (later known as the Productivity Commission) contended that deregulation was essential to expose the wheat industry to competition, which would theoretically lead to improvements in efficiency and productivity (Industries Assistance Commission, 1983; 1988; Irving, Arney and Linder, 2000; Productivity Commission, 2005a). This perception ultimately informed wheat export market deregulation, implemented by the Australian federal government in 2008 (The Age, 2008).

However following deregulation, the bulk handling companies such as GrainCorp (in the Eastern states of Victoria, New South Wales and Queensland), Glencore (South Australia) and CBH (Western Australia) control between 30 to 50 per cent of the export market in their respective states (Stretch, Carter and Kingwell, 2014; Australian Crop Forecasters, 2015). These bulk handling companies manage the infrastructure developed while these supply chains were under the regulated management and ownership of the state governments through the state-based bulk handling authorities (Stretch et al., 2014). To a significant extent, the control of the supply chains has been used by the bulk handling companies to extract a substantial share of the export market (Stretch et al., 2014; Boaitey, 2013).

The strong position of the vertically integrated bulk grain handlers within the Australian export market highlights the relationship between control of the supply chain as a means of developing a substantial share of a market. This article will now analyse the merger and acquisition strategies which have been employed by Archer Daniels Midland, Bunge Limited,
Cargill and Louis Dreyfus, known as the ABCD companies, as a means of developing their control of supply chains within Australia, and subsequently, developing their share of the Australian wheat market.

Supply Chain Management Strategies of the ABCDs

The larger transnational agribusiness companies have yet to develop supply chains to rival those of the bulk handling companies such as GrainCorp and CBH. Subsequently, the bulk handling companies have become targets for acquisition. For example, Archer Daniels Midland launched a A$3.4bn takeover of GrainCorp, which was rejected by the Australian government in 2013 (Hockey, 2013b). However, the ousting of former Liberal Prime Minister Tony Abbott has led to speculation that ADM may make another bid for GrainCorp (Sydney Morning Herald, 2015).

While the ownership of GrainCorp remains a significant issue for the Australian wheat industry, numerous acquisitions of integrated companies have occurred in recent years. The most notable of these is Viterra’s acquisition of ABB Grain in 2009, and was in turn purchased by Glencore in 2011 (Sydney Morning Herald, 2012). Viterra’s control of the wheat supply chain in South Australia, in particular, enabled Glencore to increase their share of the Australian wheat export market from 6.7 per cent in 2010 to 22.0 per cent in 2013 (Australian Grain Growers Co-operative, 2014). This established Glencore as the second largest exporter of wheat from Australia (Australian Grain Growers Co-operative, 2014). Also in 2011, Cargill acquired AWB Grainflow, including their 22 grain receival sites in the Eastern states (Sydney Morning Herald, 2011). Louis Dreyfus acquired fertiliser company Ravensdown in 2014 (Farm Weekly, 2014), which followed their establishment of a joint venture with Asciano in 2011 to develop a grain handling facility in Newcastle (ABC, 2014). Bunge have thus far focused primarily on building their own infrastructure, including a A$20m port in Geelong, Victoria, and A$40bn port in Bunbury, Western Australia; in addition to substantial storage facilities intended to supply these ports (The Australian, 2014c, The Land, 2015).

Numerous acquisitions have been completed following the deregulation of the export wheat market in 2008, which raises the question of why these strategies are being employed, and also what the impact of these strategies has been. At this point, we must now turn to the broader strategic motivations of these companies, particularly with regard to the development of resources, and the management of risk and uncertainty as a means of understanding the implementation of acquisitions, mergers and joint ventures within the context of the Australian wheat industry.

Relationships and Resources

As indicated by the merger and acquisition activity occurring within the Australian wheat industry, companies controlling wheat supply chains, or simply infrastructure supporting these supply chains, are particularly susceptible to acquisition from the major global
agribusiness companies. The attempted acquisition of GrainCorp by ADM reflects a focus of this company upon investing in integrated firms. In addition to the existing 19.8 per cent interest of ADM in GrainCorp, this includes the 32.2 per cent interest of ADM in Pacificor, which owns grain elevators in Washington and Oregon; and a 100 per cent ownership of Alfred C. Toepfer International (ADM, 2015a, p.6). Louis Dreyfus have also targeted integrated firms in their acquisition strategies, having completed a takeover of Ilomar Holding N.V., (Louis Dreyfus, 2014), an acquisition which Jean-Marc Foucher, CEO of Louis Dreyfus Commodities for Europe and the Black Sea, claims “is consistent with the ambition of Louis Dreyfus Commodities to grow its fixed asset base and provide customers globally with integrated supply chain management solutions, from origin to final destination” (Louis Dreyfus, 2014). This integration and expansion is explained in the 2014 Louis Dreyfus Annual Report in relation to the “core expertise” of the company, which is outlined as “Securing supplies of food in a changing world” (Louis Dreyfus, 2015, p.3).

Bunge describe themselves as an “active acquirer of other companies” (Bunge, 2015b, p.12). This focus is part of Bunge’s “Winning Global Footprint” plan, where the company seeks to “Invest in origination and distribution network to expand grain flows” (Bunge, 2014a). In addition, Executive Vice President of ADM, Ray Young, states that “Despite the macroeconomic headwinds that we’re facing, we have an incredible portfolio of businesses and products and a geographic footprint that’s really unparalleled” (ADM, 2016b, p.8). In each of these statements the development of resources in geographically diverse locations through acquisitions, is considered as essential in reducing risks associated with access to inputs, and also revenue volatility. Conversely, the “limited control over governance and operations” associated with the use of joint ventures is highlighted by Bunge (2015a, p.12), which results in “certain operating, financial and other risks relating to these investments”. This implies that control within supply chains is perceived as being of significant importance, and is counter posed with risk. In that sense, risk is created when control is ceded. This is exemplified by a statement from Louis Dreyfus (2016):

We strive to strictly manage the journey from farm to fork…The greater the control we have, the greater the security and value we provide to our customers.

Control in this instance is mentioned with regard to security and value, concerning the capacity of the company to ensure quality of product is maintained. Joint ventures restrict this ability to control “the journey from farm to fork”. This indicates that acquisition is the preferred strategy of agribusiness corporations, while also suggesting that these firms may engage in joint ventures with some reluctance. Yet as emphasised by ADM CEO Juan Luciano (ADM, 2015b, p.5), control of value chains maximises profitability:

…we can capture value as value sometimes shifts from one place in the value chain to the other. So this long view allows us to profit a lot from our system.

This reflects Bunge’s emphasis on enhancing profitability through focusing on “value-added” activities, coupled with an intention to reduce revenue volatility (Bunge 2015c, p.23). The
idea of control is also particularly interesting in this instance, and differs significantly from the approach of modern corporations described by Davis (2013), which eschew control of supply chains through direct ownership. Integral to this, is the notion of risk, and the relationship between risk and control within agribusiness.

Expansion: size and scope

This relationship between control and risk is particularly interesting with relation to the key strategies that are employed by global agribusiness companies. In particular, ambitions of agribusiness companies to expand their presence in global markets, and expand into geographic locations throughout the world, are of interest to this analysis.

Rather than producing food, the ABCD companies describe the management of supply chains as their core business; however this is frequently constructed as serving a higher principle. As Serge Schoen, then CEO of Louis Dreyfus explains, “Our ambition is to feed and clothe people around the world by connecting farms to forks in every place where there is a need” (Louis Dreyfus, 2011, p.3). Cargill CEO David MacLennan (MacLennan, 2014) describes the activities of his company in a similar manner, stating “We move food and crops from times and places of surplus to time and places of deficit”. According to Bunge (2015a, p.15), “As we deliver on our strategies, the benefits will accrue not only to our shareholders but to society as a whole. This is because what Bunge does is fundamental…connecting harvests to homes”. ADM explain that their fundamental purpose is “To serve vital needs”, also achieved by “connecting the harvest to the home” (ADM 2016d). The implication of these comments is that these firms are integral to global food networks, conveying a considerable level of power. This suggests that to disrupt the capacity of these companies to connect farms with consumers would be to disrupt global food security. In meeting these ambitions, Alberto Weisser, former Bunge CEO contends that agribusiness companies need to “be large and present in all different regions, well capitalised, have a complete portfolio” (cited in Ahmed, Hamrick and Gereffi, 2014, pp.12-13). Therefore, according to Weisser, consolidation of markets and also supply chains is essential. A comparable approach is demonstrated in ADM’s 2014 10-K report (ADM, 2015a, p.12), who describe their strategy as “Expanding the volume and diversity of crops it merchandises and processes, expanding the global reach of its core model”. This provides a sense that expansion, and also the capacity to expand, is critical to these firms.

Expansion of business into new countries and new regions, referred to as ‘geographical diversification’, is frequently cited by large agribusiness corporations as being fundamental to their global strategy (ADM, 2015a, 2015b; Louis Dreyfus, 2012; Bunge, 2014b). This is often portrayed as being important in securing consistent access to resources, thereby minimising revenue volatility (ADM, 2015b, p.4). From this perspective, developing a diversified global footprint is a means through which risk and uncertainty associated with resource supply can be mitigated. In the case of climatic events which may restrict the flow of resources from one region, a geographically diversified company is able to offset this reduction in resource supply through focusing on procuring resources from another region. Furthermore, as food
production is seasonal, geographical expansion and diversification allows companies to ensure a consistent supply of resources, and consistent revenue streams, throughout the year. This geographical expansion is associated with the ambition to access new and developing markets (ADM, 2015c, p.4).

While geographical expansion is portrayed as essential in reducing the risks associated with resource supply and revenue volatility, the expanded reach of these companies places them in a position of significant power over global food networks. This power manifests through a presence in markets and locations across the world, which is frequently alluded to when companies provide a description of their activities and their global presence. For example, Juan Luciano of ADM states that:

> So ADM, as of December 31, was about $33 billion market capitalisation. It's certainly a global leader in origination of grain, processing of grain and ingredients. We have more than 750 facilities around the world (ADM, 2015b).

In that sense, geographic expansion, expressed through the number of facilities ADM controls, is used to portray the company as being powerful. Associated with this geographical expansion of ADM in this statement, is the enhanced profitability and value of the company. This omnipresence is described by Louis Dreyfus (2016) in the “A glass of orange juice poured for breakfast. A bowl of rice steamed for lunch. A cup of coffee served in a neighbourhood café. Throughout the day and throughout the world, Louis Dreyfus Commodities plays a vital role in nourishing the world’s population”. Such statements illustrate the importance of Louis Dreyfus and other ABCD companies in feeding populations, however also convey a pervasiveness which could be interpreted as an expression of power and control.

This research has highlighted the desire of agribusiness, specifically the ABCD companies, to develop their ownership of integrated supply chains, particularly through investments such as acquisitions. This analysis contends that such an approach serves the dual purpose of reducing the exposure of the company to risk, while allowing the company to develop control within food systems. In addition, this enables such companies to maximise the profit that can be extracted from these chains. In that sense, control is integral, and loss of control is equated with risk. These strategies are typically framed as integral to meeting key objectives such as connecting ‘harvests to homes’ or ‘farms to forks’, portraying the firms as being integral to food security. This reflects an attempt to shape discourse around food policy, with government regulations restricting these strategies framed as threatening global food security. Therefore, this article will now focus on the perceptions of agribusiness toward the risks posed by regulation and government policy.
Risk and Uncertainty

Regulation

While the integration of supply chains may be employed to reduce risks associated with the supply of resources, and conversely, may assist agribusiness companies in developing control within food networks and subsequently capture value, the following analysis explores how risks to strategies of integration, consolidation and expansion – particularly government regulation and competition - are viewed by the companies.

ADM highlight the inherent risks that may inhibit their operation with regard to a broad range of policy areas, “including anti-trust and competition law, trade restrictions, food safety regulations, and other government regulations and mandates” (ADM, 2015a, p.12). A similar statement is provided by Bunge (2015a, p.11), mentioning that “Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies, import and export restrictions…can influence industry profitability”. While these statements draw the connection between the capacity of the company to expand into new markets and regions; regulation and policy restricting this expansion is viewed as being a considerable risk to the profitability of the company.

This article has cited geographic expansion, expansion into new markets and unrestricted trade as being fundamental to the strategies employed by global agribusiness companies. However as stated in the Bunge 10-K report for 2014 (Bunge, 2015b, p.11), “agricultural commodity production and trade flows are significantly affected by government policies and regulations”. This indicates that regulation which may disrupt trade, and limit the capacities of companies to cross borders and enter new markets, represents a substantial risk to global agribusiness. Associated with this, is the discourse developed by the ABCD companies in particular, which articulates that free trade, movement of capital and the intervention of these global agribusiness companies into markets and regions throughout the world is of net benefit to societies. However, if these strategies are constructed as providing net benefits to societies within nations, then this may reduce the risk of regulation that restricts the capacity of global agribusiness companies to execute these strategies which appear fundamental to their profitability.

Competition

The perception of the ABCD companies of regulation as a risk, suggests their preference towards market based approaches to economic organisation. This is further emphasised by the consistent advocacy of the ABCD companies for unrestricted trade, and their endorsement of the power inherent within markets (Page 2014; MacLennan, 2014; Conway, 2013; Murphy et al., 2012). However, the vertically integrated approaches of ADM and Bunge, for example, indicate that the companies structures their activities to avoid participating in open markets, and avoid engaging in relationships with competing firms.
While deregulation may be implemented by governments as a means to create competition within agricultural markets, for agribusiness companies, competition is perceived as a risk to their operation. As stated by ADM (2015a, p.11), “Competition impacts the Company’s ability to generate and increase its gross profit”. While mergers, acquisitions and joint ventures are portrayed by firms as a means through which access to resources can be secured, and associated uncertainties can be reduced, such activity from competing companies can be perceived as a threat to their own viability. As stated by ADM (2015a, p.11):

…continued merger and acquisition activities resulting in further consolidations result in greater cost competitiveness and global scale of certain players in the industry that could impact the relative competitiveness of the Company.

This statement suggests that in some ways, mergers and acquisitions are engaged as defensive manoeuvres, aimed at reducing the capacity of competitors to strengthen their position in global markets and appropriate market share. The following statement illustrates this relationship between the capacity to compete, and the establishment of market share:

To compete effectively, the Company focuses on…developing and maintaining appropriate market share (ADM, 2015a, p.11).

A similar concern regarding the risks associated with competition, the potential loss of market share, as well as increased costs and reduced revenue are articulated by ADM and Bunge in these statements:

Competition could cause us to lose market share…increase marketing or other expenditures or reduce pricing, each of which could have an adverse effect on our business and profitability (Bunge, 2015b, pp.12-13).

In this sense, competition is portrayed by ADM and Bunge as being a risk to their financial performance. Furthermore, profitability is connected to market share, suggesting that from the perspective of the company, the protection and expansion of their market share is essential. These statements suggest that competition is not viewed favourably by agribusiness corporations, which indicates that these companies may be inclined to explore means through which exposure to competition may be reduced. This relates to the use of integrated value chains as a means of reducing exposure of companies to open markets, and to reduce the competitiveness of a market.

Considering the operating environment of the company and the emphasis of companies on reducing the risks associated with competition, this raises the risks that may be associated with competition or antitrust policy. In particular, government policies regulating competitiveness of markets are also perceived by Bunge as being a risk to their profitability, which may be motivated by increasing commodity prices. As mentioned by Bunge (2015a, p.6):
High commodity prices and regional crop shortfalls have led, and in the future may lead, governments to impose price controls, tariffs, export restrictions and other measures designed to assure adequate domestic supplies and/or mitigate price increases in their domestic markets, as well as increase the scrutiny of competitive conditions in their markets.

While governments may seek to open markets and encourage investment from agribusiness companies, the companies included in this research view competition and government policy designed to enhance competition within markets as significant risks to their profitability. This indicates that there is a disjuncture between the ambition of governments to develop competition in markets and the organisational strategies that are adopted by global agribusiness companies. The conceptualisation of competition as a risk implies that strategies utilised by these companies to reduce risk, will involve approaches which seek to reduce competition. In practice, the employment of strategies to reduce risk associated with competition, and avoid markets through vertically integrated structures, is at odds with the rhetoric from companies such as Cargill, Bunge, ADM and Louis Dreyfus, who actively promote free trade and free markets.

**Corporate Political Action**

The preceding sections have highlighted the perceived need of agribusiness to continually expand, in terms of geographic reach and also to develop control within value chains. This expansion is often facilitated by acquisitions, and in particular, acquisitions of integrated companies. However, as this article has shown, agribusiness corporations view government regulation which impacts trade, markets and the competitiveness of markets as potentially undermining these strategies. This article will now explore the use of political action by agribusiness as a means of reducing the potential impact of these risks.

An example of an attempt to shape policy discourse is reflected in the comments of ADM, contained within a submission to the Submission to the Senate Rural and Regional Affairs and Transport References Committee, essentially convened in response to the attempted takeover of GrainCorp by ADM (2013, p.6):

> There is a clear worldwide trend towards consolidation in agribusiness, where economies of scale and global market reach are increasingly essential in maintaining competitiveness (ADM, 2013, p.6).

This statement illustrates the contention of global agribusiness that competitive advantage is achieved through continual development and accumulation of resources. While the risks associated with competition are indicated through this statement, in addition, the risks that are posed by regulation seeking to maintain competitiveness in markets are apparent. Through presenting consolidation of agricultural markets as inevitable, this comment seeks to normalise consolidated markets. Furthermore, this seeks to connect the performance of ADM, achieved through economies of scale, with broader outcomes related to improved
performance in food networks. In that sense, this statement aims to influence the Australian federal government’s decision to either allow or prevent ADM’s acquisition of GrainCorp.

In this instance, ADM’s attempt at exerting influence was in response to the environmental circumstances; however intervention of global agribusiness in policy discourse is often proactive. Potentially, this reflects the concern about “future government policies” (ADM, 2015a, p.12), which may impact strategies of geographic expansion and consolidation. To minimise these risks and protect their power and also profitability, agribusiness companies such as the ABCD’s may seek to influence their environment through corporate political activity. As explained by former CEO of Cargill, Greg Page, who contended that “It is not for us to take on the roles of governments, although we should seek to inform their deliberations” (Page, 2014). According to Cargill Vice Chairman Paul Conway, “we advocate for policies and practices to help ensure that the world can feed itself” (Conway, 2013). The focus of the latter half of this sentence returns to the power held by the ABCD companies with regard to global food security. This is not only a significant expression of power, however this comment suggests that firms such as Cargill are best positioned to determine how food security can be achieved. Page (2015) elaborates on the position of Cargill in this regard, stating that food security can be reached through enabling “open trade”, which therefore requires the discouragement of “political leaders worldwide from pursuing food self-sufficiency, imposing export barriers and taking other actions that inhibit food from moving freely across borders”. Similarly, CEO of Cargill, David MacLennan (2015), and Conway (2012) contend free trade is required to mitigate the risks to food security that may be caused by climate change, or government intervention in markets. Conway (2012) summarises his speech by stating that in depicting the importance of free trade, he has outlined the “environments that governments can provide to help give the right incentives to farmers”. The implication is that governments seeking to intervene in the activities of Cargill may risk the food security of their nation. Yet to some extent this also illustrates Cargill’s vulnerability to government regulation, and highlights their perceived need to maintain some level of influence over government policy.

For example, if ADM (2014b) or Bunge (2014b) consider that government regulations across areas such as competition policy and environmental regulation pose a risk to their strategy of expansion within markets and across borders, then these firms will seek to influence the development – or withdrawal – of these regulations. This can also lead to coalitions of firms developing, who may have shared ambitions with regard to how government policy is influenced (Henry, 2011). Examples of this activity in agribusiness include lobby group Food and Drink Europe, which represents member companies such as Cargill, Kellogg, Unilever and Coca-Cola (Food and Drink Europe, 2015). In addition, Cargill has been particularly active in lobbying for the endorsement of the Trans-Pacific Partnership (TPP) trade agreement, as “a founding member of the U.S. Business coalition for the TPP” (Cargill, 2015b). As stated by Cargill Vice President of Corporate Affairs Devry Boughner Vorwerk, the “TPP will allow food to move more freely across international borders, which is crucial to feed a growing world population” (Cargill, 2015b). According to MacLennan, (Cargill, 2015c) this freedom will “[benefit] farmers and consumers around the world”. Similarly, ADM CEO Juan Luciano contends, “The TPP will help reduce barriers to trade and open new
markets, benefiting American farmers and ranchers, the U.S. economy and ADM”, while subsequently “supporting more American jobs and strengthening our rural communities” (ADM, 2015d).

With the profitability of operations of global agribusiness cited in this article as being dependent upon freedom of trade and capital flows, it is clear the TPP offers significant benefits for companies such as Cargill and ADM. However, it is important to note that these freedoms, provided by such an agreement, are portrayed by Vorwerk as being essential to “feeding a growing world population”, or providing increased opportunities and employment for farmers. In that sense, policy which benefits Cargill and ADM, is constructed as ultimately benefitting the global community (Cargill, 2015c; ADM, 2015d). Crucially, in this argument it is not the power that can be amassed by these companies through the creation of such a trade environment, it is the benefits which are argued to be achieved by farmers and consumers, which are constructed as being relatively powerless. According to this argument, Cargill and ADM are able to empower these producers and consumers, while enhancing food security (Cargill 2012).

These attempts to intervene in policy and discourse around policy development are indicative of the tension between risk and control. Competition, and policy which may seek to enhance competitiveness of industry, is viewed as being a significant risk to the capacity of agribusiness to implement strategies such as integration and expansion. As with the perceived need to control risks associated with access to resources, quality of product and profit capture in value chains, intervention in policy is applied to seek some level of control over governmental decisions, and discourses informing those decisions.

Discussion

The Australian wheat industry, which was deregulated in 2008, provides an interesting environment to examine through the lens of resource dependency theory. The deregulation of the industry ensured that Australian and transnational grain traders were able to enter the market. However bulk handling companies such as GrainCorp in Australia’s Eastern states control the supply chains that were once owned by state authorities, which held monopolies over these networks until privatisation in the 1990s and early 2000s. In developing ownership of integrated supply chains, companies such as GrainCorp, Viterra and CBH have become acquisition targets, particularly from global agribusiness companies such as ADM, Bunge, Cargill and Louis Dreyfus, who are intent on developing integrated supply chains. Associated with this emphasis on integration, is the focus of these companies upon expanding their reach into new markets and new geographic regions.

This discussion therefore turns to understanding the strategies employed by these companies; specifically, exploring why these strategies are favoured, and the implications of this. In analysing documentation produced by the ABCD companies, such as media releases, speeches, annual reports, this research has highlighted risk as a key factor in the intention of these firms to develop integrated supply chains. This strategy ensures resource supply and minimises dependencies upon other companies – who may be competitors – within the
supply chain. In addition, this enables the companies to reduce their exposure to revenue volatility. Associated with the minimisation of risk is the use of integration as a means to establish control of supply chains. From this perspective, the loss of control is perceived by the companies as creating risk. This is reflected in the use of integration to as a means of avoiding exposure to markets. In that sense, the need for control is motivated by the perceived correlation between control of supply chains and profit capture.

These strategies are designed to maintain the global stability of the company, in terms of access to commodity, and consistency of revenue. In turn, this is also associated with the ambitions of the ABCD companies to expand in size and scope, through the approach of ‘geographical diversification’. However, this strategy is dependent upon the approach of governments towards regulation of trade and markets. Therefore, government regulation and policy (and future policies which may restrict this activity) is framed by the ABCD companies as representing a significant risk. The contention of this article is that companies aiming to minimise risk in their environment will seek to influence government policy.

Firstly, the ABCD companies seek to shape discourse around trade and food security, in constructing their activities as ultimately delivering societal benefits. The companies portray themselves as being best placed to deliver food security on a global scale, which can be achieved if they are afforded the freedom to implement strategies of integration and expansion. Conversely, the companies outline their existing power within global food networks; routinely expressed in terms of global reach, size, employee numbers and market capitalisation. This effectively communicates the power of these companies to governments who may seek to regulate their activities, raise barriers to commodity and food trade, or develop a degree of self-sufficiency within national food networks. Also communicated are the financial and political resources that the companies may be able to implement to develop influence. As this research has highlighted, this is evident in the formation of business coalitions, including the U.S. Business Coalition for the TPP, Food and Drink Europe, and the Australian Grain Exporters Association.

Further to the potential risks associated with the regulation of trade, is the regulation of competition within markets. In deregulating the Australian wheat industry, the Australian federal government claimed that this was necessary to ensure greater competition, and resultantly, improved wheat prices for wheat farmers. However, regulation of competition within markets, and within supply chains, is perceived by the ABCD companies as potentially restricting their capacity to consolidate and expand the scope of their activities. In that regard, efforts by government to restrict the consolidation of markets are portrayed as not only lacking cognisance of the preference of ‘the market’ for large, well-capitalised companies; but are ultimately futile, in the face of the global shift towards market consolidation. Coupled with the risks that are posed by the regulation of competition, is the perception of risk created by competitors. This in turn leads to the employment of investment strategies such as acquisitions to protect market share. While companies such as Cargill or ADM advocate for the liberalisation of trade and the power of markets, in practice, the control of supply chains effectively shields the companies from markets and restricts competition.
The deregulation of the Australian wheat export market was intended to create competition. However, this paper contends that such an ambition does not correspond with the strategies of integration employed by global agribusiness. While integration is employed to reduce risk, this approach to risk management is focused on the establishment of control within supply chains. In addition, the targeting of investments such as acquisitions towards integrated companies leads to further consolidation. As a result of not considering these significant factors in the deregulation of the Australian wheat industry, the Australian government was therefore not able to substantially account for the power that could be developed by agribusinesses corporations within the deregulated environment. Accordingly, the unintended consequences of deregulation, such as a consolidation of the wheat export market, which may have been predictable, were not adequately considered.

Conclusion

This article has explored resource dependency theory as a framework for understanding the strategies of agricultural corporations in a deregulated market. Through analysing annual reports, media releases, statements to investors and SEC filings of the ABCD companies, this article has explored how these companies perceive risk and implement strategies such as acquisitions as a means of reducing risks associated with access to resources, revenue volatility and the actions of competitors. Expansion into new regions, framed as geographic diversification, is a key strategy designed to reduce these risks, and is employed in conjunction with an intention to develop integrated supply chains, often through acquisitions. Such strategies which reduce risk invariably involve the development of control. In that sense, the loss of control is framed as inherently creating risk. This article contends that the ABCD companies seek to shape discourse around food to justify these strategies through the contention that global food security is enhanced as a result. Associated with this, are attempts to lobby governments to reduce restrictions of trade and scrutiny of markets; actions which are framed by the ABCD companies as harmful to food security, farmers and consumers. Through exploring the tangible implications of strategies which seek to reduce risk, develop market share and expand geographically, this article makes a substantial contribution to resource dependency theory literature.

Utilising resource dependency theory to explore the power of firms in this context, the tension between firms reliant upon unencumbered transnational trade, and the sovereignty of individual nations, offers considerable potential. However, in studying the practices of the ABCD companies, such as the use of acquisitions, the shaping of discourse around food and food security, and intervention in policy, this paper makes resource dependency theory more relatable to the tangible implementation of corporate strategy, and therefore, more observable.

Application of resource dependency theory is eminently relevant to the Australian wheat export market, which was deregulated by the federal government in 2008 to create a competitive industry. However, this policy shift was implemented without due consideration
for the power of firms, or the capacity of firms such as the ABCD companies to proactively implement strategies with the intention of creating a favourable environment.

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Chapter 13: Discussion
Discussion

Throughout this work, I aim to understand how the Australian wheat industry came to be deregulated, and what the outcomes of this policy shift have been. At its core, I suggest, this policy shift was engineered by policy makers across three decades. As I argue in this discussion, wheat export market deregulation was engineered as part of a broader restructuring of Australian society, which necessitated the reconstruction of knowledge, policy values and identities to accord with the rationality of markets, competition, efficiency and individualism. Governmental technologies, such as audit, performance objectives, cost-benefit analysis and quantification have been used to construct a governable society, according to these rationalities. This process has shifted power towards private interests such as institutional investors and corporations.

Taking advantage of the diversity of analyses permitted by the PhD by Publication approach, in this discussion I pan back from the individual articles in order to interpret the articles themselves as a special kind of ‘data’. I draw on these articles here as a body of work rather than as separate pieces, seeking to understand what this collection in aggregate can reveal about the restructuring of Australian society, economy and agriculture, and how power has been shifted from citizens and ‘the public’, towards consumers and corporations. On this basis, I use this discussion to identify themes emerging in the articles which are not necessarily apparent when considering the articles as individual pieces. As such, I extend this analysis beyond the key points raised by these articles, to develop new findings.

In undertaking this analysis, I have organised this discussion under three key headings:

1. **Creating a reality of markets, firms and consumers**

   Here, I focus on ideas such as competition, efficiency and markets, and how discourses have sought to create a policy environment which makes these ideas appear as logical guidelines for good policy. In particular, I explore the construction of markets, firms and consumers and their roles within this environment.

2. **Making society governable: The case of Australian wheat export market deregulation**

   In this section, I turn to the deregulation of Australian agriculture – specifically the deregulation of the wheat export market. I focus on the technologies used by government to make the rationality articulated in the first section operable.

3. **Emerging corporate power in Australian agriculture**

   This final section focuses on the emergence of firms within Australian agriculture, most particularly, the wheat export market, as powerful actors.
Creating a reality of markets, firms and consumers

Policy discourses have sought to establish competition, efficiency and productivity as guiding principles by which Australian society should be organised. Policy discourses repeatedly assert that these ideas are unequivocally good ideas which benefit society. The logic connecting liberalised markets, competition, efficiency and productivity with societal benefits is framed as common sense. This idea is not portrayed as a theory of how markets and firms operate; this is a self-evident reality. Competition is normalised as a part of everyday life. Furthermore, markets are described as apolitical mechanisms that simply organise transactions. I argue that this construction is used to frame markets as technical, rather than the result of political and economic interests. Conversely, policy discourses describe State intervention as politicised. At the same time, there is little reflection on whether this is actually a bad thing, given that, in many cases, including statutory wheat marketing, political intervention in markets aims to protect the collective interests of market participants such as producers. Furthermore, the liberalisation of markets, labour, finance and capital is portrayed as inevitable. This construction is designed to weaken opposition to these policy shifts, to instead focus attention on what form this restructuring will take.

The neoliberalisation of Australian society, I suggest, has been a political project, which policy makers have implemented by shaping what matters, what has value and how value is created, by establishing the rules, values and norms that govern society. These discursive constructions shape policy responses to questions of how social and economic life should be organised and to delimit the potential responses to these questions, contributing to policy shifts, such as the deregulation of the wheat export market. The extension of this logic to previously non-commercial aspects of Australian life, such as education, social security and human services, shows the pervasiveness of these ideas, but also has the potential to re-shape how services are delivered in these fields, and how people relate to these services. In this discussion, I draw on analyses of broader discourses, such as that focused on competition policy, economic policy, labour markets, industrial relations and human services, which I suggest can help to reveal what policy makers have intended through the deregulation of the wheat market.

Shifting roles and relationships

In this section, I draw upon the discursive construction of the State, firms, consumers and workers, which I suggest is an important aspect of transferring the rationality of markets into the domain of reality. This construction helps to create a framework for making market liberalisation appear as a logical, common sense shift that is in society’s interests. I focus on the roles of these institutions and actors, their relationships and how they have been shaped to facilitate economic restructuring in Australia, with particular attention to agriculture. As I argue in this section, these constructions helped operationalise policy makers’ intention to create an economic environment facilitating firms’ access to previously restricted areas of Australian society. This goal of corporatising parts of Australian society previously thought
of as ‘public’ has contributed, I suggest, to the emergence of corporate control in Australian agriculture.

The State and the market

The construction of concepts such as efficiency and competition as policy truths re-configures the role of the State. This perspective was articulated in 1986 by then Prime Minister Bob Hawke and Minister for Primary Industry John Kerin, who argued that the State’s role was to create the economic conditions necessary for the most efficient and productive market participants to survive and prosper. This change in approach represents a significant shift away from the collectivist policies of the 1950s and 1960s. Rather than focusing on creating a secure and stable economic environment supporting its citizens, in more recent decades, policy discourses have constructed the idea that the State’s role is to protect the efficient operation of markets. Markets, as apolitical mechanisms for organising transactions, are claimed to reward innovation and effort, and in doing so, create a fair society. This marketised society, it is assumed, will allow individuals to use their self-reliance, ingenuity and entrepreneurialism to secure their own welfare. In this sense, risk and responsibility is devolved from the State towards individuals.

Furthermore, markets are portrayed by the State as disinterested producers of information. Transactions in markets reveal what people – as consumers – think. In doing so, markets reveal what has value and what the value of that service or object is. As I argue in this thesis, the policy focus upon markets also limits what is valuable to that which can be traded in markets. The pre-eminence of this construction has significant implications for policy making. For example, the policy debate around wheat export marketing deregulation in Australia was narrowed to focus on wheat prices and supply chain costs. Non-economic social and environmental consequences of this shift were externalised and portrayed as of lesser significance. In this regard, that which ‘matters’, in a policy sense, is that which can be measured and apportioned value in markets. The question of State organisation of society then becomes focused on how to maximise production of that which is deemed valuable in markets.

This shift is part of the State’s primary agricultural policy objective to facilitate the productive use of the Nation’s agricultural resources. Policy makers assume increased resource productivity will contribute to good performance in economic measures such as GDP and multifactor productivity growth. These indicators, based largely on information communicated by markets, are constructed as indicators of societal well-being. These constructions legitimise policy measures designed to improve economic performance, as measured by these indicators. However, this construction relies upon a distancing of the State from society. If the State’s ambition is to maximise the productive use of resources measured through economic indicators such as GDP or multifactor productivity growth, society needs to be rationalised as a collection of resources which policy makers can be assemble to meet this aim. In this sense, society is made to appear less complex. However, this simplicity helps make society governable. Rather than making decisions concerning people, communities or
environments, policy makers focus on equations involving units of resources. In addition, policy change enhancing economic performance indicators, such as GDP, is justified as being in the national interest, regardless of its negative impacts upon people or communities, or the potential inequalities which figures such as GDP might conceal.

This process is evident in the case of structural adjustment in agriculture, which necessitates a distancing of policy makers from farmers and their communities and a reconfigured relationship between farmers and their land. Structural adjustment has been used in Australian agriculture as a means of increasing productive resource use through the re-allocation of resources. As Gray et al. (2014, p.5) explain:

> At an industry level, ongoing resource reallocation is an important source of productivity gains...In particular, exits of less efficient farm businesses release scarce resources for use by more efficient farms, which are able to expand and increase productivity, increasing the efficiency of resource use as a whole.

This statement highlights policy makers’ reductionist approach to agriculture, whereby the critical policy question is focused upon how to maximise productivity. Gray et al. (2014) rationalise the exits of farmers from the land as desirable in addressing this question, externalising the impact of adjustment on farmers, their families and rural communities. This process of externalisation is made possible by conceiving of agriculture as a collection of resources, and of the State’s role as creating the environment which promotes the actors which are best able to maximise the productive use of these resources. In this example, it is overall productivity that matters, justifying the exclusion of farmers from the industry.

**Firms**

Policy discourses construct privately owned firms as the key actors which can help the State to maximise productivity and efficiency of resource use. Whereas the State is problematised as inefficient and slow-moving, policy discourses suggest firms are compelled by the commercial disciplines of the market to maximise efficiency. In this competitive process, the firms which are least able to meet this aim will fail, whereas the most efficient firms will succeed and prosper. Firms’ success is portrayed as evidence of their superior management, superior efficiencies and of their responsiveness to changing consumer needs.

The increased presence of firms is argued to benefit society through a number of ways. First, the presence of efficient firms in industries and markets will ensure resources are used productively, leading to improved economic performance. Second, firms will return efficiency gains to consumers, through lower prices. In addition, consumers will benefit from a greater range of better quality products and services. In this construction, the consumer has power whereas firms are portrayed as lacking the capacity to exert power over markets. Even in the case of monopoly, duopoly or oligopolies, policy discourses presume firms lack power in these scenarios, due to the threat of potential competitors entering the market and seizing their market share.
Thus, it is claimed the presence of large firms in markets is simply reflective of their superior efficiency, innovation and responsiveness. According to this argument, efficiency is related to scale. Harper et al. (2015), among others, even use the term ‘efficient scale’, implying that in some industries, firms require a certain size before achieving efficiency gains. As a result of this logic, policy discourses have fostered the idea that regulation restricting the growth of firms is harmful to society. In particular, policy discourses portray regulation restricting firms’ capacity to develop market share as an unfair penalty upon the most successful, most efficient firms. This penalty is claimed to undermine the power of incentives for driving innovation and efficiency gains, and to reward the mediocre, less-efficient and less-capable firms. Thus, policy discourses imply that market regulation restricting the capacity of the largest firms to develop a dominant market share, for example, injures the economy and therefore, injures consumers. In this regard, instead of a positive mechanism for protecting the interests and rights of citizens, regulation is negatively portrayed as something which undermines fairness and well-being. Within this narrative, firms are constructed as actors whose enhanced participation in society, enabled by the State, can lead to greater well-being, particularly through consumer satisfaction.

Therefore, rather than curtailing the success of firms and removing incentives for firms to grow, policy discourses claim that the State should instead aim to create a business-friendly environment. This environment, it is claimed, will stimulate investment and create more jobs, while benefitting consumers’ living standards. In this regard, the interests of business become the interests of society.

The construction of firms and their power is integral to this narrative. Firms are portrayed as having limited power to influence markets, regardless of their market share or the absence of real (as opposed to potential) competition. Rather, consumers are cast as the powerful actors in this relationship. Consumers, their needs and desires, are portrayed as the key adjudicators regarding a firms’ performance. Thus, firms are directed by consumers’ interests and through real and potential competitors also seeking to satisfy consumers’ needs and desires. The construction of this relationship between firms and consumers, moderated by markets, is presented as integral to creating a business-friendly environment. If a society consisted of consumers and firms, and if peoples’ needs and desires were limited to their needs and desires as consumers, then it could be argued (as policy makers do), that firms must be liberated to meet those needs and desires. Furthermore, policy discourses argue that the success of this relationship should be extended to other, previously restricted, areas of society. For example, the Harper Review of Australia’s competition policy claims that human services should be marketized, portraying service users as consumers, and service provision as the responsibility of corporations.

**People as consumers**

Policy discourses have sought to narrow value to that which can be created and traded in markets. In concert with this narrow construction of what has value, people are constructed as consumers. Furthermore, consumers’ wants are limited to that which is deliverable in markets.
by firms. Thus, ‘what matters’, in a policy sense, is reduced to this relationship. As services previously delivered by the State are privatised, deregulated and marketised, such as education, health care, telecommunications, human services and social services, there are fewer examples where it could be argued that people are not primarily considered as consumers.

This construction fundamentally re-shapes peoples’ relationship to the state. Essential services are met by private firms, with a profit motive, rather than the State. In the case of service provision by the State, People relate to the service provider as a consumer, not as a taxpayer, voter and citizen. Whereas people ostensibly have the ability to exercise power over the State in a democracy, the scope for exerting power in the customer and firm relationship is restricted. People relate to the service provider as a consumer. Their power can be exercised through choice, in the case that choice exists, and not as a taxpayer, voter and citizen. Furthermore, in the case that choice between service providers does exist, what does that choice entail? Is there a marked difference between different private health care providers, or job recruitment agencies? How does the power to exercise choice between these providers measure against the power that citizens can exert over the State?

Consumers are conceived of as the ultimate beneficiaries of competition and efficiency gains stemming from market liberalisation. As policy makers frequently assert, competition benefits consumers by increasing quality and choice of goods and services, while reducing costs. This process, it is claimed, enhances living standards. However, in this context, living standards are constructed as that which can be appeased by markets and firms. As Pusey (2003) has shown, however, consumables are rarely associated with key indicators of happiness. Rather, it is relationships, friendships, family and meaningful work that are among the different facets of life that contribute to happiness. Pusey’s analysis suggests the limitations of consumers’ ‘living standards’ as an ultimate goal of efficient and competitive markets. However, the pervasiveness of the more narrowly economic understanding of living standards (and the representation of this argument as a reality) also demonstrates the capacity of discourse to shape our notions of what should contribute to happiness and to construct the idea that markets and firms are best positioned to meet these ambitions. In this sense, the construct of the consumer and its needs, legitimises the extension of firms’ reach into previously restricted policy areas.

People as Workers

The construction of people as consumers subtly changes who policy is intended to benefit. Mainstream economic policy discourses assume that if policy can be developed to benefit consumers, then the process leading to these ultimate consumer benefits is relatively insignificant. While this narrative reduces people to consumers, peoples’ role as workers and the importance of work itself is similarly marginalised.

Moreover, policy discourses construct consumers as powerful actors whose rights must be upheld, people as workers are portrayed differently. People’s right to meaningful, secure employment and representation, is constructed as less important than, and even oppositional
to, consumers’ interests. This portrays workers and consumers as representing two different classes of people, rather than different functions of the same person. Furthermore, workers are constructed as a resource of the ‘business-friendly environment’, which is developed by the State to enable firms to deploy that resource most efficiently.

Policy makers claim this environment will attract private investment, therefore improving economic performance and prosperity. However, it is unclear which sections of society benefit. Labour, in particular, is undermined through this restructured society. This development is evident in increasing inequality, casualised employment and the decline in full-time work, diminished workers’ rights and representation. In particular, regulation protecting workers’ rights is constructed as a barrier which threatens the business-friendly environment. Therefore, similar to regulation restricting firms’ capacities to grow and develop market share, regulation upholding workers’ rights is portrayed as harmful to the nation’s economic performance.

These changes in employment affect vulnerable sections of society most acutely, including particularly single parents, young people and low-skilled employees. Consequently, the well-being of many is eroded. However, this shift is legitimised through the individualisation of people as workers. Policy discourses contend that people must adapt to this business-friendly environment, by making themselves attractive to business. Thus, peoples’ employment is dependent upon their capacity as individuals to perform this role. By contrast, the State’s reconfigured role is not to provide people with work, but to create conditions which enable the most innovative and entrepreneurial workers to succeed, as a result of their skill and ingenuity. This process is claimed to create a more efficient economy, through encouraging self-reliance, individualism and entrepreneurialism. Removing barriers to a business-friendly environment, such as regulation protecting workers, is legitimised in this context.

People as Farmers

Similarly, this approach applies to agricultural policy discourses which construct farmers as business minded, economically rational individuals and which seek to enable these ‘good’ farmers to prosper. Just as policy discourses construct large firms as efficiency maximisers and therefore desirable market participants, this same logic is applied to farmers. For example, policy such as the Rural Adjustment Scheme compels farmers to adopt productivist farming methods, including use of inputs and also expansion of their farms. Farmers unable to adapt to this environment risk being cast as ‘unviable’ and exiting the industry.

As I discuss in the next section, this approach necessitates a mechanistic construction of agriculture. The value of farmers is narrowed to their ability to maximise efficiency. Farming is portrayed in one-sided terms. Rather than being constructed as a way of life entailing a deep association with rural communities, connection to land and to a family history of working on that land, farming is instead reduced to the process of converting resources to commodities. Farming is framed as a calculable operation that can be governed by addressing the simple question of what industry structure maximises efficiency. Larger farms are presumed to be the most efficient – through economies and scale, and also through the
capacity to most effectively deploy technologies. Consolidated farms, operated by business people, are framed as the actors which will help the State meet the broader aims of improving the economic performance of agriculture.

In that regard, policy discourses construct consolidated farms and consolidated firms as actors which enhance industry efficiency. Policy frameworks are developed to support these actors. This development then raises the question of whether such constructions are desirable, and what the potential implications of these constructions could be, particularly for farmers and rural communities.

And what of society?

As I argue throughout this thesis, this process of economic restructuring entails a re-shaping of the roles of the State, firms and people. In focusing social and economic policy on the policy truths of efficiency, competition and productivity, policy discourses, I suggest, have sought to shift power away from people – as citizens, workers and farmers, for example – towards an ill-defined population of consumers and firms. It could be generous to say that this shift has been presumed to lift Australia’s overall economic performance and enhance the well-being of the Australian population. However, given that this restructuring of society has led to increased economic inequality, farmer exits, precarious employment and stagnating wages, the weaknesses of the assumptions which have underpinned Australian policy become clear. Thus, it could be argued that this shift, at least on a structural level, expresses or has been motivated by something other than the well-being of the Australian citizenry. This observation raises an important question: are the negative consequences of economic and social restructuring simply the unfortunate side effects of ill-conceived policy, or should they be seen as intentional? Are the arguments underpinning Australian policy discourses in recent decades simply flawed and misguided, or are they disingenuous and deceptive? This is a difficult question to answer in the confines of this thesis; however, it is an important question to raise and, in the analysis below, I identify some suggestive components of an answer.

Regardless of how this question is answered, it is clear that mainstream policy discourses have treated society as an externality, as Michael Pusey has argued. As this thesis has shown, workers, farmers and regional Australia are particularly affected. In exploring the changing roles of people, the State and firms, and the relationships between these actors, this thesis shows how policy discourses have sought to create the conditions for the private ownership and control of society, particularly in relation to agriculture.

Making society governable: The case of Australian wheat export market deregulation

This thesis explores the themes outlined in the previous section by focusing on the case study of wheat export market deregulation. This policy shift entailed a substantially different approach to the collective organisation underpinning statutory wheat marketing. Liberalising
wheat export markets was portrayed by policy makers, and in mainstream policy discourses, as an obvious, common sense policy shift. The distillation of wheat marketing policy to a focus on wheat prices and supply chain costs, the construction of the AWB’s purpose as being centred on the maximisation of growers’ returns and the discursive formation of the individual, self-reliant farmer who is focused principally on maximising their returns, are all central elements to this. As I show in Chapters 9, 10 and 11, these constructions are integral to understanding how the Australian wheat export market came to be deregulated.

In this manner, the liberalisation of the wheat export market was made to appear as an obvious, self-evident shift. This logic was portrayed as common-sense. If liberalised markets provide the mechanism through which growers’ wheat prices can be maximised, then this policy shift is not only in growers’ best interests, but it represents the action of a responsible government. Thus, wheat export market deregulation is not the result of an ideological contest: it is simply good policy. In this thesis, I analyse how policy discourses constructed this logic as a reality, used to shape wheat marketing policy.

I examine this case study by constructing a genealogy a wheat export market deregulation. I show how policy discourses carefully and subtly shifted representations of farming values and identity, constructed competition and efficiency as the credible objectives of industry policy and used technologies of performance to govern the AWB, and then eventually dismantle the AWB’s single desk for wheat exports. Furthermore, I show how ‘the social’ was erased by policy discourses, how concepts such as equity were marginalised and how social and environmental concerns regarding deregulation were externalised.

**Rationality**

The restructuring of Australian agriculture, particularly the wheat industry, is made possible by the discursive construction of markets as key mechanisms for increasing prosperity. As I discussed in the previous section, this shift relies on the construction of prosperity in terms of the material conception of consumers’ living standards, which is achievable through efficient resource use. Efficiency, it is claimed, is increased by real and potential competition between firms. Competition requires liberalised markets. Thus, policy discourses connect prosperity with deregulated markets.

In Australia, the project of reducing State assistance and liberalising markets commenced in the 1970s. The Industries Assistance Commission is central to making this shift possible. As its title suggests, the IAC initially focused on scrutinising State assistance provided to Australian industries. As successive Commonwealth Governments rescinded programs of direct financial assistance for industries such as farming, the IAC’s attention turned to programs which created barriers to competitive markets. This included the statutory marketing boards such as the AWB.

This is highlighted in its 1983 report ‘The Wheat Industry’. In this report, the IAC questions the justification for wheat market regulation, claiming the argument that growers needed to be protected from volatile global grain markets and predatory grain traders may have applied
in the 1930s, but was now outdated. The IAC suggests that the AWB’s equal redistribution of returns among growers distorted market signals and undermined efficiency. Clearly, this report highlights the IAC’s preference for liberalised wheat markets. However, as the IAC laments, there were no governmental technologies in place to demonstrate the superior performance of markets. Furthermore, the collectivism which underpinned Australian agricultural policy, such as statutory wheat marketing, remained politically entrenched. Thus, I suggest, for agricultural restructuring to occur, policy makers needed to firstly reconstruct agriculture and its value to the Australian community. Second, policy makers needed to establish technologies such as audit, cost-benefit analysis and performance objectives to construct the wheat industry as something which could be governed.

Shaping ‘What Matters’

Central to the construction of policy truths such as efficiency, competition and the market, is the shaping of knowledge. By shaping what can be known, policy discourses frame how problems can be understood and the potential solutions to these problems. This process determines what can be considered as legitimate knowledge. In some ways, this can be interpreted as a contest between the objective and the subjective, in which policy discourses concerning industry, competition, economic and agricultural policy have sought to marginalise subjective knowledge as untrustworthy, biased and inaccurate. On the other hand, policy discourses have actively worked to establish that ‘objective’ data provides the only reliable means of establishing the sorts of ‘concrete’ evidence upon which policy decisions can legitimately be made. In particular, knowledge produced by markets, such as prices and costs, is constructed as objective, unquestionable data which can be used to determine what ‘the truth’ of a matter is. For example, in its report into the impacts of grain market deregulation, ACIL Tasman (2004) declined to consult growers. Instead, ACIL Tasman claimed that growers’ buying and selling activity in markets could indicate their preferences, and thus communicate all relevant information growers could provide on the topic of grain market deregulation.

Privileging quantification is integral to this process of producing and legitimising knowledge. Quantitative data, such as that produced by markets, is constructed as reliable, objective and neutral. In Australian policy discourses, quantification is often used interchangeably with measurement, as though the acts of quantifying and measuring are the same. However, more than simply providing the means of establishing reality, quantification enables policy makers to act upon that reality. This form of action necessitates simplifying knowledge, narrowing what can be known to that which can be quantified. This enables policy makers to view industries such as agriculture in mechanistic, reductionist terms, thereby reducing highly complex industries such as agriculture to matters which can be made solvable through calculation (Scott 1998). In turn, quantification enables policy questions to be reduced to equations which can be solved through the manipulation of numbers which are distant of the world they are claimed to represent. Policy discourses then portray these calculations as a reality. Examples include the Royal Commission into Grain Storage, Handling and Transport (RCGHST 1988) and its calculation of the $10 per tonne loss incurred to Australian farmers
through regulation of the grain supply chain. Furthermore, Allen Consulting (2000a) and the Centre for International Economics (Joint Industry Submission Group 2000) calculated that regulation of wheat export marketing cost Australian society up to $360 million per year. This data simplifies the role performed by regulation, without considering the value growers and supply chain employees may have placed in these regulations. However, econometric modelling also provides policy makers with clear, unambiguous data, which can be easily communicated as truth. The accuracy of this data, in many ways, is irrelevant. What matters is that, in a context where quantitative data is constructed as an objective distillation of what reality looks like, calculations concerning the costs of regulation can be used to great political effect. In the case of the wheat export industry in Australia, these calculations were used as primary evidence of the failures of statutory wheat marketing.

Conversely, Australian agricultural policy discourses, in particular, have largely constructed qualitative data as unreliable evidence. This marginalises evidence based on lived experiences and observations. Policy discourses have eschewed the value of subjective data, indirectly restricting policy making to those who can produce quantitative data. However, this restriction also limits what can be considered in policy debates. Not all phenomena lend themselves to quantification. In particular, the social and environmental concerns arising from deregulation of Australian agricultural industries are often not easily quantified. As I show in Chapter 11, policy makers have consistently rejected the legitimacy of such concerns, claiming that they are based on data which is poorly articulated, ambiguous, not grounded in evidence and difficult to document.

This process of constructing legitimate knowledge, through quantification in particular, is integral to shaping how the wheat industry can be understood. This narrow construction of knowledge simplifies the industry, shearing it of complexity. Importantly, that which matters, according to this construction - including prices, productivity, costs and efficiency - is decontextualized from the complexities of the social world. Thus, the industry is made governable, by legitimising markets and separating the act of restructuring from the perceived social and environmental consequences of this structural shift. Furthermore, this separates policy makers from the need to substantially consider the social and environmental ramifications of this shift. Whereas this process helps to reinforce the distance between policy makers and society, policy makers are able to further justify this approach by claiming that processes such as allocative efficiency contribute to productivity and raise living standards, as indicated by quantitative data generated by markets. Thus, whereas the social world is largely erased through this process, structural shifts such as farm consolidation and farmer exits are legitimised as being in the nation’s interest.

Policy values: The economic and the social

The discursive construction of quantitative information as the primary lens through which the issue of wheat export marketing can be understood is central to the dismantling of the AWB’s single desk. Associated with this legitimation of quantitative data as knowledge, policy discourses sought to construct the industry’s economic performance, measurable through
growers’ returns, as the only legitimate objective of wheat marketing policy. As with the marginalisation of the social through the discrediting of subjective data, policy discourses sought to portray socially-focused policy objectives, such as employment and equity, as antagonistic towards the primary ambition of efficiency. This process further narrowed the values and objectives which could legitimately be included in policy deliberations.

The IAC helped establish efficiency as the primary goal of industry and agricultural policy. Efficiency was claimed to be maximised through liberalised markets, which communicate undistorted market signals. This presumption further highlights the claimed importance of markets as producers of information. Conversely, this shows how regulation distorting or impeding the production of this information was constructed as contrary to the interests of the Australian society. Thus, policy discourses sought to separate efficiency from equity in policy. Policy makers claimed industry policy should focus on maximising efficiency, whereas equity could be more appropriately addressed through mechanisms such as welfare. Policy makers use this argument to justify policy designed to enhance allocative efficiency, such as structural adjustment policies. Policy discourses claim equity-enhancing measures restrict the desired re-allocation of resources towards the most productive resource managers, while implying that farmers who are structured out of the industry can receive equitable treatment through mechanisms such as welfare. Clearly, for farmers’ sense of well-being, purpose and self-esteem, and connection to their land, occupation and community, the experience of being forced out of farming and into a reliance on welfare is not commensurate with equity. However, equity is portrayed as a welfare issue, not an industry policy issue. Thus, policy makers concerned with industry policy need not concern themselves with issues related to equity.

From its genesis, and from the 1948 Wheat Stabilisation Plan in particular, the AWB was conceptualised as a mechanism for providing growers with representation and equalising growers’ returns. Thus, as mainstream discourses have shifted towards the rationale of markets and competition, these central aims of the AWB have been constructed as antithetical to the modern policy focus of maximising efficiency. The IAC, among others, claimed the AWB distorted markets, due to its role in redistributing returns equally among growers. Separating equity and efficiency in wheat marketing policy, constructs this role as irrelevant to wheat marketing policy debates. This weakens the legitimacy of arguments favouring the maintenance of statutory marketing on the basis that it equalised growers’ returns.

Policy discourses separate equity from efficiency in industry, economic and competition policy. However, equity itself is marginalised as a legitimate policy objective. Policy discourses deride equity as reliant upon subjective interpretation. Hence, equity is constructed as a vague and value laden concept, as opposed to the certainty communicated by markets and objectivity of information such as that expressed through prices and costs. In this regard, policy makers construct equity as being difficult to define and quantify. First, policy discourses portray equity as having different interpretations. Thus, agreement on what equity is, presents a significant challenge. Conversely, it is presumed that markets communicate with surety. The market price of a commodity, such as a tonne of wheat, represents the value of this commodity, based on market demand. Second, whereas value can be measured
through price, equity is less easily quantified. In this context, if equity cannot be quantified, then it cannot be based on objective data. In this manner, policy discourses subtly undermine the credibility of equity in policy making.

In addition, competition policy discourses, in particular, claim that liberalised markets are the best mechanisms for creating an equitable society. However, in making this claim, policy discourses replace equity with fairness. Furthermore, markets are constructed as mechanisms for creating fair outcomes. Yet fairness and equity are two different concepts. A system that is fair may be impartial and non-discriminatory; however, this system may not necessarily be equitable. Socially equitable policy recognises that “there are some things which people should have, that there are basic needs that should be fulfilled, that burdens and rewards should not be spread too divergently across the community” (Falk, Hampton, Hodgkinson, Parker and Rorris 1993, p.2). However, Australian policy discourses present fairness as related to an individuals’ capacity to develop and utilise their skills, to assess and manage risks, and to respond to market signals. A fair outcome, in this regard, is one which appropriately rewards the capacity of an individual in these areas.

Markets are portrayed as fair, arising from their construction as impartial and neutral mechanisms, which produce and respond to objective data. However, markets are equipped to communicate prices based upon supply and demand of a product or service, not to understand the personal circumstances of a particular buyer and seller. Thus, what matters is the final product or service which is being presented to the market by a seller, and the ability of a consumer to pay for that product or service. In this manner, removing the concept of equity from agricultural policy is significant. Measuring farmers’ value through the wheat they produce, for example, removes the significance of context. In farming, context is important. The location and quality of land, rainfall and other environmental factors such as frost, fire and storms, can all greatly influence a farmer’s capacity to produce wheat for markets. Furthermore, structural factors may also influence farmers’ participation in markets. Limited marketing knowledge, for example, may undermine farmers’ market participation. However, fairness, as constructed by markets, does not consider these factors. Rather, as I discuss in the next section, a farmer’s inability to develop their skills, manage risks and respond to markets is portrayed as a result of their own failings. Thus, if farmers are not able to learn to market their wheat or to protect their farms against drought, then, policy discourses suggest, it is fair if markets do not reward farmers for anything other than the value of the wheat they are able to produce, regardless of the circumstances.

**Technologies of Government**

As Miller and Rose (1990, p.8) suggest, political rationalities, such as the concept of markets as apolitical mechanisms for creating efficient and productive industries, “render reality into the domain of thought”. In turn, technologies of government “translate thought into the domain of reality […] to establish ‘in the world of persons and things’ space and devices for acting upon those entities of which they dream and scheme”. Thus, quantification is used to construct markets as legitimate producers of knowledge which communicates the reality of
farming, for example. This construction, I suggest, makes farming amenable to governing. In the case of the Australian wheat industry, wheat prices and costs are constructed as legitimate information. In this reality, wheat prices and costs matter, whereas other worlds have been erased. Technologies of government make this reality “operable” (Miller and Rose 1990, p.8). This process is essential in the deregulation of the wheat export market. Throughout the 1980s, policy discourses around the wheat industry constructed competition, efficiency and markets as policy truths (O’Keeffe 2016c). Farming organisations, as distinct from farmers, adopted these concepts and applied them in their vociferous critique of wheat supply chain regulation (O’Keeffe 2016c). Yet, despite the legitimation of this rationality, the wheat export market was not deregulated until 2008, following the AWB’s involvement in a major international scandal. This is a curiosity. As I argue in this thesis, whereas the rationality of markets was normalised in policy discourses around the wheat industry, governing regimes lacked the technologies to make deregulation possible. In particular, two key actors, farmers and the AWB, needed to be reconstructed as subjects which were amenable to governing.

Farmers

Quantification is used to construct farmers as isolated individuals who are distant from their families, communities and land. Farmers’ value is reduced to the capacity to maximise the productive use of resources. This constructs farmers as a productive unit to be operationalised by the State. Technologies of agency provide governing regimes with the policy architecture to make this possible.

There is a substantial body of research exploring the creation of the self-reliant, self-governing farmer (for example, Higgins 2002a, 2002b; Higgins and Lockie 2002; Cheshire and Lawrence 2005). Policy discourses construct farmers as rational, economic individuals. Good farmers are portrayed as those who are competitive, value choice and freedom and respond to incentives, as communicated by markets. The good farmer is not reliant upon government assistance and does not desire government support. Rather, the good farmer makes calculated decisions based upon their interpretation of market signals. Thus, whereas this farmer seeks to minimise risk, they also understand risk as being their responsibility to manage. In this regard, entrepreneurialism is constructed as moral, responsible behaviour. Policy discourses also construct good farming as an attitude, and as an adherence to a set of values, which by design, reflect the broader ambitions of deregulation. Fundamentally, good farmers are constructed as interested solely in maximising their returns. The intention to maximise returns, above all else, is portrayed as common sense.

If this construction is portrayed as representative of the good farmer, then policy makers argue that policy must support these farmers. Thus, if good farmers desire the choice, freedoms and potential to maximise returns promised by deregulation, then it can be argued that deregulation is for farmers. Conversely, policy discourses then construct regulation, not only as inhibiting the good farmer, but as supporting the less-efficient, less-responsible and less-skilled farmers. Statutory marketing regulation is constructed as bad policy for two key reasons. First, market regulation undermines industry efficiency by preventing the re-
allocation of resources that may occur in a liberalised market, as farmers who are less equipped to manage the risks associated with marketing exit the industry. Second, policy discourses construct this as an issue of fairness. In this sense, regulation is unfair as it taxes the good farmers, while supporting less-capable farm managers.

To support this construction of the ‘good farmer’, and the portrayal of efficiency and productivity as the key guiding principles of agricultural production, policy discourses employ technologies of agency to shape farmers’ conduct. Policy such as wheat export market deregulation, or the ‘Agriculture – Advancing Australia’ package, is premised upon the idea that farmers should prioritise skill development, particularly marketing, financial management and business management. These skills are framed as necessary attributes of the good, modern farmer. The State constructs itself as a facilitator, enabling farmers to develop these skills. The State as enabler is framed as a means of promoting individual empowerment. Yet I argue that this framing is coercive and designed to re-construct the role of farmers, primarily to assist successful policy implementation. Farmers unwilling or unable to develop these skills and attitudes are constructed as bad farmers. Yet, this construction is based upon what the State – governed by a set of constructed truths – needs from farmers, rather than what farmers perceive to be reflective of good or bad farming. Furthermore, farmer exits are legitimised. Farm exits are portrayed as the result of individual failings, as the necessary process of shedding the least efficient farmers from the industry. In turn, policy discourses communicate to farmers that, if they want to remain in farming, they must adopt farm practices which prioritise efficiency and productivity. Thus, alternatives to productivism in Australia receive limited support from policy makers.

The Agricultural Competitiveness White Paper is a further extension of this discursive construction. This paper portrays farms as investment targets. Rather than critique the structural changes which have undermined farmers’ security, such as consolidated commodities markets, the White Paper aims to support farmers to source the necessary private capital to survive in this environment, which it constructs as a part of farming. The White Paper laments the limited private investment in Australian farming as a weakness which farmers must address to remain competitive. This framing, I suggest, transfers State responsibility for farming towards the individual capacities of farmers to attract capital.

Thus, the construction of the good farmer as a business minded, economically rational individual who does not value their connection to land or community, is an essential part of agricultural deregulation. In the past two decades in particular, Australian agricultural policy has sought to nurture this construction, which helps to make the political rationality of markets governable. Related to the narrowing of wheat marketing policy to the maximisation of growers’ returns, as well as to the construction of growers as being primarily interested in maximising their returns, to further the project of wheat industry deregulation, policy makers reconstructed the AWB’s value to focus on maximising growers’ returns.
The AWB

In 1983, the IAC identified the absence of performance objectives for the AWB as a key limitation in assessing its performance, which it presents as a key barrier to deregulation of the wheat export market. Thus, the IAC recommended establishment of performance objectives to allow policy makers - specifically, members of parliament - to assess the AWB’s performance against these objectives. Performance objectives are presented as a means of making the AWB more accountable and transparent. However, I suggest that this shift intentionally narrows the AWB’s purpose.

As a result, the AWB’s role was narrowed to focus on maximising growers’ returns while not taxing domestic consumers (IAC 1983, p.59). This objective simplifies the AWB and makes its performance visible and legible, in the sense that its success can be easily estimated by examining the returns it is able to achieve for growers. In turn, the AWB is compelled to focus upon improving its performance according to this objective. Thus, any roles performed by the AWB which are external to its stated performance objective, are diminished. In turn, the AWB also begins to perceive its value in this manner. This focus on maximising returns is thus constructed by policy makers as a reality, and accepted by the AWB as such. This acceptance then legitimises the narrowing of the AWB to focus on this objective. If the AWB argues that its value lies in its capacity to obtain premium prices through exerting market power, then policy makers can justifiably argue that its purpose should be assessed accordingly.

There is a more subtle shift associated with this use of technologies of performance. The implementation of performance objectives and measurement of performance through audit, reconceptualises statutory marketing from having value for growers, towards being considered in terms of its measurable performance, which is presumed to be in consumers’ interests. Critically, this performance is calculable; however, it is not comparable to the performance that would otherwise be achieved in liberalised markets. This perceived need to compare performance in regulated and unregulated markets undergirds the significance of econometric modelling in constructing an alternate reality, albeit one that is based upon questionable assumptions of firms and market behaviour. Nevertheless, this technology enabled policy makers to project the performance of liberalised markets, and compare this performance with that of the AWB as a statutory marketer. All the factors that are potentially significant, in relation to this debate around wheat export market deregulation, are narrowed to the much simpler question of which of these market structures perform better, in terms of maximising growers’ returns without taxing domestic consumers. This focus marginalises arguments favouring wheat export market regulation which do not relate to growers’ returns and costs borne by consumers. Subsequently econometric modelling such as that performed by Allen Consulting (2000a) showed that liberalised markets would outperform market regulation. The limitations of this modelling, such as the assumption that deregulation of the wheat export market would result in a $5 per tonne drop in supply chain costs, escaped scrutiny, amidst the easily communicable findings of this research, which placed a monetary value on the costs of regulation upon the nation.
Consolidated farms as efficiency maximisers

Allen Consulting’s acknowledgement that deregulation is likely to create “winners and losers” (2000b) implies that the losers are those who cannot adapt. Farmer exits are constructed as an individual problem of poor planning and limited adaptability, rather than a structural problem. This focus on adaptability is constantly highlighted throughout policy discourses around agriculture. For example, the Productivity Commission’s 2010 assessment of wheat export market deregulation and its impacts, responds to growers’ legitimate concerns about deregulation by asserting that growers need to adapt to this new reality. Furthermore, the 2015 Agricultural Competitiveness White Paper calls on farmers to develop “adaptive farm and business management strategies that take account of the risks they face” (Commonwealth Government 2015, p.78). As a result, farmers’ concerns around policy shifts, such as the deregulation of the wheat export market, are not received as legitimate policy criticisms. Instead, policy makers respond by implying that these changes are in the national interest and that farmers must simply adapt their practice and expectations to fit this new reality.

Policy discourses suggest that farmers who are unable to do so, may incur the “short term pain” of exiting the industry (Productivity Commission 2010, p.86). However, this ‘pain’ is portrayed as an insignificant problem, in relation to the presumed national benefits of restructuring. The facilitation of farmer exits involves the re-allocation of farm resources from the presumably least efficient farmers to the most efficient, which is constructed as beneficial for society. This argument legitimises farm consolidation, which is assumed to be an important aspect of maximising productivity. In this sense, policy discourses prioritise the large, consolidated farms as actors which are able to maximise productive use of the nations’ resources, while turning attention away from the structural problems created through this process.

Emerging corporate power in Australian agriculture

The central aims of this thesis are to understand how agricultural restructuring - specifically, the deregulation of the Australian wheat export market - was made possible in Australia. Further to this, I aim to understand why this policy shift was implemented. Who did policy makers envisage would benefit from wheat export market deregulation? What was this policy shift intended to achieve? Ostensibly, wheat export market deregulation was claimed to benefit wheat growers. However, as I demonstrated in the previous section, this claim is based on a construction of wheat growers as entrepreneurial, economically rational individuals. I suggest that this construction is designed to make agricultural restructuring possible, by focusing growers’ identity upon economic ambitions, while decontextualising growers from their families, communities and connection to land. Therefore, if the claim that growers benefit from deregulation is based on a politicised construction, the question of why this policy shift was implemented remains unanswered.

I suggest that it is important to view this policy shift in relation to broader policy discourses around competition policy, labour market reform, and reform in other agricultural industries.
In doing so, I return to the rationality of markets as mechanisms for increasing competition and therefore maximising efficiency and productivity. I pose the question: Which market structures and which actors do policy makers consider are best equipped to maximise efficiency? Throughout this thesis, I draw upon a collection of primarily mainstream policy discourses, produced by the Commonwealth Government, government authorities and departments and consultancy firms employed by government. These documents focus on the wheat industry, though they also have a broader focus on agriculture, competition policy and labour markets and employment.

The common theme in these documents is that competitive markets (with competition defined as real or potential competition) maximise efficiency and productivity, which is essential in raising living standards. In addition, firms are portrayed as integral to this process. Driven by commercial disciplines, firms either operate efficiently and productively, or they succumb to more efficient and productive firms. However, there is a clear preference for large firms, believed to be the most efficient actors. Thus, policy makers are ambivalent towards consolidated markets featuring dominant, though presumably efficient, firms. Contestability theory legitimises this approach. This theory redefines competition, allowing oligopolistic and monopolistic markets to be portrayed as competitive.

This portrayal of firms, markets and competition leads to the construction of the ‘business-friendly environment’ as a vehicle for improving living standards. According to this argument, an environment which encourages corporate investment will attract firms and stimulate employment growth. However, the great weakness of this argument is that, in creating a business-friendly environment – one which, however, features precarious employment, underemployment and limited employee rights and representation - the quality of life of many Australians has been affected. Nevertheless, policy makers continue to construct firms and firms’ investment as integral to maximising Australia’s economic performance, which, in turn, is presumed to reflect the well-being of Australian citizens.

This approach is particularly evident in the Australian Government’s Agricultural Competitiveness White Paper, which emphasises farmers’ need to make their farms attractive to investors such as domestic superannuation funds and private equity funds. This goal is related to the Commonwealth Government’s perception of agriculture as the next potential driver of economic growth, following the decline of the mining boom. To fulfil this ambition, private capital is required. Thus, farmers are important in operationalising this aim. The White Paper illustrates a range of potential investment options, each of which involve farmers ceding some level of ownership and control over their farms. The construction of private investment as integral to farming raises the possibility for farm decision-making to be driven by the needs of private investors, a development which in turn has the potential to re-shape agricultural production in Australia. The White Paper laments the long-term nature of farming as a potential inhibitor of investment, such as that from private equity, which has typically been used to extract short-term profits for investors. The potential land-use change emerging from this shift could exacerbate environmental problems, linked to an over-reliance on productivist farming methods (Lawrence et al. 2013; Pritchard et al. 2007). In addition, increased private investment in Australian farming could ensure that food production
decision-making in Australia is driven by investors, who may not make their decisions in either the national interest or farmers’ interest.

This shift towards private investment is framed by the White Paper as an essential aspect of modern farming. Rather than rely upon government support, farmers instead must make their farms appealing to investors to attract the necessary capital to maintain and expand their properties. This reconstruction of farms, and of farming, has the potential to undermine farmers’ autonomy, while shifting control of Australia’s food production to private investors such as private equity firms or superannuation funds. This shift is either predicated on policy makers’ assumption that private investors will not develop control over agriculture due to investments in farmland, or reflects an ambivalence towards this potential occurring.

Returning to the concept of the ‘business-friendly environment’, and policy makers’ desire to attract investment into Australian industries, I now turn to the deregulation of the wheat export market. Proponents of this shift argued that it was in farmers’ interests, and that it was all about farmers’ ability to choose whom they sold their grain to. These arguments constructed a perception of competitive wheat markets featuring large numbers of buyers, with farmers holding power in their relationships with buyers. Yet the reality of wheat export market deregulation is very different. Regional grain markets, in particular, are highly concentrated. State wheat markets are controlled by dominant market actors. The dominant firms are typically those which control supply chain infrastructure. Thus, wheat markets across Australia, and wheat supply chains, are highly concentrated. For growers, this situation may not reflect the choice and freedom promised by policy makers.

The relationship between supply chain ownership and market share is particularly important. Firms recognise that, unless they develop their own supply chain infrastructure, through acquisitions or new developments, their capacity to develop a share of the wheat market will be limited. Thus, there is a significant cost associated with developing substantial market share. Consequently, as I show in this thesis, these markets are not contestable. Entry is ostensibly free, but market share is dependent upon sizable investments. Thus, entry is only genuinely available to those firms capable of making these investments. As a result, two major developments have occurred. First, firms that own infrastructure have become acquisition targets for larger firms seeking to gain entry to this market. This process has exacerbated market concentration. Second, investments in the industry, in ports and storage facilities, have only been initiated by well-capitalised, transnational value chain managers. These firms, such as Bunge, Louis Dreyfus, COFCO, Wilmar and Cargill, perceive the Australian wheat industry as a part of their global wheat sourcing network. The Australian wheat industry represents a “piece of the puzzle” (Singh 2015a), which, until the wheat export market was deregulated, was not accessible by these firms.

Policy makers could have anticipated these developments - which raises the question of whether this is an intended outcome of deregulation. Firms are constructed by policy discourses as integral to efficiency and productivity. Creating a business-friendly environment is portrayed as integral to enhancing living standards. Policy discourses assume that firms lack power and desire to influence markets and policy makers. Thus, in the examples drawn upon in this thesis, it is clear that policy makers in Australia in practice
desire the involvement of large, well-capitalised firms in markets and industries. Therefore, it is difficult to reach any other conclusion than that concentrated wheat markets featuring primarily vertically integrated, transnational firms, was at the very least desired by policy makers, as a scenario which would likely enhance the wheat industry’s efficiency and economic performance.

I now address the assumption that agricultural firms do not have power in markets, nor influence policy development. In Chapter 12, I drew upon resource dependency theory to explore how agricultural corporations use strategies such as acquisitions and mergers to develop and maintain power. Drawing upon documentation produced by firms participating in the Australian wheat industry, I show how firms perceive competitors as a potential profit risk, and use horizontal and vertical mergers and acquisitions to either reduce the level of competition in markets, or to deter potential competitors. Furthermore, firms view regulation and trade barriers as a risk to their capacity to expand into new geographic regions and markets. Responding to this risk, firms draw together political resources to shape their regulatory environment. Firms lobby governments to reduce restrictions of trade and scrutiny of markets; actions which are framed by the ABCD companies as harmful to food security, farmers and consumers. Firms use discursive techniques to construct their strategies of expansion and growth as being integral to global food security. In this construction, firms portray food security as an issue which can only be addressed if national governments and governance agencies remove restrictions on trade and finance, and allow them to fulfil their key task of connecting ‘harvests to homes’. In that sense, firms portray their goals and purpose as being shared by national governments and international governance agencies, yet also actively shape discourse around food industry regulation to produce a favourable policy environment.

Thus, the assumptions that firms do not have power over policy and markets are clearly false, yet are uncritically applied to Australian industry and competition policy. Policy discourses often construct firms as inherently good. Firms are described as maximising efficiency and returning gains from these efficiencies to consumers. They are constructed as responding to markets, not as influencing markets. In this regard, they are portrayed as not having power. Instead, the consumer has power. The firms’ role is to satisfy consumer needs, through responding to changing preferences, as articulated by market signals.

However, this interpretation of firm behaviour is flawed. Firms use resources to develop and protect their power through markets and policy interventions. Through the inability, or unwillingness, to recognise this power, policy makers have created an environment which allows firms to develop and use their power – not just in markets, but in policy formation. Fundamentally, this environment transfers power in the industry towards agricultural corporations. Policy makers’ incapacity to account for this power is a fundamental shortcoming. In addition, if we return to the basic assumptions under which the wheat export market was deregulated – that competitive pressure will compel firms to increase efficiencies and return the gains of these efficiencies to consumers - then this greater narrative is revealed as having numerous flaws. First, in the absence of competitive pressure, through actual or potential competition, it could be presumed that firms will not prioritise efficiency, and will
not return any gains from efficiency to consumers, or producers. Subsequently, the economic projections of cost savings in a deregulated market appear to hold little weight. Instead, what has occurred is the shift in control from a statutory marketing authority, towards privately owned firms which retain regional monopolies, yet have minimal compulsion to either support growers or consumers. Thus, wheat export market deregulation should be viewed as a substantial failure, which has ultimately facilitated a shift in industry control towards privately-owned firms.

Summary

This thesis analyses the case study of wheat export market deregulation, which I argue should be viewed as part of the broader restructuring of Australian society and economy. To understand the liberalisation of the wheat export market and how it was made possible, I have drawn on areas of research which at first glance might appear tacitly connected (or disconnected) from wheat export market policy. In analysing how the deregulation of the wheat export market has been made possible, I examine the construction of knowledge, values and identities, to conform to the rationality of liberalised markets. These constructions create a reality which makes the shift from the public to the private appear as a logical, common sense solution to the challenges facing society. I use the case study of farming and, specifically, wheat export market deregulation, to show how this shift has been made possible in this context. To make this reality operable, I show how governmental technologies, such as audit, the entrepreneurial individual, cost-benefit analysis, performance objectives, econometric modelling and the consumer were used to act upon society, to make the shift towards liberalisation of the wheat export market happen. The construction of firms as efficiency-maximisers which are relatively powerless in relation to markets and consumers is central to this shift. As a consequence, policy makers have either ignored, or failed to recognise, the capacity of firms to shape their external environments to create favourable operating conditions: a ‘business friendly environment’. Thus, the interests of firms have been portrayed by policy makers as essentially being the interests of the broader society. In the case of wheat export market deregulation, the liberalisation of this market has enabled transnational firms to expand their geographical footprint and extend their global value chains. On the other hand, farmers, whom policy makers claimed were the primary beneficiaries of wheat export market deregulation, contend with consolidated markets instead of choice, declining autonomy rather than individual freedom and, in some cases, feelings of disempowerment and disenfranchisement.
Chapter 14: Conclusion
Conclusion

Phd by Publication

As I argue throughout this thesis, Australian wheat export marketing policy has been narrowed to focus on economic concepts such as efficiency, and market indicators such as prices and costs. The wheat industry, however, is substantially more complex than this construction suggests. Thus, in this research, I have sought to understand how this construct has been made possible, how it has been used to govern the wheat industry and, to understand what the outcomes of this shift have been.

There are three key parts to this research, each of which has required different, albeit related, approaches. I am able to explore many of complex dimensions of this issue by using the PhD by Publication as an approach to research and learning. As Dowling et al. (2012) have highlighted, the PhD by Publication is well-suited to multi-disciplinary research, as this thesis is. However, rather than identifying a research method, and a theoretical approach (or a mix of different methods and approaches) at the commencement of this research, I have used the flexibility of the PhD by Publication to address the research questions through a series of discrete, individual articles, drawing on different theoretical approaches as necessary. For example, at the outset of this study, I did not envisage using sociology of quantification. However, throughout my research it became apparent that quantification was a significant factor in making agricultural restructuring possible. I used the flexibility of the PhD by Publication to then investigate this problem.

In addition, my use of the PhD by Publication has allowed me to develop a richer analysis than may otherwise have been possible through traditional approaches. In treating my published articles as a form of ‘data’, my analysis in the discussion chapter was then able to interpret what these articles, as a body of work, reveal about the broader restructuring of Australian society. Thus, I was able to analyse this body of work, in the way that traditional forms of empirical data could be analysed, by drawing out key themes emerging from the aggregate collection of articles, which are not necessarily apparent when considering the articles as individual pieces. This approach enabled me to first avoid developing a discussion chapter which repeated the discussion sections of my individual articles and, second, to reveal new findings which may not have emerged otherwise.

In this sense, this research helps to contribute to understanding of how a PhD by Publication can be approached and how it can be used. More than a means of developing publication outputs throughout candidature, this method can be used as an approach to the research itself.

Creating a reality of markets, firms and consumers

consumers. I argue that policy makers have sought to construct this rationality as a reality, around which society must be organised. Central to the construction of this reality, is the shaping of knowledge, values and identities.

Policy discourses construct knowledge as the result of quantitative analysis. In this sense, to quantify something is to know it. This construction of knowledge has significant implications for how we understand and interpret the World. In addition, it influences what matters in relation to policy, particularly policy which is portrayed by policy makers as ‘evidence-based’. Furthermore, policy discourses have sought to shape what we value as citizens and as a society. For example, quality of life, as an overarching policy ambition, has been subtly replaced by living standards, which are portrayed as consumption-centric and can be appeased by firms in liberalised markets. In this regard, what we value, or what policy discourses suggest we should value, is achievable through the construction of an environment where firms’ involvement in our lives is enhanced and markets are portrayed as the co-ordinator of these firms. Thus, a ‘business-friendly environment’ is framed as a good development for society. Coupled with these shifts, is the construction of identities as an important facet in the neoliberalisation of Australian society. Citizens are reconstructed as consumers. This claim is not novel. However, in this thesis I argue that it is central to the reality of markets and firms, the rationality of neoliberalism. In addition, as I expand upon in the next section, farmers construction as individualistic and entrepreneurial business people shapes what it is to be a ‘good farmer’. This creates a reality where increased private investment is portrayed as common sense. Furthermore, the construction of firms’ identities is also important to this narrative. Firms are cast as being central to the betterment of society, as having an interest in society’s welfare above all else. This construction is clearly misleading in the modern society, where the shareholder and their interests have been constructed as the primary concern of the firm.

I examine the creation and re-production of these truths, their instrumentalisation to facilitate wheat export market deregulation, and the shortcomings of these ideas in relation to this policy change. This analysis then leads to the question of whether this shift simply an example of an ill-conceived policy, based on flawed logic? Or, is there a broader purpose? In this thesis, I argue that deregulation of the wheat export market should not be viewed as an isolated policy change, but part of what can be understood as a broader project of societal restructuring. Which raises the question, if deregulation is a project, then what *purpose* was this project intended to serve?

This question, I have suggested, could be addressed by analysing what this project has *created*. That is, concentrated wheat export markets populated with vertically integrated transnational firms. I argue that this shift was at the very least desired by policy makers, and was driven by the assumption that, through supporting these actors, industry efficiency would be maximised. Throughout this thesis I develop this argument by showing how discourses around industry and competition have constructed large firms as being favourable actors, which assist the State to increase efficiency and productivity. Large, consolidated firms are portrayed as having the capital and organisational resources which can enable them to contribute to increased industry efficiency, thus raising the contribution of agriculture to the
national economy. The resultant oligopolistic market structure is legitimised by the application of contestability theory in Australian industry and competition policy. Contestability theory posits that while wheat markets may appear concentrated, potential competition governs incumbent firms. However, as I show in Chapter 5, this is a flawed theory, which is misused in the case of the wheat export market. Furthermore, deregulation was implemented on the flawed assumption that firms did not exercise power over their environment. As I show in Chapters 12, building upon growers’ expressions of disempowerment and exploitation from grain traders (O’Keeffe and Neave 2017), this assumption of firm behaviour is clearly misplaced. The result is an industry in which transnational firms control the wheat supply chain and export market, in a policy environment where it is presumed that they do not possess power over markets.

Re-allocating resources

The structural adjustment policies of the 1970s, 1980s and 1990s are an important, related policy area which has contributed to the neoliberalisation of Australian agriculture. Policy makers argued that generalised financial assistance created inefficiencies, through supporting the least efficient farmers, in terms of productive outputs, to remain in the industry. Removing this support was framed as a positive development that was in the Nation’s economic interests, as it facilitated the re-allocation of resources from the least efficient, least productive farms, to the most efficient farm managers. However, I suggest, the normalisation of this process depends upon a reductionist approach to agriculture, which decontextualises farmers from their communities, families and land. Farmers are constructed as replaceable and movable instruments, whose purpose is to facilitate the productive use of resources. Thus, farmers’ value is narrowed to their capacity to achieve this aim, externalising the social dimensions of farming. Structural adjustment is portrayed as an essential and, in some cases, desirable policy outcome, which increases efficiency. The effect upon farmers, their families and communities, is not adequately recognised by policy makers, who presume that welfare is the most appropriate mechanism for meeting farmers’ needs. This construction has allowed policy makers to distance policy such as wheat export marketing deregulation, from its broader social consequences.

Making society governable: The case of Australian wheat export market deregulation

This project is made possible through discursive constructions of knowledge, value and identity. These constructions support the rationale of markets as mechanisms for maximising the productive and efficient use of the Nation’s resources. This conceptualisation of markets underpins wheat export market deregulation in Australia, where policy was narrowed to focus on the question of how to maximise growers’ returns on their wheat. As such, efficiency, rather than stability, security or equity, was constructed as the primary policy objective. Equity, for example, was constructed as an ambition which undermined the more pertinent ambition of efficiency. Thus, equity was separated from efficiency. Beyond this externalisation of equity as a legitimate objective of industry policy, equity was also
discredited as an overarching ambition of government policy. Equity is replaced with fairness, which, policy makers have argued, is best achieved through markets which reward endeavour and innovation.

The prioritisation of economic efficiency over social and environmental objectives leads to the importance of knowledge and how it has been used to influence policy in Australia. In the example of wheat export marketing, wheat price premiums and supply chain costs were constructed as the only legitimate data which could determine the market structure which enhanced growers’ returns. Therefore, data produced by markets and economic projections through modelling is constructed as representing the ‘truth’. The construction of markets as apolitical, objective mechanisms for creating knowledge and showing the behaviours and intentions of market participants is integral to this process. This framing reduces that which matters, in a policy sense, to the information communicated through markets. Quantification is integral to this process, as is the systematic dismantling of qualitative, subjective data, portrayed by policy discourses as biased, unreliable and ambiguous. Consequently, growers were marginalised, as their capacity to contribute to the policy debate around wheat export market deregulation, in a way that policy makers deemed to be meaningful, was substantially undermined. For example, inquiries completed by Irving et al. (2000) and the Productivity Commission (2010) dismissed growers’ articulation of their experiences and observations as having little empirical value in comparison with quantitative analyses such as the econometric modelling projections of Allen Consulting (2000a).

Reconstructing farmers

Furthermore, the construction of growers as self-reliant, business-minded and economically rational actors is pivotal to agricultural restructuring. First, this construction enables policy makers to portray farmers as wanting what deregulated markets supposedly offer, such as choice, freedom and the capacity to maximise incomes. In addition, policy discourses have portrayed farmers who desire these objectives as ‘good farmers’. This construction has been developed through a series of policies, such as the Agriculture – Advancing Australia package, the Structural Adjustment Policies which preceded it, the 1992 National Drought Policy, and policy documents such as the 2015 Agricultural Competitiveness White Paper and the 2016 policy paper ‘Smart Farming’. These documents prioritise entrepreneurialism and risk management as good behaviours, and similarly, portray productivist farming, such as farm consolidation and the use of technology, as integral to this idea of the good farmer. Thus, these behaviours, attitudes and practices are rewarded through policy. Government constructs itself as an enabler of these good behaviours, though, as I argue in this thesis, government coercively shapes farmers’ behaviours and values, instrumentalising farmers to meet the broader ambitions of maximising efficiency and productivity of resource use. Farmers, in this regard, are ‘governed at a distance’. Farmers are told to be independent and self-reliant. Ironically, through attracting private investment, farmers’ autonomy and independence is potentially undermined, as business decisions affecting the farm may be driven by investors’ interests.
The construction of the good farmer normalises agricultural restructuring, which is framed as a common-sense policy shift in farmers’ interests, reflecting responsible governance. The good farmer eschews government assistance, embraces competition and risk and, accepts their successes or failures as their own. Conversely, this construction enables policy makers to discredit farmers’ opposition towards deregulation as grounded in nostalgic support for statutory marketing that is based upon familiarity, rather than objective policy analysis. Furthermore, these farmers are implicitly framed as reliant upon government assistance, and therefore as inefficient farmers which undermine efficiency through their presence in the industry. Thus, structural adjustment and programs such as wheat export marketing which facilitate structural adjustment are constructed in beneficial terms, as it will facilitate the exits of these farmers from the industry.

Technologies of Performance

The concept of performance, as opposed to value, is important in this process. Farmers’ performance, and therefore worth to society, is captured through their efficiency and productivity. The perceived need to assess the AWB’s performance caused policy makers to first establish performance objectives for the AWB and then to measure performance using audit. As farmers were constructed as primarily focused on maximising their returns, the purpose of the AWB was narrowed to focus on this performance objective. Audit was ostensibly used to improve the AWB’s transparency. However, this technology shaped how the AWB perceived its own role, and what it considered to be important. Furthermore, the AWB, among other proponents of statutory marketing, then justified statutory marketing in these terms, legitimising this shift. Policy makers then used cost-benefit analysis and econometric modelling to demonstrate the limitations of statutory marketing in maximising growers’ returns. The effectiveness of these technologies is in their apparent unimportance. They are portrayed as simple, relatively boring policy instruments which can present an unbiased and objective reality. Furthermore, in the case of cost-benefit analysis, audit and econometric modelling, these technologies use data produced by markets, which are similarly constructed as apolitical and pure mechanisms for determining value and revealing behaviours. However, as I argue in this thesis, these constructions are used to shape how value is created, what has value and how this value can be understood. Furthermore, through focusing on knowledge created in markets, policy discourses around agricultural restructuring and wheat export market deregulation have delegitimised the social.

Developing a genealogy of wheat export marketing regulation allows me to examine wheat industry deregulation as a project of neoliberalism, by identifying the seemingly minor discursive shifts which have made deregulation possible. As early as 1983, the year that the Hawke Government was elected and the IAC released its significant inquiry into the wheat industry marketing and assistance, policy makers began to construct the rationale of markets, competition and commercial firms as integral to Australia’s prosperity. This construction was portrayed as a reality, underpinned by objective and neutral data produced by markets. Technologies of agency and performance were used to make this reality operable, by shifting constructions of individuals, organisations and policy values. Genealogical research has
Emerging corporate power in Australian agriculture

Wheat export market deregulation has created concentrated regional export markets. This shift has not substantially lessened the bulk handling companies’ control of wheat supply chain networks, including storage and port facilities, as predicted by Allen Consulting’s (2000a) influential study. It could be argued that this shift has failed to achieve its promised outcomes. However, in broader policy discourses, focused on competition policy, for example, there are distinctly different interpretations of what competition is. Drawing on contestability theory, competition is claimed to represent potential and real competition. Thus, the aim of policy which intends to create competitive markets, is not simply to facilitate the involvement of numerous firms in this market. Rather, it is to reduce the barriers to competition which create the possibility for potential new market entrants to challenge incumbents. Policy makers claim that this threat potential competition will compel incumbent firms to maximise efficiency. Therefore, markets featuring monopolistic or oligopolistic firms are tolerated, as long as there is the potential for new firms to challenge their market position. There are two significant problems with the application of this idea to the Australian wheat export market. First, this argument presumes that the removal of regulatory barriers to entry will be sufficient to make a market contestable. However, the capacity of firms to develop a share of the wheat export market is dependent upon their ownership of supply chain infrastructure. Therefore, external firms need to either acquire incumbents which own infrastructure, or develop new facilities. This effectively represents a market entry cost, which only transnational firms which are well-capitalised have the capacity to meet. Therefore, the market may be open to competition, though this competition is restricted and market access costs incoming firms. Second, growers were promised choice in whom they sold their wheat to. This portrayed growers as possessing power in deregulated markets. However, this is not necessarily the case. Where markets are concentrated, choice is fundamentally restricted. As found by O’Keeffe and Neave (2017), this limited competition has fundamentally undermined growers perceptions of their own market power.

Therefore, if policy makers were ambivalent towards the actual levels of competition in markets, what does this tell us about policy makers’ perceptions of firms? First, firms are portrayed as lacking the desire and capacity to exert power over policy development and also markets. Thus, the presence of large firms controlling significant market share is excused by policy makers, who rely upon contestability theory to claim that, in such cases, markets are still competitive. Furthermore, policy discourses construct the idea of large firms as having achieved a dominant market position due to their superior management and capacity to meet the needs of consumers. Therefore, it is claimed that, despite markets appearing to be concentrated, privatisation, marketization and the facilitation of firms’ entry into areas of social and economic life previously controlled by governments will improve efficiency, productivity and consumers’ living standards. This construction leads to the idea of the
business-friendly environment, which supposedly encourages firms to invest in the Australian economy, to the betterment of Australian society.

By narrowing the criteria for ‘what matters’ to that which is apportioned value in markets and constructing firms as the key actors which are able to maximise this value, policy discourses frame market liberalisation and the incursion of firms into Australian society as being a common-sense shift. This construction is silent on the capacity of firms to exert power over markets, supply chain participants and consumers. Thus, it is argued that the restructuring of society, while in the interests of firms, is in the broader interests of Australian people, specifically, Australian consumers.

However, this approach has the potential to create a substantial power imbalance in the industry. Firms which have been attracted to the deregulated wheat export market, such as ADM, Cargill, Bunge, Louis Dreyfus, COFCO and Glencore, should be viewed as global value chain managers. These firms develop profitability by extending their value chains into new regions and markets. This strategy provides these firms with extensive power within global agriculture. In behaving as though firms do not possess power, policy makers have exposed Australian growers, millers and logistics firms to significant power imbalances in their relationships with these firms. Rather than improving the capacity of growers to maximise their incomes from wheat, growers and other wheat industry participants are placed in a vulnerable position, undermining their security in the wheat industry.

**Further Research**

Furthermore, in considering these firms as managers of global, vertically integrated value chains, it is important to consider their capacity to use their control of global wheat markets, for example, to develop information on these markets. As Clapp (2015a) and Salerno (2017) have suggested, firms have the capacity to develop extensive market information, which they can transfer to their financial subsidiaries. Subsequently, this information can be used to then derive profits from financial markets (Salerno 2017; Isakson 2014; Freebairn 2014; Murphy et al. 2012). This profitable use of information raises the question of the role of information as a form of tacit knowledge which can drive vertical integration in firms’ global value chains. Furthermore, this leads to the question of how firms perceive the importance of their entry into the deregulated wheat export market. In one sense, as I argue in Chapter 12, the liberalisation of this market allows firms to expand geographically, providing firms with an increased presence in the Asia Pacific region. However, this outcome could potentially be achieved through arm’s length relationships, particularly given wheat is a standardised product and transactions involving wheat should be manageable in such a scenario. However, transnational agricultural corporations typically exhibit high levels of integration, raising the question of whether it is information on wheat stocks and markets, and the desire to monetise that information through financialisation, which is a further contributor to vertical integration.

These questions lead to the Agricultural Competitiveness White Paper and its aim to increase private investment in Australian farmland and farm businesses. This shift has the potential to undermine farmers’ autonomy and potentially effect farming communities, as farm decisions,
such as sourcing of equipment and inputs, is shifted from the farmer to the corporate owner. Furthermore, this transference of ownership and power raises questions about how agricultural production will be affected, if, for example, private equity firms become a significant investor in Australian farm land. Perhaps most pertinently, how does this shift change farming, and the relationship between Australian society, farmers and farm land? In conjunction with the consolidation of deregulated agricultural commodities markets such as wheat, and the potential for increased financialisation of Australian farm land, it is important to reflect on the emergence of corporate power in Australian agriculture and food networks, and how this shift might impact upon farmers, rural communities and the broader Australian society. Research is needed to understand the potential for these shifts to occur, and their implications.

**Why does this matter?**

Whereas the deregulation of the wheat industry was framed as being in the interests of wheat farmers, this policy shift has created an environment where wheat farmers and their communities are disenfranchised and undermined. Instead, wheat export market deregulation has been introduced to encourage transnational agri-food firms to extend their participation in Australian agriculture. This policy environment has been designed to nurture the interests of these actors, in the flawed assumption that their increased power and control over Australian agriculture will benefit Australian society. In justifying policy change such as wheat export market deregulation as ‘in the national interest’, policy makers obscure the effect of policies such as this upon people and communities. In the case of wheat export market deregulation, and related policies such as structural adjustment and Agriculture – Advancing Australia, the broad aim is to maximise industry efficiency and productivity, which is assumed to lead to greater contribution of agriculture and industries such as wheat to the national economy. However, these policies also reduce the importance of farmers and communities, distorting and externalising the negative social consequences of these policy shifts. Farmer exits are referred to vaguely as ‘adjustments’, which are the necessary consequences of these policy changes, which in any case, only impact farmers’ of lesser competence. The social impact of these shifts is masked as ‘short term pain’, without acknowledging the potential for farmer exits to undermine rural communities and social capital of rural towns. Furthermore, if there are benefits to these shifts which accrue to ‘the nation’, it is unclear which sections of the community receive these benefits, and what these benefits might look like. It could be argued that this is measurable through a greater contribution of agriculture to Australia’s GDP. This argument presumes that consumers might ultimately benefit. However, this implies that the benefits to consumers (however unclear or unequally shared) outweigh the real and perceptible negative consequences for rural Australia - most particularly, farmers, their families and communities reliant upon the farming population. The obvious beneficiaries of agricultural and related-economic restructuring are transnational firms and their shareholders, whose access to Australian markets allows them to expand their geographic footprint and therefore develop new markets and sources of supply, as well as institutional investors, whom
the Australian Government is encouraging to increase their investment in Australian farmland.

Beyond the Australian wheat industry and agriculture, this thesis contributes to research highlighting the flawed arguments and assumptions which have underpinned the restructuring of Australian society in recent decades. The processes and technologies which I highlight are not confined to the Australian wheat industry. Policy discourses have shaped perceptions of how we know, what we know and what we value. These constructions have shaped policy to focus on increasing efficiency, competition and individualism. The resulting ‘business-friendly environment’, which is claimed to improve people’s well-being, is characterised by the transference of power away from the public towards corporations, reflected through an increasingly unequal society where scarce and precarious employment, declining access to housing and rental markets and privately owned services such as public transport and health care are the new normal.

Throughout this thesis, particularly in Chapters 6 and 7, as well as in my articles in preparation which explore policy makers’ use of the technology of the consumer in human services and social services policy, this process can be observed in many facets of Australian society. In addition to human services and social services, this thesis also draws upon corporatist changes to employment and higher education, which emphasise individualism and performativity.

My research has highlighted this process in relation to farming. This study focuses on farming, specifically the wheat industry, to show how technologies of agency and performance have been used to operationalise the reality of markets, consumers and competition. However, the policy tools which have been used to make this shift happen – quantification, performativity, individualism, firms as efficiency maximisers, efficiency maximisation and living standards, consumer choice and freedom - are endemic throughout Australian society. These constructions are buttressed by the argument that increased allocative efficiency, increased private firms’ participation in society and maximised resource productivity are in the ‘national interest’. In this regard, the ‘national interest’ is crystallised in constructed indicators such as the unemployment rate, GDP and multifactor productivity growth. The process by which GDP is increased, the legitimacy of this indicator or the distribution of the gains which improved economic performance GDP is claimed to reflect, are portrayed by policy discourses as secondary concerns. Is this in the national interest? I suggest that it is not.

Throughout this thesis I argue that policy discourses have changed ‘what matters’, in terms of the welfare of Australian society and policy governing society. Policy discourses have changed what counts as legitimate, credible knowledge and, in the process, have changed what counts as legitimate, credible policy objectives. This changed reality has been operationalised by technologies of performance and agency, which have facilitated a shift from the public to the private. This shift is not necessarily a transference of power from the State to corporations, or a retraction of the State’s powers. However, this shift is encapsulated by a shift in power from the public to the private - a creation of privatised spaces, where public spaces once existed. The market is constructed as a producer of information, as a
decider of what is fair and what is not, and as an organiser of society. The key participants in markets, consumers and firms, are integral to this construction. Critically, policy makers have constructed a corporatised society, by assuming that in the relationship between these market participants, consumers have the power. This assumption is incorrect. Consequently, this reconstruction of society has shifted power from the public to private interests, which I argue, is not in Australian society’s interests, or the interests of the nation.
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Appendix
Appendix 1: Experiences of wheat growers in Victoria’s western Wimmera following deregulation of the export wheat market

This article was published by peer reviewed journal Rural Society, in March 2017. I completed this article with the assistance of Dr Melissa Neave. Together with Dr Neave, I wrote this article during my Candidature. However, this article is based upon data collected in 2013 to support my Honours research. I include this article in the Appendix to my PhD thesis, as it is work that I have helped develop during my time as a PhD candidate, and is informed by my research and learning during this education.

Citation:
Experiences of wheat growers in Victoria’s western Wimmera following deregulation of the export wheat market

Abstract

In 2008, the statutory marketing powers held by the Australian Wheat Board (AWB) were dismantled, with the decision by the Federal Government to deregulate the export wheat market. This article snowball sampled 22 small-to-medium sized wheat growers in Victoria’s western Wimmera to qualitatively research how they perceived this policy affected their operations. Although deregulation was intended to create a competitive market, wheat growers felt the level of competition in their region, specifically, at local receival sites, was minimal and referred to instances where they had lost money from selling to grain traders who became insolvent, owing significant sums of money which substantially affected growers’ wheat marketing. Additionally, participants felt they lacked power in the open market, which was counter-posed by the power, and occasionally predatory behaviour, of some grain traders, and contributed to feelings of insecurity.

Introduction

Since the 1970s, global agricultural reform has been underpinned by neoliberal ideologies and deregulation practices have been extensive (Coleman & Skogstad, 1995). Agricultural industries in New Zealand, South Africa (Van Zyl, Vink, Kirsten, & Poonyth, 2001), Canada (Coleman & Skogstad, 1995) and the United States (Skogstad, 1998) are now all extensively deregulated. Likewise, the Australian wool, sheep, and dairy industries were deregulated over this period, suggesting deregulation of the wheat industry would be consistent with Australian and global policy trends (Cocklin & Dibden, 2002; Coleman & Skogstad, 1995). The shift towards deregulation in Australia, with its removal of trade protection and the exposure of agricultural industries to international competition, has been underpinned by an assumption that reduced government intervention results in increased growth (Talbot & Walker, 2007; Dibden & Cocklin, 2010; Lawrence, Richards, & Lyons, 2013). Within this context, deregulation is viewed as essential in repositioning agricultural markets at the centre of the Australian economy (Dibden & Cocklin, 2010). Subsequently, the ongoing existence of Statutory Marketing Authorities, such as the Australian Wheat Board (AWB), was cited as an impediment to competition, productivity, and efficiency. This eventually led to the removal of single desk status held by the AWB in 2008 (Banks, 2005; McCorriston & MacLaren, 2007; McCorriston & MacLaren, 2005). As then Federal Minister for Agriculture, Forestry and Fisheries, Tony Burke argued, deregulation was necessary to increase competition within the export market, stating, “only then will returns to growers be maximised” (Commonwealth of Australia, 2008, p. 1774). Wheat growers, however, remained sceptical of such claims, fearing they would lose control of the industry and have
difficulty competing in a global market (Irving, Arney, & Linder, 2000; Productivity Commission, 2010).

Indeed, the AWB was created to provide security to growers to counter the widely held belief that wheat farmers were being exploited within what had previously been a deregulated industry (Whitwell & Sydenham, 1991). Founded in 1939, the AWB became a Statutory Marketing Authority in 1948. This made the AWB the only permitted marketer of Australian wheat, both domestically and internationally, a monopoly arrangement often referred to as the ‘single desk’ (McCorriston & MacLaren, 2007; Botterill, 2011). The wheat industry was further stabilised by the agricultural policies of the Menzies Government in the 1950s-1960s, before the election of the Whitlam government in 1972 led to major changes within the Australian agricultural industry in general (Cockfield & Botterill, 2007; Whitwell & Sydenham, 1991). Following the election of the Hawke Government in 1983, focus on government intervention in agricultural policy intensified. Inquiries initiated by government (Royal Commission into Grain Handling, Storage & Transport, 1988; Hilmer, Rayner, & Taperell, 1993; Irving et al., 2000), and government authorities (Bureau of Agricultural Economics, 1987; Industry Assistance Commission, 1988) challenged statutory wheat marketing, contending this undermined industry efficiency, reduced grower freedom and choice, and prevented growers from maximising the returns on their wheat. Fundamentally, this body of work concluded the AWB did not provide growers with higher wheat prices than could otherwise be achieved in a deregulated export market. Ultimately, these arguments influenced the Federal Government decision to dismantle the single desk in 2008 (Botterill, 2011).

This policy shift remains contentious due to the reliance of many growers upon export markets. In 2014-2015, 71% of Australia’s total wheat production (23,373kt) was exported (ABARES, 2016). The proportion of wheat sold to export markets differs according to location. Approximately 50% of the wheat produced in Victoria, New South Wales, and Queensland is exported, yet 85-95% of South Australian and West Australian wheat is made available for export market (Stretch, Carter, & Kingwell 2014). In the 2011-2012 marketing year (October-September) four companies (Cargill/AWB, Glencore, CBH and Graincorp) accounted for 65% of all Australian wheat exports (Grain Producers Australia, 2013). This level of concentration is more pronounced at the state level, with grain exports dominated by GrainCorp in New South Wales, Queensland and Victoria, Glencore (through subsidiary Viterra) in South Australia, and grower owned co-operative, CBH in Western Australia (Australian Crop Forecasters, 2015).

Literature exploring Australian wheat industry deregulation is primarily situated in the agricultural economics discipline, focusing on changes to wheat prices, or costs incurred by regulation (Chang, Martel, & Berry, 2003; McCorriston & MacLaren, 2007; Mugera, Curwen, & White, 2016; Curwen, Mugera, & White, 2011; Williams 2012). The presumption of these studies is that the success, or otherwise, of wheat market structure, can be interpreted through narrow indicators such as wheat price changes. The few existing studies that have deviated from this approach are broadly from the geography field (Talbot & Walker, 2007; Head, Atchison, Gates, & Muir, 2011). This is valuable research, which refers to the effects of wheat industry deregulation upon growers, though incidentally, as part of broader studies. This article therefore builds on Head et al. (2011) and Talbot and Walker (2007) by
specifically seeking to understand how farmers have been affected by wheat export market deregulation, thereby making a unique contribution to economic geography research in Australia that addresses a significant gap in our understanding of how wheat growers have experienced deregulation of the export market.

**Literature review and theory**

The inquiries into the wheat industry conducted by the Industries Assistance Commission (IAC) (1988), Bureau of Agricultural Economics (BAE)(1987), Royal Commission into Grain Storage, Handling and Transport (1988) and the Productivity Commission (2010) have been particularly influential in framing debate around wheat industry deregulation within Australia. These inquiries focused policy attention on wheat prices and regulatory costs, as being the key measures by which wheat market and industry structure could be assessed. Subsequently, this field is dominated by agricultural economics (Chang et al., 2003; McCorriston & MacLaren, 2007; Mugera et al., 2016; Curwen et al., 2011; Williams 2012; Watson 1999) and such research employs quantitative measures that insufficiently capture the lived experience of wheat growers in a deregulated industry.

Prior to deregulation of the wheat export market, numerous studies attempted to analyse the capacity of the AWB to influence global wheat prices. As stated by Watson (1999, p. 429), “The most interesting technical economic argument concerns the validity of claims that statutory marketing authorities with export monopoly power can obtain higher prices”. Studies conducted by Chang et al. (2003) examined wheat price and quantity data from 1961-2000 and McCorriston and MacLaren (2007) sought to measure the net welfare benefit of statutory wheat marketing to the Australian community. Both sought to understand the power that could be exerted by the AWB in global markets to extract high wheat prices and found the AWB had a negligible impact on wheat prices. Contrastingly, O’Donnell, Griffith, Nightingale and Piggott (2007) concluded product manufacturers exerted market power in their relationships with producers. This study differs from previous agricultural economics research which presumes grain traders would not have the capacity to exert power in a deregulated market and would instead be compelled by commercial disciplines to maximise growers’ incomes and reduce costs (IAC, 1988).

Of the studies that have sought to determine impacts of wheat export market deregulation, Mugera et al. (2016), Williams (2012) and Williams and Malcolm (2012) are the most prominent. These studies focus on problems such as market volatility or declining prices and seek to determine if they are attributable to deregulation. Mugera et al. (2016) measured wheat prices between 2003 and 2010, finding deregulation did not result in a decline in wheat prices received by wheat growers, while Williams (2012) analysed wheat price volatility, contending deregulation is not associated with the fluctuating prices received by growers following deregulation. Rather than portraying volatility as inherently negative, Williams (2012) contended market volatility should be encouraged because such environments enable growers to respond to market signals and therefore achieve the highest profit. Surveying growers’ risk perception, Williams and Malcolm (2012) additionally found growers devised marketing strategies aimed at reducing risk which, to an extent, undermines the argument that deregulation allowed growers to maximise their incomes, as many growers preferred safer, more reliable options.
Additionally, studies by Wait and Ahmadi-Esfahani (1996), the Productivity Commission (2000; 2005) and the Royal Commission into Grain Handling Storage and Transport (1988) have sought to understand the cost of regulation, and conversely, estimate potential cost savings achieved through deregulating segments of the wheat industry. For example, in their 2005 Review of National Competition Policy Reforms, the Productivity Commission (2005) referred to submissions by Allen Consulting and the Centre for International Economics, which estimated deregulation of the wheat industry would result in significant cost benefits through increased national welfare and substantial savings. Such estimates, however, do not consider the human impact associated with job losses incurred through rationalisation, the resultant impact of deregulation upon farmers, or the power that could be exerted by corporations in a liberalised market. This research also prioritises quantifiable measures such as costs, prices, and productivity, downplaying qualitative evidence due to its subjectivity and perceived unreliability. As mentioned by Chang et al. (2003, p. 16), “it is essential that concrete evidence and strongest arguments can be put forward for the retention of the single desk”. ‘Concrete evidence’, in this sense, is considered to be statistically-based. Qualitative research, on the other hand, is collected by inquiries informing wheat industry policy and treated with suspicion due to its subjective nature (Productivity Commission 2010; Irving et al. 2000). As a result, opinions of wheat growers are not provided the same authority as quantitative measures such as wheat prices or costs of moving wheat through the supply chain.

Subsequently, research addressing the question of wheat industry regulation, through the lens of either price or cost changes, offers a narrow picture of how deregulation has affected wheat growers. Such research presumes growers are exclusively interested in which market structure will allow them to procure the best price from the market while ignoring the many concerns held by growers (Irving et al., 2000). Irving et al. (2000) found, overwhelmingly, growers wanted to see the single desk retained and while they believed the AWB managed to extract high prices from export markets, the AWB provided numerous benefits beyond prices, owing to its control by growers and contribution to social well-being in regional Australia. Yet, these opinions are dismissed by Irving et al. (2000, p. 6) who could not “find, clear, credible, and unambiguous evidence that the current arrangements for the marketing of export wheat are of net benefit to the Australian community”, supporting findings by McCorriston and MacLaren (2007), Chang et al. (2003) and Watson (1999).

The present article aims to address such methodological oversights by emphasising the value of growers’ experiences and interpretations, as producers with an intimate understanding of the effects of wheat export market deregulation. Subsequently, it lends more weight to growers’ opinions and aims to develop a greater understanding of the concerns expressed by participants in inquiries conducted by the Productivity Commission (2010) and Irving et al. (2000), which downplayed opinions based upon the understanding such data was not a reliable indicator of market conditions. Although not specifically focusing on wheat export market deregulation, as part of a broader study focused on understanding farmers’ responses to climate change, Head et al. (2011) found growers had differing capabilities regarding wheat marketing, which, in some cases created additional stress and work load, and alluded to issues arising from this policy of relevance to this article. Such issues will be explored in further detail here. Similarly, research from the geography discipline using a
social capital lens to explore wheat export market deregulation found some wheat growers felt their political and bargaining power was limited in the deregulated domestic market (Talbot & Walker, 2007). Thus, issues emerging from deregulation, such as work load, disempowerment, and limited market power, have been referred to as part of a broader conversation. The present article contributes to and furthers such research by focusing specifically on understanding how a small sample of small-to-medium sized wheat growers in Australia perceive they have been affected by wheat export market deregulation.

Research methods
This exploratory qualitative research uses a phenomenological approach, including semi-structured interviews with current and retired wheat farmers from the western Wimmera region in Victoria, Australia. A phenomenological approach was used as a form of inquiry to understand the experiences of wheat growers and to explore the meaning that wheat growers give to these experiences (Wythes & Lyons, 2006; Seidman, 2013). This method was chosen for its suitability to prioritise growers’ experiences as a valid source of data and recognise growers as holding important knowledge for exploring wheat growers’ perceptions about wheat export market deregulation (Head et al., 2011; Mugera et al., 2016; Williams, 2012; McCorriston & MacLaren, 2007; O’Donnell et al., 2007).

Research site
This research was conducted in the western Wimmera region of Victoria, Australia, close to the border with South Australia (Figure 1). This area is heavily reliant upon agriculture, particularly broad-acre cropping, with 44% of people employed in the West Wimmera Shire working within this sector (Australian Bureau of Statistics (ABS), 2012; Department of Environment and Primary Industry, 2014). The boundaries of the study region are Broughton (North), Nhill (East), Edenhope (South) and Serviceton (West). All farms were family run. The average farm size operated by participants was 1,511 hectares (3,735 acres), well below the average size of a Victorian wheat farm (2,227 hectares or 5,503 acres) (ABS, 2006), and most properties were between 800 and 2,400 hectares (2,000 and 6,000 acres), considered small to medium for this region. Farms in the most productive region (Kaniva) tended to be smaller than those in the less productive regions (Broughton, Serviceton).

Figure 1: Study region map
Participants

Interviews were conducted with current and recently retired farmers who owned small to medium sized farms in the study region and produced multiple grain varieties, including wheat, barley, and legumes. Farmers located in the central area of Kaniva only grew crops and legumes, while those in the north (Broughton) and south (Edenhope) of the study region also raised sheep, pigs, and yabbies. All came from farming operations that produced substantial quantities of wheat, primarily for the export market and were typically from families that had farmed in the area for three to five generations. The descriptors used to differentiate farmers are presented in Table 1 and include ‘farm size’, ‘location’, and ‘employment status’ (active or retired). Location reflects the approximate location of the farming business, with ‘Central’ referring to the area surrounding Kaniva, ‘North’ referring to the area surrounding Broughton.

Table 1: Application of descriptors to interview transcripts

<table>
<thead>
<tr>
<th>Interview</th>
<th>Participants</th>
<th>Location</th>
<th>Size of Operation (Acres)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A1</td>
<td>Central</td>
<td>2,000 – 4,000</td>
<td>Active</td>
</tr>
<tr>
<td>B</td>
<td>B1</td>
<td>South</td>
<td>&lt;1,000</td>
<td>Retired</td>
</tr>
<tr>
<td>C</td>
<td>C1, C2, C3</td>
<td>North</td>
<td>2,000 – 4,000</td>
<td>Active</td>
</tr>
<tr>
<td>D</td>
<td>D1</td>
<td>Central</td>
<td>2,000 – 4,000</td>
<td>Active</td>
</tr>
<tr>
<td>E</td>
<td>E1, E2</td>
<td>North West</td>
<td>6,000 – 10,000</td>
<td>Active</td>
</tr>
<tr>
<td>F</td>
<td>F1</td>
<td>Central</td>
<td>6,000 – 10,000</td>
<td>Active</td>
</tr>
<tr>
<td>G</td>
<td>G1</td>
<td>Central</td>
<td>6,000 – 10,000</td>
<td>Active</td>
</tr>
<tr>
<td>H</td>
<td>H1</td>
<td>East</td>
<td>1,000 – 2,000</td>
<td>Retired</td>
</tr>
<tr>
<td>I</td>
<td>I1, I2, I3</td>
<td>South</td>
<td>2,000 – 4,000</td>
<td>Active</td>
</tr>
<tr>
<td>J</td>
<td>J1, J2</td>
<td>South</td>
<td>2,000 – 4,000</td>
<td>Active</td>
</tr>
<tr>
<td>K</td>
<td>K1</td>
<td>Central</td>
<td>1,000 – 2,000</td>
<td>Active</td>
</tr>
<tr>
<td>L</td>
<td>L1</td>
<td>Central</td>
<td>6,000 – 10,000</td>
<td>Active</td>
</tr>
<tr>
<td>M</td>
<td>M1, M2</td>
<td>North</td>
<td>4,000 – 6,000</td>
<td>Active</td>
</tr>
<tr>
<td>N</td>
<td>N1, N2</td>
<td>North</td>
<td>4,000 – 6,000</td>
<td>Active</td>
</tr>
</tbody>
</table>
Recruitment and sampling
Snowball sampling and a key informant approach to recruit research participants (Noy, 2008). In May 2013, initial contact was made with three key informants, including a local councillor, representative of an agricultural organisation, and a community group, each whom referred the researcher to different groups of farmers. Contact lists were used to establish initial interviews, with participants in this first series of interviews asked to refer the researcher to other potential participants. This sampling and recruitment design limits the study’s representativeness as only farmers who felt strongly about the issue of deregulation may have agreed to participate and/or people with similar opinions may have been nominated as potential interviewees.

Data collection and analysis
This research received ethics approval by the Design and Social Context College Human Ethics Advisory Network, a sub-committee of the RMIT Human Research Ethics Committee (Project number: CHEAN A-2000866-04-13) and no conflict of interest was experienced in the conduct of this research. Informed consent was sought from all participants and each was given the option to withdraw at any time. Furthermore, participants were afforded the opportunity to review their own interview transcripts and make any amendments they felt necessary. A total of 14 interviews with 22 wheat farmers were conducted in June 2013. Interviews included all family members involved in the farming operation who made themselves available. One interview was conducted per property (i.e., multiple interviewees at the same time) and two interviews were conducted with two participants together who each ran separate farming operations. Notes were sparsely taken and interviews were digitally recorded.

Interviews included questions on growers’ experiences of 1) wheat marketing after deregulation of the export market 2) changes to the occupation of farming and 3) community impacts following deregulation. These areas were based upon previous studies conducted by Head et al. (2011) and Talbot and Walker (2007), which alluded to these issues without substantially developing these ideas. Similar to the process adopted by Wythes and Lyons (2006), transcripts were thematically analysed to identify recurring thoughts and reflections emerging from the data and provide a basis for coding. Codes were categorised according to the themes which reflected the key issues raised by participants with relation to their experience of wheat export market deregulation (Wythes & Lyons, 2006). The data analysis is limited by the questions posed, potential researcher bias in data interpretation, and could be perceived as limited by the data’s subjectivity. As the research intent is to understand the subjective experiences of wheat growers, however, this design reflects the well-established strengths and limitations of qualitative research.

Four themes were central to participants’ experiences of deregulation (power, competition, complexity, and insecurity) and were discussed by growers in accordance with the following definitions:

Power - centred on the notion of control which growers felt was lost through the dismantling of the single desk. Growers associated political power with their political
voice and representation, marketing power with their capacity to use marketing skills, and knowledge to extract good prices from the market.

*Competition* - was borrowed from the interpretation of competition raised in parliamentary debates around wheat export market deregulation, portraying a competitive market as one which featured numerous buyers competing for growers’ wheat.

*Complexity* – was discussed in relation to additional duties that required new skills and knowledge, such as understanding markets and new financial products, created by wheat market deregulation which added to the difficulty of farming.

*Insecurity* - related to growers’ insecurity related to the lack of certainty associated with using limited marketing skills and knowledge, without the support of the AWB.

The codes ascribed to each theme, drawn from terms frequently mentioned in the interviews, are presented in Table 2.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Market power, political power, ownership, privatisation of infrastructure</td>
</tr>
<tr>
<td>Competition</td>
<td>Benefits to growers, influence of large grain traders, grain traders going broke</td>
</tr>
<tr>
<td>Complexity</td>
<td>Added workload, new skill set required, less time for social and family activities</td>
</tr>
<tr>
<td>Insecurity</td>
<td>Exposure to global markets, unstable price, limited marketing skills</td>
</tr>
</tbody>
</table>

**Findings**

Findings are presented within the context of the four key themes of power, competition, complexity and insecurity utilising interviewees’ quotes to qualitatively explore how wheat growers experienced deregulation.

**Theme 1: Power - Marketing Power**

A number of growers considered a major result of deregulation is grain traders do not offer a price for grain if it does not suit them to buy it. This creates a situation whereby growers feel they have less leverage to *seek* an acceptable price for their grain. As mentioned by participant I3, *At [our local receival site] for example, we went days where there was no one buying wheat out of those silos. Not one buyer.* This suggests despite increased competition among buyers nationally, in some regional locations, the level of competition is not particularly strong. Whereas the AWB was compelled to buy grain from growers, grain traders can either decide to not offer a price, or offer a low price for grain knowing the costs associated with transporting grain to a different silo could prohibit the growers from selling their grain elsewhere. As the exchange between growers I2 and I3 demonstrates, this may lead to wheat farmers either having to accept the price on offer at their nearest receival point,
or incurring greater transport costs to deliver their grain to a location where prices are being offered:

I3: You have got to take the grain further, to make sure that you have got enough people buying at a site...Freight costs are higher, margins are gone again.

I2: And no choice. So you have only got one price there, and that is the price that you are going to accept if you are only a small operator.

This issue is further exacerbated by the recent closure of smaller receival points throughout the eastern states. In June 2014, GrainCorp announced a $200 million ‘Project Regeneration’ which included the closure of several key receival sites in the study region, including Goroke, Kaniva, and Serviceton (Weekly Times Now, 2014a). Growers highlighted that prior to this initiative, the continued centralisation of receival points and closures had increased transportation costs. As participant B1, a retired grower, mentioned:

To me, the consequences [of deregulation] for growers are that some of their delivery options have been taken away from them, and some of the railway siding, storage facilities have gradually been taken out of use, because companies like GrainCorp don’t want to maintain them...It simply means that there are fewer options for farmers. And because delivery points are made more specialist, so if you have a particular type of wheat or barley or whatever, there might only be one place in the area where you can take it...I don’t know at what point these delivery points will all just disappear. I mean, they can’t expect farmers to transport to Horsham, Bordertown, Mount Gambier or Naracoorte. It’s just not viable.

Concerns regarding additional transport costs reflect findings from a 2014 report produced by the Australian Export Grains Innovation Centre which found supply chain costs, such as transport, comprised the single largest cost in the production of grain throughout Australia, starting at approximately $65-70 per tonne (Stretch et al., 2014).

**Power - Political Power**

Many growers felt sidelined politically with the abolition of the single desk. This potentially affected how growers perceived deregulation. Participant F1, who supported deregulation of the domestic wheat market, described, What I’m so annoyed about, is that our wishes have been totally ignored and we had no say in it. That’s what I am so mad about. Farmers who expressed opposition to deregulation in general contended its implementation demonstrated a lack of concern for their welfare by politicians and policy makers. We feel very unappreciated (C1). This powerlessness was also expressed in relation to a feeling of disillusionment with the major political parties. There’s just not enough votes in us I don’t think. We don’t count anymore (C2). C1 and C2, a couple managing a farm together, illustrates the perception that farmers’ political standing in Australian society has diminished as the number of farmers has declined in recent decades.
Theme 2: Competition

A key objective of deregulation was to increase competition within the wheat industry (Lawrence et al., 2013). Growers, however, reported numerous grain trading and manufacturing companies had gone into liquidation following deregulation. Farmers concerned about the financial stability of grain traders expressed a preference towards selling to larger, more established buyers which they perceived as more stable, less likely to become insolvent, and more likely to be able to pay growers for their wheat. As stated by H1:

*I tried to deal with the bigger companies, the ones that had the best chance of paying me. They weren’t going to go broke. If you start chasing the best dollar, through a small niche marketer, well maybe you are not going to get paid. You are better off to take $10 a tonne less and be paid, than $10 a tonne more and miss out on the whole load.*

H1 was another grower who had retired from the wheat industry after deregulation of the export market. His comments reflect the cautious approach taken by many growers, who frequently mentioned that a ‘sensible’ strategy involved seeking an average price from a secure trader, rather than the best available price. This practice calls into question the argument that deregulation leads to higher prices at the farm gate. While higher prices may be available as a result of deregulation, participants in this study reflected an unwillingness to take the highest price on offer unless they trusted the company offering that price would not become insolvent. One exchange, featuring grain growers J1 and J2 who managed different properties in the southern region of the study area, is indicative of the frequency with which smaller grain buyers and manufacturers experience financial difficulty:

J1: *I think that what deregulation has done to the wholegrain industry is actually put a lot of companies to the wall. You hear a lot more now of crowds going bung, than what you did when it was the single desk set up.*

J2: *Key seeds, they went. Then you had Lowan themselves. Klein Foods in Warracknabeal. I mean, you can start rattling off a heap of blokes that trade grain; that have gone.*

Unless these losses are accompanied by new entrants into the market, this minimises the choices available to growers and is in opposition to one of the key benefits that purportedly would be an outcome of dismantling the single desk for wheat exports. Many grain traders have become insolvent in recent years, however, owing creditors such as wheat farmers significant sums of money, with Sapphire Pty Ltd, Convector Grain, LGL Commodities and One World Grain key examples of companies who have gone into administration, highlighting the precarious nature of some wheat transactions in the deregulated environment (Australian Broadcasting Corporation, 2013; Weekly Times Now, 2014b). This environment undermines the perceived degree of choice available to growers who feel compelled to sell to the largest grain traders. Additionally, H1 suggested the similarity in prices being offered by grain traders were not representative of a truly competitive market:

*According to the government that [deregulation] creates a better market because you have got competition, but I don’t know that there is too much competition. The prices within a day*
seem to be all lined up the same and you’ve only got $1 or $2 difference. It’s like the petrol prices.

Coupled with the limited number of grain companies being active at each receival site, and the lack of confidence in the smaller and less established grain traders, the level of competition within this particular region does not appear to be high.

**Theme 3: Complexity**

Key challenges presented by grain marketing after deregulation were described as farming’s increased complexity and additional work loads and stresses. Participants noted frustration that despite extra work and worry, they did not feel financially better off. Deregulation ensured wheat growers were responsible for the marketing of their own wheat. For wheat farmers who had operated with the single desk for the duration of their farming careers, this required significant readjustment, as A1 stated:

*How can you expect a grain grower from Kaniva, to suddenly be a clever marketer, when he’s never ever done it in his life?...So suddenly the grain growers were given the job of marketing. It was like me telling you, ‘In five years’ time you are going to fly to the moon, you had better start building your rocket.’ Where would you start? It threw growers into all sorts of turmoil. I think that for some people it was just all too hard.*

Growers expressed considerable insecurities about marketing. Most felt not only were returns diminished under the deregulated system, they also took more risks and experienced more stress. Deregulation ensured growers have to utilise an unfamiliar set of skills and their success in this aspect of their business largely determines how successful their farming operation will be overall.

**Theme 4: Insecurity**

As a result of deregulation, growers are now trading on the world market, without the protection they had previously been afforded by the AWB. The insecurity created by this situation is highlighted by participant I3:

*There’s no stability. Grain pricing has never been about the price. It was about securing contracts and relationships in that world market that gave it a ‘floor’, for the want of a better word. Certainty is gone. People who set out to dismember the wheat board are those international players who now own, not only the people who take in the grain and store it, but they also own the grain. So they own it all. The supply chain, right through.*

This comment reflects a reduction in security for growers, although it also indicates power within the industry has shifted to the grain companies. Many growers mentioned declining wheat prices at harvest time, which they felt unfairly affected their business. For those experiencing a significant amount of debt, there was a compulsion to sell at harvest time to generate cash flow and service debt levels which diminishes marketing options, as indicated by M1 and M2, a couple who manage a property together in the north of the study region:
M1: Generally by harvest we are right up to the end of our overdraft limit, and you just need to start getting some money in the system. And all the time that you are not selling, you are losing 9 or 10% interest. You have got to look at the cost of what it is costing you to not sell it. Just the fact that you are paying interest on money with your bank, by being in debt.

M2: You’ve got that grain sitting in your silos, unsold, and you are still paying interest.

M1: To me, even above the cost of storage, when you take all of that into account...I think that at the time when we were looking at the pools, it ended up that even though with the quarterly distribution you did end up getting a bit more, by the time you took into account the interest that we had paid on not having that money, we were actually worse off.

M2: It was taking 12 months to get $5 a tonne more.

M1: That’s the thing, marketing changes completely, whether you are in debt or you are not in debt.

This exchange illustrates the lived experiences of wheat growers and the additional options available through deregulation. For this couple, the financial pressures created by debt ensured they had little option but to accept the cash price being offered at harvest time. This, in association with uncertainty around price, the viability of the grain traders, and declining prices at harvest time, led to a considerable feeling of insecurity.

The level of insecurity experienced by growers was reflected in perceptions that grain traders are seeking to take advantage of growers’ limited skills and experience in wheat marketing, as highlighted by A1’s perceptions of the use of wheat pools by private companies:

> The organisations are now trading off farmers who have always thought that pools were a good idea. Nowadays they are just being taken to the cleaners by these companies...I have a massive element of distrust toward companies that are running pools now.

This suggests an adversarial relationship between small to medium sized growers and grain traders. As A1 mentioned, for grain traders, the exploitation of farmers with minimal marketing knowledge, was like shooting fish in a barrel, and indicates a power shift that markedly favours grain traders and undermines growers’ perceived security, reminiscent of the environment that led to the creation of the AWB in the 1930s.

**Discussion and conclusion**
Numerous studies have argued wheat growers will benefit from deregulation, with the resulting competition, choice, and flexibility of a free market ensuring that growers are able to seek premium prices for their grain (Williams, 2012; Mugera et al., 2016; Wait & Ahmadi-Esfahani, 1996; Chang et al., 2003; Irving et al., 2000; Watson, 1999). The present study, however, found most participants expressed concerns that they were not yet experiencing such benefits from the deregulation of their industry. Participants communicated a feeling that their power had been undermined as a result of deregulation. Without the security
provided by the AWB, which had an obligation to buy grain, growers reported there were few companies offering a price for wheat at their local receival sites and occasionally no buyers active at all, suggesting competition among grain traders has not developed in the study region. Wheat growers argued abolition of AWB’s statutory powers was enacted without their endorsement. This was viewed as a reflection of growers’ limited power within the context of Australian politics and reinforced the perception that growers were politically expedient, further contributing to a strong sense of disillusionment from growers previously found towards the major political parties at Federal and State levels (Talbot & Walker, 2007).

The frequency with which grain traders and wholefoods companies went into administration considerably undermined the perception of competition participants held about the wheat industry. Some growers refined their marketing strategies and preferred to sell their wheat to the large, established grain traders to reduce risk, a cautious approach that became restricted with marketing options and suggests the market power of the large grain traders was enhanced following deregulation. This finding supports other research noting growers preferred not to take a risk or sell wheat to unknown traders (O’Donnell et al., 2007; Williams & Malcolm, 2012). Participating wheat growers favoured the reliability and security of the system under the AWB, as opposed to the riskier, though potentially more lucrative, open market.

In addition to the decline in choice caused by grain trader insolvencies, the financial position of each grower fundamentally determined how they marketed their wheat. Growers with significant debt levels felt compelled to take the cash price offered at harvest, whether or not they were particularly happy with that price. Deregulation might theoretically result in increased marketing choices for growers, but, in reality, the level of choice available to some growers was strongly curtailed by their financial position. This indicates quite high insecurity for some growers in the deregulated industry which, in some cases, was greatest when confronting the new and complex world of wheat marketing (Head et al., 2011). Some participants felt they had limited skills and knowledge of wheat marketing. This resulted in feelings of vulnerability and some growers suggested companies took advantage of this limited experience. Although, as qualitative research, all findings specifically reflect the perceptions of participants and ought not be generalised widely beyond the sample, the key insight gained from the study reveals the growers interviewed felt deregulation of the export wheat market was introduced without their endorsement which was interpreted as a diminishment in the political power of these small to medium sized farmers. For some, the optimism generated in the lead-up to deregulation diminished and has been replaced by a sense of injustice. As M1 stated:

At the time, I was very naïve. I just thought, ‘But it’s got to be good for us. Because there is going to be competition.’ Now I see exactly what [my husband’s father] means. Now I understand Cargill as well. All of it is to get control away from farmers.
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References


Appendix 2: Documents

The following is a comprehensive list of documents analysed throughout this thesis:

Reports prepared by consulting firms and independent think-tanks:

Annual reports, 10-K forms, media releases, transcripts of speeches and presentations, published by agribusiness corporations:

Newspaper articles:

Speeches, interview transcripts and media releases:

Policy Statements:
Policies:

Government publications:

Independent inquiries initiated by government:

Reports and papers by government authorities and departments:

Papers by lobby groups: