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978-0-521-00227-1 - A Future for Regional Australia: Escaping Global Misfortune
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The Global Misfortune of Regional Australia



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To assess our nation's future in the new millennium, the *Australian* newspaper presented, in May 1999, a series of articles under the banner 'Australia Unlimited'. With some irony, the first feature was 'The Lost Cities of Our Hinterland'. The article contrasted the 'groaning infrastructure and social dysfunction' of the cities to the underdeveloped and 'lonely' towns of the inland. But the opportunity to establish a cause-effect relationship was lost, and there was no solution to either problem. Importantly, Australia could not afford the 'expansive vision' of large-scale national investment for its regions – something that would demand 'massive intervention'. That was not to suggest that the regions could be left alone. It was stressed that the regions would continue to falter unless governments did *something!* (*Weekend Australian*, 1–2 May 1999: 16).

What is being described here is both systems failure and the narrowing of choice. It highlights the present incapacity or unwillingness of journalists, planners, politicians and a host of social commentators to think beyond the limits imposed by current economic theory and the institutions of governance. It is symptomatic of the catatonic state of policy making at the opening of the new millennium. Article upon article has appeared since the depths of the rural 'crisis' of the mid-1980s reporting the impacts of the closure of banks, police stations, court houses and schools upon rural communities. Agencies as diverse as the Institute for Health and Welfare, the Ignatius Centre and the Productivity Commission have all acknowledged the problems of rural and regional Australia. The Deputy Prime Minister has hosted two 'regional summits' – one in Canberra in 1999 and one in Katherine in 2000. Headlines have dramatised the concerns and problems experienced by non-metropolitan Australians: 'Violence Worse In Rural Areas', 'Farming Families Take on Jobs Off the Land for Survival', 'Indigenous [health] Record Worst in Developed World', 'Great Dividing Rage', and so on. The sudden rise in the mid-1990s of the conservative fundamentalist One Nation Party and other right-wing populist groups, as an albeit occasionally significant political force in non-metropolitan Australia, obliges us to recognise the anger and despair felt by those whose economic opportunities have been seriously eroded. There is evidence of a feeling among rural and regional Australians that their voices have been ignored, and their demands for appropriate economic development have been treated with contempt. Moreover, it appears to them reasonable to conclude that nothing beyond tokenism is being done to address their problems.

We use the term 'regional' to refer to that part of Australia and its population which has a distinctive relationship, sometimes incompletely described as dependency, with metropolitan Australia. The metropolises are the State and Territory capital cities plus Canberra, in which the dominant activities of Australian political, social and economic life take place. We use the term 'rural' to describe those segments of Australia and its population whose economic and social lives are connected with, if not dependent upon, agriculture. This obviously covers farms and farmers but also includes villages, towns and cities which are socially, economically and culturally associated with agriculture. Under this definition, regional includes rural, in that the operation of Australia's agricultural system and the communities which sustain it is carried on within (in principle) the same metropolitan–regional relationship as that experienced by regional areas which are not so closely connected with agriculture, such as those with extensive extractive or manufacturing industries including cities like Newcastle, Wollongong, Geelong and Gladstone. We consider such cities, but our main focus is on those places which have a sig-

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nificant rural component in their economic and social constituencies. The situation of rural people, as those whose livelihood is related to farming whether they live on farms or in towns, will be discussed under the banner of 'regional issues' when the main factors for consideration stem from regionality. We use the term regional because we see the metropolitan–regional relationship as a fundamental issue for all non-metropolitan dwellers, whether or not they or their communities are associated with agriculture. We write for – and about – rural people but we see their regionality, which they have in common with all non-metropolitan dwellers, as the key-stone of the system which substantially determines their lives and life-chances.

The state's continuing withdrawal from the support of family-farm based agriculture is leading to increased polarisation and to the intensification of the so-called 'farm problem' (income-poor but asset-rich producers who see no alternative to struggling on in agriculture) alongside deteriorating quality of life in country towns. In many places, government-employed service workers are being dismissed or being relocated, leaving those towns without an appropriate level of services, and without a secure middle-class base from which to draw leadership and direction. The aged and other disenfranchised groups in inland rural towns are especially disadvantaged by the removal of services. While governments and companies in the corporate sector are being targeted for having abandoned the needs of regional Australians there is no evidence that the policies which have led to regional disadvantage will be altered. Scapegoating has also emerged in some quarters. This might always have been present in countless conversations but now it exists in formal politics – with Indigenous groups and Asian migrants allegedly being responsible for Australia's economic problems.

This book identifies some of the ways in which people might come to terms with change and redirect it to serve their interests more effectively and equitably. It accepts that the interests of citizens are foremost and it maintains that their energies and initiative are ultimately the only possible sources of beneficial change. It also recognises that people cannot struggle against powerful forces alone. They must act collectively. And we believe that, if it is not the responsibility of government alone to carry out collective action, it is at least among government's responsibilities to create the conditions which make it possible for people to act together.

After carrying out a people-centred analysis of rural change, it is our objective to contribute to debate about the future direction of collective effort to achieve the conditions necessary for the development of a sustainable regional Australia. For this purpose, some radical changes in policy thinking are essential. We see great danger in the present economic and policy trajectory. If a change in direction is not achieved, we face the prospect of creating a small, culturally insignificant rural society which is prosperous and healthy for some but wretched, brutish and despairing for many others.

The latter society would be far from the idyll of community and rurality held so high for so long by urban as well as rural people. Rather, it would be a place which even those few people living there would want to hide from, like the residents of the walled neighbourhoods now appearing in most of our largest cities (see, for example, Hillier and McManus, 1994). Such change has happened with little recognition, at the same time as our cities have become increasingly divided – not in terms of 'racial ghettos' as some have supposed (Burnley et al., 1997) but, rather, attenuated along class lines (Badcock, 1997). Regional Australia is slipping

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towards a bifurcated society in which the wealthy focus their lives on the nation's cities and on the world. It is leaving its poor in isolation and deprivation, with any remaining opportunities for productive activity to be undertaken within a degraded bio-physical environment – one vulnerable to the demands and desires of global capital.

In such a scenario, tourist attractions are all that are left to remind us of rurality and its cultural tradition. Family farms as museums to the past will provide an income, of sorts. While exhibiting some of the attributes of a productive farming lifestyle, their new role will be to produce entertainment for urban and overseas visitors. Sometimes this is both financially desirable and part of a new 'postmodern' future. At other times it represents the antithesis of why the family went into farming. Meanwhile, many of those farmers denied the 'tourist option' cling to their farms, often dependent on meagre government services and low paid jobs, where work can be found. They form a rural underclass which is becoming socially, culturally and politically isolated from Australian society. We argue, against the 'flow' which views the present trajectory as inevitable, that it is not too late to challenge these undesirable trends.

Before seeking alternative options, we must consider the conditions in which rural and regional Australians find themselves. We must ask:

- How did rural and regional Australia come to be in the present state of social, economic and environmental degradation?
- What forces have combined to reduce opportunity, and to promote social malaise in Australia's non-metropolitan regions?
- Is there any hope of harnessing global forces to produce a stronger regional Australia?

Global Misfortune

Regional Australians experience global misfortune in two ways. They are subject to economic and political processes which have global origins – very distant from the influence of even the most powerful Australian institutions. In our current politico-economic framework they have little chance of altering this trajectory of disadvantage. Another misfortune is that impacts are not confined to economic well-being. Global impacts affect all aspects of their lives, including their family and community, and the bio-physical environment in which they live and work.

There are three elements which comprise what we term Australia's global misfortune. The first is our colonial legacy: the attempt to recreate the institutions of European agriculture and North American federalism within a colonial economic system in spatial locations which lacked the social, political and economic resources of an industrial base.

The second element is that of exploitative European farming practice undertaken within a fragile ecosystem. Today, our so-called 'advanced' agriculture cannot promise farmers a decent income. Rather, it places them on what is known as a 'productivist treadmill' which, at one and the same time, undermines farm viability as it ruins our natural resource base.

The third element, stemming from the first and exacerbated by the second, is the vulnerability accompanying the peculiar kind of marginality of family-based farming systems. Their marginal position in the wider economy makes them easy victims to arguments for

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neoliberal approaches as the best means of addressing socio-economic and environmental problems.

While not of the making of rural and regional people, these three elements nevertheless continue to create the conditions for social, economic and environmental disadvantage.

The Legacy of Colonialism

British occupation of the Australian continent was undertaken from 1788 primarily to meet a particular need: the disposal of criminals. Criminals were 'made' in Britain largely through the process of the breakup of feudalism and, with it, the creation of dispossessed serfs. These people had limited opportunity to stay on the newly-enclosed lands, yet were unable to obtain work in the cities. For many of those caught in the acts of stealing food and poaching, punishment for their sins was a one-way ticket to the colonies. Political activists opposing colonisation in Ireland joined them. A stipulation of settlement was that the colonies must produce their own food and so reduce the economic burden on the home government. Although there was opposition from the Indigenous inhabitants, the Australian continent was to be viewed as an empty land, a *terra nullius*. This being the case, the colonists had no reason to negotiate the division of lands with the native inhabitants. They simply imposed a British system of political and economic organisation. Australia's misfortune included being colonised by a distant nation which neither understood, nor apparently was sensitive to, the environment or the peoples of the land it conquered.

Officers, 'free men' and new settlers recognised the economic potential of such vast territory. Built initially on the backs of the convicts, the settlements of Sydney, Hobart, Melbourne and other port cities developed as miniature British towns with the same legal systems, religions, bureaucracies and culture. The architecture was 'imported'. Parklands were created to represent the home country, and even wildlife was imported to provide the necessities of a good hunt. Separate colonies were established in what were to become the States of New South Wales, Tasmania, Western Australia, South Australia and Victoria. They were soon granted representative government, with roughly similar political institutions. Queensland followed. They all voted to federate in 1901, forming the Commonwealth of Australia. Since that time the Northern Territory and the Australian Capital Territory have been formed and granted self-government. Neither has achieved full statehood.

As Britain's export markets expanded and its prowess at sea grew during the eighteenth century it began to fashion its economy around the importation of cheap raw materials from its colonies, and the sale of its manufactured goods to other colonies – principally to those people who had prospered in the lands it had conquered. With its agricultural base unable to support its population, cheap food and fibre were secured from Australia in the nineteenth century (McMichael, 1984). When economic expansion within Australia became profitable to British investors and to an emerging colonial compradore bourgeoisie, there were demands for the formalisation of land tenure, and the spread of legal institutions which would protect newly acquired private property. The holdings of 'squatters' who had occupied land and grazed their stock without legal sanction as the colony grew were, from the 1860s, divided and made available to small-farm operators. These immensely significant political acts were justified and bolstered by the rhetoric of agrarianism – expressions of belief in the rightfulness

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of the creation of a class of landed workers ennobled by their vocation and their commitment to family, community and nation. Australia thereby avoided establishing itself as a nation populated extensively by peasants, and at the same time established a class of small proprietors. The system of governance created a dispossessed Indigenous population at the same time as it stimulated strong capital growth. It also produced the framework for the future liminality of the rural petty bourgeoisie: a group facing continued economic uncertainty and eventual political marginality.

Marginalisation has occurred despite Australia having experienced major periods of economic prosperity and a high degree of upward social mobility. Although a gentry was founded on large estates and with an expectation of power, the rigidity of the agrarian social structure in Britain was not reproduced in Australia. Social inequality has nevertheless remained apparent, with a strong spatial dimension within and between urban and regional areas. A combination of espoused egalitarianism, the early development of trade unions and a labour party might indicate a collectivist society, but Australia has remained an individualistic society based on a pioneering and entrepreneurial ethic. It has also been urbanised. About one-third of the population lived in the State capitals at the time of Federation, a figure which has since increased to two-thirds. Australian agriculture, having been based on production for sale including export rather than subsistence, has not involved such large proportions of the population as in comparable countries, including the United States. Significantly, its productivity enabled the growth of commerce upon which urbanisation was based.

The creation of the States of Australia was a step towards producing a legacy of regional economic dependency. The capital cities became conduits for the inflow of money and the outflow of goods. The regions developed sufficient infrastructure to produce the desired economic outcomes for the investors, but they were never to be self-directing. Their own political power was circumscribed by the States. New State Movements, as they were called, came and went without producing any new states, or any novel forms of regional government. (The only two recent, yet seemingly improbable, calls have been made for a State of Far North Queensland, or for a State of Gondwanaland to be declared above the Tropic of Capricorn (*Weekend Australian* 28 October 2000: 8).) Partly as a consequence of the failure of such movements the existing States have become entrenched, producing a 'regionalism' of a misbegotten form. The regions have very little power as they have no effective institutional base. Their future development is subservient to the needs and demands of the States. In Australian federalism the States retain very significant powers. They effect most public spending, although they have lesser revenue-collection power with income and sales taxation being controlled by the Commonwealth Government. Much of that revenue is distributed back to the States using equalisation procedures which result in the smaller States receiving a higher proportion of revenue per capita than the larger and more wealthy States. Local government has been created under, and is controlled by, State legislation and government. The continued federation of the States is universally taken for granted in Australia and became the focus for much (white) celebration during the one-hundredth anniversary of Federation in January 2001.

The ability of the State capitals to provide the main ingredient to success within capitalism – employment – and the contrasting inability of the regions to create jobs are, together, the basis for continued city growth. Employers and employees alike have been seen to be

reluctant to move to the regions (particularly inland) because of a perceived lack of cultural, educational, recreational and other opportunities, possibly including less opportunity to benefit from rising property values. A more narrow economic base limits the extent to which the regions can attract new investment and, in an era where public and private investment is contracting, many regions experience the downward spiral of economic contraction. The misfortune of regional settlement is that it has grown after, or at best alongside, an industrialisation that has been firmly metropolitan – a very different situation from that which occurred in the United States, for example.

However, regional settlement has also given Australia some distinctive aspects to its political history. For nearly all of the twentieth century Australian voters had to choose between a Labor (social democratic rather than socialist) and a Liberal (basically conservative, but with renewed energy for economic individualism) party at State and Federal elections. However, many rural-dwelling voters have been offered alternative conservative candidates, from the National (formerly Country or National Country) Party, which has formed governments in coalition with the Liberal Party. The National Party has developed since early in the twentieth century, based on belief among rural people that government policies favoured the cities. Its substantial membership consists of farming people and town-dwellers. Not surprisingly, it has argued for special support for rural industries, and despite occasionally calling for regulation which might be labelled ‘socialist’, has been the loudest voice against anything that it terms ‘socialism’. There have been frequent suggestions that it should merge with the Liberal Party, but despite finding it impossible either to extend itself across all States or establish itself in the cities, it has resisted such suggestions. The One Nation Party has been seen as a threat to the National Party in parts of regional Australia. It succeeded in obtaining seats in the Queensland parliament, but internal politics led to its parliamentary members resigning to form the City-Country Alliance.

Farmer organisations have a longer, but in some ways equally troubled, history. Farmers and graziers formed separate organisations in the late nineteenth century, with the former organising themselves in order to combat what they saw as the latter’s status as a privileged and powerful ‘establishment’. This division remained manifest, though less passionately expressed, through to the establishment of comprehensive State-based groups and eventually the industry-based National Farmers’ Federation (NFF) in 1979. Through the 1980s and 1990s the old conflicts reappeared as debate intensified over the national organisation’s tendency to support government deregulation of agricultural industry and the elimination of mechanisms for protecting the interests of small farmers (Connors, 1996). The future of the NFF has been questioned just like that of the National Party. While the colonial governments’ land reforms had saved Australia from a system of peasant agriculture, the remnants of elitism and the perpetuation of the economic and political dominance of the State capital cities have not prevented rural political volatility. In fact, they have fuelled it.

European Farming in a Fragile Environment

While it was once fashionable to argue that Indigenous Australians occupied an empty continent and created very little environmental change, a more considered assessment suggests that they substantially modified the environment. Through the use of fire they actively managed

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the native vegetation to increase food availability (Dovers, 1992). When the colonists arrived they engaged in what has been termed 'settler capitalism' – a family-farmer variant of British agriculture which destroyed the Indigenous system of land management. The colonisers ignored the food supply system that had been developed by Indigenous populations over some 50 000 years. There were few products 'grown' by the Aboriginal peoples, and there was no prospect of domestic or international demand for their staple plant and animal foods. Faced with limited rural labour but with vast lands readily available to those who moved beyond the Great Dividing Range, the settlers adopted a mix of farming (cropping the soil) and pastoralism (growing pastures for animals). Productivity was advanced dramatically, particularly with cropping technology from the 1840s, but the late nineteenth century saw productivity decline as areas planted increased rapidly. Hooved animals severely damaged shallow soils. Tree clearing, the introduction of foreign plant species, and the desire by pastoralists for maximum profits in minimum time ensured that the destruction would continue (Taylor, 1997). By the end of the nineteenth century rural Australia was facing severe drought on top of economic depression. Yet rural populations continued to grow well into the twentieth century. People 'battled on' then as they do now (though more recently in diminishing numbers) through cycles involving environmental and economic calamities. It has been estimated recently that the unsustainable use of Australia's land, water and vegetation costs the nation in the vicinity of \$3.5 billion per annum (Standing Committee on Environment, Recreation and the Arts, 2001: 11).

A continued reliance on 'modern' scientific and technological applications in farming underlies a problem with long historical roots. Australia has developed a highly productive agricultural system since the 1860s, but early in that history, when its product was largely wool, Australia became heavily indebted by borrowing extensively to fuel development. As pastoralism and farming expanded into less productive areas, so investment and the risk associated with it increased, both at the level of the farm and of the national economy. The 'productivist agriculture' of the twentieth century refers to the growth and application throughout the world of the system of 'high-tech' farming developed in, and exported from, the United States (Altieri, 1998). It has been both a blessing and a curse. By using the inputs of corporate agribusiness firms, farmers achieve increasingly high levels of output. When markets have been buoyant (such as from the late 1940s to the mid-1970s) productivity has translated into profit. In such circumstances increased income can be used to purchase adjacent lands thus allowing, through economies of scale, ever-larger machinery to be applied. The productivist model, based on the use of synthetic fertilisers, agrichemicals, agricultural biotechnologies, and sophisticated machinery, encourages labour displacement. Farm labourers are retrenched, and those farmers who cannot compete are told to 'get big or get out'. Through price supports and production incentives, pro-agribusiness extension advice and other state interventions aimed at stimulating output, farmers have been able to improve their productivity and ensure that an ever-increasing volume of food and fibre has become available on domestic and international markets. In producing such large volumes for export and in adopting a model which requires ever-higher levels of inputs and specialisation, farmers are vulnerable to international market fluctuations and to the pricing policies of agribusiness firms. This model has promoted the 'corporatisation' of farming. It has led to the demise of certain sections of family farming, to the exodus of rural people and to increasing the environmental degradation.

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Food abundance has come at a price – a price being paid by both the environment, and by farmers whose economic well-being, health and family lives are under constant pressure. For now, we must recognise that farmers and others suffer a predicament which, insofar as it is a product of external and structural conditions over a long history, is only partly of their own making. Moreover, with the increasing internationalisation of industrial and finance capital, Australian agriculture has become quite vulnerable to decisions made in distant locations. Finance capital has gained an ability to by-pass many of the strictures previously set in place by once-protectionist nation states. And many of those directing international capital flows do not share the interest which rural people might have in the protection of the environment (McMichael and Lawrence, 2001).

Vulnerability to Neoliberalism

Up until the mid-1970s agricultural production and distribution in Australia occurred under a mantle of protection, subsidisation and state regulation – support structures which have crumbled or disappeared in recent decades. Regional towns were, to a limited extent, ‘planned’ by Federal and State governments which supported railways, roads, schools, law courts, police stations and other facilities and services. Such state involvement was consistent with ideologies of decentralisation, state-assisted economic growth and egalitarianism. Commitment to such ideals has now been replaced by a more narrow focus on free markets, ‘user pays’ and ‘self help’ – as part of what is known as neoliberalism.

Following the collapse of the socialist state system in Europe and the emergence of a more interconnected world economy, neoliberalism – which acts, specifically, to foster global competition (Teepie, 1995; Lawrence, 2000; McMichael, 2000) – has emerged worldwide to challenge (and eventually to defeat) older conservative and socialist ideologies (Giddens, 1994). Giddens believes that while neoliberalism may retain a vestige of conservatism (attachment to the nation, religion and patriarchy) it has become the most radical approach to economic management and social arrangement, leaving conservatives to lament the passing of older forms of privilege and order, and socialists to defend – against the forces undermining it – the welfare state.

‘New Right’ ideologies which have taken hold in Australia since the 1980s have influenced both the Liberal/National Party Coalition and the Australian Labor Party. Importantly, the Federal bureaucracy is heavily populated with economists trained in neoliberalism (see Pusey, 1991) and the NFF has been dominated by groups whose products leave Australia’s shores, and in whose interest it is to see freer world trade (NFF, 1993). For most Australian economists, or at least those who are heard most frequently and loudly, the move to a more globalised world in which freer trade prevails is viewed as essential if Australian agriculture is to prosper. It is currently seen *not* to prosper because of a combination of the trade in ‘bulk’ agricultural commodities, low commodity prices, unfair world competition, and the way assets are ‘fixed’ in farming (see Malcolm et al., 1996 for a discussion of this issue).

When we examine what is happening abroad, it is clear that the position often taken by our home-grown neoliberal economists is both essentialist and profoundly apolitical. In recognising no way forward other than permitting market forces to take their toll, such economists blindly endorse Adam Smith’s hidden hand of the market without recognising the

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not-so-hidden agenda of nations which have chosen to shape agriculture in ways which match their commitment to new priorities like environmental improvement, countryside amenity and cultural diversity. In many of the developed overseas nations, especially in France and Britain, agriculture can no longer be considered as a stand-alone industry. Its direction is being shaped by a myriad of forces seemingly unconnected with food production. For example, in Britain farmers have been paid to keep their hedgerows, to restore dilapidated farm buildings, and to maintain public lanes and walkways through their properties. Why? Because international tourists want to stroll the hills photographing Constable-like scenes of fat sheep and village life, and domestic tourists want to see the 'real' (for 'real' read 'imagined') England.

In France, where there has been strong opposition to any reduction of price support to agriculture, farmers have convinced provincial leaders and urban-based governments to ensure that there is a French countryside retained for the national heritage. In the face of any logic which might suggest that the peasantry should be dismantled and all food imported from 'unsubsidised' nations like Australia, the farmers have lobbied very successfully for continued assistance (ultimately via a tax on the purchasers of farm products, that is, domestic consumers). The French appear quite happy to pay higher prices for their 'home-grown' food. They place a high but intangible social value on the maintenance of tradition, history and other benefits of rural community life and provincial food production. As in Britain, that value is not some simplistic calculation which puts the figures of international and domestic tourism alongside the profits foregone from not developing a more productive agriculture. The 'battle' over the meaning and eventual structure of the countryside is conducted in the political arena where the economics of farming is only one factor – alongside those of nationalism, history, culture and community – in decisions about any 'farm adjustment'. In Europe, the term 'multifunctionality' is used to describe the benefits of agriculture other than those of food and fibre production (Johansen et al., 1999). There are, literally, many functions performed by agriculture. Benefits might include rural development, cultural heritage, food security and the maintenance of communities. Because these are not well 'captured' in the models of economists, they are often ignored. Yet, as we now see in Europe, they form part of a strong case for supporting agriculture so that it can continue to deliver such benefits (Johansen et al., 1999). This is not to advocate European policies for Australian agriculture. But it does serve to indicate that there are possibilities other than those forming part of current public discourse in Australia.

Australian farmers and other rural dwellers have the misfortune to suffer under a narrowness of thinking among those who have heavily influenced the rural policy agenda. Australian neoliberal economists and policy makers believe that social arrangements flow logically considered to be from the market. It is inefficient to prop up producers who are not economically viable, nor is it desirable to seek to 'save' country towns whose economies are in decline. While there are some differences in the ways State and Federal governments react to this, they generally accept that changes are in line with economic realities. If market forces dictate that towns or regions must shrink, then so be it; that is the 'natural' outcome which will move resources into more appropriate endeavours. In some mechanical way, 'failures are part of a