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DAIRYFARMER ORGANISATION AND POLITICS 1949-69

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Thesis submitted for the Degree of Doctor of Philosophy.

Department of Politics,
University of Adelaide, 1975

Drane

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FIRST WOMAN PhD IN POLITICS

By Education Writer
LIZ BLIESCHKE

Advertiser 9/7/76

A Marion city councillor and mother of four is the first woman to graduate from the University of Adelaide with a doctorate in politics.

She is Mrs. P. Corbett, 49, who will get her doctorate with about 20 other graduates at a ceremony at the University of Adelaide at 3 p.m. today.

Mrs. Corbett, whose husband, Professor D. C. Corbett is a professor of politics at the Flinders University, has just begun her third year as a Marion city councillor.

"More and more women are beginning to go into local government," she said.

"I am conscious of the fact that the politics course has quite a lot of practical applications to this field.

"I would like to see more women tackle the course."

Mrs. Corbett also tutors part-time in the politics department at the University of Adelaide.

"Getting that PhD required a lot of persistence," she said.

"It is so easy to drop out when the children are sick, when you want to go away, or when you're halfway though."

Mrs. Corbett, who lives in Kin-sale crescent, Marino, began studying in 1967.



Mrs. Corbett with sons Peter, 12, left, and Philip, 10.

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STATEMENT

This thesis contains no material which has been accepted for the award of any other degree or diploma at any University, and to the best of my knowledge and belief, it contains no material previously published or written by another person, except where due reference is made in the text or appendices.

SUMMARY

This thesis was originally conceived in 1965 as a Master's thesis referring to NSW alone. NSW has been a particularly interesting unit within the Australian dairy industry because the technical differences in the wholemilk and factory sector of the industry were institutionalised in the Sydney Milk Zone and coincided with Country Party strength in the North coast non-milk zone area, Liberal and Labor party strength in the Milk Zone areas. Technical innovation in the industry, the conflict with margarine producers, inelastic demand, increasing domestic costs and a considerable labor force, some of which was low-income and ill equipped by training, age and location to adapt to change, as well as the long history of the NSW dairyfarmer organisation, made a study of NSW dairyfarmer organisation a very promising subject. But from 1968 I have had to write the thesis on a broader federal basis, using sources which were available in Adelaide, supplemented by occasional trips to Canberra and Melbourne and one visit only to Brisbane and Sydney.

Three main themes have emerged from the thesis as a federal study. The first is that the technical - or intrinsic - characteristics of the dairying industry have strongly influenced - even determined - dairy farmer group organisation and operation. The perishability of the product, the early and fairly thorough intervention by government authorities in dairy production and sales, on health and public safety grounds, and the role of dairy factories, have directed dairyfarmer organisation into what might be summarised as "typical interest group" operation. The groups are usually interested in narrow, pragmatic policy and technical matters of production, such as penalties for low butter fat as against low milk solids production, in promotion of dairy products and protection of markets, not only against the well-known threats of oil, imported cheese, margarine and Mrs. Jones, but against infringement of State markets by inter-State

dairyfarmers. The groups are little interested in broad questions of tariffs, arbitration court wage awards or international problems. There are few issues which unite the dairyfarmer groups as one group, although the commodity Federal organisation dates back to the 1940's, and is representative of possibly 60% of eligible dairyfarmers.¹ One unifying issue is the Federal Government dairy subsidy, but more important than any contemporary issue to dairyfarmers are the dairy factories and the numerous government institutions and regulations which require strong, reliable and responsible representation so that dairyfarmers can make their complaints promptly to the institution decision-makers (both factory and government decision makers) and protect their "stake in the industry" - or to use a blunter term, their income.

The second theme is that dairyfarmer structures resemble other "interest group" structures in Australia and, less strikingly, the power of pressure groups in the British parliamentary system, although some Australian institutional factors are quite different from British influences, such as the federal structures, primary production for export and consequently, the establishment of a number of boards, committees, corporations and agencies to market and control dairying. In the period this thesis covers, it appears that dairyfarmer groups were more influential through "functional representation" in the Australian cabinet department structure than by the "political representation" in federal parliament parties - even the Country Party - or the electoral possibilities of dairyfarmer power. These three "channels of influence" are difficult for groups to use in Britain and in Australia.

The third theme is that organisations within the dairy industry, not usually given much credit for insight and social awareness, have probably been somewhat underestimated. In the period of this thesis, groups of

1. of. Chapter I for detailed discussion.

producers have played the role asked of them by a long-lived, confident and conservative government and Department of Primary Industry. In a period of social innovation, when groups like dairyfarmers and dairy factories are being asked by government and department to propose and accept change rather faster than conservative governments usually want to move, dairyfarmer organisation might adapt better than some observers expect. I conclude that organisations founded in "chaotic conditions", as the dairyfarmer histories like to define them, which have become respected and integrated into government structures while keeping a high organisational "density" of members during economic stability and subsequent growth, have survived the difficult period of transition from opposition to integration which many pressure groups fail to survive. I do not think that a reform period when dairyfarmers will need higher qualifications, more constant search for improvement in techniques and investment, may even be denied a flat-rate undifferentiated form of government assistance,² will put a greater strain on dairyfarmer organisations than they have already survived. Indeed, I think that greater "professionalism" within the dairyfarming sector of the dairy industry may well suit the dairyfarmer groups better than this period of 1949-69, which has not been an easy twenty years for the industry.

2. As the ALP government has in fact announced that it would do by 1975, after this summary was written.

ACKNOWLEDGEMENTS

This study of dairyfarmer organisation and politics has been based on a wide range of sources and was only possible through the generous help of many people. I would like to acknowledge the assistance of many members of University staffs in Adelaide, Sydney and Canberra, many officers of dairy organisations, and members of the industry, Members of Parliament, officers of the Departments of Primary Industry and Trade, of the State Departments of Agriculture and Primary Industry many of whom are listed in the Interviews. I regret any omissions but I have been working on the thesis for a number of years, and have been fortunate enough to arrange interviews with many people in many places in the last six years. I do owe a special debt to Mr. Athol Baird of the Queensland Dairymen's Organisation, to Mr. David Higbed of the SA Dairymen's Association, to Professor Fred Gruen of ANU, and to several supervisors, firstly Professor Sol Encel, formerly at ANU, then to Dr. Peter Loveday, formerly at Adelaide University, to Mr. Bob Reid and finally Mr. Bruce McFarlane, who has been the last supervisor of this long-term study. I am very grateful to them, to Professor Don Aitkin of Macquarie University for assistance with Chapters IX and X, to Mr. Ron Hefford of Adelaide University Economics Department for assistance with Chapters I, II and III, and to Professor R. S. Parker of ANU, from whom I learned to appreciate the arts of public administration and thorough research. I would like to assure them all that I have learned far more from their criticism and advice than they might have supposed.

I also acknowledge the debt I owe to my four children and to my husband who has bullied me about detail and organisation. They have learned far more about the dairy industry than they wanted to learn and seldom begged me to stop discussing dairyfarmers. Finally I acknowledge the debt to Mrs. Edna Hawke who has disentangled my prose, typed 800 footnotes and never stopped smiling. She has made the final stage of thesis writing more painless than I deserve.

my debt to those who have assisted me so generously is obvious but the responsibility for opinions, judgements and conclusions in this thesis must be my own.

INTERVIEWSDairy Farmer Organisations

SA : D. Higbed, M. Duffield, T. Adams, C. T. Slee, T. Stott.
 Victoria : C. H. Hammond, H. Lenne, K. Thorne, J. Church, G. Wilson.
 NSW : J. A. Cullen, H. A. Stone, D. Strike, R. Warne.
 Queensland : A. Beatty, A. Baird, B. L. Whip.
 Canberra : A. A. Dawson, A. S. Norquay.

Industry

Adelaide : R. Pobke (Amscol, Adelaide); R. B. Cant (Metropolitan Milk Board).

Equalisation Committee

Brisbane: J. Clark.
 Adelaide: E. Mostyn Garrett

Australian Dairy Produce Board

Melbourne: E. C. Roberts, J. P. Norton, T. Phillips, B. Ripper.

Department Primary Industry

Canberra: T. Colquhoun, E. Hoffman, P. Horgan, G. Young, G. Millar,
 J. Sainsbury, R. Blecher
 Bureau Agricultural N. Honan, E. Waring, R. C. Bolduan, R. F. Clement, G. Gee.
 Economics:
 Queensland: J. Eaton, S. W. Ivers, Messrs. Kidson and Mitchell.

Departments of Agriculture and Lands

NSW: F. H. Drane, R. A. Simpson (Rural Bank)
 SA: G. S. Pickhaver, F. J. N. Joy, R. J. P. Playford (Lands)

Canada

Canadian Federation Agriculture, R. Monkhouse, W. Hamilton.
 Ottawa:
 Canadian Dairy Commission, D. E. Goodwilly.
 Ottawa:

Abbreviations

The most commonly used abbreviations in the thesis are as follows:

NSW	New South Wales
Vic.	Victoria
WA	Western Australia
SA	South Australia
ADFF	Australian Dairy Farmers' Federation
ADIC	Australian Dairy Industry Council
ADPB	Australian Dairy Produce Board
AIDFMS	Australian Institute of Dairy Factory Managers and Secretaries
ACTU	Australian Council of Trade Unions
APPU	Australian Primary Producers Union
CFA	Canadian Federation of Agriculture
MZDU	Milk Zone Dairymen's Union
PPU	Primary Producers' Union
QDO	Queensland Dairymen's Organisation
SADA	South Australian Dairymen's Association
SEDA	South-Eastern Dairymen's Association
TFF	Tasmanian Farmers' Federation
VDA	Victorian Dairyfarmers' Association
VFU	Victorian Farmers' Union
WAFU	The Farmers' Union of W.A. (Inc.)
ALP	Australian Labor Party
CP	Country Party
LCP	Liberal Country Party
ABCS	Australian Bureau Census and Statistics
ANZNAS	Australian and New Zealand Association for the Advancement of Science
AJ Ag.Ec.	Australian Journal of Agricultural Economics
APSA	Australian Political Science Association
BAE	Bureau Agricultural Economics
BCS	Bureau of Census and Statistics
CLR	Commonwealth Law Reports
Dairy Enquiry Report.	Report of the Dairy Industry Committee of Enquiry on the Australian Dairy Industry
HR	House of Representatives Parliamentary Debates
PI	Primary Industry
Q Rev.Ag.Ec.	Quarterly Review of Agricultural Economics
Rev.Ag.Ec.	Review of Agricultural Economics
SADJ	South Australian Dairymen's Journal

CHAPTER I. THE DAIRY INDUSTRY I - TECHNOLOGY

Introduction:

Historically, Australian commercial dairying dates from 1880 to 1890 in Victoria, South Australia, and New South Wales, and a somewhat later date in Queensland. The expansion of commercial dairying was inspired both by the establishment of butter factories and introduction of technological improvements (refrigeration for butter exports, reliable tests for butterfat content of milk delivered to dairies and thus incentive payments to farmers, and an improved pasteurization process). The Victorian Government granted £223,000 to the dairying industry from 1888 to 1894 and this gave the Victorian industry considerable early stimulus.¹ This period has been characterised "as one in which the dairy industry was firmly established as a commercial industry, due to a growing market (duly encouraged by State authorities) which was in turn assisted by technical developments, economic re-organisation, and establishment of the factory system"², whereas the modern period beginning in 1930 has been one in which the slowing down of expansion in the market and an excessive expansion in supply have laid "the foundations of present-day difficulties". These difficulties are produced by "the inelasticities in both supply and demand for changes in price and income" and have been reinforced in the opinion of most economists by the pricing agreements in force in Australia since the early twenties, by the artificial stimulus of the second world war and the post-war period, and by the "natural disability" or the "low rate of growth of productivity" in Australian dairying. The producers prefer the term "high levels of costs of production" to "low rate of growth of productivity", particularly when

1. N. T. Drane and H. R. Edwards, The Australian Dairy Industry, Cheshire, 1960, pp. 29-32.

2. Ibid., p. 34.

costs can be attributed to the wage awards and tariff policy of Government-established tribunals. The industry has been subject to heavy competition from other dairying industries outside Australia and increasing domestic criticism,³ and it has become rather sensitive to charges of "inefficiency" and "over-protection". The dairy subsidy and tariff protection against imported dairy products have appeared to defenders of consumer rights as unjustified support for an industry which should be allowed to decline as costs of production make much of the dairy industry "uneconomic". Government support for the dairy industry has been attributed by observers to political pressure by dairyfarmers in organised groups, pressure by the Country Party, to fear of rural depression and decentralisation in dairying regions, and to the need to keep Australia self-sufficient in dairy production and, until the late 1960's, to keep up export balances.

The Australian dairy industry is identified usually by state units. There are overlapping regions between the states, in northern NSW and Queensland, in Mt. Gambier, SA and the Western District of Victoria, but many institutions governing the industry, such as State Departments of Agriculture and Health, the Equalisation machinery, and the marketing arrangements, as well as the dairyfarmer groups themselves, are organised in state units and represented by state-wide officers. In press comment and political analysis, the state unit of the industry ("the Queensland dairyfarmers" for instance) is often treated as an entity, although within each state there is the spectrum from high income professionals to low income "billy-canners". Some interstate forces exist within the industry. The factory chains, the Commonwealth subsidy scheme, the Federal institutions of the Equalisation Committee, the Australian Dairy

3. See Report of the Dairy Committee of Enquiry on the Australian Dairy Industry, Government Printer, Aug. 1960: Appendices 3 and 4 for summaries of economic criticism from which popular press comment has been derived or inspired since 1960.

Produce Board, the Department of Primary Industry, to a lesser degree the Australian Agricultural Council, have a unifying, interstate character. Political parties and the Federal Cabinet have been unifying factors when they cut across state boundaries with interstate organisations. But the differences in suitability for dairying of regions within the Australian states have been a centrifugal force, reinforced by state organisation of agricultural departments. Differences in suitability are reflected in the numbers - and the location - of dairyfarmers in the Australian states and since 1959 the regional differences have increasingly complicated policy decisions and organisation compromises.

1. Definition, Number and Organisation of Dairyfarmers

Dairyfarmer group officers have not been perplexed about eligibility of their members. They have, on the whole, accepted anyone who milks cows and sells milk or cream as a dairyfarmer,⁴ although they do not suppose that their members normally have as few as 1-4 cows.⁵ The definition of dairyfarmer does present a problem for those who are counting the numbers for other purposes however. The Dairy Industry Committee of Enquiry Report observed a bit harshly in 1960 that the committee "was rather astonished that the industry knew so little about its own composition as to be unable to supply" basic information on classification of the "active units" within the industry,⁶ although apparently recognising the complications introduced by mixed farming and the ease of entry to the industry in the

4. The Dairy Enquiry Report quotes "the view of the industry as expressed by Mr. E.G. Roberts, President of the Australian Dairy Farmers' Federation". "As we see it, so long as the dairying is carried on as part of the general farm operations, then such a mixed farm is a dairy farm. This would exclude only the farms which become known by the dairy factories as "billy-can suppliers"; these are those farmers who keep one or two cows to provide milk (and maybe butter, too) for their own households and send the surplus supply generally as cream to a factory", p. 10, para. 28.
5. The lowest classification used by the Bureau of Census and Statistics in "Rural Holdings" classified according to Type Activity, Cattle (Milk Production). Rural Industries Bulletin, ABCS.
6. Dairy Enquiry Report, p. 10, para. 34.

1950's especially around country towns and outer suburban areas.

The Committee defined "active units" in the industry as those "that provide, or that have the potential to provide a living for a farmer and family from dairying" and it estimated that number at 44,500 units.⁷ The Committee estimated an additional 26,000 farms whose income was from other sources as well as dairying, but which might be capable of providing a living for farmer and family if the farmer chose to concentrate on dairying. The Committee also estimated that there were 13,000 "billy-can producers" whose supply had commercial value, but whose herds were too small to be considered a livelihood or likely to become a livelihood.⁸

... giving a grand total of 83,500 suppliers of whole milk or cream. Between this figure and the Commonwealth Government Statistician's records for the year 1955-56 showing 133,500 holdings carrying cows there is a discrepancy of 50,000. Most of these would be in the 52,000 holdings recorded by the Statistician as carrying herds of fewer than ten animals.⁹

An alternative definition of dairyfarmers might be supposed to be those licensed to supply milk and cream by State Agriculture Departments. The State Departments, under the Dairy Industry Acts, license any dairies from which milk or cream is produced for sale.

But the Department of Agriculture licences are distinct from Milk Board licences for Suppliers to the wholemilk market.¹⁰ There is some overlapping between wholemilk and dairyfarm licences, said by officers from both the Department and the Board in SA not to produce serious problems

7. "The Committee belief is that the number of farms in Australia (based on 1958-9 Statistics) within the description would be a little more than 40,000 divided as under: New South Wales... 12,000 Victoria ... 13,000 Queensland... 9,000 South Australia... 3,000 Western Australia... 2,500 Tasmania... 2,000 in addition in the Committee's opinion there are some 3,000 dairyfarms where the farmer is attempting to make a living almost wholly from dairying but on a farm without the defined potential... The total of 44,500 comprises the hard core of the industry", para. 30.
8. Paras. 28 & 29.
9. Dairy Enquiry Report, para. 33.
10. Milk vendor licences, sometimes held by the producer in country areas, are the responsibility of District Councils. Both farm and dairyfarmer are licensed by the Milk Board. See section on SA dairyfarmer groups in Chapter 4 for further detail.

of administration, but whether "dairy licences" and dairyfarmers are closely related is not a question on which Departmental officers in SA feel confident they can provide an answer at all.

"Factory suppliers" like the Committee of Enquiry "grand total of 83,500 suppliers" define dairyfarmers as those who receive a factory cheque, which includes "mum and the kids" on family farms, share farmers, mixed farming partners, in short all the billy-can producers, and none of the producer-vendors or those who directly supply the Milk Boards. It is an unsatisfactory definition, like dairy licences.

The "annual agricultural census" of Rural Holdings classified according to Type Activity, Cattle Milk Production provides an indirect definition of dairyfarmers. One could, for instance, calculate that in 1966 there were 59,857 holdings with over 10 cows and therefore approximately 60,000 dairyfarmers, which is close to the Census figure for 1966. But herd size is not a regionally consistent index, nor a constantly reliable one, though it suggests how many members of the industry are in the "active units". The declining number of milk cattle holdings¹¹ (over 10 cows) reflects rural depopulation, the spread of commercial milk supplies, bad seasons, possibly a higher yield by Dairy leading to smaller herd numbers (with the same number of farmers). The declining number of milk cattle holdings does indicate the decline in the dairyfarmer number but a drop of 24,000 dairyfarmers between 1961-71 in the Census totals contrasts with the decline of 40,000 rural holdings with milk cattle, confirming that milk cattle holdings are affected by factors extrinsic to dairyfarming (and some change in the definition of cattle for milk or meat purposes).¹² I do not share the astonishment of the Dairy

11. The ABCS figures show a drop in holdings with milk cattle from 133,500 in 1956 to 117,869 in 1960, to 77,077 in 1966, 59,536 in 1970 and overall rural holdings dropped from 252,848 in 1956 to 252,162 in 1966.

12. Larger scale holdings remain concentrated in Vic., Tasmania, NSW, in the rural holdings (Milk Cattle) tables, and have actually increased in number, but the number of holdings with less than 100 cows has dropped. ABCS, The Dairying Industry, Vol. 33, no. 14, Dec. 1970, Table 2, p. 5. The Dairy Enquiry Report excluded the class of rural holdings with less than 10 cows, p. 10, para. 33.

Committee at the industry's lack of knowledge of its composition or its "productive units". I consider that without an important incentive one hesitates to attempt this statistical exercise.¹³

The Census breakdowns of farmer category into sub-categories since 1961 have provided the most important definition of dairyfarmers for my purpose. Although the 1961 Census totals do not correlate significantly with the 44,500 "active units" of the Committee Report, or the 118,000 Rural Holdings (milk cattle), the 1961 total of 72,700 Australian dairyfarmers (Table 2 this Chapter) is oddly enough, close to the Committee estimate of "70,500" farms, "capable of providing a living from dairying for a farmer and family". The 1961 Census is, more significantly, remarkably close to the number of dairyfarmer members in the organisations claiming to represent them, both at state and federal level. This correlation could establish a remarkable level of what S. H. Beer has described, with acknowledgement to S. E. Finer, as the "density" of interest representation.¹⁴

The number of dairyfarmers within the organisations is not altogether clear, as I explain further in Chapters 4 and 5 on the state organisation of dairyfarmers. In WA and Tasmania it is said to be difficult to isolate dairyfarmer members from other farmer members in the "general purpose" farmer unions affiliated with the ADFP and the APPU has had the same problem. The "commodity" dairyfarm groups do not have this problem although the Victorian Dairyfarmers' Association for instance,

13. cf. Drane & Edwards, op. cit. Discussion pp. 156-9. The authors also note the discrepancies in statistics of rural holdings with 1953 Census figures, p. 159. These Census figures are quoted in Drane & Edwards, Table 84, p. 184.

14. S. H. Beer, Modern British Politics, London, 1965. "density... the percent of eligibles, such as individuals or firms, that have been organized", p. 332.

includes "retired dairyfarmers, firms or companies carrying on the business of dairyfarming" and representatives of factories.¹⁵ So do the two South Australian dairyfarmer associations. But in Queensland, membership of the Dairymen's State Council is statutory for dairyfarmers and the Queensland definition, under the Primary Producers Organisation and Marketing Acts, 1926-65, of primary producers is:

every person not being ... an employee on wages or piecework rates engaged in the occupation of a) dairyfarmer or b) sugar cane grower or d) fruit grower or e) grazier or f) farmer or g) apiarist and any class of persons ... (not on wages) declared by the Governor in Council, by Order in Council to be primary producers for purposes of this Act; the term includes farmers' sons eighteen years of age and upwards ...¹⁶

This definition suggests some difficulty in identifying farmers legally even when they are limited to "growers" or producers and excluding retired farmers, factory representatives, landlord and share farmers. From the Queensland statistics however, I suspect that almost all of the Australia-wide "hard core dairy farm units" of the Committee of Enquiry have been organised into the formal dairyfarmer groups. Supporting this view, spokesmen for farmer groups observe that "billy-can producers" are unlikely to be sufficiently committed to dairyfarming to pay subscriptions, some of which are now fairly high, and join the organisations. As in other groups, members of dairyfarmer organisations are likely to be the more successful, more committed farmers (with possible exceptions in Queensland where membership is statutory). I believe that those claiming to be full-time dairyfarmers and dairy farm workers in the Classified Lists of Occupations¹⁷ in the 1961 and 1966 Census are probably also in

15. The three secretaries of the VDA since 1949 have all agreed that factory membership and influence through membership of the association is negligible.

16. Primary Producers Organisation and Marketing Act, 1926-65. Interpretation. sec. 2.

17. 1961 Census Bulletin, no. 32, Major Group A. Farmers Fishermen Hunters Timberworkers. 1966 Major Group 4 Farmers Fishermen Hunters Timberworkers. Minor Group 4A Farmers and Farm Managers. sub group 309. Minor Group 4B sub group 326. Dairy Farm workers Dairy Farm Hand dairyfarm worker dairy shed hand.

the "active units" of the industry.

The Census introduction warns that occupations are subjectively defined, difficult to classify and frequently overlapping. The coders working on census returns are instructed to code to the first-mentioned occupations as in "wheat and sheep" or "dairy and fruit". So the Census totals must include some dairyfarmers who are misinterpreted "mixed farmers" by their own definition (probably on their way out of dairying for between 1961 and 1966 there was an overall drop of 6,000 in dairyfarmer numbers, and between 1966 and 1971 a drop of 17,500 dairyfarmers). Consequently neither census returns, nor dairyfarmer organisation definitions can be said to be foolproof. But they are more significant I think than "milk cattle holdings", "factory supplier" "dairy licence holder" or "hard core" "active units".

The aim of this elaborate pursuit of the alternative definitions and number of dairyfarmers is to compare dairyfarmer group numbers with census totals to find "density" results. As a control test for measurement of eligible members to group members, Queensland is useful because of the statutory membership. Statutory membership in Queensland produced a membership of the Dairymen's State Council of 14,500 in 1964-5,¹⁸ the census figure for 1966 was 14,876, reasonably close to total membership.¹⁹ In Victoria, 25,993 dairyfarmers were listed on the 1966 Census and total membership in two dairyfarm groups was allegedly about 20,000 or 80%, although this membership figure is too good to be credible in my opinion. NSW had approximately 70% (10,000 organised out of 14,700 on the Census

18. Letter from State secretary. The information is also contained in an annual report to the Minister of Agriculture.

19. There were 2,298 women dairyfarmers in Queensland in 1966 (a high Australian percentage) and family farming and tax partnerships may explain some membership discrepancy. The dairyfarmer groups are almost exclusively male and the statutory requirement may be believed not to require more than one member of a partnership or family firm.

in two major and two minor organisations). SA had over 70% of Census totals on the rolls of two dairyfarmer organisations and a small division within the APPU.²⁰ At the federal level, even allowing for organisational optimism, there is also a remarkably high proportion of organised dairyfarmers to eligible numbers and the federal organisations have existed since World War II. In 1966 the commodity group, the Australian Dairyfarmer Federation, claimed 45,000 members and there were another 5,000 farmers organised in the over-lapping Australian Primary Producer Union Dairy Divisions, as well as a weak Milk Producers Association of wholemilk farmers. The 1966 Census total of 66,100 dairyfarmers in Australia suggests that at the federal level over 70% of Australian dairy farmers were represented and 60% were allegedly represented by the single commodity organisation of the Australian Dairyfarmers Federation.²¹

Harman and Smith, writing in 1967²² estimated about 60% of NSW woolgrowers were organised at state level (in three organisations at least) and that at the federal level only 35% of farmers were organised compared with "less than 40% of workers" represented by the ACTU of that period.

The unusual "density" and "amalgamation" indices of representation of dairyfarmers must be qualified by over-lapping membership between commodity and general farmer organisations, by retired and part-time farmers, by some family membership where subscriptions are sufficiently

20. Further details are discussed in Chapters IV and V.

21. This gives not only great "density" to dairyfarm organisation but a high degree of "amalgamation" as Beer distinguished the two dimensions of concentration "which affects a group's power as a producer group", op. cit., p. 332.

22. G. Harman and R. Smith. "To Speak with One Voice: Farmer Unity". AQ.4. 1967, pp. 67-8. "... at least 50% of farmers are organised and ... for some commodities in particular states the figure is much higher ... The proportion of farmers organised compares favorably with the 58% of Australian employees belonging to trade unions and the proportion of employers belonging to trade associations. It also compares favorably with the proportion of farmers enrolled in associations in most countries except Britain ... together (the federal associations) represent less than 35% of farmers ... less than 40% of workers are represented by the peak organisation of trade unions, the A.C.T.U."

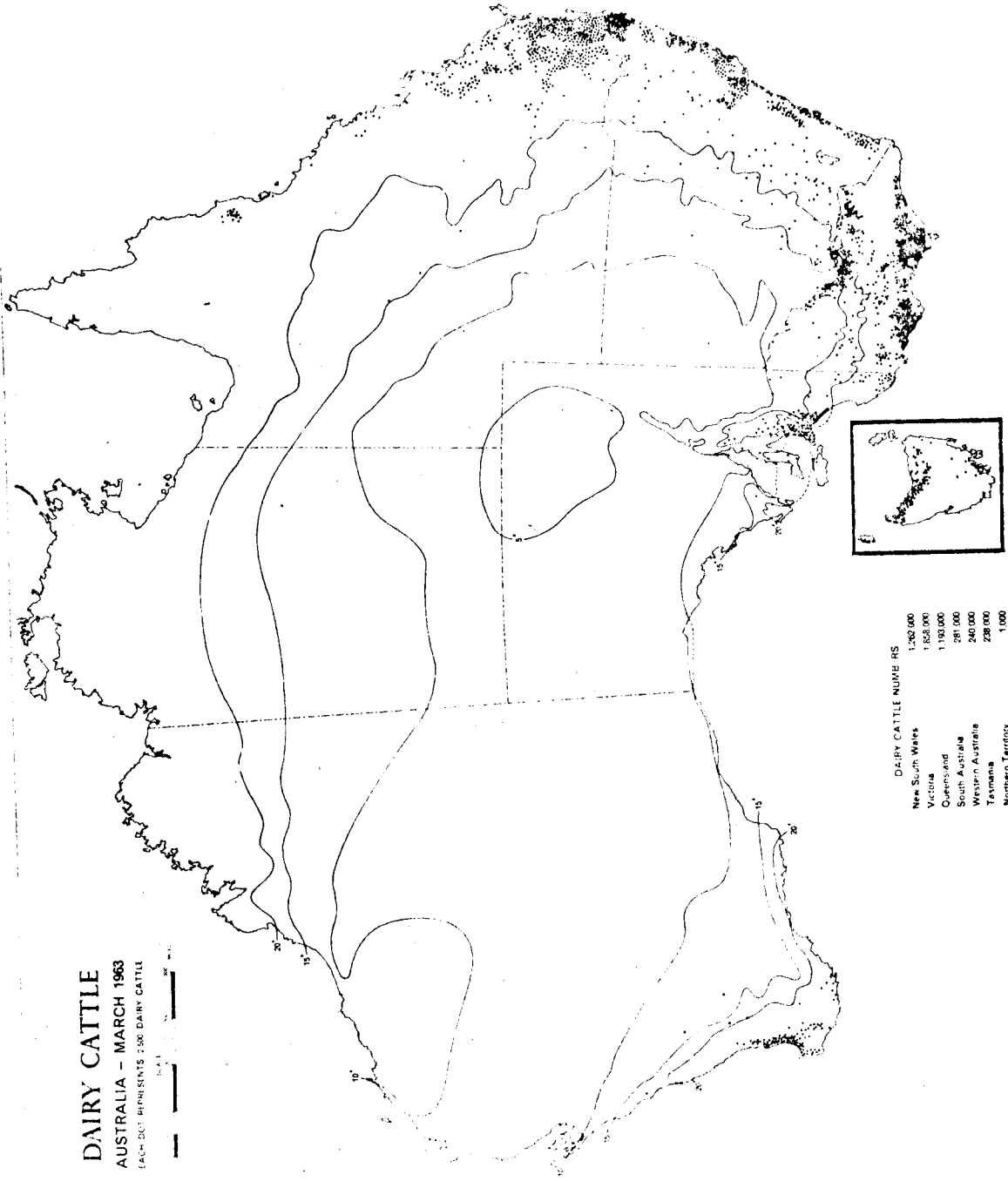
low (Victoria for a while, South-East SA, Tasmania may have been such situations) and in a declining industry, one suspects that sentiment and habit may possibly keep up membership numbers after dairyfarmers have in fact turned to meat production or other occupations. Dairyfarmer spokesmen do not often boast about their membership (failing to produce evidence on "active units" in the industry to the Committee of Enquiry for instance) but their secretaries seem confident that their membership rolls are both up-to-date and representative of active farmers. The field officers in the commodity groups have not devoted much time from 1949 to 1969 to extensive membership drives,²³ reflecting organisational satisfaction with their percentage of eligible to active membership. The conclusion of this section must be that there is a high percentage of active dairyfarmers belonging to the pressure groups, however they are defined, and that they are well represented at a federal level, giving a significant and unusual political advantage to dairyfarmer organisation officials.

2. Location of Dairyfarmers

While the number and definition of dairyfarmers provide some opportunities for academic research and argument, the location of dairyfarmers is a more straightforward subject. Dairyfarmers have been living on fairly small holdings, (variously calculated as averaging 229-317 acres, depending on the state,²⁴ and averaging as much as 549 acres in Queensland) and as technological improvements in pasturing, mechanisation etc. make farming more intensive, suitable small acreage farms achieve improved output without increasing acreage. The industry has been established mainly in

23. "Their job is to keep up with subscription collection and change of address" VDA Secretary, J Church, Interview. 1972.
24. cf. BAE Survey, The Australian Dairy Industry, December 1966, p. 1 and Part III, and Dairy Enquiry Report, p. 18, paras. 108 & 118.

DAIRY CATTLE
AUSTRALIA - MARCH 1963
 EACH DOT REPRESENTS 1000 DAIRY CATTLE



DAIRY CATTLE NUMBERS

New South Wales	1,260,000
Victoria	1,858,000
Queensland	1,190,000
South Australia	261,000
Western Australia	240,000
Tasmania	228,000
Northern Territory	1,000
Australian Capital Territory	3,000
Australia	5,076,000

areas of reliable and frequent rainfall or in well-irrigated areas such as the Murray Valley in Victoria and SA with heavy concentration around urban milk markets. (see map) Dairying is frequently associated with pig-raising as a sideline but not as an alternative industry. Dairyfarmers tend to concentrate around a factory or several factory areas in fairly close settlements to minimise transport costs and problems. There have been some areas, the North Coast of NSW, parts of Gippsland and the Western District in Victoria, and the lower south west in WA which presented challenging problems for reform particularly in the decade of 1960-70. The dairying industry in Queensland also presented (up to and beyond 1970) a challenge to reformers, because the industry is suitable only to a very small area in Queensland. The Dairy Report summarised the Queensland problems as including erratic rainfall, heat, little irrigation and grass unsuitable for hay or silage, an important drawback when fodder conservation can play a significant part "in providing regular supplies of milk during the summer season when the dairy industry is faced with annual shortfall of supply".²⁵ Queensland is also vulnerable in the sense that although Victoria and NSW have larger outputs of milk and greater "gross value of production", "the net value of production of the dairy industry as a percentage of value of production of primary plus factory production" has been high in Queensland, as it is in Tasmania and Victoria. Putting this simply, Queensland has been more dependent on less prosperous dairying than any other Australian State.

Queensland has been the state with the greatest problem and Tasmania, SA and Victoria are challengers for the state with the least problem.

25. Dairy Enquiry Report, p. 19, paras. 129-37.

Table 1. Value of Production by State (\$00,000) 1964-5

	Dairying	Total Primary	Grand Total	Dairying % of total
NSW	116.8	1,119.8	3,641.3	3.2%
Vic	136.0	785.5	2,735.0	4.9%
Queensland	50.7	565.3	1,043.7	4.9%
SA	25.0	319.6	818.2	3.0%
WA	12.6	267.9	528.5	2.3%
Tasmania	19.0	103.0	270.3	7.0%
Australia	360.7	3,176.8	9,073.9	3.9%

Source: Commonwealth Year Book, 1966, p. 14.

As Drane and Edward summarised in 1960:

The areas where a policy of contraction for the dairy industry is likely to raise the most acute economic and social problems are Queensland and parts of New South Wales. In both, the dairy industry is large absolutely; in Queensland it is also large relatively. Yet... the industry is showing distinct signs of contraction especially in the higher cost regions of Queensland and New South Wales ... a particularly urgent problem would present itself to Queensland to find alternative occupations for her dairy farmers. 26

"Conditions could be said ... to approach the ideal in Tasmania".²⁷ Size of farms was Tasmania's main problem in the 1950's, according to the Committee of Enquiry, but marginal dairy farm reconstruction in the 1969-71 period, described in Appendix A, has not affected Tasmania much, suggesting that this problem has been minor as yield per acre increases and the smaller farms drop out of the industry.

While Victoria has problem regions in which there are low income farms, the numerous statistics of dairy production reflect the general

26. Drane & Edwards, *op. cit.*, p. 15.

27. Dairy Enquiry Report, p. 17, para. 97.

prosperity of the industry in the state. According to the Commonwealth Bureau of Census and Statistics production figures published bi-annually in the Dairying Industry Bulletin, Victoria leads in the number of milk cattle holdings,²⁸ in whole milk production,²⁹ in number of milking machine units³⁰ (a not very reliable index of capital investment), in butter and cheese production,³¹ in gross value of production.³² Victoria has, with the exception of Tasmania, the smallest area of dairyfarming in any Australian state.³³ This last statistic might be regarded sceptically since, as the Committee of Enquiry says, "mere acres mean little". On the other hand the Committee did conclude that "In four States ... there are problems of farm size and ... they exist to a smaller degree in Victoria and South Australia".³⁴ Although the Victorian acreage used for dairying is small this does not indicate a number of low-income farms in the state. It is almost certainly because the carrying capacity of Victorian farms is the highest in Australia. Statistics on productive capacity of dairy herds tends to confirm this observation. For instance, Victoria competes with SA in the highest Australian yield per cow figure³⁵ and may

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28. The Dairying Industry, ABCS, Vol.33, no.14. Table 27, 1970, 25,000 of Australian total, 59,500. Vol.25, no.14. Table 5, 1959-60, 44,900 of total 117,900.
29. For example, 1965-6, 751,000; 1969-70, 892,378 of the Australian total production of 1,500,000 and 1,660,000 in '000 gals. Vol. 33, no.14 Table 5.
30. 1966 105,000 of Australian total of 233,600. 1970, 112,100 of Australian total 228,100. Vol.33 no.14. Table 7, p. 9.
31. Butter, 1965-6, Victoria, 250,680 of Australian total 460,433 ('000 lbs), in 1969-70, 313,753 of total 494,206. Cheese 1965-6, 58,158 of total 131,300 in 1970, 73,866 of total 168,206. Vol.33 no.14. Table 8, Table 13.
32. of. Table I of this Chapter.
33. BAE surveys, 1966. Table 8, and p. 16. 1973. Table 3.01 p. 12. Report. p. 19 para. 120.
34. Dairy Enquiry Report. p. 19 para. 120.
35. of. Table 2, this chapter.

well be the leader in an output per man ratio.³⁶ It was suggested as long ago as 1956 that increased labor on dairy farms in Victoria was being spent on pasture improvement and growing feed for storage and that sidelines on dairy farms were increasing, using more labor nominally engaged in dairying.³⁷ The location of many dairy farms close to the urban markets in Victoria encourages investment in sideline production activities with a ready market, such as poultry and pigs. There have been recent statistics confirming Lloyds 1956 observation about the character of Victorian farms. Victoria is, and has been unchallenged as the leading state in value of dairy production and by 1970 the state led by a larger margin than in 1956 as high cost pressures and bad seasons drove Queensland and NSW farmers from dairy production. Table 2 of this Chapter demonstrates the changes in numbers and wholemilk production between 1961 and 1971 when the industry was responding to acute cost pressures. Between 1961-65 cow numbers in Victoria rose by 12.5% compared to an overall Australian rise of only 1.6% and a decline in both NSW and Queensland,³⁸ and continued to rise so that by 1969 49% of the national herd was in Tasmania and Victoria.³⁹ An elaborate BAE survey published in December 1966, based on surveys estimated 1963-4 that Victoria then had a higher proportion of operator labor, a lower proportion of family labor and a lower proportion of hired workers than other states.⁴⁰ A summary of a second, more elaborate survey in 1968-70

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36. see discussion Drane & Edwards, *op. cit.*, p. 99. "Cows per adult male" is used in the BAE Survey 1966 Table 23, p. 44 and shows prima facie that WA had more cows per adult male "because of the time devoted to farm development, the number of dairy labor units per farm was the least of any region", p. 41. The output per cow is low however, compared with Victoria (see Table 2 this Chapter). Productivity ratios are discussed in the BAE Survey 1973. Table 6.02, 6.03, 6.06, pp. 29-32. "average milk production per labor unit (see Appendix Table A6.06) was considerably greater in Victoria and Tasmania than in the other States", p. 30.
37. A.G.Lloyd, "Trends in Dairying (1933-54)", *Rev. Mark. Ag. Ec. (NSW)* 24.3.1956.
38. *The Dairy Situation*, BAE, Canberra, no. 13, p. 3.
39. *The Dairy Situation*, no. 17, p. 4.
40. cf. J.G.Bird, "Cohort Analysis of the Dairy Farm Work Force", *A.J. Ag. Ec.*, Dec. 1966, pp. 201-2. F.M. Gruen, "Australian Agriculture & the Cost-Price Squeeze" *A.J. Ag. Ec.*, 6 Sep. 1962, p.16. cf footnote 36 above and BAE Survey 1966, Part VI, p. 41.

claimed that Victorian farms still had the smallest average total farm area, the highest average production per farm (with Tasmania second) and Victorian production reached 56% of total Australian milk production in 1970-71.⁴¹ And this was achieved with a lower "total imputed cost" of labor than any other Australian state, although family labor was not used significantly in Victoria, and sharefarming costs were higher than any other state.⁴²

In Victoria, as Lloyd suggested in 1956, the industry had been supporting a number of independent, efficient farmers, suffering less "income insecurity" because of pasture improvement and storage, because seasonal variations are less, and because the Victorian industry is somewhat better protected (directly) against rising wage costs through lower proportion of hired workers. Overall dairyfarmer and farm worker numbers have not declined in Victoria to the same extent as in NSW and Queensland.

Table 2 summarises state differences in farmer numbers, production and yield per cow. Dairying production statistics should be treated with caution since there is considerable annual variation in production depending on seasonal fluctuations.⁴³ Census occupation figures are also liable to some distortion due to the errors involved in self-classification and dual coded returns already mentioned. How many dairy farmers have been mixed farmers (fruit and dairy, beef and dairy) and classified in the "farmer" category I cannot guess, but from codes 309 and 314 (in the following table) in 1971, I suspect that movement into and out of "farmers" could reflect the profitability of dairyfarming as a primary occupation. "Farmers" include "unspecified forms" of farming and certainly some producers of commercial cream supply for factories, although probably few wholemilk suppliers for city markets, who are usually dairyfarmers with explicit contracts with

41. Q. Rev. Ag. Ec. XXV.4. Oct. 1972, p. 259.

42. Ibid., Tables 9 and 10, pp. 264, 265.

43. A three year average figure is more reliable but less comparable with Census totals.

a Milk Board.⁴⁴ Some peculiarities appear in the "farmer" category to suggest a connection between codes 314 (Farmers) and 309 (Dairyfarmers) in the Australian census. Tasmania and Victoria both lost a surprising number from 314 when the classification was changed to exclude "farmers and managers n.e.c." in 1966.⁴⁵ In 1971 many of these "unspecified" farmers were again included in code 314, and the number in Tasmania and Victoria rose again, presumably because both states have a lot of mixed farming/dairyfarming (on small acreage farms). In Victoria and NSW the number of 314 (Farmers) increased by about 4,000 from 1961 to 1971, in Queensland by 2,500, in SA by 1,000, reflecting the change in agriculture from dairying or wheat-sheep and graziers,⁴⁶ to mixed and sideline farming. One might suppose that the size of farm suggests self-classification as "farmers" rather than "graziers" - traditionally "graziers" run livestock on larger "stations" than wheat-sheep or dairy properties. Queensland has large sheep and cattle properties rather than mixed farming and the low number of Queensland "farmers" (compared with SA for example) probably reflects the difficulty of operating small properties in Queensland, suggesting that dairyfarming and "Farmers" (codes 309 and 314) have some overlapping interests, and that there may be more dairyfarmers than the total in 309 suggests.

44. cf. Chapter 7.

45. In a letter from J.P. O'Neill, 30.9.1971, Acting Commonwealth Statistician, the difference is described; "In the 1961 Census results, persons assigned code 314 'farmers mixed and farmers' (so described) were combined with those assigned code 316 'farmers and farm managers n.e.c.' Separate statistics for these codes are not available for 1961. However I have given separate statistics for 1966 which will give you some idea of the breakdown ... code 316 has little bearing on your study of dairyfarmers and dairyfarm workers". 316 includes "aviary keepers, cocoa planter coffee planter dog breeder farmer n.e.c. farm manager n.e.c. flax grower hop grower manager farming n.e.c. mushroom farmer peanut farmer rabbit farmer rubber planter tea planter". See footnote (a) in Table 2.

46. Codes 308 and 313 in 1961, 1966 and 1971.

Table 2. Dairyfarmer Numbers and Production by states

	Dairyfarmers (Code 309)	Dairyfarm workers (326)	Total Farmers (Code 314)	Yield per cow (b)	Wholemilk Prod. (c) (Mill galls)
NSW	30.6.54 20,100	--	--	--	--
	61 17,964	6,529	24,470	15,400	355 (gals)
	66 14,705	6,675	21,380	13,068(a)	378
	71 9,844	3,346	13,190	19,309	461
					319.4
					300.7
					272.1
Vic.	30.6.54 25,600	--	--	--	--
	61 26,244	7,599	33,840	13,500	548
	66 25,993	9,266	35,259	8,768(a)	616
	71 21,841	5,113	26,954	18,338	686
					596.7
					750.9
					893.5
Q.	30.6.54 20,700	--	--	--	--
	61 17,778	7,242	25,020	5,400	263
	66 14,876	6,794	21,670	6,107(a)	316
	71 8,963	2,834	11,797	8,043	363
					212.7
					221.0
					169.4
SA	30.6.54 4,400	--	--	--	--
	61 4,058	1,161	5,219	11,900	574
	66 4,179	1,634	5,813	9,916(a)	602
	71 3,318	835	4,153	11,927	687
					87.0
					98.3
					103.3
WA	30.6.54 3,600	--	--	--	--
	61 3,265	1,149	4,414	4,600	468
	66 2,772	1,225	3,997	4,335(a)	508
	71 1,854	674	2,528	6,881	568
					58.5
					61.8
					56.2
Tas.	30.6.54 2,700	--	--	--	--
	61 3,412	1,086	4,498	3,060	505
	66 3,532	1,589	4,121	1,969(a)	578
	71 2,504	880	3,384	2,545	638
					63.8
					87.8
					98.9
Aust.	30.6.54 77,100	--	--	--	--
	61 72,751	25,016	97,767	54,276	418
	66 66,108	27,232	93,340	44,228(a)	483
	71 48,635	13,701	62,063	67,153	577
					1,339
					1,522
					1,594

(a) change in basis for Coding

(b) Average annual production wholemilk per cow

(c) Total 1960-61, 65-66, 70-71, The Dairying Industry, ABCS. Table 5.Census totals from Commonwealth Statistician, Canberra, 1961, 1966, 1971.
1954 reprinted in Drane & Edwards, op. cit., Table 84, p. 184.

As a postscript to this Chapter's definition, number location and organisation of dairyfarmers, I have observed a feature of a labor-intensive industry which surprised me somewhat. In the case of primary production established after the last two World Wars, a labor-intensive industry suggested to me a number of dairyfarmers with returned soldier badges, living in soldier settlements⁴⁷ and earning support from that well-established and publicised pressure group - the RSL. In fact that pressure group does not appear to affect dairyfarming policy or dairyfarmer groups very much at all. Although some branches of the RSL press for extending soldier settlements occasionally, economic forces have killed the chances of small settlements providing a living for ex-soldiers, and new War Service settlement has been closed since 1960 in Queensland, NSW and Victoria.⁴⁸ SA, Tasmania and WA provided opportunity for soldier settlers until 1964, and transfer of soldier blocks is still possible in all States,⁴⁹ but new settlement is no longer considered feasible by the Department of Primary Industry, to which the War Service Land Settlement Division is now attached.⁵⁰ The RSL does not seriously attempt to gain entry for members to primary industry nowadays nor does it attempt to represent soldier dairyfarmers in any particular section of its organisation. Officers of the dairyfarmer

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47. of. Drane & Edwards, op. cit., p. 12. "setting up of dairy farms appears to have been one of the principal ways in which Governments have honoured their promises with respect to closer settlements - in particular soldier settlements - Governments have created for themselves 'vested interests' in furthering the fortunes of dairying". My conclusion tends to conflict with the implications here, possibly because of a different perspective in 1959 when Drane & Edwards were observing the industry.
48. Interview with T. Colquhoun, Director War Service Land Settlement, Canberra, 1970.
49. The original establishment of soldier settlers is on land which is the property of State governments, financed by Commonwealth grants and bought over a period of time by the settler. Resale of settler blocks not fully paid off is subject to approval by the State minister, usually in the Lands Department.
50. see Commonwealth Year Book, no. 55, pp. 716-7 for details of expenditure and number of settlements to 1968.

groups have agreed unanimously that the RSL takes no official part in forming primary industry policy, nor has its interest ever extended beyond pressure for settlement. One observer comments that some RSL branches in prosperous farmer areas are opposed to marginal soldier settlement areas and have urged contraction of soldier settlement there. The RSL branches may add some local and state pressure for relocation of ex-soldier settlers and marginal farm reform schemes, but apparently not through their official federal representatives in the RSL.

3. Products and Technical Problems

a) Factory Products: Butter, Cheese, Processed Milk

Milk, with its two major derivatives, butter and cheese, has traditionally been regarded as nature's finest food for young and old, and although of late, certain doubts and aspersions have been cast from some quarters, no authoritative medical opinion has yet disproved the validity of the tradition. 51

The people who have achieved, who have become large, strong, vigorous people, who have reduced their infant mortality, who have the best trades in the world, who have an appreciation of art, literature and music, who are progressive in science and in every activity of the human intellect, are the people who have used liberal amounts of milk and its products. 52

There is some fascination in the technical side of an industry which produces from the ungainly - even comic - cow, a series of products ranging from commercially soured cream to casein for - as I used to hear in school - (pre-plastic) shirt buttons. The dairy industry is concerned with a wide range of technical details, from bloat in cows to the virtues of glass bottles versus disposable containers on the doorstep. I have reluctantly decided that technical details of production are too distracting to be included in this thesis, with the exception of a brief review of the transport

51. Dairy Enquiry Report, p. 84, para. 886.

52. Dr. E. V. Macallum. Prof. Emeritus of Biochemistry, Johns Hopkins University, U.S.A. Displayed on wall of ADPE Lonsdale offices, Melbourne, 1967.

problems of the industry to illustrate the complexity and ramifications of dairy industry production of both factory products and wholemilk.

The main factory products, in a value of production sense, are butter and cheese produced from wholemilk, often delivered to a country-based factory, whereas wholemilk for direct consumption is more frequently delivered direct to urban dairies. Minor factory products are non-perishable milk products, casein and milk powder and preserved milk (condensed and evaporated) - and increasingly since 1959, milk products for direct consumption, ice-cream, yoghurt, soft cheeses. The non-perishable milk products are produced in a few large-scale factories located in both city and country, but the perishable products are more often urban-based, smaller scale, and still represent a very small proportion of total production.

The following table illustrates the uses of dairy production:

Table 3. Production and Utilisation of Whole Milk: Australia

<u>Period</u>	<u>Total Whole Milk Produced. 000 gal.</u>	<u>Quantity of whole Milk used for</u>			<u>Other (a)</u>
		<u>Butter</u>	<u>Cheese</u>	<u>Preserved Milk</u>	
1961-2	1,443,562	63.7%	8.5%	5.4%	22.4%
1963-4	1,496,395	62.9%	8.7%	6.2%	23.2
1965-6	1,522,013	62.4%	8.3%	6.1%	23.2
1966-7	1,604,725	62.5%	9.2%	6.3%	22.2

(a) including fluid milk for consumption.

Source: The Dairying Industry ABCS

Of the 62% of Australian whole milk production devoted to butter, approximately 40% to 47% was exported, and about the same proportion of cheese.

The transport system from farm to factory to doorstep is important in the quality of factory products, as it is in the quality of liquid milk. In the liquid milk industry, State Milk Boards have been rigorous in regulating delivery of liquid milk to the collection depots for bottling,

handling in the depots and the delivery of bottled milk to the doorstep.⁵³

The transport of liquid milk for bottling and delivery provides dairy-farmers with indirect rather than direct problems. As a deliveries strike in Adelaide in 1971 showed, while "vending" of liquid milk is now almost completely separated from farm production and is contracted out by factories, or directly handled by factory transport divisions, dairyfarmers are vulnerable to disruption and increasing costs of labor employed in the "vending" sector of the industry, and of transport from farm to factory. Deliveries of liquid milk for consumption to and from the bottling plants are easier to organise than deliveries to butter and cheese factories, especially when the butter and cheese factories are located in outlying areas and deliveries are irregular in quantity.⁵⁴ Consequently while the cost of producing milk from the cow is probably the major factor in the success of the dairyfarmer, the efficiency and cost of the means of transport can be critical also. Grading of cheese and butter is partly a consequence of the condition of milk and cream used in its production, so the payment to the farmer supplier by the factory varies according to the grading of his supply on arrival at the factory door. Moreover, although the cost of transport is sometimes shared by the factory which the farmer supplies, usually the farmer pays for the cost of transport. In closely settled areas where farm size is small and collection by bulk tanker is feasible, there are economic advantages in bulk collection and consequently in farmer income.⁵⁵ This has been particularly relevant in SA, Tasmania, and

53. Dairy Enquiry Report, p. 35, para. 343. "In areas of liquid milk supply the State Milk Boards normally determine the charges for milk cartage and authority to operate has to be obtained by the carriers within the areas so controlled".
54. In areas supplying milk for butter and cheese the factories are "mainly responsible for the organisation of the transport of whole milk and cream from farm to factory". Dairy Enquiry Report, para. 343.
55. BAE survey, 1966. Foreword refers to a request by the ADFP to the AAC for information and examination of transport costs for milk and cream. There is no section covering transport costs as such, but in "cost structure" tables, pp. 88-94, there are comparative state by state estimates.

Victoria, although bulk transport is becoming important in all States. Division of collection agents between city milk zones and country factories has provided problems of surplus collection for factories. The Sydney and Newcastle milk zones stretched over areas 300 miles from Sydney at some periods and when milk could not be sent to the city milk markets during flush periods of supply it presented problems of prompt collection for the local butter and cheese factories.⁵⁶ Rail transport has played a part in the NSW liquid milk industry but does not seem to be significant elsewhere.

The quality of butter and cheese was alleged to present problems in export for the officials of the Australian Dairy Produce Board, particularly during the 1950's. The Dairy Committee of Enquiry Report suggested that greater investment in refrigeration equipment in the dairies on the farm and in the transport sector of the industry⁵⁷ would probably improve the amount of A grade production. The domestic market for butter and cheese is influenced by a combination of import control, control of substitutes for butter (margarine and oil) and fixed prices for cheese and butter, so that lower grade products can be absorbed into the domestic market above cost, but as competition for the overseas market grew keener during the

56. The Sydney Milk Board filled its quota of wholemilk from inner area suppliers except in periods of low production, when it used supplies from outer area suppliers as well, causing some distortion of the regular supply to factories in outer areas.
57. The capital investment in milk trucks is obviously an important item in factory expenses, since in flush periods the carriers work to full capacity, but state health requirements on carriers limit the use of trucks for milk collection and delivery to milk and cream alone, so that investment is fixed in the industry. This is even more true of modern bulk milk tankers. In some areas competition between factories for supply from the farms used to add to the costs of the industry and attempts at rationalising collection were made with varying success. Dairy Enquiry Report, p. 35, para. 348, p. 37, para. 366. Queensland went furthest in rationalising transport under the Dairy Produce Act. Routes were defined by roads or portions of roads and tenders were called for transport over these routes. The successful carrier had in effect a licence to operate on the route, but the factory to which the route was directed had to pay to the supplier a price equal to that paid by neighboring factories, an example of the complexity of statutory requirement which Queensland is prepared to devise to protect their primary producers.

1960's, low grade Australian butter became a poor export proposition. The figure quoted by the Dairy Enquiry Report for grading of butter in 1958-9 of 58.7% Choice Butter (top grade) as against 30% First Grade, was somewhat more alarming than later figures as the industry did become more efficient in use of refrigeration and bulk transport.

Table 4. Grading of Butter and Cheese. Percentages

Period	Butter			Cheese		
	Choice	First	Second	Choice	First	Second
1962-3	70.7	21.4	7.9	6.2	81	12
1963-4	67.5	25.1	7.4	5.1	87	7
1965-6	73.3	21.0	5.7	6.1	87	6

Source: Commonwealth Year Book, 1966, p. 969.

The more interesting statistics are those matching grade to area, as in Table 5.

Table 5. Grading of Butter by States. Percentages

	NSW	Vic	Q	SA	WA	TAS	AUST.
1962-3 Choice	80.6	78.8	37	-	-	78	70
1st.	14.3	13.1	53	86	-	17	24
2nd.	5.1	8.1	9	13	100	3	8
1963-4 Choice	99.5	74	37	-	-	75	67
1st.	-	18	52	91	-	20	25
2nd.	.5	7	10	8	100	4	7

Source: Rural Industries ABCS 1963-4, p. 106

The problem state of Queensland, producing more butter than the state consumes locally, was conspicuously productive of low grade butter, while NSW (a non-exporter) was conspicuously productive of the highest grading. Tasmania and Victoria were not far behind NSW. However the Tasmanian production is only approximately one fifteenth of the total Australian production anyway. The states of SA and WA - described sometimes by the

industry as "importing states" - produce so little butter that low grading there is insignificant.

The Committee of Enquiry Report made a case for widening the domestic retail price differentials between grades of butter and cheese, as in New Zealand, to keep up product quality.⁵⁸ At conferences in 1953, 1955, and in 1960 and 1961 the Dairy Industry Council discussed retail price differentials and in face of "industry resistance" the matter was not pursued.⁵⁹ Apparently the factories have been most resistant to this policy of differential wholesale and retail prices on the domestic market, and spokesmen for the farmers who are already paid rates according to quality of their milk, have been unable to reduce factory resistance to differential retail prices; or, one might speculate, have been unwilling to lose support of factory representatives on other issues by forcing concessions on price differentials according to quality.⁶⁰ The question continues to be raised from time to time, particularly with respect to cheese of which the grading and consequently the domestic prices, are alleged to be discouraging more sophisticated demand. In SA the dairyfarmer organisation secretaries have supported differential prices for cheese particularly strongly.⁶¹ Supporters of differential prices argue that if there is a price premium there is an incentive to produce quality products, and that purchasers can choose to buy good or poor quality cheese according to price. Without grading and price premiums for quality products there is little incentive for factories to produce quality products and no guarantee of quality to the purchaser.

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58. Dairy Enquiry Report, p. 420, paras. 412-433.
59. One observer, J.P. Norton, familiar for many years with factory problems and export sales (see Chapter 7) attributes some of this resistance to the lack of quality consciousness in the traditional British market.
60. There is further evidence of this division in the industry in the section of Queensland factories in Chapter 5.
61. S.A.D.J. Vol. 3. 2. 1963, Vol. 4. 1. 1964, Vol. 6.1. 1966.

In processed milk products there is less need for quality and grading. The effects of transport costs, grading and price differentials appear much less important. Much of the export sale of processed milk products has been in the closer, less competitive markets of the Pacific and Asia, where grading is alleged to be not yet as important to sale as in Europe. Milk products include condensed, concentrated and evaporated fluid and powdered milk and infants' food. Skim milk is condensed and evaporated into fluid and powdered versions, and turned into whey and casein - in some degree competitive with other skim milk products, depending on price. There are a number of uses for casein, including pharmaceutical preparations, adhesives, paints and plastics, depending on form of production of casein. Large quantities of skim milk are needed to provide casein however, and it is produced only in large-scale factories. Victoria had a large percentage of total production of casein (94%) and 90% of condensed milk production in the 1950's,⁶² but this proportion is falling as other butter factories attempt to diversify production. However, by 1966-7 overproduction of skim milk powder posed something of a problem for the ADPB in sales and export. Since 1967 there has been a growing problem in finding overseas markets for processed milk as competition from other international suppliers increases. It is apparent from the production table (Table 1) that these milk products are a small part of total quantity of Australian milk production. I hope this short review of transport costs, subsequent grading problems, marketing pressures and technical changes, suggest some of the complexity and conflicting influences within the industry. Transport costs are not in themselves more significant in the industry than land or investment costs, or even possibly wage costs, but the example of transport problems and technical transport changes helps to explain the preoccupation of those in the industry with technique and increasing capital investment.

62. Dairy Enquiry Report, p. 39, para. 382. Table 30.

b) Wholemilk

Dairy farmers who produce for the liquid milk market have an economic environment which is entirely different from that of dairyfarmers whose milk is used for butter and cheese. It is characterised by two dominant features ... a wholly local price and restriction of entry ... ⁶³

There are two dairy industries in Australia and not one. Production areas are zoned and producers in the manufacturing sector are largely excluded from higher priced outlets for liquid milk and their incomes are substantially lower than those of producers in the wholemilk zones. ⁶⁴

Prices paid to whole-milk suppliers are under State Milk Board control, for at least the majority of wholemilk suppliers, and vary between states, with NSW the constant leader in price for liquid milk, at both producer and consumer levels. Health Department regulations enforcing standards in production, bottling and delivery, and licensing suppliers and delivery dairies have been effective since the 1920-30 period when private "vending" ceased generally in metropolitan areas.

Except in Tasmania and SA the State Milk Boards require production quotas which must be filled even in low periods of production. ⁶⁵ Consequently "greater costs are inherent in production for the liquid milk trade" but "in general farmers who produce for this second class of dairy products are prosperous". ⁶⁶ Because of the greater investment ⁶⁷ in producing constant supply for Milk Boards, wholemilk farmers tend to be more specialised dairy farmers, often with improved and valuable properties which have good resale

63. H. P. Schapper, "Dairy Policy for Australia", A.J. Ag. Ec. 5, 1961, p.69.

64. Current Affairs Bulletin, "Milking the Australian Economy", Vol. 39, 13 May 1967.

65. BAE survey, 1966, p. 11.

66. Schapper, op. cit., p. 69.

67. This includes more feed provision, more careful breeding programs to keep cows in milk and herd recording to establish milk production levels - quantity and quality of milk produced per cow. See BAE survey, 1966, Part X, 1973.

price as dairying rather than mixed farms. There has not been a winter and summer price for liquid milk, although other primary products, eggs, meat and vegetables for example, are marketed with seasonal price variations not considered anti-social.

The licensed wholemilk farmers generally aim at a minimum quota steadily and in "flush periods", mainly winter and spring months, send their surplus to the butter and cheese factories for a lower price. They are not primarily concerned with the butter and cheese markets however, and their political organisation and interests are directed primarily to the state level, to state milk prices, to Milk Board and Health Department standards, to the linking of supply quotas with farm properties, as in NSW or to separate quantity quotas, as in Queensland. Proposed reform of the wholemilk section of the dairy industry has centred around the administration of quotas and of rationalising milk "runs" in wholemilk delivery and aims generally at keeping prices close to costs of wholemilk production although keeping a constant supply of wholemilk is usually conceded to be a necessary part of Milk Board policy.⁶⁸ Seasonal price fluctuations are not regarded by vendors as desirable for increasing demand, and apparently publicity, demonstrations and advertisement rather than production changes or price fluctuations are preferred by factories and Milk Boards alike.

There are variations in the states in both Milk Board regulations and state parliamentary statutes which are detailed in Chapter IV. Milk Board regulations influence the producers more directly than the statutes, particularly with respect to quotas, amounts applied and price.⁶⁹ The NSW Milk Board probably has the most far-reaching effect on the dairy industry.

68. of. H. Harris and W. Candler, A.J. Ag. Ec. 4, 1960; G. Neutze, A.J. Ag. Ec. 5, 1961; R.M. Parish, A.J. Ag. Ec. 7, 1963; R.M. Parish & U. Kerbipule, "Fresh Milk Marketing in N.S.W.", Research Bulletin, no. 6. Univ. of Sydney, 1968.

69. For NSW, Victoria and SA see Drane & Edwards, op. cit., Ch. 8.; R.M. Fowler, Milk Supply of Adelaide, Dept. Ecs., Adelaide 1957, unpublished thesis. For WA, Tasmania, see BAE survey, 1966, p. 9, Part II.

It controls the wholemilk trade in more detail than the Milk Boards in other states, and deals with greater volumes of sales and there have been bigger differences between Board prices for wholemilk and for butter production.⁷⁰ Milk Board operations in NSW may have been expanded in part because there had been an ALP government in the state for a long period, and an ALP Chairman of the Board for 16 years, who had not felt hampered by the traditions of producer control of government policy. In Victoria the Milk Board has restricted its operations to milk, excluding cream sales, and pays a price to producers closer to the price received by farmers at butter factories than in NSW.⁷¹ In SA all dairyfarmers in the licensed milk zone receive a city milk bonus, whether their milk has been delivered to wholemilk dairies or to cheese factories. In effect the South Australian farmers have an inflated property value if they have farms within the milk zone, as in NSW but their licences are not transferable with their farms, and thus have no resale value as have NSW licences. The Metropolitan Milk Committee Ltd. which pays the milk bonus, is independent of the SA Milk Board and is a voluntary agreement among the wholesalers supplying the Board.⁷² The Brisbane Milk Board allots composite quotas to country factories and individual quotas to direct suppliers to Brisbane wholesale deliverers. The direct suppliers are decreasing in numbers but reach as far as Townsville and Cairns.⁷³ Supply is concentrated in the dairy zone south of Maryborough to the NSW border however. According to the Queensland Dairyfarmer Organisation, the division between liquid milk suppliers and factory suppliers in Queensland is negligible because the price differences are small.⁷⁴ Other observers have

70. Dairy Enquiry Report, pp. 58-9. Table 46.

71. see Dairy Enquiry Report, p. 58. Table 46. see Ch. 7 also.

72. Ibid., p. 60, paras. 607-612.

73. There is a long description of the system in S.W. Ivers, The Structural Organisation of the Dairying Industry, pp. 48-61a.

74. This was certainly true in 1959 according to the Dairy Enquiry Report, p. 59. and Table 46.

not been as reassuring about divisions in the industry and there is said to be increasing interest in a form of Milk Equalisation for the state. In WA supply of wholemilk is relatively constant, produced mainly in irrigation areas, and contracts with supplying farmers are made through licensed wholesalers, not with the Milk Board. The daily quantity to be sold is fixed by the Board, however, and the price is also fixed by the Board. The Tasmanian Board licenses producers directly, setting dairy supply quotas but apparently following seasonal demand variations by reducing supply quotas in winter.⁷⁵

4) Processors

In the introduction to this Chapter, I outlined the historical development of Australian commercial dairying in which factories played a crucial part. The preceding discussion of transport costs and their part in influencing farmer income through transport charges, grading of products and subsequent sale of lower grade butter and cheese, show that factory management plays a crucial role still in most problems of dairyfarmer income, sale of milk and its products and in consumer price. In this respect there is a difference between the wool and wheat industries which sell their less perishable products mainly overseas⁷⁶ in a relatively unprocessed state, and the dairy industry which processes its perishable products in Australian factories before export. Factories and producers have been closely associated also in the fruit and fishing industries where the products are very perishable also. Efficiency of dairy factory management may affect dairyfarmer income a great deal as transport costs will affect income, and the prosperity of the industry as a whole, through individual factory board

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75. Interview and SA Milk Board's records. There has been some variation in some years between a summer and winter price, but not as a regular practice.
76. Wool exports average 95% of volume of production; wheat varies between 65% to over 80% depending on demand. Commonwealth Year Book annual statistics.

decisions on factory location, expansion, modernisation, amalgamation, increased or decreased output, diversification into different products, collection of supplies by bulk tanker, change of ownership etc. Dairy factory association with dairyfarmer organisations both at state and federal level is so close in fact that factories cannot be reasonably excluded from a study of dairyfarmer politics. Organised factory associations in the industry have been, and continue to be a strong pressure for orderly marketing and for increased sales, using the increase in producer income provided by increased sales and controlled marketing to attract farmer support.⁷⁷

Some characteristics of the Australian dairy factories are well documented. This is partly the result of the pricing arrangements described in the next Chapter in which the factories play the major part, sending statistics on output, sales and costs to qualify for equalisation and subsidies. In part the amount of information available is a result of the importance of factories processing a commodity which involves government health departments in regulating standards and techniques and licensing both farms and factories to provide a safe clean product. In 1960 the Dairy Enquiry Report noted the tendency to a decrease in the number of factories and this decrease has continued steadily from 363 factories in 1959-60 to 347 in 1963-4, to 328 in 1966-7, to 315 in 1967-9 when the statistical definition was changed. The number of persons employed hardly changed in the last decade, implying somewhat more men per factory.⁷⁸

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77. The sugar and rice sectors of primary industry are said to have been ones also in which processors have encouraged producers to organise orderly marketing schemes. Observations by S.W. Ivers, Q. Dept., Primary Industry Marketing Division, and W. Kidson, Ag. Division, Q. Dept., P. I. Interview 1972.
78. 11,702 employees in 1960-61, to 11,505 in 1964 to 11,650 in 1966-7. Dairying Industries ABCS, Vol. 29.14., p. 19. There were approximately 50 factories in Australia with over 50 employees, 80 factories with 11 to 20 employees, another 80 factories with 5-10 employees, averaging the figures for 1960-1 to 1964-5. By 1970 the smaller factories were presumably even fewer. Employees in the factories are mainly male, in the ratio of approximately 9 male to 1 female, and are concentrated in factory worker and foremen classification. Female workers are divided almost equally between clerical, managerial and factory workers with a concentration in a small research class. Nearly half the female workers are under 21 though this age distribution is changing. Manufacturing Industries, ABS, no. 21. Table 5.

"Multiple factories" i.e. ones in which more than one product is manufactured are common in intensive dairying areas, and the term "factory" includes some of the urban delivery dairies and "milk processing" depots where wholemilk is chilled and bottled for delivery. "Through-put" is the main concern of most factories and therefore the need to keep the suppliers delivering regularly. This is a difference between the dairy factories and fruit and fish canneries. Seasonal industry factories also would probably like to keep plant working steadily and avoid the complications of flush periods, but many dairy factories do achieve a fairly steady "throughput" in good dairying country.

The concentration of factories in Victoria is predictable and the figures for 1963-4 and 1967-8 follow:

Table 6. Number of Butter and Cheese Factories by States

	NSW	Vis.	Q.	SA	WA	Tas.	Aust.
1963-4 Factories	72	123	69	42	17	24	347
Persons employed	2,564	5,788	1,703	678	344	433	11,510
1967-8 Factories	69	109	60	38	16	23	315
Persons employed	2,498	5,627	1,637	661	304	546	11,273

Source: Manufacturing Industries, ABCS. Tables 4 and 9.

It can be deduced from this Table that there is a difference in size as well as in number of factories in the different states. The average number of workers is highest in the Victorian factories, followed by WA, NSW and Queensland, Tasmania and SA. The number of employees in factories is small compared with the 1961 Census figure of 97,000 dairyfarmer and dairyfarm workers or the 1966 Census figure of 93,000 farmers and farm workers, but 11,500 factory workers add some political pressure for the continued stability of the industry. Dairy Factory managers are associated in the Australian Institute of Dairy Factory Managers and Secretaries, whose membership by

1974 had risen to 700, partly as a result of widened qualification for membership. As diversification of factory products, amalgamation of smaller factories and emphasis on marketing and sales promotion increased, the number of specialist marketing and sales staff in the dairy factories increased, and the Institute realised that membership of "secretaries and managers" was excluding a number of executives whose knowledge and training was essential to representation of factory management. Even in smaller factories there may be two or three members of the A.I. of D.F. and S nowadays, since accounts, marketing and transport divisions, as well as sales and personnel management staff are now eligible. In the SA Amscol factory, the largest SA dairy factory but not a "giant" of the industry compared with Norco of NSW or Murray-Goulburn in Victoria, there were 20 employees in the marketing division of the factory. Members of the AIDFS have a professional training and background which divides them somewhat from the factory supplier, and from the Boards of Management particularly in the co-operative factories. The Institute members do provide an impetus for modernising the industry and introducing technical innovations to dairyfarmers.⁷⁹ Their organisation is not closely associated with the profits, subsidy rate or policy decisions made by the "industry leaders" however,⁸⁰ and numerically the AIDFS is not politically significant.

Ownership of the factories is a matter of some significance but inconclusive evidence. According to the Dairy Enquiry Report, "Farmers co-operative companies have a major interest" in the butter industry and the Report quoted tables demonstrating that 84% of butter production and 60% of cheese production were from co-operative factories.⁸¹ The concentration of

79. cf. Dairy Enquiry Report, p. 45, paras. 440-4 with evidence from President of the Institute on uniform payment and standardisation of equipment.

80. This information is derived from an interview with Mr. R. Pobke, 1974, President of the Australian Institute of DF Managers and Secretaries, Secretary of Amscol, Adelaide.

81. Dairy Enquiry Report, p. 38, para. 373.

co-operative butter factories in NSW and Queensland was marked although Victoria has had some large-scale co-operative butter factories in Gippsland and the Murray district. Cheese was produced in quantity from co-operatively owned factories in Tasmania and SA as well as in the three eastern states. There has been considerable amalgamation of co-operative factories of smaller size since 1960. For example, co-operative factories in the Mt. Gambier district of SA used to number 8-10 but by 1971 they had all amalgamated into one distributing organisation. S.W. Ivers⁸² describes the history of Queensland factories in detail. From 1900 to 1921 co-operatives replaced proprietary factories as the major producers of butter and cheese. From 1921 to 1940 there was steady expansion of numbers of all factories, but in 1940 expansion ceased and after 1960 contraction of numbers occurred.

14 butter factories and 5 cheese factories have ceased operations since 1965 ... At 1st September, 1970 there were in Queensland 60 dairy factories which were operated by 35 different organisations. Of the total, 45 factories were operated by 24 co-operative dairy associations and 15 factories were operated by 11 private companies.⁸³

In Queensland co-operative factories are still (1974) handling cream suppliers and producing butter when the rest of the industry is turning from this somewhat outdated technology to bulk wholemilk handling and diversified products. The main proprietary companies - not conspicuously large-scale - are producing wholemilk and milk products (ice-cream, yoghurt) in Brisbane (Peters, Queensland United Factories, Pauls) or cheese in the Toowoomba and Quinalow districts, packaged and distributed through Kraft. In NSW the co-operatives have been in a better position than the Queensland co-operative factories to adapt to the innovations of the post-war period,

op. cit.,

82. S.W. Ivers, The Structural Organisation of the Dairying Industry Q.

83. Ivers, op. cit., pp. 34-7.

since the southern chain of co-ops in the Producer Distributing Society (the "biggest dairy produce seller in the Southern Hemisphere"⁸⁴) had been handling a considerable number of primary products, including meat, fruit, and groceries, honey over a wide, well-settled area around Sydney, and was consequently a fairly solid investment backer of the factories. The Norco chain in the North Coast area was a more vulnerable collection of factories, but by 1970 the two had joined in equal partnership to handle all of the NSW distribution from the co-op factories. The NSW proprietary companies included the Peters chain, the Kraft company, on a smaller scale than in Victoria, and none of the proprietary companies were heavily committed to butter production by the mid 60's.

In Victoria there were 26 members of the Co-operative Dairy Factories Association (1969) and 14 members of the Proprietary Factory Association (1969) of which the Kraft organisation was clearly the biggest, with the ACMAL marketing chain close behind in volume of milk sales. The Murray-Goulburn chain of co-operatives accounted for the main Victorian co-operatives, but in Victoria the co-operative factories have been extending operations through non-co-operative shareholding offers in an attempt to raise the capital which has been necessary to expand and diversify production.⁸⁵ The large-scale proprietary companies particularly Kraft and Consolidated Milk and those in the processed milk and wholemilk industry with some overseas investment, such as Nestle's, have provided strong competition for the Victorian co-operatives since modernisation of factories developed in the last 15 years. Possibly more important, the stability and profitability of the Victorian sector of the industry since 1949 has encouraged all factories to modernise and expand through amalgamation.

84. J. Vondra, A Guide to Australian Cheese, Lansdowne, 1971, p. 50.

85. A recent development is a partnership arrangement with a Japanese Mitsubishi firm, Murray-Goulburn Snow Pty. Ltd., described in Casus Vol. I, no. 3, 1972, p. 6.

It was hinted by the Committee of Enquiry Report⁸⁶ that overseas companies were strongly represented in the processed milk products factories. In 1965-6 the biggest overseas company was Nestle's with a capital of \$36,500,000 and an equity held by "Nestle Holdings" of the Bahamas. Unilever of England owns an Australian series of companies, producing margarine and ice-cream among many other food products, although the assets are only in the \$3 million class. Foremost Dairies has assets of \$15 million and owns an equity of 16% in the chain of Consolidated Milk enterprises.⁸⁷ It has not been possible to estimate the proportion of processed milk production for which domestically owned factories account, but observers consider that the proportion is growing as domestic factories increase diversification and overseas companies have closed some smaller factories. In butter and cheese production, overseas ownership is not significant except insofar as Kraft represents overseas investment.⁸⁸ The concentration of overseas companies has been mainly in Victoria, including Kraft.

The dairy factory, providing a regular monthly cheque to suppliers, constant control of standards and the administration of government subsidy and equalisation, has been an unusual feature of primary production in Australia, and especially in the earlier, more decentralised period of the industry, a most influential factor in the organisation of dairyfarmers. The subscriptions to farmer groups were deducted from dairyfarmer cheques by factory management in both NSW and Victoria in the pre-war period, as trade union subscriptions are deducted from pay cheques in some industries. Factories probably account in part for the "density" of farmers in dairyfarmer groups by "pre-organising" factory suppliers. The factories provide both

86. Committee of Enquiry Report, p. 39, para. 381.

87. Directory of Overseas Investment in Australian Manufacturing, Dept. Trade and Industry, Canberra, 1966.

88. Kraft was not listed in the 1966 Directory. It is generally believed to be an overseas company however.

direct information to dairyfarmers and farmer members of the factory boards about sales, changes in consumer habits and technological improvements requiring different handling by producers, and an organisational focus, a unit which, even with intermediaries handling bulk transport, and the centralising and closing of small factory units, still brings dairyfarmers together both physically and economically as suppliers to a local centre, a particular unit in a productive framework in which farmers and factories are identified institutionally at higher levels, as the next Chapters describe.

5) "End Use"

The description of the industry has concentrated so far on the suppliers of dairy products. There are trends in the demand side of the industry which are important factors in dairyfarmer income also. The trends in demand have strengthened the position of the Federal marketing authority, the Australian Dairy Produce Board, which has direct control over exports of butter, cheese and casein, and considerable influence within the dairy industry at home. The demand trends have also intensified the industry's production problems since the mid 1950's, restricting price rises, strengthening the industry's desire for continued assistance and reinforcing the support given to factories by the farmers, and to their own group organisation.

The position of the export market is fairly well-known. Although there is some butter and cheese and more processed milk sold in Asian markets, and in the Pacific Islands, most of the export butter is sold in the United Kingdom.⁸⁹ (1970) Although the proportion of export butter sent to other outlets is increasing gradually, as doubts about the future of the United Kingdom market continue, there has never been much hope that present Asian trade would compensate for great change in the United Kingdom's

89. ADPB Report, 1970, p. 74. Table 19, 1965-6. 30.9% of export butter, 1969-70 30.3%.

markets - especially when other international suppliers began to compete seriously in the Asian markets in the 1960's. The threat to the United Kingdom market has come not only from the arrangements preceding British entry to the EEC and the substitution of European butter for Commonwealth supply, but also from the New Zealand industry. The New Zealand dairy industry is a lower cost industry and also a higher quality industry.⁹⁰ Not only is New Zealand a low cost producer but the export sales of cheese and butter represent a much higher proportion of the New Zealand export income than Australian butter and cheese exports.⁹¹ The claims therefore that New Zealand should have preference in trade negotiations with Europe and Asia can be substantiated both by those statesmen who agree with professional economists that efficiency and low-cost production should be encouraged and by those statesmen who hold a contemporary opinion that balance of payments and political stability may be considered as legitimate aims of trade agreements.

Contraction and competition in the export market apply to cheese and processed milk products as well as butter,⁹² but cheese and processed milk represent less of a market problem than butter production. There is of course, less milk being turned into cheese and milk products. Moreover, domestic consumption statistics on cheese and processed milk products show consumption is steadier, even increasing with population increase, whereas

90. cf. discussion in Drane & Edwards, op. cit., pp. 20-4.

91. W. M. Corden, Australian Economic Policy Discussion, M.U.P., 1968, pp. 45-6, estimates the dairy industry accounted for "only about 4% of the value of exports" by 1968 in Australia. The New Zealand Year Book of 1966 gave the 1953-4 total merchandise exports as £313 million of which £73 million were for dairy produce - one fifth of total merchandise exports, p. 628. Commonwealth Year Book. 1966 tabulates total exports at \$2,581.9 million and total butter and cheese exports at \$62.1 million or less than 3% in 1964-5. The ADPB Report 1970, p. 74, gives the New Zealand total % of exports to production as ranging from 78-80% from 1966-70.

92. ADPB Reports, 1960-70, review the increasing degree of competition in overseas markets during the decade.

domestic butter per capita consumption is falling.⁹³ Cheese production is concentrated in Victoria and SA with Queensland a poor third, and processed milk production is also concentrated largely in Victoria. The Victorian industry does emphasise strongly the need for equalisation of processed milk products (and of butter and cheese) as a result of the state's position as a major supplier of milk products for export, but the industry is probably soundly based in Victoria⁹⁴ and the cheese and milk product export demand is not likely to affect that state deeply, in view of the growing domestic market. South Australian dairy industry is small and is already combined with alternative farming to a higher degree than any other state dairy industry.⁹⁵ There have been fewer than 20 cheese factories in SA and the dairy industry does not seem to be more than formally worried over its export prospects. Increasingly the SA industry concentrates its sales in Asia and the domestic market and aims at protection from the New Zealand cheese industry.⁹⁶ Queensland was not in as fortunate a position as SA and Victoria, neither in alternative income raiser for dairyfarmers like SA (until the boom in beef cattle in the late 1960's) nor in diversification of milk production and a concentrated domestic market like Victoria. Queensland has been heavily dependent on butter production.

Domestic consumption of butter is not a very promising picture. To begin with, butter is a higher proportion of total production (Table 3). It can be stored for sale, discouraging producers and factories from reducing

93. ABCS Report on Food Production and Consumption in ADPB Report, 1970, p. 88, Table 39, from 32.9lb (average to 1938-9) to 21.6lb in 1967-8. Cheese same period, 4.4lb to 7.5lb (per head per year).

94. Increasingly Victoria exports to "other than U.K. market" (in the Pacific chiefly) in cheese and milk products. ADPB Tables.

95. BAE survey, 1966, p. 3.

96. See Chapter IV.

their output, and it is produced especially in the marginal areas of the industry furthest from the city liquid milk markets. In many of the marginal dairy areas, factories have not been equipped to produce alternative products, even cheese, and farmers have not been able to rely on alternative income sources at least without enlarging their acreage. And domestic per capita consumption rates of butter continue to decline even with protection of the home market for butter from quotas on margarine production and tariff restrictions on oil substitutes and on low-priced New Zealand butter. In part this decline in per capita consumption is probably a result of migration from Europe, where margarine consumption is higher than in Australia; in part the decline results from higher living standards since 1949.⁹⁷ Therefore population increase in the home market may not compensate at all for changes in consumption habits for butter, and a fall in the export outlet for butter will produce a serious oversupply in a vulnerable and regional sector of the industry. Drane and Edwards concluded as early as 1960: "dairy farmers... within the next two decades ... may find themselves able to dispense with the less profitable export butter market and dispose of all their produce on the more paying home market".⁹⁸ But this conclusion rested on the assumption of a population increase to 16 million and no increase in the number of suppliers in the industry. By 1970, although there were fewer suppliers in the industry, the total production of butter had risen slightly since 1960 and 40% was still for overseas sale.⁹⁹ Like most economists observing the industry

97. Drane & Edwards, op. cit., Ch. 3. Increase in income produces higher consumption levels of meat and probably liquid milk, cream and possibly cheese but lower levels of bread and butter. Higher income levels also encourage the substitution of pre-cooked foods including processed milk products and butter substitutes for home-baked foods with butter.

98. Drane & Edwards, op. cit., p. 78.

99. ADPB Report. 1970., p. 74. Table 19.

in the period 1949-70, Brane and Edwards were supporters of relocation and contraction of the industry in the marginal areas and certainly did not predict a happy outcome to the problems of over-production of dairy products, particularly butter, without considerable Government intervention. Producers however, knowing they can store their surplus, have always been hopeful, not without reason, that famine elsewhere or even at home next season, may reduce the surplus supply and raise prices received.

This Chapter has discussed technical aspects of dairying in Australia, the number and location of the dairyfarmers, the suitability of the southern states for dairy production rather than the northern NSW district or many parts of Queensland, some technical requirements for prosperous farmers, low transport costs, accessible markets, modern well-managed factories, rainfall, fodder crops, energetic and efficient herd management to achieve high yield per cow, the adaptation to wholemilk collection by bulk tanker to produce milk products and cheese rather than the older tradition of cream supply for butter, the sideline occupations which add to farmer income. I have briefly mentioned the ^{un}(important) RSL connection with dairy industry policy, the very important factory and technical expert connection with the prosperity of the industry, and farmer reliance on somewhat decentralised and often under-capitalised factory operation, the division between dairyfarmers producing for the liquid milk (or "wholemilk" or "freshmilk") market and the factory products market (particularly the problem butterfat market). Co-operative ownership of some dairy factories, notably in the problem butterfat sectors of the north, minor overseas ownership and increased distributing chain organisation of some independent factories, have characterised processing during the 1949-69 period. These technical characteristics of the industry have combined with changes in demand or "end-use" of dairy products to make the industry "insecure" during the post-war decades, to produce remarkable "density" rate in dairyfarmer

organisation and an unusual "amalgamation" of dairyfarmers at the federal level. The organisation of dairyfarmers - the first concern of this thesis - has also been strongly influenced by the factory connection, the wholemilk/butterfat division between suppliers, the inter-state differences.

Marketing institutions and research and advisory agencies for the industry (especially the Australian Dairy Produce Board) have developed as a result also of technical characteristics and changes (often equated with "modern progress" by industry observers). These institutions and agencies are strongly supported by the dairyfarmer representatives who expect their marketing and research advisers and supporters to help dairyfarmers adapt to the post-war changes which have affected the industry over the range of dairy activities from feeding a cow to packing and conveying synthetic-strawberry flavored yoghurt to the nation's lunch counters. The politics of the dairyfarmers - the second major concern of this thesis - has been affected by the prestige of these institutions, by the support of dairy factories, by the numbers in the industry, by the export market for factory dairy products, - and by the location of the industry to some extent. These technologically inspired influences on organisation and politics are examined in greater detail in following Chapters.

CHAPTER II DAIRY INDUSTRY II - PRICING, COSTS OF ASSISTANCE AND
DAIRYFARMER INCOME, INTERNATIONAL INFLUENCES

In conference speakers' addresses, in preambles to resolutions, and sometimes in press releases or addresses by dairyfarmer spokesmen to other groups, reference may be made to problems of tariffs, or world trade, or farmer unity and costs in the rural sector, but within the dairyfarmer groups serious discussion is directed to more limited, pragmatic objectives.¹ Reports of dairyfarmer activity at conference meetings, and their presidential addresses, deal with the state of markets, the level of Commonwealth dairy subsidy, the stimulus of consumer demand for the products of the industry through sales promotion, the restrictions on substitutes for dairy products, compensation for rising dairy costs of production, and recently, production control through quotas and restricted entry (a subject of some division in the industry) as well as numerous technical productive problems, such as reduction of DDT levels in milk or early identification of bovine diseases. Dairyfarmer spokesmen have not been (and still are only mildly) concerned to reform the dairy marketing equalisation system, which has not been generally a target of dairyfarmer complaint, and is still supported strongly by the dairy factories. The system of "stabilised prices" i.e. a fixed domestic price and equalisation of overseas and domestic sales was accepted in the Australian dairy industry in the 1930's. Since 1949, a Federal guarantee over part or all of export production has been identified with the equalisation system also. The early acceptance of orderly marketing in Australian dairying contrasts with the history of wool and wheat marketing schemes, which have faced far more producer resistance.

1. The retiring editor of NSW PPU journal, Mr. J.A. Cullen, observed sadly that he has been asked not to include editorials on a favorite subject of his, world food shortages and increased dairy production, on the grounds that this problem is not sufficiently relevant to the members of the PPU. Interview, Sydney, 1972.

The size of income of farms in wool and wheat may account for some differences in support of marketing schemes between dairyfarmers and wool and wheat growers. So may the different position of processors in wool and wheat. Observers of the wool and wheat industry, particularly Daw, Harman and Smith, have distinguished different positions taken by small and large income farmers over marketing proposals.² Wool producers have been unable to produce a decisive majority favoring one of the alternative methods of marketing wool, partly attributable to these divisions. The processors (or brokers at auctions who may represent processors) have not been eager for "orderly marketing" either. The auction system continues in the wool industry, although fluctuating returns have made the methods of wool marketing a controversial subject for at least a decade. On the other hand, wheat export sales have been handled by the Australian Wheat Board since 1948, and there are several similarities in the structure of the Wheat and Dairy Produce Boards, statutes and stabilisation plans. There are five year Wheat Plans under which an export charge on wheat and wheat produce is made, and the Commonwealth guarantees a return to growers applying to a minimum quantity of wheat exported from each crop during the period of the plan. The wheat subsidy of commitment to a guaranteed return has cost approximately \$185m to 1970, varying between low points of \$1.8m (1964-5) to highs of \$42.8m (1968-9) in any one year.³

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2. G. Harman and R. Smith, "To Speak with One Voice: Farmer Unity", A.Q. 39.4.67. G. Harman, "Politics of Woolgrowing", A.Q. 40.2.68. C.A.B., Wool and Politics, E.D. Daw, "Woolgrowers and Wool Marketing" A.Q. xxxvii.3.1965.
 3. of. description in Commonwealth Year Book, 54, p. 868. The export charges are paid into a Stabilisation Fund from which the Board draws an amount necessary to build up export returns to the guaranteed price. A deficiency from exports after exhausting the Stabilisation Funds is covered by appropriations from Consolidated Revenue Fund. In fact, the Stabilisation Fund was emptied in the 1959-60 season and the Commonwealth has been providing payment to reach the guaranteed return ever since without levying any export charge on growers. See Year Book, 57, p. 752, for figures.

I should record that Graham wrote:

The dairyfarmers wanted the new (Country Party predecessors) parties to protest against the price fixing and marketing controls ... for unlike many wheat farmers they were not attracted to the principle of state-controlled marketing agencies. ⁴

This attitude was restricted to the 1920's⁵ and certainly very little of that support for free marketing existed among dairyfarmers in the post-war 1945-50 period. Indeed dairyfarmer leaders nowadays are proud of their history of support for orderly marketing since 1930 and earlier. But in fact the wheat farmers failed to achieve the necessary majority to establish the Wheat Board in the first poll held in 1946 and considerable persuasion had to be exerted by the Federation secretary and officers to achieve the necessary two-third majority in the second poll of 1947.⁶

Equalisation schemes have encouraged orderly marketing arrangements to keep domestic sellers from undercutting subsidised domestic prices. It is probably significant for support of marketing schemes that a much higher percentage of total production is exported in the wheat and wool industry⁷ than in dairying. Consequently there has been less possibility of equalising domestic and export prices at a satisfactory level. Australian sugar, cotton, rice and oilseed industries, all primary industries with a smaller export percentage of production than wheat and wool, and subsidised domestic prices, have been characterised by controlled marketing schemes in Australia as dairying has. In sugar and rice, the local processing sector of the industry has also encouraged producers to organise marketing schemes to stabilise prices.⁸ In wool and wheat, the processors - apart from grading,

4. B.D. Graham, The Formation of the Country Party, A.N.U. 1966, pp. 27-29.

5. The history of the NSW PPU in Chapter 5 contradicts this view somewhat.

6. R.F. Smith, The Development of Australian Wheatgrowers Association 1927-1948, APBA mimeo, 1968, pp. 33- 35.

7. Wool exports average 95%, wheat varies between 65% to 80%. Commonwealth Year Book. See footnote previous Chapter, section on Processors.

8. cf. Chapter I, section on Processors, and Chapter VII.

packing and storing processes - are mainly in the importing countries. Overseas processors do not necessarily benefit from a controlled Australian price, since they may profit by a low Australian price reflecting good supply in good seasons and choice of other suppliers when uncontrolled price is high in poor seasons.⁹

The search for acceptable marketing schemes for woolgrowers and recent marketing crises in both wool and wheat industries, strengthen dairy industry views that orderly marketing, protection of domestic markets and institutionalised pressure on the Federal Government over a limited and special range of issues are the most rewarding tactics for their farmer groups. The percentage of dairy production consumed on the home market began to look like a distinct source of stability to the Australian industry in the 1960's as economists had emphasised as early as 1958.¹⁰ The policies which are the subject of this Chapter - the dairy pricing arrangements, the level of dairyfarmer income, the costs of assistance and the international trends have provoked much of the criticism from outside the industry over methods and possible reforms. Dairyfarmer leaders have had to support demands from the members of their organisations for (and against) subsidy and assistance programs against the resistance from the urban-based consumers, whose complaints the rural-based farmers do not always recognise.¹¹ The critics of the industry have had small influence, however, on dairying policy during 1949-69, suggesting political effectiveness in dairyfarmer pressure group organisation. The critics themselves have argued that dairyfarmers have considerable effectiveness as an organised pressure group, for their organisations have enabled the industry to counter the reformist trend which has existed and been effectively publicised since 1960.¹²

9. cf. 1973 attempts of ALP Trade and Agriculture Ministers to persuade Japanese importers of wool to support a stabilised price scheme.

10. cf. Drane & Edwards, op. cit., Ch. 9. "Dairying in the Next Decade" pp.284-5.

11. For instance, a Gallup Poll of December 1968 (Advertiser, 11.12.68) reports 75% of respondents supported unrestricted sale of margarine.

12. cf. K.O. Campbell, "Farm Organisation Unity", Politics, VII, 1972, p. 92.

1) Pricing Arrangements. a) Equalisation

The dairy industry has had for almost 30 years, a voluntary equalisation scheme in which the market price received for export butter and cheese is equalised with the Australian market price. Schapper explains the significance of the present scheme in the following summary:

The value of protection and the subsidy are merged with sales revenues in a single price to dairy farmers by the Equalization Committee. Thus in 1959 dairy farmers received about 45d. per lb of butter. This included the subsidy of 7d., local and interstate realisations at the rate of about 47d. and overseas realisations at the rate of 31d. An effect of equalization is to misrepresent the actual economic position of the industry. The price indicator as seen by dairyfarmers in 1959 read 46d. for extra production whereas its sale price was merely 31d. 13

A crucial feature of the dairy industry equalisation system is the domestic price for butter and cheese. This is an artificial price, in the sense that it is not representative of the demand and supply for the product, and as an artificial price must be protected by import restrictions imposed by the Commonwealth on overseas butter, and a tariff on oil substitutes such as olive oil as well as imported cheese. The artificial price is also protected by State regulation of the production of table margarine and State regulation of the amount and minimum wholesale price of butter and cheese sold in the State. The price at which butter and cheese are sold in Australia is legally the responsibility of State Governments through the State Dairy Products Board. Butter and cheese for export is acquired and sold by the Commonwealth Australian Dairy Produce Board. "Equalisation" payments and Commonwealth subsidy payments are made through the factories to the farmers. Factories not registered with the State Equalisation Committees, or underselling the Australian equalised price, could be sued by State governments, but more importantly, if factories have no contract with the Equalisation Committee for equalisation of their domestic and

export sales, they will not receive subsidy payments for their suppliers. Absence of the subsidy payments makes factory prices pretty unattractive to most suppliers. There has been solid support from dairy factories for the equalisation and subsidy schemes excepting for a few small cheese manufacturers.

A consequence of the equalisation scheme is that as more butter is exported at the low export price of 31d. (1959) equalized price to all dairyfarmers falls from 46d. (1959) to a lower level. Expansion of production for export overseas reduces the return to all dairyfarmers from an equalized price, regardless of the production of the individual farmers. Equalised returns (plus subsidy) increases the income of the bigger and low cost producer selling for export rather than the small, high-cost farmer selling on the home market and encourages expansion of the industry, since returns are calculated at a flat rate per lb of butterfat production instead of a falling price for a larger supply.¹⁴ A variation of the fluctuating equalised return is introduced by a "stabilised return" to the farmer, fixed annually at a price per lb butterfat at the factory door, and liable to be revised depending on the export returns at the end of the "export season".

The machinery of Equalisation has a comic opera aspect in which each State holds four or eight £1 shares in the Commonwealth Produce Equalisation Committee Ltd., which does the book-keeping for approximately \$200m worth of sales of casein, butter and cheese annually. The Directorate of the Committee is formed by elections from the State Dairy Products Board or equivalents in each State, and the framework is a result of the Australian

14. A larger supply increases amount available for export at the lower export price.

Constitution Act and its interpretation in 1936 of *James v. the Commonwealth*.¹⁵

The present equalisation Committee is the outcome of earlier voluntary schemes, the Federal Pooling Scheme, the Queensland-NSW Stabilisation Committee, and the Paterson Plan.¹⁶ The Paterson Plan was the most widely accepted early scheme, providing a levy on all butter produced in Australia, which paid for a bonus on all butter exported. The home price of butter was raised by approximately the amount of the levy, and the return to producers "equalised" whether their butter was exported or sold at home. The Paterson Plan operated until April 1934, in spite of difficulties caused by an increasing volume of exports, different prices in some states, and non-participation by some butter manufacturers. As a result of "representation by the industry" the Plan was replaced by the Commonwealth Dairy Produce Act, (1933) and complementary legislation subsequently enacted by four State Governments under which Dairy Products Boards were constituted in each State to produce equalisation of much the same effect as the Paterson Plan.¹⁷

15. Constitutional division over marketing in Australia, involves sec. 51, (1) "trade and commerce with other countries and among the States"; the subject of attempted referenda change in 1911, 1913, 1919, sec. 51 (III), "Bounties on the production of export of goods, but so that such bounties shall be uniform throughout the Commonwealth" and the judicial interpretation of sec. 92. "... trade, commerce and intercourse among the States... shall be absolutely free". Restrictions over production of goods and their transport have largely arisen also as a result of these sections and their interpretation, notably in *James v Commonwealth* 55 CLR I (1936). The series of cases which precede *James v Commonwealth* are summarised in G. Greenwood, (ed.), The Future of Australian Federalism, M.U.P., 1946, pp. 133-4, and the Privy Council decision in *James v. Commonwealth* in his words, "rendered invalid existing Commonwealth legislation upon marketing and placed serious obstacles in the way of effective future legislation ... Section 92 ... has indeed, been repeatedly responsible for upsetting state legislation of importance, notably, as in the case of the Commonwealth, on the subject of marketing" but also restricting state action of price fixing, compulsory acquisition for marketing, quotas for sale outside the state, taxing incoming goods, or banning incoming goods on health grounds. Greenwood, p. 135. The High Court decision in *James v Commonwealth* had held, with some dissents, that section 92 did not bind the Commonwealth and that marketing legislation in the Dried Fruits Act was therefore valid. The Privy Council reversed the decision, holding the Act invalid and section 92 binding on the Commonwealth. 55 CLR I (1936) Privy Council Appeal, *James v. Commonwealth*, Greenwood, p. 145. Later cases have "exemplified the overriding position of sec. 92. (Joint Committee on Constitutional Review, p. 121).

16. described in Drane & Edwards, op. cit., pp. 32-3.

17. NSW, Queensland, Victoria and Tasmania joined the scheme in 1934. SA in 1946, Tasmania again 1957, WA 1934-7. State Boards in all 6 States are at present allocating the amount of each State's production to be sold intra-state while the Commonwealth regulates interstate movement.

(In contrast, the wheat industry at this time had no controlled marketing system at all). More powerful State-Commonwealth machinery in 1934 was necessary to protect the home price from competition with low-priced butter which the factories did not wish to export. In 1936, after the setback of *James v. Commonwealth*, the Equalisation Committee was established, a voluntary company with a total capital of £56 in shares, eight of which are the property of the States of Queensland, NSW and Victoria and four each held by Tasmania, SA and WA. The shareholders of the Committee are members nominated by the respective state Dairy Products Boards, and the directors of the company are drawn from among the shareholders (appointed rather differently by state governments according to the constitution of the Dairy Boards).¹⁸ The voluntary character of the Equalisation Committee is designed to replace the unconstitutional character of the 1933 Dairy Produce Act, with its statutory provisions for control of sale and compulsory acquisition of products.

The Equalisation Committee, through its Board of Directors aims to:

- a) maintain, develop and preserve the dairy industry in Australia.
- b) to secure to Australian manufacturers of butter and cheese equal rates of return for sale of these products
- c) to fix or prescribe from time to time amounts of costs incidental to transport of dairy produce interstate
- d) to fix from time to time by means of agreements with manufacturers a basic price or prices at which dairy produce manufactured in Australia shall be taken into account for the purpose of bringing about an equality in the rates of returns
- e) to raise money from manufacturers by means of a levy to provide funds for the purposes of the Company and
- f) to make such payments to or reclamations from, manufacturers as are necessary to give them equal rates of returns for their sales and to obtain information directly or indirectly from manufacturers and their agents as may be required by the Company. 19

18. See Chapter VII for further detail.

19. S. W. Ivers, op. cit., pp. 103-4.

The aims of the Committee are effected:

through an equalisation or pooling arrangement operated under a Deed of Agreement with manufacturers

... The Equalisation Committee meets at the beginning of each financial year and after a full consideration of -

- a) the likely level of production for the ensuing year;
 - b) the marketing situation;
 - c) the butter and cheese prices with (sic) Australia as determined by the Australian Dairy Industry Council;
 - d) the underwriting agreed upon by the Commonwealth Government,
- determines an initial interim Equalisation rate for both butter and cheese.

Through the machinery of Equalisation each factory receives the interim Equalisation rate for its butter and cheese, to which is added the Commonwealth bounty.

The factory then deducts its manufacturing cost, the balance being the amount available as a basis of producers' returns at the factory door. Manufacturing costs, of course, vary from factory to factory, but the Equalisation Committee ascertains, by means of a survey, an average manufacturing cost for butter.

As the products are sold and payments received, step-ups in this Equalisation value are determined and retrospectively paid to the beginning of the relevant financial year to the factories and thence to the producer.

Anything up to twelve or eighteen months elapses before actual sales are completed and proceeds come to hand. ²⁰

The lateness of final payments is a perennial complaint in pooling and equalisation schemes, and the export factories were penalised in earlier years of the Dairy Produce Equalisation Committee scheme. Factories selling on the home market paid to the Equalisation Committee the excess they received above the average equalised price, and did not consequently have to wait for a finalised payment to make up their accounts. But the factories which sold to the export market had funds tied up in export sales handled by the Board for some time. This was some discouragement for factories to join a voluntary equalisation scheme. In 1948 a Dairying Industry Stabilization Fund, of £2 million was established, like the Wheat Industry Stabilisation Fund, to be handled by the Dairy Board and to provide

"a cushion for deficiency in export payments". Since 1957, when the Government extended its guarantee to cover all dairy production, including all export sales, the Stabilisation Funds have chiefly been invested in milk plants in Bangkok, Singapore and Manila, under the authority of the Dairy Produce Board and the problem of "deficiency in export payments" has been overcome (at Treasury expense) through a guaranteed price over all dairy production to suppliers at the factory door. The system of "underwriting a guaranteed price" to producers also minimised the effect to farmers and factories of late equalisation payments.²¹ The Minister of Primary Industry with the consent of the Treasury, has been using Reserve Bank funds advanced to the Equalisation Committee to enable immediate payment to producers of the "guaranteed price per lb. butterfat" with the factories carrying a small deficit until the final equalised return can be calculated. The mechanics of the equalisation payment, to quote Drane & Edwards, are that:

The Equalisation Committee determines for each season an interim equalisation value, based on estimates of prospective home-market and export sales, and export realisation per unit. To this is added an amount equal to the subsidy decided upon by the Government, divided by the prospective total production. This sum, less factory cost, indicates the interim return to the dairy farmer. It is applied to the monthly deliveries by the farmer to the local factory, and a cheque is despatched by post each month ... when the final results for the year have been determined a further payment is made. ²²

This arrangement is easier to calculate because there is relatively low percentage of production going to dairy export markets, just as the dairy equalisation scheme itself is easier to administer, and was probably easier to introduce to the industry, because the domestic market has accounted for so much sale of dairy production.

21. The Dairy Enquiry Report recommended the establishment of "a stabilization plan in conjunction with equalization" (para. 1004). The lack of stabilization plan encouraged W. McMahon to step in in 1957-8, to extend the "guaranteed return" over all production calculating (accurately) that returns would in fact rise from later overseas sales to cover the guaranteed return. I have concluded that the McMahon extended guarantee did "stabilise" returns in effect for the benefit of the viable export farmers, see chapters III&VII, Equalisation Committee section.

22. Drane & Edwards, op. cit., p. 214.

The level of the guaranteed return (or the underwritten "interim minimum equalised returns on butter and cheese") and of the Australian domestic retail price was nominally based on a cost of production figure till 1962. Since the ALP Government established the cost of production basis that party has been, until late 1960's, an advocate of the calculation. However it was not a widely accepted or objective calculation²³ and many economists considered it a polite fiction.²⁴ The Committee of Enquiry Report of 1960 recommended to the Commonwealth that the costs of production calculation be abandoned and it was discontinued as a basis for the level of the guaranteed price in the 1962-67 Dairy Plan. The industry was then given the final responsibility for determining the Australian price, through the Australian Dairy Industry Council. The Minister for Primary Industry still has the responsibility for approving the level of the average manufacturing cost, an important point to which I return later, in order to underwrite the guaranteed returns. In the present conditions of declining demand for butter, and oversupply in the export markets, the price on the Australian market requires considerable protection from imports and from substitutes, and the industry feels itself under some pressure to postpone price increases.

b) Subsidy

The principle of equalised returns has been accepted by dairyfarmers, dairy factories and the Australian political parties, although under a current proposed reform, "the two price quota scheme"²⁵ the principle is replaced with subsidised quota production for the domestic market, and non-quota

23. The cost of production was estimated by the Dairy Industry Investigation Committee, a committee appointed by the Minister and staffed by industry representatives.

24. As did Drane & Edwards, op. cit., p. 219.

25. Sometimes called the "Gruen plan" by the industry.

production for overseas markets, the return for which "would rest entirely on the prices realised on exports".²⁶ The more controversial level of the Australian domestic price and the level of the guaranteed return to factory and farmer, is partly a result of the Commonwealth subsidy (or bounty) which has been paid to the dairyfarmer since 1942-3, the effect of which Schapper described: "added to the average equalised value it further distracts the farmer's price indicators".²⁷

The subsidy was inspired by World War II, in which the Commonwealth government, under defence powers, controlled prices and output of many products. The aim of the subsidy was originally (and ironically in view of later developments) to encourage the output of the industry in a time of labor shortage, difficulties in buying farm supplies, and heavy demand for milk and butter for supplying the armies of Australia and the allies.²⁸ The government then, and in the immediate post-war period, was a Labor government pledged to keep the general price level and costs of production at a constant level by Government intervention and control of industry. The dairy subsidy was renewed in 1944 as part of inflation-control measures and in 1947 the government announced the first of what proved to be a series of five year plans, to continue till 1951-2. The export of butter was at that time contracted for by the U.K. government at an agreed price and a world-wide shortage of dairy products assisted in keeping the export price relatively constant and the dairy industry buoyant until 1955, when the contract finished. But by the end of the first Five Year Plan in 1951, the Labor government had been replaced by the Liberal Country party coalition and the Second Five Year Plan therefore, reflected a change of government policy.

26. R. K. Hefford, The Dairy Industry Pricing Arrangements and Production Controls, University of Adelaide mimeo, Department of Economics, 1970, p. 21.

27. Schapper, op. cit., p. 69.

28. cf. Drane & Edwards, op. cit., Ch. 7, pp. 200-1.

This early history explains in part why both major political parties have been wary of abrupt change in the subsidy policy. The ALP in opposition continued to remind the dairy industry that the Party supported subsidised output, some effort to compensate for increasing costs of production which could not be passed on to the consumer, and until the mid-1960's, supported increased dairy production. The Liberal Party, representing particularly the commercial interests in Victoria and NSW, have been sympathetic to an industry claiming to be in a transitional state during the post-war decade and the early 1960's, both in production techniques and in demand overseas and at home. The Country Party consistently supported all farmers in demands for compensation for rising costs and fluctuating export returns, and derived steady support in return from the rural community which felt itself under unreasonably concentrated economic pressures, requiring special political representation.

It should be noted here that the dairy subsidy is paid to the factories which have contracts with the state offices of the Equalisation Committee, unlike the wheat payments from Consolidated Revenue, which are paid out by the Wheat Board to the wheat growers through banks nominated by the growers. The dairy factories have a management role in pricing arrangements, as they do in the production process, which gives them significance as advisers and financial middlemen in the political negotiation over the subsidy between dairyfarmer and Cabinet Minister. In one sense, although the subsidy has been debated and reformulated every five years, and criticised almost constantly, it has followed a steady course. The subsidy rose sharply from £8.4 million in 1949-50, to £14.8 million in 1950-1, and £17.2 million in 1951-2. Thereafter it varied from £15.2 million, £15.4 million, £16,0 million, £14 million to £13.5 million where it was "pegged". From 1957

and throughout the 1960's it remained at this level (\$27m) although in 1967-8, devaluation compensation paid to the industry raised direct payments to a new peak.

Hefford describes the position in the late 1960's:

... distribution of the subsidy has served, until recently, to cover a Commonwealth minimum price guarantee to producers of butter and cheese of 34 cents a lb, commercial butter basis, net of average manufacturing costs. But as a direct consequence of sterling devaluation in November 1967, prices received (in \$A) for the bulk of our butter and cheese exports declined by 14 per cent. Immediately prior to devaluation, the overall average return to dairymen was only slightly in excess of the guaranteed price. The Commonwealth Government therefore agreed to provide "temporary" compensation for losses arising from sterling devaluation, this compensation being based on the difference between \$A prices received immediately before and after devaluation and heavily weighted towards butter and cheese. Such compensation, rising from \$3m in 1967-68 to \$12.9m in 1968-69 and an estimated \$16m in 1969-70,²⁹ has served as a partial offset to the downward trend in prices received overseas and has been incorporated directly into the price-equalising arrangements for these products.

Of the remaining manufactures, exports of full-cream process products have been eligible for separate support up to a maximum of \$800,000 annually, subject only to the condition that prices received plus bounty must not exceed the price guarantee on butter and cheese, each measured in terms of butterfat equivalence. ³⁰

The Commonwealth Year Book, in an annual entry titled "Commonwealth bounties and stabilisation plans" describes the state of the subsidy from an official viewpoint. In 1971, for instance, the Year Book describes the additional subsidy in these terms:

The arrangements were altered for the year 1970-71 as the Government's commitments on underwriting relating to total production were no longer appropriate to the changing market situation. Instead of the underwriting arrangements for butter and cheese the Government decided that a grant of \$15,882,000 would be made to the industry for distribution as bounty on the 1970-71 production.... additional to the existing bounty. This \$4,882,000 was the amount estimated necessary to maintain producer returns at 34 c per lb commercial butter equivalent if production was held at 220,000 tons for butter and 70,000 tons for cheese. ³¹

29. "at a level of \$46.2m in 1971, and \$47m in 1971-2".

30. Hefford, *op. cit.*, pp. 6-7.

31. Commonwealth Year Book, 57, p. 818.

Serious critics and reformers do not suggest that the subsidy should be terminated abruptly. A typically practical recommendation made, in the Dairy Committee of Enquiry Report, was that the subsidy should be gradually reduced and payments should be transferred to direct farmer assistance schemes.³² Ten years were proposed for this change and reduced subsidy was not to commence for four years anyway. The recommendation brought fairly unanimous opposition from the industry, and, to the regret of economists, was not accepted by the Government. The dairy industry was subsequently credited with considerable political power by critics of dairy pricing arrangements for its ability to prevent reduction or reform of the subsidy payments.³³

2. Costs of assistance and Dairyfarmer Income

Government assistance to rural industry has been a material factor affecting levels of income. The assistance is of a wide range - research; extension; measure to reduce the cost of inputs, such as fertilizer bounties, taxation concession and special credit arrangements; measures to raise returns on products such as subvention to stabilization funds; devaluation compensation, expenditure on promotion of products, activities of the Trade Commissioner Service and international trade negotiations. In the Budget for 1969-70 provision was made for payments to the rural industry totalling about \$185m by way of direct payments, contributions to research and promotion and from taxation concessions. This was some six times as large as the payments that were made in 1959-60. ³⁴

Government intervention is asked by primary producers in Australia in wage determining machinery, in tariff policy, in government investment, provision of cheap loans, rural transport development, land resettlement. Australian farmers still expect direct government payments and allowances such as sales tax rebates on purchases, income tax concession through special depreciation allowances on a "long list of capital items" and special rates in government services such as telephone and electricity supply. These traditional tax payment concessions and special rates

32. Dairy Enquiry Report, Part VIII. Recommendations nos. 3-12, pp. 115-6.

33. CAB, Milking the Australian Economy, 30.13, May 1967. Also see Parliamentary Debates in the following Chapter and Appendix A, this thesis.

34. F.L. Jenkins, "The Economic Position of the Farming Community", in National Rural Policy, Sydney Extension, 1971, p. 40.

appear to be taken for granted now by numbers of farmers and by parliamentarians also, and although interference with them would undoubtedly raise protest, such allowances had not been politically disputed to 1970, nor had pressure been brought through commodity farmer organisation for change in their forms or levels.³⁵ State Departments of Agriculture also traditionally provide advisory and research services, recently extended to include, for dairyfarmers, artificial insemination, pasture improvement schemes and administration of considerable amounts of drought or flood relief payments and all State Agriculture Departments have Divisions of Dairying whose work is largely technical inspection and licensing and extension administration. Such Departmental work remains relatively uncontroversial like the traditional payments, when compared with Commonwealth policy decisions. State legislation provides indirect as well as direct services, such as protection against unauthorised co-operatives and dairies, against neglect of weeds, pests, and animal diseases, against below-standard fertilizers, seeds, pesticides, veterinary supplies. Dairyfarmer organisations have representatives on many of the administrative and advisory committees and boards which are concerned with State farming services, but as far as I can observe, both direct and indirect services provided by state governments to dairyfarmers are believed by dairyfarmer spokesmen to be less politically significant (with the important exception of the liquid milk section of the industry) than the assistance provided by the Commonwealth government and Commonwealth statutory instruments - although these state services provide dairyfarmer secretaries with a lot of administrative work.

35. Some observers attribute the acceptance of payments to Country Party competition with other parties. cf. Aitkin in Mayer (ed.), Australian Politics. A Second reader, Cheshire, 1969, p. 336. (The Country Party) "has forced the other parties to recognise that country people had problems that can be solved by political action".

There are uniform "co-operative" developments, in which both State and Commonwealth governments participate, affecting numbers of farmers. Since 1959-60 credit has been increasingly available through both the Commonwealth Development Bank and State Rural Banks, and through trading banks with Reserve Bank deposits released to be applied against loans to exporters and farmers. Since the servicing of capital remains a major element of farm costs and dairyfarmers claim to have found loans more difficult to arrange than other primary producers,³⁶ the joint Commonwealth-State credit schemes are a potentially valuable form of assistance to dairying. Appendix A however, demonstrates the handicaps involved in negotiating between all states over more or less uniform credit arrangements. Less uniform state and commonwealth co-operative direct investment, (such as irrigation projects, conservation schemes, road and rail development and, mainly in the 1950's except in Victoria, land resettlement schemes) have also affected the dairy industry. War service settlement may have been the most important, since about 800 dairyfarmers have been established under the scheme.³⁷ Irrigation development has also given an impetus to development of various kinds of intensive farming, horticulture, fodder crops, rice and cotton, some of which are combined with dairying. Although the main concentration of irrigation is in the Murray-Darling basin there are projects in WA (particularly for dairying), Queensland and Tasmania, and irrigation has involved heavy "public investment" through governments.³⁸ But from 1960-70 neither soldier settlements, nor new irrigation developments have received unqualified support. Irrigation policy is increasingly complicated by conservation and pollution claims, by division between the states over

36. The Dairy Enquiry Report disputes this claim. p. 28, paras. 229-52.

37. D.B. Williams (ed.), Agriculture in the Australian Economy, Sydney, 1967. Table 12.2, p. 230.

38. Williams, op. cit., p. 245.

dam priorities and by some scepticism over the value of the Snowy Development Scheme. Soldier settlements have proved embarrassingly marginal in some farming areas, and soldiers themselves, as I wrote in Chapter I, have been reported to be urging compensation and resettlement of some soldier farmers. Rural transport development has also been a State-Commonwealth project, often financed by joint funds. New roads are probably less important to the dairy industry than the improvement of existing routes to allow bulk transport tankers and congestion of main highways into cities has some importance to primary producers, factory managers and boards. Construction of new rail lines is no longer commercially important to the dairy industry, but freight rates for rural supplies are still important to farmers and so is conversion to diesel traction.³⁹

This mixed bag of forms of assistance not only presents difficulties in measuring the amount of assistance to the primary sector and dairying in particular, but produces ambivalence of farmers themselves in supporting forms of assistance which benefit some producers at the expense of others. For instance, some developments in the transport industry will actually devalue dairy properties located close to the cities by enabling other dairy properties to enter the liquid milk market, or pay lower transport costs. More ambivalence is also produced in primary industry by tariff policy and wage determination questions. Government intervention in wage award hearings, and opposition to Tariff Board recommendations, are a divisive matter for dairyfarmer spokesmen. The Country Party is traditionally inclined to support lower tariffs against important cost-raising imported items (machinery, spare parts, fertilisers) but the dairying industry itself urges tariff restriction on imported dairy products. Consequently, the political representatives of farmers may be

39. Williams, op. cit., p. 261.

vulnerable if simultaneously and inconsistently attacking tariff policy. Recently the Country Party, under the guidance of McEwen, has been adopting a more generally protective policy.⁴⁰ Dairyfarmer representatives have not always been confident about attacking rising levels of wages established through arbitration awards either. There was some advantage to be gained from comparing low dairyfarmer income with wage-earner levels of income, when a subsidy or Australian price rise may be the result of marked income disparities. The larger scale dairyfarmers and the dairy factories however, as employers of labor, have opposed rising wage scales fairly steadily as have most farmers.

The divided support for general policies of assistance encourages dairyfarmers' organisations to concentrate on uniting the industry's farmers over special assistance from the State and Commonwealth. General assistance to farmers, potentially divisive of commodity groups, can be shifted to the agenda of larger organisations, such as Farmer Unions and the Country Party, where divisive questions may be submerged under the general call for farmer unity. The structure of these organisations, as I discuss in a later Chapter is less dependent on results.

General assistance is not only potentially divisive of farmer groups but it also represents a considerable sum of taxpayers' money, rather inaccessibly hidden in the variety of forms of assistance. A straightforward description of costs of assistance would use the government subsidy, as outlined in the Commonwealth Year Book, as McFarlane does.⁴¹ McFarlane mentions - without estimates -

40. More details in Chapter IX on Political Parties.

41. B. McFarlane, "Interest Groups and Economic Policy", Dissent, Winter 1967, pp. 8-12.

... shifting of burdens and charges to other groups (country power users to city power users) ... payroll tax rebate for manufactured exports ... boosting of consumer demand in its budget ... tariff protection and the construction of harbours, railways and irrigation works to serve particular interests

and then lists the direct subsidies to selected primary and secondary industries.

Main beneficiaries (together with the most recent annual payment) are butter and cheese (\$27m) cellulose acetate flake (\$24,000) copper (\$298,000) copper and brass strip (\$44,000) cotton (\$298,000) gold mining development (\$80,000) gold-mining industry (\$2.4m) petroleum search (\$11.4m) and 11 other subsidies, of which wheat (\$19.2m) was certainly the largest. 42

In a more complex estimate for economics students at the University of Adelaide "Commonwealth Budget Provision for Payments To or For the Farm Sector" were listed under

A. Payments to Rural Industry

- (i) Direct payments ... Subtotal (1968-9 \$172.1m)
- (ii) Contribution to Promotion and Research... Subtotal (1968-9 \$19.6m)
- (iii) Taxation Concession (1968-9 \$17m) (Total 1968-9 \$208.7m)

in which "revenue foregone" for the tax concessions is the basis of \$17m, not including revenue foregone on "accelerated depreciation allowable" nor fencing and underground piping concessions, nor estate duty concessions, but including concessions on telephone lines, capital expenditures, timber operations not otherwise deductible.⁴³

Gruen calculates a still more sophisticated estimate.⁴⁴ In this estimate, "Forms of Protection to the Australian Farming Community 1967-8" are broken down into "output category" (sheep, wheat, meat, cattle, other grains, milk cattle and pigs, poultry and other crops) and protection is estimated through consumer price increases (2 price schemes, tariffs etc.), payments

42. Commonwealth Year Book - annual table in chapter on Public Finance. Expenditure on Subsidies.

43. ~~same~~ sheet. 1971 Economics III (agricultural) Copy courtesy R. K. Hefford.

44. F. H. Gruen, The Optimum Economic Size of Australian Agriculture ANZAAS. Aug. 1972, pp. 6-9. and Appendix.

raising prices received by farmers (Bounties etc., input subsidies - fertiliser and Petroleum Products Research funds, Export Promotion etc. Tax Concession) The total benefits were much higher for milk cattle and pigs at \$128.40m than for other output categories, wheat, 79.10m, sheep 41.33m, poultry, 68.45m, meat cattle 11.9m, grains 7.70m (barley and rice) and other crops 79.50m (mainly sugar). In the text of the paper, Gruen estimates the costs paid by the farm sector on purchased goods and services, which are direct additional costs of protection of secondary industry at 13% or \$121m and concludes:

Of the total assistance of \$416½ million, 56 per cent is given through two-price schemes, tariffs or other means of raising consumer prices, 20 per cent through government bounties on output or exports, 10 per cent through input subsidies, 9 per cent through tax concessions (excluding averaging) and 5 per cent through government payment of research funds ... (excluding State Government assistance) ... Assistance has been narrowly concentrated on particular commodities; dairy farmers receiving 31 per cent of such assistance, wheat growers 19 per cent, egg and poultry producers 16 per cent and sugar producers 11 per cent. These products account for 77 per cent of the total assistance received by the farming community, but account for about a third of the value of farm output (and of course considerably less if the inflated prices for their products are allowed for).

.... The net benefit received from protection by the farming community as a whole was therefore almost \$300 million (\$416 million minus \$121 million). To estimate the effective rate of protection afforded to the farming industries as a whole we need to relate this to the value added by the farming industries.... the average effective rate of protection for all farming industries works out at about 18 per cent - or fairly similar to the average levels of effective protection actually used in secondary industry as a whole. 45

The average effective rate of protection for all farming industries disguises the fact that within the farming sector the protection varies from less protected categories, "wool, (until 1970-71) sheep meat, beef, many

45. Ibid., p. 7.

forms of fruit",⁴⁶ to more protected categories, of which dairying is certainly one. The year 1967-8 is also an atypical farm year, since drought reduced output and value of production in the farming sector for that year and protection as related to value of production was higher than normal years. (Dairy value of production was particularly affected by drought). The level of protection also is calculated on a somewhat controversial basis of "export parities" when at least for dairying "import parities" might have been used. Of course the average protection received by secondary industry is subject to some omissions and distortions including variations in annual output and value of production, a range of highly protected to less protected industry categories, a calculation of export parities when import parities might be more fittingly used.

The variations in complexity of estimates of costs of assistance to or protection of primary industry in general, and the dairy industry in particular, are matched in estimating dairyfarmer income. The most elaborate dairyfarmer income estimates have used the data in BAE surveys of the industry, commencing in the 1950's and growing in scope and detail during the 1960's.⁴⁷ The 1953 survey is described in Drane & Edwards, and their first observation is that dairyfarming average income appears to be "rather low" and their second that the average income conceals a great disparity in income of different farmers. Moreover, owing to the limits of using butterfat producers only, and omitting any estimate of income from other activities besides dairying on a farm, the

total income of persons who are mainly dairyfarmers is by no means the same thing as the total income derived from dairying activities... it is necessary therefore, to exercise caution in interpreting statistics of incomes and of rates of return on resources. To this end, attention is drawn at the appropriate points in the succeeding sections to the more important limitations of the rules of measurement adopted, and to the more important omissions of non-monetary costs and gains.⁴⁸

46. Ibid., p. 9.

47. BAE, 1953, (1950-53 statistics) followed by small state-wide surveys. BAE survey 1966 (1961-2 to 1963-4 statistics). BAE survey 1974 (1967-70 statistics).

48. Drane & Edwards, op. cit., pp. 138-9.

A section of 30 pages in Drane & Edwards⁴⁹ is devoted to analysis and further estimate of dairy farmer income - or what the authors modestly describe as "guesses" rather than "estimates".

The tentative conclusion reached from statistics, none of which were later than 1956, and many of which were based on the 1950-53 BAE statistics, was that while "the relative position of butterfat producers improved between the two triennium" a major reason for low rates of return lies in the inadequacy of the capital input. This conclusion applies alike to land, improvements, livestock, equipment.⁵⁰ The rates of return on capital however, were apparently related to size of farm, or at anyrate, land available for dairying.⁵¹ The statistics did tend to conceal the degree to which "small" dairy farms with low return on capital were in reality, larger mixed farms with a small dairying component.

Although Drane & Edwards expressed caution about accepting the apparent conclusions of the 1950-56 survey data, the 1966 survey failed to qualify most of its observations. The reader has to add qualifications to the methods of labor analysis,⁵² capital valuations,⁵³ farm receipts⁵⁴ and farm costs.⁵⁵ The 1966 survey includes wholemilk as well as butterfat producers, and in the section dealing with Farm Incomes,⁵⁶ there is an estimate for "cash income" "farm income" "net farm income" and "farmer's

49. Drane & Edwards, op. cit., pp. 139-169.

50. Ibid., p. 172.

51. Ibid., p. 173. For instance, uncleared property in WA reduced the dairy farmer income on WA properties, although labor spent/clearing and sowing was obviously a form of investment for future dairying income. Data on problem or small butterfat producers in NSW, North Coast 'disclosed that ... inadequate farm size, unsuitable land... lack of finance, age, illness and personal disabilities were often contributory factors'.

52. BAE survey, 1966, Part VI. 39. "based on information provided by the farmers interviewed".

53. Ibid., Part VIII 60. Influenced by the size of the enterprise and herd size, and technological innovation not generally applicable, as introduction of farm milk vats for bulk collection in Victoria.

54. Ibid., "obtained from farmers' income tax returns".

55. Ibid., Part X, p. 87. "all costs have been considered on a whole farm basis; no attempt has been made to allocate costs between the dairy enterprise and other types of production carried out on the farm".

56. Ibid., Part X,

net income", the last estimate including off-farm income, which had been omitted in 1953. The most frequently used measure of income in the survey is however, the net farm income, with an imputed "cost of family labor" deduction, no off-farm income and an implied comment on the adequacy of the return for one man's labor, management and capital investment.

the net farm income of some 55% of dairy farms was less than \$2,000 and in approximately 14% of cases it was negative ... about 21% had an average net farm income of at least \$4,000 ... 57

In 1971 Jenkins commented:

... there are large differences in average net farm incomes ... (partly as a result of B.A.E. criteria for eligibility) ... ranging from almost \$25,000 in the cotton industry down to \$3,400 in the dried vine fruit industry and \$2,400 in the dairy industry. One reason ... is that the average size of the farming enterprise is different Most dairy farms had, during the early 'sixties, income of less than \$2,000. Less wellknown is that over 40 percent of export apple and pear producers received net farm incomes below \$2,000 in the three years ended 1967-8. 58

... Taking all farms as a group it has been calculated that about 80,000 farms or one-third of the total number in Australia earned in the early 'sixties incomes of less than \$2,000 a year ... it does not seem likely that the number (for the late 'sixties) would have been reduced.

There has been much discussion in the literature on the extent to which \$2,000 a year or some other figure is indicative of a welfare problem or of efficiency. The important point is not so much whether that figure is appropriate for distinguishing low from adequate income earners, but whether it indicates that a substantial proportion of farmers receive incomes that are too low to permit them to finance the further investment necessary to enable them to maintain income parity with the rest of the community in the future. 59

McKay, a director of the BAE, has claimed that the erratic behaviour of Australian farm income reduces the reliability of conclusions drawn from them.⁶⁰ And B.R. Davidson claimed that the magnitude of low income

57. Ibid., p. 108.

58. National Rural Policy, op. cit., p. 30.

59. Ibid., p. 33.

60. McKay in Williams (ed.), op. cit., pp. 139-42.

farming problems had been greatly exaggerated in 1968. ⁶¹

I have made an attempt to summarise these estimates of costs of assistance and dairyfarmer income because the controversy over "handouts to farmers" and "excess protection for dairying" will reappear in the next Chapter. As far as I can tell, the evidence presented by BAE surveys and by estimates of costs of protection has not been conclusive about either "excess protection" - a non-economic criterion or "low income of dairyfarmers" though the research involved is impressive in detail, and indicates the vulnerable position of part of the industry. Academic researchers have sometimes linked the research to national policy more positively than I feel confident in doing however.

Hefford for instance wrote:

The level of protection to the dairy industry has long exceeded that available to other farm industries, no doubt stimulated by evidence that low income in the farm sector was formerly confined largely to this industry. (For example see Bureau of Agricultural Economics: The Australian Dairy Industry: an Economic Survey, 1961-62 to 1963-4, December, 1966). This report indicates that 33 per cent of all Australian dairy producers, and higher proportions in W.A., Queensland and N.S.W. earned average net farm income of less than \$1,000 annually over the period 1961-64. ⁶²

and Gruen wrote in 1971:

Dairyfarming has been a problem industry in Australia and in many other countries for many years. First it is a problem industry because it receives more than its share of Government assistance - not only in the form of direct grants of various kinds from taxpayers, but more importantly in the form of Home Consumption Price Schemes and in the form of limitations on the sale of such commodities as margarine and filled milk which could compete with dairy products. The effective level of protection almost certainly exceeds 50 per cent. Second, it is a problem industry because in spite of this assistance and despite the attempts to shield dairy farmers from some of the normal rigours of commercial competition, producers in the industry

61. see The Australian report, "Experts clash on numbers of poor farmers", 6.2.1968 at conference of agricultural economists, Feb. 1968 and B.R. Davidson, Rev. Mark. Ag. Ec., vol. 39. no. 1

62. Hefford, E.D.P.I., Adelaide 1970, p. 2.

are not a particularly prosperous section of the community. In fact the dairy industry contains more low income farmers than any other Australian rural industry. Third it is a problem industry because the demand for its products on world markets has not increased as rapidly as world output. World stocks of dairy products have been at a high level since the early 1960s. ⁶³

I think both these opinions should be accepted with some reservations. From my point of view, Hefford, who attributes much of the decision on dairy protection policy to the factor of low income, is more vulnerable than Gruen, whose interest is in the effects rather than the causes of protection in dairy industry policy, (though Gruen probably believes that 50% protection is "excessive"). And the reader should note that the industry itself has used the evidence of low income to justify price and/or subsidy rise. ⁶⁴

3. International Influences

Gruen suggested in several papers during 1970-71 that Australia had tended to "encourage the use of too many rather than too few of our resources in agriculture" as a result of four general factors operating in high-income western countries: the slow growth of the market for farm products, the development of synthetics, the new technologies which increase output and the long-term increase in the price of labour, which requires farmers to "increase the capital-labour mix". ⁶⁵

63. Gruen, National Rural Policy, op. cit., p. 16.

64. see Press release 29/3/69. Mr. H.A. Stone, President ADIC explaining a price rise of 2½ cents per lb butter "Most dairyfarmers today are earning less than the majority of city wage earners - even though the dairyfarmers work long hours over a seven-day working week and have a large capital outlay. I know of no other people in such an unreasonable situation". The results of the 1967-8 - 1969-70 survey suggest that "a marked general improvement in farmers' average income levels" has occurred - except Queensland - with the WA increase of \$6,334 being embarrassingly good - and suggesting to me that previous estimates were not as reliable as supposed. In NSW, average net farm incomes improved by 130%. (see article in Q. Rev. Ag. Econ., Vol. XIV No. 4, Oct. 1972, p. 270). Nevertheless authors B.J. Powell & I. MacFarlane conclude, "Fairly large proportions of the total number of dairy farms are in the lower income category in all States, and it would appear that there is still considerable scope for the reconstruction of marginal forms", p. 272. But cf. Appendix A.

65. F.H. Gruen, National Rural Policy, op. cit., pp 12-15. The Political Economy of Australian Agriculture, 1971. Address, copy from author. The Optimum Economic Size of Australian Agriculture, ANZAAS paper 1972.

... three additional factors operating in Australia... will reduce the economic importance of agriculture and the optimum economic size of our agriculture ... the Common market ... alternative export products ... external surplus. 66

With some historical perversity, the protection of the Australian dairy industry was encouraged from 1949 by contradictions of those three factors, that is, a sellers' market in the 1950's, a dependence on primary exports and a postwar shortage of supply. Aitkin summarised this period with the perspective of 1971:

For most of this century rural policies have been occasional and haphazard, a state of affairs which had many causes... policies which emerged up to 1940 illustrated especially the tendency of all Governments to ignore rural problems until they had become national disasters.

The war changed all that, or much of it. The wheat and dairy industries were promptly and effectively stabilized and there occurred a major shift in initiative from the States to the Commonwealth which has been maintained since. The wartime establishment of the Bureau of Agricultural Economics provided the Commonwealth Government with a fund of experts and expertise which had been lacking to it before. The drive for industrialization was intensified after the war, but now in the context of full employment and massive immigration. By the early 1950s there was a new crisis: scarce resources had gone to secondary industry, rural labour was in short supply and expensive, and rural production was hardly exceeding pre-war levels. There were those who forecast that Australia might have to import food. The wool boom of 1950/51 and the consequent demand expansion led to a balance of payments crisis in 1952.

The Federal Government's response was a well-conceived plan of rapid agricultural expansion in which the rural industries were to have equal national priority with defence and coal production. The Government set production quotas, made fertilizer, materials and machinery more readily available, and instituted taxation concessions to encourage investment in increased productivity. At the same time the State Governments were financed in the improvement of their agricultural extension services, and greater sums were allocated to scientific research in the problems of industries. Finally, the new policy involved the Federal Government in an initially successful search for new markets. The early results of the plan were impressive. By 1960 rural production was 50 percent greater than in 1951

and farm incomes had risen appropriately. But the impetus did not last, and throughout the 1960s primary producers increasingly complained about a new threat to their standard of living, and even to their existence: the "cost-price squeeze". 67

In the first decade of the period of this thesis, there was little influence in Gruen's "three additional factors". Markets could be found for dairy products overseas if effort was made to find them, export of agricultural products was still necessary to finance the demand for imports, (created by expanding population and investment in secondary industry within Australia as well as some carryover from wartime shortage and low investment in consumer goods production) and the consequent balance of payments deficit rather than surplus. The dairy industry expanded in an atmosphere of encouragement and optimism in the 1950's, despite the occasional Cassandra-like cries of economist and agricultural advisers warning of impending change. The year 1960 however, marked something of a watershed in the industry. Not only were the institutional watchdogs of the ADIC warning annually of crises in the overseas markets, but the "end-use" changes indicated that overall expansion of dairy production might be ill-advised. The Dairy Committee of Enquiry neatly dates this change of direction. As the dairy industry struggled through the second decade from 1959-69, more government decision-makers grew cautious about dairy industry protection and expansion, bad seasons, rising costs and need for innovations discouraged more producers from remaining on the less profitable edges of the industry, and the extractive and secondary industries shouldered the burden of maintaining Australia's healthy credit rating on the world stock and money markets. While the government "response" to 1952 needs was a "well-conceived plan of rapid agricultural expansion" its "response" to 1962 needs was not as happy. It is intrinsically difficult to persuade producers to volunteer for contraction in any industry, however well conceived government plans may be. Moreover, the effects

67. Aitkin, National Rural Policy, op. cit., pp. 77-78.

of international trends have always been difficult to interpret and publicise, and producers have always been cautious in accepting international implications for their own investment plans. As economists have emphasised, the pricing arrangements in dairying, and the government assistance in the variety of forms which it takes in modern Australia, have also cushioned the impact of unfavorable international influences on Australia's dairy industry. Adding to the unfavorable impact of international influences, there were the critics of the pricing arrangements, of general farm assistance, of supposed low income of dairyfarmers. The industry has received some embarrassing attention as a result of its costs and prices from 1949-69. Nevertheless, as I wrote in the introduction to this Chapter, dairyfarmer spokesmen have strongly supported their marketing system, supported the flatrate subsidy and - in my view - supported, as an additional subsidy, the marginal dairy farm reconstruction scheme. (Appendix A) The factories in the industry also supported the equalisation marketing scheme, and the subsidies. The technological influences I summarised at the end of Chapter I were relevant to costs and prices and low income, particularly during the 1960-70 decade. The connection has often been made between technical efficiency of butterfat production in the northern dairying areas and low dairyfarm income and need for subsidy - both by the industry itself and by its critics. The industry naturally claims that low income in some technically backward parts of the industry does not imply overall inefficiency and that reduction of number of dairy cows through loss of subsidy may not achieve what critics hope. The controversy is pursued in the next Chapter and Appendix A, but the controversy is not a main concern of this thesis. Policy decisions are made in a wider context than that of academic research, of the Report of a Committee of Enquiry. The next Chapter examines some of the controversies in that wider context.

CHAPTER III DAIRY POLICY CONTROVERSIES 1) MARGARINE. 2) REFORM
OF THE INDUSTRY. 3) PARLIAMENTARY DEBATE

For nine years I have kept a clipping from the New York Times of 1966 in which an anonymous observer, writing on contemporary U.S. dairy protection, commented on the bitterness with which dairy policy controversies are pursued.

Milk is one of the world's great enigmas. It is obtained from contented cows, calmly grazing in warm country pastures. It nurtures babies, nourishes growing children, strengthens the aged and is considered one of nature's sublimest creations. It also rouses normally quiet men to towering rages, brings the flower of womanhood shrieking into the political arena and threatens to topple the mighty from their thrones of power. ¹

In view of the bland character of nature's most perfect food, distilled by ruminative cows, and associated with well-scrubbed dairy maids of smiling face and generous disposition, harsh controversies over dumping, heart disease, contamination, substitutes and "over-protection" may seem particularly unsuitable. But as years passed in study of this industry, I have lost the sense of surprise that milk from contented cows provokes a degree of bitterness in controversy which might be more appropriate to the production of cold rolled steel. In this respect, the views of Marxist followers about property, human alienation and class conflict involved in the capitalist productive process seem rather more relevant - if much more depressing - than the intrinsic virtues of a "secretion of female mammals", which the dictionary associates with human kindness ("milk of ..."), spiritless man or youth (milk-sop), mawkish discourse ("milk and water"), and hopeless enterprise ("milk the bull").²

1) Margarine

Protection for the dairy industry against Australian production of margarine has been analysed fairly fully by M. Fisher.³ Summarising,

1. Aug. 7, 1966.

2. Concise Oxford Dictionary, 3rd Ed., 1952, p. 752.

3. M. Fisher, "How the Miracle was Cowed: Margarine, Quotas and Politics", A.Q., 42.2. June, 1970.

since 1940 each State has regulated through the Minister of Agriculture, the quality of margarine (ingredients, largely animal fats) and the quantity produced (quotas) within the state. There is some attempt at consistency and uniformity of regulation in Australia through discussion in the Australian Agricultural Council, but as Fisher says, "governments have more often than not varied their margarine policies without approval of the AAC".⁴ Legal challenges to the NSW legislation were made by Vegetable Oils and Marrickville Margarine Co. in 1956, and by Marrickville in 1965-6, but without success. The major producers of margarine are concentrated in NSW and Queensland, and are Vegetable Oils (owned by Allied Mills), 53.6% of the total Australian quota of table margarine,⁵ and producing in NSW, Queensland and Victoria; Marrickville, 18.3% of the total quotas, in NSW and Queensland; and two smaller producers, Unilever (also producing dairy food products) 11.1% of total quotas in NSW, SA, WA, and Provincial Traders 10% in Queensland (1970). Margarine has been "exported" from NSW where the Minister has been more generous in the quota of production, allowing 9000 tons as against 4,200 and 1,200 for Queensland and Victoria. Fisher's statistics suggest that up to 1956, Queensland and NSW were most vulnerable to pressure for increased production quotas.⁶ Nevertheless, Marrickville company was not satisfied with its quota position and, true to the advertised precept that "no 2 tries harder" Marrickville introduced poly-unsaturated table margarine, produced more than their quota, and commenced a publicity campaign centred on a freedom-loving housewife, "Mrs. Jones" concurrently with the legal challenge of 1965-6.⁷ The dairy industry countered the margarine publicity campaign with similar public claims and counter-claims

4. Fisher, op. cit., p. 24.

5. Ibid., p. 27. Unilever's share of cooking margarine production had risen to 59% of the Australian total by 1972.

6. Ibid., p. 27.

7. Ibid., pp. 28-9.

using a lovable protected cow-lady, "Daisy" and financed by what was referred to in Queensland as the Butter Industry Fighting Fund.⁸ However, Marrickville failed to rouse public opinion to oppose margarine quotas of production, and Fisher attributes this failure to five factors, - the difficulty of organising consumers as against producers (consumers' "influence coefficient" compared with the "particularised interests" of producers "was in all likelihood inferior") and the relatively well established political influence of the dairy industry compared with "only unofficial and informal relations with the Government" which the margarine firms had. Other factors were timing the publicity campaign for a year when the Liberal-Country Party government had just come to office in NSW, and before oil producers were numerically important. The radical nature of the proposed abolition of quotas, not merely an upward revision or a change in the quality of ingredients to include butter or more oil, and the fact that Marrickville stood to gain more than other companies because of its existing over-quota production also worked against the company. Finally the publicity campaign and the widespread availability of table margarine - at an artificially high price - tended to defeat its purpose by promoting suspicion from observers.⁹ In 1969 the Victorian government even introduced legislation to tighten quota production of "super-spread" margarine, as a cooking margarine and the foundation of the industry-wide Australian Margarine Manufacturing Association dates from this unsympathetic move. A touch of irony in this

8. QDO State Annual Conference Report, 1966, ADIC Report, p. 10.

9. Fisher, op. cit., pp. 29-32.

controversy is that since 1969 the introduction of dairy production quotas has been increasingly urged on dairyfarmers themselves.

The quota of the margarine producers, according to Marrickville Company¹⁰ was a result of wartime conditions, when margarine was made entirely of imported raw materials and quotas were related to rationing of materials, and were designed to favor the existing producers, mainly Meadow Lea Pty. Ltd., a company blending materials supplied by the Unilever group of companies. In 1951, as a result of butter shortages, margarine manufacturers were requested, in the Marrickville version, to increase their supply beyond the quotas for the NSW State government, and advised that no action would be taken when production exceeded quotas.¹¹ In 1955 the position was formalised by new quota allocations, but one company, Allied Mills, allegedly proceeded "contrary to the spirit of the New South Wales Government's quota allocation" to buy out several other firms, in NSW and other States, and to increase production. The take-overs "would enable" Allied Mills to exercise control over the bulk of the table margarine quotas, "to control the whole margarine market and the price of margarine on the market". Also, Allied Mills would be able to control the price paid to the Australian producers who were beginning to supply the industry with Australian as opposed to imported raw materials.¹² This was the background to Marrickville's legal challenge in 1965, or "fight for

10. Table Margarine Quotas in Australia, 1940-1966, A Marrickville Holdings Research Bulletin, n.d.

11. Marrickville Research Bulletin, pp. 1 and 2.

12. Ibid., p. 5.

freedom" in the Marrickville version.¹³

Marrickville's publicity certainly emphasised strongly an appeal to the public to stand up for its rights and exercise freedom of choice, gaining apparent support from numbers of businessmen devoted to the "hurrah" principle of free enterprise and from a number of economists.¹⁴ The legal profession however, gave less support to the margarine industry than economists. The unanimity with which five judges on the bench of the High Court decided that NSW Dairy Industry Act would be upheld, ought to have disillusioned Marrickville Company somewhat with "advice tendered by senior counsel ... very senior legal advisers".¹⁵

During the publicity battle of 1966-67, some claims were made by both dairy and margarine producers that nutritional benefits were greater to consumers of one or other product. Medical profession spokesmen kept cautiously clear of this dispute, and officials within the industries were also careful to restrict public claims for the virtues or vices of butter or margarine in the promotion and care of heart disease, obesity, deterioration of arteries, or cancer. I suspect that the promotion of dairy products during this period by the Dairy Board has been subjected to a responsible Board of review which a private company might not have adopted. Within the dairy industry complaints are still heard that margarine is an artificial food, possibly carcinogenicous, and the public should be warned. The public however, is probably pretty clear about the implication of the open-ended dairy industry slogan "Butter is Better".¹⁶

13. Ibid., pp. 9-15.

14. of somewhat tangled letter, July 23, 1966, in a number of Australian newspapers, signed by 6 professors and 3 readers of agricultural economics and economics stating "in our judgement as economists there are no sound economic arguments to justify the restriction imposed on table margarine to protect dairying" and later "secondly the quota legislation represents a serious infringement of consumers' freedom of choice" (italics mine).

15. Marrickville Research Bulletin, p. 10.

16. And compare the Public Opinion Poll of 1968, quoted earlier in Chapter II, Introduction, in which 75% of respondents supported unrestricted sale of margarine.

The role of the Statutory federal marketing agency, the Australian Dairy Produce Board, in the margarine controversy should be noted.

The Board's Report of 1966 states:

Towards the end of the financial year, a strong advertising and public relations campaign to remove State quotas on the production of table margarine was launched by margarine interests. Full page advertisements criticizing the present system appeared frequently in almost every major newspaper in the Commonwealth and the controversy provided much comment in the national press.

At the request of the Australian Dairy Industry Council, the Board made its public relations facilities available for a campaign designed to present the industry's case.

The campaign was based on a series of three mailings sent to all Federal and State Parliamentarians, all sections of the industry, all news media and influential sections of the general public.

It was backed by advertisements in the metropolitan press in all cities; press releases, radio interviews and a television programme in which a member of the Federal Parliament debated the question against a University Lecturer in Agricultural Economics.

At the end of the financial year, the campaign was at its height and few sections of the public were unaware of the nature of the controversy and of the arguments for both sides. ¹⁷

In 1967, the Board's Report summarised:

A campaign launched by margarine interests which sought to abolish table margarine quotas was heavily publicised and aimed, amongst other things, at undermining public confidence in the dairy industry.

The Australian Dairy Industry Council responsible for the overall implementation of the Industry's counter-campaign utilized the Board's advertising, direct mail and public relations facilities. ¹⁸

Both in 1966 and 1968, Expenditure in the Board's Promotion Fund on "Special Promotions" rose sharply. In 1967 "Direct Mail" and "Public Relations" expenditure was very much higher than in 1968. The amount raised by the levy on butterfat production, which pays for this part of the Board's expenditure, was increased in 1967 partly due to higher butterfat

17. Forty-first Report, 1966, p. 29.

18. Forty-second Report, p. 27.

production, but also because from 1st July 1966, the rate was increased from 8 to 10 cents, to support the increased promotion activities of the Board.¹⁹

The role of the state governments and the Federal/state Australian Agricultural Council should also be noted. In the matter of production quotas the state governments are responsible for the statutory decision and administration. But the AAC, a "political committee" with party representations, acts in an advisory capacity to the state governments. The AAC role has sometimes - but not always - been decisive in state agricultural decisions involving margarine. In the margarine controversy, AAC decisions in 1967 do suggest that the margarine industry was less able to rally political party support at government level than the dairy industry.

In contrast with the publicity surrounding the margarine industry, the fight for freedom of choice, and the natural virtue of butter, the protection of the Australian consumer against imported products, or the principle of free choice implied in the heavy tariff on imports, has hardly been noticed. It appears that a vested interest in competition with the dairy industry is required before the issue of consumer rights will be invoked. Of course, academic and journalistic writers do point out from time to time that New Zealand production ought to replace some of the high cost Australian production of butter and cheese²⁰ and that consumers pay a high price for olive oil and imported cheese, but international trade policy does not seem to inspire such Australian controversy. Although the cost of the tariff policy protecting the

19. Annual Accounts. Forty-first Report, p. 38; Forty-second Report, p. 41; Forty-third Report, p. 43.

20. cf. Press coverage for Prof. J.D.B. Miller, Jan. 1968, ANZAAS conference, Christchurch, who claimed purchase of NZ dairy produce would be a desirable policy for Australia.

Australian dairy industry may be high, it is acceptable at present.

2) Reform of the Industry

Projected reform of the industry has centred around production quotas, price and subsidy reduction chiefly advocated by economists, and "cost reducing" programs advocated by industry spokesmen and agricultural advisers. This battle is conducted in departmental conferences and research journals, and rarely touches the public. Normally, the atmosphere is rational in these controversies, though occupational biases occasionally reach the stage of emotional claims and some general observations about the obtuseness of cow cookies, and the ivory tower fantasies of experts. The economists' criticism usually assumes that low-income, low-efficiency farmers should not be subsidised into remaining in the industry in a time of falling demand when there are efficient suppliers elsewhere. Their recommendations pay particular attention to reducing numbers in the industry, and, in the Dairy Enquiry Report for example, even to forms of kindly direction of dairy farmers into alternative occupations through economic incentives.²¹ Production quotas, when price is controlled, are also prescribed for the industry, so that increasing output will not threaten the price. Summarising price reform Corden says, "the price received at the margin by producers should be the marginal and not the average return to industry, so that extra output will not be induced when the marginal cost is not above the marginal social return".²² Production quotas, essential under a fixed price system, to prevent collapse of the price, inspire more disagreement among economists than price and subsidy reductions, because administrative problems under the Australian constitution

21. see Drane and Edwards, op. cit., Chaps. 8, 9, 10 and Dairy Enquiry Report, pp. 78-79, paras. 811-836.

22. M. Corden, op. cit., p. 48.

are admittedly great.²³ Some economists argue that production quotas should be marketable in order that land use and value would be less tied to dairy farm production and contracts. Part of the industry itself has been opposed to direction of production through quotas.

"Cost reducing" reform programs include farm purchase and amalgamation,²⁴ low cost capital, resettlement of farmers, herd improvement, special rates for equipment, fertilizer or seed for pasture, and similar management techniques, and assistance to factories to diversify products. These programs have a greater appeal to farmers than the austere recommendations of economists for price and subsidy reduction and lower production, both of which policies imply fewer dairyfarmers. Such management reform appeals also to many non-farmers who are dependent on dairy farmer customers in neighboring towns, to officers in State agriculture departments, to those dependent on dairy factory employment and prosperity, and to farmers who are not in dairying themselves but are ready to believe that such benefits to dairy farmers may spread to other low-income farmers. Finally, management reform and farm reconstruction is acceptable to members of pragmatic political parties to whom self-help at public expense is neither philosophical contradiction nor doctrinaire socialism - at least not when applied to dairyfarmers. The administration of one such "reconstruction" scheme is described in Appendix A. However dairyfarmer organisations have been slow to endorse farm reform schemes and so have some state governments. The grounds for objection appeared to be that the proposed schemes are too limited to provide widespread farmer support.²⁵ And while economists, statesmen and farmers argued the merits of reforms, seasonal fluctuation and cost-price mechanism have

23. see Chapter II, discussion on equalisation, and cf. legal challenge to margarine quotas discussed in Chapter VII, State Boards and Statutes.

24. cf. McCarthy, Hodgson and Briggs, "Dairy Farm Amalgamation and Increased Farm Output", Rev. Mark. Ag. Econ., 24.1.1966, p. 29.

25. cf. Appendix A on Marginal Farm Reform.

steadily reduced the number of dairy farmers. All dairyfarmer organisations report reduced membership, even in Victoria, and amalgamation of farms and factories, even with the present degree of government protection. From 1949-69, dairyfarmer organisations have been adapting from a period of relative sunshine and support to a period of declining numbers, declining real income, and public criticism.

3) Parliamentary Debate

Although parliamentary debate is not usually directed towards formation of government policy in modern Cabinet government systems where decisions are made before bills are introduced, parliamentary debate does indicate what members believe to be the opinions appealing to their electorates and the influences which should be considered in future policy. In this section there are summaries of parliamentary debates which indicate some of the support for and resistance to dairyfarmer demands from the public as represented by their members of parliament.

I have summarised parliamentary debate from 1950 because this was the beginning of the Liberal-CP era in the dairy industry, and the end of the immediate post-war period. Although contemporary accounts do not seem to see the post-war dislocations as projecting into the decade of 1950-60, I think it is possible that a degree of "reconstruction fatigue" may have accounted for slow technological change in the dairy industry in the earlier years as rural and urban residents both struggled with personal problems caused by transport, housing, school and hospital inadequacies, sometimes increased by immigration intake and limited loan capital funds. By 1950, when the Dairy Industry Plan for 1951 needed to be drafted, the dairy subsidy had risen to a peak of £17.2m per annum and the new government, not pledged to continue controls and far-reaching anti-inflation measures, was explicitly dissatisfied with the situation. Their dissatisfaction must have arisen in part because there were many other demands on the state

revenue, as well as because although costs of production in the industry were beginning to rise, the state governments, several of them still ALP governments, were not controlling price fixing in their home states. There were refusals to concede the necessity for raising Australian dairy prices to cover rising costs and the Commonwealth government could foresee expansion of the high cost dairy industry at rising Federal government expense through the federal subsidy.²⁶

Liberal Country Party Dairy Policy, 1950-60

In 1951 Mr. McEwen, then Minister for Commerce and Agriculture,²⁷ explained the features of the first Liberal-Country Party Dairy plan, and the second Five Year Plan. There was to be a continuation of the guarantee return over production for domestic sales but a limit of the guarantee to 20% of export sales in order to expand the industry, "projecting our present trends forwards to 1960 we would have no butter available for export"²⁸ he warned, basing this prediction on a population increase of one million people and more milk going into other uses. The "guaranteed return" was to be based on the cost of production to farmers and related to other industries.²⁹ The previous government had established a Joint Dairy Industry Advisory Committee in 1946 to act as an advisory body, including members of Commonwealth Departments and members of the industry, and this Advisory Committee was replaced by the Dairy Industry

26. One observer, J. P. Norton, later Deputy Chairman of the ADP Board, and an experienced observer of the industry since 1930, (see Ch. VII) attributes later problems to this period when price began to lag behind costs. The view appears to underestimate later demand problems, but is not simplistic. Norton argues that if more dairy-farmers had been faced in early 1950 with realistic and gradual price rises, high cost farmers would have voluntarily withdrawn from production by 1960. Interview, Adelaide, 11.9.1972; and cf. Dairy Enquiry Report p. 80, para. 839.

27. Also Deputy CP Leader and Member for Murray, Victoria, an irrigation district with intensive farming and dairying.

28. Parliamentary Debates, Vol. 213, p. 1350.

29. There is some resemblance to the contemporary "income parity" concept of farm support schemes in the U.S.A.

Investigation Committee, which was to make recommendations on the level of "guaranteed return" based on the cost of production and other factors "bearing on the stabilisation of the industry". The Dairy Industry Investigation Committee, with three industry representatives only, was to "review" the cost of production with the assistance of the Bureau of Agricultural Economics, to recommend to the Cabinet via the Minister of Agriculture on the state of the industry and the level of the subsidy. After Cabinet discussion, the Minister conferred with the (then) Australian Dairy Council, (representing dairyfarmers, the Dairy Produce Board and the Equalisation Committee) on the level of the ex-factory price, or the Australian wholesale price, including the cost of manufacture. This process, according to Drane & Edwards,³⁰ offered the Commonwealth Government the option of raising ex-factory price or raising the subsidy on dairy products, and returned some responsibility to the industry for reconciling the levels of production with consumption and costs though with a partially guaranteed return.

The Labor Party concentrated its parliamentary criticism in 1951 on the "guaranteed return" being limited to the Australian market and only 20% of export supply, but McEwen was firm on this point and the "20% of export" feature was kept until 1962, when the guaranteed return again officially covered all dairy production.³¹ McEwen's firmness over the limited guarantee was partly a cautious attitude about committing the government to heavy subsidy payments and partly a distaste for price-fixing and "guaranteed returns" altogether. He expressed a preference

30. Drane & Edwards, op. cit., pp. 205-209.

31. Ibid. "the objective of the plan was to maintain the home industry on a payable basis and at a level of production such as to cover all domestic requirements - with a margin of capacity in case of an adverse season (hence the 20%). It can thus be claimed that the guarantee was not designed to subsidise exports and enable sales to be made below cost overseas".

himself for the return to the pre-war system of "equalised return" "in which the Government assumes no financial liability" but had conceded the necessity for a government guarantee or "stabilization plan" in deference to the producer³² and the existing post-war situation. An equalisation scheme for casein similar to that for cheese and butter was introduced in this Bill, but the previous subsidy on processed milk was withdrawn.

McEwen distinguished between the guaranteed return and the subsidy which he hoped to reduce as domestic prices rose within Australia. H. L. Anthony, (CP Member for Richmond, northern NSW) stated in October 1951³³ that the farmers did not desire to be paid a subsidy, but wanted to stand on their own feet, so that they would not be dependant on government policy for the stability of the industry, an observation which might have provoked hollow laughter from members of the House in 1970, including his son, J. D. Anthony, the present (1974) Leader of the Country Party. In October 1955 however, McEwen visited a meeting of Warwick dairyfarmers in Queensland to explain to them how they wished to stand on their own feet at a period when the returns to suppliers were "4 $\frac{1}{2}$ d a lb less than last year" and received an unsympathetic, unofficial and very strongly worded request for subsidy.³⁴

In spite of Country Party parliamentary opposition to the subsidy, at a record high of £17 million p.a. at this time, the subsidy proved very convenient in the subsequent struggle to persuade the state governments to raise domestic prices. The 1951-2 or Second Five Year Plan was not

32. Parliamentary Debates, Vol. 220, p. 3416.

33. Parliamentary Debates, Vol. 214, p. 254.

34. Sir J. McEwen has sent the transcript of this meeting to me. More detailed reference is made to it in Chapter X. He attributes part of his hostile reception to ALP supporters within the industry.

operating until late in 1952, as McEwen insisted that a feature of the plan should be the co-operation of the States in raising the price of domestic butter. No co-operation, no subsidy, he said, and was able by October 1952 to produce figures suggesting that the U.K. export price was going to fall, presenting the industry with new problems of uneconomic returns. The states conceded the control over price and butter went up 1s and 1d in the lb on domestic markets in 1952, and 9d in the following year, setting up considerable consumer resentment which the industry spokesmen still remember clearly.

The Third Five Year Plan was introduced by W. McMahon of the Liberal Party as Minister for Primary Industry, in May 1957. Agricultural production was still being encouraged to increase but for a different reason. In 1953, Fadden, Commonwealth Treasurer and Leader of the Country Party, had been stressing the need for food production for increasing population.³⁵ By January 1957, McMahon was concerned about import-export balances and growth rate.³⁶ McMahon emphasised the success of the previous Dairy plan, claiming an increase in farm efficiency, in output and in dairy income. Apparently minor alterations were made to the existing dairying policies, but the alterations were significant. The Stabilization Fund, introduced in 1948, was to be invested by the Australian Dairy Produce Board, instead of being kept available for export deficiency payments which had not proved as heavy as anticipated when McEwen was confronting the state governments (before the domestic price rises). In order to enable earlier payment to factories and farmers

35. See Foreword to Income Tax for Farmers and Graziers, 1st Edition.

36. Foreword to Income Tax for Graziers, 3rd Edition and cf. R.P. Deane, The Establishment of the Department of Trade, ANU, 1963, pp. 35-7.

of their return for both export and domestic sales (i.e. the equalised return) the subsidy was to be available on the basis of a "fixed amount in any dairying year".³⁷ A fixed annual subsidy was not explicitly stated as a departure from previous arrangements³⁸ but with the change in the use of Stabilization Funds, the stage was nearly reached when the subsidy was used to compensate the industry for lower annual returns from (and instability in) exports and equalisation rather than encourage lower domestic prices and greater output. The end of the UK contract in 1955 had begun a period of unpredictable fluctuations in overseas prices which concerned farmer group spokesmen, and the Liberal Party views (and McEwen's) on the general undesirability of subsidies may have operated with dairy industry pessimism, to establish an annual subsidy, which the industry thought might increase in the future, and the Liberal Party critics (and McEwen) thought might decrease. With growing doubts about the desirability of export, the subsidy may have been also seen by the industry as a stimulus to factories to continue the equalisation contracts.³⁹ In 1957 there was still general acceptance of the government emphasis on increased primary production, although dairy export prices and markets were actually showing signs of their later decline.⁴⁰

1958, the first year of the "fixed annual amount" and the McMahon Third Year Plan, proved to be a bonus year for the industry. Not only did the

37. Parliamentary Debates, HR. 15, p. 1414.

38. Drane & Edwards comment that from 1955 this change in subsidy procedure had occurred anyway. "In the first years of the plan, the final determination of the total amount of the subsidy remained flexible, depending on the actual sum to be paid". (in 1955-6, 14.5m. and the following years, 13.5m.) "in the terms prevalent in the industry, the subsidy has been "pegged" from 1956-7"., p. 205.

39. Dairy Enquiry Report, pp. 48-9. "Equalisation and threats to its Continuance", para. 494. Also see Chapter VII section on Equalisation Committee.

40. Drane & Edwards, op. cit., p. 206.

government grant a rise in the ex-factory price as requested by the industry,⁴¹ but "a few weeks before the federal election of 22nd November"⁴² the government also agreed to underwrite returns to ensure a "minimum overall return to dairyfarmers" that is covering all production. In fact, there was a subsequent export price recovery and the government did not have to pay more than the regular annual subsidy to cover the guaranteed overall return. Drane & Edwards suggest that the government may have anticipated this happy outcome in fact.⁴³ The Commonwealth Year Book however attributes this 1958 extended guarantee to drought rather than elections.⁴⁴

The subsidy from 1950 to 1958 went from a stage when it was apparently reluctantly continued, to a stage when it was used to encourage export output as well as to subsidize domestic sales, to keep domestic prices lower than they would otherwise have been⁴⁵ and possibly used to attract votes (1958).⁴⁶ By the industry it was used to postpone domestic price rises (according to Drane & Edwards) while output per man increased as new

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41. cf. discussion Drane & Edwards, op. cit., relating the 1958 price rise to a rise in the estimated cost of production. Drane & Edwards suggest the price rise resulted from the abnormal low export price, since they consider the cost of production estimate to be a "fictitious" calculation, but politically expedient, pp. 208-9.
42. Drane & Edwards, op. cit., p. 208: and cf. Clark in discussion in section of Chapter VII on Equalisation Committee.
43. Drane & Edwards, op. cit., footnote, p. 208.
44. The Commonwealth Year Book, Vol. 49, pp. 1084-5: see Dairy Enquiry Report, p. 50, para. 510.
45. cf. description in Dairy Enquiry Report p. 50, paras. 500-21, and p.93 paras. 975-81. "Some sections of the industry claim that the present bounty is still a consumer subsidy but there is also a well held opinion that it has changed its character and is now a producer subsidy. There is so much to be said on both sides ... that the Committee does not propose to express any opinion". para. 976.
46. McEwen, I believe, did not see the Country Party as gaining much support from the dairy industry in 1951 in return for the subsidy, although he may have misjudged the situation in Queensland. McMahon (probably supported by Menzies) may have considered that the Liberal Party could win some electoral support (in what I have classified as minor dairying electorates in NSW and Victoria, see Chapter X) by appearing "sympathetic to dairy industry problems". Money is a very good indicator of government "sympathy for industry problems".

techniques were adopted in farm and factory, and possibly seen as an encouragement to factories to continue within the voluntary equalisation scheme after the end of the UK contract. It is notable that pressure for change in the system of subsidy came, in this 1950-60 period, not from the Opposition, still nostalgic for wartime powers of control and price fixing, but from within the Liberal-Country Party coalition, and, surprisingly, from within the Country Party itself during the 1950-60's. Some technical characteristics of the dairy industry helped it to keep the subsidy however, particularly the proportion of domestic to export sales, the location of dairyfarmers in the eastern states, the position of factories in the industry and the changes in the markets. But the pressure for change in the subsidy formula from within the political parties grew in the 1960-70 decade. While the Liberal critics gathered more evidence for the need to reduce numbers and costs in the industry, the ALP also began to express doubts over the value of subsidy, until the Country Party appeared to be the sole supporter of flat-rate subsidy, in an obsolete and obstinate position as a "special interest" party and a reversal of McEwen's earlier stand.

1962-67 The Fourth Plan

As Aitkin summarised,⁴⁷ the Federal Government encouraged the expansion of rural industries after 1952, and "By 1960 rural production was 50 percent greater than in 1951 and farm incomes had risen appropriately. But the impetus did not last ..." By 1962 when the Fourth plan was introduced, uneasiness over the state of the dairy industry in particular, and agricultural exports in general, had become much more marked. Allegedly,

47. D. Aitkin, "The Politics of Rural Policy" in National Rural Policy, p78, quoted in Chapter II.

Liberal opposition to the dairy subsidy had inspired the establishment of a Dairy Industry Committee of Enquiry in July 1959, after six months discussion over membership.⁴⁸ The Report was tabled after some delay⁴⁹ but was not debated in the house, allegedly because it was being studied by state Premiers and Departments through the SAC framework. Moreover, as a result of the "credit squeeze" election in 1961, the Liberal-Country Party coalition majority was reduced to two members in the house and parliamentary behavior was consequently tenuous and more tightly controlled by the party loyalties. There was apparent by 1962 a continuous problem in the dairy industry markets, even at home. Population growth was not proceeding as the most optimistic projections had predicted and in "Income Tax for Farmers" McMahon⁵⁰, now appearing as Commonwealth Treasurer, was mentioning "greater efficiency" as a target for primary producers and the Minister for Primary Industry was claiming "stabilised income" as an aim of tax policy, rather than increased production. The Minister for Primary Industry in 1962 was C. Aldermann (Fisher, Queensland) partly representing the export and manufacturing dairyfarmers from the south-east Queensland dairying region, a strong Liberal and Country Party area. The 1962-67 dairy subsidy was pegged at an annual level of £13.5m in spite of the Dairy Enquiry Committee's recommendation that it should be gradually reduced. In the state of the market, said Mr. Aldermann, (not mentioning the state of parliamentary balances between the parties or the recent credit squeeze and unemployment crisis) reduction of the subsidy was not possible.⁵¹ It

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48. cf. E.V. Spiegel, A Study of Ad Hoc Committees of Inquiry, 1957-69, unpublished Ph.D. thesis, Sydney, 1972, p. 148. The Committee was apparently considered as early as July 1958. Possibly Liberal opposition to dairy subsidy was more apparent after the guarantee was extended to cover all production in 1958.
49. The Report was presented to the Minister in August 1960; tabled Nov. 1960.
50. Income Tax for Farmers and Graziers, 7th Ed., Foreword.
51. The Five Year Plans extended of course to the next election (in 1963 as it turned out) when the coalition was comfortably returned. (see Chapter VIII). The support for the status quo may have won the coalition some support in the 1966 election also, if dairyfarmers have such long and grateful memories.

was at this time that the cost of production basis for the Australian butterfat price was discontinued and the Dairy Industry Investigation Committee was disbanded. The guaranteed return was announced at 40d or 33c per lb. butterfat and now officially covered all production with a minimum of 4% butterfat content. Processed milk products again became eligible for a bounty, since the manufacturers of these products were threatening to discontinue production if they had to continue buying milk at the Australian price and selling on export markets. The levy on butter which pays the administrative expenses of the Dairy Produce Board was also raised in the Fourth Plan, and there has been an expansion of the Board since this period.⁵² Underwriting of the equalised return by the Reserve Bank through the Equalisation Committee was continued in the Bill, and the special grant to the industry for research, to be spent by State governments, introduced in 1948 and a constant feature of the system since that time, was raised by £200,000. A change from the 1951 Country Party attitude of McEwen to the guaranteed return is notable in this 1962 Plan, and the Plan provoked considerable criticism from economists, for in the declining state of the industry a guaranteed return over all production and the five year commitment to a flat rate subsidy encouraged the high cost Queensland and NSW regions and failed to reduce "effectively" or deliberately the numbers of the low-income, low-production farmers in the industry. The Dairy Industry Committee of Enquiry had reported fully the criticism of the economists.⁵³ and had incorporated some of the criticism in the Report recommendations, including gradual reduction of the subsidy and its replacement by loans and agricultural services. The Report placed considerable

52. Described in Chapter VII.

53. Both in the text and in a special study, as well as in voluntary submissions see Report, Appendix 3 and 4, and Part V, "Economics of the Industry", pp. 77-82.

emphasis on state co-operation to achieve sounder cost structure through uniformity in land policy and in pricing of liquid milk, and to establish state committees for Commonwealth-State co-ordination of reform. (As a final note, the Committee cautioned the farmers that they had a vital role to play in the success of reforms).

There was far more parliamentary discussion on the Fourth Plan than there had been on the previous three. Debate was partly inspired by the critical Committee Report not debated in 1960, and the delicate parliamentary balance, possibly because urban newspaper and party critics, and the margarine industry, were beginning to organise against the dairy industry, as well as because Adermann, associated with the problem Queensland areas of the industry and a less senior Country Party member, was more vulnerable than McMahon and McEwen had been. Nevertheless, the debate came largely from Liberal Party members rather than from members of the Opposition. W. Wentworth (Liberal member from MacKellar in metropolitan Sydney) and "Bert" Kelly (Liberal from Wakefield, rural SA, a noted freetrade tariff critic, and a supporter of "free enterprise" in general; with few commercial dairy-farmers in his electorate) provided constructive and sympathetic criticism of the industry. Both speakers emphasised the "regressive" nature of the subsidy, though Kelly made this point clearer. He said:

most of us, I believe, realize (the system of subsidy and equalised price) is fundamentally wrong. By 1967 the industry will have come to regard the subsidy as its right and the subsidy will be needed more than it is now. ⁵⁴

The subsidy, he pointed out, was wrong in that it was a lot of taxpayers' money paid in largest amounts to largest producers who needed it less. Consequently it was "regressive". Both Kelly and Wentworth were concerned at the position of the marginal farmers to whom the government was paying

neither attention nor assistance. The Country Party, dominated by J.D. Anthony on this occasion, defended the status quo in unyielding terms. J.D. Anthony (following his father as C.P. member for Richmond, northern NSW) criticised the Dairy Committee Report for relying so much on economic criteria when the problems were "tremendous social problems" and when co-operation with the states was such a key factor in suggested reform of the industry.

This was the last debate in which "Reg" Pollard (former Minister for Commerce and Agriculture, Lalor, a semi-suburban Victorian electorate outside Melbourne) led the Opposition on the dairying debate. He demonstrated something of the doctrinaire approach of an elder statesman, concerned at "complete abandonment of all guaranteed price systems" (which was untrue under the 1958-62 underwriting scheme), ardently defending the efficiency of the now-discarded cost of production index.⁵⁵ Both Pollard and Allan Fraser (another member of the Old Guard ALP, from the semi-rural South Coast dairying electorate of Eden-Monaro in NSW) were extremely reluctant to accept the Report of the Committee as a basis for reform in the industry, sharing Anthony's distaste for the emphasis on economic criteria rather than social ones.⁵⁶ Pollard's objections may have been influenced by the criticism of the Committee for the subsidised cost-of-production price level. As Minister in the Labor Government, Pollard had originally been responsible for this formula. Allan Fraser's objections centred on the probable depopulation of rural areas if the number of dairy farmers was reduced. Other members of the Labor Party, however, Daly from Grayndler, (inner Sydney), Hayden, Oxley (urban Brisbane), Armitage from Mitchell

55. HR. 35. p. 2084.

56. In my view, this criticism is unjustified. see Report paras. 1177 to 1205.

(semi-urban Sydney), Coutts from Griffith (inner Brisbane), Courtney of Darebin (suburban Victoria), were beginning to speak for the ALP urban constituents as consumers and consumers with a right to eat margarine instead of butter, especially if the price of butter remained so high.⁵⁷

It should be emphasised that the government, although possibly embarrassed by the Dairy Committee of Enquiry Report, and tabling it in the House three months after its reception by the Minister, did not neglect its easier and more routine recommendations. There were 29 recommendations in all, including 10 referring to financial assistance,⁵⁸ schemes which the government had to accept more or less in toto. Many recommendations involved radical change from several sources, some were directed entirely to state governments and farmer organisations,⁵⁹ and a number of them were immediately acceptable and incorporated into the 1962 Plan.⁶⁰ The recommendations implemented by the government received slight attention by parliamentary members in 1962 and were not much emphasised by the Minister either, since the industry recorded firm opposition to the recommendations on the subsidy reduction. Recommendation 25, on international conferences had been undertaken by the industry itself with the founding of the National Dairy Committee in 1961, (see Chapter VII) and government and dairying spokesmen constantly comment since the Report on the state of consultation and negotiation between Commonwealth and State governments and the industry, as recommended by the Committee Report.

Consultation of course, has rarely satisfied anyone, and debate on the 1967 Act introduced by Adermann, and defended largely by Anthony, who was to become Minister for Primary Industry late in 1967, produced interesting

57. HR. 35, pp. 2094-2128. 3 pp. 2199-2203.

58. Dairy Enquiry Report, pp. 115-116, nos. 4-12.

59. nos. 26, 27, 28, 29.

60. Including abandonment of the cost of production and government responsibility for domestic price, strengthening equalisation and maintaining tariffs, and supervision and expansion of exports.

developments in both Liberal and Labor Party debaters. The plan provided for a further five year subsidy, stabilised at the 1962 level, in annual payments of \$27 m. and the Minister promised that reform and assistance for farmers wanting to leave the industry would be a feature of a later Bill.⁶¹ But there was rebellion among the Liberals. Mr. Wentworth proposed an amendment that the subsidy should be paid only until 1968 at which time the House would review the subsidy in the light of the proposed reforms. The fate of the amendment⁶² should not obscure the interest which the debate inspired in parliament and press. "Let us not sign this blank cheque for five years knowing that the last time we did so the money was squandered" said Wentworth⁶³ and before the debate finished two days later, Dr. MacKay, congratulating the seconder (H.B. Turner, Bradfield, suburban Sydney) of the amendment said:

... the debate has stirred up Parliament to try to ensure that there will be more evidence of progress within the next five years and that there will not be too much complacency.⁶⁴

Other Liberal members, Munro (temporarily replacing Allan Fraser in Eden-Monaro) spoke sympathetically on the amendment and Bridges-Maxwell (Robertson, outer suburban Sydney) supported the amendment strongly, even to the voting stage. Several members of the Liberal Party announced they would vote reluctantly against the amendment after Hallet, (Country Party, Canning, WA with dairying) reminded the House that the Prime Minister had made an

61. According to the SADJ vol. 6, 3. p. 7, the ADIC had asked in 1967 for a \$27 m. subsidy plus subsidy for processed milk manufacturers, an underwriting guarantee of a minimum 34 cents per lb. commercial butter, provision of funds under State administration, for amalgamation and reconstruction of dairy farms under regional district administration, and an increase in research funds, for research into dairy farm reconstruction and re-employment of farmers, for loan funds for development of butter factories to multi-product factories, under regional advisory services, for loans and grants to overseas factories to use Australian raw products under ADPB direction, for support of existing margarine quotas.

62. Defeated by 53 votes to 33 (with Wentworth and Turner locked out of the House) on party lines. HR. 55, p. 1554.

63. HR. 55, p. 1435.

64. HR. 55, p. 1548.

electoral promise in 1966 of a Five year subsidy. Turner, who seconded the amendment, gave an impressive speech and although he endorsed Wentworth's preoccupation with the problems of the marginal farmer, emphasized the annual cost of subsidising butter as a burden to the consumer, and the lack of sense in contributing to a world over-supply through production on smaller high-cost Australian farms.

The Labor Party debaters were led by Dr. Rex Patterson as senior rural spokesman in 1967, replacing Pollard who had retired and Fraser, defeated in Eden-Monaro. Patterson, (Dawson, a rural/urban electorate in northern Queensland, between Townsville and Rockhampton) gave a well-prepared, informative speech concentrating on the amount required to help marginal farmers to leave the industry, allegedly 850 in Queensland, 400 in NSW, 120 in WA and 180 in Tasmania. \$17 m. was needed for this reform, he calculated, and an additional \$17 m. was needed to enable 5,500 farms with a capacity for improvement to reach 8,000 lbs. butterfat per annum (a Committee of Enquiry statistic of "viability"). Most of the expenditure in this category was again in Queensland, (\$8 million) NSW (\$5 million) and WA (\$3 million). Victoria and SA between them required only \$1 million. Patterson mentioned rural depopulation as a problem in reform but did not estimate its size or its solution either. In Committee, he explained that the ALP had "given considerable thought to the amendment" but had decided to vote against it on the grounds that it would produce "serious insecurity among the farmers", especially in a period of serious drought. The decision to oppose the amendment reflected some unusual influence by the rural wing of the ALP, who were after the 1966 election, in a numerically stronger

position in the reduced Labor Party representation.⁶⁶ The ALP has always had some support from dairyfarmers, (see Chapter X and a tradition of dairy subsidy support) but it must have been tempted to consider a possible government defeat by combining with the Liberal dissidents to oppose continued flatrate dairy subsidy. The ALP rural wing was however, also assisted by the distaste by some ALP members for supporting any Liberal sponsored amendment. And in the case of Davies (Braddon, Tasmania, a minor dairying electorate) because international commitments allegedly meant the dairy industry "needs to operate on a long term basis".⁶⁷

The Country Party position showed rather more flexibility in 1967 than in any earlier debates. There were diehards of course, notably Turnbull, (Mallee, in Victoria, a member for 21 years), Robinson (Cowper, a dairying district in northern NSW), Nixon (a younger member, from Gippsland, a dairying district of eastern Victoria), but Anthony showed more tolerance and realism, even towards economists on this occasion. "Fewer more prosperous farmers" would bring ^{more} prosperity to areas he claimed, "than more, less profitable ones" thus striking a blow at decentralisers who place their hope in numbers. Prices for milk based on butterfat were also attacked cautiously in this speech, and undue dependence on butter.⁶⁸ "We will need to (examine) ... a system whereby the basis of payment can be altered" so that milk protein and sugars will be valued. He added later at the committee stage that there was need to examine carefully the milk zone producers,⁶⁹ but the state governments were undertaking some reform on their own initiative as well as the Commonwealth. He reiterated the intention of the government to introduce shortly a separate bill about reform

66. Classification of electorates is discussed in detail in Chapter X. In 1966 the Liberal Party had 64 elected members to the House, approximately 14 from rural or rural/urban electorates; the Country Party 21 members, 15 rural, 4 rural/urban, 2 not classified; the ALP 41, 8 or 9 rural/urban electorates. see footnote 7, Chapter X.

67. HR. 55. p. 1546.

68. HR. 55. p. 1506.

69. HR. 55. p. 1553.

in the industry, - which in fact was introduced in 1970 (Appendix A). Anthony's flexibility became opposition to some industry requests at a later stage, and a record of an interview with him in July 1968 quotes him as stating bluntly to the industry that there was "too much production for local requirements and no economic price for the surplus". He believed "we should put a brake on production".⁷⁰ Gray, a 1961 newcomer to the House from Capricornia, a rural/urban Queensland electorate including Rockhampton and dairying districts, produced the most original suggestion when supporting Dr. Patterson for the ALP side. He suggested (as an ex-dairyfarmer himself) that farmers should turn to production of margarine, as well as butter, a possibility received by older Country Party members with mirthful incredulity. He should also be credited with proposing in parliament that restrictions on entry into the industry be introduced, so that one marginal farmer should not be replaced by another. The policy is more acceptable to a socialist party than to one espousing "free enterprise" of course, but free enterprise ideology tempered with political realism is finding restricted entry more practical (see Appendix A) and the dairy industry does already provide some precedent for prohibition to free entry of producers in the wholemilk sector.

The House of Representatives debates suggest some division between the rural Country Party members and the urban based Liberals, with rural Liberals poised on the fence between, for example Kelly from Wakefield, and Malcolm Fraser from Corangamite in Victoria, both of whom as Cabinet members had their freedom to debate dairy issues curtailed in the later period. The rural/urban division is less marked however than the division between backbenchers who do not know what the industry is asking for, and Cabinet Ministers whose decisions are binding on Federal policy, and who

70. SADJ. Vol. 8. I, pp. 28-30.

have "negotiated" with dairyfarmers and factories over the issues. Apparently the ALP Opposition cannot authoritatively state what the industry is asking for either, and this influences the debaters to take defensive positions, generally unable to provide detailed or constructive advice on bills, even in the committee stage.⁷¹ The well-known reasons for the nature of parliamentary comment include limited time and research facilities, responsibility of the civil service to Minister rather than parliament, pressure of government business and the volume of legislation and regulation. In dairying policy, constitutional intricacies of marketing administration and subsidy in Australia, and the regional differences between dairyfarmers (so that effect of legislation and subsidy varies from state to state) further restrict the position taken by parliamentary speakers. There is some suggestion of a north/south division emerging from these House of Representative debates, between the rural representatives from Queensland and northern NSW (Mr. Adermann, Anthony, Gray, Patterson), who have been more concerned with steady Government subsidy and dairy industry reconstruction, despite their party difference, than the Liberal rural representatives from the South, Kelly, Fraser, Bate (MacArthur, a dairying district in southern NSW). The Victorian Country Party members, representing generally prosperous farmers producing for export and the associated factories have generally supported equalisation rather than a high flatrate producer subsidy which attracts unfavorable consumer reaction, although Victorian farmers have since the mid-1960's increasingly become the beneficiaries of the subsidy. Dairy factories within the constituencies may have added some pressure to their parliamentary representatives too. The Liberal urban critics, Turner, Wentworth, Bridges-Maxwell (metropolitan

71. Dr. Patterson, a refugee from the BAE and the Department of Northern Development was temporarily in a better position in 1967 with considerable background knowledge of the industry.

and suburban Sydney) and ALP urban critics have opposed flatrate high level subsidy and protected price, "uneconomic" production, and expansion of high cost industry. Rural newspapers have defended rural industry subsidies in non-economic terms, emphasising depopulation effects in rural towns, on education and employment opportunities for the children of farming and farm-dependent rural dwellers, and social costs in general, of the "drift to the cities". But the major concentration of newspapers and radio/television comment is directed to the metropolitan centres with greatest population, and metropolitan news media concentrate on the cost to the taxpayers, particularly the metropolitan taxpayers. The Sydney Morning Herald, for the greater part of the decade from 1960 to 1970, was a strong critic of dairy subsidies and the industry.

To return to the arguments on costs of assistance and dairyfarmer income, a conclusion about cost to the taxpayer of the dairy industry subsidy (and other forms of primary production assistance) is hard to reach because in some contexts, economic judgments appear to have been irrelevant. Whether the Cabinet wants to subsidise an export industry and pay two or three Australian dollars for every export dollar earned will be decided according to problems of international balances, rather than comparative product costs. It is certainly not possible to decide the question "the right way" in a profit sense every year, for export industries have to be subsidised predictably if they are to be regular suppliers, while export demand fluctuates, and subsidy will not be worth the costs in some years, and in others may repay investment handsomely. Subsidy and expansion of the dairy industry until 1960 did result from faulty judgment of future economic needs - as it turned out. In the 1950's to 60's judgment was allegedly based on increasing production for the domestic and export market, which proved to be over-production - and on maintaining export balances. But dairy policy decisions also demanded that judgments be made about the morale,

stability and viability of country towns and country populations as well as estimating balance of payments needs. The technical characteristics of the dairy industry played a part here, for the importance of the dairy farms and the factories in keeping dairy workers in country towns, and closely linked to country towns, meant that decision makers hesitated to accept reforms which they believed might increase the "drift to the cities". Location of the low-income dairyfarmers particularly in the regions of northern NSW, the brigalow country of Queensland, and the heavily timbered WA country, linked decentralisation to the subsidy more closely than it would have done if low-income farmers had been concentrated in Victoria. For if low-income farmers moved off their farms in Victoria when reduced subsidy made their farms uneconomic, they would not generally have to move to big urban centres to find work. Decentralisation of industry in Gippsland, even in the Western District of Victoria, provides more variety of employment than industry can in WA, south-east Queensland or the North Coast of NSW. Moreover, one can attribute some influence over the subsidy continuation to the factories in the industry. In 1962, clearly the processors rather than the producers were demanding restoration of the processed milk products subsidy. The role of the industry processors in the demands for subsidy are seldom as well-documented as they were on this occasion.⁷² The division of the industry between the wholemilk and the manufacturing sectors also supported the subsidy continuation, for as pressure grew after the Committee Report was published for reorganising wholemilk and manufacturing divisions, payment of the subsidy looked like a practical interim measure to keep up manufacturing dairyfarmer income until that peculiar division in dairying production was reformed - especially in NSW. Nevertheless as I have summarised earlier,⁷³ the

72. Dairy Enquiry Report on the processors in 1959, p. 63. paras. 635-50.

73. see Chapter II on International Influences.

economic importance of agriculture was changing in the balance of payments accounts. As well as these factors, the government had to consider the strength of public opinion and electoral support for competing political parties. Costs of assistance or low "average net farmer income" are less important in such non-economic contexts, and economic advice, criticism and prediction about costs may even become entirely irrelevant, although public speakers do prefer to explain policy decisions as the result of straightforward and money-saving criteria. Parliamentary debates, like Ministerial statements, tend to emphasise the straightforward and popular factors at the expense of the influential but unpopular factors. In the 1962 and 1967 Plans, neither Minister was prepared unequivocally to attack the dairy industry, nor to defend it. Dairyfarmers however, have not benefited as much as might be supposed from the compromises made in the Five Year Plans.

Conclusion

Both the Australian Liberal and Labor parties are often identified with urban rather than rural voters. Nevertheless both parties have parliamentary spokesmen for rural interests. In the dairying debates of the 1960's these major party rural spokesmen have supported reform of the dairy industry more strongly than Country Party members as players of a parliamentary game in a Cabinet system, not as explicit allies of the dairy industry. The Country Party is generally assumed to be closer to leaders in rural industry, including dairyfarmers. It could therefore be assumed that neither the Country Party nor dairyfarmer spokesmen supported reform of the industry in the 1960's because they were allies. That assumption is not altogether accurate. For the organisation of the Country Party and dairyfarmer groups is not apparently close at all. Significantly for this thesis, dairyfarmer groups have NO formal and explicit parliamentary spokesmen in any political party. Parliamentary members from all parties may seek the

views of dairyfarmer groups, especially when concentrated in their electorates, but dairyfarmer groups do not formally approach the rural committees of political parties, not even the Country Party, nor do groups have official lobbying consultants to members of parliament - as distinct from Cabinet Ministers. Although there has been an increase in publicity releases during the 1960's, when metropolitan critics attacked the industry (sometimes bearing the letterhead of ADPB, as in the margarine controversy described earlier in this Chapter) there has been no apparent growth in explicit political activity by dairyfarmer groups. Overt relationship with members of parliament has remained outside the formal structure of dairyfarmer groups,⁷⁴ (with the possible exception of NSW Milk Zone Dairymen's Union and the 1960 Federal office of the APFU) and dairyfarmer groups do abide by the "non-party political" feature of their constitutions. Their constitutions do not restrict the dairyfarmers from keeping close contact with "government" i.e. administration officials and Cabinet Ministers at both State and Federal levels, through representation on Boards and Committees and through constant voluntary meetings and submissions. Cabinet in the Australian parliament has been the focus of policy initiation and policy determination during 1949-69 and that is where most of the action is for the dairyfarmer organisations also.

74. This is confirmed in interviews with both Peter Nixon of Gippsland, often alleged to be a dairyfarmer spokesman, and Sir Charles Adermann (Fisher in Queensland), former Minister of Primary Industry. Interviews, Canberra, September 1972. see also Chapters LX and X.

CHAPTER IV STATE ORGANISATION OF DAIRY FARMERS I. THE "NO-CONFLICT"
STATES

General Comments on State Groups

I implied in Chapter I that economic organisation in the dairying industry is identifiable with state borders but there are some overlapping regions. In NSW there is an irrigated Murray River district from Albury to Deniliquin where dairy production can be profitable, but the area has been considered from 1949-69 to be mainly a wheat and wool area, and dairying has been of local rather than interstate importance, serving local markets and distant from NSW metropolitan areas. Across the Murray in Victoria there are intensive dairying areas with access to the Melbourne markets and interstate sales of NSW wholemilk and cream into Victoria are reported along this border. The Tweed River dairying region on the NSW-Queensland border is also interstate in area, but producing mainly butter for export. Here the alternative use of farms has been a more debatable economic proposition than in the southern Murray River district. The South-East area of South Australia has some interstate trade in Victoria also, and some connections with Victorian Western District dairyfarmer groups. But, although the interstate areas may provide future problems for the industry, until 1969 the general coincidence of state boundaries with economic boundaries had encouraged dairyfarmer groups within the states to develop almost independently.

As well as this economic regionalism, in Australia the constitutional division of power outlined in Chapter II¹ has given state government responsibility for agricultural production and marketing, and thus encouraged the formation of state dairyfarmer organisations before federal ones. Federal dairy farmer organisation in Australia still depends very heavily on state organisation. Despite concentration of Australian political

1. footnote 15.

power at federal levels, as K. O. Campbell puts it, "The strength of most of the federal commodity groups still lies in the autonomous state organisations".² At the state level, Australian dairyfarmer organisations have conventional unitary organisation patterns, with pyramidal structure from branch members to delegates to state annual conferences, with elected executive, a professional appointed office staff, a regular news-sheet, financial dues, usually on a sliding scale, an audited financial report, and reports to members on the year's activities.

On a small scale the state dairyfarmer units resemble that prototype of unitary farmer organisation, the British National Farmer Union, although in most states there is restricted, commodity membership. One important characteristic of all Australian farmer groups, as Professor Campbell observes early in his article, is that they are "commodity based to a great degree"³ even within the "general purpose" state organisations of Tasmania, WA or the old State Divisions of the Australian Primary Producers Union. Naturally a commodity basis for organisation tends to separate the interests of those within primary industry as a whole, just as the Australian trade union movement is separated by the number of unions divided along craft classifications.⁴

The commodity basis of Australian farm organisation has probably been more inspired by economic geography than by political divisions between producers. Mixed farming, carried on in closely settled areas, especially for local markets as in Britain (and to a lesser degree in Victoria and Tasmania) appears to provide more incentive for joining broader, vocational

2. K. O. Campbell, "Australian Farm Organisations and Agricultural Policy", A.J.Ag. Ecg. X. 1966, p. 114. Reprinted in C.A. Hughes (ed.), Readings in Australian Government, Queensland, 1968.

3. K. O. Campbell, op. cit., p. 112.

4. of P.W.D. Matthews and G.W. Ford (eds.), Australian Trade Unions, Sun books Melbourne, 1968 p. 11, p. 75.

unions. Specialised farmers, farming over large areas for unstable export markets, with specialised marketing institutions, prefer specialist or commodity groups.⁵ As alternative forms of production become increasingly desirable to hard-pressed export farmers specialisation decreases - or at least farmers become specialists in more than one or two production lines. If more mixed farming is part of the answer to dairyfarmer problems, it may be that commodity based farmer groups will adjust to changes in occupation of their members as Australian craft unions are said to have done.⁶ Commodity union may also change as older farmers, familiar with specialist groups, are replaced by a newer generation, more mobile, more tolerant of large unions, and less committed to specialist farming. Diverse interests even within formally unified "general purpose" groups, will probably continue to divide Australian farmer groups on commodity policies. As V. O. Key writes of the U.S., "agriculture cannot be regarded as a unit politically or economically".

Organisational analysis may predict this kind of development more significantly than speculative comparison however. March and Simon, who analysed the role conflict can play in group organisation, among many other analytic schemata,⁷ suggested to me that three tests of conflict positions may be applicable to dairyfarmer groups; 1) that the factor of intra-group competition for limited (or zero-sum game) rewards decreases group

5. The wool industry provides the best Australian example of this division between general and specialist farmers. cf. discussion in Introduction to Chapter II. Within the Australian wool industry there were numbers of mixed farmers pressing for greater unity within farmer organisations. Harman and Smith, op. cit., A.Q. 39.4.67. North American farmer groups, particularly wheat, corn and cotton farmers display the same tendency for large-scale export farmers to join specialist organisations. V.O. Key Jr., Politics, Parties and Pressure Groups, 5th Ed., 1964. Chap. 2. C. Campbell, The Farmer and the New Deal, Urbana, 1962, p.20.
6. Matthews and Ford, op. cit., pp. 74-5. One observer notes that craft unions have "increasingly recruited non-craft production workers to combat changes in the work force and to keep up with expanding non-craft unions".
7. J.G. March and H.A. Simon, Organizations, N.Y. 1958.

participation,⁸ 2) that the number of individual needs satisfied in the group increases the identification and interaction with the group⁹ and 3) "the more similar the norms the greater the support of group pressures for organizational demands",¹⁰ that is, a high degree of identification by participants within the group can supplement organisational goals. Similarity of norms is obviously greater for what are called "commodity groups" than for wider organisations, such as "general purpose groups", and head office control "over the evocation and evaluation of alternatives in the group" which influence the "perceived prestige" of the organisation, is stronger when there are "similar norms and high identification by participants with organisational goals".¹¹ As a result of test 1) the field work and constitutional organisation of state groups should show some significant differences, because in two states (NSW and Queensland) the members are competing against other dairyfarmers for limited rewards and subject to external criticism by government and observers. Consequently their loyalty is impaired and their acceptance of the opinion of the leaders of the organisation is much less predictable. In Victoria, Tasmania and SA, where rewards are not seen to be as limited, where group members believe they are producing a valuable product in an efficient way and are respected and consulted by governments, they should support and agree with policies produced by their commodity group leaders with a low level of criticism and argument. From tests 2) and 3) one could analyse the relative strengths of general purpose groups, (satisfying more needs of members) versus commodity groups (with greater similarity of norms) to see which may increase head office control and group support. The organisational analysis tests are limited in application to the "conflict states" of NSW and Queensland however,

8. Ibid., pp. 70-71.

9. Ibid., p. 66.

10. Ibid., pp. 78-79.

11. Ibid., pp. 67-69.

where there has been almost no dairyfarmer membership of general purpose farmer unions up to 1969. Anyway, tests 2 and 3 become rather remote from the general direction of the thesis, although they add some interest to otherwise formidably detailed and unfocussed information.

I have made some attempt in these two Chapters to describe state dairyfarmer organisation, which is a large area to examine but only a minor part of a federal thesis. In Victoria and SA I have done more research than in Queensland and NSW - in some respects the states with the most interesting developments in dairyfarmer organisation. Distance and money have prevented extensive research even in Sydney and Brisbane, and any direct research at all in WA and Tasmania, and correspondence with the groups has produced limited response. Although I have not travelled outside Melbourne, I have written more about Victoria where the dairyfarmer organisation is both complex and significant. In SA where the dairy industry is small, prosperous and atypical of Australian dairying, I have been able to do more direct research and have summarised the results more thoroughly than SA deserves perhaps.

2. Victoria. The "no Conflict" state with unlimited rewards

Farmers in Victoria have been more favored by economics (and subsidy and equalisation) and therefore their organisation might well be the most significant among the Australian state groups. The size of the industry in Victoria, the small-scale holdings, the concentration in mainly viable areas, the opportunity for alternative employment in closely settled areas, the modification of fixed investment in dairying provided by markets for sideline occupations, the closeness to markets and factories, and the better pastures and climate, make Victorian dairyfarmers less economically vulnerable than many other Australian dairyfarmers, and the character of dairyfarmer organisations in Victoria might well be less aggressive and militant than in more vulnerable areas. A comparison of the Victorian

dairyfarmers with the British National Farmer Union should be instructive, for the British NFU has sometimes been identified as a model of agricultural organisation. The structure of the British Union is said to be closely linked with the British parliamentary structure, and therefore farmer groups might find the NFU structure a suitable model with the Australian parliamentary system. Also the NFU has had a reputation for political effectiveness which farm groups outside Britain would like to approach.

The authoritative work on the British NFU was published in 1962,¹² and the effectiveness of the NFU was attributed by these authors¹³ to a growing professionalism in head office, to lack of competing groups except for the much weaker Agricultural Workers Union and the Agricultural Association of large landowners and to the conservative farmer membership which has rarely been divided on policy questions and which has been insulated from the fluctuations of export prices by a system of flexible government subsidies. Membership of the NFU has been high, the local branches active, and the Union has been aided by "a grotesque psephological importance" attributed to the farmer vote by all three political parties.¹⁴ But even with this effectiveness, there have been some problems. The British Labor Party has never been as ready to accept producer influence over government policy as has the Conservative Party and within the NFU there has been dissatisfaction from smaller marginal farmers, from the co-operative movement, from "specialist" commodity farmers in horticulture and poultry raising.¹⁵ The authors conclude a chapter on "The Politics of Agriculture" with the comment, "This chapter has thrown some considerable doubt, however, upon the extent to which agriculture can maintain its political position".¹⁶ The doubts arose mainly

12. P. Self and H. J. Storing, The State and the Farmer, London, 1962.

13. Ibid., pp. 47-54.

14. Ibid., p. 201.

15. Ibid., Chapter 2.

16. Ibid., p. 208.

from the shrinking importance of agriculture in the British economy, from detectable resistance in Whitehall to NFU dominance, especially as the conservative NFU policy failed to achieve necessary agricultural reform, and growing disillusionment with the psephological factor. With both these strengths and weaknesses the British NFU has some resemblance to both Victorian and Australian dairyfarmer groups, but there are, and have been, a number of differences. To begin with, in Victoria there are and have been since 1947, two competing groups, the VDA and the Victorian Division of the APFU, now part of the VFU.

The VDA

The Victorian Dairyfarmers Association was founded in 1926. Its membership was estimated at 14,500 (1968) and falling, (1971, 12,000) and

any dairyfarmer or retired dairyfarmer who has been a member of the Association, or firm or company carrying on the business of dairy farming or representatives of co-operative and proprietary butter and cheese factories, may upon the annual payment of the membership subscription, become a member of the Association. 17

In 1968 the secretary estimated the eligible membership at approximately 23,000 farmers and this probably included the dairyfarmers already organised within the (then) Victorian Division of the Australian Primary Producers Union, which was optimistically claimed by their secretary as around 11,000. (The Census figure for Victoria at 1966 was 26,000, and at 1971, 22,000). There is known to be overlap of members between the two groups, but the majority of specialist full-time dairyfarmers were claimed by VDA officers to be their members.¹⁸ The subscription rate for the VDA from the period

17. VDA. A review. Melbourne, n.d. (1965) Constitution. sec. 8. 11.
18. In an interesting role reversal, the VDA secretary until 1971, K. Thorne, joined the VFU Dairy Division, probably partly because he was a supporter of general purpose unions, and because there was a turnover of elected officers in the VDA in 1971, with which he was not altogether sympathetic, I imagine. It would be unfair to disclose some of the information which he can now provide as observer of both organisations, but in his new role, he claims that the overlap between members, and especially large-scale farmers, is greater than he expected or believed to be the case when he worked for the VDA.

of 1949 to 1969 has risen from 10/- in 1948, £1.0.0. in 1949,¹⁹ £2.0.0. in 1954, until by 1970 the subscription based on herd size was as high as \$20.00, although for herds of 40 cows it was \$8.00 and the minimum rate was \$2.00. Sharefarmers joined for a special rate and their number in 1970 was between 20 and 15%.

The members of the VDA are divided into regional branches²⁰ within 18 District Councils. A Central Council, meeting twice a year, includes members elected from a District Council representing butterfat producers, plus three representatives from the Milk Committee, representing the wholemilk farmers,²¹ one representative of the Proprietary Butter Factories Association, three representatives of the Co-operative Butter and Cheese Factories Association. The closeness of the relationship between factories and farmers has been much more marked with the VDA than with the rival APPU-VFU group. Several branches of the VDA are identified as Murray-Goulburn Suppliers or Nestle Suppliers Branch, for instance, and until the early 1950's, the subscriptions to the VDA were deducted by factories from suppliers pay-cheques, as factories in secondary industry have deducted union dues from trade union members' pay-cheques. The VDA Executive, meeting every month, includes three Milk Producers Council members, six Central Council members representing the Western, Northern and Gippsland districts, and the office bearers of the Association.

The Milk Producers Council parallels the Central Council, although its number of members are smaller, with branches where there are 25 or more members supplying wholemilk for human consumption. There is a Milk Committee

19. Victorian Dairyfarmer, June 1949, p. 11.

20. Approximately 157 in 1965, (Review, p. 9) but reduced since then.

21. Also called town milk producers, wholemilk suppliers, liquid milk producers; about 5,000 of whom hold contracts with the Victorian Milk Board.

paralleling the VDA Executive, but no district council level of organisation for whole milk farmers. The Milk Committee shares the services of the General Secretary of the VDA, of the Treasurer and Central Council funds for travel and expenses, and has ten general members, seven of whom represent Milk Board contract holders, two members representing "country milk producers" selling to country towns outside the Milk Board areas and one co-opted member as considered desirable. The Milk Committee is responsible for the preparation of cases to be submitted to the Milk Board on such matters as price enquiries, contract adjustments, penalties for low quality supply, etc.

The Milk Committee also takes an active interest in milk sales publicity and through its representatives on the Milk Publicity Council in Victoria "ensures that the viewpoints of the Association are taken into account when industry funds are spent on publicity".²² The President of the VDA from 1961 until 1971, H.A. Lenne', was President of the Milk Producers Council, and Mr. Lenne', the Milk Producers Vice-President, H. J. Roberts,²³ and the VDA Assistant Secretary represented the VDA on the Milk Publicity Council which advises the Victorian Milk Board on "promotional activities" and maintains "close liaison ... with other organisations in Australia, such as State Milk Boards".²⁴ In the absence of formal federal wholemilk producers organisation,²⁵ this informal liaison has probably been important in the last twenty years. There have been approximately 5,800 dairyfarmers holding contracts from the Milk Board for production of wholemilk in Victoria during the 1960's and these farmers were mainly full-time producers and professional dairy farmers. The Wholemilk Milk Producers Council

22. Review, p. 9. Publicity funds were £83,000 p.a. in 1965, p. 20.

23. Cousin of E. G. Roberts, former VDA President, ADFP Chairman and Chairman of ADPB.

24. VDA Review, p. 20.

25. A Milk Council was not formed within the ADFP until November, 1969.

section of the VDA has had a fairly constant number of members and is becoming a stronger division as Butterfat or Manufacturing producers decline in numbers. It has produced both VDA Presidents during the period of this thesis, E. G. Roberts and H. A. Lenne'.

The period of service of leaders, always practising dairyfarmers, in the VDA has usually been lengthy. From 1927-1970 there have only been four Presidents and Vice-Presidents who have similarly served for long terms of office.²⁶ These officers have thus become well-known to the members of the Association, to political leaders and other industry representatives. Presidents and Vice-Presidents usually travel widely in the state, addressing branch and Council meetings. The prestige of these leaders has therefore been considerable and much of what is sometimes considered "field-work" in organisations, i.e. keeping in touch with members personally and explaining group policy, the role for instance of trade union secretaries in many unions, is done by the elected officers in the VDA. This feature of the VDA fits into the Simonian analysis of an identification of the similarity of the social norms between leaders and members, of the ability of participants to affect decisions through meetings with leaders, of the efforts of leaders to control the alternative actions which members consider possible or desirable. In conventional group analysis, the personal prestige of the leaders has helped the VDA to achieve effectiveness in the period since 1949, although the leaders have been assisted by coincidental economic factors.

26. Presidents: Angus Mackenzie to 1940, G. C. Howie, 1940-52, E. G. Roberts, 1952-61, H. A. Lenne' 1961-72, C. B. Gardiner 1972- .
 Vice-Presidents: (since 1949) have included J. G. Clyne, E. G. Roberts, A. J. Hunter, H. A. Lenne', C. B. Gardiner, D. A. Gibson, H. J. Roberts - three of whom became Presidents and nearly all of whom served the VDA for over a decade.

The VDA office staff includes a general secretary, an accountant, the chief field officer plus a varying number of field officers.²⁷ The role of the field officers, (increased to 7 after 1971 when there was re-organisation under a new secretary, himself formerly Chief Field Officer) has been explained by the secretary as mainly an administrative job with little emphasis on policy and a good deal more on maintaining subscriptions and numbers and up-to-date addresses. This development of field staff dates apparently from 1949, when the membership was 15,728 and three field officers were appointed as:

an alteration in the method of factory collections in some districts ... (made it) necessary for field staff to make personal contact with members so that they would ... (be) continuing their membership. ²⁸

Putting this in less ambiguous language, with a competing organisation, the Victorian APFU, the deduction of subscriptions by the factories became something of a problem in diplomacy, and some factories refused to continue the practice. Submissions, minutes of meetings, technical committee reports and sub-committee reports are handled by the secretary, (with advice occasionally from the economist and marketing staff of the ADPB situated in the same building) and the VDA accountant. The Victorian office is probably more able to produce a thorough argument on policy questions than NEW or Queensland partly as a result of its location. It shares luxurious offices in Dairy Industry House on St. Kilda Road, with the large office of the ADPB, the Butter and Cheese Manufacturers' Federations, the Cream Association, the Victorian Equalisation Committee, and a number of other industry organisations. It is therefore associated through head office with the prosperous factory sector of the industry, as well as through

27. In 1949-53, there were 3-4 field officers, but by 1969, there were 3 and the number seems to have been fairly constant, though the turnover is steady.

28. Victorian Dairyfarmer. Financial Reports. June 1949, p. 11.

member branches.

The annual report of the VDA in 1966 opened with the following black type observation:

The constant and vital task of your association is to take an active interest in the marketing of Australia's dairy produce throughout the world in order to maximise returns to the State's dairy farmers. 29

In the "Review of the Organisational Structure, Achievements and Representation of the Association", Mr. Lemé, writing a Presidential Message to Dairyfarmers urges:

"We must always remember that our Association was formed to correct a serious anomaly - that dairyfarmers had no say in their own industry, and were forced to accept whatever price was offered for their produce.

And we must remember - ALWAYS - that at the time of the birth of the Association in 1926, returns were low and constantly fluctuating and that conditions generally in the industry were unstable and deplorable.

We must remember how those conditions were rectified - by the united efforts of dairyfarmers all over Victoria, who created and maintained an Association of such prestige that it could speak with the voice of authority and strength whenever and wherever decisions affecting their industry were made. They built up an organisation of practical men who secured for their industry the best conditions and financial returns in its history BECAUSE THEY SPECIALISED IN DAIRY FARM PRODUCTION.

It should be remembered by all dairy farmers that the VDA is the only farmer organisation in Victoria with representation on the all important Commonwealth Dairy Produce Equalisation Committee, which determines the equalisation values which form the basis of the return to the dairy farmer by the factory.

Similarly, through its affiliation with the Australian Dairy Farmer Federation, it is the only farmer organisation in Victoria represented on the Australian Dairy Produce Board, which has the responsibility of industry promotion and research within Australia and for overseas marketing".³⁰

This Presidential message illustrates the limited and practical aims which the VDA considers most important in winning support from members. There is no mention of industry reform, but there is emphasis on marketing and stable price, on the virtues of practical men of specialist experience in dairyfarming (whose norms are similar to those of member dairyfarmers).

29. May 1966, p. 5.

30. Review, p. 3.

The Presidential message does not discuss methods of achieving aims nor the difficulties of maintaining price fixing schemes, but it conveys an air of certainty about the operations of the Association which is characteristic of many interest groups, including most trade unions.³¹ Interpreting this message in a Simonian formula, one could explain that this organisation is concerned with the selection of satisfactory alternatives rather than optimal ones,³² so that the "program content" contains specific directions insofar as it needs participation by members, but not insofar as its activities are "better known to the specialists than to the operatives". When industry innovation is considered, the VDA exemplifies the Simonian principle "the amount of search (for new formula) decreases as satisfaction increases".³³ There is some difference between the VDA, the SA dairy groups, and Tasmania on this matter, but even more marked difference between Victoria, SA, and WA and NSW and Queensland "conflict" groups of the next Chapter. Energetic recruitment, change from limited areas, membership of more comprehensive associations are not sought by the VDA and such policies have represented innovations considered unnecessary with the 1949-70 "satisfactory" situation in Victoria. Members and officers have not concentrated on increasing membership knowing that they have become such an influential part of the political system that organisation of a sufficient number of farmers is adequate to maintain their influence. A

31. Literal interpretation of such unifying messages may be misleading for e.g. "united efforts of dairyfarmers". Dairyfarmer groups have been hierarchical since their inception for practical reasons. "United efforts" implying mass demonstration of strength and unity have been rare in the history of the groups, and almost unknown in 1949-70 except for "packed mass meetings" rarely exceeding audiences of hundreds. Even in closely settled dairy districts, farmer participation has not been marked and although membership of groups is high, reliance on representative spokesmen has been accepted.

32. March and Simon, op. cit., p. 141.

33. Ibid., p. 145.

high organisation "density" is not as important to a group that has achieved political effectiveness as the degree of unity within the group itself, and an emphasis on the basic wisdom of the actions of the group, as in the Presidential message, helps to minimise any disputes which occur between members and groups of members in the Association. The pressure group leaders then become "reliable" spokesmen for their members. There is some similarity between the British NFU and the VDA in the conservative and "professional" emphasis of the head office and the industry leaders.

The Presidential message illustrates an uncompromising attitude taken by the VDA in 1965 (and its President personally) toward the competitor, the then Victorian Division of the APPU, at least for the purposes of recruitment, and for encouraging loyalty and participation of members. An alternative organisation is not altogether a drawback however. A sense of loyalty, of identification with one group rather than another, may draw members of the VDA into active membership. Conflict between the VDA and the VFU in Victoria may be the result of "differences in the need felt for joint decision making" rather than "differences in goals" and reflect in part - so it was alleged - the larger-scale versus the billy-can producer. The Presidential emphasis on the representation of the VDA on government boards is however, a good illustration of what March and Simon termed "politics" in conflict situations.³⁴ The VDA offered superior representation benefits to its members, making the bargaining more persuasive by alleging that ONLY the VDA, specialising in dairyfarmer organisation, shares the "same objectives" as dairyfarmers. In fact, the APPU was, during the period of this thesis, represented on some State Boards, though

³⁴ Ibid., p. 130.

34. / By politics we mean a process in which ... there is intergroup conflict of interest but the area is not taken as fixed.... A basic strategy ... is ... to expand the relevant parties to include potential allies. The tendency for the organisational conflict of collective bargaining to expand to include governmental institutions is well-known. The use of politics within the organisation proper is also an important technique for resolving intergroup conflict".

not in the Federal agency structure, but it would hardly have rejected that representation if it had been made available, since the objectives of its dairy sections were in fact, similar to those of the VDA. The ADFP, composed largely of commodity dairyfarmer representatives, opposed APPU representation strongly at the federal level, in order to keep its bargaining claims with members more convincing. The VDA officers saw their APPU rivals as providing dangerous competition, requiring "political" intervention, but were not as successful in preventing access to state agencies as the commodity groups were at the federal level.

The Victorian Division of the APPU

Both the VDA and the Victorian Division of the APPU share in the problem of recruiting voluntary members in a declining industry, when non-member dairyfarmers also share in the benefits of orderly marketing, subsidy and protection. Both organisations tend to emphasise the insecurities of the farmers' income, and to suggest that there is no alternative protection to the dairyfarmer except through organisation of interest groups explicitly devoted to his welfare. Political parties may be seen, from this point of view, as competing for the attention of the group's clientele. Secretaries in both offices produce submissions for influencing federal and state government policy. But in the Victorian Division of the APPU there was somewhat more authority in the position of the secretary, Mr. Hammond, who had been associated with the Union since the mid-forties, and secretary since 1949. The elected officers in the APPU had had relatively short periods of office compared with the VDA officers.³⁵ The average term of

35. Interestingly the present secretary in the Dairy Produce Section of the VFU, Mr. K. Thorne, attributes the electoral instability to general elections by the "rank and file" members of the APPU/VFU, whereas the VDA officers are elected by the Central Council. He observes that the Chairman of the Wholemilk Dairy section of the APPU (and subsequently the VFU) was also elected by the committee of that section, and kept his position for many years, while the Chairman of the Butterfat APPU/VFU committee, elected by the "rank and file" had frequently been changed.

office of state Presidents (few of whom had specifically dairying interests) in the APPU was two years, with a few four year terms of office, particularly in the 1960-70 decade. Produce Chairmen and officers of the District Committees have had much longer periods of office,³⁶ and so have the delegates to Federal Conference. These offices require less time and, as in the VDA, only semi-retired or wealthy farmers can afford to nominate for executive positions requiring numbers of committee meetings and business discussions. There has been continuity however, from the appointed officials, and from the early days of the APPU there has been emphasis on the work of the field officer. In the absence of well-known, long-term Presidents and Vice-Presidents, the emphasis on the position of the appointed officers is understandable.³⁷ By 1969, the office staff of the VFU, in which the APPU and the Wheat and Woolgrowers Association merged, had grown to include a state Secretary, three Produce Secretaries, responsible for certain groups of commodities, and 10 field officers. In 1969, the VFU claimed 26,000 members with 9,000 in the dairy section and 2,500 in the wholemilk section, but the figure had dropped to approximately 8,000 in the two dairy sections by 1973. (May 1973). It is usually assumed that these VFU members are small dairyfarmers, or mixed farmers, rather than large-scale professional farmers. But the subscriptions for dairy section members, based on gallonage production, with a minimum of \$8.40 per annum, moving up to \$20.00 (1973) suggest that the scale of dairy farming may not be as disparate as the VDA would like to believe.³⁸ In one

36. This may be the result of committee election also.
37. One observer thinks the difference reflects the general rather than the commodity character of the APPU branches, and that elected officers would have little to discuss with members of "general composition" unions. Political parties and trade unions with "general composition" memberships require their secretaries and appointed officers to spend a good deal of time with branch members in an attempt to establish "norms", but in addition the elected officers who want to be re-elected by the "rank and file" visits the branches also. The observer with this somewhat lofty view of branches came from a commodity group.
38. see footnote 18. The subscription rates of the Victorian APPU rose from an original £1 (1953 Annual Report of Vic. Div. APPU, p. 9) to the same level as the VDA by 1969, although the APPU minimum was \$8.40 and the VDA only \$2.00.

respect, there is allegedly a significant difference in membership, and that is in the factory branch groups, which are affiliated with the VDA, rather than the VFU. From the VFU point of view, factory control of the VDA is a potentially dangerous restriction on autonomy and independence.

Autonomy and independence are apparently highly valued by the APPU/VFU. Compared with the concentration on limited aims by the VDA, the Victorian Division of the APPU appeared to spread a broader message to farmers. The Presidential Report of 1965-6 states:

... the proposed merger of the APPU and the Victorian Wheat and Woolgrowers Association in the Victorian Farmers Union was a heartening step ... and the Dairy Farmers refusal to see gain from such a merger was a disappointment.

He hoped that:

the merger would attract smaller organisations which could derive enormous benefit from both our numerical strength and our superior organisation equipment. ³⁹

But in 1966-7, the President admitted that, although the Union had always been dedicated to the idea of one organisation which would enable all Australian farmers to "speak with a single voice", the

final objective is and always has been a Federal unity ... sacrifice of the operative machinery which has made the Union a pattern of farmer unity ... to increase the membership of a combined organization ... would be of little value. ⁴⁰

The machinery of the APPU Victorian Division had operated through separate Produce Sections attempting to forestall the criticism that particular industries within the primary sector would not be able to maintain their own identity and control over the policy of the Union.

From the outset it has been the objective to form a National Organisation from the individual through branches to District Committees, to State Executives up to the National level, the Federal Council, with produce sections devetailed into each of these steps to perfect the Australian Primary Producers Union. ⁴¹

39. Victorian Division APPU Annual Report, 1965-6, p. 9.

40. Ibid., 1966-7, p. 12.

41. Annual Report of the Victorian and NSW Divisions of the APPU, 1948, p. 5.

The Index to the Victorian Annual Report (1966-7) cited Reports from 16 separate produce sections, and 6 general sections, Processing Vegetable Section, Pasture Seed, Vermin and Noxious Weed, State Irrigation Committee, Land Use Committee, Machinery Sub-Committee. The Reports of these Sections and Committees suggest a fairly high commitment by members of the Victorian Division, and a good degree of co-operation with the Department of Agriculture, the Minister and various Victorian State Boards. The Reports cover more than half of the 80 page 1966-7 Annual Report and Agenda of State conference, and the State Executive held four meetings of its 40 members. Over half of the state executive attended three or four meetings, which seems like a fair to good attendance rating of members.⁴² The Finance and Administration Committee held eight meetings, indicating a fairly high "commitment rating".

The Victorian Division Dairying Section had a certain tolerance towards change and reduced size of the dairy industry.⁴³ In the 1960's the Dairying Reports displayed a readiness to accept upward revisions of the margarine quotas,⁴⁴ to recommend alternative forms of farming to producers likely to be affected by Britain's entry in the EEC,⁴⁵ and to consider production quotas. As early as 1962 and 1963 the Victorian Dairy Committee, through a Federal Sub-Committee, was studying the Australian Dairy Produce Board circular sent to industry representatives and considering planned production and farmer quotas. Farmer quotas were rejected by the Federal Sub-Committee but the Victorian Committee "was able to influence the Federal body to agree ... that the Union should 1) be prepared to study any suggested plan for improving the position of the industry", ... and to

42. Report, Victorian Division, p. 94.

43. of. E.D. Daw, who referred to the radical character of the APPU over wool and wheat marketing proposals. A.G. XXXVII.3.1965, p.22.

44. Report, Victorian Division 1966-7, p. 28.

45. Ibid., p. 11.

2) expand international market agreements, and 3) request clarification of federal government policy. Production quotas have since become part of a federal submission by the APPU to the Federal Minister of Primary Industry (1968). These controversial policies suggest that leaders - short term chairmen usually - feel fairly confident of support from their members, largely concentrated in Victoria.

The Wholemilk Produce Section (APPU) had apparently been influenced by the NSW experience in protecting wholemilk producers from economic challenge. For instance, although the 1966-7 Report conceded that the per capita consumption of wholemilk was falling⁴⁶ the Wholemilk Committee was apparently pressing for a price increase from the Milk Board to the producers.⁴⁷ In 1962-3 the Committee was strongly resistant to introduction of "equalisation" of wholemilk sales and to wider spreading of smaller contracts with producers. In general, the Wholemilk Committee in Victoria consistently supported the Milk Producer Association of Australia and New Zealand, and its reports dealt with agreements and disagreements with the policy of the Victorian Milk Board over quotas, penalties, solid not fat tests, butter fat content sampling, cost of production niceties, and of course price. Yet the Chairman of the Wholemilk Committee was the long-tenure chairman, and the chairmen of the Dairying Division were short-term office holders. The policy of the NSW Milk Board as outlined by J.A. Ferguson, was frequently quoted with satisfaction by the Chairman of the APPU Wholemilk Committee, especially with regard to expansion of milk sales through promotion, advertising, mobile milk bars and so on, and the possibility of subsidising wholemilk,⁴⁸ and to allegedly more favorable methods of solid not fat tests in Sydney, minimum quantity contracts and levels of milk prices. This critical approach to change apparently

46. Ibid., p. 32.

47. Ibid., p. 34.

48. Allegedly suggested by Ferguson in a MPA Conference in 1966 and quoted 1966-67 Report, p. 34.

appealed to the members of the Wholemilk Committee, if not the rank and file, and suggests that the wholemilk committees of both Victorian dairyfarmer organisations may have more in common with each other ⁴⁹ than the dairying (butterfat or manufacturing sections) divisions of the two groups have. The factory influence over the VDA may well account for the more cautious character of the VDA Butterfat division.

For in comparison with the policy discussion in the Victorian Dairying and Wholemilk Sections of the APPU, there is relatively little call for change apparent in the Reports of the VDA. Much of the activity of VDA concerns representation on the Dairy Products and Dairy Produce Boards, the Farmers' Workers Wages Board, the Standards Association of Australia, the Advisory Committee of Dairy Farms Research Stations, as well as Committees which parallel some APPU sections, such as the VDA Pig Sub-committee, the Water Sub-committee (irrigation) and the Milk Producers Council. Interestingly, while the Pig Produce Section of the APPU reported in 1966 that overtures had been made by the VDA for the establishment of a (joint) Pig Producers Council, the VDA Report attributed this move to the FU of WA, and conceded only that Victorian APPU members attended the meetings of the VDA sub-committee. Unity of groups even when they are pig producers is not part of VDA publicity but co-operation with the competitor does in fact exist. The annual reports from VDA Committees and the joint government-farmer Boards Reports are brief (about half the size of APPU ones) and emphasise joint activities with statutory authorities rather than disputes with them. Executive members of the VDA hold a number of official positions on many of the committees, suggesting that participation is not widespread among VDA members. This is partly due to the difficulty of running a dairyfarm with daily, not seasonal, work patterns, and attending meetings. Even in less scattered

49. One observer has in fact suggested this to be the case.

Victorian areas, dairyfarmer officials must become part-time operators of their properties, and necessarily therefore, owners of larger farms able to support sons/daughters on the property or to hire managers and share-farmers. Wheat and woolfarmers are not tied as closely to their properties as year-round dairyfarmers but even wheat and woolfarmer representatives tend to be successful, or retired, rather than small-scale, low-income producers.

The Milk Producers Council Report in the Annual VDA Reports, (parallel to the APPU/VFU Wholemilk Section) is longer than other VDA Reports, but it maintains the sober caution of all VDA Reports. On penalties for suppliers to the Milk Board whose milk is tested as low "snf", the VDA Report reads: "Discussions on the form of these penalties are at present taking place between the board and producer organisations".⁵⁰

The APPU Report claims:

Your Committee continues to oppose the principle of inflicting penalties for s.n.f. deficiencies until more information is available on this problem, and although we have been "a lone voice crying in the wilderness" we must continue to oppose penalties as a solution to this problem. Penalties have been imposed overseas and I believe they have failed to result in a raising of the s.n.f. standard. ⁵¹

On a production cost survey conducted by the Milk Board, the VDA Report notes:

It is gratifying to report that ... a substantially larger number of sample farms ... will be ... a source of invaluable information to Board and producers alike ... the VDA urgently requests that contract milk producers offer their fullest co-operation ... ⁵²

while the Wholemilk section of the APPU reports:

Since our deputation to the Minister, the Milk Board and the VDA have both come round to our opinion on the unsatisfactory nature of the cost of production survey. Nevertheless, we must wait to see the final draft of the survey before being lulled into a sense of satisfaction on this score. ⁵³

50. VDA Report, 1966-7, p. 28.

51. APPU Report, p. 31.

52. VDA Report, 1966, p. 26.

53. APPU Report, p. 33.

A conclusion tentatively emerges⁵⁴ that there is a high degree of identification by the VDA with government structure and decision-making, whereas members of the APPU were more critical of official institutions, and more deeply committed to the activities of their organisation. In part the VDA identification may be a result of the importance attached by the VDA to the superior advantages of membership of Boards, and it is thus influenced by its own recruiting propaganda. If the new VFU were to gain more representation on government agencies, the VDA might reduce its proprietorial identification with official decisions, although the VFU would change its tone as well, presumably, reducing its criticisms when it shared more decision-making. In part the identification of the VDA with government structure and decisions results from that group accepting "satisfactory" programs in preference to "optimal" ones, and showing little executive desire for innovation. The APPU/NFU group is concerned with more ambitious programs, and as a less "effective" group, does not need to provide such a co-operative response to policy innovation. But because the APPU/VFU group is concerned with more ambitious programs and innovation, it does need to have a substantial number of members and commitment in its membership.

Group Unity

In resolutions to the annual conferences, throughout the 1960's, branches within the VDA proposed some form of unity with other producers. But even in 1969, after the Victorian Farmer Union had been formed, and when the VDA secretary and President had discussed terms of unity with the new VFU the members voted overwhelmingly against the proposal for membership. By 1973, the movement for unity, or "affiliation" with the VFU had apparently disappeared. One barrier was in the terms of agreement, which revolved around whether members should join singly and apply for Produce section

54. Annual Reports reflect only the views of certain Chairmen and Secretaries. I have not been able to read Reports covering the whole period of this thesis.

membership in the VFU or whether the VDA should "affiliate" with the VFU as an organisation. The VDA insisted on affiliation so that its identity would be maintained partly because the officers of the VDA seem to believe that there is a good deal of disagreement between commodity sections and officers of the sections within the VFU. Mr. Hammond had retired from the organisation in 1971, and has since died, and his successor was not yet firmly in the saddle. Partly the VDA insistence on affiliation is considered by APPU officers to be a temporary barrier because in time, with the declining numbers of dairyfarmers, the commodity group will be pushed by its members into joining a larger group to maintain the organisational service its members expect, but can hardly afford without raising subscription rates in the period of rising costs. Both sides were (in 1973-4) waiting for developments rather than pushing for them.

Victorian Factories

The factories in Victoria are an important part of the dairy industry, although they do not employ large numbers of workers. As I have written in Chapter I, there were 120 factories in Victoria, employing 5,500 employees (approximately) in 1963-4, and the number of factories had officially fallen to 109 by 1968, although employee numbers were almost the same.⁵⁵ Many of these factories are in fact subsidiaries or branches. Murray-Goulburn Co-operative Co. Ltd. alone had 12 subsidiaries in 1969,⁵⁶ and there were 26 members of the Co-operative Dairy Factories Association of Victoria, 14 members of the Proprietary Factory Association in 1969.⁵⁷ Kraft is the obvious leader among the proprietary factories, but the influence of the large co-ops in Victoria, especially Murray-Goulburn, is

55. Table 6, Chapter I.

56. Membership list of Co-operative Factories Association of Victoria. 13.3.1969.

57. Membership list, Proprietary Factory Association 5.3.1969.

considerable. It was clearly a trend in both proprietary and co-op. factories to extend operations and branches to include state-wide operation as bulk transport covered more of Victoria's dairying as well as to establish metropolitan processing and packing plants. The distinction between co-operative and proprietary factories was said to be getting pretty blurred. Many of the co-operative factories are not co-operative under the definition in Victorian Companies Tax law, according to one observer, and an approximate working definition is apparently a factory "that does have a fair percentage of shares held by its suppliers" and some supplier representation on the Board of Directors.⁵⁸ There is a marketing association to which many co-operative factories belong, ACMAL, handling sales and overhead expenses, as PDS chain does in NSW, which is allegedly a co-op. venture. Representation on the ADPB from proprietary and co-operative factories is the chief reason for the two Associations divided on ownership line, and in a different context the factories are organised into Cheese, Butter, Processed Milk Manufacturers, Cream or Wholemilk associations and federations.

The managerial and technical side of the dairy factory is more conclusive in operating a profitable factory than the ownership of capital, at least according to many observers, including those who, like J. P. Norton of WA, have been directors of co-operative factories, and sometimes found directors unwilling and unable to adjust to necessities of large-scale production and sales. The managing director of the Murray-Goulburn co-op. complex, J. McGuire, has a strong following among his suppliers, and as the section on Dairy Factory Managers and Secretaries in Chapter I suggests, overlapping exists between ownership and management and the reliance on management has become marked in the dairy industry since 1949. In Victoria

58. 15-20% of shares is enough to qualify a factory for co-operative status in Victoria for purposes of election of representation, if not for company law purposes.

and NSW, where there is the most sophisticated Australian development of contemporary marketing and sales techniques and where innovatory pressures and available capital are concentrated, dairy factory management is particularly well trained and influential in factory decision making. Factory associations do not have a distinct and explicit program conflicting with the dairyfarming associations, although their members' interests are not altogether identical with farmer interests. The factory associations appear to exert influence over industry policy mainly through the ADPB and the Equalisation Committee at the federal level. But the associations share the offices of Dairy Industry House with the VDA in Victoria, and I suspect that the part-time officers and secretaries of the product associations - Cheese Manufacturers, Processed Milk Manufacturers, as well as the secretary of the Equalisation Committee and factory representatives on the state Dairy Products Board and the Australian DPB are consulted on industry problems and policy fairly frequently by the VDA dairyfarmer officers. When the factories want representation at the state level to the Board of Health or to the Minister of Agriculture, they may be represented by the VDA, if the issue affects many of their suppliers, as it often does. But when the factory directors and managers are concerned with "through-put", storage and sale, they appear independently of dairyfarmer representatives. The factory representatives are said to be strongly in favor of promotion, domestic sales increase and security on the distribution end of production. But factory associations do not contribute directly to funds available for general promotion and sales, by the ADPB for instance, and dairyfarmers are often critical of this parsimony.

2. South Australia

There are two SA dairymen's organisations, divided on the same lines as in NSW. One association is based in Mt. Gambier on a milk manufacturing area, with no access to the Adelaide milk market at present, and until 1970,

very little pressure for this concession either. It is rumored that such pressure may be growing however with a new younger generation of office holders in the association. The secretary of the S.E. Dairymen's Association (SA) is a part-time secretary, a professional accountant, and city councillor, whose office handles the business of several of the dairies in Mt. Gambier and the surrounding districts. SEDA has some members across the border in Victoria and a total membership of approximately 1,000. The district has 800 licensed dairyfarms and the greater number of SEDA members illustrates the difficulty of reconciling dairyfarmer membership with licensed dairyfarmers. The secretary estimates that even very small producers (billy-canners) are SEDA members because the subscription was low (\$2.00 p.a. including copies of the VDA journal, somewhat surprisingly, until one realises the Mt. Gambier district is so close to the Western District farmers and so far from Adelaide). Less than half of the SEDA members, the secretary estimates, would be substantial dairyfarmers, living comfortably from a dairying income.

There are seven branches of SEDA nominating two delegates to the annual conference. Participation in SEDA affairs is not particularly enthusiastic in good times, and a quorum at annual meetings is not always reached. In bad times participation in association affairs is more enthusiastic, it is reported. Nevertheless elected officers have been ready to volunteer. The 1974 President was recently elected (1968) but the previous President served a lengthy term. (E. L. Gaffney, now retired). The President attends ADFP meetings, especially when they are in Melbourne, and involve short absences from Mt. Gambier. Meetings further north are often attended by the secretary as a proxy delegate.

Mt. Gambier dairying is largely a cheese manufacturing industry with eight factories. The largest of these, in 1970 still under extensive

reconstruction, has a 25,000 gallon daily maximum capacity during the flush spring period of October to December or January.⁵⁹ In 1971, despite a general depression of primary producer income, Mt. Gambier appeared prosperous, with few empty shops, plenty of traffic and well patronised cafes and business sections. Although tourist traffic, the service centre of transport industry, and the lumber mills have diversified the town's economy, dairying is still very important to Mt. Gambier. And Mt. Gambier appears to be very much less affected by seasonal or financial recession than its northern neighbour, Naracoorte, for instance, which is largely supported by wool and wheat. Mt. Gambier appears to demonstrate directly the benefits of orderly marketing to dairy farmers and their dependants, and the virtues of alternative industry.

In another respect Mt. Gambier may be a typical dairying town. The secretary reports that dairyfarmers have shown little interest in politics, not only within their Dairymen's Association which is typically "non-party political" by constitutional definition, but also outside the association. The Mt. Gambier district has returned ALP members to the State Assembly since 1956, (and neighbouring Millicent for even longer) although the federal representative has been a Liberal Party member.⁶⁰ The secretary estimates that requests made to the local member of parliament are much less numerous than requests and opinions offered to the Chief Dairy Adviser of the Department of Agriculture, and to the Minister or Director of the Department. Within the Department, the Agricultural Bureaus however doing extension work, field days etc. are of minor importance to the associations. Both

59. In contrast Kraft Allansford factory outside Warrnambool in the adjoining Victorian district has a maximum daily capacity of 80,000 gallons.

60. For a thorough discussion of the parliamentary situation, see N. Blewett and D. Jaensch, From Playford to Dunstan, Cheshire, 1971, pp. 27-28. Significantly, there is no reference to any farmer group pressure in the study of Millicent and Mt. Gambier electorates at all. see pp. 127-128.

SA dairyfarmer secretaries confirm that extension work, field days, lectures etc. are not advertised by or involved with dairyfarmer organisations, and are attended quite independently (or not attended) by their members. Dairyfarmer members in Mt. Gambier not only make few submissions to their members of parliament; they do not themselves organise political support for candidates and rarely volunteer as candidates themselves.

The Adelaide Hills-Murray River area is represented by the South Australian Dairymen's Association in Adelaide, with about 1,600 members out of approximately 1,850 licensed producers in the area who hold licences from the Department of Agriculture. The secretary estimates that there are less than twenty members of the SADA who are unlicensed by the Milk Metropolitan Equalisation Board, and whose milk is consequently for the factories, or delivery as fluid milk beyond the area of the Adelaide scheme. The subscription rates for members have been based on a flat fee, which has remained modestly around the £1.1.0 to \$5.00 level, chiefly because the office is subsidised by the Milk Equalisation Committee which pays the SADA secretary for expenses of administering the "city milk bonus". The secretary refers to the added income from his role in the wholemilk industry as "innovative" in organisational practices and there is no doubt that the security of his income enhances his personal prestige and independence. There is an area north of the Hills area where there are allegedly 3,000 farms registered by the Department of Agriculture, i.e. they have six or more milking cows. Many of these farms are small milk producers (billy-canners) and they are probably members of the SA Farmer and Grazier Association, but not of the commodity dairyfarmer union. Independent observers in the Department of Agriculture agree that the two commodity unions account for the majority of serious dairyfarmers, but that in contrast with SEDA, the members of SADA, as in NSW Milk Zone, are larger-scale, more professional farmers living close to the city wholemilk market with valuable properties, highly rated by local councils, whereas SEDA farmers

include small-scale family farms, mixed farming, or part-time farming. Since the dairyfarmers are spread through the closely settled districts on the edge of Adelaide, they have very little opportunity for influencing elections.

The Adelaide Hills-Murray River farmers have a "tenuous but continuous" history in the words of their secretary, dating back to 1907, the year of the earliest minute book in the association files. Organisation of the milk industry was characteristically simple and uncontrolled until the 1920's. Interestingly, both the establishment of large factories, particularly AMSCOL (established in 1922) and Southern Farmers (moved into milk processing in the 1920's) and the growth of farmer organisations occurred in the same period. The secretary of SADA in an address to the Annual Conference of 1970 wrote this account:

... within a very few years the number of companies engaged in the trade had increased to such an extent as to threaten with grave instability both the newly developed processing-wholesaling sector and the surviving producer-vendors.

The wholesaling companies then moved further into the rural areas in search of cheaper and more reliable supplies, and the producers in those areas found it necessary to form regional associations to negotiate prices, on behalf of their members, with the wholesaling companies.

However the prices obtainable for milk and cream for manufacturing were so low that the wholesalers had no difficulty in playing-off the regional associations against each other, and in the late 1920s the Amalgamated Dairy Council (later the Affiliated Dairymen's Association) was formed, comprising all the regional associations with the Adelaide and Suburban Dairymen's Association as the senior member.

The move was not entirely effective and the tenuous loyalty to an "association of associations" was often no match for the differential offers made by the wholesalers.

Eventually in 1935, the South Australian Dairymen's Association was formed for the purpose of introducing in the Adelaide milk market a system of orderly marketing.

The methods employed proved ineffective, and, in February 1936, with an unprecedented (and probably unrepeatable) show of solidarity, the members of the South Australian Dairymen's Association staged a "milk strike", by withholding supplies from the processing companies.

the strike continued for almost a week before the State Government intervened by calling a conference, under the Chairmanship of the then Auditor General (Mr. W. Wainwright) from which emerged the proposals for a "milk Equalisation Scheme". 61

This history suggests that the role of the SA dairy factory (or wholesale-processing sector) has been both to inspire "counter-vailing organisation" and to introduce innovations into the dairy industry which have increased the industry's size and its prosperity. By this same process of innovation factories may have provided some protection against economic fluctuation and seasonal losses for the dairyfarmer. For example, the diversified products which SA factories, in their own interests, have introduced (and the Metropolitan Milk Equalisation Scheme) have protected SA dairyfarmers in both areas against heavy dependence on that problem product, butter, and made it possible for farmer producers to reap some benefits from the growth in demand for cheese, yogurt, ice-cream, skim milk cheese and so on. The Hills-Murray River area is one of the prosperous dairying areas of Australia with, according to its secretary (and the Census figures), fewer farmers leaving the industry than anywhere else. In Chapter I, Table 2, it appears that the numbers actually increased in the dairyfarm industry in both Victoria and SA from 1961 to 1966, and both states have conspicuously high yield per cow figures. Here again is evidence of the significant role which factory organisation plays in the industry.

The period described in this history of the formation of the SADA coincides with a remarkable term of office of Mr. Irwin Elliot, President from 1936-1963, awarded an OBE for services to the industry, followed by Mr. Loechle from 1964-68 and Mr. N. M. Green 1968-71. As in the SEDA and the VDA the President had developed the popularity and prestige associated with lengthy terms of office. At present participation of members in SADA affairs is noticeably steady. The delegates from 14 branches (a branch is entitled to one delegate for every 50 members) attend

61. Unpublished address, possession Secretary SADA, Leigh Street, Adelaide.

approximately six meetings a year. At these meetings the average attendance as recorded in the attendance book is 30-35 out of 40 eligible delegates. This is a noticeable contrast with the attendance of delegates in Mt. Gambier. The difference may be accounted for by the connection of the SADA with the Metropolitan Milk Equalisation Scheme which is housed in the office of the SADA and organised by the secretary. The secretary has been a full-time officer of the association since 1946. He is also the editor of the remarkably professional South Australian Dairymen's Journal, which actually reprints articles by economist critics, summarises ADFP submissions to the Minister, comments on interstate and overseas trends in the industry, includes a 48-page Handbook of Refrigeration Bulk Milk Storage and Transport guide for his members, and generally appears to be a professional farmers' guide and discussion maker. Like the secretary of SEDA, the SADA secretary is a regular voting member of the ADFP and attends interstate meetings frequently as a delegate from South Australia.

The SA factories share in the general prosperity and morale of this section of the Australian dairy industry. The largest proprietary factory in SA, where there were approximately 40 factories during the 1960-70 decade, has been and remains, the Amscol chain,⁶² which has co-operative in its title since it was formed before SA statutes defined a co-operative, but is in fact a proprietary factory with a franchise and some capital from the US Dairy Queen chain of companies. Amscol produces butter, cheese, ice-cream, yoghurt, bottles cream and wholemilk, and has a wide range of products. Amscol's secretary, Mr. R. Pobke, is currently (1974) Australian President of the AIDFMS, and the general manager of Amscol is also^a director on the Amscol Board, in an overlapping role which exists in both co-operative and proprietary dairy factories. Mr. Pobke confirms that the relations of a factory with its suppliers must be mutually satisfactory if the factory is

62. Jacobs, a SA proprietary Company and Kraft have several small factories in SA, Kraft in Mt. Gambier only.

to be successful, but he is clearly convinced that proprietary factories may be even more successful than co-ops. in achieving good supplier relations by including such elaborate services as provision of equipment, discounted supplies, veterinary advice and testing, education on bulk tank use and collection of supply at the farm, tax and accounting recording, legal assistance - or at least the less professional preliminary legal enquiries. Although Amscol is a proprietary firm ("an advantage for raising capital") Mr. Pobke claims the firm "is co-operative in spirit ... we have to give as good a price ... and as much service ... as any co-operative".⁶³ Subscriptions to the SADA are deducted from the factory cheque to dairyfarmers by Amscol and paid to the SADA secretary, and relations between Amscol and the SADA are mutually respectful. Amscol's products are largely in milk and milk products, although cheese has been produced from some of their factories for a long time. The co-operatives, Southern Farmers, Dairy Vale and the Mt. Gambier groups have been the factories concentrating more on cheese than milk products, but, as cheese and wine have become something of a symbol for the good life and a speciality of SA production, the factories have prospered and developed some market-inspired specialisation, directed particularly towards the Japanese and Asian markets.

Group Unity

There has not yet (1974) been overt declaration of the intention of the two dairy associations to amalgamate, affiliate, or jointly administer their offices and policy. The regional division between the S.E. and the Adelaide Hills-Murray River area is clear, and the division is reinforced by the factory system in Mt. Gambier, which is directed to cheese-making rather than bulk transport of chilled milk into the Adelaide market. But in 1971 the SADA actually drew up a Memorandum of Agreement with the United

63. Interview, Adelaide, June 1973.

Farmers and Graziers Association,⁶⁴ which had swallowed the small SA Division of the APPU in 1968. The SADA was to become the dairy section of the UFGSA. There were to be regional delegates to regional councils, executives and a Dairy Council, "the ruling body of the dairy section of UFG". But although the memorandum - dated 24th May 1971 - referred to August 31st as a date on which the Dairy Council was to hold its first meeting, the agreement was not accepted, and "unity" has not yet been achieved.

Tasmania

The Tasmanian Farmers Federation is a "general purpose organisation" and represents the "producers of most, if not all of the agricultural products grown in this State".⁶⁵ The membership of the Federation "fluctuates around 5,000",⁶⁶ representing allegedly 85% of the "commercial farmers in the State". Amalgamation of farms in Tasmania is possibly more marked than anywhere else in Australia and this makes it "very difficult to answer questions respecting membership". In the smaller Australian states (by population count) there is also a sensitivity to the suggestion that numbers count for much, and a tendency to emphasise that organisations and influence are more important than size. The Tasmanian farmers are "what are described as mixed farmers" and general purpose organisation is "a natural development" of mixed farming.⁶⁷

The TFF was affiliated federally both with the APPU and also with the ADFP. This was a unique position. The general purpose union in WA represents that state in the ADFP, but the APPU had no WA Division at all. The TFF has some reputation as a dynamic organisation for reasons other than

64. Copy by courtesy of the secretary, SADA.

65. Letter from state secretary, R. T. Curtis, August 1968.

66. J. D. Anthony, opening the 22nd Annual Conference in July 1968, refers to 4,000 members.

67. All quotations are from state secretary's letter referred to above.

membership of both the APPU and the ADFP and NFU. Mr. Mills, the state President, was Chairman of the Finance and Administrative Committee of the APPU and was apparently a leading personality in unity moves in Victoria and NSW during 1967-8. J. D. Anthony said:

In Tasmania, probably there is more unity among farmers than in any other State. I believe this is because of the forthright leadership given by the TFF ... much of the credit for its strength must go to the leaders you have had - men like Mr. Mills. 68

There was in Tasmania a Tasmanian Farmers Stockowners and Orchardists Association, with whom relations "continued to be cordial and close"⁶⁹ but it has been^a much smaller group and probably contains few dairyfarmers.

The unity among Tasmanian farmers may have been aided by a distinctive constitutional centralisation. There are three Divisions in the State, Northern, North-Western, and South Divisions, returning members to a Central Council for three years in proportion to the number of members in each Division, on the Hare-Clark proportional system. Each year the Central Councillors for one Division retire in rotation so there is some continuity among members on the Central Council and probably a keen identification with the Division from the elected representatives. The Divisional representatives form Divisional Committees, but the officers of the Divisional Committee are appointed by Central Council. As in the APPU constitutions, the TFF has a parallel commodity committee system, which again is more centralised than in many constitutions. The Divisional Commodity Committees have representatives from Branches "as decided and approved by the State Commodity Committee". The Divisional Commodity Committees then send representatives to the State Commodity Committee, not less than three or more than seven, in a ratio "reflecting the production figures of the commodity according to the Commonwealth Statistician". But of course, the

68. Anthony address, July 1968.

69. 22nd Annual Report, May 1968, p. 4.

State Commodity Committee has indirectly established an "electoral college" for its own members by approving which branches may send representatives to the Divisional Commodity Committees. Both the general Central Council and the Commodity State Committees have unusually centralised constitutional control. It is worth mentioning that, as in the Victorian and Federal Divisions of the APFU, the strength of the commodity structure of the TFF expanded over that planned for it in the original constitution, at the expense of the Central Council.⁷⁰ At State Annual Conference, commodity resolutions may not be received or considered unless submitted by the relevant State Commodity Committee. Policy approved by the Central Council probably means general grassroots support from the farmers, while the exclusive character of the Commodity Committees probably means that commodity policy endorsed by them will have strong producer support, and is a safeguard against superimposed reforms. The commodity committees include Butterfat and Wholemilk Dairy Committees, Wool, Meat, Apples and Pears, Cereals, Vegetables, Fruits and Potatoes. In 1968, the Annual Report mentions the formation of a Milk Producers Council representing all Wholemilk producing organisations in the state and the "State Committee" attended meetings of the Milk Producers Council "in the interests of industrial unity". The Tasmanian Wholemilk organisations have supported the MPA of Australia and New Zealand in greater strength than almost any other state, suggesting that farmers in that outlying Australian state value representation on national organisations more highly than elsewhere, even somewhat weak national organisations.

The office staff of the TFF includes the secretary and an assistant secretary, - the editorial staff of the Tasmanian Farmer is a separate staff, - and in 1969, the office had no field officers although there had been field officers in the past whose services had been "very valuable". Elected officers in the TFF have held office for long periods. Mr. Mills had been

70. Sections 108, 115, 120, 122, 127 are examples of constitutional revision enlarging the powers of the commodity committees.

State President for seven years in 1968, and a member of the Central Council for twenty-two years. "Other members of the Central Council have served equally long if not longer terms of office and this also applies to Presidents and members of our various State and Divisional commodity committees".⁷¹

Conclusion

In the introduction to this Chapter I observed a superficial resemblance to the British National Farmer Union in the conventional unitary structure of Australian state dairyfarmer groups. I would conclude myself that a comparison with the internal organisation of the British NFU does not provide much illumination of the methods by which Australian state dairyfarmers, especially in commodity organisations, achieve "effectiveness". The state commodity dairyfarmers are separately organised, with small head offices and few field officers. They do not produce elaborately researched submissions to government, and the secretaries and elected officers of organisations are responsible mainly for these documents. All the dairy farmer groups define their objectives narrowly and make little effort to bring their case to the general public for support. Local branch activity and participation may, or may not, be a feature of state organisations but there is no widespread effort to stimulate branch activity from above with professional tactics, paid organisers, regular field-days, inter-branch competitions organised by appointed or elected officers. All of this is unlike the British model of field work, local branch activity and head office organisation according to Self and Storey. There is formal regional representation in Australian groups, with District and State Council delegates, identifying regions clearly and usually representing branch problems and opinions to the elected hierarchy, which helps to keep branches

71. Letter from secretary, 21.2.1969.

active as in the British NFU. Like the British NFU, there has been in 1949-69, a conservative approach by the VDA, by the Wholemilk producers in the APPU/VFU, by the SEDDA, although the Butterfat or "Dairying" division of the Victorian APPU was less conservative, as was the SADA and the TFF in this period. The Victorian, SA and Tasmanian dairyfarmers have, as Self and Story claim for British farmers, been somewhat sheltered from economic pressures by natural advantages and the pricing systems described earlier, and certainly the membership of the dairyfarmer groups has been high, or "dense" as Beer defines the measurement of actual members to eligibles. There is close identification of commodity groups with government institutions at the state level, as in the British model, and prestige from the long service commodity group leaders at both state and federal level.

But there are differences from the British NFU. There is the close association with, and dependence on the processors in the dairyfarmer groups, and competing organisations in both SA and Victoria. The Victorian APPU has emphasised its office organisation more than the commodity groups, I believe. It has lacked access to institutions in the formal representative sense in spite of stronger, more British type office structure, and may have developed such office structure to compensate for the deficiency in representation on government boards and agencies. In a comparison with the British Union, all the Australian "no-conflict" groups are under-organised in three features of conventional internal structure (head office and field work, local branch activity, absence of competition), but the groups do not lack effectiveness, possibly because leader prestige and access to institutions may be decisive.

The March and Simon proposition 1) of whether members see limited or unlimited rewards to be achieved through organisation should distinguish the "no-conflict" states of this Chapter from the "conflict" states in the next. Such support determines whether leaders will or can persuade their

members to accept policies, to consider reorganisation of the group, to share rewards. If support is low, leaders must appeal to outsiders to adjudicate disputes (especially to government institutions). The three "no-conflict" states do seem to support this observation so far, in that there is very little recourse to outsiders, even to settle problems of mergers with the dairy groups in Victoria and SA. The association of Tasmania with national groups in a "farmer unity" drive can, I believe, be seen less as an appeal to outsiders to judge intra-group disputes, than as an appeal to all farmers for support of all farmers - an integrative appeal rather than an adjudicative one.

March and Simon propositions 2) and 3) referring to the degree of support for general purpose versus commodity groups depending on the number of needs satisfied or similarity of norms between members and leaders is difficult to assess in the "no-conflict" states. I would suggest that the chance of unification of commodity dairyfarmers in the SA Farmers and Graziers is relatively low because dairyfarmers do not see their interests (neither number of needs nor similar norms) as being sufficiently protected by identification with SA F&GA members (or leaders) in one union when dairyfarmers would be in a numerical minority. The needs of the dairyfarmers are probably perceived as being satisfied more by factory associates than by large-scale wool and wheat farmers, and in many respects possibly dairyfarmer "norms" are similar to those of their factory associates. In Tasmania however, small-scale farmers are a majority group and dairyfarmers share similar interests and demands with other commodity farmers engaged in horticulture and stockbreeding, rather than in extensive wool and wheat-farming. Consequently there is more dairyfarmer support for general purpose and federal unions. When farmers perceive that they share needs and norms, propositions 2 and 3 work for general purpose unions. When farmers do not perceive shared norms and needs, propositions 2 and 3 work

for commodity groups. Victoria might provide a crucial test of perception of norms and needs determining support for general or commodity groups. One ought to be able to chart the success of the Victorian APPU in terms of the character of farming by region. In the Western District of Victoria, needs and norms appear to favor general farmer unions for that is where the APPU originated whereas in Gippsland, the small-scale specialist dairyfarmer supports the VDA strongly as in SA. But if the present VFU really does have dairying members in much the same areas as the VDA and on much the same scale, I cannot claim that propositions are useful. Until I can do further field work in Victoria, a conclusion on the propositions 2) and 3) and commodity organisation must remain uncertain.

Propositions 2) and 3) also appear to be inconclusive in the matter of support for group leaders and enhanced "head office control". There is good support, interaction and identification in Victoria, SA and Tasmanian dairyfarmer groups, whether they are general purpose or not. Leaders have been re-elected in most groups for long periods (except some sections of the Victorian FPU). There has been high "interest representation density" although subscription rates have increased greatly from 1949-69; there has been acceptance of the importance attached by leaders to government and its agencies, and very little grassroots rebellion. The Victorian APPU - where similarity of norms is a more obvious problem than the number of needs satisfied in the organisation - compensates for deficiencies in 3) (norms) by emphasis on gains in 2) (number of needs satisfied). But as far as this Chapter shows, proposition 1), (conflict and zero-sum rewards) may well be more important than propositions 2) and 3) and increasing the emphasis on 2) and 3) may compensate for deficiencies in either so that they are partly substitutable. Just as prestige of leaders and access to institutions appear more decisive in organisation than branch activity, office control, and monolithic organisation in the first analysis, so conflict or no conflict appear more decisive than the similarity of norms or the number of needs satisfied in the second form of analysis.

CHAPTER V STATE ORGANISATION OF DAIRYFARMERS. II. THE CONFLICT

STATES

The conventional classification of pressure groups into "interest" and "attitude" groups identifies characteristics of state dairyfarmer groups as typical "interest groups" characteristics. The Australian dairy farmer groups are concerned with economic interests and they have little public interest in general questions of labor organisation or of tariff and agricultural policy. Dairyfarmer leaders interpret economic interest in a narrow sense as affecting dairyfarmers directly. The dairyfarmer groups therefore have little in common with "attitude groups" even when such "norm-oriented" groups are conservative or directing their efforts towards legislation changes, such as an Electoral Reform Association, and especially when attitude groups are radical, are "supporting widespread changes in society values" and "universal panaceas which do not allow of compromise" such as liberation and protest groups.¹

Castles wrote: "The typical mode of operation of the interest groups is compromise, consultation and negotiation",² and this mode of operation is that of all dairyfarmer groups at both state and federal level. Also,

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1. The latter quotes are from F.G. Castles, Pressure Groups and Political Culture, London Library of Political Studies, 1967. Eckstein's use of the terms "interest" and "attitude" groups are the basis for Castles' development of "norm" and "value" oriented subclassifications. In Eckstein's Preface to Pressure Group Politics, London, 1960, p. 9 "interests" grow out of "objective characteristics" and "attitudes" from "subjective agreement", ("shared attitudes") and pressure groups "pursue collectively common political aims". In American group studies "interest groups" are often identified with D. Truman's definition of an interest group as one with "shared attitudes", a wide classification (see V.O. Key, Jr., Politics, Parties and Pressure Groups, 5th Ed., N.Y., 1964, p. 104) and "pressure groups" are more narrowly defined, a group "formed to influence public policy". (see Key, p. 18). A. Potter (Organised Groups in British National Politics, London, 1961) uses an elaborate over-lapping classification of "spokesman", "sectional spokesman", "promotional" and "shared attitude" groups, many of which are subclassified into occupational groups. This classification is criticised by Matthews in Mayer (ed.), Australian Politics: a reader (1966) because he considers the classifications overlap and confuse the roles of groups. (p. 188). In Mayer (ed.), op. cit., (1969) Matthews carries the criticism further and includes a review of "ideology" and "interest" in groups (pp. 236-8). He doesn't suggest an alternative definition however.
 2. Op. cit., p. 91, and cf. Eckstein who underlines the characteristics of the political system necessary to achieve these "practices, pp. 23-5.

although the original organisation of Australian dairyfarmers was inspired by economic dislocations of the 1930's, there has now developed an "organisational apparatus and secretariat" or institutional machinery which has outlived the original inspiration to become a permanent "political subsystem" represented on government boards and committees in the industry. The permanent machinery "obtains delegations of public authority"³ is "consulted by" or "advises" changes in the established order, characteristics particularly associated with economic interest groups.⁴ Attitude groups seeking change in society norms and values, such as Abortion Law Reform groups, do not often become part of government structure nor present such obstacles to change, but interest groups do usually have a hierarchical leadership, do resist such changes as unification with other groups, which would disturb their method of operation, do perpetuate themselves and resist trends that disturb them as Key describes.⁵

In these characteristics of longevity, integration into government structure, co-optation and hierarchical leadership, in "mode of operation ... compromise, consultations and negotiation" and in resistance to economic and social change, I would classify Australian dairy farmer groups, including those within "general purpose unions", as clearly "interest groups". In this Chapter I am describing groups which have been most vulnerable to the technological disadvantages and price arrangements outlined in the first and second Chapters of this thesis. The organisations of these dairyfarmers ought to show some differences from the organisations of the dairyfarmers in the "no-conflict" states. However, NSW and Queensland groups, like no-conflict states, have concentrated on dairyfarm policy in

3. V.O. Key, op. cit., p. 69.

4. Key observes that "doctrines or norms of special durability" seem to be those "propagated and perpetuated by group processes" and attributes this in part to hierarchical leadership reinforced by "the gyroscopic effect of co-optation".

5. "Those who agitate for a new order invariably encounter the resistance of the old order which exists, in considerable degree at least, in revered values more or less firmly anchored in group life. These patterns of behaviour, traditional modes of action, group norms or social equilibria - the concept employed in their own description may not matter - possess a powerful capacity for their own perpetuation and resist movements that would disturb them". pp. 70-71.

a narrow economic sense, have continued to work within the political sub-system of boards and committees, to "negotiate and consult" with governments. Even in times of stress, the dairyfarmer groups show the essential characteristics of "interest groups" - though there are signs of strain.

It might be useful to recall as an indication of stress, the statistics in Chapter I which indicated conclusively that from 1960-70 Queensland, NSW and WA dairyfarmer numbers declined sharply and wholemilk production also declined in all three states, although not as rapidly as farmer numbers. Wholemilk production increased in Tasmania, Victoria and SA and farmer numbers declined in those states by much less (see Table 2, Chapter I). Queensland has been the most vulnerable zero-sum conflict state, because the dairying industry had been 4.9% of total value of production of the state, whereas in WA the dairy industry had been only 2.3% and 3.2% in NSW (see Table 1, Chapter I). And in both WA and NSW the wholemilk sector of the industry was a prosperous and very important part of dairy production; in WA because, although the wholemilk market is small, total dairy production is also small; in NSW because although total production is large, the wholemilk market (under the direction of the NSW Milk Board) has been very large. But in Queensland the manufacturing sector (with considerable emphasis on butter) has been the major part of the state's dairy industry, and has made Queensland the most vulnerable state in Australia. If zero-sum conflict (or belief that it exists) is a significant factor in dairyfarmer organisation, Queensland ought to show its effects strongly.

Within NSW the effects of zero-sum conflict ought to be observable in a "micro-political" form, for one organisation is not in a zero-sum position (the North Coast manufacturing section) while the former Milk Zone Dairymen are in a zero-sum game.⁶ In WA such zero-sum conflict may be reinforced (as it may in Queensland) by the geographic isolation of the state, producing

6. The position is similar to SA except that the non-wholemilk organisations in South East SA is a smaller and more viable factory division than the NSW North Coast.

a "neglect syndrome" for West Australians who compare themselves with the intensively settled, politically well-represented eastern states.

If I apply the British Union model to these conflict states, I should chart five factors; leader prestige, access to institutions, head office and field organisation, branch activity, and absence of competitors in Queensland, WA and NSW. There is one interesting similarity between these states and the British model. All three states are large in terms of area. Dairyfarmer organisation has been encouraged by statute in both NSW and Queensland - I suspect to facilitate organisation of members over scattered areas when voluntary recruitment is difficult. In WA the development of the WA Farmer Union as a general farmer union, providing a number of services to satisfy needs and achieve "interaction and identification" from its members, may have been encouraged by the same problem of organising widely scattered members - especially before contemporary car and air travel made communications simpler. Lack of competing organisation, greater branch activity and emphasis on office function have been more noticeable in dairyfarmer organisation in Queensland, NSW and WA than in Victoria, SA or Tasmania. I suggest that branch activity, office organisation and lack of competition has been affected by the intrinsic difficulties of organising in large areas, and the resemblance to the British Union model must be coincidental and ironic - unless one considers the British Union has inherited an organisational structure dating back to a period of difficult travel and communication even in that tiny island. I regret that I cannot offer more comprehensive illustration of organisation in these three States. I have found it impossible to spend much time or money on research there, and of course, state organisation of dairyfarmers is only one part of the dairyfarmer organisation relevant to the thesis.

Queensland

There are two features of the QDO which are unique and influential. The first is that membership of the Queensland Dairymen's State Council has been statutory since 1945 under the Primary Producers' Organisation and Marketing Acts, 1926-66, sec. 30, (including payment of a levy on members) and the other is that membership of the State Council has declined "on an average by 1000 members a year" for the latter half of the 1960's. Indeed, the secretary from 1961 to 1970 remarks wryly that "during my period as secretary I lost the organisation 3 members a day".⁷ The rate of decline has been faster than elsewhere in Australia, as a result of two bad droughts during the 1960's, a growth of demand for beef cattle, and slow recognition of the poor prospects for butter sales to which the Queensland industry has been heavily committed. The membership figures dropped from a high point of 21,000 members at a peak in 1953/4 to a low point by 1969 of almost 10,000, a decline which has continued and is expected to stabilise at around 6,500, since the 1971-72 figure of 7,100 shows a drop of 800 from the previous year.

The Queensland Dairymen's Organisation has had parallel divisions of factory supply and milk producer members, as in the Victorian dairyfarming groups. The dairyfarmers selling milk to factories elect every three years members of ten District Councils from the surprisingly large number of 320 branches, (1965) compared with Victoria's 159.⁸ The branch members and the elected Councillors meet at District Conferences and the annual State Conference. From the District Councils representatives attend State Council meetings. The relationship between the QDO and the State Council, of which membership is statutory, is described by S.W. Ivers:

7. Interview with A. Baird, Brisbane, 1972.

8. The earlier farm organisation structure of the Queensland Producers' Association (see Ivers, op. cit., pp. 25-7) probably accounts for this decentralised structure. As the industry members decline to half of the 1961 figure, a number of branches have amalgamated (often under Council direction) as an economy measure.

The first State-wide Dairymen's organisation, the Queensland Dairymen's State Council ... was set up in 1945 under the Primary Producers' Organisation and Marketing Act ... The State Council together with its local branches and district councils, is usually referred to as the Queensland Dairymen's Organisation. The Organisation consists of a base of dairy farmers organised into Branches, a regional organisation of District Dairymen's Councils, and a Central organisation which is the Queensland Dairymen's State Council.

Local dairymen's branches are geographically defined by the Queensland Dairymen's State Council. All dairyfarmers situated within a defined area constitute a Branch The supreme policy making body is the Queensland Dairymen's State Council which consists of one representative from each District Council with the exception of the Eastern Downs District Council which provides two members.

A meeting of the State Council may be called at the request of five members of the Council and six members form a quorum.

Finance for the functioning of the statutory organisation is obtained by a levy upon dairyfarmers. The approval of the Minister for Primary Industries must be obtained for making a levy. Levies are collected by dairy factories and remitted to the Queensland Dairymen's State Council. 9

Although the State Council is a powerful centralising institution, its members are by no means easy to dominate, and heated arguments are characteristic of its meetings¹⁰ as are strongly worded resolutions from District Councils to its agenda. Within the QDO the parallel milk supply and factory supply producer structure have a different bias from the more powerful Milk Producers Council within the VDA. Members from branches in milk supply areas of the ten Districts, and the District Councillors from milk supply Districts, meet at Annual District Milk Conferences, but their executive, the State Milk Committee and Milk Executive "comprises milk-producer representatives from District Milk Conferences together with all members of State Council".¹¹ Thus the milk supply dairyfarmers can be

9. S.W. Ivers, op. cit., pp. 28-29.

10. Confirmed by two secretaries of the QDO and industry observers in the Department of Primary Industry and industry agencies.

11. How Dairy Farmers are Organised, QDO, no date. (no page number)

outnumbered in their State Milk Committee and Executive by members of non-milk supply areas on the State Council. This contrasts with a very distinct organisation in NSW and underlines the importance attached to the factory suppliers in Queensland. Partly the different structure reflects the different organisation of wholemilk distribution in Queensland, NSW and Victoria. In Queensland, suppliers of wholemilk are under contract to country factories or to city wholesalers, not to the Brisbane Milk Board, and the price difference between factory and market milk is allegedly small. Division between wholemilk and factory producers is allegedly negligible.¹² This may be a rather optimistic picture. As the industry has come under pressure, the pooling of the direct supply quotas for city wholesalers (whose suppliers are dwindling in number although the direct supply quotas were not decreasing at the same rate in 1972) has inspired the establishment of a Milk Advisory Quota Committee of the QDO and an advisory council to the Minister from the Brisbane Milk Board with producer representation upon it in 1972.

The office of the QDO includes a secretary, assistant secretary (not appointed in 1972) an accountant, and two to three clerical assistants. The office expenses are shared partly by the Queensland Pig Association, of which the QDO secretary is part-time secretary also, as he is of the AIS and Jersey and Friesian Breeders Association. There is a separately appointed editor, producing what was - until 1972 - the fortnightly newspaper, The Queensland Dairyfarmer. The newspaper carries a good deal of information about dairyfarmer policy, and Ministerial submissions, announcements etc., and rather less personal news than Victorian newspapers, which carry news stories on "record butterfat milking Friesians" and "low-level milking machines". The Queensland Dairyfarmer is smaller in size than the Victorian and NSW journals, and seems to be devoted more to

12. A.P. Beatty, President QDO. Interview, Adelaide, 1971. But compare another view in Chapters I and VII.

informing members than keeping them interested in membership, since membership is statutory anyway. To the disappointment of the secretary,¹³ it has recently become a monthly, as reduced membership reduces organisational income and production costs of publishing and salaries continue to rise. There are no field officers at all in the QDO and the President and Secretary travel around the state fairly often, regularly addressing District Council Conferences for instance. An example of the geographical problem relating to Queensland's scattered industry is an anticipated communication difficulty with the 1972 President, Mr. McFadzen, who lives near Mackay, considered more inaccessible than the Toowoomba-Warwick area where previous Presidents have lived, and from which they could travel relatively easily. In 1972 the secretary reported that there was a noticeable increase in the number of personal queries he received after the well-known, and active, previous President, A. P. "Pag" Beatty from Toowoomba had left the state to become Dairy Produce Board Chairman in Melbourne. It is likely that appointment of a field officer-secretary may become necessary, although there is some possibility that fees paid to branch secretaries as honoraria already encourage them to act as assistant field officer and advisers within the Districts.

The work of the office has been described by the secretaries as "anything that affects farmers we get asked about, including picking up spare parts for milking machines" and personal problems, taxes, arranging interviews with Departmental officers, accountants, queries about purchasing supplies, about regulations etc. "Heading the queries in the right direction" is the way one of the secretaries described the membership requests. The Queensland office is conspicuously better off in financial administration than other state offices, for the levy on members is statutory

13. Interview B.L. Whip and A. Baird. Brisbane, July 1972.

and is collected through the dairy factories. The secretary does not therefore have to direct field officers to collect subscriptions but is able to concentrate his efforts on the work in the Brisbane office. But as a result of the statutory membership and suggesting that non-recruitment by the VDA may be a timesaver in more than one respect, the Queensland members have a certain resistance to direction which is by no means easy on their secretary. The past secretary, A. Baird, tells a story of his first year in the Queensland organisation, when he thought he had managed to convince all the members of the State Council not to support a request for more dairy subsidy. Within State Council the decision not to request more subsidy was passed. At the State Conference, where feeling for more subsidy was pretty strong, the secretary was asked to speak against the resolution as he had to the State Council. Whereupon the entire Conference, including the State Council, unanimously rejected his advice and requested an increase.¹⁴ The Presidents and Vice-presidents of the QDO have had considerable standing within the state and in the industry generally.

From early 1950's to 1965 C.J.S. Conroy was President, with McFadsen, and Beatty as Vice-Presidents. From 1965 to 1972, Mr. A.P. Beatty replaced Conroy as President with McFadsen as Vice-President. There have been only two secretaries within the period of this thesis. The first was B. H. Francis, until 1961, and the second, A. Baird, from 1961 to 1970 when he was succeeded by B.L. Whip. Both Francis and Baird have been considered shrewd and efficient officers who knew a great deal about the background of the industry and of the state organisations within it. Until 1961 Baird had been secretary to the VDA (from 1945) and knew the industry well in that state. He had previously been a dairyfarmer himself. He acted as a part-time secretary to the ADFF from 1961, whose President was Conroy from

14. A. Baird told me this story in an interview in Brisbane. Although, as he recalled the history, the Queensland edition of Country Life published an account of the incident, even the Queensland State Library has been unable to trace the reference.

Queensland from 1961-65, and later H. A. Stone from NSW. The Queensland secretaries have during 1949-69 probably been considered the "senior" appointed officers of dairyfarmer groups within the Australian industry. In Victoria and NSW both R. Warne and K. Thorne have been professionally qualified manager/secretaries, without direct experience of dairyfarming, and their term of office has not included the earlier period of wartime and immediate post-war reconstruction.

From the State Annual Conferences reports, the items forwarded from annual district conferences suggest some membership obstinacy, even in the face of secretarial advice and declining markets. In 1961 most items concerned local problems, for example, an increase requested in the honoraria and travelling allowances for secretaries and District Councillors; a request for minutes of the State Council to be printed in full, but for the next five years the items included such suggestions as "more use of butter for agricultural show catering arrangements", "more vigorous" protest from leaders against the decline of the industry, (1963 Report); many requests in 1965 (a drought year in Queensland) for change in the system of returns to the industry; a growing opposition to Equalisation and "inadequate subsidy levels"; some talk of making the organisation more politically effective, as well as many items involving complains about technical assistance, A.I. insecticides, finance for equipment etc. By 1967 the items however were directed at factory amalgamation, diversification of production and some dissatisfaction with the industry division between factory and liquid milk sales. In 1968 there were numerous items, on both technical problems in pasture schemes, (see Appendix A) Council rating, death duties and on policy questions, production quotas, increased butter price, farm subsidies and somewhat surprisingly, on flashing lights at rail crossings and on tram trolleys, one of those public interest questions which so rarely appear at dairyfarmer conferences or in their agendas.

By 1968 there was also increasing emphasis by the executive on unity with other producers. By 1969 protracted negotiations with state pig producers had apparently successfully established a Pig Federation, and the Council of Agriculture¹⁵ was being replaced with a formally constituted Queensland Producers Federation with the QDO President accepting the Presidency. The Producers Federation was an outcome apparently of the Liaison Committee of the Council of Agriculture, including graziers and graingrowers who had not formerly been members of the Council. That Liaison Committee was supported, presumably, in part because:

The Commonwealth and State Governments have frequently stressed the desirability of obtaining informed uniform advice from rural industry groups, noting the difficulties of formulating policy decisions from conflicting submissions on a variety of groups.

Industry leaders of the Liaison Committee believe that Government therefore will welcome submissions from an organisation speaking for some 98% of Queensland primary producers.¹⁶

It is difficult to guess whether the emphasis on unity was a diversionary tactic, represented a particular bias by the new President, was the outcome of initiatives started much earlier or represented a far-sighted attempt by the executive to provide more broadening of dairyfarmer outlook so that diverting from one income raiser to another might present less difficulty. The last worthy objective is not quite as altruistic as it might appear. An industry under pressure may have more success with appeals for government assistance (and marginal dairy farm reconstruction was getting under way) if its industry leaders can demonstrate that other industry groups are prepared to welcome new members. In Queensland, by 1968-69 it was

15. "... a central co-ordinating body ... frequently in the unique position of being able to take action in matters of common interest to farmers which individual bodies may not be able to initiate effectively ... Through the Council there is also indirect contact with a number of organisations, the activities of which have a bearing on the welfare of the dairy industry". 1968 Annual Report, p. 12.

16. Annual Report, 1968, p. 13.

increasingly clear that beef cattle represented the most widespread alternative to dairy cattle, if entry to that industry was not opposed by the beef cattle industry leaders and the slaughter-house operators. Top level or "peak" organisations may be very helpful in this respect. From the Queensland Dairyfarmer, I concluded the executive of the QDO was more concerned with reorganisation than the rank and file members responsible for the items forwarded to State Council.

The executive was also concerned with reorganisation of the Brisbane Milk Board,¹⁷ the Butter Marketing Board and with attempts to share the limited markets among producers to keep as many farmers in production as possible. The QDO also favored national production quotas, hoping to limit the drift from the difficult North to the naturally favored southern regions, favored long-term low interest loans for reconstruction farm schemes, price control over substitutes (such as UHT milk and prohibition of imitation milk) equalisation of skim milk powder sales,¹⁸ and international agreements to restrict entry of low price dairy products to Asian markets. The QDO exemplifies that tendency observed by March and Simon in conflict situations, the use of "politics" as a technique to counter the "natural" tendencies of costs and steady output to locate the industry elsewhere.¹⁹ The QDO has been fortunate in one way however, for the organisation itself is not generally seen as being responsible for dairying failure. There have been two bad Queensland droughts since 1965 as well as the cost-price

17. Discussed in numbers of the official Queensland Dairyfarmer from 1968-70.

18. By 1968 butter and cheese equalisation which Queensland farmers used to favor strongly, was less attractive and complaints against Equalisation were appearing in resolutions. On the other hand, Queensland factories had changed some of their production to skim milk powder which they expected to export.

19. March and Simon, op. cit. "By politics we mean a process in which the basic situation is the same as in bargaining - there is intergroup conflict of interest - but the arena of bargaining is not taken as fixed by the participants. A basic strategy of small powers (whether organizational subunits or national states) in their relations with large powers is not to allow these relations to be defined as bilateral but to expand the relevant parties to include potential allies. The tendency for the organizational conflict of collective bargaining to expand to include governmental institutions is well known". p. 130.

problems. There has been, in some areas, an alternative form of production in the beef cattle industry. The pasture subsidy scheme, which started promisingly in 1966-67 with full QDO support, had by late 1968 lost some of its promise and the 1968 Report was warning:

the ultimate success of the scheme could well depend upon the correct management and efficient use of the pastures established, so that they will in fact, become permanent pasture and be of long-term benefit to the farmers who have availed themselves of the scheme. 20

The prolonged drought discouraged many subsidised farmers, (the Report claimed that in 1966-67 there were 2,354 applications and by 1967-68 there were 3,499) who were unable to establish permanent pastures at all. But the QDO had certainly encouraged the government to establish the scheme. Many dairyfarmers gave up, blaming, if they blamed anyone, the weather and the "government" rather than their organisation. The most overt form of conflict within the organisations was probably the electoral defeat of Mr. Conroy for President of the QDO in 1965, being replaced by a Vice-President, A. P. Beatty. Conroy presented a rather unusual picture of a dairyfarmer - a wordly farmer, who had been a career civil servant with overseas postings, including a term in China, but had resigned during the thirties, returned to Queensland where he had become a successful dairyfarmer. He had a number of hobbies including bridge, was considered a very able, likeable and perhaps somewhat uncommitted producer. Mr. Beatty in contrast was an energetic, dynamic, probably impulsive personality, very much committed to dairyfarming, and even to Queensland dairyfarming. His promotion from QDO President to Chairman of the Dairy Produce Board replacing Mr. Eric Roberts from Victoria moves him into a somewhat less familiar area, and like Mr. Roberts, the experience will undoubtedly be occasionally sobering.²¹ In the period of decline

20. Annual Report, 1968, p. 10.

21. These descriptions are based on hearsay in the case of Mr. Conroy, whom I have not met, and observation in the case of Mr. Beatty and Mr. Roberts, whom I have.

experienced by Queensland a younger, very vigorous leader appeared to members to be an appropriate choice. In 1970, a similar choice was made for the new secretary of the QDO. Mr. B.L. Whip represents a broader background since he was experienced in the sheep/cattle industry in Queensland, but, like Mr. Beatty, he is a younger, energetic, and outspoken advocate of producer interests who has not yet been sobered into philosophical acceptance of contrary trends. This change in leadership, plus a number of scapegoats, including the weather, has taken some pressure off the organisation, which has had the most crisis-packed decade of its history from 1960 to 1970, but without serious challenge to its interest representation or its group structure. And indeed, observers have been surprised that mass meetings, such as one in Ipswich in 1969, addressed by the Minister of Primary Industry and attended by 1500 dairyfarmers, have been, by Queensland standards, remarkably orderly.

Relations with the commodity QDO and the Queensland Division of the APPU, which does include a few dairyfarmers, have not been as important as the relationship has been between those groups in Victorian dairyfarming. The popularity of the commodity group is undoubtedly attributable partly to the statutory membership in separate "grower" groups, as most observers believe, and it may also be attributable partly to the problems facing dairyfarmers in Queensland. Queensland dairyfarmers may well suspect that the APPU, which is particularly strong in Tasmania and Victoria and has firmly federal tendencies, may outvote Queensland members at the federal level. The APPU would not therefore provide Queensland dairyfarmers with "potential allies". The recent moves towards unity in a Queensland peak organisation would in practice have included many Queensland APPU members who have now become grazier or graingrower division members rather than dairyfarmers. But the unity moves between farmer organisations in Queensland have not progressed as fast as in SA, Victoria

or NSW. And this may represent inter-commodity rivalry as well as statutory division - which is, after all, not beyond repeal.

Factories

The Queensland factories may have some differences in objectives from farmers, but their association with producers is particularly strong because of the strength of the co-operative factories in the Queensland industry. In Chapter I I quoted Ivers' history of Queensland factories and his observation that by 1970 60 dairy factories were operated by 35 different organisations of which 45 were operated by 24 co-operative dairy associations and 15 by 11 private companies. The private companies have, on the whole, been centralised closer to Brisbane, and have in the last decade increased their production of ice-cream, yoghurt, soft cheese and the popular products. The co-operatives are, even in the 1970's, still decentralised and heavily directed to butter manufacture.²² But the total production of butter has dropped so markedly that Queensland by 1970 was no longer a significant producer of butter for export, since the local market could be expected to use almost all the regular supply.²³ Cheese was still an important item in co-operative factory production, some cheese having a growing market, but most observers attribute part of the Queensland industry decline to slow modernisation of Queensland factories.

Some of the problem has been inability to raise finance, but often there seems to have been a traditional disagreement between the supplier-members and the management (sometimes including a majority of supplier Board members who change views when they become managers) about the amount of investment and energy which should be spent on modernising plant, and diversifying production. Within the manufacturing sector of the industry the Queensland co-operative factories have, with obviously some exceptions,

22. cf. Ivers, op. cit., p. 36. Table. Dairy Manufacture - number of plants operating, 1970. Only one proprietary company was producing butter as against 29 co-operative ones.

23. Hence the fading enthusiasm for Equalisation.

been considered a handicap to the struggle to increase quality, and reliability of products. A quotation from the Annual Conference Report of 1964 illustrates the relationship between these factories and the farmers.²⁴

In October 1963, the Australian Butter Manufacturers Association was advised by the Board that it desired to introduce margins for quality from 1/12/63. The Federation sought an extension of time to allow State leaders to give the proposals consideration, and, this being granted, the Executive of the Queensland Co-operative Dairy Companies Association held a meeting on 26th February 1964, and invited representatives of the QDO and the Managers and Secretaries (Queensland Branch) to attend.

At the meeting, Mr. J. Ferguson, manager of the Downs Co-operative Association, contended that Queensland would be the principal sufferer under the proposed differentials, and that the penalties suggested would not achieve the results desired. The Executive decided that returns on export butter should be in accordance with market realisations (not of course, without Equalisation) and that any penalties designed to eliminate second grade should be imposed on cream, (i.e. on suppliers) and not on butter.

The matter came up for further consideration at the meeting of the Dairy Board on 17/6/64, when differentials were approved which would relate prices for first and second to market levels, - which are at present 1/3 and 5/- a cwt. for first and second respectively.

The differentials for 86/87 points will be 10/- a cwt and below 86 points the margin will be 15/-. In view of these differentials, the price for any butter above 88 points will be related to market margins and factories will not be penalised.

These prices differentials were supported by factory representatives present at the meeting and will apply from July 1st.

Unlike other dairyfarming groups, the factories are not represented at all within the QDO which under the statutory provisions of the Primary Producer Act is limited to growers only.²⁵ While there is a Queensland Co-operative

24. Page 4. Comments in parenthesis are mine.

25. Dairyfarmer group secretaries all tend to discount the constitutional provisions for factory membership, claiming there is no identifiable factory membership within the groups. In Queensland and NSW the large co-operative factory proportion of the manufacturing sector means de facto representation in a grower organisation in any case.

Dairy Companies Association and a Queensland Cheese Manufacturers Association there is no formal organisation of the Proprietary nor Butter Manufacturers.

NSW

In NSW there have been two commodity dairyfarmer organisations, as in SA, the Milk Zone Dairymen's Union and the NSW Primary Producers Union (which should not be confused with the NSW Division of the APPU, which has had a small number of dairyfarmers, probably mixed and smaller-scale dairyfarmers, who were either scattered all over the state, according to one report, or concentrated mainly in the south outside the Milk Zone, according to another, and of whom there is not at present any record in the Canberra files). The NSW PPU had, for the period of 1949-69, branches in both the Milk Zone and the North and South Coast, but its traditional concentration, especially true after 1960, was in the North Coast manufacturing area. This area lies between Kempsey, beyond Lismore to the Queensland border and branches there are referred to as the "Central Rivers" branches where the active members are around Richmond, Raleigh, Clarence and MacLeay. In 1949, PPU dairy group membership was estimated to have been about 16,000²⁶ of whom certainly more than half were concentrated in the North Coast. But by the end of 1969 both commodity organisation numbers had fallen to "less than half" including a drop in membership in the Milk Zone group, partly as a result of droughts in 1965-66.²⁷ As well as the small number

26. Mr. Stone of the NSW PPU claims that there were 16,000 NSW dairyfarmers in 1960, over half in the PPU. He thinks there were 20,000 farmers in 1949, of which 16,000 members were in the PPU, according to the editorial estimate from subscription figures. (Interview Mr. Cullen, 1972). 16,000 is quoted on the letterhead of the Primary Producer in 1949. The Census figures for NSW in 1954 and 1961 were 20,000 and 18,000 and four fifths of the early period were probably PPU members, dropping to over half in the 1960's as the Milk Zone dairyfarmers became separately organised.

27. In 1964, the MZDU had 5,800 members of an estimated eligible total of 6,700. By 1973 the NSW DFA was claiming more members in liquid milk production than in manufacturing. (3,100 to 2,750).

of dairyfarmers organised in the NSW Division of the APPU there has been a Riverina Dairymen's organisation which has had connections with the VDA and the Victorian wheat and wool groups now merged into the VFU, and has supplied milk to Victorian factories, just as there has been a separate Riverina Graziers Association which has not associated with the NSW Graziers Association.²⁸ The numbers in these two minor groups has probably never risen much above two to two and a half thousand members, many of whom are part-time billy-canners, mainly concerned with beef and breeding of cattle on relatively large-size properties. There was, at the time of the mid-1940 establishment of the NSW Division of the APPU, a legal contest about copyright over the title of Primary Producer Union. The first established NSW PPU lost this contest and, according to hearsay, applied thereafter for registration as an industrial union in order to register its title, as the MZDU did later on.²⁹ There was division between the APPU and NSW PPU rivals for most of the 1949-59 decade, and as the NSW division of the APPU moved out of organisation of dairyfarmers during the 1960's there seemed insufficient initiative for any kind of amalgamation.

The history of the NSW PPU has been published in a non-official report in The Northern Star, January 1952. According to this source the "first move" towards organisation was made by Mr. James Crawford on November 12, 1915, who was then a member of the board of directors of Norco, and moved that the advisability of forming a Northern Dairy Association be brought forward at the half yearly Norco meeting. In 1916 dairyfarmers had become "desperate" and applied for a price rise, refused by the wartime Minister in charge of wartime Necessary Commodities Act.³⁰ Meetings were held early in 1916 in almost every district centre and at a mass meeting in Richmond

28. G. Harman, Graziers in Politics ... op. cit., Ch. 7.

29. Interview with D. Strike, Sydney, 1974.

30. Northern Star, 1.1.1952. cuttings in files of PPU offices in Sydney.

Hall on March 24 "the movement known as the PPU was initiated". Ten District Councils were formed, and the aims included:

to organise all producers and other interested parties into one comprehensive union or federation and ... to secure representation of producers upon all boards commissions committees or other bodies ... to affiliate with all or any organisations having ... like interests.³¹

In 1952 the author judged:

... since the formation ... we have had a membership of about 90% of those engaged in the dairying industry.... The principles of co-operation have always received a full measure of support by officers of the union ... (Amalgamation of the Berrima District Farm and Dairy Co. Ltd. and Coastal Farmers Co-operative Society Ltd. in 1925 to form the PDS) was largely due to the influence exercised by members of the union.³²

The officers of the PPU have had long periods of service. I. J. Johnstone was secretary from 1950 to 1960 and Clarrie Gibson was President from 1943-1960. R. Warne and H. A. Stone became Secretary and President in 1960, and H. A. Stone was still a Vice-President of the DFA in 1974, although R. Warne had moved to the Dairy Industry Authority in 1971. The history of the union would be interesting to develop in detail but I am at present able to offer only sketchy information.³³ There has been some South Coast representation, including H. J. Bate from Tilba (Federal member UAP/Liberal Party, dynasty of father and son in the present electorate of MacArthur), who was a strong supporter, and many of the elected PPU Executive Council members have been co-operative factory directors as well as farmers. There has been considerable solidarity in support for the President and Secretary throughout the period of this thesis and no challenge from Executive members within the group.³⁴ The President is a full-time officer and is expected to take up permanent residence in Sydney, unlike

31. Op. cit., 2.1.1952.

32. Northern Star, 4.1.1952.

33. Records of the NSW PPU have been transferred to the Mitchell Library since the reorganisation as the NSW DFA, although copies of the Primary Producer are still kept in the DFA office. (1974).

34. During the difficult 1960's, H.A. Stone was re-elected unopposed (by the Executive not the members) and from 1963 for 3 year terms. The Executive was also elected unopposed, except in 1962 when the Primary Producer reported strong competition. (PP copies). The competition has come from the separate MZDU organisation.

other dairyfarmer presidents who keep the farm back home operating. H.A. Stone, awarded an OBE for services to dairying, came from Raleigh District Council, from Coff's Harbor and the Bellinger River district, was well known in the North Coast district, has maintained his interest in North Coast co-operative factories, although he resigned his official position in 1960. He became ADFP President in 1966, has a strong personal following in the industry in NSW and has, to use a phrase from dairyfarmer journals "spent a lifetime in the industry". Nevertheless, since 1960 when he became President, the PFU has lost at least half its membership, and many of its members have endured income insecurity and low returns as have the Queensland farmers. But unlike the Queensland farmers the "manufacturing" dairyfarmers in NSW have had increasingly profitable alternatives to farming, reinforced by the state government farming reconstruction schemes of the 1966-67 period, predating the Commonwealth Marginal Dairy Farm Reconstruction Scheme, and allegedly responsible for the relatively light response to the Commonwealth scheme. (see Appendix A)

The success of the NSW state scheme was partly attributable to some diversification from dairying to poplar timber forests³⁵ encouraged by the Federal Match Company which has allegedly bought dairy properties on the North Coast, but particularly to beef fattening, some banana growing, and to a growth in the tourist trade and retirement property purchase which the North Coast enjoys because of its communication network along the river valleys and the Pacific Highway, and because of its natural beauty. There has been some entry into the profitable wholemilk trade for the North Coast dairyfarmers, mainly after 1971. The situation for the North Coast dairyfarmers has not been as acute as it has been for Queensland dairyfarmers.

35. Probably a minor alternative. cf. T.J. Christiansen, "Adjustment to Resources Formerly Used for Dairying on the Far North Coast of N.S.W." Rev. Mark. Ag. Ec., Vol. 39. 2, p. 129.

The wholemilk dairyfarmers were organised into the separate Milk Zone Dairymen's Union established in 1964, and previously into three organisations, the Milk Zone Dairymen's Council, the Milk Producers United Union and the Milk Section Committee of the NSW PPU. There seems to have been a confrontation with the Chairman of the NSW Milk Board in the 1960's which hastened amalgamation of these groups into the MZDU.³⁶ The Union has had as many as 5,800 members, according to its present secretary, but its membership had dropped to 3,000 by the end of the decade. The subscription to the organisation has been based on milk production and has been comparatively high, a maximum of \$30.00, and a minimum of \$10.00 by 1970. The NSW PPU at the same date had a maximum of \$10.00. The monthly newspaper, the Dairymen's Digest revealed an unusual degree of interest in politics, in election of Country Party rather than other party members of parliament and in Cabinet submissions and the views of the Minister of Agriculture. I have not read in any other dairyfarmer journal this degree of identification with political activity and I attribute the interest to the great influence which the NSW Milk Board Zone exercised over the MZDU members' income.³⁷ The interest had not disappeared with the establishment of the NSW Dairy Industry Authority which formally amalgamated the two sectors of the industry. One guest to the 1972 MZDU annual conference address noted that there were "nearly a dozen" NSW Country Party members or officers at the conference dinner, (by invitation) and that the monopoly position which the MZDU members held in contracts to

36. This version came from a SMH news story 13.12.1963 and a MZDU item forwarded to me by the secretary, on the retirement of J.A. Ferguson, The Ferguson Era. Dairymen's Digest, 1st June 1968, pp. 6-7.

37. One might speculate that registration of a farmer group as a union changes its view of its role as a non-partisan producer group, but the absence of NSW PPU political interest indicates that it is not registration but "conflict in interests" which has inspired MZDU political interest.

supply wholemilk to the Sydney-Newcastle markets has been almost undisturbed by the establishment of the new Authority.³⁸

In 1967 the then Minister of Agriculture, Mr. Chaffy, proposed a Dairy Industry Advisory Council to consider state amalgamation of the dairy industry. The proposal was greeted with mixed feelings by the MZDU which had most to lose by sharing their 1967 Zone quotas with ex-Zone dairymen. In 1968, the Minister of Agriculture, Chaffy, was replaced by Crawford, who conceded that Milk Zone producers should be represented on the Advisory Council and that the Council should consider the Milk Zone producers' problems. Although the MZDU might be seen as instrumental in the defeat of a Minister of Agriculture in this contest, their newspaper took no credit for the victory and indeed claimed to have lost a valuable and well-informed spokesman.³⁹

In the light of post-1970 developments, the MZDU appears to have been better organised to survive challenge than the NSW PPU. The MZDU members' position as contract supplier to the wholemilk market was maintained under increasing challenge and even institutional change, and the position of the wholemilk producers within the new NSW Dairy Farmers Association appears, in spite of a minority of members,⁴⁰ still to be the stronger position. The secretary of the PPU, R. Warne, retired to the Dairy Industry Authority,⁴¹ the younger, optimistic and successful defender of Milk Zone dairymen, Don Strike, became secretary of the DFA and the 1969-73 President of the

38. Interview with F. H. Drane, Department of Primary Industry, Sydney, 1972. D. Strike, the ex-secretary of the MZDU and now secretary of the NSW DFA agreed that there had in 1972 been little change in the supply patterns of the wholemilk industry. By 1974 however, contracts for wholemilk were being let to North Coast dairyfarmers. Interestingly, the liquid milk producers within the DFA were accepting this change on the grounds that orderly marketing of pasteurised milk throughout the state would benefit the existing contract holders and "reduce cutthroat competition". Interview DIA officers, Sydney, 1974 and D. Strike.

39. Dairyfarmer Digest, April 1968, pp. 1 and 24.

40. By 1973 this was allegedly no longer true as some former PPU member farmers outside the old Milk Zone district began to receive wholemilk contracts from the NSW DIA and moved to liquid milk membership.

41. Where he was successful in establishing a formula for sharing the wholemilk contracts with the manufacturing farmers over the next few years.

MZDU. J. Calcraft, also reputedly young, optimistic and dynamic, had become President of the DFA. The offices of the PPU in Pitt Street have been remodelled to include the new partner and the PPU President, H. A. Stone, has become Vice-President of the DFA,⁴² and is planning to retire. By 1974 he had retired from the ADPB as dairyfarmer representative.

The membership of the MZDU included according to the constitution, sec. 7, "owner of registered dairies, or directors of companies", i.e. dairyfarming companies, partners, share and tenant dairymen, and dairyfarmers. Each member had two votes which were shared under certain conditions with partners, tenant farmers, fellow directors etc. The Union has had a Council of Management elected from 32 electorates based on Milk Board supply factory areas, and returning representatives based roughly on membership in the electorate (electorates with more than 200 members returning two members). This was a rather large Council which elected three members to act as an Executive with the President and Vice-president. The Council also elected "industrial officers" and organisers as a result of the registration as a union under the Industrial Arbitration Act. NSW is the only state in which dairyfarmer organisations have registered as industrial unions. "Organisers" are supervised by the secretary and their duties are outlined in surprising detail in the constitution, including a prohibition on taking part in or influencing Council elections, but in practice the Secretary or assistant secretary has acted as industrial officer for purposes of wage award appearances. The MZDU has had as many as four field officers but reduced the number to two as a result of lower income and membership decline. Neither of the NSW organisations have ever had ambitious offices or field staff. The NSW PPU had "at least 2" field officers but a great deal of the field work was done by the Executive members and the well-known full-time Presidents, Clarrie Gibson and Harry

42. The other Vice-president is from the NSW F & SA so that "unity has been accomplished in NSW by 1973."

Stone who were both North Coast men. Interestingly, both Strike and Stone approve of expanded office structure (including specialist research officers) at federal level, for the ADFF and the AFF. Neither officer feels such expansion is desirable at state level, partly for financial reasons, but also because at the state level immediate decisions based on experience and reviewed constantly by the executive meetings, are required from officers. At the state level both officers would prefer to contract out special projects but not to have to direct such expanded functions within the office which might distract officers from their main role of direct communication. In Stone's view the work of the offices is approximately 50:50 dealing with farmer enquiries and state government or outside interests who, he believes, are as likely to be asking him something as he is likely to be asking them. Strike's view of his activities is somewhat different and may reflect the smaller number of members with more specialised wholemilk interests. Strike estimates that 40% of his time is spent answering farmer enquiries, 30% is spent with government institutions and the remainder is spent with other business, including factory management and publicity. The two NSW officers also diverge somewhat in their views on relations with political party representatives. Stone, an older traditionalist with North Coast and Country Party connections, does not think political party lobbying is a significant part of his business and expects to be asked by political representatives for his views. Strike, a younger activist with members in the old Milk Zone South Coast and ex-urban Sydney area, tends to seek out politicians.⁴³ He claims that nowadays rural electorates have changed their occupation patterns so that often the political representative is concerned with tourism, township problems, environment and development claims, and that farmer representatives must increasingly make an effort

43. This is said to be the view of the President of the NSW DFA also.

to reach rural representatives who were once easily reached by farmers simply because farming was the most important issue in rural areas.⁴⁴ Strike feels that there is a good deal of competition nowadays from other issues in rural electorates. The difference in approach to party representation is carried into the federal sphere where Strike (who before 1970 had almost no entry to federal dairy committees) expects to try to supply information and influence to rural members of the ALP caucus sub-committees (1973-4), something of a break in the tradition of non-partisan commodity group activity, while Stone still works through the Board, the ADIC and the Federal Departments.

NSW Factories

The factories in the North Coast area are no longer the traditional suppliers of butter that they were said to be in 1960, at the time of the Committee of Enquiry. By 1973-4, the North Coast was even importing butter for local consumption. The co-operative factories diversified to milk powder production during the early 1960's, particularly after the establishment of the Central Dairy Co-op Association, which hastened the amalgamation of the Central Rivers co-operative factories and the change from processing in small factories to bulk collection, chilling and despatching of wholemilk to larger processors. Central Dairy Co-op was based on a post-war proprietary factory established by the British Cow and Gate Company, which attempted to break into the co-operative district and was unable to attract farmer suppliers.⁴⁵ It was declared bankrupt in the late fifties and purchased under an agreement to wipe out debts and to join with the Bellinger Co-op Society (from which Stone resigned to join the NSW PFU) to form the basis of the Central Dairy Co-op which produces milk powder and canned milk. The factories have also moved into the bottled wholemilk distribution for the Central District area, which is

44. This is particularly true of the regions in which most of the wholemilk farmers are situated of course, and less true of the North Coast, even in 1974.

45. This version comes from H.A. Stone. Interview, Sydney 1974.

increasing in size, as well as sharing some of the NSW Dairy Authority milk contracts after 1972. NSW factories have not been as vulnerable as Queensland factories from 1949-69 because they have for many years not been producing for the export market. Their suppliers are not therefore strong supporters of Equalisation, and the factory directors and managers are not either. Guaranteed payment to factories (so that late Equalisation payments will not force manufacturers into short-term borrowing to pay suppliers) has therefore favored Victorian and Queensland factories, especially the bigger exporting chains, far more than the NSW ones. There has not yet (1974) been much explicit pressure against Equalisation from NSW, but NSW dairyfarmer officers have emphasized this inequality in Equalisation benefits at federal level and have opposed expansion of the dairy industry in Victoria and production for export with lower returns to the whole industry.

The NSW factories are still markedly co-operative in ownership. The Dairy Industry Authority which succeeded the NSW Milk Board, keeps statistics on the whole industry,⁴⁶ and recent statistics indicate that in 1974 there were 51 "acceptance" factories, i.e. collection points, 37 processing plants, of which 16 were in the "base market quantity area", as the former NSW Milk Zone is currently named, and 8 were within the Sydney districts. Of the 37 processors only one, a Peters factory at Taree, is a proprietary factory, although there are some small proprietary cheese producers scattered around the state. Of the 37 processors, all but one are factories in the popular sense of manufacturing dairy products, and the exception is a bottling plant at Cooma. But even the older traditional manufacturing Noree "processors" in the North were, by 1970, much more involved in wholemilk

46. From an exceptionally luxurious building, equalled only by the Dairy Board headquarters in Melbourne.

collection and redistribution than they had been in 1960. Of the 28 mill. galls. production from Norco factory supplies $1\frac{1}{2}$ mill. galls. was despatched to the "bmq area" for distribution on the Sydney-Newcastle wholemilk market and some wholemilk was despatched in bulk tankers to the Peters and Dairy Farmer co-op factories for manufacture rather than processing in Norco plants themselves. Dairy Farmers Co-op is the biggest NSW organisation, followed by Norco, Hunter Valley Co-op and the South and North Coast co-ops. Kraft is conspicuously absent from NSW. The scattered area over which dairyfarmers still produce in NSW is alleged to make transport costs higher in that state, even with small-scale collection depots, and the NSW Dairy Authority is "rationalising" transport by carrying pasteurised bottled milk over long distances (as far as Bourke for instance) and picking up unpasteurised cream supplies for transport back to processing plant factories. Rail delivery of manufactured dairy products and bottled milk from "processors" is still (1974) important in NSW.

In NSW reform of the industry is felt to be required as much in the factory and transport sector as in the farmer sector, at least by those in farmer organisations. Some farms are inaccessible for bulk transport and dairying is scattered over larger areas than in Victoria so that small-scale acceptance depots have stayed in production where they have low returns and depress farmer income through low supply prices as a result. Both farmer and DIA spokesmen complain that reform schemes have not included rationalisation and assistance for the factory/farmer co-operative in marginal areas and that without such reform dairyfarmer assistance is not sufficiently effective.

WA

The Farmers Union of WA (Inc) was formed in 1946 by the amalgamation of the Primary Producers Association and the Wheat and Woolgrowers Unions. The Dairying Section, divided from time to time into Butterfat and Wholemilk

sections has produced an important national figure in Mr. J.P. Norton, OBE whose career as a Federal dairy representative has included a submission to the Federal Rural Reconstruction Commission in 1934, the representation of WA, SA and Tasmania on the Joint Dairying Industry Advisory Committee of 1946, representation on the Commonwealth Advisory Committee of 1946, Equalisation Committee and Deputy Chairmanship of the ADPB since 1962.

The WA Farmers Union shares several APPU interests and it is curious that it did not affiliate with the APPU.⁴⁷ The Union apparently considers itself responsible particularly for the smaller farmers and for those interested in government marketing schemes and services:

The Wool Executive has been active in the introduction of a Wool Selling Plan This move was initiated by the Farmers Union Wool Section, but its original efforts during the postwar era failed as the result of lack of support from growers in the other States....The Barley and Oats Executive has been responsible for the setting up of the W.A. Barley Marketing Board.... The Wheat Executive has insisted on and secured majority grower representations on all boards and industry organisations with which it is associated. ⁴⁸

Taxation concessions, representation on fertilisers, and a heavy emphasis on a Personal Services Department offering legal and taxation advice are the advantages which the WA Union likes to emphasise. The Personal Services Section may be partly the result of a bequest to the WA Union in 1954 which enabled the Union to develop valuable and extensive headquarters in Perth from which to conduct unusually extensive office service, but it is probably a result also of Farmer Union policy. In the "Dividends from Organisation" booklet, much emphasis is also laid on the "tangible and less tangible gains from organisation. "One of the main successes of the Union is the fact that it is now recognised without question, as being the official mouthpiece of farmers, and ... farmers of Western Australia speak with one voice".⁴⁹ Unity within the FU has not been threatened for the last twenty

47. see Smith and Harman, op. cit., Farmer Unity ... the FU of WA "began as a commodity organisation but now represents a wide variety of producers". p. 72.

48. Dividend from Organisation, Booklet by WA FU, 3rd Ed., Aug. 1960, p.4.

49. Ibid., p. 3.

years apparently.⁵⁰

The WA Farmers Union has affiliations with the Australian Wheatgrowers Federation and the Australian Wool and Meat Producers Federation. There is a flavor of APFU radicalism about some of the dairying branch resolutions from the WA group. At the Butterfat Annual Conference in 1967, there were two motions objecting to Commonwealth Equalisation payments on the grounds that WA did not benefit sufficiently from the scheme. The promotion levy on the industry has inspired objection in 1967 and 1968, although in 1968 the attacking resolution was withdrawn "in view of the comments in the President's report". There have been resolutions from the Wholemilk Committee on transferable quotas, and 1967-8 moves to amalgamate the Sections under a new President, Mr T. Noakes, whose father was President of the Union from 1947-55. In 1968 the level of devaluation payments was under attack and there was a move to rationalise transport within the industry through state government assistance.

The size of the WA industry, (the smallest absolutely and relatively in Australia) and its position as an importer of dairy products from other states makes it a relatively unimportant member at the federal level. It is interesting to speculate from the evidence above, that this isolation from the rest of Australian industry has enhanced the position of its leaders, made the members more critical of those outside their organisation but more loyal to their own leaders. WA certainly accepted the Commonwealth proposals for reform of marginal farms with a promptness unmatched in other states, and proceeded to use the funds available with the same promptness, (see Appendix A). But I am not in a position to offer conclusions on the WA industry and in a thesis mainly concerned with federal organisation

50. K.O. Campbell has a footnote apparently contradicting this view in Hughes (ed.) *op. cit.*, p. 504. The history of WA farmer groups was certainly one of division, regrouping, redivision until the Second World War, but see F.R. Mercer, On Farmers' Service, Farmers' Union of WA, Perth, 1955, pp. 103-8 for description of "amalgamation" in 1946.

the WA state research is too minor a subject to pursue more thoroughly.

Conclusion

At the beginning of this Chapter I outlined differences between conflict and non-conflict states, in competing organisation within states, in branch activity and emphasis on office function, differences which may have resulted from the scattered farmer membership and statutory definition, as well as economic conflicts. The zero-sum conflict has inspired the Queensland and WA producers - and less effectively the NSW PPU - to attack the industry policy and demand from political outsiders a "better" or "different" deal, and has inspired the MZDU to recruit support from outsiders to keep its "better deal".

In the conventional analysis, emphasising five factors associated with the British National Farmer Union, it appears that some prestige of leaders does exist in conflict states - of H.A. Stone, and Don Strike in NSW, of Pag Beatty and Athol Baird in Queensland, and can carry an organisation through a difficult conflict period - though not to the point of keeping up membership. Access to institutions, both in NSW and Queensland, could be considered satisfactory, and relations with state government agencies also appears to be satisfactory. While such access undoubtedly keeps active dairyfarmers more satisfied with their organisation, because the dairying organisations are interested only in dairy industry agencies ex-dairy farmers do not find sufficient advantages in access to remain in the organisations. If the dairy organisations had broader aims, broader connections with government agencies, as a general farmer union has - they would keep their members longer in difficult times, because more services can be provided. Perhaps none of the commodity dairying organisations in Australia, in spite of their relations with dairy agencies in state and commonwealth, really score highly over "access to institutions" because they have defined the relevant institutions so narrowly that they can only

keep active commodity dairyfarmers as members. On the other hand, by restricting the membership to active dairyfarmers, these groups concentrate their organisational demands and keep their membership more united. As far as local branch activity and head office effectiveness are concerned, there is, in the conflict states as in the no-conflict states, very little effort to advertise the dairyfarmer cause to the public, there are few field officers, no field days, no inter-branch activity sponsored by head office and very small office staffs. But there are certainly more "aggressive" resolutions, more disagreement with officers in WA and Queensland than I have observed in Victoria, SA and Tasmania. In that sense, local branch activity exists, and possibly the head offices in Queensland, WA and NSW deal with more membership requests than in the no-conflict states. In organisation language the members have found it difficult to accept head office direction in the conflict states. In Simonian terms, members have possibly not enjoyed "high identification by participants in organizational goals" and the "perceived prestige" of dairyfarmer organisations has suffered as head office control over the "evocation and evaluation of alternatives in the group" has lessened.

But this opposition to official direction has not been associated with establishment of, or competition with, rival dairyfarmer organisations in Queensland and WA and only marginally in NSW. In NSW the APPU State Division attempted rival establishment during 1949-69, but it had little success with dairyfarmers. Unity moves with other farmers have not been opposed in Queensland by members and officers as much as they have been in Victoria, but "peak organisation" unity had not made much difference to the operation of the Queensland commodity farmer organisations up to 1972 anyway, or the NSW MZDU. The issue of unity and the threat of rivals has not agitated the conflict states of WA and Queensland much from 1949-69, and has been opposed only shortly by the MZDU and PFU in NSW, from about

1966-7 to 1970.

The Simonian factor of conflict is, in this Chapter as in the previous one, probably more relevant than the "norms" or "needs satisfied" by the group. Except that is, in the negative evidence of large decline in membership. That decline demonstrates that the dairyfarmer associations are not believed to satisfy the needs of many farmers when they become ex-dairyfarmers. Nor do ex-dairyfarmers feel that they share norms with dairyfarmer members and officers. For commodity dairyfarming associations clearly have appeal only to dairyfarmers and retired dairyfarmers, not to cattlemen or cropgrowers - and dairyfarmer subscriptions are no longer low. There are signs that the farmers in the isolated states of WA and Queensland with a "neglect syndrom" are more inclined to "share norms" with other state farmers in peak organisations and general unions. I conclude tentatively however, that applying the Simonian factors of 2) needs satisfied and 3) norms shared has limited use in dairyfarmer organisation analysis in both conflict and non-conflict states. As I observed in Chapter IV even when the general farmer union versus commodity union competition is evident, these factors, which may suggest the chances for unity, are not conclusive, being in part substitutable for each other.

The Simonian conflict factor however remains a useful analysis for distinguishing between the support for the NSW, Queensland and WA dairyfarmer leaders in persuading members to accept policies, consider reorganisation of the group and share rewards, compared with SA, Victoria and Tasmania. In the conflict states clearly the policies of change cannot be achieved without appeal to outsiders, which indicates an important degree of intra-group conflict. There has been intervention by the NSW government in the establishment of the Dairy Industry Authority, in the earlier amalgamation into the MZDU, in farm build-up schemes, in Queensland with/pasture subsidy scheme, intervention by the Commonwealth Government in the Marginal Dairyfarm Reconstruction Scheme, there are appeals by

members through branch resolutions to change equalisation policies, subsidy policies, promotion of products, to establish more "political" organisations, to inject more "spirit" into submissions to government, even, by the MZDU to involve members of a political party. These branch resolutions are characteristic of all three conflict states, and contrast with the relative placidness in the VDA and the SA organisations. There is a turnover in officers, although rather belatedly in NSW, some fiery reception of Commonwealth Ministers at public meetings, and some prolonged negotiation over deals offered by the Commonwealth (see Appendix A). This behavior is again different from the no-conflict states, although the division between manufacturing and wholemilk dairyfarmer organisations might be expected to provoke this kind of behavior in SA. In SA, however, I think dairyfarmers simply do not "perceive limited rewards" and consequently a zero-sum game.

From these two Chapters therefore, I consider there is some utility in a Simonian analysis of Australian group organisation, but less utility in a comparative analysis using five conventional organisational characteristics apparent in the British NFU. More important for this thesis however, the conflicts within and between the state dairyfarmer groups influence their behavior in federal politics, and increasingly since 1949, dairyfarmer member officers have accepted that the state groups have a limited number of industry objectives because they have different interests. At the federal level the states tend however to be treated as if they shared industry objectives, mostly as a result of constitutional limitations on federal administrative policy.

CHAPTER VI ORGANISATION OF DAIRYFARMER GROUPS. THE FEDERAL LEVEL

The King said,
"Bother!"
And then he said
"Oh deary me!"
...And went back to bed...

The Queen said
"There, there!"
And went to
The Dairymaid.
The Dairymaid
Said "There, there!"
And went to the shed

The cow said
"There, there!"
I didn't really
Mean it;
Here's milk for his porringer
And butter for his bread.

A. A. Milne, When We Were Very Young,
(Dutton & Co., London, 1924).

At the state level, dairyfarmer groups are unitary groups with direct membership, formally organised with annual reports, newspapers and independent state offices. At the federal level dairyfarmer groups are distinct from the previously described state groups, if analysed by membership, structure, leadership, field work, publicity and support. Dairyfarmer federal groups are formally organised in both confederate commodity and "peak organisations", i.e. "An organisation that claims to speak for a broad section of the population and that is usually composed of similar less inclusive organisations."¹ Although important policy decisions are made by the Federal Government, especially decisions affecting dairyfarmer income, dairyfarmer groups at the federal level are distinctly limited in formal power - but not apparently in effectiveness.

In the Australian context, federal pressure groups are often affected by the constitutional division of concurrent powers between the States and the federal government.² In the dairy industry, groups are particularly affected by the constitutional limitation on powers over production and marketing as I have written already. Summarising the earlier discussion, the effect of interpretation on the constitution has been to give control

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1. T. Matthews, "Pressure Groups in Australia" in Mayer (ed.), Australian Politics a second reader, op. cit., p. 240.
 2. cf. Ch. II, Ch. VII and see T. Matthews, op. cit., p. 247; Grogan in Hughes (ed.), Readings in Australian Government, 9, 1968, pp. 297-8; Campbell in Hughes, op. cit., p. 428; G. D'A Chislett in Williams (ed.), Agriculture in the Australian Economy, S.U.P., 1967, p. 126; Lewis in Williams, op. cit., p. 302. Concurrent powers "do not belong exclusively to the (Commonwealth) Parliament but are also retained by the States". Joint Committee Report, p. 57.

only over export marketing and internal subsidies to the Commonwealth government;³ the constitutional basis for state quotas of margarine production has recently been upheld by an impressive majority⁴ and reliance upon state initiative for the quota technique of agricultural price stability, currently the basis of the two price "Gruen plan", increases the influence of state pressure groups. Constitutional restriction has inspired the establishment of the Australian Agricultural Council, the attempt to surmount constitutional difficulties in establishing agricultural policy by "co-operative administration", but when the AAC fails to achieve inter-governmental agreement, the need for establishing co-operation directly with state-based farmer groups is more marked. This problem has increased the influence of the Federal Department of Primary Industry which plays an important role in finding formulae on which agreement may be achieved. In addition to constitutional obstacles to the development of strong federal organisation of farmer groups, the economic geography of dairyfarming has encouraged what March and Simon might identify as "differences in the need felt for joint decision-making" or "inter-group" conflict between the "zero-sum" and the "unlimited reward" states. There are between the states "differences in goals, differences in perceptions, differences in the need felt for joint decision-making in the organisation"⁵ and, according to the March and Simon typology, resolution of such conflict may be by softer "problem solving" formulas and "persuasion" or by "harder bargaining" and "politics".⁶ The first two techniques imply conflict

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3. See Report of Joint Committee on Constitutional Review, 1959, p. 120 for detail. Federal powers of control over production; as for quotas for farmers, these are severely restricted in Australia by "non-specification in Commonwealth powers". They become residual powers of the states.
 4. Chapter II and Chapter XVII.
 5. March and Simon, op. cit., pp. 121-9.
 6. cf. discussion in Chapter V.

resolution without disagreement over the goals of associations, and are used particularly to resolve differences between groups rather than differences between individuals. Conflicts resolved by the techniques of hard bargaining and politics tend to be much more disruptive of organisation discipline, and even when used, tend to be concealed behind claims that "persuasion" rather than politics or hard bargaining are in fact the techniques used.⁷ The study of federal groups may provide some illustration of these last two kinds of technique in spite of their disruptive tendency, because there is a good deal of difference between the states in "their goals, perceptions, need felt for joint decision-making".⁸ As well as economic geography divisions within the dairying industry which make agreement difficult, the commodity basis of the ADFP organisation continues to divide dairyfarmer organisations from other farmers at the federal level, although the commodity federation is also affiliated with the peak farmer organisation of Australia, the NFU/AFF.

Characteristics of Federal Groups

Conventional organisation at federal level is frequently described in U.S., Canadian and N.Z. farmer groups as varying in degrees of weakness, and in other Australian federal groups also. The New Zealand Federation Farmers has been described as "less effective than it might otherwise be"⁹ because it lacks grass-roots support, provides little direct service to farmers, such as finance, legal and insurance services, or agricultural education. Head Office finance is inadequate and the official publication "unappealing". This is at least in part a result of the "structural decentralisation of power" with branch, provincial and federal levels, as well as commodity and general sections, and competition from other

7. March and Simon, op. cit., pp. 130-1.

8. But an underlying need for federal representation.

9. J.W. Talbot, Federated Farmers of N.Z., U. Wellington mimeo, 1965, pp. 14, 15.

commodity groups such as the orchardists, who are only loosely associated with the Federated Farmers. Or, to put it in another way, the Federated Farmers are a typical federation group.

Similarly in the United States, three national farmer organisations compete for government attention. The Grange and the National Farmers Union represent regional areas with frequent conflicts between them of broad policy questions, since the NFU represents western radical wheat-farmers and the Grange is largely representative of more conservative north-eastern and Pacific Coast farmers selling on domestic markets, usually opposed to labor union claims, and favoring commodity programs rather than general agricultural policies. The American Farm Bureau Federation represents commercial farmers concentrated in the South and Midwest States, (cotton and corn) and the state organisations federated with the Farm Bureau are strong, more markedly dedicated to commodity interests than the federal office and engaged heavily with State Departments of Agriculture.¹⁰ "The Federation has been continuously striving for a national program but it has had to achieve this through only a loose organisation".¹¹ Local and state organisations have been both strong and frequently in conflict with one another and the Bureau leaders. Although the policy of the Farm Bureau has been explicitly against commodity organisations as such,¹² the regional concentration of Farm Bureau members has provided intra-commodity conflict and some inter-commodity conflict also. There has been declining influence by Farm Bureau leaders over Democratic administrations during the late 1950's and the 1960's and greater competition from the NFU in both

10. see particularly C. Campbell, The Farm Bureau and the New Deal, Urbana. III. 1962, and V.O. Key, Jr., Politics, Parties and Pressure Groups, 5th Ed., N.Y., 1964, Ch. 2.

11. Campbell, ibid., p. 17.

12. Ibid., Ch. VIII, p. 22.

Congress and Administration.¹³

There is a considerable similarity between Canadian and Australian dairy farmer groups in commodity basis for organisation, concurrent federal-state control over policy,¹⁴ regional diversity in dairy production and weak "peak" farmer organisations. The provinces of Ontario and Quebec are the main dairy export areas and in other Provinces the production of milk is for the wholemilk markets rather than for large-scale manufacture for export. There is even more fragmentation among Canadian provincial dairyfarmer groups than in Australian state-based groups, for the Dairy Farmer of Canada Association numbered 39 members.¹⁵

The overall number of Canadian dairyfarmers has fallen dramatically over the last decade from 450,000 to 160,000 dairyfarmers which is a much faster decline than in Australia. In spite of this decline there is still a considerable degree of separate organisation at the Provincial level among dairying groups. Manitoba for instance has eight affiliated members with the DF of Canada, and Ontario appears to be distinctly under organised by Australian standards except for Co-operative members. Canadian federal dairyfarmer policy, aiming to keep quotas on export production through a system of "offers to purchase" and "storage subsidies", mainly affects Ontario and Quebec. National Canadian support for the DF of Canada is not based on widespread Provincial interest in federal dairyfarmer policy and the Canadian dairyfarmers' authority at the negotiating level is

13. H. Zeigler, Interest Groups in American Society, Prentice Hall, 1964, Ch. VI, pp. 196-8.

14. Canadian constitutional powers are concurrent in the original 1867 British North American Act, but if a conflict of legislation results Dominion law prevails. Judicial interpretation has somewhat modified this distinction, with extension of Provincial powers under section 91 and 92, particularly with reference to property and civil rights under Provincial jurisdiction. "since Confederation... the provincial aims have included the regulation of intra-provincial production, trade and marketing... the powers of the Dominion (except in time of emergency) have been largely confined to those which happened to be considered the most urgent in 1867". R. MacG. Dawson, The Government of Canada, U. of T., 2nd Ed., 1956, pp. 112-3.

15. Dairy Facts and Figures at a Glance, DF of Canada, July 1969, pp. 32-3.

noticeably more limited than in Australia. The Canadian Dairy Commission (parallelling the DP Board) was not established until 1966, indicating that farmer and factory groups have not been as interested in export in Canada as in Australia and lack of "mobilising institutions" for federal organisations may have been a definite deterrent to the "peak" group. There are now two "peak" farmer groups in Canada, the Canadian Federation of Agriculture, established in 1940, and including three commodity federations, and the National Farmers Union, prairie-based wheatgrowers, more radically inclined, like their counterparts in the United States.¹⁶ The CFA claims to influence federal policy through advice particularly through the civil service,¹⁷ but the NFU has less effectiveness or influence even than that.

Australian non-farmer groups exhibit the same federal weaknesses as farmer "peak organisations" overseas. T. Matthews writes:

Australia has no single organisation which can truly claim to be the voice of Australian industry as the Confederation of British Industry can claim to be the spokesman for industry in Britain. The Associated Chambers of Manufacturers in Australia (ACMA) think of themselves in this role but a very large and significant sector of manufacturing, the metal industry, has its own organisation, AMIA. Furthermore there is no division of functions to enable one organisation to have sole responsibility for industrial relations matters as the British Employers' Confederation did in Britain The great number of organizations which overlap in their functions does tend to create conflict and jealousies of the "border dispute" kind but in another respect the seemingly extravagant multiplication of organizations within a single field also tends to reduce conflict. The broadly based multi-purpose organizations such as ACMA and ACCA which contain a heterogeneous collection of members will not be able to present a united front on every issue. The existence of smaller, specialised organizations provides, for those members who dissent from the majority viewpoint on an issue, alternative channels through which to express their opinions.¹⁸

16. see H.J. Dawson in W.D.K. Kermaghan, (ed.), Bureaucracy in Canadian Government, Toronto, 1969, p. 106.

17. Dawson, op. cit., p. 111.

18. in Mayer (ed.), op. cit., pp. 194-5.

The Australian employee movement has been characterised by similar division and inter-group competition. One peak organisation, the ACTU and its federated unions, approve of closer organization of workers in theory but have not noticeably achieved closer organisation since 1927.¹⁹ There is considerable activity by federations of unions like the Metal Trades Federation, outside the ACTU structure and

in some cases the federations function without any direct link with the A.C.T.U. or recognition by it; like that body they have grown up to satisfy an organisational need. They do not always include all the unions in the industry ...
"outsiders" are invited to participate in discussions. 20

There are two main divisions between white collar and manual workers in the unions. Manual workers are represented chiefly by the ACTU although this peak organisation also included in 1967, the Federated Clerks Union, (16,845 members) and the Professional Musicians Union (6,444 members).²¹ The largest number of members in the ACTU are represented by unions in the "manufacturing" and "metal" groups, (453,359 members in 24 unions) followed by "services" groups, "transport" groups, the general purpose Australian Workers Union and the "building" groups. The smallest group is "Food and Distributive". 98 unions were affiliated with the ACTU in 1967 and of these unions very many are narrowly based "commodity" or "craft" organised unions such as the "Operative Painters and Decorators Union", the "Operative Plasterers and Plaster Workers Federation of Australia", "Slaters Tilers, Shinglers and Roof Fixers Union". Of 98 unions in 1967 only 30 had over 10,000 members. Even in the class conscious manual workers unions, it has not been easy to establish a general purpose organisation or to organise workers into monolithic unions. Australian white collar

19. Evans, op. cit., in P.W.D. Matthews and G.W. Ford (eds.), Australian Trade Unions, op. cit., p. 111.

20. Ibid., p. 114.

21. Matthews and Ford, op. cit. Appendix A.

unions are organised federally into the Australian Council of Salaried and Professional Associations, (not including the Police Associations, Journalists Associations, Public Service Associations) the High Council of Commonwealth Public Service Organisations (founded in 1923 and preceding both ACSPA and ACTU) with 26 affiliated Public Service Organisations, and the Council of Professional Associations with 9 affiliated unions (1967).

White-collar workers perform executive, administrative, developmental and supervisory functions; they are in the research, managerial, public relations field, a big proportion is found in the general clerical areas, and the occupations that produce the "paper" which provides the essential information for both Government service and private industry. 22

Affiliates of ACSPA include "Flight Stewards", "Dietitians", "Municipal Officers", "Woolclassers Association" among the 31 affiliates, which certainly is a narrow basis for organisation, not always identifiable with the functions described above as "executive, administrative", etc.

Support for political objectives as distinct from industrial ones has always divided union, including manual workers unions, and at least one observer claims the difficulties seem to be growing as the unions become more narrowly based on occupation and less "class conscious".²³ Consequently today:

The aims and objectives of Australian trade unions are directed primarily towards improving the economic status of their members. This may take many forms - higher pay, shorter hours per week, long paid vocations, long service leave, etc. They are also concerned with security, both job security of the individual ... and also with the organizational security of the union itself. 24

Limited aims, narrow basis for organisations, inter-group competition, peak organisation competition are all features of trade unions plus a bureaucracy described by Matthews as being:

22. Williams in Matthew & Ford, op. cit., p. 146.

23. see Rawson in Matthews & Ford, op. cit., pp. 175-6, and conflicting view quoted Ch.3, pp. 74-5.

24. Dufty in Matthews & Ford, op. cit., p. 69.

held back for lack of finance... education and training at all levels of union activity... there is a tremendous store of accumulated knowledge and experience in the trade union movement which is never passed ... in any formal organized way. 25

In a close resemblance to Australian farmer organisation the executive of the ACTU is divided between six regional representatives (one State Trades & Labor Council elected delegate from each state) and seven elected members from the industry groups into which all affiliated unions are divided. The APPU constitutions resemble this division very closely, as does the Tasmanian Farmers Union, and the newly formed AFF.

Professor Campbell has written:

As a form of organizational structure, the federation has strengths and weaknesses from a political standpoint, but on balance its liabilities would seem to outweigh its advantages. 26

The advantages of federal systems may be considerable however, if pressure groups have conservative aims, of maintaining a position in an economy or society as a whole. Conservative doctrines are easier to achieve in the "polycentric" structure of state and federal legislatures and cabinet, statutory corporations, marketing boards, advisory councils and two levels of agricultural department.²⁷ The aims of dairyfarmer groups, especially the commodity dairyfarmer groups, have been conservative so far. Raising the dairy subsidy to match rising price levels, or keeping the subsidy at all, reducing the costs within the industry, getting a guaranteed return over all production, raising domestic prices, keeping out dairy substitutes, are aims of dairying groups, but change such as establishing New States, or weighting the rural vote, or decentralising industry, or even major reform

25. P.W.D. Matthews in Matthews & Ford (eds.), op. cit., p. 101.

26. K.O. Campbell in Hughes (ed.), op. cit., p. 429.

27. cf. H. Eckstein, op. cit., pp. 21, 37; Holtzman, op. cit., p. 61; Zeigler, op. cit., p. 48.

of marginal farms are not demanded by commodity farmer groups. It is possible of course, that the limitation of the federal system itself has produced this limitation of group aims, as an originally more radical group acquired respectability and experience within the system. But when the groups are conservative, resisting change, the liabilities of the federal system may not outweigh its considerable advantages.²⁸

Another observation has been made in which federal dairyfarmer groups appear to be seriously disadvantaged. Eckstein has written "negotiations demand the concentration of authority on both sides",²⁹ i.e. from pressure groups and government. Negotiations ("decisions hinging upon the actual approval of organisations interested in them") seem to be the basis of federal dairy policy in Australia rather than consultations. (see Appendix A). ("Consultations occur when the views of the organizations are solicited and taken into account but not considered in any sense to be decisive"). But concentrated authority does not occur in Australian dairyfarmer peak organisations, nor in the Federal constitution. I have written already of the alleged effectiveness of federal dairyfarmer groups in achieving their demands and I think it must be attributed to 1) the strong need for co-operation by the federal government in administration partly as a result of constitutional limitations, 2) the limited practical demands made by dairyfarmer groups and some intrinsic features of their organisation, and 3) their allies. Indeed I believe after studying Australian dairyfarmer policy that one could rewrite Eckstein to claim that negotiations may also result when the "concentration of authority is limited on both sides". Consultation may result when the concentration of

28. In any case there is no choice about whether federation is or is not a desirable framework in Australia where it is firmly established for better or for worse.

29. Eckstein, op. cit., p. 23.

authority is more limited on one side (the Dairy Farmers of Canada) than on the other (the Government of Canada).³⁰

The Australian Dairy Farmer Federation and the National Farmers Union

The most influential federal dairyfarmer group in Australia is the confederate, informal organisation of the ADFP. The membership of the ADFP has been of affiliated organisations, with equal representation, not proportionate to numbers of members within the affiliates, and there is relatively little formal organisation. The affiliated members are the WA Farmers Union (2 delegates with a deputy for the second delegate at most meetings, according to one observer) the Tasmanian Farmers Federation (2 delegates, sometimes only one attending, sometimes one delegate one deputy) The SA Dairymen's Association (one delegate) the SE Dairymen's Association (one delegate) the NSW FPU (2 delegates, usually both present, but a deputy invariably attends in the absence of a delegate) the QDO (2 delegates) the VDA (2 delegates). The total is 12 delegates and a potential 6 versus 6 line-up of the major dairying states against the smaller states. Many of the delegates have served long periods of appointment to the ADFP. Public meetings and news releases are not a feature of the ADFP framework, and the atmosphere is confidential rather than public. Members of the executive of the ADFP claim that agreement over policy is reached through persuasion and compromise and that very rarely does either the Council or the Executive use a majority vote to settle an issue.³¹ At the federal

30. In Canada, consultation occurs in spite of similar constitutional limitations (for the Dominion-Provincial powers over marketing are much the same as Australia's) because the Canadian Cabinet has seen the farmer from a somewhat less "co-operative" angle than the Australian Cabinet has done up to 1969. The Canadian dairyfarmers have been more loosely organised at federal level than the Australian farmers and they have presented similarly limited demands but with limited support from eligible members. They do not "negotiate" it is alleged.

31. One observer feels that this description is too good to be true, and that close votes have increasingly been taken at the ADFP meetings. I suspect that a binding majority decision is difficult to accept in a consultative organisation like this committee, and that therefore decisions tend to be reached without votes when they are reached. Voting identifies where there is support and opposition to a proposal but it does not "settle" major issues against strong minority views, which have to be "negotiated".

level this dairyfarmer organisation resembles a committee rather than the conventional pyramid structure of mass membership and elected executive, and thus resembles the Australian Agricultural Council described in Chapter VIII. Since the organisation is structurally different from State or organisations and (in my view) from the federal level organisation of the old APU, with no general conference, published reports or mass membership, it is not the kind of group in which the analysis of leadership, field work, office organisation, membership participation and support are really relevant. Insofar as influence affects decisions, "leadership" is persuasive, but essentially influence is a matter of personality rather than organisational structure, or even membership strengths.

The ADFP Constitution provides for "an Executive of President and two Vice-Presidents" from the controlling Council of 12 members. There seems to be only one Annual Meeting of the Federation regularly provided for, but quarterly meetings are held in practice, with dairyfarmer delegates from all states. Following Equalisation Committee meetings or "industry meetings" as they are termed by delegates, the dairyfarmer spokesmen will usually meet (there is some doubt as to whether these are Dairyfarmer Council or Executive meetings) in a different capacity, as ADFP delegates.³² A quorum of Council members is constituted by the representation of three states only. In 1970, the ADFP President was Mr. H. A. Stone from the NSW PPU, the two Vice-Presidents were the Presidents of the VDA and the QDO. These three officers attend a large number of the same meetings every year in their capacity as ADFP executive, and/or representatives of the ADFP on the large number of Boards and Committees which govern and advise the industry. It is worth noting that the President of the ADFP has always

32. In the earlier days of the ADFP, the costs of industry meetings were born by the Dairy Produce Board levy which paid for Board administration, and expenses of Board members, and the Equalisation Committee meetings which were financed by the pool receipts devoted to administration. The ADFP meetings were held after Equalisation Committee meetings, when that Committee divided into Manufacturers Association and ADFP meetings. During the 1960's the ADFP business began to demand rather more time, and funds from the state affiliates began to support additional time for ADFP business.

been a State President as well. Mr. Stone from the NSW FPU from 1966 to the present, (1974), Mr. G. S. Conroy, QDO, his predecessor from 1961 to 1966, and Mr. B. G. Roberts, State President of the VDA, from 1953 to 1961, when he was appointed as Chairman of the ADPB. There have been "only about six Presidents" of the ADFP since it was formed in the early 1940's.³³ By 1972, the ADFP was meeting for 8 hours, 2 afternoons every quarter, to discuss a 9-page agenda.

Concentration of executive representation from NSW, Queensland and Victoria, occurs without deliberate attempt at representation by numbers, but because those three mainland states have represented between them 2/3 or more of the dairy farmers in Australia, their predominance in the federal organisation executive is politically sound. If the federal organisation under-represented the regional concentration of dairyfarmers, or concentrated on problems affecting the smaller states, it is unlikely that ADFP influence at government level would be persuasive. In fact, in a shrewdly practical formula, executive control represent the major dairying states, and total membership of all 12 delegates represents the industry as a whole.

The ADFP is represented on a number of influential Boards and Committees.³⁴ The President of the ADFP is Chairman of the Australian Dairy Industry Council, which Mr. Aldermann (Minister for Primary Industry, 1958-67) used to call "the Parliament of the Dairy Industry"³⁵ in a happy illustration of the resemblance of pressure group structure to the political structure of its environment.³⁶ The parliament of the industry includes ADPB

33. Letter from secretary, April 1969.

34. See chart in Chapter VII and discussion of Federal agencies.

35. One delegate observes "the analogy is far from precise. "Caucus" might be better but still imprecise".

36. cf. mich quoted observation of Eckstein, p. 21 "Pressure groups tend somehow to resemble the organisations they seek to influence". and T. Matthews in Mayer (ed.) 1966, op. cit., p. 198. "The structure of a pressure group tends to resemble the structure of government of the political system in which it operates".

representatives, Equalisation Committee members and ADFP representatives but the ADFP has joint representation on both the other organisations also, so that it is very well represented indeed at the "parliamentary level". The secretary of the ADFP is also in an influential position. He was an ex-officio member of the ADIC and Dairy Cost Index Committee, and since 1970, the Joint Secretary of both the ADIC and the ADFP. The secretaries of the QDO, the VDA and the PPU, parallelling the domination of the ADFP executive by those states, have formed a Technical Subcommittee which investigates matters on which the ADFP and ADIC want information and advice, frequently about industry costs and wholesale domestic price, and preparing the agenda for ADFP quarterly meetings. During the 1960's this technical subcommittee activity grew increasingly demanding, until in 1970 the secretary of the QDO, A. Baird, was appointed full-time secretary to the ADFP and was moved to Melbourne.³⁷

The facilities of the Melbourne ADFP research staff and library are useful for such committee research, and the ADFP and the ADFP work closely together. The ADFP secretary has conceded that the absence of a permanent office in Canberra was some disadvantage to the ADFP. From 1961 until 1970, the Secretary, President and one Vice-President were situated in NSW and Queensland, and the office of the ADFP was contained in files and correspondence in the office of the secretary in the Brisbane QDO. Other Chapters demonstrate how much of the work of the federal dairyfarmer organisations concerns industry committee correspondence, submissions to Departments, farmer organisation resolutions, minutes, agendas and re-submissions. The positions of President and Vice-president within dairying organisations are held by ex-dairyfarmers or part-time dairyfarmers who have personal experience of the industry, whose training for executive work has been within farmer organisations and factory boards. They are "representatives

37. He later returned to Brisbane while remaining secretary, for personal reasons.

who are elected to, and continue to hold, office because they are known to their electorate for their interest in dairyfarming. Within organisations led by such representative "spokesmen" it has been supposed that a permanent, professionally trained "civil service" would develop resembling the contemporary development of government administration. An interest group which has worked in close co-operation with government structure over a period of time might be expected to develop a differentiated bureaucracy. Eckstein writes "only bureaucratic structure is appropriate to the kinds of negotiations groups nowadays must carry on to realize their interests".³⁸ Nevertheless, in Australia, according to G.D'A.Chislett,³⁹ who himself has been a bureaucrat as Federal Secretary of the Australian Woolgrowers and Graziers Council, there has been "slow responding" to a need for high calibre staff, analysis of intelligence information, improving of staffing etc. Harman and Smith alleged that only the AWGC budget "allows it to operate a well-staffed secretariat which includes four university graduates" and that other farmer groups operated on a shoe-string as far as staffing is concerned. Trade union peak organisations in Australia are clearly in the same situation. Superficially shoe-string staffing is true of the federal dairyfarmer organisation also. The state offices of the dairyfarmer commodity organisations and produce sections have remained small, their appointed officers have remained administrators rather than researchers, and the federal ADFP office is no exception. Offices of dairyfarmer groups have not employed consultants in the preparation of submissions etc. as a rule,⁴⁰ nor has there been any attempt to enlarge the staff of field officers or to turn them into research experts.

38. Eckstein. op. cit. p.22.

39. Chislett, "Primary Producer Organisations" in Williams (ed.), op. cit., p. 127.

40. An exception was in 1958 when Drane & Edwards from Sydney University were commissioned (allegedly with the support of E.G. Roberts, later ADPB Chairman) to write the study which was later published as The Australian Dairy Industry.

The position of the ADFF secretary, until 1970 the secretary of the QDO also, was unusual in that he had been a dairy farmer and had worked for two dairyfarm organisations for a total of twenty years. He was therefore consulted with more respect than other secretaries might enjoy. The secretary of the SADA also exercises unusual authority, as an ex-dairyfarmer, and a professionally trained economist who acts as the SADA voting delegate to the ADFF. Nevertheless there is little sign in general that the commodity or produce section dairyfarmers are developing a strong bureaucracy at either state or federal level. I attribute this to the framework in which the dairyfarmers operate, at least in part. Much information and some research on international and marketing trends is available from the ADPB bureaucracy. Much information is available from the factory and factory manager associations through their Equalisation Committee representatives. Research is undertaken by the Department of Primary Industry and especially by the BAE within the Department. Indeed the role played by the Departments of Agriculture or Primary Industry may account for the "slow responding" to the need for a developed bureaucracy by Australian farmers in general. I do not observe a widespread admiration for the achievements of the AWQC among farmer organisations, in spite of their expanded structure.⁴¹

Some observers have concluded that if Australian farmer organisations did develop more extensive secretariats they would have more unity, more effectiveness, more general outlook. Harman and Smith have written:

41. cf. G. Harman, "Graziers in Politics....", op. cit., ANU thesis, Ch. 7.

Further unity amongst farmers would enable them to give more attention to general policy and to emulate the graziers (the ABC) in the preparation of detailed proposals ... one of the chief benefits of closer co-operation among the mixed farmers commodity organisations could be the establishment of a common and full-time secretariat. The failure to appreciate the need for expert bureaucracies of their own has been one of the greatest mistakes made by farm organisations.... The elimination of unnecessary overlapping among organisations... combined with establishing well-staffed federal secretariats ... will improve the capacity of farm organisations to formulate and lobby for policies on general issues. 42

I do not believe that the capacity of Australian farm organisation to formulate and lobby for general issues is hampered as much by lack of secretariats or overlapping ones, as by lack of agreement at the federal level where general issues must be decided. Agreement is not just the problem of finding the formula, and one Canadian authority has remarked that an expert bureaucracy can be fatal to a farmer group if it isolates the leaders from their obstinate, unenlightened members by over-emphasis on sophisticated argument.⁴³ The weaknesses resulting from the decentralised structure of federal commodity groups, and the lack of bureaucratic development might be serious for dairyfarmer groups if they wished to promote general policies of tariff reform for instance, or relocation of farms or reform of marketing policy, which requires federal initiative. But as I have written already, these aims are more general and more radical than the commodity dairyfarmer organisations want to support at present, and the preparation of reforms, as Appendix A demonstrates, does not require a bureaucratic structure within the dairyfarmer organisations at present. Altruistic aims of world free trade, or feeding the hungry peoples of Asia and so on, are not on the agenda of executive meetings of economically based "interest groups" in any industry, although altruistic aims may appear in publicity releases, addresses at conference openings and resolutions

42. Harman and Smith, A.Q., op. cit., pp. 81-2, 84.

43. Interview with Messrs. Kirk and Monkhouse, Ottawa, 1971.

adopted at the grass-roots level. Dairyfarmers who want action on general, broad or altruistic policy will turn to political parties and "unitary" general purpose unions. That is where "broader" or "deeper" questions are raised although unfortunately rarely solved. Until dairy-farmer commodity groups become ineffective at their pragmatic level, the need for greater farmer unity, organisation bureaucracies, or politics on general issues will be felt only by outside observers, who might reconsider their advice if they recalled the difficulties encountered within political parties over the same problems.

Objectives of ADFP

In a 92-page agenda of reports and minutes for the ADFP meeting of July 1, 1972, there were minutes of the previous ADFP meetings, the ADIC and ADFP executive meetings in June, submission on Dairy Stabilisation (6 pages), Comment on Victorian proposal for Domestic Price Product entitlement scheme for the Manufacturing Sector of the Dairy Industry (5 pages) Statement prepared by Dr. N. Snow for submission to Federal Council meetings on May 9th (5 pages) 1971 Dairy Industry Survey Report (6 pages) Summary of Reports from State Liaison Committees, Butter Marketing Allowance Summary of Payments. Details of an Agenda for a 1969 meeting listed 27 items for discussion. The first four were formalities of the meeting, no. 5 was a formal item referred from an earlier meeting, no. 6 was the Dairy Industry Stabilisation Arrangements for the year, a perennial item on the agenda which is raised in February, drafted for the May quarterly meeting, reported on at the July meeting, and the Ministerial reaction is received and discussed in September.⁴⁴ No. 7 was the Dairy Industry Survey, no. 8 the discussion by the SADA secretary, David Highbed, of the Quotas Long-Term Plan, no. 9 ADPB, 10-15 were Reports from Research, Promotion, Butter Sales Marketing Allowance, Cheese, ADIC and Equalisation

44. Interview with secretary, Athol Baird, Brisbane, 1972.

Matters, 16 was discussion on Substitutes, 17 on Shortening for Export, and 18 the basis for Payment for the Milk Committee, 19 Metric Conversion, 20 the AFP, 21 Wholemilk Matters, 22 Australian National Dairy Committee, and 23-24 were Miscellaneous items, including the ADFP constitution, Standards Association matters, Decentralisation and Nuclear Testing discussion. I imagine that by the end of a 27-item agenda, even if only one third of the items involve important decisions a 12 man committee is doing very well to devote much time to Decentralisation and Nuclear Testing.

The application of the March and Simon factors to the ADFP organisation is a challenging exercise in speculation. There are conflicts between the representatives of states over "goals", in the sense that "no-conflict" states are not eager to support protection of the vulnerable farmers in the north. The "no-conflict" states also perceive advantages in technological adaptation, market promotion, improved production techniques of kinds which the "zero-sum" states cannot perceive as advantageous, although the "zero-sum" states perceive other technological changes as advantageous (pasture improvement for sub-tropical grass, on-farm refrigeration, rationalised transport). And on the "need felt for joint decision making" there are conflicts because the vulnerable "zero-sum" states want the "no-conflict" states to support policies directed to the problems of the north and to increase government intervention (marginal dairyfarm reconstruction). The southern states consider such support (I speculate) as a bargaining asset in return for support of policies in which the "no-conflict" states will gain (equalisation and subsidy). Of course within one state there is sometimes considerable division of opinion, and all states do agree that access to the Federal Cabinet, Treasury and Departments cannot be achieved without federal joint decision-making. So, while the discussion at and between quarterly meetings with delegates probably ranges from "problem-solving formulas" through "persuasion" to harder bargaining and "politics",

there is pressure on the state organisations to appear to show unity and not to risk permanent disruption. When the Equalisation Committee and the Board disagreed with the ADFP over price rises in 1958 and the Minister supported a price rise, the ADFP did remain relatively solid. This may have been partly the influence of E. G. Roberts from the VDA, (a group not normally happy over price rises) who exercised a good deal of influence and was a strong supporter of dairyfarmer unity - even to the international level - though sceptical of the value of general farmer unions. Again the Dairy Committee of Enquiry Report shows little difference between the state delegates on reforms or the state of the industry, neither in the evidence reported by the Committee, nor in the acceptance (and rejection of) some recommendations. "The industry" in popular description tends to be identified in unified, even monolithic, terms, which suggest the delegates to the ADFP avoid the appearance of hard bargaining or "politics" even though it may be occurring. And "politics" may be an appeal to "insider-outsiders", that is, those in the industry like factory managers and directors whose close connection with the ADFP in the ADIC means that "politics" not observable to outsiders, succeeds in keeping the ADFP together, in spite of those conflicts over goals, perceptions, or need felt for joint decision-making.

The NFU⁴⁵

It would not be consistent with earlier observations to expect the National Farmer Union of Australia to have been well-staffed, with a strong central office, and until 1970 it was not a strong organisation. It had a secretary and two typists in one small section of Commerce House in Canberra. The list of the constituent members on the outer door was long

45. From 1971 the AFF, a merger of the NFU and the APPU.

and remarkably diverse but the office itself lacked evidence of what could be summarised as "the Bigelow on the floor".⁴⁶ Matthews wrote that the NFU was a

federally organised body both functionally and territorially ... composed of nine of the major Australia-wide primary producer organisations and seven territorial organisations - one from each State together with (Papua-New Guinea).⁴⁷

The VDA booklet claims:

Over sixty farmer organisations comprise the N.F.U. which is financed and governed through sixteen specified member organisations, most of which are themselves national commodity federations, such as the Australian Dairy Farmer Federation or State general purpose organisations.⁴⁸

Harman and Smith wrote: "The N.F.U. has 75 affiliated associations with 70,000 members" and concluded that this was a reasonable proportion of farmers considering that:

40% of workers are presented by the peak organisation of trade unions, the Australian Council of Trade Unions Today the N.F.U. includes eleven commodity federations and six State peak organisations. In some respects the N.F.U. structure is irregular and even messy. The method and the extent of state commodity associations' representation varies. Some are represented by commodity federations and others by state peak organisations. A number are represented through two or more organisations ... its political influence has been limited. Its effectiveness has been restricted by the size of its secretariat by difficulty in reaching consensus on policy and by member organisations... taking independent actions.⁴⁹

These quotations demonstrate that the Union is by no means clearly defined in power or membership or authority. Undoubtedly the big farmer groups within the NFU are the Woolgrower groups, i.e. the Australian Wool and Meat Producers Federation and the Australian Woolgrowers and Graziers Council,⁵⁰

46. A status symbol of wall to wall carpet immortalised in the advertising jingle "a tile on the door rates a Bigelow on the floor".

47. in Mayer (ed.) 1966, op. cit., p. 192.

48. VDA A review, op. cit., p. 28.

49. Harman and Smith. AQ, op. cit., p. 68, pp. 73-4.

50. which has an off and on affiliation.

the Australian Wheatgrowers Federation and the Australian Dairyfarmers Federation. Professor Campbell has written that the NFU is

a federation of federal commodity federations. As such, it suffers from all the political disadvantages of federations in double measure. As compared with some of its constituent bodies, its secretariat is small and its political influence slight. ⁵¹

G. D'A. Chislett comments that there is a problem of representation acute in the level of organisation, i.e. the necessity to restrict numbers to keep meetings effective and at the same time provide adequate representation, especially between the major and minor commodity producers.⁵² Similarly, the financial expenses are carried either at a minimal level by all affiliates, or by those better equipped to provide finances, whose representation does not match the degree of financial support provided. On such general matters as taxation, tariffs, transport and communications, animal health and agricultural research, there have been conflicts between members and the influential and wealthy AGC withdrew from the NFU in 1965, for a period of three and a half years, at least in part over conflicts between views on tariff protection. The history of this NFU suggests that farmer unity and general aims do not inspire organisational strength in the Australian context, whether one attributes this to a small secretariat or to broader divisive factors in the federal system. I doubt whether the ADFF affiliation with the Canberra-based NFU has either retarded or encouraged the development of a strong federal office for commodity dairyfarmers. I think the development of a bureaucracy within the ADPB, and the Federal Department of PI and the BAE have been much more influential than the NFU in providing an auxiliary secretariat for dairyfarmers. I think this is where drafting of dairy proposals often starts, and where the necessary research for proposals is happily contracted out by dairyfarmers. A federal secretariat for dairyfarmers, if it develops at all,

51. Campbell in Hughes, (ed.), op. cit., p. 429.

52. Chislett in Williams, (ed.), op. cit., p. 116.

will, I think, continue to work closely with these two government institutions and independently of "peak" farmer organisations. And I do not think the lack of such a secretariat has clearly hampered the effectiveness of the ADFP in the period of this thesis.

It is relevant here to note that political leaders have consistently urged unity upon farmer commodity organisations, especially Country Party leaders, despite the considerable regional and inter-commodity diversity in those organisations. Country Party leaders may have been urging unifications for "greater political effectiveness" of their own supporters as they have claimed⁵³ apparently believing that commodity groups are not as politically influential as monolithic farmer groups. There is also Liberal Party pressure for farmer unity, which is somewhat harder to explain as a desire for greater political effectiveness of farmers. Some Liberal support may simply be the result of coalition politics, which includes diplomatic bowing in the direction of one's partner. And Liberal Party ministers probably appreciate the political and administrative convenience of a "unified voice of the farmer". Campbell, generally suspicious of claims for political powers of a monolithic "farm bloc" comments however:

One can appreciate that a minister's frustration and worries (as well as those of his advisers) might be reduced if an acceptable agreed commodity policy were submitted by a particular industry, but a reduction of the number of sleepless nights of Ministers of the Crown and civil servants is not the ultimate criterion of good government... why must there be a consensus in an industry characterized by great political, economic and geographical differences? We do not expect such miracles on the political scene. We should not expect them in a large and diverse industry. ⁵⁴

53. cf. J. D. Anthony's address in Tasmania, quoted in Chapter II and discussion in Chapter V on APPU, Victorian Division. Also G. D'A Chislett in Williams (ed.), op. cit., p. 119, and McEwen, quoted in Campbell, pp. 438-40, and Menzies, quoted in P. Westerway in "Pressure Groups" in Wilkes (ed.), Forces in Australian Politics, A.I.P.S., 1963, p. 161, and controversy in Politics VI, 1971 and Politics VII, 1972.

54. Campbell in Hughes (ed.), op. cit., pp. 440-1.

G. S. Harman, diagnosing social and economic differences between the Graziers Association and wheat and sheep farmers in the Wheat and Woolgrowers Association observes also:

Because of the significant differences between the two organisations not only on policy but in political style and beliefs about the role of government it is extremely difficult to see how these differences could ever have been effectively contained within one organisation.... rivalry prevents inertia and at times political pressure from two independent organisations is more effective than pressure from a single body. 55

I speculate myself that pressure for mergers of commodity groups may be inspired not only by an altruistic desire for more effective farmers but by a desire to share unpopular decisions between government and a big vocational union.⁵⁶ If a government can plausibly shift some responsibility for rural policy to a Farmers Union it may not have to face unfavorable response from regionally based growers or outraged consumers at an election. Thus the Country Party, representing a sector of industry plagued with economic difficulties, may propose a merger of commodity groups in order to share the opprobrium of unpopular policy decisions with the Union - as well as to widen the horizons of members of commodity groups and to strengthen the "voice of the farmers" in the sense that more people shout louder and feel stronger but may not necessarily be stronger. The Liberal Party may see similar political gains in an organised Farmers Union which has to shoulder responsibility for rural policy.

55. "Politics of Woolgrowing", A.Q. 2, 1967, p. 77.

56. Current press and political criticism of the ACTU whose members' claims for wage increases allegedly distort the economy and add "inflationary pressures" are an example of the political possibility of shifting some responsibility to "peak organisations" for policy problems.

Pressure for a merger of commodity groups into a single voice, or for stronger federal organisation, is seen fairly often by dairyfarmer spokesmen as "not in their interests". They recognise the artlessness of supposing that one organisation speaks with a "unified voice". G. D'A. Chislett wrote:

The apparent contradiction between claims that greater unity would enable producers to approach governments with strength and the expressed desire of ministers for the creation of such a formidable pressure group, prompts some producers to fear that instead of "speaking with one voice" to the government they may find themselves "listening with one ear". 57

The Australian Primary Producers Union (till 1970).⁵⁸

The APPU was a federal structure in which members were directly organised in State Divisions and Produce Sections represented equally at Federal Conference but APPU organisation was much more formal at the federal level than the ADFF. The APPU held a formal Federal Conference with publicity and elected representation from the State Divisions, and Produce Sections. The conference lasted for three or four days and formal proceedings and reports were published in an 80-page booklet. There were State Divisions of the APPU within every state except WA although the Victorian Division was the main source of members. Of 41,000 members estimated as active in June 1963, 18,500 were from Victoria and according to the results of a sampling survey, dairying provided a first income source for over half of the Victorian, Tasmanian and Queensland members of the APPU.⁵⁹ In SA and NSW woolgrowing has been more important as a first income source for APPU members although early branches of the SA Division were concentrated around

57. G. D'A. Chislett in Williams (ed.), p. 124.

58. In 1971 the APPU merged with the NFU integrating the Canberra office with the NFU into the AFF, following the pattern in Victoria, NSW and SA.

59. Jarrett and Dillon. Membership survey. APPU mimeo 1963, undertaken primarily for record of woolgrowing members.

Mt. Gambier. The occupation of members is the source of the second federal structure within the APPU, a "produce section" structure which exists beside the State Division structure and resembles the organisation of the WA FU, the TFF and the ACTU. These Produce sections were originally advisory only and sent two delegates to Federal Produce Committees, as in the commodity federal structure of the ADFF. The direction was printed annually in the Federal Conference Reports in the 1960's that:

Division Produce Sections elect members as representatives on the appropriate Federal Produce Committee, which reports and recommends to Federal Council, co-ordinates the Division Produce Sections on Federal matters and advises on Union policy.

Campbell has commented that the APPU:

was forced to amend its constitution in such a way as to give its commodity sections greater autonomy and thus sacrifice something of its original unitary character. ⁶⁰

He does not use the phrase "original unitary character" in a formal constitutional sense. "Unitary character" in a constitutional sense implies a strong central office, central executive control over produce and regional branches, and a two-tier branch and central executive level of organisations, as in the British NFU. Other writers have also referred to this farmer group as "unitary" in character.⁶¹ Certainly by 1969, the commodity sections in the APPU, or produce sections, had considerable autonomy. The Federal Conference proceedings since 1963 carried no reports from State Divisions at all, but the produce section reports are always reprinted, sometimes very fully. Dr. A. A. Dawson wrote: "conflict of interest ... does not arise in the case of the A.P.P.U. where each commodity section operates by itself and determines its own policy.... Federal Council does not deal with commodities".⁶² The APPU may provide an interesting case

60. Hughes (ed.), p. 427.

61. E.D. Daw, op. cit., p. 14. Harman and Smith, op. cit., p. 74.

62. quoted in Chislett, op. cit., p. 115.

study of an attempt to introduce features of British pressure groups organised along unitary lines into a political federal system, and features of general purpose employee unions into primary industry (although in 1951 the APPU applied for registration as an organisation of employers)⁶³. However, with the information I have, this speculation does not match the facts. Clearly the APPU never established a formal unitary constitution. It was founded in Warrnambool in Victoria in 1943, and the Victorian Division celebrated its 25th Anniversary in 1968. The Union then established Divisions across the border in the SE of SA, and in NSW, and the Federal office was established later in 1952.⁶⁴ Mr. Hammond, the Victorian State Secretary for twenty years, stated in 1968⁶⁵ that in his opinion, the APPU had been seen as a federal structure rather than a unitary structure since the mid-forties. Chislett describes the intention of the founders as being influenced by the Rural Reconstruction Commission as late as 1950, but concedes that "the extent to which producers of particular commodities were formally subservient to the general assembly of APPU members was a controversial and crucial question". He described the change in constitutional autonomy of the produce sections as replacing "the monolithic mould in which the Union was originally cast" with "a structure more resembling the NFU concept."⁶⁶ Dawson says of the 1965 constitutional amendments: "The AWIC may take credit for the redrafting of a clause in the APPU constitution but this only meant that the Constitution was brought into line with the practise which has been in operation for many years".⁶⁷ It seems fairly well established that, inconsistent with its founding philosophy or not, the APPU did develop decentralised produce/commodity groups, and that

63. Chislett, *op. cit.*, p. 117.

64. See early Reports held in VFU library, Collins Street, Melbourne.

65. Interview, Melbourne, 1968.

66. Chislett in Williams, (ed.), *op. cit.*, p. 118 footnote.

67. *Ibid.* The reference is to the struggle to get the APPU represented on the Australian Wool Industry Council discussions during the 1960's.

State Divisions, although formally providing a federal rather than a unitary constitution, had been subordinated at least partly because they have been unequal in size and influence, as well as because the Australian farmer prefers commodity organisations.⁶⁸

Nevertheless the State Divisions existed on paper and in physical presence. Matthews has written "unlike the NFU, which is made up of affiliated organisations, the APPU is composed of individual farmers who affiliate directly and who are then divided into various commodity sections".⁶⁹ Harman and Smith wrote that the APPU was a "unitary body composed of individual farmers who belong directly to it".⁷⁰ I found these descriptions misleading when I first read them. The conference reports state:

Primary producers wishing to join the Australian Primary Producers Union are requested to contact the State Secretary at the Division Office in their State as indicated on the preceding page of the Secretary at the Division Office of the Branch nearest to their farm or station.

The original 1952 constitution of the APPU states that members shall become a "member of the Branch of the Union as directed by the State Executive". Federal Conference was attended by 10 delegates elected by each State Division.⁷¹ There did not appear to be in the constitution any provision for direct affiliation to the federal level, even in Part 2 Standard Division Rules, and it seems appropriate to describe the APPU as organised constitutionally along federal lines rather than "unitary". The Australian NFU was unlike the APPU because it was a "federation of federations" or a "confederate" organisation. Within the APPU, the state divisions and the conventional federal structure might have become more important as three mergers, in Victoria with the Wheat and Woolgrowers Association, (1968) in

68. The struggle for independent commodity sections may have partly reflected some uneasiness at the dominance of the Victorian Division in finance and members.

69. in Mayer (ed.), 1966, op. cit., p. 192.

70. Harman and Smith, op. cit., p. 74.

71. sec. 7 Ordinary membership. Sec. II Branches. Sec. 14 Federal conference.

NSW with the United Farmers and Woolgrowers of NSW (1968) and in SA with the Wheat and Woolgrowers Association (1966) changed the distribution of numbers within the Produce Sections. Reports in the 1968 Federal Conference Report from the Wheat, Meat and Dairy Produce Sections suggested that those Produce Sections were disappearing as part of merger agreement, or diminishing in importance pending merger agreements, and that the Wool Section might follow when more unity in the wool industry was achieved.⁷²

I cannot judge which Produce Sections were the largest by 1968. In 1963 dairying was a first source of income apparently exceeded only by wool among APPU members,⁷³ but wheat and meat production were more important than dairying as a second source of income and unfortunately for my purposes the Membership Survey of 1963 did not cross-tabulate members to determine whether dairyfarmer APPU-members were more specialised or relied more heavily on dairying income than the wool or wheat or meat producers relied on their first source of income. But members of the APPU Federal Dairy Committee probably represented the dairyfarmers from the main dairyfarming states of Victoria, Tasmania and SA with relatively less economic problems and where there are sideline sources of income and mixed farming. The APPU Federal Dairy Committee may therefore have represented a microcosm of the regional pressure pattern in the Australian industry, as Queensland farmers in the small Queensland Division faced a number of better situated south-eastern farmers. However, the overall numerical importance of dairy farmers in the membership of the APPU probably declined after 1963, as a result of the mergers with wool, wheat and meat growers, and as the absolute number of dairy farmers have declined.

72. 1968 Report, pp.47, 56, 70.

73. Jarrett and Dillon. Membership Survey, op. cit.

The Canberra office was not well developed during the 1950's. Until the appointment of Dr. Dawson in 1962 the office was conducted by a part-time secretary with a number of other interests.⁷⁴ The 1960 development of the office was changing APPU influence in Canberra (as were the mergers with State Wool and Wheatgrower organisations), for it was a serious handicap to the APPU to have a weak Canberra office as well as little recognition by government or other farmer organisations. Moreover, there was, at the Federal level, as at the state level, a fairly constant turnover in Presidents and Vice-Presidents of the APPU.⁷⁵ The Canberra office after Dr. Dawson's appointment became better organised, with publicity, energetic and experienced leadership from the new Secretary who had been connected with Canberra, the Department of Primary Industry and the NSW Department of Agriculture in his days as an agricultural scientist, and was supported strongly by the office of the Victorian Division, and the TFF. Dr. Dawson, as Federal Secretary and Chief Executive Officer, had hired professional research assistance from time to time, kept the clerical staff busy, encouraged state offices to provide information and policy recommendations and showed his photographs in the annual report suitably framed by the facade of Parliament House, for Dawson was an enthusiastic lobbyist in Canberra. He believed that meeting parliamentarians, civil servants, diplomats and other lobbyists, exchanging views, offering advice, information and analysis, were the techniques particularly useful for a Canberra situated office. In turn he considered that his role in advising members of the

74. The secretary, Mrs. Iris Waite, seems to have been interested in the Union not because of primary producer connections, but from political conviction. She was allegedly a member of the Australian Communist Party, although after her retirement from Canberra, when there was a mysterious fire in the office which destroyed a number of records, she did own a farm in NSW, and was quoted as a spokesman for the APPU until the Union protested.

75. For 10 years, from 1952-62, S.S. Donelan from Victoria was Federal President. There have been 8 other Presidents between 1947-69. Annual Reports.

Union when to accept compromise and postponement made him valuable to parliamentarians, Cabinet Ministers and civil servants. He saw his role in terms which a Washington lobbyist would find familiar, and which Australian commodity organisation secretaries do not as yet, recognise as explicitly. He was close to establishing a "differentiated bureaucracy" for his organisation.⁷⁶

Objectives of the APPU

"Unity of farmer organisation" (as distinct from "unitary structure") had always been an explicit aim of APPU Presidents and many of its members. The explanation given for the absence of a West Australian State Division was that the WA Farmers Union so closely resembled the APPU in character that competition in WA would be destructive of farmer unity and that affiliation was worth waiting for if it could be achieved with the minimum disturbance to the existing organisations. While this may have been a disingenuous excuse, it is significant that an explanation in these terms was considered acceptable to members of the APPU and consistent with the frequently repeated desire for unity. At the annual APPU Federal Conference, Presidential and Executive Officers' Reports dealt with matters of general application to farmers, farmer unity, labor policy and arbitration awards, trade agreements, farm safety and management services, international conferences and discussions, tariff submissions. The leadership of the APPU was concerned with issues considerably broader in scope than the APPU Produce Committees or the ADFF policies. Nevertheless, what concerned the members may well be the stuff of Produce Committee Reports, however much the leadership may attempt to broaden the outlook from the top of the pyramid.

The Federal APPU Dairy Committee has however been particularly handicapped by its lack of representation on the ADIC or the ADPB or Equalisation

76. Interviews. A. A. Dawson, Canberra, 1969 and 1970. Dr. Dawson resigned in 1972 from the AFF leaving the NFU secretary to carry on as AFF secretary, and moved to Paris as Australian representative to International Federation Agricultural Producers.

Committee which are so important in the dairy industry. The APPU Dairy Committee did make strong submissions to the Minister and Department of Primary Industry, but its influence depended on the quality and shrewdness of its advice, rather than its official status.

My tentative conclusion by 1969 was that the APPU had been influenced far more by internal head office problems and by opposition from commodity farmer organisations and the Department of Primary Industry than by unusual constitutional structure of direct national affiliation or unitary character. Caution from officers in the DPI in recognising the APPU Committee would continue, I thought, while the mergers in Victoria, NSW and SA were altering the power pattern within the Federal structure. Part of the merger agreements with the APPU seemed to be that commodity groups would act as commodity spokesmen, with additional representation from the APPU members, so that the habits of the bureaucracy would not need to be altered to include APPU recognition.⁷⁷ If the APPU grew without further merger, it would be the result of energetic leadership, economic pressure on commodity farmers and overt government recognition and encouragement. If the APPU disappeared it would be into a stronger Farmer Federation, which many of its members had been conditioned to expect and were apparently experiencing in state mergers.

March and Simon analysis of the federal level of the APPU is another speculative exercise. The APPU emphasis on farmer unity meant that members of the APPU were encouraged to see members of other farmer unions as sharing norms and that together more farmer needs would be satisfied, even if the identity of the APPU might be lost. The possibility of taking this final step was undoubtedly partly due to the persuasive leadership of the Federal Secretary. Head office control by the secretary over federal delegates was assisted by the financial difficulties of keeping a head office

77. of. footnote 78 at the end of this section.

functioning when costs rise and membership drops. But in my own March and Simon derived analysis, readiness to share organisational structure and decision-making with other farmer groups may be a sign of a "no-conflict" organisation. As a group which has existed for twenty-five years despite difficulties with the bureaucracy, difficulties of federal organisation with varying state support, inter-commodity conflict and apathy from some produce sections, the APPU must be considered to have had some peculiar inner strengths. The philosophy of its members was essentially "open-minded" about the organisation's role, believing that progress could be made towards better understanding of rural problems by government, towards co-operation with other groups and increased technical efficiency of producers. The neglect of their union by official preference for commodity groups within the DPI was partly balanced by the development of "bureaucratic" office direction and belief in a better deal in the future. This made the APPU merger with the NFU seem like an opportunity rather than an end. And the strong Divisions were in "no-conflict" states, suggesting that the Simonian analysis of conflict is relevant to "open-mindedness" in organisations.

In the office structure of the federal APPU there was more similarity with the formal organisation of the British NFU than in the commodity group ADFP office, as I observed in the Victorian APPU office. In spite of the stronger formal structure and some access to Ministers, if not the Department of Primary Industry, the APPU had not developed as much political access as the commodity ADFP had through the ADIC. I am not sure whether this mattered much to APPU dairyfarmers. Certainly some of the Victorian APPU dairyfarmers have had overlapping membership with the VDA and commodity federal representation through the VDA/ADFP structure. All of the Queensland farmers had commodity representation as well as APPU membership, and the Tasmanian dairyfarmers had been represented at both ADIC and APPU

federal level by the same TFF officers. The dairy section of the NSW Division of the APPU became so small that most NSW dairyfarmers were represented through the commodity organisation. I think one might guess that APPU Dairy produce members have been those who value the general farmer membership and the optimistic philosophy of the APPU more than industry representation, and that they have therefore generally come from "non-conflict" dairying regions as most members of the APPU have come from "non-conflict" regions. The support for the Dairying Produce Committee of the APPU represented those with a desire to have "more needs satisfied" at the federal level than marketing and technical problems, and in one sense, the ADFP was not competing at all for organisation of those members. The APPU dairyfarmers who wanted a more general, more optimistic outlook, were of course a minority in their industry, as optimistic reformers usually are. ⁷⁸

Milk Producers Association of Australia and New Zealand

The MPA was founded in 1944 as an Australian organisation, and New Zealand affiliated in 1962. The secretary has been the secretary of the NSW Milk Zone Dairymen's Union and the Presidency was held for many years by Lee Murray of the Southern Milk Producers Association in Tasmania. Like the ADFP and other federal Australian organisations, the Association has had

78. The developments of late 1973 are beyond the scope of this thesis but provide an interesting footnote. In 1973 H. A. Stone, of the ADFP, retired as a farmer representative on the ADPB. Senator Wriedt, the ALP Minister for Primary Industry appointed a representative from the Victorian FGA Dairy Division as a successor to Stone. Pressure was applied to the ADFP from within the industry to have the federal level of the farmers integrated, and the Federal Dairy Council of the FGA and the NSW Farmers and Settlers Association was dissolved. Murdoch, the FGA representative on the ADPB, was offered a position on the ADFP as a third delegate from Victoria and by 1974, some formula had yet to be determined for adding a fourth delegate, breaking the existing constitutional structure of 2 delegates from each state to the federal level, and weighting the Victorian industry heavily - as the economic development of the industry has continued to do. The federal integration is said to be hastening considerably the state integration of dairyfarmers in commodity groups with the FGA in Victoria and the PSA in NSW. Interview, D. Higbed, 1974.

no separate office and the records are kept in the office of the part-time secretary. There is no sign yet of the development of a "differentiated bureaucracy" in this peak organisation.

Until the mid-1960's the organisation was not very active, and conferences were held irregularly,⁷⁹ reflecting the strongly State-centred interests of the wholemilk/liquid milk industry in Australia. Membership in the MPANZ has been ostensibly limited to producers for liquid milk markets, but some members such as the NZ affiliate, Town Milk Producers Federation of NZ, and the Queensland and SA affiliates have production interests not clearly distinguished between wholemilk and manufacturing use because the milk is in an equalisation scheme. In 1967, the Presidential address mentioned difficulty with definitions of producers eligible for membership in the MPANZ. Those producing for "ultimate human consumption as liquid milk" are represented, as far as possible, together with some factory representation,⁸⁰ and Milk Board producer representatives. Affiliation fees corresponding to the amount of liquid milk produced by members of the affiliates gave the NSW MZDU and the Victorian Division of the APPU the major financial influence in the MPANZ but recent short-lived affiliation of the VDA (from 1969-70) changed the pattern briefly. The affiliation of the VDA in 1969-70, and the WA Farmers Union (and observers sent by the QDO) was possibly an attempt to reduce the influence of the APPU on the MPANZ, but more likely, because there was growing concern over interstate trade in liquid milk and over the production of milk substitutes, such as

79. There are two views of this - one from David Higbed of SADA who claims irregular meetings; one from D. Strike of the NSW DFA who claims regular annual meetings, back to 1948. Strike keeps the records of the MPANZ in Sydney.

80. There is a separate organisation, Market Milk Federation, which represents factories and distributors. Since the members are not dairyfarmers the organisation is not included in this thesis, although as with Dairy Factory Associations and Dairy Factory manager associations, the dairyfarmers are associated with the Market Milk Federation in various capacities and jointly in meetings and on Boards and agencies.

filled milk and "synthetic milk". Tasmania seems to have been a stronger supporter of the Association than any other state, in line with the farmer unity philosophy of its organised farmer members. The Tasmanian Milk Producers Council, including some non-TFF members from the Southern Dairymen's Association of Hobart, affiliated in 1969, but there had been earlier membership from preceding affiliated dairymen for a much longer period, including Lee Murray's Southern dairying group. The APPU state divisions had also been strong supporters, notably from Victoria (where there was no commodity representation) and a small Queensland representation. The Council, which managed affairs between conferences, was elected at the annual conferences with one representative from each state with affiliates, and one delegate from NZ.

The NZ supporters probably provided some pressure for the amalgamation of wholemilk and manufacturing sectors in the Australian industry through the MPANZ for the NZ industry does not have a distinct wholemilk and manufacturing sector. There are, as in the Australian states, licenses in New Zealand for supplying liquid milk to relevant Milk Marketing Boards so that the number of liquid milk suppliers can be determined, but the amount of milk which each farmer supplies for wholemilk consumption is not separately contracted.

The Presidential address of 1969 included the following observation:

our interest will not at all times be completely similar to other parties working for the general dairy industry and we must, therefore, maintain this organisation as an active body representing wholemilk producers... our efforts should always be directed towards the general well-being of the dairy industry.... Having in mind this necessity and the need for co-operation between all sections at Federal level, I recently arranged an informal talk with Mr. H.A. Stone O.B.E. President of the Australian Dairy Farmer (sic) Federation. We discussed the future co-operation of our two organisations and on a tentative basis considered the possibility of the MPA of Australia and New Zealand sending a representative to the quarterly Council meetings of the ADFP to act as an observer... offering a reciprocal privilege to the ADFP. 81

I have discussed earlier the manufacturing and wholemilk sectors in the industry, and the organisational patterns within the dairyfarmer groups which reflect this technological difference. There has been less pressure at the federal level to form wholemilk associations because the wholemilk marketing arrangements did not involve interstate trade or export, at least not until the technologies of bulk transport began to change the distances over which wholemilk was transported. The division between wholemilk and manufacturing members within the industry was under some pressure by state authorities by 1970, but in Queensland, Victoria and NSW where dairy industries have been more affected by sharp manufacturing/wholemilk division there was slow progress in sharing the more profitable wholemilk market. Significantly the Market Milk Federation of wholemilk distributors and the state Milk Boards do not have the same degree of federal activity as their manufacturing parallels in the Dairy Products Boards, Equalisation Committee state offices and the Butter and Cheese Manufacturers' Federations. There are regular meetings of the wholemilk distributors and boards, but their agendas include essentially technical production and testing problems, with comparison of methods and results. The wholemilk factory sector does not hold the formal regular quarterly "industry" meetings that the export-oriented manufacturing sector of the ADPB/Equalisation Committee/ADFF has been attending for so long. Neither within the Market Milk Federation, nor between Milk Boards, nor at the dairyfarmer level, has this kind of federal activity developed.

Moreover, at the federal level a number of officers attending MPANZ conferences are the same officers who attend ADFF meetings and APPU meetings. It is probably more that the agenda is different in the MPANZ federal meetings than that the representation of dairyfarmers is different. The SADA representative and the Tasmanian officers are ADFF members and although the VDA, QDO and NSW PPU usually have not been present, the NSW

MZDA secretary was closely in touch with the Sydney-based office of the Chairman of the ADFP. The Federal APPU was of course represented by the State Division members from SA, Victoria and the small Queensland Division.

Again, the development of the 1970-3 period has been instructive although beyond the dates of the thesis. The SADA representative, Higbed, a long-standing member of MPANZ and representative of a largely wholemilk sector of the industry, proposed that the ADFP establish a Federal Wholemilk Committee.⁸² The ADFP constitution was amended in November 1970 and the Milk Council of the ADFP held its first annual meeting in November 1971. It is expected to meet annually rather than quarterly as the manufacturing sector does, is attended by two ADFP affiliated delegates from each state, which has effectively prevented APPU/FSA or FGA members from attending from SA and Victoria. The TFF, NSW DFA, the QDO and WA groups have all sent wholemilk delegates to the ADFP Milk Council in line with their previous attendance at MPANZ conferences which have now been discontinued. But by 1974 the ADFP itself had a Victorian FGA representative. (see footnote 78).

Conclusion

I summarise some of the most important observations which have emerged so far from the study of Australian dairyfarmer state and federal groups to 1969 as: 1) the organisation of dairyfarmer groups has not been conventionally strong, united or bureaucratic. At neither the state nor the federal level have groups developed a secretariat with research facilities or produced leaders who clearly dominate the branches and members. There has been competition between rival state-based groups, between commodity and general farmer groups, some rivalry between members in wholemilk and manufacturing sections of organisations. These features limit dairyfarmer group strength. 2) Analysis of formal group structure such as head office organisation does not explain sufficiently how dairyfarmer groups may behave.

82. Higbed has been a rather hostile opponent of the APPU/FSA union and an advocate of commodity farmer organisation.

March and Simon analysis of the conflict or support situations in which some techniques will be used rather than others, can classify the activities of groups within the states into a framework of zero-sum and unlimited reward units. This classification suggests the dissatisfaction which reduces acceptance of organisational views and the "need felt for joint decision-making", weakening the joint aims of dairyfarmer groups. The Simonian analysis emphasises the differences between and within organisations and further limits dairyfarmer organisational strength. 3) External factors such as constitutional division of powers, the Australian administrative structure of agencies, regional economic differences, commodity based organisation of many Australian pressure groups and other farmer groups semi-dependent or fully dependent on export markets, explain certain characteristics of Australian dairyfarmer organisation - particularly federal dairyfarmer organisation. Groups abroad are often similarly affected by these external factors, and so are other Australian pressure groups. Simonian derived conflict analysis is easier to apply to state-based, formally organised groups than to federal, informally organised ones, probably because the external factors are more important at the federal level.

4) Technological factors are again an influential factor in the dairyfarmer organisation. Dairyfarmer organisation was based originally, and sometimes contemporaneously, on factory membership, and from regional/state groupings, developed a pyramidal hierarchy with a federal peak, closely associated with federal factory and sales representatives. The butterfat/wholemilk division is formally recognised in separate divisions within state and federal organisations and sometimes in separate groups. The group secretaries spend little of their energy on recruitment competition, elaborate services to members, or publicity campaigns to consumers and the general public, and a great deal of time dealing with government agencies, departments, regulations of the industry, and administrative interpretations and decisions. Group leaders are satisfied that they have a good and representative "density" rate, which is an index

of member satisfaction with their performance. "Amalgamation" or more accurately representation at federal level, was largely achieved before 1949 and has scarcely been threatened since, partly as a result of the importance of the export sector to the industry. From an organisational viewpoint, dairyfarmers have had a stable history from 1949-69 and since 1969 the patterns have been changing generally, but slowly, in a direction of more "unity". Such stability, like the density and amalgamation rates, is a source of dairyfarmer strength reflecting the importance attributed to official representation.

The influence of dairyfarmers on government policy as outlined in Chapter III cannot be explained by unified structure of their dairyfarmer organisations, by their authoritative research and analysis of problems, by the public prestige of and widespread support for dairyfarmer groups, which have made only irregular attempts to develop such support. Yet dairyfarmers have kept their subsidy for twenty postwar years, raised their prices, postponed their reform, maintained their tariff walls, and restricted the sales of dairy substitutes against well publicised criticism. That suggests "effectiveness" of a high order.

I conclude from these six Chapters on dairyfarmer organisation and the economic background of the industry that the dairyfarmers derive some effectiveness from having limited aims in a federal framework, from the practical direction of their organisation programs which avoid controversial subjects of tariffs, budgetary policy or reform. They derive effectiveness from the numbers which belong to their organisations and the membership and stability of the federal groups, but in some ways their groups lack cohesion and the groups have been declining in numbers, so that their importance must be reduced. The industry itself has been an important one, partly as an export earner, partly as a contributor to rural prosperity, partly as the source of nutritionally valuable products. But during the two decades of my study, the industry has been faced with serious problems

from technological change and adaptation, loss of traditional markets, regional rivalry. These are the intrinsic sources of effectiveness and ineffectiveness within the dairy industry for the dairyfarmers. The most important source of dairyfarmer effectiveness in the 1949-69 period of stress seems to me to be from the allies which the farmers have found in the processing sector and in the executive and administrative structures of the federal government. I consider these allies to have been more important than political party allies or parliamentary representatives, and this is the second theme of the thesis which I am discussing in the next five Chapters. The allies in the executive and administrative structure have been influenced strongly by the necessity for "co-operation" of industry with government, a necessity which is observable not only in federal and polycentric political structures like U.S., Canada and Australia, but even in the centralised government structure of Britain, as I discuss more fully in Chapter VIII.

CHAPTER VII BOARDS, COMMITTEES AND STATUTES IN THE DAIRY INDUSTRY,
AND DAIRYFARMER REPRESENTATION AND INDUSTRY CONTROL

Introduction

The development of Boards, Commissions, tribunals and similar agencies of government in Australia inspired R. S. Parker in an article on political power to produce the following analytic interpretation of agencies:

... in Australian politics... (there) is a long-established habit carried further, perhaps, than in any other advanced society of institutionalizing the resolution of conflicts over the allocation of values. The predilection we share with the New Zealanders who must be credited with the invention of our system of industrial arbitration, the prototype and prime example of our pre-eminence in transmuting power conflicts into arbitral and administrative processes. Its central feature is the attempt to remove important allocative decisions from a process of ad hoc bargaining or trials of strength, based on the relative power of competing interest groups, to a system of adjudication by committees, boards, tribunals, departmental agencies, autonomous corporations and similar institutional devices ... It is this general phenomenon which, I suggest, gives the significant meaning to Alan Davies dictum that "Australians have a characteristic talent for bureaucracy". We have insistently sought to bureaucratize in this way the allocation of values, or, as Max Weber might have put it, to routinize decisions that would otherwise register the prevailing patterns of power. I am not here saying that all these attempts to substitute arbitral institutions for the free play of power are unique to Australia: only that they have been carried further here than in most other societies. I am not saying that they wholly succeed in neutralizing the relevant conflicts of interest or in supplanting the arbitrament of power. But I would claim that they appreciably reduce, or at any rate modify, the role of power in this society.

Another approach to agencies is to analyse the structure and function of the agencies themselves as Corbett does in a comparative study of statutory corporations in airline management.² The issues he considers are who makes the decisions in government agencies, who should make the decisions, (which involves the degree of autonomy in management of agencies)

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1. R. S. Parker, "Power in Australia" in Hughes (ed.), Readings in Australian Government, Queensland, 1968, pp. 25-7.
 2. D. C. Corbett, Politics and the Airlines, Allen & Unwin, 1965, Ch. 5.

representation (from employees rather than consumers). In some cases, during the late forties this policy has been inconsistently applied⁵ but in general the difference between the parties has been carried through to statutory amendment during the ALP Governments.⁶ The ALP policy could be held to increase the "adjudicative" function of marketing boards whereas producer representation and Board autonomy favors development of government policy in which producer control over marketing policy is strongly supported. At the state level party philosophical differences have influenced dairy marketing boards and the "allocative function" in the last twenty years, and within the states, dairy marketing boards do have different powers and functions. The State Milk Boards for instance, perform some of Parker's "allocative function" for prices, access to markets and standards, and have some representation of consumers, producers and government. And the largest, most powerful NSW Milk Board has recently been called upon by the NSW Cabinet to "reallocate values" as a result of criticism and "conflict" existing over the Board's policy.⁷ I think one could claim that the establishment of the Milk Boards may have been influenced by a desire to "remove the allocative decisions" from ad hoc producer bargaining and this explains their consumer representation and very often a state appointed (or "neutral") Chairman. But most Milk Boards have been^{un}able to sustain a powerful "allocative function" against organised dairy industry influence although the Milk Board establishment and function has been influenced by

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5. Johnathan quotes the Apples and Pear Organisation Act of 1947, no. 44.
 6. Corbett discussed the party influence in detail, Ch. 2, p. 42, and see "Johnathan", pp. 303-11.
 7. As a result of the decision to "reallocate values" the structure of the Board has been altered (1970-71) to the NSW Dairy Authority with 5 members, 2 of whom are dairyfarmers, and 2 are Government appointees (Chairman and Deputy Chairman) with one consumer representative. The new Authority is apparently designed (under L-CP government) to end the division between the Sydney-Newcastle Milk Zone and the North Coast factory area. This reform indicates a departure from L-CP support for producer control and Board autonomy, since Ministerial control over the new Dairy Authority appears to be strong. Since the Authority is a recent development it is not possible to investigate it thoroughly but the impression I received from an interview with D. Strike (formerly secretary of the now reorganized MLDU) was that milk allocation in 1972 followed much the same pattern as pre-1970, with only lapsed contracts being reallocated to non-Zone producers, on a small scale.

another factor - public health requirements, which could be claimed as "value allocation" in a very broad sense of Parker's use. In the public health sense, the Milk Boards still perform an allocative function removed from ad hoc bargaining.

At the federal level, the L-CP policy of support for independent producer-controlled agencies has been the only philosophy influencing agencies within the dairy industry for the period of this thesis. As a result of this L-CP policy, the Federal Boards and Committees represent the producers and factories almost exclusively and in disputes over "allocation of values", Federal Cabinet acts as arbitrator rather than the semi-autonomous agencies. The Federal dairy agencies have acted as advisers on behalf of one set of interested parties, and only as low-level or minor adjudicators on intra-industry disputes. The Butter and Cheese Marketing Boards, the Australian Dairy Produce Board and the State Dairy Boards were (and still are) seen by dairyfarmers (and factories) as partisan institutions at their establishment, protecting dairy suppliers against stronger buyers in a time of economic depression, in the same way as dairyfarmer organisations were (and are) seen as partisan institutions. For example, the agencies have generally supported the industry's demands for continued federal subsidy. Parker qualified the analysis of the "allocative function" of agencies by pointing out that they do not "wholly succeed in neutralising the relevant conflicts of interest or in supplanting the arbitrament of power". In the dairy industry both state and federal agencies have, I believe, "modified the role of power" by "bureaucratising" some decisions in producer controlled boards. Decisions on dairy prices, direction of subsidised research, marketing, possibly for some time, the flat-rate dairy subsidy, might have been more influenced by consumer interests if producer control over agencies had been weaker. But in the long run over the consumer subsidy, over marginal farm reform, and statutory protection for the industry, dairy agencies have, I think, "modified the role of power"

hardly at all, either at the state or the federal level. Parker's analysis is challenging but less useful at this stage of the thesis than descriptive analysis of "administrative structure and method", partly because of the dominance of the LCP producer support policy at the federal level from 1949-69.

State Boards and Statutes

I wrote in Chapter II on pricing arrangements that constitutional developments of the thirties gave the Commonwealth power over export schemes and the states power over intra-state production and referenda proposals for change in this distribution of powers have not altered the pattern. Interstate dairy trade has been controlled through voluntary factory agreement rather than through statutory process. Financial inducement by the Commonwealth has so far been effective in achieving agreement although perhaps more expensive than statutory process.⁸ The most recent constitutional challenge to the dairy industry structure was *Beal* (Department of Agriculture) v. *Marrickville Margarine Pty. Ltd.*, in which section 22 a (1) (d) of the NSW Dairy Industry Act, 1945-62 was upheld by the five judges on the bench of the High Court in an appeal by *Marrickville Pty. Ltd.* against a charge in Petty Sessions in NSW in 1965.⁹ Constitutionally, the status quo seems safe for the present statutes governing dairying.

a) Butter and Cheese Boards and Statutes

State Dairy Products Boards are not the usual form of marketing Board with a potentially adjudicative function, although they may appear to be.

8. In 1970 new Dairy Industry Acts were passed to provide "additional legislative backing". see S.W. Ivers, op. cit., p. 14.
9. of. Chapter III, Margarine, and see CLR 114, p. 283. The company appealed to the Full Court over the NSW Act, and a ruling upheld the Act (March 2, 1966. CLR 114). Section 92 of the constitution did not limit in any way the operation of the Dairy Industry Act, said McTiernan J. no matter how elaborately the margarine company distinguished the packing and handling of the finished interstate and intra-state product. Kitto, Menzies, Windeyer and Owen expressed concurring opinions. pp. 297-315.

They are not established by grower polls, to provide for orderly marketing (and controlled price) of an agricultural product. There are only two such state "grower organised" marketing boards with power of acquisition in the dairy industry, and they are both in Queensland. One is the Butter Marketing Board, and the other is the Cheese Marketing Board, both established in 1923, and heavily weighted with "grower" representatives. In the case of the Cheese Board there are three "growers" and a government nominee, on the Butter Board, six growers and a government nominee.¹⁰ Both marketing Boards are something of an anomaly in the present Commonwealth export framework, but the Butter Board continues to operate as a trading corporation, packing all butter for Brisbane markets, arranging export sales, developing new products and markets, and manufacturing farm refrigerators to improve quality of products. The Cheese Board acts mainly¹¹ through agents as a licensor and price fixer, associated with Equalisation sales.

The State Dairy Products Boards in other states are agents to the dairy factories for the Commonwealth Equalisation system, and their function has been complementary (or even residual) since the Commonwealth system uses co-operation rather than enforcement. Formally, the State Boards are "associated with voluntary organised marketing arrangements"; they have "been constituted by government direction with perpetual succession" and their function is limited to price-fixing powers over supplies to factories, and quotas of production of factories not of farmers.¹² The Dairy Enquiry Report states:

10. J. Morey, The Role of the Statutory Marketing Board in the Organized Marketing of Australia's Primary Products, M.Ec. thesis, Sydney, 1959, p. 181.

11. S.W. Ivers, op. cit., pp. 119, 121.

12. J. Morey, op. cit., p. 69.

(although) ... State legislation has not been necessary for the actual administration of the plan, that legislation has been found helpful on a number of occasions to dissuade manufacturers from breaking away from the arrangement and ... of forcing non-participants in the plan to observe the quotas established for local requirements. ¹³

Although legislation in each state is designed to complement Commonwealth legislation, and to establish similar State Boards, there are differences in the Statutes. In Queensland, the QDO was pressing as late as 1969 for a State Dairy Products Board, to correspond with structures in other states, rather than the existing Dairy Products Stabilisation Board which was composed of members of the Butter and Cheese Marketing Boards, the State Director of Marketing and a nominee from the Queensland Dairymen's State Council. ¹⁴ Following provisions made in the Australian Dairy Produce Act as a model, all the State Boards were established as "body corporate, capable of suing and being sued", of holding property and of establishing manufacturing quotas of production, with fines for infringement of the quotas. In Victoria, the administrative costs are defrayed by a collection from the manufacturers through a Dairy Products fund established in the Treasury, ¹⁵ but not elsewhere. In Victoria, WA, SA and Tasmania, annual reports and audited accounts are presented annually to the Minister. NSW does not make this provision and the Queensland Statute contains so many curious provisions that the Minister may well be too busy to consider annual reports. ¹⁶ Membership of the Dairy Products Boards (in WA and Tasmania titled Dairy Products Marketing Board, in Queensland, the Dairy Products Stabilisation Board) varied from NSW with 7 members to SA with 3 members

13. Report, p. 49, para. 490.

14. See issues of Q. Dairyfarmer for 1969, and S.W. Ivers, op. cit., p. 128.

15. Victorian Statutes, Dairy Products Act, 1958, sec. 6, subsection (6).

16. The Queensland Dairy Produce Act, 1920-63 covers 40 pages, the Victorian Dairy Products Act 1958, covers 9 pages.

originally, changed to 7 members in 1946. In NSW, there is a Ministerial nominee and 2 representatives each from "manufacturers", the Primary Producers Union and co-operative factories, whereas SA has a representative of consumers who "shall be Chairman", 2 representatives of dairymen, 2 representatives of butter manufacturers, one South-Eastern factory representative, one representative of factories "other than the South-Eastern factories". Tasmania has 4 members, one representing butter and cheese factories, one a "produce agent" and two Ministerial nominees. Victoria has 5 members, one each from the co-op. dairy factories, the proprietary factories, Victorian Dairy Farmers Association, a consumers' representative (from the Housewives Association) and a Ministerial nominee. WA with 7 members has two producer representatives, a consumer representative, one each from co-operatives, "other" manufacturers, "dealers", and one State Government Chairman. Queensland, with its flair for the unique, leaves membership of the Board to be prescribed by the Governor in Council from time to time, and was originally to be composed of all members of the Cheese and Butter Boards - i.e. "growers" - plus government nominees and a Chairman.¹⁷ The State Boards are shareholders in the Equalisation Committee and nominate members to that "Company", so that variation in the memberships of the State Boards can provide representation of conflicting interests in the Equalisation Committee.

In NSW, Queensland and Tasmania (as ALP dominated states) the Chairman is by statute a government appointee, as is the case in SA from 1946. There is some correlation between the character of the dairy industry in the state and the representation on the Boards. NSW and SA are not as dependent on the industry as Queensland, and NSW and SA keep producers' representation in a minority. Tasmania, SA and Victoria, with prosperous industries and strong factory sectors also represent factories more than farmers on their

17. I have used statutes to compile this information, except for WA. Information on membership of the WA Board is derived from the Annual Report, 1970.

Dairy Produce Boards. But Queensland, with its unique Stabilisation Board with grower members from the Butter and Cheese Marketing Boards, favors producers in representation especially co-operative factory director-producers. In WA the Ministerial appointees and factory and dealer representation formally outweigh farmers but the co-op. factory representation favor farmers slightly more overall than in the south-east states.¹⁸ In three states there are provisions for consumer representation but in Queensland, NSW and Tasmania there is no explicit reference to consumer representatives.

The Dairy Products statutes are only the beginning of state legislation concerning the dairy industry. There are statutes covering health regulations applying to all "registered" producers, including restrictions on production of butter substitutes, notably margarine, in Dairy Industry and/or Margarine Acts. There are statutes establishing the Milk Marketing Authorities, supplying milk to the metropolitan and "declared" areas, and again there are variations in the manner in which different states approach the problems of registration and milk marketing. The "Dairy Industry" statutes (in Queensland and Tasmania, "Dairy Produce" Acts) in general license dairy farms for production, appoint inspectors with powers of entry, supervision and sampling of products, declare the qualifications for and licensing of producers and manufacturers and handlers of the products, and payment at the factories on butter fat content of milk. In NSW and Tasmania there are advisory committees, in Tasmania, the Dairy Factories Registration Board with four members representing grower, butter and milk factories, and a police magistrate, in NSW the Dairy Produce Factories Advisory Committee with three members

18. In detail, 2 WA farmer representatives to 3 factory representatives; in NSW and SA, 2 farmer representatives to 4 factory representatives; in Victoria, 1 farmer representative to 2 factory; in Tasmania, no farmer representative to 2 factory representatives.

appointed at the Governor's discretion, to hear applications for new registrations. SA provides a Board of Appeal from the Minister's decision in the case of cancelled licences, but these provisions are not included in statutes in the other states. There is a unique provision in the SA Dairy Industry Act to protect unwitting owners whose tenant farmers offend against the purposes of the Act.¹⁹ The Queensland Dairy Produce Act also has interesting variations on the austere versions in Victoria, Tasmania, NSW and WA. The Queensland Act contains elaborate provisions against such contingencies as the building by any agent of a company of a new factory without permission of the Governor in Council. Writs of mandamus may be invoked to compel compliance from owners of new factories which enter the industry without a licence. There is a lengthy section dealing with the gazetting of "carrier routes" which are licensed to special carriers after recommendation by factory owners or a committee of investigation. There are numerous prohibitions on the "canvassing for milk and cream" for such routes, the "defraying of costs" by the factory, the carrying by unlicensed carrier, the changing of carrier by supplier of milk without due notice, etc. etc. I suspect that if SA (governed by a rural-based Liberal party) is (or was) protecting landlord farmers as a special group, Queensland (also governed by rural-based parties) is (or was) protecting factories (and especially co-operative rural-based factories) as a special group.²⁰

Generally the states have separate Margarine Acts (except NSW where restrictions on margarine production are incorporated in the Dairy Industry Act) forbidding the production of more than a limited quantity of margarine within the state (and not within 200 yards of butter factories,²¹ nor may

19. SA Dairy Industry Act, 1928-35, sec. 27.

20. Queensland Dairy Product Act, 1920-63, sec. 27a. "Restriction on new factories". 27E Restriction on agency.

21. SA Margarine Act, sec. 22 "nor in premises... within one hundred yards".

butter be on the premises, and of course never mixed with margarine), forbidding the advertisement, coloring and mixing of the product, prescribing the packaging, labelling and trademarks, and licensing all margarine producers. The appeal provisions in the SA Dairy Industry Act are not repeated in the Margarine Act, and generally, there is considerable discretion allowed to the Minister. One of the most explicitly discriminatory provisions is in the SA Margarine Act, section 3, which declares that on any premises on which IT is used as a spread or sold, (the emphasis is mine) there must be an announcement: "in bold-faced, sans-serif black capital letters of not less than 108 points face measurement the words 'Margarine is served here'." The NSW Act provides a penalty of £200 for the use of the word butter when the preparation is not "the pure fat of milk",²² hence the use of labels such as "peanut paste", "lemon cheese", and so on.

b) Milk Boards and Statutes

The Milk Boards ... have perpetual succession and could be classified as Crown agencies. They were established to regulate, control and conduct the distribution of whole milk and cream (especially in metropolitan areas) and they have wide manufacturing and marketing powers. Their members are appointed by the Governor-in-Council and they hold office at his pleasure and these boards enjoy almost complete autonomy and include minority consumer representation.²³

As I have already written, Milk Boards are more like adjudicative or allocative agencies insofar as they control standards, conditions of handling, issues of licences for producers and vendors, and determine price in the interest of consumers (allegedly) and clean, wholesome milk. The statutes incorporating the Milk Boards cover conditions of processing, distributing and storage in depots, "dairies", factories, cold stores, in "declared" metropolitan areas. There are possibilities of conflict

22. NSW Dairy Industry Act, 1915-55. Definitions 2 (I), 18.

23. "Johnathan", op. cit., p. 299.

between the Department of Agriculture regulations, inspections and licensing of dairyfarmers producing for factories, and Milk Board inspectors who inspect, license and regulate the fluid milk industry. Again, the variations between the states are considerable in licensing and administration of Milk Board inspection.²⁴

In general, all states have corporate Milk Boards with three members, (Queensland has 6), balanced between a "consumers" representative, producers' representative and a government appointee, with price-fixing powers covering not only minimum price to the dairyman, but maximum price to vendors, price for retail sales, freight rates, treatment costs, delivery costs. There are provisions for testing dairy cattle, for prohibiting the handling of milk by certain people, for emergency powers, for the declaring of dairy areas and districts in which licences may be granted, thus restricting entry of producers to the market. Despite generally similar statutory provisions, the operations of the Milk Boards are certainly different. In all states the statutes reflect provision for growth, rather than present levels of operation in metropolitan areas. In Tasmania, WA, SA and Queensland, the Milk Boards have been less important influences on production in the state dairy industry. In WA and Tasmania this is because the size of the wholemilk market is small, the pricing policy of the Board is conservative and conflict between producers over milk zoning and wholemilk sales is not obvious, although in both states

24. In SA dairy farms have been licensed by either the Department of Agriculture or the Milk Board - with inspectors from both institutions although by 1973 there were changes pending in Milk Board licensing. In NSW licensing is the responsibility of Shire Health inspectors as well as of the Milk Board. In Victoria licensing is exclusively by the Department and contracts with producers are conditional upon the production and state of suppliers' dairies. WA licensing is almost entirely within the control of the WA Milk Board. The Brisbane Milk Board "registers" suppliers, carriers, and processors and vendors, for the Brisbane market and recommends the grant of "franchises" for ex-Brisbane markets.

there is potential conflict. In SA, the SA Metropolitan Milk Equalisation Agreement is a "pooling arrangement" in which wholesalers agree to pool supplies and not to compete for suppliers. There are no contracts between the SA Milk Board and the farmer supplier. The price paid to the SA farmer is based on the butterfat content and the guaranteed Commonwealth price for milk delivered to cheese factories, with a city milk bonus paid to all farmers in the licensed producing areas, whether their milk has been used for liquid milk or butter and cheese,²⁵ and administered by the Metropolitan Milk Equalisation Committee. Drane and Edwards in 1960 alleged that the problem of over-supply of market milk in good seasons and in summer was very much less acute in SA than in NSW and probably less acute than in Victoria although they admitted their statistics were not conclusive.²⁶ The Brisbane Milk Board operation is described in detail by Ivers.²⁷ Summarising his description, the Board fixes a minimum price to be paid to suppliers by Brisbane wholesale vendors and the maximum prices (wholesale and retail) at which milk is sold in the Brisbane Milk District. Supply is regulated by quotas both to the wholesale vendors (including the country factories) and to direct suppliers. The area of conflict is in sharing the quotas between existing and new suppliers. Country factories were, in 1970, holding 54% of aggregate quotas plus any shortfall in the supply from the direct suppliers, who are mainly in the Brisbane area, and there was reported in 1972 to be pressure from country factory suppliers to be allowed a greater "entitlement" to the Brisbane market, although the price differentials between market milk and factory prices had been kept fairly small. The situation resembles

25. There is some dissatisfaction from farmers outside the licensed producing areas which does not extend as far as Mt. Gambier.

26. Drane and Edwards, op. cit., p. 260.

27. Ivers, op. cit., pp. 47-60.

that in SA and equalisation of market milk and other milk sales in the Brisbane District has been considered with growing interest as the size of the manufacturing sector of the industry decreases in Queensland.²⁸

In the two states of Victoria and NSW, the situation is more complex. In Victoria where there is a large market for wholemilk, there has been no Milk Board control over cream sales, and a lower retail price for both milk and cream than in NSW. Farmers outside the fluid milk zone can sell cream for direct consumption on the city markets, subject to Departmental regulation over production, licensing etc. In Victoria, the price for market milk is based on the same butterfat content as milk for factory supply, so that surplus milk sent to butter factories sells at a price with a narrow differential. In marked contrast, the NSW Board until 1970 was the most significant and controversial of the State Milk Boards, whether judged on the effect on the dairy industry, the size of operation, or range of activities. Because the price paid for milk in the "Distributing Districts" was much higher than the Commonwealth "guaranteed minimum butterfat wholesale" price at the dairy factory and not based on the same butterfat tests, there was always a waiting list of dairy farmers wanting their land registered as NSW Milk Zone quota dairy farms. Dairy farms that were so registered had greater value as properties since the registration was transferable with the farm. This apparently distorted property values in the Zone, but the more serious result of the Milk Board's policy was that the "120% of supply" quota for wholemilk production allegedly produced an over-supply of low butterfat milk which was unloaded at the butter factories and contributed to an over-supply of butter.

28. In an effort to encourage pasteurization of milk in districts outside Brisbane, when there was resistance to this innovation in the late thirties, a Tribunal of the Milk Board was authorized to recommend franchises for the operation of pasteurization plants and sale of pasteurised milk in country districts. Equalisation of milk sales within city and franchised country districts is a fairly straightforward beginning for factory and city milk supply equalisation. see Ivers, op. cit., pp. 55-61.

It is not clear to me at present whether, outside NSW, declaration of milk districts has been an administrative convenience for inspection and better control over standards, and implying some criticism of the state licensing system for dairyfarmers, or whether it had become a matter of "politics" outside NSW as well.²⁹ In NSW the declaration of a district to be within the zone of production of the Sydney-Newcastle Milk Board was a matter of controversial adjustment between cost of transport and adequate supply during the off-season. The part played in these decisions by Mr. Ferguson, the Chairman of the Milk Board until 1968, had probably been more decisive than that of the producer or consumer representatives and the Milk Board could be considered therefore, as resembling an impartial "re-allocative agency". Mr. Ferguson was for years one of the best-known figures in the NSW dairy industry, although he had never been a dairyfarmer. He had been, from 1934, a railway union organiser in NSW, a member of the Executive of the union, a member of the Legislative Council of NSW from 1945-52, and President of the NSW ALP from 1949 to 1952.³⁰ In 1952 he was appointed as Chairman of the Milk Board. The Milk Board was itself a considerable organisation. By 1969-70 the NSW Board's Income and Expenditure A/C totalled \$1.158 m. with Administrative costs of \$1.320 m. Although the sales in Victoria handled by the Victorian Milk Board were only 8 to 11 m galls. less p.a. than the NSW Milk Board (and no cream sales) the expenses of the Victorian Milk Board were about half of those of the NSW Board.³¹ It is not

29. For instance, in Victoria where there are "regional prices" for milk supplies some areas have preferred to remain outside the Milk Board districts and farmers negotiate their own price with local factories. Tasmania's Milk Board also sets differing regional prices in different districts.

30. Who's Who in Australia, 1968.

31. In 1965-6 the volume of sales of the NSW Board was 87.7 m. galls of milk and 7,000 galls of cream. In 1970 milk sales were up to 93 m. galls. 1965-6 Victorian milk sales were 76 mill galls, up to 87.7 m. galls by 1970. (no cream sales). In Victoria, 1965-6 administrative and operative costs were only \$339,518 and, including a new item of promotion expenses, in 1970 were only \$560,000. Milk Board Reports, 1965-6, 1968-9, 1969-70.

reasonable of course to compare the balance sheets closely, since the operations vary between the two Boards,³² but the influence of the NSW Milk Board in the 1960's is obvious. Victorian total production during 1969-70 was 897 m. galls and that of NSW was only 310 m. galls, so that the proportion of the total state production taken by the NSW Milk Board for wholemilk sales was approximately 35% to Victoria's 10%. The annual reports reflect some of the difference in the Boards. The NSW report has been a public relation, glossy layout, whereas the Victorian one was still in government printer's style in 1971.

In a thesis on the NSW Milk Board³³ and the effects of the Milk Board policy on the NSW Milk supply, the Board's policy in the 1950's has been defended strongly. If the policy of the Board was considered only as ensuring the constant supply of clean milk to the metropolitan markets, most observers agreed that the NSW Board had done a good job. However the overall effect of the NSW Board's decisions to 1969 had been less happy than the solution to the supply problem alone. The pressing problem for the Board in the late forties and during much of the fifties was finding enough milk to supply a growing market (the problem at the federal level also) when there were wide seasonal swings in production and falling total production within the declared production districts. Rationing of milk continued until 1952 although emergency supplies of milk were bought from outside the declared districts, and from unregistered suppliers. By 1954 the emergency situation was modified however, and a pattern began to emerge which was to continue until the 1960's. Differential prices (seasonal price margins above a stabilised base price) were discontinued and negotiations for increased supplies either from within or outside the "zone" (producing districts) were undertaken with the producers. Dairymen within the zone were usually strongly opposed to extension of the area declared

32. Transport costs paid by the Boards are one source of the difference.

33. C. Tisdell, The Sydney Milk Board, Hons. thesis, B. Comm, University of Sydney, 1960. Copy from the author.

to be producing districts, and were therefore ready to accept a system of individual quotas or production, designed to increase production within the existing zone.

The individual quota system has provided the "Zone Dairymen" with an effective incentive to increased efficiency according to Tisdell.³⁴ He attributes the increased efficiency to greater investment, and "cost consciousness", in part a result of stabilised (high) price, but mainly because the quantity to be sold to the Milk Board under the "individual quota" system was a much more predictable source of income than an earlier "district quota" system. The individual quota system remained as an integral part of the Board's system of maintaining supplies during the 1960's but it has attracted considerable criticism from non-Zone dairymen, and in 1966, limited transferability was introduced.³⁵ Tisdell conceded that the ex-Zone butter producers probably suffered by the system which increases production within the zone. He believed price differentials to be of little use in increasing supplies (although they were used in the Victorian and Tasmanian milk schemes) but basing individual quotas on the winter months of lowest production has given the farmer an incentive to even out production, and provide a more constant supply to the market. Tisdell considered in 1960 that increasing production had been achieved through the increasing specialisation on Zone dairy farms, and increasing efficiency through readiness to borrow capital and use intensive feeding programs in winter.³⁶ Interestingly, this sort of prescription became the basis for reform in the dairy industry as a whole.³⁷ The NSW Milk Board

34. Tisdell, op. cit., pp. 58-64 and see Parish and Kerdbipule, Fresh Milk Marketing in NSW, University of Sydney, Research Bulletin, no. 6, 1968, p. 18.

35. Parish and Kerdbipule, op. cit. Postscript, p. 48.

36. Tisdell, op. cit., pp. 21, 22. The author is discussing price instability and estimates of investment levels, and the relative high costs of "flexible" investment and management techniques which result from attempts to forestall losses by diversifying production.

37. The Dairy Enquiry Report places emphasis on these programs. see pp. 106-8, paras. 1122-42.

Report itself annually commented on the declining number of dairymen and the amalgamation of dairies among its registered suppliers. This again is a prescription applied by reformers to the marginal sector of the dairy industry.

The price charged for milk in the NSW districts is a critical factor in the evaluation of that Milk Board's policy. The retail price in Sydney has been the highest price in any of the capital cities of Australia and the per capita consumption is the lowest.³⁸ The official historian of the Milk Board quotes a remark of the Minister introducing the Milk Act, 1931, who claimed the Bill aimed

not to fix price, but to provide for regulation and control of milk supply. The fixation of prices and the stabilization of conditions of supply - two matters in which the dairy farmer is interested vitally - are only incidental to the main purpose of the bill, which is designed to serve the whole community.³⁹

At present the Board may have served the whole community by demonstrating to the dairy industry 1) the virtues of specialisation on farms and increased capital investment, 2) that amalgamation and reduction of numbers of suppliers may increase total production, 3) the limits of energetic promotion in the industry in increasing consumption, 4) that a higher retail price reduces per capita consumption. The Board may also have provided an organisation lesson to producers by dividing Zone farmers from those outside the Zone who opposed arbitrary reduction of numbers and opportunities in the industry. It may have rallied the consumers in NSW to oppose higher prices, "inefficiency" in the industry and to support deliberate economic planning and reform, as evidenced by NSW urban members of parliament in Parliamentary debate. The ALP Chairman in an ALP dominated state, may have provided an example of commercial government

38. SA Milk Board records compare prices and per capita consumption figures circulated by other State Boards.

39. W.E. Murphy, The Milk Board of New South Wales, Government Printer, Sydney, 1949, p. 9.

success by using methods usually associated with ruthless "free enterprise", that is high price, monopolistic market operations, high pressure sales campaigns. But whether the "whole community" could be said to have been best served by the interventionist NSW Milk Board, or by Boards in other states better integrated into the butter and cheese section of the industry, providing cheaper milk at lower operational cost, has been more debatable. And whether the NSW Milk Board has "transmuted power conflicts into ... administrative process" is also debatable. Other Boards however, cannot claim as the NSW Milk Board probably can, to represent an innovating pressure in the industry from 1949-69.

Federal Boards, Statutes and Committees

a) The Australian Dairy Produce Board

The role of the federal Australian Dairy Produce Board was greatly strengthened in the second World War.⁴⁰ The powers of the Commonwealth of Australia in war-time included acquisition of products, price control, stabilisation, rationing, subsidy and overseas contract negotiation. Except for rationing, the ADPB and its associated organisations still control or influence all these activities and insofar as State Dairy Boards set the state quotas for quantities of dairy produce available for sale, there is even an embryonic system of rationing in operation. The ADPB has become an innovator and opinion maker in the dairy industry, because the Board has a large operating budget (by 1970, about \$800,000), a key position organisationally and considerable effect on dairyfarmer income. Other organisations, and the Minister of Primary Industry and his colleagues in Cabinet share some of this responsibility for income size but the ADPB concentrates the dairy industry research, interprets trends and market opportunities, arranges export sales and influences domestic ones, and

40. J. A. Morey, op. cit., pp. 20, 21.

advises Ministers, farmers, factory directors, and probably, civil servants. It has not succeeded in co-ordinating the fluid milk market under state authority nor in influencing state policies on farm re-settlement, but there are signs that these areas of relative autonomy will have to yield to the pervasive influence of Commonwealth power and money, reinforced by world trading patterns threatening the security of Australian dairy income.⁴¹

In the present system of export sales, equalisation and subsidy, the ADPB is a unifying institution in the industry. The Board predicts the probable amount of overseas sales of butter and cheese, and the domestic amount. This influences the level of domestic price, on which the Board, the Equalisation Committee and the ADFE advise the Minister. The Equalisation Committee and the ADFE may be better able to estimate the costs of production for the industry, but the ADPB, insofar as it has considerable representation from factory directors as well as farmers (is even said by some observers to be dominated by factory directors in policy as in numbers) is also familiar with current cost structures. Moreover, the Board Chairman, as a "neutral" appointee has been, I suspect, in a stronger informal position with the Minister than the ADFE representatives, who can be identified with their state organisations. Although the Board formally represents a balance of power between farmers and factory representatives, federal organisation membership is much more overlapping and confused than I have suggested so far. The ADPB has a Chairman "representing the Commonwealth Government" and appointed by the government. Three members "representing the dairyfarmers of Australia" are nominated by the ADFE and were (until 1974) all members of the ALFE executive. Six representatives are from the co-op.

41. see speech by J.D. Anthony in 1967 Debates, quoted in Chapter II, and S.A.D.J. Vol. 8. I, pp 29-30 where Anthony allegedly attacked a Victorian land settlement scheme which included new dairying areas of production.

butter and cheese factories (in which farmers have an interest), one from each state, and there has been a growing interest in having representation on the Board from one group of factories rather than another.⁴² The Deputy Chairman of the Board from 1962-1972, J. P. Norton, has been the WA representative of the Sunny-West co-operative, a dairyfarmer and a factory director. There are two representatives of the privately-owned factories, one of whom is from Kraft, and one a representative of the employees in the factories.

An executive committee of 5 is formed from these 13 members, which included (1970), the Chairman, the Deputy Chairman, ADFF President Stone, Mr. Easton, (Kraft Food Company), Mr. A. W. Walker (NSW Co-op. factories, PDS chain). This executive committee met formally two or three times a year, according to the ADPB annual report, but is said to be a very effective committee, meeting by telephone and "flying memo" between formal meetings, and chosen from Board members able to spend time on policy decisions in the period between quarterly general Board meetings. It represents an elite group within the industry. As in other commercial enterprises the decision of the executive is usually endorsed by the full Board. The Board meetings are attended by a number of Board officers as well as the Board members, and there are said to be approximately 30 people present. The General Manager, the General Secretary and the Assistant Secretary acting as Minutes Secretary, attend regularly. "Day to day" problems of the Victorian head office, numbering about 70 employees, are handled by the Board's appointed officers and the Chairman. In addition to the Victorian office there are interstate offices of the Board

42. In 1972 an election for the Victorian representative roused some interest when the incumbent, K. R. Kent from ACMAL, was defeated by E. Curtis, Chairman of Murray-Goulburn co-operative.

and overseas interests in London, Japan and Asian offices which employed nearly 950 staff.⁴³ The officers of the Board have professional marketing and commercial training, and by operating standards, the Board is a "commercial enterprise" far more than many marketing boards.

The original Dairy Produce Control Board was appointed in 1925 after a poll of the producers, to regulate the export of butter and cheese and its sale and distribution after export. It has controlled the sale and export of casein in the same way since 1951. The Body was a "body corporate" from the original Act of 1924, but important amendments in 1954 gave it power to "make regulations controlling export" as well as the original power to grant licences and "give directions" and "power to purchase, sell, manage and control dairy produce" for export. In 1954 the Board also acquired its own account with the Commonwealth Bank, and subject to Ministerial agreement, the delegation of any of its powers to its London representative aptly illustrating the Liberal-CP policy of encouraging autonomy and grower control in the marketing of produce.⁴⁴ The 1954 Act provided a penalty of £100 for those unwilling to co-operate.⁴⁵ The expenses of the Board are covered by a levy on butterfat imposed through factories on farmers and, not altogether justifiably, no contribution is made by the factories. When the level of production for butter and cheese manufacture falls through drought for example, the income of the

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43. The 1970 Board report gave details of the staff for the first time. In Australia there were 85 employees from 1969-70, 35 employees in the United Kingdom and Japan. South East Asia had 40 in Hong Kong, 200 in Manila, 300 in Bangkok, 220 in Djakarta, 150 in Phnom Penh. Total staff, 1,030. The London office has remained fairly constant in numbers since expansion in mid-1950, but the Pacific offices are a much more recent development, Japan and Hong Kong dating from early 1960, and the S.E. Asian offices from mid-1960. Interview, Chief Financial Officer, B. Ripper, ADPB, May 1973.
44. The purist might consider that the Board has become a trading corporation more than a marketing board since 1954, but its name remains unchanged (except in the omission of Control from its title in 1936) as a conciliatory gesture to diehards who feel that grower co-operation with a trading corporation of the Commonwealth is a dangerous step towards socialism.
45. sec. 14. Until 1953 the Board's powers were contained in sec. 13a but 1953-4 amendments changed the Act substantially. Powers are now contained in secs. 14-16, export control, sec. 20 advising the Minister on quality of production, transport, and new markets.

Board is also reduced. In 1958, the 1953-4 amendments were supplemented by the Dairy Produce Research and Sales Promotion Act, under which an additional statutory levy was imposed on butterfat production to raise funds for financing research and sales promotion programmes. The Commonwealth contributes to the cost of research projects but promotion is the financial responsibility of producers alone.

The Board had originally regulated the handling and storage of all dairy produce for export, the timing, terms and condition of export shipments, and conditions of sale. Control was (and still is) effected by prohibition of export except with a licence issued by the Minister of Primary Industry on recommendation of the Board. In practice, licences were issued only to traders appointed as agents by butter and cheese factories. The Board has always purchased in cold store the butter and cheese for the UK at an "interim price" approved by the Minister, and financed by the Reserve Bank under Commonwealth Government guarantee.⁴⁶ A final equalisation payment was declared at the completion of trading as in the wheat scheme. Until 1967 the Board paid the factory what it expected to be the full equalisation price and claimed any over-payment from the Equalisation Committee later.⁴⁷ Since the 1954 amendments, the Board has arranged all storage, and reservation of shipping space for the UK exports, using commercial exporters to handle the products in Britain. The London representative of the Board allocates shipments to approved importers, recently reduced to two main wholesalers to effect economies in distribution.⁴⁸ Proceeds of UK sales pay the Reserve Bank advances to the Board, or the Equalisation Committee. In export areas other than Britain, the Board's function also used to be less substantial. Within

46. Dairy Enquiry Report, p. 47, paras. 468-71.

47. Students of accounts should note that "Adjustment Repurchases" in the Butter and Cheese Accounts of the Board (until 1967 and thereafter "Payments less Receipts") have been \$8-10 m. on sales of around \$84m; (butter and cheese) falling to \$7 m. on devalued 1970 sales of \$55.3m. (ADPB Reports, 1966, p. 40; 1970, p. 57). This Board optimism about the level of the equalised price has been rather handy for factory and farmer supplier of course.

48. Board Report, 45th, 1970, p. 20. From this period the London office also has embarked on promotions and sales through an "enlarged marketing department".

Australia, Board inspectors have always set minimum price for quality and export standards and issued licences to approved export agents. But during the 1960's the Board has developed both a promotion function in Australia, and a commercial function in export markets other than the UK, particularly with the establishment of Asian milk plants using Australian raw materials. As export prices moved in buyers' favor, competition between government supported dairy industries in other countries with subsidised export schemes has taken a "semi-public enterprise" character, more like the competition between international government-sponsored airlines⁴⁹ than competition between private enterprise farmers. Indeed nationalisation of the overseas sales sector of the Australian dairy industry, one might observe mischievously, has been achieved with the full support of the industry leaders, through the Government Boards which they themselves dominate.

The Report of the Board in 1962-3 itself identifies a "Change in Board functions" as:

its change in activities from a basically administrative structure concerned in selling butter and cheese, to one which is actively developing and exploiting other export markets and manufacturing and promoting sales of condensery products in overseas reconstitution plants. 50

This is in no sense close to an adjudicative function. The development and exploitation of markets and promoting sales is definitely closer to a competitive commercial trading corporation.

Personnel and Development

There have been only four chairmen of the ADPB up to 1969.⁵¹ The first was C., later Sir Clive MacPherson, from Victoria, appointed 23.2.1925,

49. of. ADPB Report, 1967, p. 19, discussion of their "competitors" promotion campaigns and expenditure on the UK market.

50. ADPB 38th Report, p. 6.

51. In 1972 E. G. Roberts, O.B.E. retired and was replaced by A. P. Beatty, former President of the QDO, whom I expect to continue the "active development" of the Board where possible.

resigned in 1946, followed by G. G. Howey, also from Victoria, who died in August 1952. From 30.10.1952 to 1960, C. Sheehy, knighted in 1958, was Chairman, followed by E. G. Roberts, appointed 26.9.1960. For the period covered by this thesis there have been in effect, two Chairmen, "Chris" Sheehy and "Eric" Roberts. The first period of 1952-60, covering the establishment of the Board in the UK market, the important enabling 1953-4 amendments to the Act and the 1958 Research and Promotions Levy, was under the Chairmanship of Sheehy, and the second period of actual expansion into less traditional markets, less traditional commercial and promotional activities was under the direction of Roberts. Coincidentally, there have also been only two secretaries to the Board during 1949-69, E. H. Du Cross appointed in 1941, after five years with the Board as assistant secretary, retired in 1965, and G. E. Trickett, assistant secretary 1954, secretary 1965. The Manager of the London Office, M. A. Tuohy, had long service with the Board also; appointed assistant secretary in 1925, London 1936 as assistant manager, and manager in 1937.⁵² At the time of his appointment as Chairman, Sheehy was (and continued as) General Manager of the Equalisation Committee, having been appointed in 1937, also after a long association with the industry. He started with the Butter Marketing Board of Queensland in 1928, moving from appointments to the Queensland branch of the Paterson Scheme, to conferences to found the Equalisation Committee, to Secretary of the Queensland Section, 1934, General Manager 1937. During World War II, Sheehy served as member of the Tariff Board and Controller of Dairy Products. Other dairy industry officers remember Sheehy in the 1950's as a public servant rather than a producer representative, whose training in government agencies and war-time appointments made him somewhat different in approach from his

52. These dates are recorded in R.J.J. Twohill, Epitome of the Dairying Industry Organisations in Australia, C.D.P. Eq. Cttee., 1956, p. 11.

successor, Roberts, who had been President of the VDA, Chairman of the ADFP, less closely associated with war-time administration and the ALP opposition party, somewhat more identified with dairy farmer organisations, the wholemilk industry of Victoria and the Liberal and Country parties of that State. Nevertheless, the Board developed its commercial character initially under Sheehy's Chairmanship. From 1958 when the Research and Sales levy was imposed and Hedley Clark, previously a member of the Department of Primary Industry, was appointed to the Board, the budget devoted to the sales part of the Board's activities rose steadily.⁵³ Except for 1965 and 1968, when dairy farm research accounted for an extra \$50,00 of research appropriation, the Sales Promotion Fund expenditure has been ahead of that of the "Research Trust Account".⁵⁴ The 1958-9 Board Report admitted that research projects "closely followed" an order of priority "recommended by producer organisation" and that market research was high on the "order of priority".⁵⁵ This was hardly surprising since the farmers were footing the research bill with a direct levy on all butterfat production. There was some difficulty in finding contract organisations to start these market research projects, but by the 1960-61 Report there were results already received. The research was alleged to precede promotion, but in fact promotion of the products appeared to be a simultaneous development. In some respects early sales promotion of dairy products lacked subtlety, and one suspects that much of the sales-pitch still reaches the faithful consumer rather than the doubtful one. Nevertheless, the situation from 1958 to 1961 on the international market

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53. T. Phillips, present Board Economist, was seconded from the Department of Primary Industry in 1960 to handle the research program.
54. Analysis of annual receipts and expenditures in the Reports is by no means a reliable index of the importance attributed to these two branches of Board activities. Transfer of the surplus to Accumulated Funds is higher in the Promotion Fund, against a reduction of income from lower annual production in the future, and irregular progress of many research programs produce irregularities in annual appropriation.
55. 34th Report, 1958-9, p. 5.

was sufficiently alarming to the Board so that members, particularly factory representatives on the Board with mounting stocks on hand, were probably ready to try whatever sales methods were available to improve demand. The Administrative Member for Sales and Promotion, Hedley Clark, became a member of the Board itself in 1960 and remained on the Board till his death in 1962.

By mid-1963, the 38th Board Report had a more cheerful note than Reports in preceding years as it detailed sales increases to non-British markets, and increased (overall) home consumption of cheese and butter, as well as an increased quota on the British market. The Report itself took on a new glossy format, and the members of the Board, and the number of their meetings were present confidently on the front pages. The dairy industry itself developed awareness of impending export crises and was reported as "offering butterfat milk to condensery milk factories" at competitive prices for the first time.⁵⁶ The period of 1960-63, marked by crisis talk and probably experimental, rapid Board expansion under a new Chairman, has been succeeded by a somewhat cooler, if not necessarily more constructive period. It had become clear by June 1967⁵⁷ that the London market was neither as unreliable as was feared, nor would it inevitably continue to absorb the supply from Australian butter and cheese exporters. Unfortunately the Japanese and the S.E. Asian markets have fluctuated more than was predictable in 1960, and administrative problems and international competition in these markets have handicapped steadily growing sales of the Australian produce. The Board's later reports on Export Markets other than the UK and Japan have a note of realistic sobriety about the prospects for sales. "Trading" (or selling) problems are the basis for the ADPB's advice about the future of the industry to the Minister.

56. 39th Report, 1962-3, p. 6.

57. 42nd Report, p. 7.

Also since the Board's expenses are covered by a levy on butter and cheese production, the Board itself is caught between the desire to keep up production and its income, and the problem of finding markets for products. This dilemma encourages the Board to investigate promotion techniques, research activities, new markets for its own sake.

Since 1960 it has been apparent that in spite of extensive and increasingly experienced promotion campaigns, while cheese sales per capita are gaining especially within Australia, "butter, on the other hand, appears to be assailed by many complex influences".⁵⁸ One of these, sadly for the salesmen of the Board, is price. Even the most optimistic PR man must concede that heavy promotion of "Kangaroo" brand butter on the British market is especially effective when combined with a price reduction of 3d. per lb.⁵⁹ The Australian domestic price slowly increased, once in June 1964, and again in 1969, and there is a reference to the "complex and difficult promotional climate" in the Report of 1964-5, in which a new promotional levy was being sought by the Board from farmers. Again in 1970, after a price rise in 1969 the Board Report stated unequivocally:

Consumption of butter declined in Australia from 114.800 tons in 1968-9, to 113.900 tons in 1969-70. Consumption per person declined from 25.1 pounds in 1960-61 to 21.1 pounds in 1968-9 and to 20.5 pounds in 1969-70. ⁶⁰

Production according to the same Report, "reached a new all-time high" although drought restricted Queensland and NSW productions.

The importance attached to promotion as a method of solving primary production problems has been attacked by economists and dairyfarmers themselves, sometimes rather hastily. Promotion is undertaken with optimism, it is true, but there are numerous sceptics within the dairy

58. 41st Report, 1966, p. 29.

59. 41st Report 1966, table p. 14 and Kangaroo report, pp. 15, 18.

60. 45th Report, 1970, p. 17.

industry and the costs of promotion in the dairy industry have not been really high. Advertising in the dairy industry has been concentrated in Board promotion and has been partly for "brand" advertising on the UK market, for which it is probably most suitable, and has been combined with demonstrations and "public relations techniques".⁶¹ "Sustained advertising" accounted for \$275,100 of a total "Sales promotion" expenditure of \$543,300 in 1966 and \$339,800 of a total "sales promotion" expenditure of \$714,400 in 1970.⁶² Insofar as advertising fails to change long-term consumer trends, it may be a waste of time and money, but insofar as it helps to convince the industry that changes in demand do represent long-term consumer trends and require adjustment in production and supply, advertising may have been worth the producers' money.⁶³ Until farmers are satisfied with the accuracy of surveys and research techniques in diagnosing consumer trends, they will generally support the advertising expenditure of promotion departments, in case unexplored markets can be found. Since the government matches the research activities of the Board \$1 for \$1, but not the sales promotion levy,⁶⁴ I think one can conclude that public pressure on the industry to use research techniques is fairly obvious.

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61. News releases, industry viewpoints, "general publicity materials... sent direct to manufacturers and distributors", 41st Report, p. 28.
62. Reports, Statement of Income and Expenditure, Dairy Produce Sales Promotion Fund, 1966, p. 44, 1970, p. 52.
63. There are interesting variations within the industry on the value of promotion. Factory representatives and SA and Victorian dairy-farmer associations are usually supporters of "modern" promotion. Farmer associations in states further from the eastern market, Tasmania, WA and Queensland, have more critics among members.
64. The Report of the Board indicates that expenditure on promotion in recently established markets was subsidised by the Commonwealth Government on a \$ for \$ basis. (Reports 1966, p. 23; 1967, p. 19). The grant appears in the Dairy Produce Fund Statement accounts after 1966.

Research is conducted under the authority of the Dairy Produce Research Committee which is weighted fairly heavily by farmer members of the Board. In 1970, the Board Chairman was an ex-officio member, accompanied by Mr. Norton, the Presidents of the ADFP and the VDA, Mr. MacDonald (co-op. factories), Mr. Weatherley, (another co-op. farmer representative). The Committee also includes a representative from the AAC, the Secretary of the Department of Primary Industry (or deputy) and a CSIRO representative. In 1966 the Research Committee held two meetings covering two sitting days, and in 1969, two covering four sitting days. The Report lists the Research program annually, farm and manufacturing research projects undertaken by the CSIRO and State Agricultural Departments using over 3/4 of the budget, and scholarships, market research, medical and nutrition research, accounting for most of the rest.

As well as research and promotion, the Board has strongly emphasised diversification of products in the factories in the last decade, and the search for new markets. But by 1970, the Chairman's Report pessimistically detailed the problems predicted in growing freight charges and - possibly more threatening - a trend towards imposition of heavy tariff charges on imported dairy products by Asian countries with balance of payments problems. The Board had invested funds and energy itself in establishing milk reconstitution plants in S.E. Asia - in Bangkok, Phnom Penh, Djakarta, Singapore, Manila, with headquarters of the Asia Dairy Industries (H.K.) Ltd. subsidiary of the Dairy Board in Hong Kong, jointly owned by the ADPB and K. C. Leong, a Hong Kong partner. These commercial ventures - or adventures, have met with fluctuating success.⁶⁵

65. There has been a change in personnel since the 1969 date at which this thesis formally stops. The Chairman of the Board, E.G. Roberts, and the Deputy Chairman, J.P. Norton, have both resigned from the Board and been appointed as Directors of Asia Dairy Industries, the former Board subsidiary which was incorporated as a separate company in 1972. Both men had been supporters of the 1960-70 development associated with Hedley Clark in active search for new markets, encouragement of efficient production and factory management - of "growth and modernisation" and expanding sales. Both men were senior statesmen within the industry - dairyfarmers and, in Norton's case, a co-operative factory director - with strong personal commitment to the industry's growth and prosperity.

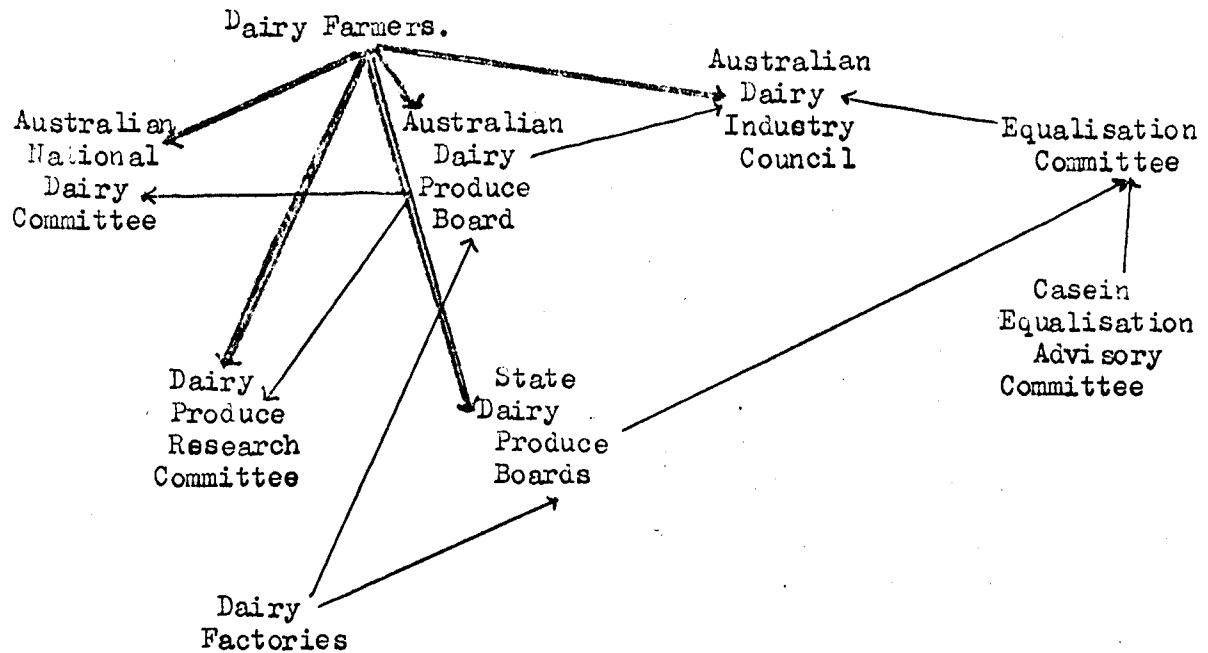
Partly as a result of the expansion of the Board's activities outside Australia, the ADPB has tried to have its personnel excluded from Public Service Board control, like the Australian Coastal Shipping Commission and the Australian National Airlines Commission.⁶⁶ As a trading corporation in competition with international enterprises with overseas offices, the Board has more claim to control over its own personnel management than most Australian Marketing Boards. But although approaches have been made to the Minister and to the Public Service Board, this degree of autonomy was not considered desirable by 1970 and is unlikely to be considered desirable by an ALP Government. The separation of Asia Dairy Industries from Board management must be partly a result of this limitation of Board autonomy over its "hiring and firing".

The following chart describes the position of the Board in the kaleidoscope of Federal Committees, Boards and Councils. Summarising, the Board is represented on two major policy committees, the Dairy Industry Council, and the National Dairy Committee, on the Research Committee, and indirectly, through overlapping members, is closely associated with the Equalisation Committee through farmer and factory representatives on the State Dairy Products Boards. Farmer representation is as pervasive as Board representation on these federal agencies, and is particularly identified with commodity dairyfarmer organisation officers, the elected Presidents of the farmer organisations of the QDO, the NSW PPU, the VDA, and their secretaries.

2. Australian Dairy Industry Council. ADIC

This Council is the "parliament of the industry" at which "top representatives" (a quotation from a Board press release, 17.1.1967) of the Australian Dairyfarmers Federation, the ADPB and the Equalisation Committee recommend policy to the Commonwealth Government. The Dairyfarmer

66. see D. C. Corbett, Politics and the Airlines, Allen & Unwin, 1965, p. 195 *passim*.



Including: Australian Producers Wholesale Co-operative Federation Ltd.
 Producers Co-operative Distributing Society
 Export Butter and Cheese Packers Association
 Australian Casein Manufacturers Association
 Australian Butter Manufacturers Federation
 Australian Cheese Manufacturers Association
 Processed Milk Manufacturers Association of Australia.

from S.W.Ivers. The Structural Organisation of the Dairying Industry.
 Queensland. 1970. p 89.

Federation President is Chairman of the Dairy Industry Council, and other ADFP members are the Presidents of the Victorian and Queensland dairyfarmer groups. Roberts, Board Chairman, Norton, Deputy Chairman, and Easton from the Kraft factory organisation were Board members of the ADIC in 1970. From the Equalisation Committee, there are three representatives, (J. K. Donaldson, A. W. Walker and K. R. Kent, of Norco, PDS and AGMAL factory groups, 1969) representing manufacturers, wholesalers and distributors. There is exclusive representation in the ADIC of the industry spokesmen.

At this point one might summarise the danger by quoting "Johnathan":

The future of boards will depend to a marked extent on the wisdom with which they are administered. Not only must they establish the right to exist by being more efficient than other marketing systems, but they must retain and inculcate through the ranks of their growers a spirit of co-operation and active support. They must be able to use their government-delegated powers with a due sense of responsibility, and the people who direct their activities must resist any tendency for the boards to degenerate from the business directorates which they should be into mere pressure groups. Efficiency of management is essential but dictatorship in management is a danger, particularly in view of the boards' extensive statutory powers. ⁶⁷

The function of the Dairy Industry Council is mainly concerned with advising the Minister on subsidy and price, and meetings are not frequent apparently, but some industry problems beside price are referred to the ADIC. This may be a formal procedure rather than a significantly functional one, since all the members of the Dairy Industry Council usually gather together under other auspices to discuss the same dairy policy issues on Board or Equalisation Committee agenda. Nevertheless, because the "management" of marketing institutions such as the Equalisation Committee or the Board, are apparently highly respected (or because the Federal Cabinet has more respect for "mere pressure groups" than "Johnathan") the requests and

67. "Johnathan", op. cit., Public Administration XIX. 4., p. 293.

advice from the dairy industry are listened to as a matter of established practice when endorsed by the Dairy Industry Council. Roberts, the Board Chairman, implies the position of the Council as compared with the ADFF in the following story:

The Australian Dairy Farmers' Federation tabled a "Sixteen Point" Industry policy proposal which ... was again submitted by the Federation representative as Federation policy at the meeting between the Council and the Commonwealth Committee of Economic Enquiry. The Committee was obviously interested in the Federation's proposals but indicated that it would be preferable to defer their acceptance until they could be presented as combined Industry policy. This was eventually done after the incorporation of various amendments by the Council's other constituent Organisations. ⁶⁸

3. Australian National Dairy Committee

The National Dairy Committee exists as a feeder service to and from the International Dairy Federation, and the ADPB is represented by the Chairman and the General Manager. Farmers are outnumbered on this committee by representatives of the technical side of the industry, the factory representatives and the factory managers. Of 22 members of the National Dairy Committee, one is a farmer representative and about four might be considered to have farmer sympathies, but the membership of the committee includes Milk Marketing Boards, the Equalisation Committee, the Department of Primary Industry, the Australian Institute of Dairy Factory Managers and Secretaries, Dairy Equipment Manufacturers' Association of Australia, Processed Milk Manufacturers' Association, Casein Manufacturers' Association, Cheese Manufacturers' Federation, Butter Manufacturers' Federation, Market Milk Federation of Australia, Milk Producers' Association of Australian and New Zealand, the CSIRO Division of Dairy Research, Australian Society of Dairy Technology, as well as the ADPB. ⁶⁹

68. E.G. Roberts, The Dairy Farmers' Equity in Organisation, Gowey Memorial Oration 1964, ADPB and VDA, Melbourne, 1964, p. 13.

69. S.W. Ivers, op. cit., p. 9.

The National Dairy Committee was formed in 1961, and held its inaugural meeting in February 1962 in Canberra, as a conveniently impartial site under the auspices of the Department of Primary Industry. The timing of the inaugural meeting no doubt owed something to the Report of the Dairy Industry Committee of Enquiry which commented in 1960:

Early in its investigations the Committee endeavored, without notable success, to sort out and plot the functions of the multitude of organizations within the dairy industry. Some of them ... have prescribed powers and obligations for the purpose of protecting the interests of their members. There is considerable overlapping, duplication of effort, some conflict and much confusion The Australian Dairy Industry Council forms such structural core as there is, uniting some sections of the dairy industry It must be noted that neither the liquid milk trade nor processed milk manufacturers are represented on the Council ... there are 50 or more organizations within the industry, yet it still lacks a central body which can speak with authority. Such central organizations that exist are neither empowered nor equipped to deal with the problems of the industry as a whole, whilst the three major organizational groupings in the industry, butter and cheese, liquid milk, and in a weaker form, milk products have no contact with each other and certainly ^{are} not co-ordinated.... Conflicts between the groups arise too readily and are too difficult to resolve until finally the industry speaks with a babel of tongues on matters of national moment which call for one loud united and coherent voice. 70

In evidence to the Committee of Enquiry, the Australian Society of Dairy Technology recommended a "top level organisation" to formulate compromises between technical understanding, producer and other sectional interests. The Society submission criticised the ADPB's research and promotional activities as being limited by the section of the industry from which the funds were derived, and the "composition of the group controlling research expenditure, the inadequacy of the supporting organizational structure". Mr. Roberts, the ADPB Chairman, admitted familiarity with this point of view, commenting:

It can be taken that general policy for the industry and top-level decisions will continue to be determined as in the past by the owners of its assets and produce, namely, the dairyfarmers and manufacturers, and also, that it will rest with these people too whether they will use executive or technical officers instead. 71

Membership of the National Dairy Committee does appear to include "technical" representatives as well as butter, cheese, casein, processed milk and the "market milk federation" and "milk producers", so membership is potentially useful for the "maintenance of co-operation between each of the various sections of the industry" but whether it does so yet is doubtful. The President of the National Committee is Mr. E. G. Roberts himself, and the Vice-President was Mr. Ferguson of the NSW Milk Board until 1968. Both were ex officio members of all sub-committees. The Executive Committee included Mr. Rudder (Processed Milk Manufacturers), Mr. MacDermott (Market Milk Federation of Australia, i.e. the vendors or distributors of wholemilk), and Mr. Loftus Hills of the CSIRO, Dairy Research Division. Until 1968, the executive included Mr. E. G. Gilbert (ADPB) and Mr. Stone (ADFF). The industry had a pretty strong voice at the executive level, with Mr. Stone, Mr. Roberts, Mr. Gilbert, and two factory representatives, Mr. Rudder, and Mr. MacDermott, with Mr. Ferguson and Mr. Loftus Hills representing, somewhat indirectly, technical and consumer interests. Moreover, the office of the Dairy Committee is situated in the offices of the ADPB in Melbourne. In the first year of the Dairy Committee operations the committee and executive held seven meetings in 1963-4, ten meetings in 1964-5, six meetings, dropping to four in 1966-7. From the 1966 Report it is clear that the Dairy Committee considers its main work is in attending and distributing material from the International Dairy Congress or Federation, or the XVIII International Dairy Congress held in Australia in 1970. Ivers, writing in 1970, confirms that the main activities of the Committee are in international ties and communication. 72

71. Report, p. 12, para. 52.

72. S.W. Ivers, op. cit., p. 91.

Farmer and factory control seems to be firmly established in the National Dairy Committee, even though its activities are limited, and "national co-operation" within the industry cannot be said to be achieved through one "top level" organisation as yet.

4. Equalisation Committee

The Committee is not a statutory agency, but a "non-profit organisation incorporated in N.S.W. with 36 shareholders... management of the affairs of the Company is vested in a Board of Directors, comprising a maximum of 18 members, who are drawn from and nominated by the shareholders in each State".⁷³ These shareholders are the members of the State Dairy Produce (or Products) Boards, and their representation of the interests within the industry vary in the following ways. In Queensland, the Dairy Products Stabilisation Board included the nine factory grower members of the Butter and Cheese Marketing Boards, the State Director of Marketing, and a dairyfarmer from the Queensland Dairymen's State Council (11 members). Representatives on the Equalisation Committee are the Chairman of the Butter Board and three factory manager representatives. In NSW the Dairy Products Board includes one government nominee, two representatives of proprietary manufacturers, two from co-operative societies, two dairy farmers (7 members). The Directorate representatives are all factory representatives, (from Norco, PDS and Peters). In Victoria on the Board there is one representative each from co-operative factories, proprietary factories, dairyfarmers, consumers and a government nominee (5 members). The Directorate representatives have included a farmer representative, the consumers' representative, a Kraft company representative and a co-operative representative. In SA there is a Chairman, (representing consumers), two representatives of dairymen, butter manufacturers, cheese manufacturers on the Board (7 members). Two

73. Ivers, op. cit., p. 102.

Directorate representatives are from co-operative and proprietary companies. In SA there are seven members on the Board, two representing producers, two representing manufacturers, a consumers' representative, a dealers' representative and a state appointed Chairman. On the Directorate there are one co-operative representative and a representative of a proprietary company. In Tasmania there are four members of the Dairy Products Board, two appointed by the government, a Chairman and a consumer representative, one representative ("not a producer") nominated by factories, and one who is a "produce agent". There is deliberately no representative of producers in Tasmania under the 1957 Act on the Board. On the Directorate in 1970 both the North-west co-op. chain and the "Heritage" proprietary company were represented.

The 18 shareholders elected from these State Boards represent factories in an overwhelming proportion of 15 to 3 members.⁷⁴ Representation does not include "market milk" factories, i.e. delivering dairies, but the manufacturing side of the industry concerned with export and equalisation, including milk powder and casein manufacturers. The pattern of representation on the Directorate remains fairly regular although individual members are replaced from time to time by nominations from similar companies, as in 1970 when Johnson replaced Heritage as Tasmanian proprietary factory representative. The Chairman of Directors of the Equalisation Committee from 1958-1970 was Donaldson, General Manager of the Norco chain of butter and cheese factories in northern NSW since 1944. (He joined Norco in 1921). His fellow members on the Dairy Industry Council in 1969-70 - a "top group" of Committee directors (Walker from NSW PDS chain, Kent from Victorian ACMAL distributing chain company, a company somewhere between co-operative and proprietary in ownership)

74. The three non-factory members were a consumers' representative from Victoria's Housewives Association, Mr. Lenne, VDA President, and Queensland's appointed Chairman of the Butter Board, Mr. Littleton. This represents some change from the original Directors of the Company who in 1934 were from 3 states only, NSW, Queensland and Victoria, and were described as 4 dairyfarmers plus the President of the NSW PPU, 2 manufacturers, 2 company managers (from NSW), 1 solicitor, 1 secretary and 1 "Freeholder". R. Twohill, see below, op. cit., p. 116.

represented large-scale firms in the main eastern carrying production areas. The influence of the "top men" or the "industry leaders" has been indicated in an unique (and baroque) prose style by R. J. Twohill, author of the Epitome of the Dairying Industry Organisation in Australia in 1956:

Over a period of many years, Leaders of the Dairying Industry throughout Australia have rendered invaluable service and played a very important part in stabilising the Dairy Industry and achieving an uplift in the return to producers thus obtaining a price based on the cost of production, in accordance with the findings of the Committee set up by the Commonwealth Government, which Committee each year, surveys the position and furnishes a report to the responsible Minister to bring same before Cabinet.

Recognition is recorded of the efforts of the Dairying Industry Leaders in all States of the Commonwealth for the untiring and valued services they have given the Dairying Industry in establishing uniform prices of dairy products in all States of Australia and for the application of a measure of control on all the overseas markets ... all associated with the industry will approve of the mention of Messrs. J. Purcell, T. Flood Plunkett and C. Sheehy, who, because of their unstinting service over very many years, must be acclaimed the premier architects of the schemes now rendering service by reason of united control and stability to the industry ... a summary of the organisations and the office held in these bodies by these three gentlemen, is set out hereunder. 75

The career of Mr. Sheehy, later Sir Christopher, in the Equalisation Committee and the Dairy Produce Board has already been described. The two other industry leaders described by Twohill in 1956, were Mr. Purcell who became a member of the World War I Federal butter committee, then the Queensland-NSW Butter Pool Committee, the Queensland Butter Marketing Board, the Paterson Scheme (Queensland section) dairy produce conference committees during the 1930's and Chairman of the Equalisation Committee from its inception in 1934 to 1950 when he retired. T. Flood Plunkett followed much the same path, - member of the wartime Commonwealth Dairy Produce Committee till 1921, Chairman, Queensland-NSW Butter Pool Committee, Chairman Australian Dairy Produce Board, 1925-47, "when a Government appointed Chairman replaced him", Director of the Equalisation Committee

from its inception, 1934, and of conferences preceding its establishment and Chairman of the Equalisation Committee from 1950 to 1958. Mr. Donaldson follows the tradition of an industry leader with prestige. When he was appointed to chair the Dairy Industry Advisory Council of NSW in 1969, Country Life described him warmly as an "able chairman" "able to deal with the interests of industry as a whole".⁷⁶

The secretarial staff of the Equalisation Committee have records of long service and familiarity with industry affairs, like the record of Messrs. Du Clos and Tucky in the ADP Board. Mr. J. Clark, the General Manager and secretary of the Queensland office, started work with the Queensland Butter Board in 1927, and like Messrs. Purcell, Plunkett and Sheehy, moved to the Equalisation Committee on its inception in 1934. The assistant general manager, P. J. O'Brien joined the Committee at that time also, as did the secretary of the NSW office. The state secretary in Victoria, M. F. Trenery, has also served for a long period, as has the part-time SA secretary, E. Mostyn Garret.⁷⁷ Continuity and experience may have some drawbacks of course when innovations are desirable in a vulnerable and technologically developing industry, but continuity and experience are undoubtedly an asset to agencies dealing with political and departmental decision-makers.

The regular work of the Equalisation Committee is largely an accounting operation, and the Committee is influential through its membership of the ADIC, through the prestige of its Directorate and the information it collects on factory costs, production levels and marketing trends rather than from the regular work. There are small offices in each state, for which the state shareholders are responsible and the main office is in Brisbane. The number employed is approximately six full-time executive staff (three in Brisbane, three in Melbourne) and equal number of clerical staff, plus part-time secretaries in Adelaide, Sydney and Perth where

76. NSW Country Life, 4.7.69, p. 3.

77. M. F. Trenery was appointed in 1953 after employment with the ADPB. Mostyn Garret was appointed in 1946, after service since 1933.

exports are relatively small. Contracts with dairy factories are handled through the state offices and such contracts absolve factories from keeping their production within the statutory production quotas. The determination of the Equalisation rate, (both an "initial interim" rate and final payments, as well as an "average manufacturing cost") and predictions on marketing situation, production levels and local prices are the responsibility of the Committee directors and more directly, the head office. Mr. Clark, the general manager, recalled in an interview⁷⁸ an incident in 1957 when the Equalisation rate was lowered by the Directorate on head office recommendation because of the instability of the UK market. The Minister objected strongly to this decision which was at the time embarrassing to the government,⁷⁹ but head office, as Mr. Clark recalls, spoke firmly to the Minister for their position as auditors of the industry with a professional reputation to maintain and the government produced the compromise outlined in Chapter III, of a temporary overall guarantee of 40d. per lb. to producers. Again, prior to the 1958 election, the Equalisation Committee and the Board are alleged to have been unable to agree with the ADFP over the need for a proposed domestic price rise. The ADFP won the support of the Minister over this issue and the price rise before the federal election of November 1958 was the result. It seems likely that explicit division between the farmers, the Board and the Equalisation Committee - eager to maintain the dairy subsidy (which indirectly subsidises dairy factory production as well as suppliers) but divided over raising prices, made the establishment of the Dairy Committee of Enquiry more attractive to Cabinet members in 1958 than it would otherwise have been. The Dairy Report itself neatly summarises the situation in 1957-8:

78. Brisbane, August 1972.

79. see Chapter III: the Minister was then W. McMahon.

An additional measure of assistance to the industry was introduced by the Commonwealth Government in 1958-9. Because of the difficulty of predicting the movement in the overseas market following the wide price fluctuation experienced in 1957-58 the Commonwealth Dairy Produce Equalization Committee Limited was forced to adopt a very conservative approach to its determination of interim equalization values for the season commencing 1st July 1958. The result was that cream suppliers who in previous months had been receiving an average interim payment of 41d. per lb. commercial butter found their payment had dropped to 37d. As this reduction in the pay-rate occurred immediately following a poor season it was quite a serious matter and strong representations were made to the Commonwealth Government for additional assistance to the industry through increased bounty payments.

The Government's decision was to underwrite equalization values on the total production values of butter and cheese that would enable the average factory to pay producers a minimum of 40d. per lb. commercial butter when the equalization pool for the season was finalized. The Government also announced that for the remaining three years of the Stabilization Plan, it could consider applying the same principle of underwriting of final equalized return at a level to be determined by it each year after examination of all relevant factors. 80

The subsidy was not intended by either the ALP war-time government, nor by McEwen in 1951, to become involved with export or equalization, but because it was paid by factories (through the Equalisation Committee machinery) to their suppliers on butterfat - not market milk - production, the government in 1958 found itself partially filling an embarrassing gap between what the factories offered to their suppliers based on interim equalization values, and what their suppliers expected. This gap was a result of the calculation (by the Equalisation Committee composed of factory directors) of equalisation values less "average factory costs" plus subsidy to equal 40d. per lb., when underwriting covered all production. The efficient large factory, working at an operating cost of 2d. or 3d. below the "average" factory cost and receiving subsidy based on total factory butterfat purchase for distribution to producers must have found this formula rather profitable. And the smaller scale, high cost factory

could stay in business providing the average factory cost was calculated at a sufficiently merciful level. The Equalisation Committee was in a crucial position for dairy factory income from the time of McMahon's underwriting of all production.

The Report observed "there are few aspects of the industry which bounty does not affect"⁸¹ and one could also observe that there are few aspects of the industry which the factories and their representatives on the Equalisation Committee do not also affect - including subsidy directed ostensibly to the butterfat producers.

Conclusion

In the Chapters on the industry's economic background and group organisation differences between the states in production and dairying suitability were emphasised. Differences between the states are also observable in the Boards and statutes governing the industry described in this Chapter. Federal Boards and statutes and federal dairy policies do establish, or perhaps contribute, some uniformity in the dairying industry in contrast to state diversity. I think this suggests a minor addition to Professor Parker's point on "institutionalising the resolution of conflict over the allocation of values". In Australia a scattered population over a large area involves costly conflict between state-based industrial units. To reduce inter-state conflict, when Australian constitutional provisions limit direct federal intervention, Federal Boards with state representation are established as "institutional" arbitrators and advisers on inter-state "conflict over values". And inter-state conflict may be partly resolved through such institutions, even when major policy decisions are made outside these agencies by Federal Cabinet. For example, the ADFF, the ADPB and the Equalisation Committee resolve some industry and interstate conflict in the ADIC before advice or requests are made to Cabinet and Minister.

81. Ibid., p. 51, para. 513.

But Cabinet certainly has remained for the dairy industry the formal decision-maker in dairying, and other influences on Cabinet still inspire changes in policy or the "allocation of values" in dairying, even in "institutionalised" Australia. The discussion in Chapter III on dairying policy controversies suggested some of these other influences on Cabinet policy, for example the balance of payments problems, the State Ministers and Departments of Agriculture, the criticism of economists, newspapers, parliamentarians. These influences are not represented in federal or state dairy agencies. The agencies are identified with and representative of the producers in the dairy industry, both farmer and factory producers, and they have been effective spokesmen for the industry claims to Cabinet, so that dairy farmer and factory groups have strongly supported the agencies. Commodity dairyfarmer representatives have valued their fellow members of the ADIC for their information and advice on formula which may anticipate non-industry opposition. Dairyfarmer representatives have valued their fellow-members also for their prestige with Ministers and Departments and their support on issues where dairyfarmers, organised and financed by state units, may be divided against each other. To summarise, federal dairying agencies have been respected by the federal government, have provided a forum for the resolution of interstate, intra-industry conflicts, have provided information and compromises in dairy industry policy for submission to Cabinet and Minister, and have provided a unifying industry force to counter other influences on Cabinet. The agencies have been a valuable asset to the industry from 1949-69, even achieving some reallocation of economic values in favor of the industry through the level of domestic prices, marketing and research grants and support for federal subsidies.

To repeat an earlier quotation from Professor Corbett, a "mixture of political and administrative, formal and informal influence will always be found at work" in studying public enterprises. This is particularly true of the NSW Milk Board, the Dairy Produce Board, and the Equalisation Committee. The Milk Board has received political support which enabled it to develop an innovative function beyond that of other State Boards, although its formal administrative structure is similar to other Milk Boards. The members of the ADPB and the Equalisation Committee are respected by Cabinet and the Minister of Primary Industry in a way which certainly cannot be explained by formal structure of the ADIC, its number of meetings, or its constitutional powers. Such respect can be explained by the experience and prestige of its members, i.e. the "top representatives" or "industry leaders", and by the practical wisdom of listening to men directly experienced in production, markets and technical innovations. And, as I described earlier, the position of an export earning industry in 1950-60 inspired additional respect from Cabinet, Minister and Department. Respect for the ADIC can, I think, be explained in part also by the approach made directly to the Minister and Cabinet, avoiding both parliament and political parties in favor of approach through their "top" representatives to Minister and Department. The sympathetic reception by (federal) Departments of these top representatives is the subject of the next Chapter.

But before I move to these allies I emphasise again that the technological characteristics of the industry are as pervasive and influential in the activities of the marketing boards and the Federal Departments as in dairyfarmer organisation. The technical problems of producing clean, high-standard, regular supplies of milk, of grading butter, cheese and milk products, of regulating and sharing transport costs among farmers, of licensing and inspecting factories and vendors, preoccupy officers of marketing boards and agricultural departments as well as producers. Problems

of variable domestic and overseas demand and rising costs of production preoccupy the farmer-dominated marketing boards and agency directors also. Reducing the impact of the interstate and technological differences on dairyfarmers through federal agencies has been an important factor holding the commodity dairyfarmer organisations together. And the existence of technological problems requiring government agencies for supervision of production and distribution has given the dairy industry important allies with government decision-makers through the number of quasi-official, quasi-neutral representatives of dairyfarmers on the Boards and Committees in the industry.

CHAPTER VIII FEDERAL FUNCTIONAL REPRESENTATION. THE AAC AND
GOVERNMENT DEPARTMENTS

It is commonplace of any study of British pressure groups that on the whole they focus most attention on the executive, meaning by this both civil servants and ministers. The exceptions are important.... The most obvious is the way the trade unions have used the Labor Party and their own sponsored M.P.s... Yet the unions ... have maintained close and continuous contacts with the executive. Along with other producers organisations, they are represented in a vast untidy system of functional representation that has grown up alongside the older system of parliamentary representation. It is mainly through this system that the powers of advice, acquiescence and approval are brought to bear on public policy.

S.L. Beer, Modern British Politics,
London, 1965, p. 336.

In the minutes and recommendations made by federal dairyfarmer groups, there are frequent references to the Australian Agricultural Council. The Council was established in December, 1934 and owes its existence to the constitutional division of power between Commonwealth and State, and a strong desire for conformity in (and centralisation of) agricultural policy. F. O. Grogan wrote in 1958:

The position in Australia where, under federalism, the States have successfully maintained their control over agricultural production presents an interesting contrast with the situation in Canada and the United States of America, where, under a federal form of government in each case, a very different position has arisen.

After I had concluded that provincial control over production in Canada was remarkably similar to that in Australia (see Chapter VI) I wrote to Grogan quoting this observation and asking what "interesting contrast" he meant. Grogan replied stating that, after further research, he would prefer a revision of the sentence to read:

The formulation and implementation of policies relating to agricultural production and marketing in Australia and the role of the Agricultural Council therein, present an interesting contrast ...

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1. F. O. Grogan, "The Australian Agricultural Council: a Successful Experiment in Commonwealth-State Relations", in C.A. Hughes (ed.) Readings in Australian Government, Q, 1968, p. 297.

since he wanted to emphasise

the way in which the governments have exercised their constitutional responsibilities ... consultation between the governments in Canada on agricultural production matters is on an ad hoc basis with no formalised arrangements corresponding to our Council ... ²

The AAC could, therefore, be seen as another example of Parker's "institutionalised resolution of conflict over the allocation of values" in Australia, particularly of inter-state values although primarily the AAC is also an indication of characteristic Australian emphasis on deliberate "formulation of policies relating to agricultural production and marketing" which is a contrast with an "ad hoc" or relatively laissez-faire tradition of North American agricultural politics.

Eckstein has written:

Much depends also on the power which a given administrative department can exert on behalf of its clients within the executive structure. Administrative systems are not merely tools for executing policy, but are themselves structures of power; they influence (often make) policy and within them different departments carry different degrees of weight, depending on the political positions of their heads, the broadness and significance of their functions and their traditions. ³

Federal departments in Australia from 1949-69 have been influenced by the coalition Cabinet arrangements, and the constitutional divisions of power, obviously reducing the effectiveness of some Commonwealth internal administrative structures and powers. But in the dairy industry, the importance of the federal subsidy, the dairy export markets and the equalisation structure increases "the significance of the functions" of the Departments of Trade and Primary Industry to its dairyfarmer clients, despite constitutional limitations on federal policy. The structure of these Departments partly explain the slow development of a "differentiated

2. Letter to author, 5 November 1970.

3. H. Eckstein, Pressure Group Politics, London, 1960, p. 38.

bureaucracy" of commodity farmer groups at the federal level, I think, and the departments have become especially important when the AAC has failed to achieve unanimity on production control, farm reform⁴ or agricultural change in general. Both Departments have been posts to which Country Party Ministers have been appointed since 1949, except for a brief period from 1956-7 when McMahon of the Liberal Party was Minister for Primary Industry, so that coalition government requirements have also strengthened the political position of the two Departments. I conclude that the "administrative department", the "functional representation" of the dairy industry at federal level within the executive structures, has been an important ally for dairyfarmer clients within the Australian political system from 1949-69. Indeed, I believe this functional representation of Minister and department has been the most effective single source of support for dairyfarmers within the political system.

The Australian Agricultural Council

The AAC, like the ADFP itself, is a confederate association with informal organisation, informal rules of procedure and closed meetings. But unlike the ADFP, or the MPANZ, it has some features of "differentiated bureaucracy" which probably make its meetings rather more formal than they would otherwise be. Since its establishment in 1934, it has had a "Standing Committee on Agriculture". The Standing Committee included the permanent heads of all state Departments of Agriculture (since 1958), the Secretary of Primary Industry, Trade, other representatives from these Departments and the BAE as well as the Secretary or representatives from Health, Territories, Treasury and the CSIRO.⁵ The Secretariat for the Standing Committee has been in the Department of Primary Industry for a number of years although initially the Secretariat was divided between the Department

4. of. Appendix A on Marginal Dairy Farms Reform.

5. Grogan, op. cit., p. 300.

of Commerce and Agriculture and the CSIRO. The "bureaucratisation" within this "institutionalised resolution of conflict" has been achieved by government administrative departments, which prepare agenda and discussions, and hope to prevent disagreement. The Standing Committee is considered a technical committee which meets rather more often than the Council, prepared papers and reports, and explores possible policy formulas. Its recommendations are subject to Council endorsement,⁶ but the degree of preparation of some items on the agenda, possibly sometimes the agenda itself which is the responsibility of the Standing Committee, must affect the final decisions of the Council and reduce both the labor and independence of AAC meetings and decisions.

Membership of the AAC parallels that of the technical Standing Committee in most respects. Attendance from the states is chiefly from Agricultural Departments, but advisers (from Lands Departments, Treasuries, Premiers Departments, for example) attend for special discussions and so do the spokesmen for some agricultural and science research units under state auspices. The Minister for Primary Industry is Chairman of the Council and his opening address is published but the rest of Council proceedings are confidential.

The Council concerns itself with agriculture, "in the widest sense but not to include mining, fisheries or fowstry",⁷ and marketing arrangements, financial grants and agricultural research. In spite of the importance of marketing arrangements to the work of the AAC, representation of the marketing boards has traditionally been through the Standing Committee Departmental representative of the Boards, not through their own officers. As Grogan puts it:

6. Ibid., p. 303.

7. Ibid., p. 299.

The liaison between the Council and the Standing Committee is very close. Members of the Standing Committee are, almost without exception, always present at meetings of the Council to advise their Ministers. ⁸

In 1958 Grogan concluded somewhat cautiously that the Council had made most contribution in organising the collection and exchange of information and in the orderly marketing of products, both activities in which federal institutions are effective despite constitutional limitations. On production of primary products the Council:

has not regarded it to be its proper function to make decisions regarding production which in a free economy rest with individual producers but it has not hesitated to give clear indications ... as to the lines along which it considers the national interest lies. ⁹

In 1968 "the problems with which the Council has had to grapple ... have been those of expanding agricultural production". The Council's success since 1958 in working out production problems with the states has almost certainly not been as happy as Grogan would have wished. In part this represents the "contentious and difficult" problems of restriction and production quotas. In part it reflects the

real need for State authorities to recognize that ... their States together form the nation and ... the ACC ... (should be regarded) as their committee rather than as a Commonwealth body to which they are called. ¹⁰

Twenty-five years after this observation by the Rural Reconstruction Commission the state authorities still need to recognise the "national interest" as taking precedence over their state interests.

Even in 1958 Grogan mentioned criticism of AAC pronouncements on production policy "such as rural finance, irrigation, land settlement and land utilisation". ¹¹ Grogan pointed out that these problems involved

8. Ibid., p. 303.

9. Ibid., p. 316.

10. Rural Reconstruction Commission, 6th Report, quoted in Grogan, op. cit., p. 313.

11. Grogan, op. cit., p. 314.

state jurisdiction and the AAC had not considered its role was to provide "detailed and authoritative analyses" of the position of agriculture in the general economy but to state "specific recommendations". Moreover, Grogan writes, with the delicacy of the bureaucrat:

on broad issues with important repercussions beyond the agricultural sector the Ministers comprising the Council are conscious of their individual Government's responsibilities beyond the agricultural sphere and of their own responsibilities to their State Cabinets and exercise caution correspondingly in making recommendations on such issues. ¹²

Or as the layman might put it, when AAC issues "get into politics", the AAC becomes ineffective.

I have quoted Fisher's discussion of the AAC co-ordination of state margarine quotas in Chapter III. It is clear that on the subject of margarine quotas there has been no agreement in the AAC on the desirable levels, and NSW and Queensland had changed their margarine quotas considerably without reference to the AAC. Fisher concluded that one function of the AAC is "to serve as a political scapegoat when contentious questions are raised in the House" and his quotations, such as "I have to inform the honourable member that, until the Australian Agricultural Council reverses its decision, his request cannot be assented to"¹³ neatly illustrates that function of the AAC. The anonymous author of a Current Affairs Bulletin writes:

The Agricultural Council consists of the Commonwealth and State Ministers for Agriculture and Primary Industry. For a policy making body, the council's membership is perhaps too exclusively representative of sectional interests. Its major defect has always been that it is made up of men and even advised by men who tend to interpret their role as representatives in government of a clientele or as guardians of the interests of particular group of industries. Undoubtedly the exercise of the dairy industry's political power is greatly assisted by the dominance of this particular institution in the process of agricultural policy formulation in Australia. ¹⁴

12. Grogan, op. cit., p. 315.

13. Fisher, op. cit., p. 25.

14. Current Affairs Bulletin, Milking the Australian Economy, op. cit., p. 203.

The "major defect" of the AAC is less in its representation of rural industry (for the AAC was established to provide state and federal representation of rural policy makers) than its inescapable federal and political divisions. I think it is also debatable whether representation of existing divisions can be called a "defect" at all. In spite of the growth of a secretariat of its own providing the Council with bureaucratic resources, the AAC shares the problems of peak organisations of pressure groups in formulating changes or "policy" acceptable to state-based units with conflicting interests. Thus the AAC illustrates Eckstein's observation that pressure groups may be "an index of the structure of effective power".¹⁵ Effective power is still noticeably limited in Australia when it depends on unanimity from state-based institutions. Federal policy cannot be achieved without prolonged inter-state negotiation, and/or financial inducement. In its representation by Ministers, the AAC has also been "handicapped" as a "policy making body" because political representatives are subject to electoral defeat, threats of defeat, or sustained criticism, and are consequently "handicapped" in making policy according to the "freer" guidelines of "national interest". But the modest purpose of the AAC may be seen as an attempt to "institutionalise" the negotiation and consultation of Australia's agricultural policy in order to reduce some conflict rather than to "make policy". It may be quite unrealistic to suppose that such a peak organisation or "forum" could succeed in "neutralizing the relevant conflict of interest" or take policy "out of politics". The AAC should not be seen primarily as a policy-making institution, I believe, but as a policy-negotiating committee, attempting to establish some consistency in primary production policy. Perhaps the AAC is best described as the tip of the iceberg of agricultural decision making. Below the surface there is an imperceptible but very much larger structure.

15. Eckstein, op. cit., p. 18.

Federal Departments of Primary Industry and Trade

Until 1956 the Departments were administered as one Department of Commerce and Agriculture. Establishment of the two departments has been examined by R. P. Deane¹⁶ who concluded that economic tensions of the 1950's brought secondary industry, primary industry and the previously existing Departments of Commerce and Agriculture and Trade and Customs into increasingly close and sometimes conflicting relationship. He has charted a number of influences in the establishment of the new Departments in 1956, including the personalities of the Minister of Commerce and Agriculture, the permanent head of the same department,¹⁷ the separation of customs work, mainly executive involving a fairly large staff, from trade, mainly policy with a smaller workforce,¹⁸ the dramatization of international trade and balance of payments problems,¹⁹ the overlapping of the work of the Division of Industrial Development and the Department of National Development²⁰ with the Department of Trade and Customs. The influence of the 1956 reorganisation on dairy farmer groups and primary industry in general has been primarily in the simplification of the work of Primary Industry. The new Department of Primary Industry became, as a result of losing about 200 positions to Trade and gaining about 20 from War Service Land Settlement Division and the Department of Trade and Customs, a much tighter and more functionally directed department than Commerce and Agriculture had been. Sophisticated observers doubt whether simplification of functions necessarily makes a department a "happy ship"²¹ or one that arrives on time, but for a pressure group such a simplified department is ideally organised to represent, advise on and interpret the limited aims of narrowly based commodity farmer groups.

16. R. P. Deane, The Establishment of the Department of Trade, ANU, 1963.

17. Deane, op. cit., p. 73.

18. Ibid.

19. Ibid., p. 72.

20. Ibid., p. 59.

21. Ibid., p. 63.

PI has been organised into divisions which separate the technical and research staff from the policy sections which are concentrated in the Marketing Divisions. The Bureau of Agricultural Economics and the Production Divisions have been engaged in collection of information and coordination with State Departments of Agriculture, particularly on technical details of costs, standards, research and extension. The Marketing Divisions, the Secretariat to the AAC and the administrative Inspection and Management Division perform their duties with relatively little interference from each other or from the research divisions. It has therefore been fairly easy for the clientele "farmer groups" to identify their appropriate divisions within the department. If the groups wanted agricultural surveys to precede policy, the research machinery was clearly identifiable (and still is in 1974). If the Department sought industry reaction to policy, its marketing divisions had constant, almost formal channels of communication with the representatives of the commodity groups.²² The Marketing Divisions (and indeed even the Production Divisions) were subdivided into commodity sections to facilitate consultation with commodity groups. As far as the Dairy Produce Marketing section of the Marketing Livestock Division was concerned, the dairy industry was represented only by the official Dairy Industry Council and the Australian Dairy Produce Board, both organisations having of course commodity group representation but no representation from the APPU.²³ The APPU pressed its claims to attention at a Cabinet/Ministerial level, and I think as a result of the Departmental preference for commodity groups and the commodity basis for ADPB membership, the APPU produced more of its own researched submissions, developed more of its own bureaucracy, as I have written earlier. Professor Campbell observed that the Australian

22. The State and Federal dairyfarmer secretaries explain they usually have phone contact with PI Dairy Produce Section two to three times a week, sometimes daily phone contact.

23. Interviews, Canberra, May, 1969, February 1974.

commodity pattern of organisation was so well developed that "government departmental structures and the emergent policies now tend mutually to reinforce retention of the existing set up" and the vocational union of the APPU:

has experienced great difficulty in the two decades of its existence in gaining acceptance by both governments and other farm organisations as being worthy of a voice when particular commodity policy was being formulated. 24

A preference for an older, more conservative pressure group over a newcomer may be explained by the development of some conservative tradition in PI itself especially compared with the Department of Trade. Although the two departments were established at the same time, PI retained the bulk of the existing Commerce and Agriculture Department, approximately 900 positions, whereas Trade was staffed with about 200 Commerce and Agriculture positions, 270 Trade and Customs positions, and 100 from the Department of National Development.²⁵ A spokesman in Primary Industry has acknowledged that the Department feels that it has maintained a continuity throughout the changes of name and formal reorganisation and that its work has changed "very little" over the years. Many of the senior appointments have been men with long service within the Department.²⁶ Two external factors have favored the Department of Primary Industry over

24. K. O. Campbell, op. cit., p. 427.

25. Deane, op. cit., Appendix E.

26. In contrast in the Department of Trade there were initial problems of adapting officers from different departments to work in a new setting. These problems were probably increased by weaknesses in the Trade and Customs Department which had been handicapped by a reluctance to recruit new talent after the war, in comparison with Commerce and Agriculture (see Deane, op. cit., pp. 61-2) and slowness to recognise the importance and permanence of the import licensing system. Although the Department of Trade was partly staffed by new post-war talent recruited into Commerce and Agriculture, "Trade" has not managed to sustain (or perhaps even develop) a tradition as a stable Government Department. In recent years the number of resignations of senior officers and of transfers to other Departments has caused frequent newspaper comment. (cf. Advertiser, 8.11.68 for a list of recent resignations). An article on Sir Alan Westerman (National Times, 30/10-15.1973, p. 9) describes his alleged ruthlessness in "work methods" which drove some of his subordinates to transfer or resign from the Department during his period as Secretary from 1960-71.

Trade in the development of stability within the Department. The Department of Trade has not been blessed with a period of calm in international trade, and monetary crises and political uncertainties of tariff negotiations have made the period from 1956 to 1969 remarkably challenging for Trade. In contrast, the trends to lower prices for primary production has been fairly steady in the same period, lightened by some lucky breaks, such as the purchase of wheat by China, or cheese by Japan, but marketing agreements on primary products have prevented domestic price fluctuation and Primary Industry has not been faced with sudden, external crises. Indeed many of the demanding trade negotiations involving primary products have been handled by the Trade Minister and his staff. Time has been rather kind to the Australian export farmer from 1956-69, even in the delays to European Economic Community negotiations. Secondly, the political position of the heads of the two Departments has weighted the departmental development somewhat unequally. The Minister of Trade from 1956 to 1970 has been Mr. (later Sir) John McEwen, Acting Prime Minister in the absence of Sir Robert Menzies. McEwen's importance in the coalition cabinet probably explains his hold on the important Trade portfolio, to which some ambitious Liberal Ministers must have been attracted. The permanent secretary of Trade from 1955 to 1960, was Sir John Crawford, formerly Secretary of Commerce and Agriculture, followed by Sir Alan Westerman, who remained as Secretary from 1960 till 1971, the time covered by this thesis. PI was headed briefly by Mr. W. McMahon as Minister, and from 1957-68 by C. Adermann, Country Party member from Fisher, Queensland. Adermann was succeeded by J. D. Anthony, the younger Deputy Leader of the CP. Adermann was an older CP member, who (in 1972) resigned his seat to be succeeded by his son. The Ministry of Primary Industry was the peak of Adermann's career, and although he was regarded as a solid, likeable and conscientious appointment (with a lot of connections with and

support from rural constituents) he was not seen as an energetic or dynamic Minister with an urge for reform. Anthony, succeeding in 1968 and later (1971) promoted to Trade itself on McEwen's resignation, was energetic and in two years probably did more to reform the departmental structure of Primary Industry and the direction of primary assistance in subsidy form, than Adermann had done in ten.²⁷ There have been three secretaries of the Department of PI since its establishment. The first was J. W. Moroney, from 1956-62, who had been a member of the Department of Commerce and Agriculture, and represented a tradition of promotion through seniority from the lowest ranks of the Commonwealth Service to the upper levels. The second was A. C. B. Maiden, formerly Director of the BAE, (1959-62) who remained until 1969, when he was appointed as Director of the International Wool Secretariat. From 1969 to the present (1974) the Department Secretary has been W. Ives, from the Department of Trade and previously the policy/administrative section of the CSIRO, with a training in economics, (and a Deputy Secretary, Swift, from Territories and Interior) who is not an old PI hand himself, under whom a fairly extensive reorganisation of PI has been taking place, the first in 16 years.²⁸

Trade, with the most politically powerful leaders in Cabinet and the administrative hierarchy, with the most demanding overseas negotiations and crises, has had less internal stability among its less senior personnel. Primary Industry, with three Ministers and three secretaries since 1956, has been internally more stable at the lower officer grades. The PI Ministers have been politicians in transition to Inner Cabinet posts

27. cf. Appendix A. I am not convinced that Anthony's reforms were altogether successful however.

28. According to Press releases, the Central office structure and the "Top structure" of the BAE were reorganised and the Department Divisions were increased to 8 from 6, of which 6 remained "special industry" groupings, one, the Development Division, appeared to be intended for overall policy objectives and the Agriculture and Food Services Division was intended for international liaison, the AAC extension services, and pesticide co-ordination. Press release, Ministerial statement, 25 May 1972.

(Anthony and McMahon) or about to retire (Adermann) and PI has not been considered a major policy portfolio. I believe this has enabled the PI officers to develop an independence, a direct relationship with their clientele which officers supervised by more senior, powerful or ambitious Ministers and Secretaries may be unable to develop. One observer²⁹ has suggested that another factor for the strength and what he calls the "ability of P.I. to form policy within the Department" is that the BAE has provided an intra-Departmental discussion group which Trade has lacked. In Trade he suggests, when there is disagreement over policy between Departments in inter-departmental committees or within the Department itself, the officers tend to forward the decision to their Minister and to Cabinet. Within PI the officers tend to hammer out difficulties themselves and then forward the final formula to the Minister. I cannot guess whether this is mainly the result of the BAE as an intra-departmental think tank, or the result of having an ex-BAE Secretary of PI for 7 years, or a conscientious rather than a dominating Minister since 1958. Spann writes, "Much turns on the relative talents of ministers and officials"³⁰ but it is not possible to provide much evidence of these "relative talents", and outsiders can rarely get information on the undocumented and subjective aspects of administrative politics, especially observers situated outside Canberra.³¹

29. Interview, Canberra, February 1974.

30. R. N. Spann, Public Administration in Australia, Sydney, 2nd Edn., 1973, p. 320.

31. cf. comment by F.O. Grogan, "any realistic appraisal of rural policy formation must take into account ... the dominating influence of Mr. McEwen who ... occupied a position of tremendous prestige and influence ... on the important policy issues. Mr. McEwen's views continued to be of decisive importance even after the separation of the two departments. Mr. Adermann... was very much in rapport with the views and rural policies of Mr. McEwen ... Perhaps no less important than Mr. McEwen's political dominance was the influence, direct and indirect, of Sir John Crawford ... Under Mr. McEwen's rural leadership the practice has developed of achieving (or seeking) consensus on particular policies by very full consultation with the rural organizations concerned; ... of the government welcoming initiatives from these organizations in the development of rural policies ..." Letter to author, 5.11.1970.

These factors may have strengthened the influence of the well-established dairyfarmer organisations to which the officers of the PI Department pay attention. For when there is less senior political leadership at the top of a Department and authoritative leadership at the top of politically acceptable pressure group, it is reasonable to suppose that the group's effectiveness will be considerable.³² In the case of PI, continuity within the Department senior personnel has paralleled continuity within pressure group leadership up to 1969. And there is some continuity, of character if not officers, within the BAE over the same period. The position of the research unit is not altogether sympathetic with the Marketing policy division of PI but policy effect of research findings is always debatable, and the influence of PI over the BAE findings could be persuasive on occasion. Senior personnel within both the PI and the dairyfarmer groups are likely to agree that conservative policy is the safe way to face difficult times. Conservative policy is also better suited to the constitutional limits which have prevented the Minister and Cabinet from taking initiatives in agricultural problems of production and intra-state marketing. The influence of PI on dairyfarmer groups may have encouraged the commodity group's conservative tendency to concentrate on limited aims and cautious initiative. Persuasion, subsidy and agreement among the states and state commodity group leaders have been substituted for federal direction in Australian agricultural policy from 1949-69. The "institutionalization" within the AAC of interstate differences has made a forum for explicit statement of conflict and probably contributed to the exercise of caution on the part of the Department and the groups. The "institutionalization" of the interstate conflict has been an asset of course to the dairy industry in maintaining status quo policies, for the AAC emphasises and concentrates on objection to change. Even the

32. The effectiveness of the RSL in the Department of Repatriation may illustrate the same principle.

Department of Trade, although possibly conceived as a force for directing and controlling economic patterns and headed by dominating and influential Ministers and Secretaries, might have found it difficult to direct administrative reforms against the farmer pressure groups, the allied Department of PI, and the constitution. According to observers however, such disagreement over PI policy and reforms did not occur.^{32A}

Although the Department of Trade was established to deal with problems of overseas marketing, including primary industry exports, dairyfarmer groups have not considered themselves directly represented by that Department or that Minister.³³ The Department of Trade has been employed far more on the problems of secondary industry and mining exploration than may have been anticipated in 1956. There was still a Commodity Policy Division within Trade in 1970, with two branches, of which no. 2 branch was concerned with beef and veal, dairying, cocoa and coffee, EEC, Unctad, and no. 1 was concerned with grains, metals, sugar and tobacco. But the branches had few positions and relied heavily on the members of PI to supply domestic information, to interpret industry opinion and to advise on policy proposals, both directly from their own officers and indirectly through the officers of the ADIC, and the ADPB. The ADPB, a statutory corporation under the Dairy Produce Export Control Act is "responsible" to the Minister for PI, its annual report is presented to that Minister and PI is represented on the Dairy Produce Research Committee.

32A. of. footnote on previous page about Sir John McEwen's influence. His CP responsibilities, his philosophy of producer control and his executive and personal influence combined to produce this dominance over rural policy, as I describe later.

33. The ADPB may have been more inclined than dairyfarmers to consider the Trade Minister and Department as representing their interests, but as the industry is increasingly relying on domestic rather than export sales, PI which represents the Board officially, is certainly more relevant to dairyfarmers. And the Board is also responsible for handling domestic marketing and sales.

The Department of Trade has no official connection with the ADPB, (nor with the Wheat Board), although the marketing Boards have always been concerned largely with exports. Trade does have responsibility for the Tariff Board, which reports to the Minister of Trade (not Customs as formerly) and the dairy industry and dairy farmers are interested in imports and duties on competing dairy products, on machinery supplies and fertilisers imported for the industry. But the dairyfarmer group spokesmen seem to believe that their communications with Trade do not often require direct representation from industry leaders and that PI can handle "Trade" on behalf of the industry as well as, and sometimes better, than the group spokesmen. And during the 1960-70 decade, under Sir Alan Westerman's direction, Trade has increasingly been involved in trade promotions, exports and measures for secondary industry efficiency, and less concerned with tariff adjustments.³⁴

The BAE

The position of the BAE within the structure of the Department of PI is worth attention, for some of the research and background which a commodity dairyfarmer group might be expected to undertake in its own interest, is produced by this semi-autonomous agency within PI. The BAE has developed an unusual position within the Commonwealth service, for there have been few Departmental research agencies with such specialised function and established structure. A brief review of the BAE history was published in 1970 which J. D. Anthony signed, but which was researched by the staff at the Bureau.

The Bureau of Agricultural Economics was established some twenty-five years ago... by the Labour Government in office and its worth has been amply demonstrated by the contribution the Bureau's research has made to the formulation of government and industry policies and methods in the agricultural sector in the ensuing quarter of a century. Over this period, the Bureau has developed an enviable reputation within Government, in the rural organisations, amongst individual farmers

34. cf. B. Juddery, "Westerman's biggest role: Country Party man makes good under Labor", National Times, Sept. 10-15, 1973, p. 9 and cf. Chapter IX on Country Party policy.

and in the academic and business communities, both for the quality of its work and for the objectivity that is brought to its fact finding and its interpretation and analysis of these facts. The aim that it should have the right to publish independently the results of its enquiries and to enjoy as an advisory body a full measure of protection from the responsibilities for policy in which it does not of course make decisions has been shown to be an eminently sound one, and one to which I give my strongest support.

... There have been times when what the Bureau has had to say has not been popular or completely palatable to particular groups ... those concerned need (not) always agree with the Bureau's conclusion. Neither they nor I may always agree with the Bureau's interpretation of events but I am one of the firmest supporters of its right to publish independently the results of its enquiries ... the trust given to it has been well given. This has been due in a large part to the fact that it has continued to follow and build on the foundations and professional standards laid down by its original Director, Sir John Crawford ... the traditions established by Sir John twenty five years ago are an important reason why the Bureau continues to attract first class professional workers. 35

The traditions established by Sir John have become partly formalised in a structure which allegedly divides the BAE along lines of the research with which the work is most concerned (projections and trade trends, production economics, cost-benefits analysis, and marketing specialisation) and which emphasises independence in research, publication and responsibility to the Secretary of PI. The present BAE structure shows some divergence from original Bureau organisation, but is still consistent with an earlier outline of the BAE role in 1946 (see Appendix B). The consistency may be because the BAE has explicitly emphasised its "role" in a number of memos and releases and staffing requests to the PSB over twenty five years so that the character of the BAE has been consistently accepted as a professional "service unit". I have read through the "General Organisation" file in the BAE office from 1946 to 1973,³⁶ and the file provides an illuminating if somewhat detailed picture of BAE history. The history is summarised in Appendix B since, as far as I know, an organisational

35. Q. Rev. Ag. Ec. Vol. XXIII. 2. pp. 119-121.

36. For which privilege I am indebted to Mr. Noel Honan, present BAE Director, who had (in 1974) a generous attitude towards academic examination of Department files which I hope I will not alter.

history of the BAE has not been done elsewhere. Briefly, the bureau expanded its structure and its numbers until by 1974 it had approximately 200 permanent staff and over 100 supporting staff, and many of its ex-officers have moved to other departments where they have been promoted to policy sections in Trade, Transport, Treasury, Northern Development, the Tariff Board. There are three significant BAE reorganisation dates, one in 1957 the "first major reorganisation in 11 years of Bureau existence", a second reorganisation in 1964-6, and most recently, in 1972. Reorganisation is, of course, partly to divide the work load in satisfactory lines in which responsibility is maximised and overlapping is minimised, but it is certainly also partly a device to achieve upgrading (or "reclassification" in PSB terms) of staff positions to enable better recruitment and reduce turnover as officers apply for jobs elsewhere. If reorganisation is proceeding about every seven years, one could deduce that the work is expanding fairly regularly, although reorganisation may also result from new directions in the work load and new priorities given by new Directors. The 1972 directions seem to have emphasised the "development and application of new research 'methodologies'" and the "changing economic circumstances of the farm sector" although the "broadly defined role of the Bureau" have remained

the regular assessment of the farm situation and outlook;
the collection and analysis of information on the structure
of Australia's rural industries and the economic analysis
of policies and proposals as they affect rural industries.³⁷

Certainly since 1966 the support staff has expanded, the "professionalism" paperwork and publications have increased, the sections multiplied from four to fourteen under the present organisation chart, but there are consistent features in the BAE work which the present Director emphasises.³⁸

37. Submission to Standing Committee of Agriculture. Agenda Item 11. 14.11.1973, Sydney, p. 2. (Copy from BAE).

38. Interview, Canberra, February, 1974.

Firstly, the "independence" of the BAE, secondly the "right to publish" and to maintain objective professional standards of publication, and thirdly "access to the Minister". The BAE has had six Directors, whose background has varied somewhat but the character of the BAE has remained separate and unchallenged under all of them. The first Director, Sir John Crawford, came from teaching agricultural economics at Sydney University via the war-time Commonwealth administration and Post-War Reconstruction to the BAE.³⁹ The second Director was T. H. Strong, who came from Land Use research into the Directorship from 1950-59, with a background in agricultural science and economics and left the Commonwealth service for FAO. He was followed by A. C. B. Maiden who had joined the BAE in the early 1950's, acted as agricultural attaché in Washington, and in overseas negotiations for PI. Maiden was Director from 1959 to 1962 when he became Secretary of PI, where he remained till 1969. He was followed as Director by D. H. MacKay, another long service BAE man, with overseas PI experience. MacKay left the BAE to go into Trade in 1968, and was followed in the BAE by Dr. S. F. Harris, with a reputation as an academic economist of distinction, with an early career in Taxation and Trade, and rapid promotion from Senior Economist within the BAE to Assistant Director and Director within five years.⁴⁰

Popular gossip^{is} that two Directors were professional economists, Crawford and Harris. Both Maiden and MacKay were (although also trained economists) said to be administrators who knew the workings of the PI Department well, and were less concerned with the initiation of new research

39. This information came from files in the BAE. Who's Who in Australia, 1971, adds that Sir John was Director of Research, Commonwealth Post-War Reconstruction 1943-46, and Economic Adviser to the Rural Bank of NSW, 1935-46.

40. In 1973 Harris moved to Deputy Secretary, Overseas Trade, and Noel Honan was appointed from the Marketing Division of PI.

methodologies than with the uses and values of the traditional work. Although there is some ambivalence about Strong as a Director, he may have been undervalued by later officers. He had a more formal training in economics than he is sometimes given credit for,⁴¹ and he did build up the Bureau and establish its tradition of separate and respected research during its first, possibly most critical, decade. He is said to have left the Bureau with some personal disappointment in its achievements, but it is possible that this observation was partly due to the change from Sir John Crawford's sympathetic secretaryship at PI to that of Sir John's successor, Moroney, who has been described by old hands at the BAE (where occupational sympathies are marked) as an "old-fashioned" secretary who ran things by instinct and "never read a submission if he could avoid it." Obviously the Directorship of the BAE was kept in the hands of those who believed that the BAE should be a research unit, (although there were three Directors in 10 years in the 1960's). Perhaps more significantly to the BAE, for thirteen of the twenty years from 1950-70, the Secretary of PI has been an ex-BAE man who supported the BAE role. And there has been remarkable continuity at the Ministerial level, as I have written already.

The role of an impartial research unit is not as simple to maintain as it might appear from this personnel continuity however. The difficulty lies in the interpretation of the role which Sir John outlined in 1946 and which reappeared in almost the same words in a document issued in September 1972 by the BAE.:

41. Harvard MA degree, 1948.

It is a fact finding body ... a distinct economic research organisation and functions as such in relation to all Divisions of the Department ... should be free within the scope of its approved activities ... to submit results independently together with its own conclusions ... maximum use by way of dissemination to Government agencies ... a service unit not seeking to exercise administrative functions, nor responsible for executive administration ... should influence administrative decisions and activities ... should suggest reasonable policy interpretations of its own work and should assist in policy formulation where it appears that its investigations are relevant ... there should be some kind of machinery whereby its programmes of work can be discussed by the administrators concerned, should ... direct its activities into the fields where it considers work most necessary The Director ... is responsible to the Secretary ... not subject to direction as to methodology ... or ... to the conclusions ... the Director has access to the Minister in respect of any matters relating to methods and findings.⁴²

Within the Bureau there is no explicit recognition of limits on publication⁴³ and only once, according to one BAE officer, has an article been withheld on the grounds that publication might have been embarrassing. Even on that occasion it is said to have been doubtful if "adequate economic research" had been done. But BAE influence on policy is not easy to determine.

- (A) broad area of research concerns the economic analysis of policies and proposals at home and abroad as they affect the rural sector and the Australian economy in general. The studies undertaken include, for example, investigation into the rural capital and labour markets: resource adjustment to changing market forces; farm investment, liquidity and productivity; the assessment of domestic policy issues such as subsidies, taxation and poverty; analysis of policies in other countries and implications for Australian production and trade, and the evaluation of the benefits and costs of particular public investment in development of land and water resources ... the preparation of submissions and reports to special committees or commissions of enquiry concerning ... the rural economy, for example the Enquiry into Poverty in Australia, the Joint Parliamentary Committee on Prices, the National Population Enquiry, and various Senate Select Enquiries. ⁴⁴

42. The Role and Functions of the Bureau of Agricultural Economics, Canberra, 1972 (copy from BAE), pp. 1-2.

43. of. comment by D. T. C. Gillespie (see below) on the "complete freedom of scientific publication" in the CSIRO.

44. Submission to Standing Committee, op. cit., p. 5.

This suggests a wide area of policy on which research might be influential, and there are now many ex-BAE men scattered through the policy-making areas of other departments, and many PI officers themselves who have worked in BAE, or for twenty years have been accustomed to discuss BAE findings. I could conclude therefore that BAE findings ought to be pretty persuasive. On the other hand the growing trend towards "professionalism" which makes many of the BAE current publications almost unintelligible to those who have failed to keep up with the techniques, may make their findings less easily acceptable nowadays. I am not the only observer who has doubts about the present policy relevance of the super-professionalism developing within the BAE. For the major part of the BAE's history and for the period of this thesis however, the BAE has not been so sophisticated and super-technical, and it has undoubtedly been widely regarded as authoritative and thorough in its research findings. The Department must have been strengthened with outsiders by the authority of its research substructure, but within PI there has been some strain between the research results and the seat-of-the-pants policy-making which older members of PI had learned. On pressure groups the effect of the BAE is to provide an independent, somewhat unpredictable, section of the Department which is not as open to persuasion by experience as the Production and Marketing Divisions of PI have been. Nor are officers of the BAE as close to the feedback from policy as are other divisions of the Department. So that the influence of the BAE on rural policy may not be as persuasive as its formal role and functions or its academic authority suggest.

There are two comparable research units in the Commonwealth service suggesting the limits in practice which may be placed on the policy-influencing function of the BAE. These two units are the Tariff Board and the CSIRO. The Tariff Board, responsible to the Minister of Trade, is much closer to the BAE in its attempt to interpret policy to decision

makers than the CSIRO. G. A. Rattigan, Chairman of the Tariff Board, writes that the Board has two functions, to investigate protection to "particular areas" and to advise about "effects of protection on the Australian economy" but that because the Board relies on reference of enquiries to it by the Minister of Trade, it is limited in ability to improve its research capacity or to provide general policy recommendations:⁴⁵

while the Board's inquiry work continues to depend entirely on the rate and scope of tariff revision references ... this will continue to inhibit its capacity to improve the quality of its advice and to introduce greater expedition in its inquiry work as a whole. ⁴⁶

Spann describes the CSIRO as a statutory corporation, established in 1926, and implies that its development has been influenced by doubt as to whether a "science policy" is possible, or desirable, so that the results of CSIRO research are shared among departments without any overall direction.⁴⁷ The purposes of the CSIRO are summarised in the CSIRO Act as primarily "to undertake scientific research and experiment for the benefit of promotion of agriculture or industry in Australia".⁴⁸ White puts "research" ahead of "influencing progress of industry or agriculture"⁴⁹ but another writer estimates "much of the CSIRO work" as being committed work with a "definite economic objective". The second, critical writer, Gillespie, summarised the other functions of the CSIRO to include:

45. G. A. Rattigan, "Improving the Quality of the Tariff Board's Advice", Public Administration, No. 3. XXIX, 1970, p. 218.

46. Rattigan, op. cit., p. 231.

47. R. N. Spann, Public Administration in Australia, Sydney, 1973, p. 514.

48. Sir Frederick White, Chairman of the Executive of CSIRO, explained the constitution and functions of the Organisation in a paper, "Administrative Problems in the Development of Scientific Research", Public Administration, June 1968. XXVII.

49. White, op. cit., p. 115.

training of research workers; the provision of grants in support of research and research workers; the encouragement and support of industry research associations; testing and standardization; information services and publication; ... 50

These functions resemble Sir John's description of the BAE role, because he used the CSIRO deliberately as a model, for instance in the development of inter-departmental co-ordination for the BAE (see Appendix B). And the organisation of the CSIRO is, in spite of its statutory corporation basis, similar to the BAE, in "normal government" financial status and "Treasury control and Commonwealth audit"⁵¹ and, since 1949, PSB control over staff classification and Ministerial control of research.⁵² According to Gillespie, the CSIRO also had Research Divisions and Sections "based either on subject or scientific discipline",⁵³ but operated as "a complete and independently operating unit" subject to Ministerial authority. The "complete and independent" operations produce problems in application and extension of the CSIRO findings to other departments. The discussion of papers in the conference on "Government and the Scientist" reported in Public Administration, June 1968, (see footnotes 48, 52, 55) demonstrated that inter-departmental co-ordination of scientific research is attempted through a variety of devices, such as exchange of officers, indexes of publications, (the Industrial Research News and Rural Research in CSIRO) inter-departmental committees, etc. The variety of efforts to co-ordinate research findings and apply them to policy, suggest that the CSIRO has not solved this problem any more than the Tariff Board has done.⁵⁴

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50. D.T.C. Gillespie, "Research Management in the Commonwealth Scientific and Industrial Research Organization, Australia", Public Administration, (London) Spring, 1964, footnote p. 12.
51. Gillespie, op. cit., p. 30.
52. of. discussion, Public Administration, XXVII, pp. 126-7, R.S. Parker and answer by White, p. 139, and Gillespie, op. cit., pp. 22, 27.
53. Gillespie, op. cit., p. 29.
54. of. discussion over whether a "Science Policy" can exist. Public Administration, XXVII, and a series of articles by S. Encel on the same subject in the same journal. The scale of CSIRO work is much greater than the BAE, since by 1967 the Commonwealth Year Book, (53, 1967) gives a total staff of "more than 5,500, including some 1,700 professional scientists", p. 653.

While the independence of the staff and the "right to publish" are not major areas where there is pressure on officers in either the BAE or the CSIRO the choice of research has been a sensitive area. The Tariff Board has been most dependent on direction by the Minister for research, according to Rattigan, and most restricted in the "right to publish", but the BAE and the CSIRO have been directed to particular topics felt by industry or government or both to be important, (and have received financial contributions towards such topics) such as building research and pest control in the CSIRO, according to Gillespie, and wool research in the BAE. The direction of research to particular areas may enhance the influence of the research units over policy, but such research direction does qualify the role of the impartial critic in the purest sense. Sir John Crawford provided a realistic definition of the role of the government sponsored research until when he said, opening the conference on "Government and the Scientist":

I favor the government undertaking research itself ... where the economic structure - as in agriculture and small scale industry - is too atomistic to leave it to the enterprisers themselves, and where ... the interests of individuals require an institutional or socialised research effort. 55

The CSIRO, the Tariff Board and the BAE programs are "socialised research effort" programs with an emphasis on research "relevance" to "the interests of individuals". Their influence on policy may be, therefore, greater and more immediate, but as Rattigan suggests, the restraint placed on the ambitions of independent research workers may be sometimes severe.

The BAE role of influencing policy as a result of "socialised research effort" programs should be qualified by the political and administrative climate in which the BAE operates. The outcome of the BAE research findings on low income farmer in the Marginal Dairy Reform Scheme demonstrates

this handicap, for the BAE research itself contributed to over-optimism about the results of reconstruction of marginal farmers, and underestimated the resistance from the "olient structures". I have suggested that within PI itself there will be scepticism and resistance to some BAE findings, and intra-departmental criticism and possibly compromises made before a recommendation is carried to the Minister and the Cabinet. It may be in this context that the significance of a recent addition to the Bureau's interpretation of its role, the "access to the Minister in respect of any matters relating to methods and findings" should be placed. To an outsider, this demand for direct access by the BAE Director to the Minister suggests that the BAE does find difficulty in influencing rural policy when its reports and recommendations (if it does make direct policy recommendations) are presented to the PI Secretary, and disputed within the Department by other officers. But the Director in 1974 tended to de-emphasise that new feature of BAE organisation and qualifies the importance of the organisational change in practice.⁵⁶ And I would conclude the formal demand may in practice be exercised only when there are personal incompatibilities, or particularly technical findings and explanations which require direct explanation to a Minister. The influence of Sir John remains strong in PI and the BAE, and Sir John emphasised an administrative style combining diplomacy with patience, and recruitment of officers who adapted to that style, rather than to dialectic confrontation of incompatible personalities. The diplomatic tradition remains with PI officers, fortunately for an ALP Minister who follows after twenty years dominance of the department by Country Party Ministers.

Conclusion

The BAE may be, as I think the ADPB may be, one of the "knowledge organizations" which A. F. Davies described.⁵⁷ He argued that organisations

56. Interview, Canberra, February 1974.

57. A.F. Davies, "Politics in a Knowledgeable Society", Public Administration XXIX, 1970. 2., p. 85.

within political systems which fail to adopt new "processing techniques for information", to promote researchers to top levels, fail to substitute inter-dependence for organisational loyalty, will fail to influence policy.⁵⁸ And in a quotation from Biderman in Davies, the ability of interest groups to provide "statistical and other systematic indicators" relating to their welfare indicates their degree of "organization self-awareness and political power".⁵⁹ In conservative groups recommendations from researchers will not normally find sympathetic listeners nor will groups generally appreciate knowledge organisations. If dairyfarmer members and leaders consistently opposed the BAE/PI research structures, they would fail to influence policy. But among dairy industry leaders I believe that, in spite of dairy membership apathy or suspicion, use of "statistical indicators" "market oriented" research, and willingness to co-operate with the BAE exists. The industry leaders in the ADIC (and especially from the ADPB and the Equalisation Committee) accept the BAE role and although they sometimes argue with BAE conclusions, leaders also quote the BAE when they consider the Bureau advantageous. Dairy industry leaders probably rely more directly on the ADPB, which in turn uses some BAE publications and research to enhance its own research authority, but the industry scores reasonably well on this issue of "organization self-awareness and political power".

The association with a "knowledge organization" is a clear example of what Beer has termed one of the "realities of governing" that of "advice". Beer wrote:

58. Davies, op. cit., p. 94

59. Ibid., p. 94.

Advice includes sheer information; for instance, the statistical data without which neither the regulation of a particular trade nor management of the economy as a whole would be possible. But the advice that government seeks from producers consists also of their technical knowledge and judgement ... "The form and functioning of British Government" Professor S.E. Finer has written, "are predicated upon the assumption that it will be advised, helped and criticised by the specialist knowledge of interested parties" ... 60

The second "reality of government" he described as:

Acquiescence. In seeking to control the economy government needs not only the advice of producers, but also in many instances their active cooperation in carrying out a program or policy ... a program may require their wholehearted acceptance if it is to be effective, as the system of price control during and after the war needed to have from businessmen something more than mere grudging consent to "the law". 61

And a third factor, which enhances the bargaining power of producer groups with government, according to Beer, is approval:

which further helps account for that extreme hesitation of departments and Governments ... to confront an open and public break with producer groups. It is the attitude ... that such organized groups have a "right" to take part in making policy related to their sector of activity; indeed, that their approval of a relevant policy or program is a substantial reason for public confidence in it and conversely that their disapproval is cause for public uneasiness. It is in short an attitude reflecting the widespread acceptance of functional representation in British political culture. 62

The dependence of Australian federal and state governments on producer groups for advice and acquiescence can be clearly established in the dairy industry. The importance of the technical advice of the dairy industry groups has been increased by the forms of equalisation and subsidy for which the Minister and Department of Primary Industry are responsible, and by the number of state-administered forms of assistance which were outlined in Chapters II and III. Desire for government intervention exists

60. S. H. Beer, Modern British Politics, op. cit., pp. 321-2.

61. Beer, op. cit., p. 325.

62. Ibid., p. 329.

in the dairy industry both from the government, which legislates on methods of production, tests and licenses units of production, prohibits unrestricted entry in the interests of the consumers' health, and from the industry, which is plagued by problems of supply shortages and surpluses, low income, inefficiency and seasonal fluctuations, and desires stability of income for rationalised decision-making. There is plenty of evidence in the preceding Chapters on the need for "advice and acquiescence" in the realities of governing the dairy industry.

Beer's third factor of approval has been described often by Australian Cabinet leaders, both Liberal and CP Ministers, as in the quotation used so often from McEwen:

My attitude is that neither the Australian Country Party or its parliamentary members should decide what is the correct philosophy for a primary industry. It has always been the policy of my Party that those who produce, own and sell a product are the best judges of the way in which their own property should be treated. It is the function of my party to see that the will of those who produce and own the product is carried into administrative and legislative effect What the Cabinet stands for is what my Party stands for - the according to primary industry of the opportunity to decide what it wants in respect of the marketing and disposal of its own product... 63

But there is another quotation from Sir John McEwen with a more cautionary undertone for producer groups. Chislett writes, introducing this quotation:

Without ... informal and flexible means of consulting and negotiating with rural industry, governments, especially the Commonwealth, would find the administration of their responsibilities most difficult. The leader of the Australian Country Party in Federal parliament has acknowledged this role in the following words:

'Those of us who are in government are drawn from many activities of life; we have different experiences and we're preoccupied with many things that are not close to industry, and I say, as one who's been a long time in government, we do need to be kept closely informed, closely advised - may I add, sanely responsibly advised - by those who are occupying their whole lives in their own industrial activities.' (Address of J. McEwen, Acting Prime Minister, Minister for Trade and Industry and Leader of the Australian Country Party to the United Farmers and Graziers Association of South Australia, Adelaide, 9 Sept., 1966). 64

63. The quotation appears in Fisher, op. cit., p. 22, and Campbell in Hughes, op. cit., p. 433, and in Aikin in The Country Party in N.S.W., 1972, p. 267, and cf. Parliamentary Debates, Chapter III of this thesis.

64. G. D'A. Chislett in Williams (ed.), op. cit., p. 126.

Part of this "sane responsible advice" must include an ability on the part of producer groups to match and to interpret, the research findings of the government's "knowledge organization". And the "sane responsible advice" should include support from, and for, the Department of Primary Industry, whose officers are "occupying their whole lives" with the activities of rural producers and national rural policies. For the most direct "channel of influence" for rural pressure groups is not political parties, nor electoral happenings, but the "vast untidy system of functional representation" of the federal/state, Australian government, "structures of power". And this is derived from the position of the farmer groups within the quasi-market economy.

producer groups have a power to affect policy-making that is quite separate from their position in the system of parliamentary representation and party government ... the source of this power is not the fact that the group or its members has a role ... as voters or contributors to party funds ... in the system of parliamentary representation but derives from the group's performance of a productive function ... from the fact that Government has taken over functions once performed by the economic system, in particular, by its market mechanisms ... From their position in the "mixed economy" resulting from this interpenetration of polity and economy, producer groups derive their new powers. 65

The dependence of the government on the industry for producer advice and acquiescence has been the purpose behind the earlier examination of the technical side of the dairy industry. This Chapter examined the strength of the "structures of power" of the PI Department, the BAE and the AAC to establish whether, as Eckstein suggests, there is "considerable weight" in the "breadth and significance of their functions", the continuity of their traditions, and the "political position of their heads". I have discussed the first two factors here, and the political position of their heads is part of the subject of the next two Chapters, and I emphasise again what I wrote in the introduction to this Chapter, that the "functional representation" of the dairy industry at the federal level has been a source of considerable power for dairyfarmer clients within the Australian political system from 1949-69, derived mainly from PI and the BAE. and their Minister.

CHAPTER IX FEDERAL POLITICAL REPRESENTATION 1) PARTIES

Access to points of decision in the government is significantly affected by the structure and cohesion of the political parties considered not just as electioneering devices but as instruments of governing within the legislature. A single party organisation that regularly succeeds in electing an executive and a majority in the legislature will produce one pattern of access ... channels will be predominantly those within the party leadership, and the pattern will be relatively stable and orderly.

D. Truman, The Governmental Process,
N.Y., 1951, p. 325.

Sometimes it is argued that "strong" parties mean "weak" pressure groups and that party government in the British style is the enemy of group politics. And, to be sure, one can easily see how the ability of a party to make a decision binding on its M.Ps. could enable it to hold its majority against some group demand. But if a "strong" party can in this way more effectively resist group demands so also can it more effectively yield to them party government in the British style can be highly favorable to the rise of a politics in which "bidding" for the support of consumer groups by highly competitive parties is a major feature.

S.H. Beer, Modern British Politics,
London, 1965, p. 351.

When one asks dairyfarmer leaders and organisation secretaries whether dairyfarmers as groups have influenced elections from 1949-69, or shared in party politics the answer is invariably 'no'. Possibly the answer is deceptive (I assume unintentionally) and it is sometimes qualified. It would be fair to say that dairyfarmer spokesmen advise their members of the effects of a party's dairyfarming policy, as they understand those effects. There was a lot of evidence of this advice in the publicity of the NSW Milk Zone Dairymen's Union during the 1960's and some evidence that the MZDU might actually support one party candidate rather than another. But most dairy farmer leaders are very clear about the possibilities of rousing resentment when they openly support one party candidate rather than another.¹ Dairyfarmer organisation represent dairyfarmers in a limited role as I have by now probably over-emphasised. At the electoral level, parties and parliamentarians aim to

1. Backing a losing candidate will reflect unfavorably on the judgement and prestige of the group spokesmen as well as reducing support for group aims.

reach beyond the group leaders to the group members appealing on a number of issues. While politicians welcome the assistance of the organisations to reach members, there is little evidence that Australian politicians depend upon the dairyfarmer groups for direct electoral support and appeal.

On the other hand, there is an attractive explanatory logic of dairyfarmer influence in the Australian party structure when the Liberal Party depends on the Country Party for support in forming a coalition government, and the Country Party depends on farmers for winning electoral support in the rural seats. A "horseshoe nail" theorem, resembling the nursery rhyme in which the battle was lost for the absence of a horseshoe nail, would therefore state that for want of a majority of parliamentary seats, the Liberal Party depends on the Country Party for parliamentary support. For want of widespread electoral support, the Country Party depends on dairyfarmer support at the polls. For want of proper recognition of the "national interest" the dairyfarmers exploit this dependence to demand parliamentary subsidy and assistance. And all for the want of a parliamentary majority. Some of this argument is implied in the following quotation:

How is it that 60,000 dairyfarmers, roughly 40,000 of whom are in the manufacturing sector of the industry, can milk the Australian economy of so much for so long, and yet face few serious challenges to their privileged position at the political level ... a strong interest of the few tends always to outweigh the weaker interest of the many except in a very enlightened democracy Dairying tends to be concentrated in a relatively small number of electorates dominated by dairying interests. Towns in such districts are highly dependent on the dairy industries ... often lend support, therefore, to any measure which will increase disposable incomes of dairyfarmers and ... oppose strongly any contraction in local dairy production Sometimes directors of co-operative and private dairy factories have a further interest in maintaining dairying activity locally ... the dairy industry is also assisted by exercising a political power far greater than its importance in the economy warrants by the practice in Liberal Country Party coalition governments of treating the agriculture or primary industry portfolios as almost an exclusive preserve for Country Party ministers. A few strategically placed

representatives of dairying and other rural interests in Commonwealth and state cabinets can often exercise a disproportionate influence upon policy.²

But it is not easy to find evidence of deliberate or explicit influence upon policy by leaders of the dairyfarmer organisations through party channels and elections - as the review of parliamentary debate in an earlier Chapter suggested. British pressure group studies have suggested that the preferred methods of dairy farmer influence in Australia would be through Cabinet and functional representation rather than through political party or electoral representation.³ In spite of CP reliance on rural support and the coalition government, this pattern of access appears to be true even of the rural-based dairy industry. In this Chapter I am analysing briefly some difficulties for dairyfarmer groups trying to influence policy through the Australian party structure from 1949-69. In the next Chapter I discuss in detail the voting record of dairyfarmers in the federal dairying electorates and the difficulties of influencing voting results to influence party policy.

Post-War History of Australian Federal Political Parties

The 1949 election began a convenient period of research into Australian electoral and party history. The House was enlarged from 74 members to 121, the Senate, where proportional representation was introduced, was enlarged from 36 members to 60, and there was considerable re-drawing of boundaries.⁴ There was little electoral or party change to 1969. The Liberal party was returned as the largest single party in 1949, and has

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2. Current Affairs Bulletin, Milking the Australian Economy, op. cit., pp. 197-8.
 3. see Beer quotation at the beginning of the Chapter and Eokstein's study of the BEA, Self and Story, op. cit., p. 63, S.E. Finer, Anonymous Empire, and cf. footnote to Introduction, Chapter IV. This is also the conclusion of G. L. Kristianson, The Politics of Patriotism, op. cit., p. 204, about RSL influence on policy and see T. Matthews in Mayer (ed.), Australian Politics, 1969, p. 248.
 4. Commonwealth Elections Act, 1948 (no. 10 of 1948) Representation Act, 1948 (no. 16 of 1948).

continued as the Federal Government, with Country Party support, ever since. The following tables summarise Parliamentary and Country Party standings from 1949-69 in the House and Senate, and establishes the first proposition of the horseshoe nail theorem.

Table 1. Party Strengths. House of Representatives, 1949-69

	1949	1951	1954	1955	1958	1961	1963	1966	1969
Lib.	55	52	47	57	58	45	52	61	46
CP.	19	17	17	18	19	17	20	21	20
ALP.	47	52	57	47	45	60	50	41	59
Ind.								1	
	121	121	121	122	122	122	122	124	125

Table 2. Country Party Seats by State House of Representatives, 1949-69

	1949	1951	1954	1955	1958	1961	1963	1966	1969
NSW	8	7	7	8	8	7	9	9	8
Vic.	3	3	3	3	5	5	5	5	5
Q.	6	5	5	5	5	4	4	4	4
WA.	2	2	2	2	1	1	2	2	2
NT.								1	1
	19	17	17	18	19	17	20	21	20

Country Party membership of the House has fluctuated less than the Liberal Party membership (CP 17-20, Libs 45-61), with Queensland the steadiest supporter of the Country Party, and the percentage of House of Representative seats held by the Country Party has changed from 14% (11 out of 74) at the beginning of the post-war period to 17% (20 out of 124) by 1969. In the Senate there has been similar Country Party stability.

Table 3. Party Wins at Senate Elections (1949-69)

	1949	1951	1953	1955	1958	1961	1964	1967
Lib.	21	28	3	12	13	12	11	10
CP.	2	4	2	4	3	4	3	4
ALP	19	28	17	12	15	14	14	13
DLP				2	1	1	2	1
Ind.								2
	43	60	32	30	32	31	30	30

Table 4. Country Party Seats won by State at Senate Elections (1949-67)

	1949	1951	1953	1955	1958	1961	1964	1967
NSW	1	1	-	1	1	1	1	1
Vict.	-	-	-	1	-	1	-	1
Q.	1	2	1	1	1	1	1	1
WA.	-	1	1	1	1	1	1	1
NT.	2	4	2	4	3	4	3	4

Note: Half the Senate retired for each election, except in 1951 when there was a double dissolution. The Liberal and Country Parties have joined in presenting a combined group for Senate elections and electoral results are presented as joint Lib/CP returns, except in WA.

Sources for all Tables: C.A. Hughes and B.D. Graham, A Handbook of Australian Government and Politics, 1890-1964, ANU Press, 1968. Parliamentary Handbook, 17th Ed. 1970.

The Senate, like the House, has been closely divided between Liberal and ALP throughout 1949-69. As in the House, the Country Party has held the balance of numbers in the Senate, and without minority party support the Senate would have become an opposition dominated Chamber. The details of Senate tickets and possible dairyfarmer influence are analysed in the following Chapter. From these tables it is apparent that the Liberal Party has certainly needed the Country Party to form a parliamentary majority in both Houses from 1949-69, as in the horseshoe nail theorem. However, observations from political analysts on the character of both parties and the ALP during the 1949-69 period, qualify a simple statement of Liberal Party dependence on, and dairyfarmer control over, the Country Party.

The Country Party

Within the Country Party, it is said, rank and file control over parliamentary members is restricted and the leaders of the party are given considerable trust, in marked contrast to the organisation of the ALP and to post-Menzies leadership struggles in the Liberal Party.

Few Country Party members of parliament have ever been refused re-endorsement and it is they and not the party conference, who determine that party policy on any issue is to be. At the federal level the parliamentary Country Party is in addition, almost completely insulated from state demands and pre-occupations. The Federal Council of the Country Party, the general policy-making body, is dominated by federal parliamentarians and no state Country Party organisation would think it proper to direct its federal members of parliament how to vote on any issue. 5

This observation is echoed by J.D.B. Miller, who comments that, although the Country Party has inherited from the post-World War I period a "powerful disciplinary machinery" on paper, it has a "natural solidarity which makes the machinery, in most cases unnecessary".⁶

There have been some exceptions in the states to this general rule. Both in Victoria and SA the Country parties have had pledges which limit the independence of state members of parliament.⁷ In Victoria the extension of such pledges to federal parliamentarians has been tried, but one supposes it has been practically discarded during the period under McEwen's leadership.⁸

If it is true that the Country Party shows unusual trust in and solid support for its leaders, it may be because the leaders have done pretty well by Country Party members. Aitkin writes:

5. Current Affairs Bulletin, Country Party - fortunes and options, 42.8. September 1968, p. 116.

6. J.D.B. Miller in Hughes (ed.), op. cit., pp. 364-5.

7. H. Nelson & L. Watson in Mayer (ed.) op. cit., 1969, p. 282.

8. The Victorian Country Party is unique among the CP state parties because it has had a more radical wheat farming tradition and a more favorable state electoral distribution with some veto control over lower House government from Legislative Council seats. McEwen himself in 1937 defied the Victorian CP over coalition with R.G. Menzies and successfully defended his seat and reorganised the CP in Victoria. However "in Victoria the Liberal Party commenced and carried a full blooded assault on the Country Party in the early 1950's which seems to have ended its dominant role in Victorian state politics" according to Aitkin, in Mayer (ed.), op. cit., 1969, p. 335.

On the whole, the post-war era has been a successful one for the Country Parties. Federally, of course the Country Party has shared in power since 1949. In Queensland it has been the senior partner in a stable coalition founded in 1957. In Western Australia as the junior partner, it has been in office for more than half the post-war years. After nearly a quarter of a century in opposition it has returned to the Treasury benches in N.S.W. in 1965 as part of a Liberal-Country Party coalition which was comfortably re-elected in 1968. The Victorian Country Party's hold on State politics was broken in 1952, but it has maintained something of a veto power (in alliance with the A.L.P.) in the Legislative Council. With morale high, and with a highly efficient organisation the party's future prospects might seem to be encouraging While it is true that in 1968 the Country Party appears as a powerful and stable element in the Australian party system, it faces two great and related problems, both of which will become more difficult in the years ahead. Firstly, the party's number and influence are declining; secondly, it has failed to reach any long-term settlement with the Liberal party. 9

Jupp agrees with this analysis of Country Party problems, writing:

The future of the Country Party depends largely on how effectively it can avoid the Liberal embrace and resist inevitable electoral distribution in favor of the metropolis. The Party still commands a majority in some country towns of over 10,000 population like Mildura, Shepparton, Grafton or Orange. But, ominously, it has recently lost such a position in Lismore, Albany, Bairnsdale, and Dubbo. In Queensland, although the largest party in the State Assembly, it has no members from the major provincial cities. Outside of Queensland, the Country Party reached its peak thirty or forty years ago in State politics. It reached its maximum strength in Victoria in 1943, in New South Wales in 1932, and in Western Australia in 1923. In Victoria "it was only the luck of the distribution that allowed it to stamp its mould on a whole generation of State politics". (A.F. Davies in S.R. Davis (ed.), op. cit., p. 222). There is not the slightest reason to suppose that the Country Party will merge with the Liberals, nor that primary producers have deserted it. It has not declined because of bad organization or leadership or internal dissension. The classes and groups which brought it into existence are simply no longer as aggrieved nor as numerous as they were a century ago. 10

As a partial solution to the problem of declining support during the 1960's, McEwen began to support the development of Australian manufacturing and "growth" as a desirable economic policy, even under high protective

9. Aitkin, op. cit., pp. 330, 333-4.

10. J. Jupp, Australian Party Politics, 2nd Ed., M.U.P., 1968, pp. 161-2.

tariffs to provide a basis for a more general "producers' party".¹¹ Some Liberals, notably W. McMahon, were tending at the same time towards a policy of the "most efficient use" of natural resources and limited amounts of labour and capital through lower tariffs and greater competition.¹² The McEwen "producers party" policy does not satisfy all farmers and there is some intra-party division over this new Country Party policy. The policy is generally less appealing in Queensland and WA as less industrialised states dependent on primary and mineral exports, than in Victoria and NSW where industry is concentrated. But although the rural states show traditional CP opposition to high tariffs, Queensland and WA Country Party voters have also been loyal supporters (and unlikely to provide more farmers in the near future to increase Country Party representation) and there may be some appeal in the new CP policy to rural workers in the growing WA and Queensland industrial sector, and in the extractive industry development of rural areas. McEwen's protectionism appeals generally where the rural support has been disappointing to the Country Party, in country towns and outer city areas, and in the states where there has been low Country Party support, Victoria and possibly South Australia.¹³ It is a good example of Beer's "bidding for" support of consumer and producer groups.

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11. Aitkin describes this new policy at length in The Country Party in NSW, op. cit., pp. 70-74.
 12. This clash of opinion is described in A. Reid, The Power Struggle, Sydney, 1969. An interesting, if undocumented, view is that the differences were increased by early disagreement between McEwen and McMahon over dairying policy in the late 1950's. The tariff policy of the ALP of 1973-4 is closer to McMahon than McEwen, though later relaxation tends to bring the ALP back to a more tender view of the producer.
 13. This policy may appeal to a number of Liberal supporters and members of parliament whose interests and electorates are identified with smaller secondary industry development, thus cementing CP relationships with some Liberals in rural/urban areas.

It is in these country town and outer city electorates that a viable section of the dairy industry is concentrated. The dairyfarmers living in traditional CP electorates, together with the even more traditionally CP graziers,¹⁴ may be inclined to view the new CP protectionism extended to secondary industry with jealousy, because they support a North Coast rather than a dairying philosophy. But in Albany, Bairnsdale, Dubbo, even Lismore,¹⁵ the dairyfarmers may reflect another regional preference for decentralisation, opportunity for wider range of jobs and educational skills, more economic diversity. These dairyfarmers could help to provide an electoral majority in country towns and non-metropolitan electorates where the CP needs more support. Or the dairyfarmers might vote against the CP, for Liberal or ALP candidates who favor general policies of protection and growth, eroding support for CP special interest policies in critical electorates. So the CP, in the decade from 1960-70, has developed a policy which has divided dairyfarmers from each other, insofar as some dairyfarmers share traditional low-tariff philosophies associated with Queensland and WA export-oriented farmers, and others do not.

Moreover, dairyfarmers are partly represented in a way which tends to restrict their influence. I describe the details of this representation more fully in the next Chapter, but to summarise, because dairying has partly coincided with the traditional CP electorates, CP representation has been by senior statesmen from "safe electorates". Within the traditional CP electorates, the party has been a reliable and solid organisation from 1949-69. It is from these traditional electorates that the dairying industry is usually assumed to influence political representation, but these CP representatives have been particularly

14. Both B.D. Graham and D. Aitkin suggest there is a strong correlation between grazing interests and CP support.

15. Aitkin suggests that dairyfarmers in NSW have not been as committed to the CP even in traditional CP electorates. see APSA monograph, no. 8, The Country Party in NSW, Part I, Table 17. 2, p. 6.

independent and confident parliamentary members. Traditional re-election and the key position of the CP in the government coalition has enabled the CP leaders to arrange places in the Cabinet for senior party colleagues. Table 1 in the next Chapter shows that 11 Cabinet Ministers have represented 10 major dairying electorates. The executive roles of Cabinet ministers make electorate demands and petitions appear relatively insignificant to party leaders. Consequently the solid parliamentary representation given to CP members in strong dairying electorates, resulting in Ministerial representation, may have weakened rather than strengthened dairyfarmer influence over policy at the party branch and electorate level, though access to members as ministers, rather than parliamentary representatives, may be a source of compensating influence.

The two major parties 1) The Liberal Party

The strength of the major parties and their control over Federal and State government has been relevant also to the position of dairyfarmers and the dairy industry. Although there has been relatively little change in party control of state governments or federal government in the 1949-69 decade, the frequency of elections in Australia makes demands on party energy and funds, especially major parties which contest all electorates, distracts parties from a steady focus on policy, and provides opportunities for group politics.

The following Table indicates changes of government although not numbers of elections. The widespread strength of the Lib/CP coalition is demonstrated, particularly since 1959, and the stability of government in most states.

Table 5. Party Composition of the State Governments, 1949-69

Year	NSW	Vic.	Qld.	SA	WA	Tas.
1949	Lab.	Lib.	Lab.	Lib.	Lib-CP	Lab.
1950	Lab.	<u>Je C</u>	Lab.	Lib.	Lib-CP	Lab.
1951	Lab.	CP	Lab.	Lib.	Lib-CP	Lab.
1952	Lab.	CP	Lab.	Lib.	Lib-CP	Lab.
		<u>De Lab</u>				
1953	Lab.	Lab.	Lab.	Lib.	<u>Fe Lab</u>	Lab.
1954	Lab.	Lab.	Lab.	Lib.	Lab.	Lab.
1955	Lab.	<u>Je Lib</u>	Lab.	Lib.	Lab.	Lab.
1956	Lab.	Lib.	Lab.	Lib.	Lab.	Lab.
1957	Lab.	Lib.	<u>Au C-Lib.</u>	Lib.	Lab.	Lab.
1958	Lab.	Lib.	C-Lib.	Lib.	Lab.	Lab.
1959	Lab.	Lib.	C-Lib.	Lib	<u>Ap Lib-C</u>	Lab.
1960	Lab.	Lib.	C-Lib.	Lib.	Lib-C	Lab.
1961	Lab.	Lib.	C-Lib.	Lib	Lib-C	Lab.
1962	Lab.	Lib.	C-Lib.	Lib.	Lib-C.	Lab.
1963	Lab.	Lib.	C-Lib.	Lib.	Lib-C	Lab.
1964	Lab.	Lib.	C-Lib.	Lib.	Lib-C	Lab.
1965	<u>My Lib-C</u>	Lib.	C-Lib.	<u>MH Lab.</u>	Lib-C.	Lab.
1966	Lib-C	Lib.	C-Lib.	Lab.	Lib-C	Lab.
1967	Lib-C	Lib.	C-Lib.	Lab.	Lib-C	Lab.
1968	Lib-C.	Lib.	C-Lib.	<u>Ap Lib.</u>	Lib-C.	Lab.
1969	Lib-C.	Lib.	C-Lib.	Lib.	Lib-C.	Lab.

Source: D. Aitken & P. Hall in Mayer (ed.), Australian Politics, 1969, p. 116.

In 1949 there were Liberal or Liberal coalition governments in three States. In 1969 there were Liberal and coalition governments in five. Tasmania was still an ALP state and the Liberal Government was kept in office in SA by the support of T. Stott, an Independent rural representative of wheatfarmers who withdrew the support in 1970, precipitating a state election at which Labor was returned. But 1969 represented a period of almost complete dominance by the Lib/CP parties.

Why is the Liberal Party so strong in the seven Australian governments in the decades from 1949? It certainly does seem to be realistic to see the Liberal party in some sense as an anti-ALP party, for many supporters do claim to be voting against the ALP at elections. But of course the Liberal Party is far more than that. It is, in an organisational sense, as one of its observers has written, a "composite of seven parties"¹⁶

16. K. West, Power in the Liberal Party, Melbourne, 1965, p. 261.

although the federal party has, at a central bureaucratic head office, "a large and competent Secretariat ... the envy of all other parties".¹⁷ The Federal Finance Committee of the Liberal Party is also a strong, although no longer a disciplinary, power over the state Divisions. West sees the Liberal Party almost entirely in terms of the State Divisions which vary from considerable strength, power and finance in Victoria, to relatively weak and poor in Queensland, divided but potentially strong in NSW, strong but limited in support by a rigid Establishment in SA, and relatively isolated and independent in WA and Tasmania. Apart from some ideological appeal based on individual enterprise, private incentives, personal freedoms, a foreign policy combining reliance on friendly great powers with a certain amount of Australian investment and preparation, the Liberal party has based its electoral appeal mainly on the experience of its leaders, on their past records which coincided with or caused (depending on the viewpoint) the great economic advances in Australia. The Liberal Party since 1949 aimed to appeal to a cross-section of the voting public in the Beer tradition of mass British parties, and the electoral appeal has been widespread and strong. The Liberal Party has also been able to benefit from the trend towards domination of parliament and political issues by the Cabinet itself - and the Federal Cabinet in particular. "The advantage of incumbency" as David Butler describes office-holding, is reinforced by the "suppression of politics", to quote G. S. Reid, and described in the earlier discussion on parliamentary debates. The control over the program of legislation, of the length of debates, of the details of bills before parliament, in five state governments and the federal government, gives Liberals a great deal of influence over political discussion. Political discussion was also

17. J. Jupp, Australian Party Politics, op. cit., p. 137.

influenced by the dominating presence in federal politics of Sir Robert Menzies. Mayer and Rydon wrote as early as 1953 that Menzies had "often stressed that he does not accept the view that representation is mainly or largely, a matter of 'reflecting' electoral demands".¹⁸ As Sir Robert continued in office, it became even less necessary for him to "reflect electoral demands" as his personal influence increased. Political discussion and the Federal Liberal Party has presumably been influenced also by the strong Victorian State Division of the Party behind Sir Robert, and to a somewhat lesser degree by the NSW Division, both representing urbanised financial interests. The Federal Party has had a modernised, efficient and more effectively centralised structure than other Australian parties and from 1949 has enjoyed considerable advantages of strong leadership, a broad appeal and incumbency. Such a "strong" party is able to "effectively resist group demands", as Beer wrote in the quotation introducing this Chapter. Indeed Liberal Party reorganisation in the 1940's was aimed to reduce the dependence of parliamentary members on "outside influence" and to build widespread public support. It is particularly significant to dairyfarmers that the Liberal Party is, according to West, strongest in Victoria where dairyfarmers are also economically strongest. Against this potential asset for dairyfarmer influence, there are the considerable forces of Victorian commerce, industry and retail trade which compete for Liberal Party favors extended to special sectors of the economy. These forces may have a direct effect on Victorian dairyfarmer spokesmen, whose sense of economic competition is keener than that of Queensland dairyfarmers, for in Queensland, efficiency in production is sometimes bypassed in favor of social values, such as the importance of the family farm and rural

18. H. Mayer and J. Rydon, The Gwydir By-Election, 1953, p. 182.

settlement and development in the relatively open spaces.¹⁹ The larger factory chains such as Kraft and Murray-Goulburn of Victoria, or PDS in southern NSW, must be attracted to the policy and "effective power" of the Liberal Party.

The strength and appeal of the Liberals and the weakness of the CP qualifies the proposition that the Liberal Party is dependent on the Country Party, although that proposition is frequently asserted in popular commentaries. The Liberal Party, reorganised to avoid dependence on groups, led by Sir Robert Menzies, competing with the CP at the electoral level, determining, through its Ministerial control of Inner Cabinet the direction of much government policy, has been the senior partner in the coalition since 1949, and if the CP had withdrawn its support before 1969 it would have had to bargain with a disorganised ALP, allegedly dependent on industrial unions, for shares in government. In view of the truth that "the Country Party is finding it increasingly difficult to assert its own identity" as Aitkin writes,²⁰ a withdrawal presents considerable difficulty for CP leaders. Only in Victoria where the State CP is now the weakest party in state politics, has there been ALP/CP co-operation in the 1949-69 period. At the federal level there are many differences between the ALP and the CP on ideological issues. For thirty years most CP supporters have probably believed their party to be "anti-Labor". If the CP wanted to enjoy the considerable prestige of government²¹ it has been committed

19. cf. C.A.B. Queensland politics at state level, Vol. 41. 6. 1968.

20. Aitkin in Mayer (ed.), op. cit., 1969, p. 336.

21. In 1971 it was rumored that the Country Party, fearing rural depression, had decided to resign from the coalition to avoid responsibility for declining rural income and this forced a more favorable Cabinet decision on the level of dollar devaluation. The threat to resign may have been genuine on that occasion (under Anthony) but I do not believe it has been made often from 1949-69, (under McEwen). cf. Webb in Hughes, (ed.), op. cit., p. 334. The prestige of government has enabled the Country Party to take some credit for general economic gains made since 1949 in Australia, and for achieving particular subsidy payments for farmers. In opposition, the CP would become vulnerable in its electoral appeal if the ALP government were able to take credit for any substantial rural subsidy and relief payments or income gains.

to support the Liberal Party, and that has reduced Liberal Party dependence on its coalition partner.

Furthermore, the regional strengths of the two coalition partners have tended to complement each other, despite the competition in rural/urban areas. The concentration of Liberal Party strength in the Victorian and NSW Divisions has compensated for some CP weakness in Victoria and relative weakness in southern NSW.²² In the north, the strength of the CP compensates for some Liberal deficiencies in Queensland and the New-England-North NSW Coast regions. Contraction of the dairy industry since 1960 in Queensland and northern NSW has meant that increasingly, dairyfarmers have been represented by non-Country Party members of parliament. For dairyfarmers, concentration on CP views and policy alone would have been distinctly shortsighted as the number employed in the industry outside Victoria and SA declined rapidly during the 1960's. The trends of the two decades since 1949 have not strengthened dairyfarmers or the Country Party in Australian politics.

The Labor Party

There is a considerable literature on the Australian Labor Party, which has been vigorously investigated by historians, political analysts, visitors and opponents. For a study of Australian dairyfarmers from 1949-69 it is not necessary to attempt much summary of the party in opposition. Like the Liberal Party, the ALP has been vulnerable to leadership dispute, to rebellions within the ranks. Unlike the Liberal Party, the ALP has attempted to exercise control over supporters and its parliamentary representatives through pre-selection control of candidates, through pledges of support on policy and sometimes through autocratic executive control of branches. Leadership splits are bitterly fought

22. Aitkin, Monograph, The Country Party in N.S.W., *op. cit.*, p. 6.

and reconciliations harder to achieve within the inflexible and powerful machinery of the ALP formal structure.²³ Also, unlike the Liberal Party, the ALP claims to be influenced by ideology or perhaps doctrine which provides another battleground for dispute within the party and with the Country Party as a potential coalition partner. There is some doubt as to the importance of doctrine to party members, for the larger Labor divisions have been over immediate practical issues, such as conscription and "State's rights" (the NSW Lang dispute and "Catholic group" control in Victorian trade unions and the Victorian branch). Nevertheless, many supporters of the ALP do claim that the ideology, such as "socialism" "planning" "equality" "change and reform" is what determines their allegiance to one party rather than another. In addition to the difference with the Liberal Party in organisation and executive control over members and to doctrine which is responsible for at least minor divisions in the Party, the ALP is the only Australian political party which is prepared to accept explicit support by pressure groups.²⁴ This support produces some conflict between branch members of the Party and union control (through numbers and finance) of the state executives. The conflict is not only divisive within the ALP, it is also something of an electoral handicap in that opponents of the ALP have been able to blame the party for the actions of the trade unions. When trade unions have been unpopular with the public (as they were during a period of fairly constant and inconvenient strikes from 1946 to 1950) the ALP has been identified with "soft treatment" of their union group supporters. The Liberal-CP coalition claims to

23. Jupp, op. cit., pp. 94-5.

24. cf. R. M. Martin, "Trade Unions and Labor Governments in Australia" in Hughes (ed.), op. cit., p. 392.

serve a wider section of the electorate than the ALP and alleges that party identification with groups is a peculiar ALP handicap in the making of decisions. Financial dependence on groups is popularly believed to be an even more dangerous handicap.

To summarise this discussion on party appeal to dairyfarmer groups, I suggest 1) The Country Party has strong leaders, executive responsibilities a loyal organisation which are characteristics reducing the opportunities for groups to influence policy from a branch and state conference level. But the weaknesses of the CP in non-rural areas, in SA, Tasmania, parts of Victoria, has encouraged the CP party leadership to look at broader, generally appealing issues, like Sir John's new protectionism. And in some areas, where the new protectionism is supposed to attract voters, dairyfarmer groups may find the CP unusually sensitive to their interests. In the same areas of course, both Liberals and Labor Party strategists will be sensitive to group interests also. 2) The Liberal Party with a program emphasising sound government, interest in economic enterprise and growth and development, is particularly likely to attract producer members who want economic security and associate that security with the coalition government record. 3) By contrast the ALP, divided by trade union and ideological conflicts, with a possibly divisive machinery and leadership conflicts frequently publicised by coalition government supporters, cannot expect to attract the same support from producer members who place a high priority on orderly economic growth and government. Nevertheless the dairyfarmer groups have not exclusively supported Lib/CP candidates. Obviously, in Tasmania, NSW, and parts of Queensland, dairyfarmers are represented by ALP members, and their allegiance is wooed by such solicitous representatives as Alan Fraser of Eden-Monaro, Patterson of Dawson, and Luthie of Wilmot. Sir John McEwen has written that:

"in the 1950's... some within farmer organisations in several states were linked with the Labor Party in one way or another"²⁵ and they still are.

Aitkin writes of the ALP in NSW:

Although it cannot supplant the Country Party as a non-Labor force, it has attempted with some success to supplant it as a country party by building up Labor's rural reputation ... it possesses the allegiance of most of the rural and provincial urban working class ... it has always found some support among the smaller farmers and graziers because of their rejection of the Country Party as a "rich man's party" ... parts of the country ... have traditionally supported the ALP ... as a carry-over from the old gold-mining days or ... squabbles between squatter and selectors.²⁶

G. Duthie has also volunteered some observation on ALP connections with dairyfarmers. He writes:

The main ALP Federal electorates affected by dairy policy would be Braddon and Wilmot in Tasmania, Hume and Eden Monaro in N.S.W. These electorates would have been the ones still affected back in 1960 Dairying policy has a marginal affect in my electorate and in Braddon and Bass. What I mean by this is that if the dairymen should all decide to vote against Labor with their wives, their total vote would not affect the final result. All dairymen have never voted Labor. At the best of times I would say that only about 30% of them would have voted Labor. ²⁷

Clearly, one can conclude that the Lib/CP government appeals to more dairyfarmers than the ALP does. But whether either Liberals or the CP can claim to be the party of the dairyfarmer is much more doubtful, since dairyfarmers support both parties and also the ALP. And it is also very doubtful if dairyfarmers are in a strong position to influence any party policy in their own interests, unless their interests coincide with broader aims and claims of the parties.

25. Letter to author, 15 May 1973.

26. Aitkin, op. cit., p. 288.

27. Duthie is ALP member for Wilmot, secretary of the Tasmanian ALP Rural Committee, "which I established in 1966 with 80% farmer membership (all members of the Labor Party)" and Chairman of the Government Rural Industry Committee (1974). "Dairyfarmer leaders", he writes, are now "enabled to approach Federal members as a group". Letter to author, 14.3.1974.

Pressure Group Strategies

It might be supposed by some observers that, as in the United States, the dairy industry makes or withholds generous donations to party funds and individual candidates in an attempt to achieve influence over government policy. There are, I think, few signs that this occurs in Australia. According to Hughes,²⁸ there are a number of factors inhibiting financial backers of parties, including the number of decisions taken outside parliament by tribunals, boards, government agencies - and the bureaucracy - where party contributions are irrelevant, the compulsory voting system which reduces campaigning expenses for candidates, and the basic socio-economical interests from which political parties have evolved in Australia.²⁹ Thus financial backers may be "given only a marginal preference" on policy but they may gain access through party or individual candidate support to Ministers or civil servants and this "may be worth some modest expense".³⁰ In view of the formal and frequently used access to Ministers and bureaucrats which the dairy industry already has, financial backing for this purpose would be unlikely.

Hughes estimates that the ALP may be less vulnerable to special contributions because of its steady union income, though unions do threaten withdrawal of support over special issues. On the other hand, the Liberal Party depends for "only 20% of its funds" from its members and the "Liberal federal organisation is financed entirely by donations" possibly making it more susceptible to financial contribution, particularly because its campaigns are fought mainly in metropolitan electorates where expenses are high. Financing urban candidates and parties where electoral campaigns rely on expensive advertising and mail distribution may be more attractive for backers than financing rural candidates and parties, for

28. C.A. Hughes, "Australia", Journal of Politics, 1963, Vol. 25 pp.646-63.

29. Hughes, op. cit., pp. 632-3.

30. Ibid., p. 663.

in rural electorates local reputation and the rural grapevine are alleged to count for more than professional publicity.³¹ The description of government dairy policy in earlier Chapters suggest that dairy industry financial influence would be limited to attempts to influence subsidy and tariff rather than technical assistance, rural reconstruction or equalisation machinery, in which there is relatively less group profit - or at any rate not profit by those dairy industry groups with which this thesis is concerned.³² For instance, the Processed Milk Manufacturers Association, which achieved a share of the subsidy in 1962 was in a position to use some judicious financial backing during this delicate period of party balance. In the dairy industry, not only are dairyfarmers possible sources of donation, but the larger factory companies have considerable resources and stand to lose a good deal by changes in tariff policy for dairy products - and, I suggested earlier, reduced farmer subsidy. On the other side, margarine manufacturers (and their suppliers) also have a considerable financial interest in having the restrictions on production eased or even discontinued. The resources of the margarine industry provides some competitive pressure for the dairy industry and the margarine industry is certainly stronger in financial resources than in numbers engaged in production³³ or widespread organisation. There is little sign however, that the margarine industry has achieved any influence over government dairying policy to 1969. Grant Harman has written:

31. of. Aitkin, op. cit., Ch. 14. 'Financing the Campaign', especially pp. 242-45. There is no mention in this chapter of donations from non-party members or pressure group organisations.
32. Purchase of properties under rural reconstruction may have disappointed some land investors hoping for bargain-priced land, and vendors of agricultural supplies may gain by pasture assistance schemes.
33. Marrickville did organise a petition by 3,000 employees in 1966, supported by C. Oliver, State secretary of the AWU, and presented it to the State parliament. Australian, 30.9.1966.

In Australia there is little scope of (sic) bribery and corruption at the official level. Financial resources do constitute an important political asset for pressure groups, however, and they can be used for five main purposes: maintenance of a secretariat and the hire of experts, organisation maintenance and membership recruitment, regular publicity and propaganda, contributions to political parties and the fighting of special political campaigns. The GA uses its financial resources in each of these ways. ³⁴

Nevertheless, he concludes that the resources do not enable the GA to exercise influence in general policy matters, nor even on some special issues and that their financial resources are by no means conclusive, although they are made openly on occasion. ³⁵

Obviously an appearance of financial independence is a necessary part of Liberal and CP claims aimed at identifying the ALP with "special interest" support. And for the ALP, an attempt made to associate the Liberal or CP with sinister capitalist interests and donations, as predecessor conservative parties were close to their financial backers ³⁶ may discourage Lib/CP supporters who want "clean and open government". But apart from political propaganda, the Australian political system probably is less vulnerable to pressure group financing than the US system where voluntary voters need to be reached in large numbers with considerable expense, where party discipline within the legislatures is weaker so that successful candidates can introduce bills or vote for special interests legislation without party censure, where the administration of policy is within the jurisdiction of Governor or President - or Mayor - and may relieve the legislator of the embarrassing effects of supporting special interest legislation which will be finally vetoed by an executive. The Cabinet system, encouraging administrative responsibility by legislators, reduces as a consequence,

34. G.S. Harman, Graziers in Politics: the Pressure Group Behavior of the Graziers Association of N.S.W., Ph.D. thesis, ANU, 1968, p. 193.

35. Harman, op. cit., Chapter 20, pp. 369-72.

36. See discussion, R.S. Parker, "Group Interests and the non-Labor Parties since 1930", in Hughes, (ed.), Readings, pp. 389-91.

the independence of parliamentary members and members' value as individuals to donors.³⁷ The subsidy policy of the Lib-CP coalition may have been continued for the Fourth 5-Year period from 1962-67 as a result of financial contributions from the industry in 1961-2, but it would be unrealistic to suppose financial contributions accounted for the formation of policy in the 1950's, or for its perpetuation under conditions of severe general criticism, or economic pressure. Nor would financial contributions be expected, in Australia, to be a regular form of influence on government policy.³⁸

Political influence by dairyfarmers and the dairy industry could also be a result of the occupational sympathy from certain parliamentary members.

Fisher comments on:

The close nexus that generally exists between rural commodity organisations and the Australian Country Party ... this should not be interpreted as meaning that an organic relationship (as Professor Sawyer has suggested, Australian Government Today, Melbourne, 1963, p. 56) exists between farmer organizations and the C.P. but rather that farmer organizations can expect to receive a sympathetic yet not always responsive ear from the Country Party.

Coupled with ... attitudinal affinity is the fact that some prominent members of both the Federal and State Parliamentary Country Parties are also members of State dairy farmer organizations. This should not be taken as necessarily having a sinister implication. It is referred to here merely as an index of the ease with which dairy farmers have access to political channels. 39

37. cf. Matthews in H. Mayer and H. Nelson, Australian Politics, Cheshire, 1973, pp. 493-4.

38. J. D. Anthony writes: "I am not aware of any instances in which financial contributions to political parties or candidates have influenced policy. This is not to say that people who believe the policies of a particular party or candidate will be helpful to them do not financially support that party or candidate.

I know it has often been suggested that the Country Party has introduced policies beneficial to the manufacturing industries in return for the support of those industries. What is overlooked of course is that the tariff protection which has been granted to Australian industries has been granted only after a full and public inquiry by the Tariff Board whose recommendations have been accepted by the government of the day in the vast majority of cases. In any event the degree of financial support which various industries or individuals provide for Australian political parties is not of a magnitude which would raise the possibility which you have asked me about. I think it is probably the case that many industries support all the major parties". Letter to author, 21.2.1974.

39. Fisher, *op. cit.*, pp. 71-2.

A distinction should be made here. Unlike trade unions and grazier associations, there has been almost no movement into politics of dairy-farmer officers during 1949-69. Harman wrote of the NSW graziers that the political parties were used as "intermediate targets" by individual members of the Association, acting more or less independently of the executive, "to publicise group demands" and that there existed an "overlapping role" of leaders and members with sub-committees of the Liberal/Country Parties.⁴⁰ There is certainly less evidence of an overlapping role during 1949-69 from officers or from members of dairyfarmer groups than from graziers and wheat farmers and I think there is little evidence that political parties, per se, are "targets" of individual dairyfarmer members, although I cannot pursue that investigation thoroughly in SA. Federal dairyfarming members, like Peter Nixon of Gippsland, have moved from branch to pre-selection to political election through the political party structures, and rarely been involved in official dairyfarmer organisation activities, and dairyfarmer pressure group organisation has been, surprisingly, little used by political aspirants. The Country Party has an "organic relationship" to (or "overlapping role" with) dairyfarmer groups only in the sense that the "same blood" flows through both systems (and diluted, through the Liberal Party system). Possibly this blood relationship encourages the dairyfarmer organisations to feel confident of sympathy without overt approaches to party committees.⁴¹ The detachment from overt dairying political activity is a contrast to the political record of wheat

40. Confirmed in an interview with P. Nixon, Sir C. Adermann, Canberra, 1972. J.D. Anthony writes, "I agree with the comments Mr. Nixon has given you on this question.... The dairyfarmer organisations do not directly influence dairying policy through the party structure".

41. One should not exclude the ALP from this relationship since at least one of the current Senators, Cydl Graham Primmer of Victoria, has been on the State Council of the VDA. The ALP also has a connection through the AWU with dairyfarmers and ex-dairyfarmers. cf. both Clyde R. Cameron, Minister for Labor, who lived and worked on a dairyfarm until he was 20, and T. Dougherty, Federal Secretary of the AWU till 1972, who worked in the industry from the age of 13. Advertiser, 17.10.1972.

and grazing organisation spokesmen and officers whose "blood relationship" to parliamentary and party members has been similar to the dairyfarmers, but whose secretaries, chairman of committees, presidents, have held political office or run as candidates with more enthusiasm. The contrast may result from the technical preoccupations of dairy industry leaders and their year-round farming program which distracts them from political careers. In trade union history, the secretaries and elected officers have so often moved into ALP parliamentary positions, and held an "overlapping role" within the ALP structure that the political ambitions of union officers is often taken for granted. The direct "overlapping role" and "access to channels" is much more obvious in the case of graziers, wheatgrowers and trade unionist officers than it is in dairyfarmer officers and this may be true also of the membership of the dairy organisations, which is unrelated to political ambition within dairying groups. There are certainly more elected Lib/CP than ALP federal representatives who have been farmers. Crisp tabulated the "Vocational Background of Parliamentarians" without a party breakdown from 1949-63 and discovered that the Senate has had 13-17 farmers and the House has had 26-29 farmers.⁴² The Country Party is the major, but not the only, supplier of farmers to either chamber. In an occupational classification of the occupations of the members of the 27th Parliament,⁴³ 20 of the 25 Country Party representatives were primary producers and 16 of the 68 Liberal party representatives were primary producers. Appendix C details the occupational background of the members of the dairyfarming electorates. Summarising this Table,

42. L.F. Crisp, Australian National Government, *op. cit.*, p. 166. The 1970 Commonwealth Parliamentary Handbook gave occupational details of federal representatives.

43. Commonwealth Parliamentary handbook, 17th Ed., p. 459.

a number of Liberal representatives have been farmers (and graziers) and some Country Party representatives have not, but overall, the dairy electorates in NSW, Victoria and Queensland have been represented by 20 farmers among the 48 representatives. Of 18 Country Party dairyfarming representatives 10-11 were farmers, (occupations of two representatives were unknown), of 17 Liberal dairying representatives, 9 were farmers and graziers, (one unknown occupation), and of 13 ALP representatives, only one appears to have been a self-classified farmer (two unknown occupations). There is a correlation between occupation and rural or non-rural electorates, and major and minor dairying electorates. 7 of 10 (rural) dairyfarmer electorates were represented by farmers/graziers in 1969, and in the 11 minor dairyfarmer electorates, which are described in detail in the next Chapter, only 3 representatives were farmers.⁴⁴ It seems likely to me that farmers represent dairyfarmer electorates more because they are rural than because they are dairying electorates. Dairy-farmers may recognise that occupational overlap between representative and voter is not always an advantage. According to W.A. Kelly (farmer member from Wakefield, SA, a wheat-sheep electorate) farmer representatives are more unsympathetic to farmers than non-farmer representatives.⁴⁵ This observation produces smiles from other farmer representatives but no denials.⁴⁶ Many - a surprising number - of political representative and party officials claim acquaintance with dairyfarms in their youth, although their present occupation would give no clue to this background.⁴⁷

44. Ibid.

45. Interview with W.A. Kelly, Adelaide, July 1972.

46. Interviews P. Nixon, Sir C. Adermann, Canberra, September, 1972.

47. cf. C. Cameron and T. Dougherty of the AWU, in earlier footnote and allegedly several Q. ALP members of parliament.

I do not doubt that there is significance in Fisher's claim that an occupational interest of any party member in farming makes him a possible ally in dairyfarmer demands, bearing in mind two qualifications. One is that prominent farmer representatives, like dairyfarmer officers themselves, usually have to be sufficiently successful or wealthy to spare time from the farm, and this may bias their judgement against the industry demands for poorer, less successful farmers. Those who grew up and moved off less successful dairyfarms into other occupations may be more sympathetic to claims for public-sponsored reform and re-financing. The second qualification is that farmer representatives have an experienced scepticism for rural pessimists - "you blokes wouldn't know a good season if it came up and tapped you on the shoulder". Ex-trade union officers who have become political representatives display similar scepticism about claims of gross exploitation of workers made by trade union representatives. Both farmer and trade union representatives may be over-exposed to the conventional propaganda of their respective groups.

I conclude that dairyfarmers have achieved some parliamentary influence because they have usually sympathetic parliamentary relatives, who may receive occasional financial assistance, directly or through party channels, from the manufacturing or the producer side of the industry. The dairy industry receives some parliamentary support because its members are believed to have generally supported the Liberal-Country Party government at the polls, but the dairyfarmer link with parties is undoubtedly qualified by several factors, especially between elections. Firstly, where dairy farmers are identified with CP support, they have parliamentary spokesmen who are sometimes highly independent, with problems of coalition strategy and co-operation, frequent elections and Ministerial responsibility to distract them from steady support of farmer groups.⁴⁸

48. cf. Aitkin's claim that even the NSW Executive cannot easily influence the Federal Party. The CP in NSW, 6p.27, pp. 274-5.

The CP is under attack, for instance, from some Liberal Party members who would like to shake the CP traditional hold on rural electorates and strengthen the appeal of the Liberal Party to farmers. Secondly, where dairyfarmers are represented by Libs. or Labs, both major parties are handicapped in supporting dairyfarmers, by explicit Liberal claims of independence from group influence, by internal leadership struggles and party divisions, intermittently repaired by independent and dominating leaders and because both major parties represent economic interests which compete with farmers for shares of the national income - unions and "town capital". Thirdly, where dairyfarmers are represented by Liberal Party members in Victoria and southern NSW, those rural/urban electorates contain the most viable members of the industry.⁴⁹ Possibly these influential Southern Liberal members (and the Victorian CP representatives, not the North CP members) have provided the necessary political weight to continue the flat-rate subsidy which increasingly favors the producers in Victoria, SA and southern NSW, and embarrasses the industry.

Competition between Libs., Labs. and CP candidates at the polls might be expected to encourage interest groups to play one party off against the other with demands that parties make competitive bids for producer group support, especially when elections are frequent as they are in federal systems. But the third factor, of Liberal dairying representation in the south, inhibits dairyfarmer demands on parties. For both intra-industry conflict and party conflict divides southern NSW, Victoria, SA and Tasmania (with a strong dairy industry, committed to high production and diversified exports, strong Liberal Party and weaker CP organisation)

49. M. Fraser of Wannon in Victoria, for instance, played some part in encouraging and making submissions to the Dairy Industry Committee of Enquiry for reform of the industry. In later years his Ministerial career overshadowed his representation of the dairying industry since he held portfolios of Army, Defence, Education and Science.

from Queensland and northern NSW, (with a vulnerable dairy industry, relying on a vulnerable export market, weak Liberal Party support and a strong CP organisation). In NSW the motives for playing the CP off against the Liberals are stronger at the state level than at the federal level, because the NSW dairy industry is not concerned with exports and is concerned with sharing the state market. But at the state level in NSW the ALP provides a strongly competing third player to complicate dairyfarmer strategy and rival dairyfarmer organisations make competitive bidding by parties against the groups a potentially divisive game for dairyfarmers. And rival dairyfarmer organisations in Victoria have made this competitive bidding by parties for group support potentially divisive for dairyfarmers also. In WA where there has been vigorous Lib/CP rivalry and a general farmer union, dairyfarmers have been better situated for exploiting party rivalry. But in WA, as in Tasmania, a general farmer union handicaps the dairyfarmer strategy, because other farmer members and officers may refuse to join the dairy demands. The possibility of intensifying the existing north-south conflicts through federal party competition does of course, discourage federal pressure group leaders from engaging in party politics and electoral bargaining. Dairyfarmer spokesmen would therefore normally prefer comparatively unifying, unequivocal access to Cabinet decision-makers through functional departmental and statutory authorities to the disruptive party channels at either state or federal levels. And this may earn them the gratitude of party leaders also. And finally, a number of dairyfarmers have been concentrated in the glamor areas of Lib./Lab. (and CP) competition in rural/urban and outer metropolitan electorates especially from 1960-69. Even the CP leaders from traditional electorates are attracted to policies designed to win in the glamor electorates. These policies are essentially those described by Beer as "bidding for the support of consumer

groups", appealing to voters as Australian patriots and property owners, parents and purchasers, by emphasising "growth" "competence to govern" "defence" "education", for most of the 1949-69 period rather than appealing to voters as citizens with special sectional interests. This generalised appeal in party platforms does not produce the problems of implementation that specific promises to groups will produce, and also avoids the embittering of relations between group leaders and party leaders over "broken election promises". Both interest group and party leaders prefer to avoid the disillusionment of the post-election period by negotiating special demands in a cooler period, and considering voters (including dairyfarmer voters) as citizens with wider, nobler, less embarrassing interests during the publicity-attracting periods of elections.

To conclude, party and coalition government policies tend to increase existing differences between north and south dairying groups within the industry federations. Even at a state level, difficulties of dairyfarmer organisation discourage leaders from engaging in political bargaining. The dairyfarmer leaders prefer therefore to bypass parliamentary and political party access, which may be unreliable and is almost certainly divisive, unless some particularly important and unifying dairy policy - on margarine quotas or the proposed 1960 subsidy reduction, for example - suggests that potential party influence and support should be rallied for an emergency strategy. If decision on important policy should happen to coincide with an election, dairyfarmers may be in an influential position. Otherwise I think their political representation is not, in the party context of 1949-69, their strongest asset, although in popular analysis it is sometimes taken for granted.

It is significant that in Aitkin's detailed study of the contemporary NSW Country Party there is no section on, nor any reference to, farmer organisation within the CP, except to the past history of the Graziers' Association link with the party. As Beer wrote, producer groups derive

a source of power from their productive function and in modern economies and modern mass party capitalist democracies, this is the major source of power on which they concentrate their organisation. But they do still derive some power from a secondary source, their latent but potential power as organisers of and contacts with, citizens as party supporters or "consumer groups" and in particular, when those citizens cast their pebbles into the ballot boxes - which they do frequently in Australia. This is the subject of the next Chapter.

CHAPTER X FEDERAL POLITICAL REPRESENTATION. II PSEPHOLOGY

In Chapter IX Tables on political party control of the Senate and House of Representatives show that Federal government has not changed from one party to another at all from 1949-69, and even in the state legislatures change has been relatively rare. This disposes of one very simple test of psephological influence, that is, the proven ability of a special interest, or a group, to turn one party out of office and replace it with the Opposition.¹ In the case of the Australian Federal Government, dairy farmer psephological influence must be based on the possibility of dairyfarmer influence, not on demonstrable effectiveness of dairyfarmer votes. Nevertheless, the possibility that dairyfarmers may change their votes from one party to another may be particularly influential in a Cabinet system which can "more effectively yield to" group demands, according to Beer and also to Pennock.² Dairyfarmers may be particularly influential if they are:

concentrated in a relatively small number of electorates dominated by dairying interests. Towns in such districts are highly dependent on the dairy industry ... often lend support, therefore, to any measure which will increase disposable incomes of dairyfarmers and ... oppose strongly any contraction in local dairy production Sometimes directors of co-operative and private dairy factories have a further interest in maintaining dairying activity locally...³

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1. In this respect, the Democratic Labor Party is obviously psephologically powerful. I do not consider the DLP to be a "group", and it is very difficult to find a group with this power in modern mass-party systems.
 2. I have quoted Beer at the beginning of Chapter IX. J.R. Pennock. "Responsible Government. Separate Powers and Special Interests: Agricultural Subsidies in Britain and America", APSR., 56. (1962) p. 621, argues that cabinet government depends more heavily than Presidential government on group electoral support, since parliamentary success in Cabinet governments gives both legislative and executive power, making even small groups the target of party attention and promises. Hence groups have more electoral influence in Cabinet systems.
 3. C.A.B., Milking the Australian Economy, 39, 13 May 1967, pp. 197-8. see preceding chapter. Fisher writes similarly, "The sanction against closure of... (political) channels is perceived by some members of the Party as emanating not simply from dairy farmers' votes but also from the possible amplified electoral feedback in the votes of rural business people and butter factory employees whose own incomes can largely be affected in certain areas by variations in dairy farmers' incomes", op. cit., p. 22.

I have suggested a refinement of this observation in the preceding Chapter, that is, that if dairyfarmers are concentrated in glamor areas where the CP and the major parties are competing for votes, in the outer metropolitan and rural/urban electorates, dairyfarmers will be particularly influential on party strategists, even though there is not a dominating concentration of the industry in the area in an impressive numerical way. It is possible that party strategists may be even more solicitous of dairyfarmers in these electorates than in the traditional "safe" CP seats in the North Coast area.

In this Chapter I am looking for answers to three questions, 1) whether dairyfarmers are concentrated in "electorates dominated by dairying interests" including factory employees and dependent business people, who constitute an "amplified electoral feedback"; 2) whether dairyfarmers will vote according to promises and policies made by political representatives and advice from dairyfarmer organisation officers; and 3) whether decision-makers appear to pay attention to the electoral power of dairyfarmers.

1) Dairying Electorates

For this first exercise, I have used copies of the maps of the Commonwealth Electoral Divisions for the House of Representatives from the Parliamentary Handbook (1968) for each Australian state and the map in Chapter I describing the concentration of dairy cattle.⁴ The dairy

4. Strictly speaking the maps give me cows per mp but this is not as misleading as might be supposed. From the descriptive information in Chapter I the following variations may be deduced. Victoria has more prosperous farms and less family labor than WA or the marginal North Coast and Queensland districts, and more cows per farmer. The NSW Milk Zone has more cows-per-farmer than the North Coast and so does the Adelaide Hills-Murray River dairy district have more cows-per-farmer than Mt. Gambier. I cannot estimate the size and area in Tasmania. Cows per mp may under-estimate the numbers of marginal farmers somewhat, but where there are lots of cows, either in prosperous big herd high cow-per-farmer districts, or in marginal dairy low-cow-per-farmer districts, there is a lot of interest in dairying and the political impact on mps is maximal even if farmer numbers vary.

cattle map is transferred to the electoral areas in a rough approximation⁵ and the outcome is a picture of 10 major and 11 minor dairying electorates. One part of the complexity of this picture is due to a third overlapping division of electorates into rural and rural/urban electorates. I owe this division to Aitkin who compiled a list of 43 federal non-metropolitan electorates which he assessed according to a residential classification for the Census year 1966.⁶ Of 43 non-metropolitan electorates (pre-1968 redistribution) only 26 were more than 50% rural in 1966.⁷ In the rural/urban electorates dairy farmers and their electoral feedback have to be united over a strongly shared interest to outweigh the number of urban voters in the same electorate with other interests. Many of the minor dairying electorates are those in which not only are there fewer dairyfarmers, but fewer rural residents, and dairyfarmers may be disadvantaged on rural issues. Table 6 describes the major dairying electorates in the three eastern states and Table 7 the 11 minor dairying electorates. In all of WA, SA, and Tasmania there is only one minor dairying electorate, since the numbers of dairyfarmers are too few and scattered to constitute dairying electorates at the federal level.⁸

5. Maps in back pocket.
6. Aitkin, The Country Party in N.S.W., monograph, op. cit., p. 19, uses a similar "localities" classification based on earlier censuses and dividing rural, township and urban voters according to number of occupied dwellings and population. Aitkin, footnote 5, p. 30.
7. The 43 electorates (pre-1968 redistribution) with rural/urban in parenthesis are Victoria: Corangamite, Gippsland, Indi, Mallee, Murray, Wannon, Wimmera, (McMillan could be added). NSW: (Calare) Cowper, (Eden-Monaro, Farrer, Gwydir) Hume, Lawson, (Lyne, MacQuarie, MacArthur) New England, Paterson, Richmond, Robertson, (Riverina). Queensland: (Darling Downs) Dawson, Fisher, (Herbert) Kennedy, (Leichardt) Maranoa, McPherson, (Oxley, Wide Bay). SA: Angas, Barker, (Grey) Wakefield. WA: Canning, Forrest (Kalgoorlie). Tasmania: (Braddon, Franklin) Wilmot. 26 Rural, 17 Rural/Urban.
8. Tasmanian dairying electorates are all northern electorates held by the ALP except Braddon from 1955-8. SA dairyfarmers are federally represented in both regions by Liberal members, but have been insignificant at 4,5000 farmers in three electorates, or approximately 1 in 30 voters.

Before presenting the tabulated description of the dairying electorates, I should indicate from evidence in the maps the deductions one can make in answer to the first question about whether dairyfarmers are concentrated in electorates dominated by dairying interests. The answer is yes-and-no, and increasingly no. The Census totals of dairyfarmers and farm workers quoted in Chapter I (Table 2) were approximately 100,000 dairyfarmers and farm workers in 1954 decreasing to 93,000 in 1966. Possibly the voting number is about 5,000 less than this figure since some in the industry are ineligible (migrants and underage citizens). The voting total in the three eastern states from 1954 therefore has been 85,000 decreasing to 75,000, again allowing for some difference between the Census total of 88 to 78,000, and the voting total. Less than half this eastern states total would have been concentrated in the 10 major dairying electorates in my estimate. Firstly, in Victoria numbers of prosperous dairyfarmers have been resident in the electorate of McMillan, the Geelong area, in the northern corridor stretching through Ballarat, Lalor and Bendigo, and scattered along the irrigation areas of the Murray in the Mallee and Indi electorates.⁹ The Commonwealth Parliamentary Handbook describes Casey, an outer Melbourne electorate, Liberal-held, as "Electorate in Melbourne suburbs ... the country towns of Yarra Glen and Kangaroo Grand. Principal industries in electorate include textile manufacturing, engineering and dairying. Total no. of electors enrolled (29.10.71) 58,506".¹⁰ The official description of Latrobe, another Melbourne suburb electorate, includes dairying with light industry among the principal industries. I think therefore that not more than 15,000

9. Branch membership of the VDA and the VFU tend to confirm this impression, although membership is affected by organisational factors.

10. The Commonwealth Parliamentary Handbook 17th Ed., 1971, p. 202.

of Victoria's 35 to 30,000 dairyfarmers and farm workers live or have been living in what I identify as the major dairying electorates of Gippsland, Murray, Wannon and Corangamite. Secondly, in NSW the major dairying electorates are all in the North Coast manufacturing district. The membership figures of the dairying organisations suggest that, while in the 1950's there were more than half the state's enrolled dairyfarmers in the northern, PPU organisations, by the mid-1960's the South Coast and outer Sydney Milk Zone Area equalled or outnumbered the declining North Coast dairy industry members. The major NSW dairying electorates may have represented as many as half of NSW 24,000 dairy industry members until 1960, but thereafter trends reduced that representation considerably. In Queensland the situation is not as clearcut. My impression is that less than half of the 25,000 scattered coastal Queensland farmers were concentrated around Toowoomba until the 1960's when bad seasons struck the industry. Maranoa was described as late as 1971 as having dairying in the electorate.¹¹ By 1969 probably the three major dairying electorates may have represented more than half of Queensland's 15,000 industry members.¹² Overall, the 10 major dairying electorates may have represented 15,000 Victorian members, 20,000 (dropping to 10,000) Queensland and NSW dairyfarmers and farm workers, for a total of 35 to 25,000, certainly less than half of the dairyfarmer and farm worker eastern state voting total of 80, to 75,000 even in the decade 1950-60. Echoing Stephen Potter on Gamesmanship, concentration of dairyfarmers in "electorates dominated by dairying interests" has been less true in the South, particularly if one attempts to calculate what ratio of total voters dairying voters might be. In the Victorian and NSW southern electorates population growth has made the federal electoral roll larger than rolls of rural, northern electorates, especially

11. see The Commonwealth Parliamentary Handbook, op. cit., p. 101.

12. By 1972 the IBM classification (see note Table 6) identified Fisher as the only "dairying seat" left in Queensland.

before 1968. In the four major electorates of Victoria there may have been 15,000 Victorians directly employed in dairyfarming. Estimating 45,000 voters in each electorate this is, generally, 1 in 11 voters in Victorian major dairying electorates.¹³ In NSW and Queensland electorates I estimate 20,000 dairyfarmer and farm worker voters were located in six major electorates, for 1 in 14 voters, although the dairying distribution certainly made Lyne, Capricornia and Wide Bay a lower ratio and Richmond a higher one than this estimate. In the minor dairying electorates there are fewer voters directly employed in dairyfarming and there are usually many more voters enrolled, especially in outer metropolitan Lalor and Robertson, (in 1966 Lalor had an electoral roll of 113,000 and Robertson, 64,000) and Rural/Urban Wide Bay, Capricornia, Eden-Monaro, MacArthur, McMillan, Ballarat and Bendigo. So that the ratio in minor dairying electorates must have been, at the most, 1 in 14 voters,¹⁴ although in some minor dairying electorates like Lalor and Robertson it became more like 1 in 30 - and by 1969 1 in 20 or 25 might have been true of the Queensland minor electorates.

In an unmistakable numerical way, I think it is increasingly difficult to see dairying as being "concentrated in a relatively small number of electorates dominated by dairying interests" with an amplified electoral feedback from the votes of rural business people and factory employees. Factory employees have been concentrated in Victoria (half of the butter and cheese factories employees were in Victoria as early as 1961, and only 4,500 employees were in Queensland and NSW combined) and rural business people dependent on the dairy industry must be adjusting themselves to the

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13. The electoral roll in Murray has been 46,000 to 50,000 during the 1960's, Corangamite has been 46, to 49,000, Wannon, 45, to 48,000, Gippsland, 45, to 49,000.
14. In McMillan or Paterson, which I classify as minor dairying electorates, concentration of dairying plus an electoral roll of 46, to 50,000 during the 1960's could have produced a ratio of 1 in 14, decreasing to 1 in 20 by 1970.

changes which the industry has made or they would not be still in business. Such businessmen may have strongly opposed "contraction in local dairy production", but if the weather does not co-operate with businessmen there is very little profit in dairying. And businessmen do not care to extend credit and reduce profit merely to keep an erratic customer in business. I am imposing an arbitrary index but I would suggest that where a group cannot count more than 1 in 15 voters it is unlikely to "dominate" an electorate even with "amplified electoral feedback" and that there have been only eight or nine Australian electorates where this has ever happened with dairyfarmers. But domination is not the whole story and the two following tables suggest that the refinement of "domination", that is "marginal concentration" may well be an asset to the dairy industry. A superficial glance at these tables shows that one is much simpler than the other. In Table 1 there are few changes of members, all the seats except one are classified as safe and 8 seats are rural or homogeneous in character. Many of the members have held Cabinet posts. In Table 2 there has been more turnover of members and change of party affiliations as well, especially as the ALP began to win the marginal seats in Queensland (Capricornia, Wide Bay and Dawson) Robertson in NSW, and its preferences won Paterson (NSW) for the CP in 1969. Fewer of the Table 2 members have Cabinet posts, especially after 1960 and the character of the electorates is changing from Rural/Urban to Urban/Rural. Here, even if the ratio of dairying group voters may only be 1 in 20 or 25 voters, party strategists may be especially solicitous of the interests of a group, provided it is believed to be cohesive and can express its demands explicitly, because the electorates are unpredictable, with a changing population and changing party history. (cf. Pennock's theory footnote 2 this Chapter). The second question of whether dairyfarmers will vote according to promises and policies made by political representatives and advice from dairying officers becomes particularly crucial in these minor dairying, marginal electorates.

Table 1. REPRESENTATION IN MAJOR DAIRYING ELECTORATES, 1949-69

	1949	1951	1954	1955	1958	1961	1963	1966	1969	Classif. A.	Classif. B.
<u>Victoria</u>											
Gippsland, CP	G.J. Bowden									K.	Safe
Murray, CP	J.E. McEwan*					J. J. Nixon*				R.	Safe
Mannon, Lib.	E.D. Mack- Innon*	D. McLeod (1953)		J. M. Fraser*						R.	Safe
Corangamite, Lib.	A.M. Mac- Donald	B.D. Mack- Innon*	(1953)					A.A. Street (DIP prefs)		R	Safe
<u>NSW</u>											
Richmond, CP	H.A. Anthony*			J.D. Anthony* (1957)						R.	Safe
Cowper, CP	H.C.G. Page*				F.W. Mc- Guren	I.L. Robinson				R.	Safe
Lyne (1) CP	W.J. Higgins	F.E. Lucock (1952)								R/U	Safe
<u>Queensland</u>											
McPherson, CP	A.A. Padden*				C.E. Barnes*					R.	Safe
Fisher, CP	C.F. Adernann*									R.	Safe
Darling Downs, Lib.	K.W.C. Swartz*									R/U	Safe

* Cabinet Post (1) Lyne not major after 1960.

Classification A from Atkin, see note in text.

Classification B from M. McEerras, based on 1966 figures transferred to post-1968 redistribution, The 1968 Federal Redi strition, op. cit.

NOTE: Consultants for the I.B.M. Systems analysis of Federal voting results in the 1972 election classified 8 Federal electorates as dairying seats. The seats we classified as dairying were Cowper, Lyne, McArthur, Richmond, Gippsland, Indi, McMillan, Fisher. There was no computation involved in the classification of seats into categories. The choice was simply made before the election by the commentators in consultation on the basis of their feelings. Letter to author from F.W. Holmes, 23 January 1973. The Commonwealth Handbook describes Indi "Electorate Rural, includes the country towns of Wangaratta, Woodonga, Benalla, Muroa, Tallangatta, Mansfield, Mt. Buffalo region, Alexandra and Yea. Principal industries in electorate include primary industries, textile mills, saw mills, tobacco growing and various secondary industries in electorate p. 199. I have put Indi in a minor dairying category.

Table 2. REPRESENTATION IN MINOR DAIRYING ELECTORATES, 1949-69

	1949	1951	1954	1955	1958	1961	1963	1966	1969	Classif. A.	Classif. B.
<u>Victoria</u>											
Lalor,	ALP H.T. Pollard*										
McMillan	Lib? G.W. Brown			A.A. Buchanan (CP prefs)	(CP prefs) & CP prefs	(DLP (CP prefs) & CP prefs)	(*)	M.N. Lee Lib. prefs)	J.F. Cairns (a)	n.c.	Fairly safe
Ballaarat Lib?	A.C. Pittard (ALP)	R. Joshua							(DLP & CP prefs)	n.c.	Fairly safe
Bendigo, ALP?	P.J. Clarey				D. Ewin (Lib)(DLP prefs)	(*)	(*)	(*)	A.D. Kennedy	n.c.	Marginal
Indi (1) CP	N.D. Bostock (Lib)(DLP prefs)	(CP prefs)			R.McN. Holten(CP) (DLP/ALP prefs)	N.L. Beaton (1960) (*)	(ALP prefs)			R.	Fairly safe
^{NSW}											
MacArthur, Lib.	H.J. Bate										
Paterson, Lib.	A. Fairhall*								F.J.O'Keefe	R	Fairly Safe
Eden-Monaro (?)	A.D. Fraser*								D.R.R. Munro (Lib)	R/U	Marginal
Robertson (?)	R.L. Dean (Lib)								A.D. Fraser	R/U	Marginal
<u>Queensland</u>									B. Cohen(ALP)	R/U	Marginal
Capricornia (?)	H.G. Pearce* (Lib)					(DLP Prefs)	C.W. Bridges- Maxwell (Lib)			R/U	Marginal
Wide Bay ?()	B.H. Corser (CP)		W.A. Brand (DP)						D.N. Bever- Ingham(ALP 1967)	R/U	Marginal
Dawson, ALP.	C.W.P. David- son (CP)*				H. Brandt (CP)	B.H. Hansen (ALP)			G.W. Shaw R.A. Patter- son (ALP)	R.	Fairly Safe
^{WA}											
Forrest Lib	G. Preeth*									R/U	Fairly Safe
* Cabinet Post. (1)	See note Major Dairying Electorates									(a)	None of these Victorian electorates are classified by Atkin. I would classify them as Urban/Rural.

Volatility in Dairying Electorates

The two Tables show clearly that there is much more change in the minor dairying electorates than in the major ones. One might conclude from this pattern that the more dairyfarmers and dairy workers are concentrated in an electorate, the less inclined the voters are to be changeable in their voting patterns. Probably more sustained is the pattern that where voters are resident in Rural electorates their voting patterns are predictable. Some evidence for predictability of Rural seats is shown by Dawson (Queensland) Paterson (NSW) and Wannon (Victoria) in the dairying electorate tables. Newly drawn boundaries raised doubts for MacKerras after 1968 in classifying the seats as safe, because they became less Rural. Of Aitkin's 26 Rural electorates, 19 have been safe seats, 6 have been fairly safe, and only one (Robertson) has become marginal (again as a result of redistribution so that it is now not clearly Rural). Whether major dairying electorates are safe because they are Rural or because they have dairyfarmers and workers in them may be suggested by looking at the minor dairying electorates.

The minor dairying electorates do not suggest a clear correlation between "safe" dairying versus "volatile" metropolitan/urban voters from the classification of "marginal" electorates used here. Paterson, MacArthur, McMillan with (viable) dairying concentration are "fairly safe" for Lib./CP candidates although Dawson and Lalor (not strongly dairying electorates by 1968) are "fairly safe" for the ALP. But the electorates of Ballarat, Bendigo, Eden-Monaro, Robertson, Wide Bay and Capricornia, are marginal and their dairying voters are not at present a clearly identifiable section of the electorate.¹⁵ A thorough electoral search would investigate the subdivision totals in the six marginal electorates to see

15. Eden-Monaro and Robertson are more identifiably dairyfarmer electorates in popular analysis, and cf. map in Appendix D.

if the dairying concentrations are supporting the same party or sitting member without change, but such research requires analysis of population and occupation changes in subdivisions and considerable familiarity with the electorates which I do not have. Aitkin has already done something like this research in the North Coast NSW area,¹⁶ and as I wrote in the preceding Chapter it appears that dairyfarmers have been less committed to the CP than the graziers,¹⁷ and that they reflect local opinions on policy matters rather more than the scattered primary producers in the grazing and mixed farming occupations. I consider that the dairy factory has been an influential factor in this strengthening of local contacts and identification with local opinion and interests, and Aitkin attributes the "parochialism" to close settlement around townships.

According to Aitkin and other observers,¹⁸ voting in rural electorates (and often in rural/urban ones) characteristically centres around local issues. Even at the federal level, local issues of schools, post-offices, roads, decentralised industry, state imposed taxes and exemptions, and the character and energy of the local members are influential. There is usually a higher degree of community concern in rural electorates than urban ones, and the improvement of roads, or the establishment or disestablishment of area high schools will be discussed by a number of citizens and voters, whether they are directly involved or not. Conversely there is a lower degree of concern with affairs outside the community, and I believe this will extend to the details of dairyfarmer policy. To put it pragmatically, closing a butter factory may (or may not) change votes

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16. APSA monograph, no. 8. Part I. Table 1 & 2; p. 6. and repeated in The Country Party in N.S.W., op. cit.
17. This does not necessarily indicate volatility. Aitkin's research suggests some stability (though not CP loyalty) by dairyfarmers.
18. H. Mayer and J. Rydon, The Gwydir By-Election, 1953, Canberra, 1954. D.W. Rawson & S.M. Holsinger, Politics in Eden-Monaro, London, 1958.

locally depending a lot on the reputation of the local member, but a proposed two-price equalisation scheme, drafted in Canberra and intrinsically difficult to interpret, is not likely to affect the popularity of the sitting member at all. A dairy subsidy, however, being easy to understand may directly affect rural voting, despite normally non-volatile patterns.

It has been difficult, even with the intensive research undertaken in the last fifteen years (and the observations of experienced parliamentary members) to establish clear effects of policies and issues on the way farmers vote in elections. In Eden-Monaro, the only dairying electorate which has been intensively studied, a seat in which the "dominant values of the dairyfarmer or the grazier on the one hand and the manual worker on the other" are crucial, the seat has been held by ALP members of white collar and professional occupations at the state and the federal level for two decades, with the exception of 1966. In Gwydir, another Rural seat, Mayer and Rydon, commenting on the election result in 1953 wrote:

after the election commentators and politicians of the same and different parties all had different views as to why Allan and the Country Party won It would seem that any issue tends to get confused and distorted. There are rarely any simple questions for the electors to decide (though politicians may tell them differently) ... in Australian politics two important factors add to this complexity and confusion. The first of these is federalism ... federalism has helped to shape and to complicate and confuse political ideas, policies and public opinion ... the second factor is the system of preferential voting which does not discourage a multiplicity of candidates ... it complicates the actual voting process ... affects campaigning ... (has) had indirect effects on the wider organisation of the parties. 19

I have found little direct Australian research on the voting patterns of groups, excepting perhaps the well-discussed Catholic vote and the DLP. In the case of the Catholic vote there is one significant contrast with dairyfarmers. Spann writes:

19. H. Mayer and J. Rydon, op. cit., pp. 185-6.

It is true that members of the Catholic hierarchy have from time to time sought to increase the political influence of the Church by trying to guide Catholic vote... But the effects of such intervention can be exaggerated. The hierarchy have often been divided on policy or tactics, large sections even of the Church going laity (and Catholic politicians) appear to resent Church "interference" in political matters, or to doubt its effectiveness, or to fear its repercussions and a substantial minority of Catholics have a very loose attachment to the Church. 20

The general qualifications of group influence outlines here apply more strongly, I think, to a group as divided as dairyfarmers. But the significant contrast is that there is so little evidence within dairyfarmer organisations that any direction at all is given to members about voting, unlike the evidence from Catholic groups. And there is so little evidence of volatility in the dairying electorates, except where there are metropolitan/urban concentrations and other non-rural occupations.

There is also very little evidence that other pressure groups in Australia try to rally their members to the support of political parties, or party candidates. This lack of political direction by pressure group leaders discourages more elaborate research into voting patterns to establish the answer to question 2) whether dairyfarmers will vote according to promises and policies made by political representatives and advice by dairyfarmer organisation officers. Kristianson, for example, writes of the RSL leadership that it prefers "direct representation" to Ministers, and expresses distaste for "lobbying" members of parliament and party identification.

The League has never had any direct official contact with the various Australian political parties. A policy prohibiting such contact has been rigidly enforced by successive national leaders and adamantly demanded by leaders at state and local level. 21

Wildavsky, writing of the action of pressure groups in the 1926 referendum, refers to the complex pattern of intra-group conflict and the

20. R. Spann in H. Mayer (ed.), Catholics and the Free Society, Cheshire, 1961, p. 122.

21. G.L. Kristianson, The Politics of Patriotism, ANU, 1966, pp. 204-5.

intra-industry intrastate divisions which defeated the referendum, and Carboch to the campaign waged partly by pressure groups three years later against the Bruce-Page Government, as as Mayer writes in the introduction: "We shall never know whether all this campaigning finally changed a single vote; there is no way of finding out its effect retrospectively".²² With dairyfarmers, who are concentrated regionally, there is a better chance of tracing voting patterns than in the case of pressure groups in the 1926 referendum, particularly if there is an electoral issue which affects dairying members strongly, or which they believe to affect them strongly, and if one can identify true dairying votes in different kinds of electorates. It is not enough to trace voting patterns in north coast and Queensland electorates if Victorian and Tasmanian ones are neglected. However, since the political parties from 1949-69 have not taken clearly differentiated stands over dairying policy, and since Table 1 establishes the safe character of dairying electorates, elaborate psephological research into political or group influences over dairying votes seems unjustifiable. Obviously political parties do expect to lose some votes over unpopular dairy policy decisions. But how many votes do they expect to lose, and perhaps more significantly, where would they lose them?

I have noted earlier that the record of the representatives from major dairying electorates in attaining Cabinet office was a remarkable one. Of the 19 representatives since 1949 in major dairying electorates, 11 have held Cabinet office. There have been four or five more Cabinet appointments of representatives even from the minor dairy electorates, including ALP ministers in pre-1949 Cabinets. The dairy electorates have had senior representation within the governing parties for the entire 1949-69 period. While dairyfarmers may not be as loyal to the Country

22. A. Wildavsky and D. Carboch, Studies in Australian Politics, Cheshire, 1949, p. 11. I should add that, even at the time, I would expect difficulties in estimating the effect of campaigning on votes.

Party as some other primary producers, they are naturally disposed to respect and vote for senior and influential political representatives like (Sir) Earle Page, (Sir) Arthur Fadden, (Sir) John McEwen, Mr. Anthony, father and son, (Sir) Charles Adernann and (Sir) Reg Swartz. Such senior representatives are not vulnerable targets for electoral threats from pressure groups. Dairyfarmers would have to be rallied by dairyfarmer officials to protect their occupational interest against a commitment to local interest and contacts, and a commitment to the personal prestige of important party leaders who have represented them. Personal prestige and experience of office has often been emphasised as an important asset, both at elections and between them, by Sir Robert Menzies and Country Party leaders from 1949-69. The emphasis on office holders and the respect for leaders provides an important obstacle to the exercise of dairyfarmer psephology. It would not have been easy to turn Sir John McEwen out of Murray in favor of the ALP candidate even if the ALP offered dairyfarmers the moon the cow jumped over.

Senate Voting

A brief note on Senate psephological research should indicate that, although the CP (with the DLP) has held the balance of numbers in the Senate during the period of this thesis, there is not much enlightenment in studying Senate and dairyfarmer connections through the voting process either. The crucial factor in Senate elections is the position of the candidate on the Senate party ticket. The first and second position on the joint Lib.CP ticket, or on the ALP ticket, will ensure a candidate's success. Theoretically dairyfarmer groups may influence the decision on position on the ballot or may influence the choice of one candidate rather than another at pre-selections in party conferences. In Victoria the main dairying state, there has been an arrangement within the parties

t. at the CP nominee would be given a safe position in 1961, 1966 and 1967 but would not appear on the ticket at other elections²³ so that of the 10 Victorian Senators at least one will be a Country Party candidate, but usually not more than one. Dairyfarmers therefore would have to work through the Liberal and Labor Party if they wanted extensive representation by Senators in Victoria and would be unable to use (directly) the CP balance of power position in the Senate, (though Lib./Lab. dairying Senators could vote with the CP to defeat legislation). In Queensland the frequency with which CP candidates are placed as 1 or 2 on the combined ticket ensures that they will be returned with overlapping terms, so that two Senators from the CP may more often be in office simultaneously from the Lib./CP ticket. In NSW overlapping teams of successful CP Senators have also given that state two CP representatives of the 10 NSW Senators but the position of the ticket has been no. 3, so that the Party has perhaps been electorally lucky rather than forceful in negotiation for the safe position.²⁴ As far as the occupations of the successful Senators is concerned, the Senate does appear to be slightly more committed to primary producers than the House.²⁵ All of the five CP Senators in the 27th Parliament were primary producers, six of the 21 Liberal Senators were primary producers, but only two of the ALP Senators.²⁶ Although the Senate does not affect the formation of the government and rarely initiates legislation, it can handicap the performance of the party or coalition which controls the House, and its members contribute, sometimes extensively one suspects, to the formation of Opposition and government party policy and electoral strategy, partly because some of them have such electorally safe parliamentary

23. This arrangement was being threatened in 1973-4 by Victorian Liberals.

24. of. elections of 1958 and 1964 when the CP candidate was number 3 on the ticket.

25. 1971, 60 senators, 13 primary producers, 125 House of Representatives members, 21 primary producers. Commonwealth Handbook, op. cit., p. 459.

26. Primary producers were the largest single occupational grouping in the 1971 Parliament, with 34 of 185 members, with law next, 24 members.

positions and consequently party seniority. The contribution of the Senators may be important within party committee and as Cabinet Ministers,²⁷ or as an influence on Ministers, but the Senate is often regarded as ineffective. In A. F. Davies' phrase for instance, the Senate "has proved ... (the) greatest failure in the design of the Australian founding fathers"²⁸ and in L.F. Crisp's, the Senate "does well to remain relatively inactive" since he observes in its record a "hitherto negligible performance ..."²⁹ Nor does the Senate appear to be a recognised channel of influence for pressure groups, probably because of the strong control of pre-selection of candidates by party executives. Since the connection of dairyfarmers with political party pre-selection is not apparent even in the relatively accessible (and active) House of Representatives, further research into background of Senate candidates and successful Senators of Liberal or Country Parties does not seem warranted for this thesis,³⁰ although it is tempting to consider whether pressure groups do not use Senators to approach party committees as lobbyists. Finally, I should add that the electoral system for the Senate, which emphasises the safety of seats no. 1 and 2 on the major party tickets, makes party nomination for those seats particularly attractive for ageing party workers and regional and specialist contributors to party policy who want to keep electorate commitments to a minimum. For vulnerable position 3, energetic campaigners with a wide public appeal may be sought by nominating conventions. Dairyfarmers may attract votes in position 3 in Tasmania, Queensland and WA but are

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27. cf. Senators Murphy and Greenwood, both Attorneys-General after very brief Parliamentary careers.
28. A. F. Davies, Australian Democracy, Longmans, 1964, p. 38.
29. L. F. Crisp, Australian National Government, op. cit., 1965, pp. 313-4.
30. There are rumored to be two studies of the Australian Senate due for publication which may provide more information.

doubtfully attractive in Victoria and NSW, where many voters are concentrated in metropolitan areas and non-primary production, and party labels are more visible than personal history or family names and connections. If dairyfarmers have fitted positions 1 and 2 it is because of their party, not their occupational role even in Queensland, WA and Tasmania I think. I have no evidence myself of attempts by the industry to influence the choice of Senatorial candidates or of position on the ticket.³¹

Dairyfarmer Votes and Decision Makers

The horseshoe nail theorem which I invented in the preceding Chapter emphasised the dependence of the Liberal Party on the Country Party, the dependence of the Country Party on the dairyfarmers, and the exploitation of this dependence by the dairyfarmers to milk the Australian economy of the subsidy and other forms of assistance. I concluded in the last Chapter that there were some limits on the dependence of the Liberal Party on the CP, resulting from Liberal Party strengths and CP weaknesses in organisation and appeal, some limits on CP dependence on the dairyfarmers, who are at least officially and probably in practice, detached from overt political party identification or overlapping roles in party organisations, and facing potential division from north-south members in the ADFF reinforced by north-south party loyalties. In this Chapter I can indicate the limited CP electoral dependence on dairyfarmers in federal electorates between 1949-1969 as well as these organisation limits.

The CP has obvious support in the 10 major dairying electorates, of which 7 are held by the CP. The support for the CP in these major dairying electorates must be also a result of their Rural status and history, as well as their dairying component. For only one or two of the eleven minor dairying electorates are held by the CP, although sometimes

31. G. Duthie (ALP, Wilmot) writes: "I do not believe there would be any influence at all by dairy farmers acting together upon ALP Senate pre selection. Their overall influence on governments is minimal and upon pre selection and election, only marginal". Letter to author 14 March, 1974.

the seats are won on CP preferences.³² In Queensland, four Rural/Urban seats (including Darling Downs with a number of dairyfarmers) are Liberal or ALP, in NSW four Rural/Urban dairying electorates (excepting Lyne) are Liberal or ALP, in Victoria two Rural seats, the major dairying electorates of Wannon and Corangamite, are Liberal and the minor dairying seats are Liberal/Labor, except Indi. As far as Country Party tacticians are concerned, dairyfarmers may be considered useful but certainly not conclusive sources of electoral support. Of the 15 seats which the Country Party normally holds safely, seven have, or have had, dairying concentrations (Gippsland, Murray, Richmond, Cowper, Lyne, Fisher, McPherson) and eight have had very little dairying (Gwydir, Lawson, Hume, New England, Wimmera, Mallee, Moore and Canning). In the swinging CP seats, dairyfarmers have been significant in Capricornia, Fisher, Eden-Monaro, Lawson, less significant in Riverina, but not in Kennedy or Leichardt. The CP does not win all 10 major dairying seats, nor can it count on holding the balance in the minor dairying electorates, especially from 1960 onwards. So its dependence on dairyfarmers can be overrated, although clearly the CP is deriving some very reliable electoral support from dairyfarmers.

Moreover, the character of the dairying electorates provides special problems for one party seeking to please all dairyfarmers - especially all marginal electorate dairyfarmers. In the three Queensland minor electorates, where dairyfarmers have been increasingly resentful and inclined to sell dairy herds, CP candidates and representatives, and other party candidates and representatives, must be increasingly interested in fostering the more promising occupations of beef and crops. In NSW in Eden-Monaro, MacArthur, Paterson and Robertson, dairy farmers have usually

32. Only Indi, if included, is rated a safe seat.

been in the wholemilk business, essentially state controlled, and cheese production for domestic sale, while the northern electorates have increasingly been reducing export butter production in favor of domestic butter sales, entry to wholemilk and cheese markets and diversification in general. NSW dairyfarmers tend to be divided by intra-state conflict, to be interested in tariffs against imports, in dairying subsidy, but much less interested in federal export problems and marginal farm support. In Victoria, Ballarat, Bendigo, McMillan and Lalor, dairyfarmers have not been largely problem farmers seeking government support, but exporters and wholemilk producers. Uniting the minor dairying electorate farmers of Eden-Monaro, Bendigo and Wide Bay requires what I have earlier described as an emergency situation - as the phasing out of subsidies may provide for instance.

In spite of the difficulties which the northern dairying electorates have suffered in the 1960-69 decade, and their disability compared with the southern dairying regions, there has been little evidence of electoral disloyalty in the major northern dairying electorates or in Lyne. In the minor Queensland electorates, the ALP totals have become majorities, as in Robertson (NSW), but this may well be because dairyfarmers have quit and been outnumbered by others, not because they have changed their voting patterns. Where the dairyfarmers have remained, in the northern electorates, they have remained loyal to their MPs. as I wrote in the preceding section. In the face of this loyalty, does the Country Party bid for northern electorate votes, when the party needs support rather more from southern electorates? I think the Country Party's attitude to the dairyfarmers and the dairy farm workers could be described as one of wisely confident appeal rather than of anxious dependence. For I think the Country Party is only anxious about dairying votes in the glamor seats in the viable areas of the industry in the south, against the competition from Liberal and Labor Party candidates. The attractive CP

strategy for electoral competition in these areas is to emphasise that dairyfarmers expect to vote for a rural-based party, known to be protective of all producers wherever located, a party which will, in statesmanlike fashion, appeal to producers themselves to fashion policy to best solve the problems of intra-industry conflict. The CP might hint that some dairying farmers and farm workers vote for other parties because of their other interests (in Lalor for example), but by and large, and when the industry is really in trouble, dairyfarmers will turn to the party on which they can always depend. This strategy combines a "free go" for voters, with dependability in times of trouble, and a statesmanlike (or uncommitted) approach to the difficulties of conflicting intra-regional interests. The strategy also allows the party leaders to concentrate on other, more generalised, "nobler" patriotic themes which will appeal to other voters in the same areas. The Liberal and Labor Party competitors, not known so clearly to be the protectors of rural producer groups, will be put in the less comfortable position of having to specify their support for dairyfarmer interests. And there is some evidence that the ALP takes up this challenge upon occasion. It is alleged for instance, that the ALP opposed the Dairy Enquiry recommendation for phasing out the flat-rate subsidy in favor of marginal farm reform in 1961 because Fraser of Eden-Monaro was worried about the effect on his electorate of subsidy reduction.³³ The discussion in Chapter III on parliamentary debate describes the different stand taken by Dr. Patterson (ALP Dawson, Queensland) and Gray (ALP, Capricornia, Queensland) from Fraser and Pollard, both Old Guard ALP rural spokesmen for the southern dairying areas of Lalor and Eden-Monaro. By

33. Considering that Fraser lost his seat in 1966 as a result of issues fairly remote from dairying (Vietnam and A.A. Calwell's leadership) he may have been over-sensitive to dairying issues in the 1960's and possibly a bit slow to recognise the appeal of general issues in the marginal electorates in the 1960's, but he may have been realistic about dairyfarmer feeling in 1961. His reputation as an active member in close touch with electorate opinion implies his judgement would have been sound on this matter. He may of course, be an example of the over-sensitivity of a non-farmer in a rural electorate.

1967, the rural ALP members were moving more generally to accept marginal farm subsidy as a substitute for flat-rate subsidy, reducing the difference of opinion between the rural "wing" and the urban critics of dairying policy within the party, notably Daly (Grayndler, NSW who is alleged to have the support of a large margarine company in his electorate), Coutts and Hayden (Brisbane electorates). This ALP urban criticism is embarrassing to ALP members seeking to attract rural votes particularly when the rural wing is so outnumbered in caucus by its well-publicised critics. The Liberal urban critics (Wentworth, Turner, Bridges-Maxwell from NSW) have been an embarrassment to Liberal party dairyfarmer appeal also, but Liberal rural representation from Victoria, southern NSW, WA and WA tends to identify the Liberal Party in general as more "rural-minded" than the Labor Party.

In spite of embarrassment, and intra-party disagreement the ALP has probably deliberately tried to attract dairyfarmers within the limits imposed by its traditional interests and its many recent problems of organisation. Clyde Cameron in an interview³⁴ considered that a wise ALP strategy concentrated on every federal seat and exploited every possible angle (except presumably certain concessions to the DLP) and the present ALP leader, E. G. Whitlam has expressed something of the same view from time to time. Less energetic campaigners within the ALP must be inclined to seigh the importance of the dairy vote somewhat differently - especially after the overall decline of the industry in the mid-60s.

The record of the Country Party leaders has been less obviously solicitous. The political record of the Country Party leaders during 1949-69, Sir Arthur Fadden, John McEwen and Doug Anthony³⁵ does not suggest

34. Interview, Adelaide, July 1972, and cf. Aitkin's opinion of ALP rural support in NSW described in previous Chapter.

35. cf. Appendix A on Marginal Dairy Farm Reform.

that those leaders were greatly concerned over electoral reprisals from dairyfarmers. None of the leaders have been considered particularly sympathetic to the industry by the dairyfarmer organisations, or even perhaps by the better informed journalists. Sir Arthur Fadden had been associated with successful rebuilding within the state of the Queensland Country Party after years of "hesitant history". He was thoroughly familiar with the electoral support which the Queensland Country Party derived from smaller farmers, canegrowers, dairyfarmers, mixed farmers and more recently, fruitgrowers along the coastal strip of Queensland. Queensland dairyfarmers received him with marked hostility in the early 50's, when details of the Second Five Year Plan and subsequent price and subsidy levels were published. (Sir) John McEwen was also received with marked hostility.³⁶ At a public meeting in Queensland a speaker claimed:

In 1949 Sir Arthur Fadden said he would pay cost of production (to the dairyfarmers) When the time came for Sir Arthur Fadden to honour that promise ... he came to Southport and made a violent attack on the dairyfarmers. He called them calamity howlers and said we were using the Communist line and he said butter had been too dear too long ... in the middle of a rural electorate and on the promise that he had been put into power, he was game to come to the newspapers and come to Southport and come to the dairy farmers and also make that statement. 37

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36. A meeting in Warwick, Queensland in 1955 at which McEwen faced unofficially organised hostile dairyfarmers is still recalled with embarrassment by some dairyfarmer organisation officers. Sir John generously sent me a 37 page transcript of this meeting, and anyone who believes McEwen can easily be disturbed by electoral threats should read this transcript. He said, confidently, "Within 30 miles of my farm which is in a dairying area there are 30 dairy factories and I won't last five minutes after the dairyfarmers have lost confidence ... (p.2) And the very first fact that I attracted your attention to that others haven't attracted your attention to, you don't like because you don't want to be satisfied. You bring me here to try to persuade me that I and my Government have done something wrong and something different ... Am I to understand that I am open to be persuaded but that you're not open to be persuaded? Is this one way traffic? ... (p.3) You think you are in great trouble - you're not in great trouble ... since my Government has been in office, since we fought the States to a standstill for a right to control the local price and give you the present kind of stabilisation plan, liberalised it in consultation with your own industry, this industry has enjoyed a period of prosperity greater than it has ever enjoyed before and ... I stand before an audience of dairyfarmers and say I'm not ashamed of that result". Applause, p.20. In somewhat similar circumstances in 1957, McMahon was far more easily persuaded to guarantee a better price to dairyfarmers than McEwen was in 1955. see discussion in Chapter VII of the Equalisation Committee.

37. Transcript, p. 29.

McEwen, replying to this claim about Fadden, said:

You say you expect us to stand up and fight. Alright, that's fair enough and I'm standing up. I've stood up plenty in Canberra, in wheat growers' meetings, in international conferences and fought like hell and so has Fadden. But what I've got to say is this, that we have never failed to get from our colleagues what we thought having regard to our total responsibilities to this whole country, was fair to ask for. Neither Fadden or I will shield behind the fact that we belong to a minority party or are not in complete control of the Government. You'll never find us hiding behind that. Our colleagues of the Liberal Party and our colleagues of the Country Party have never obstructed us from getting for you people what we, having regard to our total responsibility, believe represents a fair thing. 38

McEwen had been a member of federal parliament for the Victorian seat of Echuca from 1934, redistributed to become Indi, and from 1948 for the seat of Murray. He became Minister in 1938, successively of Interior, External Affairs, Air and Civil Aviation, Commerce and Agriculture, Trade, and Trade and Industry. He was an early supporter of Menzies, at the time opposed by Sir Earle Page and the NSW Country Party, and McEwen himself survived expulsion by the Victorian branch of the CP in 1937. Present Victorian rural Liberal Party support is partly a heritage of this period. To put it briefly, McEwen has never been easily intimidated and his protectionist policy is not designed for dairyfarmer appeal, nor for farmer appeal in general, even in commercially minded Victoria. But I do not suppose that McEwen has failed to calculate the costs of neo-protectionism with an experienced and realistic assessment of the farmer vote. Aitkin writes of McEwen:

an opportunist and a shrewd negotiator ... was probably admired more highly within the party than either (Page or Fadden) ... McEwen's image was that of a man of integrity and a fighter ... a fearless exponent of country values and country interests, speaking in the authentic tones, simple and direct, of the farmer. 39

38. Ibid., p. 30.

39. Aitkin, The Country Party in New South Wales, 1973, op. cit., pp. 192-3. and cf. S. Encel, Cabinet Government in Australia, M.U.P., 2nd Edn., 1974, chapter 10.

Malcolm Fraser, another dairying electorate representative, a Liberal member from Victoria similarly showed little concern for his dairying supporters when he precipitated a change in the Liberal Party leadership from Gorton, acceptable to the industry, to McMahon, a critic of the dairy industry and suspected as an unsympathetic Treasury-influenced economist in his ex-Minister of P.I. period. Fraser appeared unconcerned at the reaction back home to his part in the Gorton-McMahon change, although after 1968 his seat was affected by redistribution to become less safe than it had been, and in 1972 he depended on DLP preferences for his return. In the swing to Labor in Victoria in 1972, Fraser's final count of 56% of the vote seems to have justified his disregard of dairyfarmer electoral backlash. J. D. Anthony, representative for the major dairying electorate of Richmond, is even less concerned with dairyfarmer reaction.⁴⁰ Some rural parliamentary members of the Liberal Party have practised the "confident appeal" approach of the CP to voters. Kelly of Wakefield and M. Fraser of Wannon for instance, have believed in forthright and independent speaking and action, but there are other Liberal Party rural members who, in Kelly's phrase, "hear footsteps in the dark all the time".⁴¹ These timorous Liberal party rural representatives may exert some pressure for concessions in Liberal rural policy, but the Liberal Party is in the fortunate position of having to take no responsibility for bids for rural votes when their coalition partner is the CP. If the coalition policy

40. of. Appendix A and his comment on Marginal Farm Reform. "The suggestion that this scheme was introduced because of electoral support the Country Party received in dairying electorates really causes me considerable amusement because the scheme was introduced in the face of the most violent criticism from the dairy farmers themselves". Letter from J.D. Anthony, 21 February, 1974.

41. Interview, Adelaide, July 1972. Kelly used the phrase referring to non-farmer representatives of rural electorates whom he considers feel particularly vulnerable to farmer complaints.

makes concessions to dairyfarmers, as in the 1962 Dairy Plan, the CP is alleged to be "votecatching" and the Liberal Party is alleged to be the victim of blackmail by its coalition partner. In fact the representation of dairyfarmers by Liberals is nearly as great as it is by the CP, and the representation of efficient viable dairyfarmers by Liberals is greater, so that the Liberal Party is also "dependent" on a dairyfarmer vote. In the circumstances of Liberal Party representation, the 1962 Plan which postponed marginal farm reform in favor of continued flat-rate subsidy, favored the viable South and the Liberal Party representation and if anyone was blackmailed it may have been the Minister for P.I., Adermann, the CP member from Fisher, Queensland, - except that I think he did not believe in the efficacy of marginal farm reform anyway. I have already suggested that McMahon and Malcolm Fraser may have urged the establishment of the Dairy Committee of Enquiry because they hoped for independent recommendations favoring the viable south, and the bigger "economic" factories and farmers. It is consistent with this analysis of the Liberal Party representation that Liberal-sympathising metropolitan news commentators deplore the blatant vote-bidding tactics of the CP towards dairyfarmers and imply a somewhat purer character to the Liberal Party. Possibly the Liberal Party is purer, but I suspect that the Liberal Party dairy policy calling for a more "rationalised, economic" industry is a bid for votes in a subtle fashion. The Liberal Party undoubtedly makes gains with consumers and the "marketing" sector of the industry by public reluctance to support the dairyfarmer subsidy in the interests of economical and sound government. And the Liberal Party has bid for some dairyfarmer votes by establishing its desire to reform the industry in favor of the viable areas where the Liberals happen to be stronger, leaving the CP the problem areas of the north. But of course, such subtle appeals will not compensate many dairyfarmers for the loss of cash on the cream cheque by abolition of the flat-rate subsidy.

Conclusion

I wrote at the beginning of this Chapter that there were three questions to which I expected to find answers. 1) Whether dairyfarmers are concentrated in "electorates dominated by dairying interests" including factory employees and dependent business people, who constitute an "amplified electoral feedback". 2) whether dairyfarmers will vote according to promises and policies made by political representatives and advice from dairyfarmer organisation officers, and 3) whether decision makers appear to pay attention to the electoral power of dairyfarmers.

In answer to the first question I can conclude, using Census population figures and dairy cow distribution in Australia, that less than half the dairyfarmers in Australia and certainly less than one-third of the factory employees, have been living in the major dairying electorates of Gippsland, Murray, Wannon, Corangamite, Richmond, Cowper, Lyne (?), McPherson, Fisher, Darling Downs. Indeed, these 10 major dairying electorates represented less than half of the eastern state dairyfarmer total even in 1950-60, in my estimate, and in the decade 1960-70, the decline of the industry in Queensland and NSW reduced the occupational significance of dairying in six northern electorates even further. Even in the best of times, this concentration of dairyfarmer votes from 1949-1969 varied, I think, from 1 in about 11 voters in Victorian dairying electorates to 1 in 14 voters in NSW and Queensland electorates.

In answer to question 2) it seems unlikely that dairyfarmer votes can easily be influenced either by political promises or by their organisation officers in view of the loyal record of major dairying electorates, and of the peculiar difficulties in the minor, more vulnerable dairying electorates. The rural character of dairying electorates, including some minor dairying electorates, and the identification of dairyfarmers with local opinion as a result of their location around townships and association with factory management, tends to make dairyfarmers somewhat resistant to

direction from outsiders on voting or party affiliation.⁴² So does the prestige and experience of the representatives of dairying electorates, who have so often been Cabinet Ministers and party leaders, inspiring personal loyalty from their electorate.

In answer to question 3) whether decision makers appear to consider the electoral power of dairyfarmers, I can summarise a rather speculative answer by saying that the CP appears to consider the dairyfarmer electoral power rather less explicitly than the Labor Party, and that the Federal Labor Party, in opposition during 1949-69, may consider dairying electoral power only as part of the overall strategy of appealing wherever votes may be won without contradictions in policy. When a party becomes a government, the electoral power of dairyfarmers becomes rather less important to all parties than the possible embarrassment of fulfilling electoral promises. The record of the Liberal Party in soliciting dairying votes is more difficult to assess, since it is partly obscured by the secrecy of Cabinet decisions and CP Ministerial decisions, partly obscured by claims to be considering the national economy and efficient production - claims which happen to favor Liberal represented dairy electorates. But the Liberal policy certainly attracts some very influential industry groups, and some closely associated dairyfarmer groups.

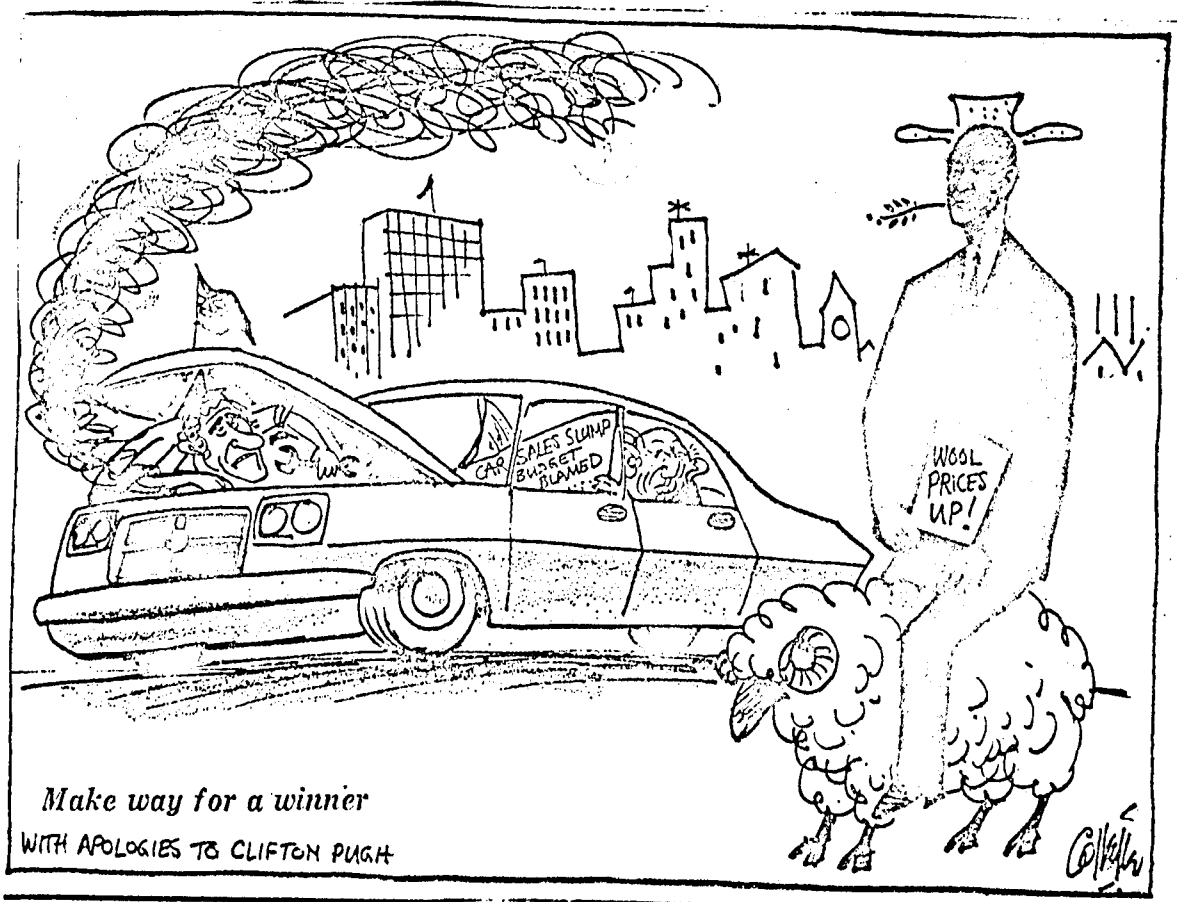
I do not conclude the psychological tallies or number game estimates by party strategists influence only the ALP. But the ALP could certainly afford to indulge most freely in bidding for producer votes when they were in opposition.⁴³ The Liberal/CP policy-makers cannot neglect the responsibilities of government for the dubious gains of vote bidding. Whether Lib/CP party policy is influenced by electorate sensitivity or not,

42. Group theory has always supposed that cross-pressures on group members produces apathy, withdrawal or opposition.

43. Within NSW the State ALP Government had not attempted to bid for North Coast dairyfarmer votes by restricting NSW Milk Board operations for instance. see Chapter VII, NSW Milk Board.

the neglect of potential psephological influence by dairyfarmers within their organised groups confirms that industry leaders, if not party strategists and observers, see other channels as their regular and reliable means of influence. There are numerous inhibiting factors for a pressure group trying to influence elections. Influencing voters takes time, money (for publicity not for candidates' bribes) and effort, and dairyfarmer secretariats are not well-equipped for these activities in addition to their own agendas. Dairy farmer organisations are even constitutionally barred from party politics in many cases. Members can be alienated by political recruitment attempts when they have strong existing party loyalties and the "similarity of norms between leaders and members" will thus be disturbed. Supporting a losing candidate can be a distinct handicap to group influence.

I conclude that electoral dependence of the CP on, or psephological influence by, the dairyfarmers is limited normally to potential influence and dependence. I think that the horseshoe and nail theorem which I outlined at the beginning of Chapter IX is so simplistic that it is useless. If dairyfarmers are united against or in favor of a proposal and if an election at the relevant level of government comes at the right time, dairyfarmer electoral influence may concern party strategists - especially Opposition strategists, who are not as restrained by the difficulties of responsible government - and especially in glamor marginal electorates. But it will rarely happen that Australian dairyfarmers are so united over federal policy that they are an identifiable electoral threat and it is almost unimaginable for them to achieve the ultimate in psephological competition - the success of one party rather than another by switching of a solid bloc of votes. At the federal level there is little evidence that dairyfarmers have approached political parties explicitly about the electoral damage dairyfarmers could do. And I do not think Country Party



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CHAPTER XI FUNCTIONAL AND POLITICAL REPRESENTATION: CABINET

The conclusion of the last three Chapters was that direct functional representation was more reliable for producer groups than legislative representation which has a number of difficulties for producer groups wishing to reach decision makers. At the beginning of Chapter IX I quoted Truman's analysis of party and groups relationship, that access to points of decision

is significantly affected by the structure and cohesion and the political parties considered not just as electioneering devices but as instruments of government within the legislature,

and that a party with regular electoral success will provide channels of access within the party leadership in a stable and orderly pattern.¹ The Australian Commonwealth Government from 1949-69 demonstrated regular electoral success and stable orderly access to party leaders in Cabinet, influenced by McEwen who emphasised Cabinet access for producer groups. McEwen's influence over Cabinet was due to the organisation and loyalty of his party and its electoral strength, to the key position of the CP in the coalition government and possibly to his personality, which combined elements of Machiavelli's lion and fox.²

Cabinet decision-making is obviously important to dairyfarmer groups on some issues - subsidy for instance and farm reform, but it is neither a simple nor a well-documented process. Campbell has written of Australian farmer pressure group concentration and strength:

the critical explanatory factor is ... in the existence of cabinet government. Parliamentary government concentrates immense power in the hands of the cabinet and the individual members thereof.³

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1. D. Truman, The Governmental Process, op. cit., p. 325.
 2. J. Hutchinson, "Cabinet and the Prime Minister" in Mayer and Nelson (eds.), Australian Politics, op. cit., pp 545-6.
 3. K. Campbell, "Australian Farm Organisations: the Unity Issue", Politics, VII 2. (1972), p. 151.

In practice "immense power in the hands of the cabinet" is modified by a number of factors.⁴ Encel has written:

Cabinet in Australia as well as in Britain is the supreme decision-making body, but its decision-making functions may be viewed as part of any one of four distinct though related systems. As a piece of constitutional machinery it may be seen in its relations to other parts of the constitutional system - in particular the Crown and parliament. It is also the apex of the party system, the object and focus of the party struggle. Thirdly it constitutes the highest organ of administration and its relations with the administrative system are of the greatest importance. Finally, it is a body of political leaders, an elite group, whose individual personalities, social origins and routes to power merit study in themselves.

Emphasising the particular importance of party, he added:

no discussion of cabinet government in Australia would be satisfactory without placing the main emphasis on the relations between cabinet and the government party (or parties).⁵

Limits on the "immense power" of the 1949-69 Australian Commonwealth Cabinets include the political party relationship, the federal constitutional divisions, the coalition differences,⁶ the administrative structure and its requirement of executives, and the individual personalities and ambitions of Ministers. But Lib./CP claims for electoral support as the party of "good government" (described in Chapter VIII) made the coalition government particularly vulnerable when Cabinet appeared publicly divided and limited in effectiveness, (as the Gorton Cabinet did). Successful Australian governments must appear to rise above the federal limits on Australian Cabinets as part of their claim for the public mandate.

4. cf. J. Hutchinson, op. cit., pp. 541-3.

5. S. Encel, Cabinet Government in Australia, 1st Ed., MUP, 1962, pp. 3-4. In the 2nd Edition, this theme is maintained explicitly (Chapters 5, 10, 11, 12) but not altogether consistently, I believe.

6. Hutchinson writes: "The agreement between the two parties traditionally recognises inter alia the right of the CP leader to make separate policy statements and election speeches", op. cit., p. 539, and Encel, op. cit., 2nd Ed., p. 69.

I am persuaded that on the whole group access to, but not necessarily influence over, Cabinet is favored by these limiting and complicating factors. McEwen's success in formalising access to Cabinet for rural producer groups may suggest greater influence by these groups, but the limits on Cabinet power means that meetings with group leaders with Ministers has often enabled the Minister to explain to groups when and why their demands could not be satisfied. Access is not the same as influence even in an immensely powerful Cabinet. But access to Cabinet and Minister does indicate attempts to win the "acquiescence" and "advice" of groups, if not their wholehearted approval for Cabinet decisions. McEwen practised the technique of consultation negotiation with rural producers in his 1950-56 Ministerial post in Commerce and Agriculture, and from 1961, according to Matthews:

Direct consultation between Cabinet and pressure groups was adopted after the government's near defeat at the 1961 Commonwealth election. In an attempt to regain business confidence after the "credit-squeeze" of 1960-61, the government invited a number of the major industrial and commercial pressure groups to consult with the economic subcommittee of Cabinet in January 1962. These consultations have since been held each February and July.

The practice represents a contribution to Cabinet conventions formalised by McEwen and adopted by his Liberal colleagues and later by ALP successors.⁸

Access may have some unexpected advantages to Cabinet of course, if the AMA can suggest ways around constitutional barriers for instance or groups will approach party conferences and executives to get party policy changed. If Cabinet really had "immense power" it would hardly need even the acquiescence and advice of groups but not only is Cabinet power limited in fact, but advice needs to be sought from groups to satisfy Cabinet that their own sources of advice and information are not too limited either. Groups do

7. T. Matthews in Mayer and Nelson, op. cit., p. 492.

8. cf. R. J. Hawke, as a potential Minister, quoted in Country Life (NSW) 27 September, 1972, p. 4 on acquisition of the wool clip. "I would want to get the clearest idea of what the industry wants. Then I would ask the Bureau of Agricultural Economics about its ideas", and the invitation by Senator Wriedt in December 1973 to 48 "top level primary producer representatives to take part in a frank exchange of views on rural policy". Australian, 7 December 1973. I would like to compare the ALP/CP similarities in a future study.

not claim, in public anyway, that they are in a position to influence Cabinet Ministers and are even cautious about claiming to have constant access to Ministers. "Access" may be tactfully considered by experienced groups and Ministers to produce information rather than decisions.

Campbell writes (somewhat inconsistently) in the article already quoted:

The Government is forced to resort to some protective techniques to ensure a broader examination of the ramifications of proposed rural policies Sometimes Cabinet itself performs this work ... the device of the inter-departmental advisory committee is used The Treasury, in particular, is often called upon to play a decisive role with respect to rural policies. Industry organisations occasionally recognise this fact. ⁹

I think myself that industry organisations often recognise that only on relatively small matters will a shrewd Cabinet allow groups to determine policy without "broader examination" by Cabinet, departments and, in the long run, political parties. That is why industry organisations maintain a careful detachment from political parties, a close relationship with sympathetic Departments and a formal and helpful relationship, when possible, with Cabinet Ministers. For political parties certainly resent public attempts by groups to determine the party policy, and government departments may also resent public attempts by groups to determine party policy. Departments are asked for advice and expect to influence decisions through their departmental expertise. The Department of Primary Industry, for example, as I have written, relies on information from the experienced, successful, farmer leaders of groups for at least part of their professional expertise. That departmental expertise will be weakened if the farmer groups carry their case also to non-Departmental political parties, at least if they do so frequently. The Minister provides the link between the professional, well-informed "non-partisan" bureaucrat and the critical or "acquiescent" party audience, often to the advantage of the Minister and the

9. K. Campbell, op. cit., p. 155.

Department as well as to the advantage of the groups. For the Minister is both a political party and functional department representative within the institution of Cabinet, which is itself possibly as complex as a political party structure, but a lot more secretive. A Minister may, one suspects, derive personal prestige and advantage for his department and his clientele groups if he plays his political and his functional representative roles within Cabinet successfully.

The Ministerial Party Role

Although Campbell does not include them, political parties seem to me to provide one of the more important "protective techniques" to ensure a broader (if somewhat tardy) "examination of the ramifications of proposed rural policies" through party committee, conference branch resolutions and executive criticism. Theoretically, Ministers are watched, reported to and judged by the party audience as the party hierarchy, and they are made conscious of, if not always influenced by, opposition to Ministerial policy and the degree of support for policy. In general, in Australia, ministers are expected to unite their party supporters behind their administrative proposals, more so, it is said, than elsewhere.¹⁰ In practice, as I have written earlier, more independence of action by Ministers is acceptable to CP party members and at some stages the Liberal Party, than to ALP members.¹¹ The party structure does produce critics of group interests¹² which reduces group influence within Cabinet, although party criticism also indirectly encourages groups to establish direct access to Cabinet to counter the party critics. A Minister may also be encouraged to seek out group leaders to find a formula to overcome party or coalition critics. For Ministers try to show their Ministerial talent partly by finding compromises with disputing

10. cf. G. Sawyer, "Councils, Ministers and Cabinets in Australia", in Hughes (ed.), Readings, op. cit., pp. 59-61.

11. Partly as a result of ALP election of Ministers. See footnote 14.

12. W. A. Kelly of the Liberal Party for instance.

party factions and between groups. Ministers in office have some personal responsibility for successfully applying party policy, for establishing their competence as administrators to a party audience and parliamentary party members always ready to volunteer as replacement for inadequate Cabinet performers.¹³ The performance of Ministers is observed by party audiences of experts so that Ministers are continuously "running for office within the party" as one observer puts it,¹⁴ not only on grounds of party doctrinal purity but of executive competence also. The Minister's party role requires initiative and independence, and responsibility to the party and the electorate for policy achievement. Many Ministers do not reach remarkable levels of political representation during their careers, nor do they achieve all the political talents simultaneously, but two PI Ministers, McEwen and Anthony, have been notably distinguished in their "political representation" or party roles since 1949. Charles Adernann was, if not as imaginative and forceful a politician, at least accessible and consistent, a sound supporting player, whom McEwen backed from within the Inner Cabinet. The political role can, of course, distract a Minister at times from his "functional representation" and limit the time he can spend exerting his "immense power" but it can give considerable prestige as well.

Lib/CP Ministers have probably become more independent of party control and more "immensely powerful" in the Australian cabinet during 1949-69, because of their success in elections. This gives the senior and Inner Lib/CP Cabinet members a particular prestige and security. In the Australian Federal coalition Cabinets of 1949-69 there was an apparently amicable division of Ministries between McEwen, Menzies and Holt and an apparently undisputed formula for coalition independence in details of Ministerial policy. McEwen himself was an Acting Prime Minister during the absence of

13. cf. Hutchinson, op. cit., pp. 543-4.

14. A phrase from Clyde Cameron, Interview, Adelaide, July 1972. He was referring specifically to the caucus elected ALP Cabinet. The phrase can apply in a limited sense to CP and Liberal Ministers, although the P.I. axe may spare a Minister who has shown himself to be a good administrator in office, while the party axe may fall on ALP Opposition Ministers, who cannot prove administrative competence unless they are in office. The ALP Shadow Cabinet is therefore running harder for office.

both Menzies and Holt. The CP held 5-7 of the 26 Ministries and 2-4 of the 13 Inner Cabinet posts.¹⁵ CP Ministries have been essentially pragmatic departments involving "clients", Agriculture, (Primary Industry) Postmaster-General, Trade, Territories, Repatriation, Interior, Customs, National Development, Supply and (but only in Madden's time) Treasury. This choice of Departments gave the CP Ministers control over administration directly involving farmers in many cases, including dairyfarmers of course, and reinforced the CP appeal to their traditional supporters. The CP Ministers are however limited by dependence on Liberal ministers, particularly in Treasury since 1958, for economic policies encouraging expansion and expenditure, and in the monetary crises of the 1960's partly for the level of export returns so that their "client" Departments could record achievement and "growth" for their rural and Rural/Urban supporters. The economic dependence of the CP on Liberal Party policy does limit the power of CP Ministers to determine rural policy, on Trade, National Development, even Supply, Repatriation, Interior or Territories policy.¹⁶ Within Cabinet the intrinsic influence of Ministers like McEwen and Anthony, whose leading roles and personal prestige modify the party limits on Ministers (and the coalition influence on them also), enhances the chance of their clients' demands getting through Cabinet opposition. If a Minister is relatively powerful and independent, a group rallies its numbers and influence to provide a careful and well supported case for presentation. Dairyfarmer leaders certainly prepared themselves carefully if they were to deal with Anthony, or McEwen. A group probably finds a junior or new or vulnerable Minister

15. Crisp observes unkindly that this number over represents the ability within CP although it is an approximately equal percentage of Ministers to MPs. CP. 7 Ministries to 26 House and Senate members, 26%, Libs, 19 Ministries to 80 members, 23%. of. Sawyer, "The Country Party can usually bargain for Cabinet representation out of proportion to its parliamentary strength". op. cit., p. 60. see also Encel, op. cit., 2nd Ed., p. 68.

16. This may explain some of McEwen's hostility to McMahon during the 1960's.

less effective because his personal power is limited by party and Cabinet and coalition, and ease of access and informality of discussion is achieved at the expense of effectiveness - possibly in group presentation of a case as well as Ministerial representation of it. The Cabinet "apex of the party struggle" is not more straightforward or predictable for pressure groups than the lower levels of the party struggle and undoubtedly influence for groups on Cabinet Ministers varies according to differences in Ministerial power and party standing - or coalition standing. But the "apex of the party struggle" is inevitable for groups as the lower levels of the party struggle are not, because there is no alternative to the Minister and Cabinet as decision makers on some issues. A group will adjust to difficulties of "life at the top" by allying itself with influential "stable orderly" partners and groups, and with supporters within the administrative structure. I have written that I think dairyfarmers have been fortunate in their allies, and more acceptable to those allies because dairyfarmers have made "practical", limited, generally non-controversial demands. Thus they can be more easily represented by a Minister, and received sympathetically by other Cabinet members. There is no doubt that dairyfarmers have also been fortunate in their political representation by Mr. McEwen - and his loyal colleague, Adermann.

Non-Party Cabinet Roles

When a Minister calls for "unified approach" to Cabinet by interest groups and farmer groups, as McEwen and Anthony have done, he may be warning them that Cabinet, the "object and focus of the party struggle" is not as orderly and stable as it appears from the outside, and that an orderly unified approach by interests will be more impressive to an institution which must itself resolve internal conflicts. Some of these conflicts arise from influences on Cabinet appointments and consultation which according to

Encel,¹⁷ have included an equivocal but formally opposed attitude to potential conflict between Cabinet executive role and private occupation and investment, the increased acceptance of the importance of organised interest, (so that a CP appointment to the Department of PI is increasingly desirable, as the appointment of a medical practitioner is increasingly desirable as the Minister of Health) the existence of a "tri-party" or at least a non two-party system, the late growth of the concept of "national interest" (which was inhibited by the lack of independent foreign and defence policies until post-1945), the written federal constitution, and finally the late development of an identifiable administrative class among bureaucrats and politicians in the British tradition of a "governing class" which reduces the need for individual Ministers to exercise leadership in executive and administrative roles, or to rely on Cabinet support in these roles.¹⁸ Several of these influences reduce the importance of the party role of Ministers also, and I am not sure how important Encel believes non-party influences to be in contemporary Cabinet activity. He writes:

the great influence of the Country Party ... has enabled it to exercise considerable influence within cabinet ... perhaps no other explanation for the influence of dairyfarmers in politics is necessary.¹⁹

The party influence on Cabinet is strongly emphasised in the 1974 edition of Cabinet Government in Australia. It would be easier to deal with party influence alone than with 4 or 5 other factors as well, but I myself find it difficult to accept that explanation of Australian Cabinet decision-making is found only in the "tri-party system" in a period when the return of the coalition government at elections was so regular for 20 years, when

17. Encel, op. cit., 1st Ed., pp. 14-15.

18. Later he adds other features of Cabinet operation, such as the amount of detail in Cabinet discussion, Ibid., p. 276.

19. Letter to author, 18 July 1973.

the CP had such limited policies and "sectional interests" and the Liberal Party had such widespread support and strong leadership. Moreover the Gorton experience suggests to me that there is still importance in the non-party relationships between individual ministers, between Ministers and the Commonwealth administrative structure with pressure groups, and in predictable "stable orderly access" which Gorton appeared to neglect with disastrous political results.²⁰ Success in making Cabinet effective - or what is popularly called "good Government" - may attract non-partisan electoral support, in my opinion, and keep parties in public office, so that Cabinet effectiveness becomes desirable in itself, as an aim for every party in government. Nor do I accept that the influence of dairyfarmers is limited to the CP, although the CP is undeniably the industry's most explicit and uncritical political party spokesman and would like dairyfarmers to believe it is the only party on which they can rely. Since I have devoted two Chapters and one section of this Chapter already to the limits and complexities of the ties between political parties, Cabinet Ministers and dairyfarmers, I think the balance of this Cabinet Chapter should be devoted to Encel's other points, even if he is now inclined to dismiss their significance himself.

Private interests, organised interests, Cabinet solidarity

Even in his first edition, Encel did not emphasise the significance of the restraint on Cabinet that private occupation and investment should not conflict with the Cabinet executive role. Nor does Hutchinson pay much attention to this restriction at Federal level.²¹ The acceptance of

20. cf. A. Reid, The Gorton Experiment, Sydney, 1971., especially Chapters 2 and 3. The electoral defeat of the Liberal Party in 1972 was certainly partly due to criticism of the government by Gorton and McMahon and was not in public associated with withdrawal of the CP support for the coalition, although both McEwen and Anthony may be judged to have contributed to public disappointment with McMahon. Encel himself emphasises a number of factors in Cabinet government, such as "leadership", relations with the press, growth of the bureaucracy, etc. rather than coalition disputes in the second edition of Cabinet Government, see chapters 10, 11, 18 and the Conclusion.

21. Hutchinson in Mayer and Nelson, (eds.) op. cit., p. 539. She writes: "there is a strict code of ethics at the Federal level, based on Section 44 of the Constitution There are several examples of scandals ... at the State level".

representation of organised interests, which Beer, Eckstein and Truman have demonstrated as being so general in contemporary political behavior, are more significant to the private interests of Federal Ministers, encouraging citizens to accept that a Cabinet Minister who has personal experience and interest in the subjects on which his Department makes policy, makes better decisions on that policy. Such a Minister is supposed to be shrewder than other members of Cabinet on his subject, as McEwen, Adermann and Anthony were supposed, as farmers, to be shrewder than other members of Cabinet on rural matters. The conventional rules for "ministerial responsibility" may reinforce this respect for personal association with the organised interests. Under the conventional rules for Ministerial responsibility, Cabinet solidarity or "collective responsibility",²² non-interference of one Minister with the work of another, and the formal procedures for inter-Departmental consultation and co-ordination, a Minister is traditionally allowed discretion in decision-making. The conventional traditions, (based on the executive necessities for Ministerial discretion and responsibility) together with the acceptance of organised (and private) interests, certainly compete with party influence over Cabinet Ministers described in the previous section.

Cabinet secrecy surrounding decisions and meetings is obviously necessary to sustain traditional Cabinet solidarity. Ministerial responsibility and

22. Collective responsibility involves both individual and ministerial responsibility and Cabinet solidarity but Cabinet solidarity is "the one central principle" according to Encel. (1st Ed., p. 260). Jennings in Cabinet Government, Cambridge, 1936, gives the most ascetic view of Cabinet solidarity in which honorable ministers stand together or fall singly. Encel describes a large number of cases in Australia in which the principles of Cabinet solidarity have been ignored, (1st Ed., pp. 223-43) and concludes: "in Australia, the basic convention is not collective responsibility within cabinet but the individual responsibility of each minister to his party. In times of stress they may go even further and involve loyalty first and foremost not to the party as a whole, but to a particular section of the party or the extra-parliamentary organization" (1st Ed., p. 260). Even in England ministerial responsibility may in practice vary considerably from Jennings' principles. of S. E. Finer, "The Individual Responsibility of Ministers", Public Administration, (Lond.), Vol. 34.4. 1956 and A. H. Hansen and B. Crick, The Commons in Transition, Fontana, 1970, pp. 119-22.

executive loyalty may be secured in public only if, in another place and time, criticism and complaint and horsetrading and votecatching and destruction of rivals and implacable opposition can be practised secretly. Within Cabinet there is both solidarity and division, and the Gorton Cabinet suffered because the splits were ignored (according to gossip) in the backroom where they should have been solved, and the appearance of solidarity could not be maintained. The ALP seems to be adhering also to a policy of Cabinet secrecy and loyalty even over a divisive and controversial policy like the Medical Insurance Scheme,²³ although the non-solidarity of the ALP at party conferences and conventions is very deliberately not kept secret. The convention of Cabinet solidarity, requiring considerable secrecy, makes it difficult indeed to prove whether dairyfarmer policy is supported by the great influence of the CP within the Cabinet, or whether the Liberal Party Ministers speak up strongly for some dairy support and assistance as I suspect some have done. I believe that the importance of the CP within Cabinet discussions may have been over-emphasised by the contemporary reports, and that, as Aitkin suggests in the quotation used at the conclusion of Chapter X, the CP itself uses the secrecy of Cabinet meetings to claim the title of "the champion of the rural industries and the architect of their welfare". With Cabinet secrecy, who can deny the Country Party?

On some days and some places, McEwen appears to do so. Although he said to the farmers at Kyogle in 1955:

Neither Fadden and I will shield behind the fact that we belong to a minority party or are not in complete control of the Government ... our colleagues of the Liberal Party and our colleagues of the Country Party have never obstructed us from getting for you people what we having regard to our total responsibilities, believe represents a fair thing.²⁴

23. Coincidentally I wrote this sentence on the same day as Clyde Cameron complained on television that an item he particularly wanted discussed in Cabinet on worker retraining had not been put on the Cabinet agenda and he felt he was being deliberately obstructed at Cabinet level. 11 February 1974.

24. Transcript sent to author, op. cit., p. 30.

he also said at the same meeting (of hostile dairyfarmers as he wrote, "partly linked with the ALP"):

I will hear with a completely open mind what the Australian dairy industry says on that point. I will carry to my Cabinet a recommendation only after I have heard carefully and sympathetically what the Australian dairy industry has to say on that. But I am one voice in the Cabinet and I can't say, yes, I will alter what is at present a law. Will you understand that? 25

As well as ambivalence about complete responsibility for Cabinet decisions McEwen is demonstrating here the close relationship between Cabinet Ministers and organised interests. When he refers to "the Australian dairy industry" he does not mean the dairyfarmer audiences he might be addressing in various regions, but their official representatives in organised dairyfarmer groups. The Country Party is alleged to be close to "sectional interests" but the CP leaders emphasise frequently that they consider themselves to be available only to "official representatives", the "top industry men", the "responsible leaders" elected by "you in the industry". Other party leaders now play the game that way also. The Minister has personal dealings with the spokesmen for the organised interest with which his Department deals, especially Ministers of "clientele" departments, and his Department is expected to organise this contact.²⁶ The Minister is expected to treat those spokesmen well in order to achieve executive efficiency and to increase party appeal.

The first influences unrelated to party roles which Encel identified as affecting Cabinet appointment were private occupation and investment interests, and the acceptance of organised interests. A characteristic habit which he also observed, was the amount of routine business reaching Australian Cabinets, compared with Britain where such business is performed

25. Ibid., p. 22.

26. cf. M. Fraser in A.I.P.S., Who Runs Australia? Angus and Robertson, 1972, pp. 185-7.

by the civil service without involving Cabinet.²⁷ The volume of detailed administration inspires establishment of Cabinet sub-committees²⁸ and makes even more necessary some forms of Ministerial etiquette, co-operation and solidarity. Probably this tendency for dealing with detail and forming sub-committees does encourage ministers to develop their own areas of initiative and independence, and to rely heavily on senior departmental officers. The tendency presents problems of stretching Cabinet solidarity and collective responsibility to cover the development of individual bases of power and influence over sub-committees. Cabinet solidarity and the presence of Inner Cabinet, or senior Ministers, to dominate these sub-committees, is necessary to hold together a centrifugal substructure of Cabinet authority, dominated by Ministers with personal prestige, involvement, experience, representing and advised by organised interests, dealing with detailed administrative business. Admirers of Cabinet government have always emphasised that solidarity and Ministerial responsibility have been the most valuable characteristics of the system, promoting reliable sound decisions, democratically arrived at. Leaders like Sir Robert Menzies, who have dominated their Cabinets very successfully, are particularly apt to congratulate themselves on the virtues of the system. And possibly many pressure groups and sectional interests are similar admirers of this decision making focus of power, in spite of its centrifugal substructure, which competes with the political party structure for authority and effective power. A Cabinet does simplify the problems of identifying who will make the decision in the short run, and where to apply pressure compared with decentralised party systems. And in federal political systems, Cabinet

27. Encel, op. cit., 1st Ed., p. 276. In spite of this, Australian Ministers, he claims, shift responsibility for errors to subordinates within the civil service, p. 365.

28. Encel, op. cit., p. 365. It seems possible that Cabinet sub-committees have been helpful also for co-ordinating the Federal/State schemes, which are both detailed and inter-departmental at state and federal levels.

government is one of few centralising institutions. Party strains and individual independence of Ministers make Cabinet less reliable and orderly for sectional interests. In Australian Cabinets the development of individual spheres of influence, of dealing with large amounts of detail and small doses of policy, perhaps the late development of "national interest" tends to make Cabinets more unstable, but tradition of access for organised interests, of collaboration and co-operation between Ministers, of solidarity and collective responsibility make Cabinet more "stable and orderly". It is unrealistic to consider all Cabinets reduce problems of unpredictable or unstable behavior, since they have inherent conflicts within them, but patterns of access to a Cabinet may generally be more orderly than access in non-Cabinet systems. Access and/or influence by groups cannot be, and probably never are, taken for granted by experienced negotiators even in a Cabinet system however.

Parliamentary, constitutional, administrative limits

I have discussed the constitutional limits on dairying policy in earlier Chapters and the divisive character of the Australian constitution with regard to production and marketing powers. There is considerable significance for Cabinet in constitutional limits on dairying policy,²⁹ as indeed there is significance in constitutional limits over a great deal of Federal Cabinet activity. I have also discussed the parliamentary limits on Cabinet policy at an earlier stage in the thesis and concluded that, although there is rarely sufficient influence from that source to affect current policy, the dairying groups and anti-dairying critics do achieve some publicity through parliamentary channels. But parliamentary influence in normal federal parliaments is not immediately effective,³⁰ nor reliable for pressure groups since it is heavily restrained by party disciplines.

29. This is particularly evident in the case study in Appendix A.

30. G.S. Reid argued that the Senate is developing some of this influence and that it has now become almost "powerful" itself, in A.I.P.S., Who Runs Australia? op. cit., pp. 19-26.

Similarly parliamentary influence is not a normally important limit on Cabinet power. The 24th Parliament, of the 1961 election, provided an unusually vigorous parliamentary spectacle, although it would be difficult to establish that much policy was directly changed as a result of parliamentary action.³¹

I have discussed in Chapter VIII the dairyfarmer relationship with federal departments, and concluded that the administrators have been a valuable source of support to dairyfarmer groups. The relationship between Cabinet Minister and Departmental officer is a crucial element in this policy-making process. Even Encel keeps returning to the Commonwealth Civil Service in discussions on Cabinet, although the connection between the bureaucracy and the party influence in Cabinet, his favorite theme, is comparatively weak. Party influence is not absent of course from submissions by Department officers, whose advice must be consistent with the government's policies, but party influence is much more indirect in the administrative institutions, and the advice of Department officers is often presented to the party audience and the electorate to justify Ministerial policy. In the AIPS seminar entitled Who Runs Australia? the preoccupation with bureaucracy, often illustrated by the Commonwealth Civil Service, was not merely because Encel tended to produce a description of the Cabinet as essentially irrelevant to running Australia at all, but because it is now a cliché that administrators are a very important and somewhat elusive part of the decision-making process. The importance of administrators is certainly strengthened by the Cabinet acceptance of organised interests in policy making. For the administrative officer is, in Australia, often the negotiator and adviser to sectional interests, as well as Ministers.

31. Reid's argument is directed much more to criticism and amendment or rejection of legislation by the Senate than to legislative formation. Progressives tend to identify this support for power of parliament with a conservative view of government activities.

He has become the middleman adviser to organized interests and Cabinet. Whether the administrator limits the "immense power" of Cabinet is doubtful, but certainly the administrator affects that "immense power". Sometimes, clearly the administrative advice strengthens Cabinet authority but often the advice of the bureaucrat must introduce doubt to previously undoubting minds, and division of opinion when there had been blissfully ignorant unanimity. And there are those who claim "the civil servant really runs the country anyway". The conclusion of the most directly experienced speakers in the AIPS seminar was that at the policy level, administrative decisions did not directly replace Ministerial decision making. Sir John Crawford made this point most directly:

Ministers are responsible for policy, both severally and collectively. They must carry parliament with them when policies call for legislation. But while ministers are responsible for policy, they rarely make it without considerable interaction with their civil service advisers Officials do make policy, not merely because the discretions left to them in legislation often require them to do so but ... their expertise is bound to influence ministers. I would not find it difficult to name policy decisions initiated by officials rather than by ministers. 32

Spann adds something to this observation, writing:

Much turns on the relative talents of ministers and officials. If the political system recruits less talent than the administrative system, the balance of power will shift. The Commonwealth administrative system seems to have been more adaptable than the political system to the demands of modern government. Indeed its very adaptability has concealed, or made up for, political shortcomings. The talents of few really able ministers in Cabinets have also helped to protect weaker ministers Canberra is the permanent home of most policymaking officials, to many politicians it is a distant place where meetings are held.... Ministers have other duties to distract them - to attend meetings of the Cabinet and its committees, to be in Parliament when it is sitting, at question time, during debates, and so on; to look after their electoral base, make speeches and conduct other party activities, meet delegations. 33

32. Crawford in AIPS, op. cit., p. 86.

33. R. N. Spann, Public Administration in Australia, Government Printer, 1973, p. 320.

The relationship between the administrator and the executive has been explored in a number of ways from the "New Despotism" theme to the class analysis of the role of the state. The more limited point I want to re-emphasise here is that, for sectional groups and the dairy industry particularly, in the Australian coalition government of 1949-69 the Cabinet-administration relationship has provided considerable access by groups to decision makers and enhanced their influence. This is partly because in general, the Cabinet accepts something of a "pluralist" view of government. It is also partly because for most of the period, Cabinet has needed the "advice" of its administration and of pressure groups in order to achieve the "good government" for which party leaders seek electoral re-endorsement. Whether Cabinet deals with a great deal of administrative detail, or whether it delegates such details to its appointed officers, whether Cabinet is dominated by the P.M., divided by party splits, is small or large, has Senior Ministers or inexperienced new Ministers, its members must rely on and accept some of the advice, presentation and analysis of the Secretaries of departments and their grey eminences, to achieve executive effectiveness as I have written in the conclusion to Chapter VIII. Spann emphasises there are three important points in this reliance on Departmental officers:

The first is the time factor. Ministers and senior officers are busy people. Many decisions cannot be discussed and debated at great length. Most ministers want public servants who are not afraid to participate, and shortcut the process of choice. One of the attributes of a good minister is to be able to sense pretty quickly if important alternative possibilities are being concealed from him. Secondly, many alternatives are not politically "available". A minister wants advisers with the political sense to know this.... Thirdly, the number of possible alternative policies is often very large indeed. Even if a public servant selects six for discussion, he is selecting. ³⁴

34. Spann, op. cit., p. 325.

Undoubtedly the administrative service has less intrinsic limit to its capacity in 1969 than in 1949. The service has grown in stature as it has in numbers in the post-war period of 1949-69. Delegation of details from Cabinet to the civil service has grown as complexity of legislation grows, even if that process is faster in the British Cabinet than the Australian one. The case study of marginal dairyfarm reconstruction in Appendix A indicates how much of the detail of that scheme was discussed and formed by department officers before the final agreements were signed, although the scheme was one which the Minister himself strongly favored and possibly inspired. The dependence of Cabinet on the civil service has grown from 1949-69 and the civil service has developed "professionalism" (of which the BAE in the Department of PI is a good example) in the same period, and undoubtedly bureaucrats are primarily interested in establishing "stable orderly patterns" to "get things done". The non-party administrative role of the Ministers of Primary Industry during this Bureaucratic revolution in Australia may have been as significant as their party role. Not only has there been remarkable continuity in the Department (four ministers in twenty years, one of whom was there from 1958 to 1968) but three out of four Ministers had very close and experienced contacts with their "clientele" farmers, a good deal of background knowledge and experience to enable them to appreciate, judge and criticise the Departmental submissions.³⁵ All four have proved thoroughly reliable supporters of the principles of Cabinet solidarity when it does not involve coalition policy differences.³⁶

35. cf. Spann, *op. cit.*, p. 320. "Where a department has frequent changes of minister or a succession of poor ministers the senior public servants are likely to be more influential inside their own agencies. When an able and determined man heads a department for a long time ... he may dominate it. Even power-conscious officials often like a strong minister who will stand up for their interests in the Cabinet, and to Prime Minister, Treasury and Public Service Board".

36. McEwen of course, has had many explicit differences with Liberty Party policy, especially at election time, and Anthony has probably had even more differences, but these are rarely over decisions that have been taken, and seem to be directed towards influencing decisions which are still to be settled. Encel discusses this subject in his 2nd Ed., p.68.

Within Cabinet both McEwen and Adermann inspired respect on the grounds of seniority and political experience, and McMahon and Anthony inspired respect because they were ambitious young Ministers on the way up the ladder. Consequently, the access that dairyfarmer groups have had to the Federal Departments, through their formal ADFF/ADIC submissions, and through their representation on the ADPB and more indirectly through CP ties, through State Agricultural and Health Department representation, through factory federations and equalisation machinery, is reinforced because at the top there have been experienced, respected Ministers. These Ministers have been very much in rapport with their departments and their party colleagues, with the towering figure of McEwen in the background even after his change of portfolio.

If one were scoring Cabinet for points for and against interest group access in general, one might rate reliance on the civil service and acceptance of the Cabinet etiquette rules as scoring up to plus 4 for encouraging Cabinet stability and group access. And the party ties, the parliamentary, constitutional limits as possibly up to plus 2, since some groups may gain access because of their value as targets for party bidding, but not predictably enough to score plus 4, some groups will gain access and influence from the constitutional limits on federal power, but will also be unable to get action on some policies because of the same constitutional limits, some groups will gain publicity and influence from parliamentary debate, but probably not immediate access to Cabinet and decision. The dairyfarmer groups score pretty well on these three latter Cabinet influences, as party targets, through publicity from parliament, and through Cabinet dependence on their acquiescence in the absence of constitutional powers. But there is sometimes a potential disadvantage in the absence of constitutional power.

Access to Cabinet is at least partly through Departments and I have described in Chapters VIII and IX some factors influencing access to Departments. One factor is the support the interests give to the governing party or the opposition. Another factor is the internal organisation of the Department, its structure personnel and availability, and as I have described, the Department of PI had a preference for the commodity farming groups over general farmer groups, particularly the APPU.³⁷ As well as these factors, in client departments such as Social Service, the Armed Services Department or Repatriation, the strong constitutional bases allows the departments to develop policies directly with its clientele.³⁸ In National Development or Primary Industry where both policy and direct administration are constitutionally restricted, acquiescence and advice and acceptance by a clientele of groups is desirable to the Department but may not be as vital to the Department's operations as in Repatriation. In one sense the dairyfarmer groups, both commodity and general farmer groups, are handicapped in directly influencing the Department and Cabinet because the Department is not directly responsible for primary production.³⁹ Compared with their other strengths, this handicap is probably a minor one to dairyfarmers, but the dairyfarmers do not score consistently well on constitutional grounds and direct Departmental dependence.

Elite Relationships in Cabinet and Department

I can summarise the implications here fairly briefly, since much of the information is contained in earlier Chapters. The elite factor also

37. Senator Wriedt, the ALP Minister for Primary Industry, has changed this policy by appointing a general VFU representative to the ADPB.
38. The difference between the British case study of the BMA by Rokstein and parallel Australian pressure group studies is partly attributable to the indirect administration resulting from constitutional limits.
39. For instance withdrawal of a subsidy, as the ALP policy appears to be in 1975, may be much more feasible when the Department does not depend directly on organised groups for approval, and the organised groups cannot retaliate by threatening an administrative reprisal, as the AMA can do by refusing to staff public hospitals, for instance, or the RSL may be able to do by boycotting certain forms of application.

probably scores as high as plus 4 for inspiring stability and access. I wrote earlier that Ministers, especially CP ones, emphasized that they listen to the leaders of groups, not to the rank and file. This is an incentive for groups to organise hierarchically and to support their leaders if they want results. The character of the organised group, i.e. its organisational "density" and "scope", its aim and history, affect the respect for its demands which a group inspires from Minister and Department. And the qualities of a group's leaders, their experience in the industry, their background and technical knowledge will add to or detract from the respect which the political elite within Cabinet, party and Department will have for their opposite members in the groups. In some circumstances such mutual respect may be decisive in relationships between Minister, organised interest and civil servant. On the factor of elite relationships, dairyfarmer spokesmen score reasonably well, (perhaps nearly up to plus 4) since, as I have written, many of the state delegates to the commodity ADFP have been associated with dairying groups for a long time, have been dairyfarmers, have Australia-wide representation, are well supported by their members, and have sympathisers within the CP. And the members of the Equalisation Committee and Dairy Board (farmer and factory members) also score well for, combined with the ADFP to form the ADIC they are alleged to form a wide spectrum of interests within the industry, they have periods of very long service in the industry, and they have been able to produce, with something approaching the competence of that admirable farmer group, the NSW Graziers Association, some detailed submissions, analyses and proposals to the Minister (using results of Departmental and BAE research). The APPU depending on its secretaries rather than its elected leaders, on regional concentration in Victoria, less closely associated with factories, was less acceptable to the political elite in comparison, until the appointment of Dr. Dawson in 1962 anyway. The APPU may have been listened

to by the Minister for its technical advice, for its broader farmer connections, for its knowledge of the Victorian sector of the industry, but clearly the commodity Federation was the senior consultant group in Departmental discussion, particularly in view of the personal relations existing between its ADIC leaders, the Country Party Minister and the Dairy Division officers of the PI. The Cabinet-elite system, insofar as there is one, has been a source of strength to dairyfarmer groups.

Conclusion

There is no doubt that the Cabinet in Australia gives significantly more access to some groups than to others, partly as a result of "legislator patterns" and the "sub-group structure of a Cabinet" and producer groups have had much easier access to the Lib./CP Cabinet during the period under study, than groups representing social reform movements, or the elderly, the poor or aborigines. I am briefly investigating some attitudes for this preference for producers in the next Chapter.

Part of the access for producer groups to Cabinet is through the "functional representatives" and is strengthened by Government need for advice and acquiescence from producers in management of the economy and, in the dairyfarmers' case to a lesser degree, Government need for approval. The political party role of Ministers is another part of the access provided for producer groups and the structure of the Minister's Department is also important. The Cabinet form of government encourages a Minister's Department to strengthen the position of "their" Minister within the sub-group of Cabinet so that their own Departmental prestige is high also,⁴⁰ and reliable group spokesmen will reinforce both Ministerial and Departmental

40. cf. Spann. "Even power-conscious officials often like a strong minister who will stand up for their interests in Cabinet", op. cit., p. 320.

positions.⁴¹ The prestige of both Minister and Department may increase if clientele groups represent a source of party strength - as unions do for the ALP and graziers for the CP. For although in Australia the Minister of PI may not have been held responsible by Cabinet colleagues for the detailed administration of his Department in the older Cabinet tradition, he was very likely, in the coalition government since 1949, to be held informally responsible by the Cabinet for the political satisfaction of the rural interests with which the Department deals. (And I think the Minister for Labor and National Service will similarly be held responsible by an ALP Government for the political satisfaction of trade unions). The "syndicalist" philosophy of the Australian parties certainly extends to responsibility of administration and Ministers, even if "syndicalist" philosophy does not always determine Cabinet policy formation. Appendix A is presented as a case study in Cabinet decision making. In this case study, although a majority of Cabinet may have preferred not to continue paying a flat rate subsidy in 1961 because of its inconsistency with party economic policy, division within Cabinet (kept confidential from the public) plus opposition from a respected farmer group, united strongly against a change in subsidy policy, able to get support from other farmer groups, allied factory and marketing representatives, supported by several Cabinet Ministers of both parties, including the powerful CP Leader, presenting a submission sympathetically reviewed by departmental officers, combined to decide the issue in favor of the group for over a decade. I think those immediate Cabinet influences provide a plausible explanation of policy in marginal dairyfarm reform and flat-rate subsidy, without

41. of. Beer commenting on British NFU endorsement of agricultural guarantees policy: "... ministers, far from finding this endorsement a political liability (suggesting, as it might to an old-time Radical, that a 'sinister interest' had triumphed over the common good) welcomed and used it when publicly defending their agricultural policy". Modern British Politics, op. cit., p. 330.

attaching any direct weight to the more remote electoral and party considerations which may have influenced dairy policy also, but did not necessarily decide the policy. As Eckstein wrote "the political positions of (departmental) heads, the broadness and significance of (departmental) functions and their traditions" will affect power exerted "on behalf of clients within the executive structure".⁴² The distinction I invented earlier between the party and non-party roles of Ministers emphasises the importance of the non-party, departmental functions and traditions and the relations between minister and department in a non-party role. There is as well a variation in Ministerial party standing, depending on Inner Cabinet posts, seniority in the party, personal authority, representation of organised interests, rarer educational or geographic qualification. To summarise, if a Minister has considerable independent authority, respected Department advisers and organised interests, he may also have considerable opportunity to form policy and rally Cabinet support behind him.

The Australian Cabinet is claimed by Encel and Sawyer, though not by Hutchinson or K. O. Campbell, to be influenced considerably by Australian party organisation and history. On the whole, I think Sawyer's interpretation refers to Cabinet procedure rather than decision-making, although Encel appears to be prepared to extend the party interpretation to be the prime factor in decision-making as well. If one accepts that the dairyfarmer groups within the ADIC have had Cabinet access and influence on Cabinet decisions because of their party connections and one accepts that Cabinet is primarily designed to favor party supporters, no further explanation of dairyfarmer group influence is necessary. But if, as I suggest in this thesis, the absence of explicit dairyfarmer group and party ties reduce the importance of the first part of this chain of events, and the non-party character of some Cabinet activity reduces the second part, Cabinet influence

42. quoted in the introduction to Chapter VIII.

and access of dairyfarmer groups is not simply associated with party roles, nor can it be so easily explained.

I have suggested that the relationship of dairyfarmer groups to electorates has been complicated by the technicalities of the voting system, public apathy and the expense and uncertainty of reaching the voter, by the distribution of party support, internal party dissensions and the prestige of leaders. And the influence that dairyfarmer groups might have over parties through the electorates has been limited by the characteristics of the groups, the "scope" or group influence on its members, by group internal division, its financial and administrative resources, demands for organisational density, the specialist rather than widely appealing character of its demands, as well as the uncertainty that a party, if influenced could deliver the goods anyway. As Chislett observes, possibly unreliably:

None of the primary producers organisations ... has any formal link with a political party ... party politicians are not popular within the activities of producer organisations ... a direct line of responsibility from a producer organisation or even a political organisation in the electorate, through to a parliamentary party is not a viable relationship, especially if the party is in office. Parliamentary bodies have shown the virtues of being free of responsibility to non-parliamentary bodies The Australian Labor Party has been seriously damaged, to put it mildly, because the parliamentary party is answerable to an electorate body. 43

I suggest in this Chapter that Cabinet-administrative-producer ties are not any simpler than party-electorate-producer ties, but that Cabinet-administrative-producer ties are nowadays indispensable to Cabinet, to Department and to producer spokesmen and members. That is why dairyfarmers have had "stable, orderly" ties with the Ministers of Trade and Primary Industry and their Departments and will attempt to keep those ties with an ALP Cabinet and Minister. I believe that "influence" is a more unpredictable, more complex, pattern, which I am discussing in the final Chapter and Appendix A.

43. Chislett in Williams (ed.), op. cit., pp. 125-6.

CHAPTER XII "THE CONCEPT OF THE STATE" OR "OPERATIVE ATTITUDES"

In a study of the British Medical Association, Eckstein classified factors and determinants of pressure group organisation and politics in a "Theoretical Framework" introduction, asking what were:

the determinants of the form (italics his) of pressure group politics in various political systems ... the principal channels and means through which pressure groups act on government and the character of the relations between the groups and organs of government? ...

... the determinants of the intensity and scope of pressure group politics ... the fervor and persistence with which groups pursue their political objectives as well as the relative importance of political activities in their affairs: the number and variety of groups engaged in politics. ¹

The determinants of form have been discussed in earlier Chapters on parliamentary debate, political parties, Federal departments and agencies, and Cabinet, costs of assistance and subsidy to dairyfarmers, and the role of factories and their associations, and the determinants of intensity and scope in the Chapters on dairyfarmer organisation itself. A third class of determinants was described by Eckstein answering a rhetorical question on the effectiveness of pressure groups:

From what principal sources do they derive their power vis-a-vis other pressure groups and the more formal elements of the decision-making structure, such as parties, legislatures and bureaucracy ...

Factors determining the effectiveness of pressure groups may be classified under three headings; a) attributes of the pressure groups themselves b) attributes of the activities of government; c) attributes of the government decision-making structure. Perhaps operative attitudes constitute a fourth category, since the ability of a group to mobilize opinion certainly enhances its chances of success in any political system in which opinion matters: but that is obvious and needs no elaboration. ²

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1. H. L. Eckstein, Pressure Group Politics, op. cit., p. 9.
 2. op. cit., pp. 33-4. In a footnote Eckstein refers to D.B. Truman, Government Process, p. 506, and a slightly different definitional answer to the question of "effectiveness" determinants. "Truman identifies three factors which determine the extent to which a group achieves 'effective access' to the institutions of government. 1) factors relating to a group's strategic position in society 2) factors associated with the internal characteristics of groups; and 3) factors peculiar to the governmental institutions themselves. 1) and 2) are grouped under a) above: the determining role of public policy is not considered by Truman at any rate not as explicitly as the other factors". Eckstein, op. cit., p. 34.

I have written Chapters IV, V and VI on the "attributes of the pressure groups", Chapters VII, VIII and IX on the "attributes of the activities of the government", both within Cabinet and Department, and if I classify "attributes of the government decision-making structure" sufficiently widely, Chapters I, II and III (VII and VIII) IX and X on "attributes of the government decision-making structure". Comparative pressure group studies using Eckstein classifications could therefore find useful material in this thesis. This final Chapter is an attempt to summarise these determinants and factors, and to outline the "operative attitudes" which Eckstein considered might be a fourth category and which Truman tended to omit. It is a debatable point how far "operative attitudes" are influential. Eckstein wrote:

When different countries follow similar policies in regard to some interest we often find the interest corporatized to a different extent and with a different degree of intensity: we may therefore suspect (*italics mine*) that deeper cultural factors also play an important role in determining ... the "effective size" of interest groups. Take agriculture in Britain and the United States ... the British National Farmers Union includes some 90 percent of those eligible to join it, and has almost a complete monopoly over agricultural groups organization; in the United States there are three major groups and some minor ones having a total membership of only some 30 per cent of those eligible... What can account for this if not certain deep cultural attitudes toward organizations? 3

"Cultural attitudes towards organisation" he had summarised as the "degree of recognition of the groups and their political roles" or their "legitimation".⁴ Qualifying the "cultural factors" explanation of agricultural organisation almost immediately, Eckstein then suggests that British agricultural policy inspires some part of this effective size.⁵ Beer, who followed Eckstein in

3. Eckstein, op. cit., footnote p. 36.

4. Ibid., pp. 28-9.

5. Ibid., p. 36. I have already described a number of "policy" factors, such as primary production for export and federal-state divisions of power, which are relevant to dairyfarmer "density" and "amalgamation" in the Chapters on dairyfarmer state and federal groups.

a more detailed exploration of British attitudes to pressure group and political party organisation,⁶ explicitly analysed attitudes towards group organisation and its "legitimation". He emphasised the historical tradition and widespread acceptance of the British political philosophy of "interest" and "function" representation, i.e. "certain social elements ought to be represented simply because they have a mode of existence that is part of the legitimate social order",⁷ as well as because "They have special skills, experience, expertise, which government must have at hand if it is to understand and control the complex and inter-dependent social whole".⁸ Echoing Eckstein's caution about political attitudes analysis, Beer explicitly states: "political culture, its values and beliefs and emotional symbols, while a major variable, is only one of the variables determining behavior".⁹ Campbell wrote recently that "Beer and Eckstein would probably find little evidence in Australia to support their view that cultural factors encourage the development of monopolistic pressure groups ..."¹⁰ According to Campbell, Australian individual independence and disrespect for leadership works against monolithic pressure group organisation but "remnants of corporatism as a political philosophy" (a fairly widespread philosophy among Australian conservatives, Campbell notes) does encourage pressure group "legitimation" in the Australian political framework. Cabinet government and "socialistic" policies also strengthen pressure group "legitimation" and overall there may be a stronger case for the importance of cultural factors for monopolistic groups than Campbell claimed.

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6. Modern British Politics, London, 1965, and see bibliography for earlier articles.
 7. Beer, op. cit., p. 72.
 8. Ibid., p. 73.
 9. Ibid., Introduction. xi.
 10. Campbell, "Australian Farm Organisation: the Unity Issue", Politics VI.2., 1971, p. 148.

In Chapter IX I quoted Aitkin as concluding about the Country Party:

It is hard indeed - taking the long view - to explain the party's existence in terms of its success as an economic pressure group. Ideology has been at least as important as interest. 11

And the Chapters on political parties and Cabinet government suggested that "leadership" and competence or "good government", were important vote-getters for the Lib/CP parties, partly relying on an appearance of independence of "interest groups", and that Cabinet decision-making is influenced by both the party and non-party role of Ministers. These Chapters also suggested that policy decisions made by party hierarchies depended in the long run, on the support of the party audience and that the party audience may be critically jealous of the part groups play in influencing policy decisions, just as the electorate may be critically jealous of group influence. All these observations do suggest that there are some Australian attitudes potentially limiting group "legitimation" and unity as Campbell claims. Attitudes could be one important reason why "influence" of groups on Cabinet decisions may not be identical with Cabinet-producer-group ties and access. Operative attitudes could consistently support "stable orderly" access for groups to decision makers in general, especially when "the group's performance of a productive function ... in a 'mixed economy' "12 affects employment and the standard of living, while setting limits on the extent to which groups do influence party policy in particular. Before summarising the conclusions of this thesis, I am briefly discussing some analysis of Australian politics about group access and/or influence, and the "effectiveness" of producer groups in Australia resulting from "operative attitudes".

11. Aitkin, op. cit., pp. 92-4.

12. Beer, op. cit. see conclusion of Chapter VIII.

Section I. Corporatism and "the Concept of the State in Australian Politics".

Discussing "the concept of the state" in an article published in 1960, Encel wrote that the state in Australia:

"is a body where the organs of government and their concomitant institutions like the party system, exist not to frame national policy but to execute the expressed demands of the community as formulated in practice by organized bodies claiming to interpret the general interest correctly. It exists in a social context where group conflicts are only to a limited extent the result of clashes between social classes ... This state further operates in an economic context where the social purposes of industrial production is of comparable importance to its economic purpose; tension between the two invite continual state action to resolve it.

The concept is one of a state which is committed rather than neutral. To mitigate the effects of commitment, state intervention whether of a regulatory or operating character, tends to be detached as much as possible from the traditional state machine, and dealt with in either a quasi-judicial or "non-political" manner, or to be diffused among a number of organs with claims to sovereignty in their own sphere. ¹³

The term "corporate" never appears in his article but there is a resemblance to Beer's description of Old Whig representation which "conceived of representation as being not of individuals, but rather of corporate bodies" both local and functional, with a permanent, continuous character.¹⁴ Within the committed but non-directive Australian state, Encel saw Australian political parties as functioning "not to make policy but to gain control of the organs of government and make them work in the interest of the syndicates with which it is associated" rather than as "agencies for formulating basic policies" while the administrative system over which parties gain control is a "collection of more or less self-contained administrative satrapies which are not infrequently engaged in disputes" and the party competition for control is characterised by the "growth of machine politics on the American rather than the British model" including the influence of group interests.¹⁵ Encel distinguished his corporatist view specifically from

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13. S. Encel, "The Concept of the State in Australian Politics", 1960, reprinted in Hughes (ed.) Readings, op. cit., p. 45
14. Beer, Modern British Politics, op. cit., pp. 17-19.
15. Encel, op. cit., p. 48. Encel still holds this view of the State in the 2nd Ed. of Cabinet Government, p. 35.

Davies' concept of the Australian state. Davies wrote in one of the most footnote-catching phrases of Australian political studies: "The characteristic talent of Australians is not for improvisation nor even for republican manners, it is for bureaucracy"¹⁶ and added that political parties have an anti-bureaucratic role in the political system. Unfortunately Davies did not pursue the theme of the anti-bureaucratic party role but, possibly inconsistently, attributed the unchanging nature of party platforms to the tendency of a particular policy to inspire enemies, so that "the ideal coin of the party leaders is always the generalised appeal; possession of the "right approach", the "good record" the right, in a word, "to trust" but not to change or criticise."¹⁷ On his concluding page, far from observing a balance between bureaucracy and anti-bureaucratic parties, he observes a "depreciation of politics vis-a-vis administration".

Beer wrote recently of British politics that:

Party ... has a role in pluralist theory ... the essential purpose of the party is to win and hold authority in the state ... party policy is influenced by calculations flowing from the pursuit of power but also by distinctive party conceptions of the common good. ¹⁸

But in Australian political studies, the conventional view has been rather like Encel's, that political parties, particularly compared with British politics, do not formulate policy about the common good, nor contribute to

16. A. F. Davies, Australian Democracy, Melbourne, 1958, quoted in Encel, op. cit., 1st Ed., p. 35.

17. A.F. Davies, op. cit., 2nd Ed., p. 128.

18. Beer, op. cit., p. 352.

political ideology or philosophy.¹⁹ Currently, modern Australian political parties have been seen to be mainly "representative of interests" or corporate and pragmatic. Jupp, for example, as a visitor in 1966, accepted the conventional view that Australian political parties were directed towards gaining and keeping office, balancing those who are satisfied with those who are - as politicians hope, temporarily - dissatisfied with their gains from the output of government, although he emphasised ALP isolationism in foreign policy and domestic Communist influence as distinctly different trends from the influences on British Labor Party policy in the 1960's.²⁰

This conventional view is similar to Beer's description:

British politics in the 1950s showed a great decline in class antagonism. At the same time, the issues between the parties became much less ideological. To a great degree the questions dividing them became marginal, statistical, quantitative ... general elections consisted less of pitched battles between opposing social philosophies than of small raids of interest groups. As class and ideological contours faded, groups appeared as more prominent features of the political scene. ²¹

19. L.C. Webb, "The Australian Party System" in Hughes (ed.), op. cit., pp. 340-3. J. Jupp in Mayer (ed.) op. cit., 1966, pp. 238-42. L. Overacker, The Australian Party System, New Haven, 1953. A.F. Davies, op. cit., Part IV. The conventional school differs from earlier authors writing on the concept of the Australian state who saw the ALP as a party of initiative and non-Labor parties as parties of resistance and alleged that interest groups rarely did any good in politics on either side. see Hancock and Eggleston, quoted in Encel, op. cit., pp. 38-40, and more recently, Reid, The Gorton Experiment, op. cit., p. 89. Although the ALP initiative non-ALP resistance view gave some policy role to the parties there were too many inconsistencies in practice in the attributed party roles. After persuasive criticism by Mayer in 1956 ("Some Conceptions of the Australian Party system, 1910-1950", Historical Studies, VII. 1956 and Goot, Mayer and Rawson, Politics IV. 1969, for spirited, comprehensive and thorough pursuit of the controversy) the policy role of the parties during 1949-65 was generally neglected. Mayer himself has attempted to redress the balance somewhat in editions of Australian Politics, although the party ideological emphasis here comes mostly from practitioners; Cairns in Mayer, 1966, J.L. Carrick in Mayer, 1968, Fraser in Mayer, 1968. See also West, in Mayer, 1966, C.A. Hughes "The Polity" in A.F. Davies and S. Encel (eds) Australian Society, Cheshire, 1970, p. 252.

20. Jupp in Mayer, op. cit., 1966.

21. Beer, op. cit., p. 242.

This conventional view suggests a strongly favorable operative attitude existing towards groups.

The view of Australian politics as "corporatist", heavily biased to bureaucracy, (or "functional representation") is certainly easier to illustrate than the view that a dynamic idea forms the basis of political differences and attitudes. The obvious Australian political attitudes have been pragmatic rather than idealistic, probably particularly during 1949-69 when there have been few ideological challenges to Australian society. The popular commentators have concentrated on the personalities of the "leaders" and their "teams" and the pragmatic details of policy, especially at election times. But there is some dynamic of ideas and some conflict between Australian party policies which limit "group politics" although the conflict is not associated with important class cleavage or profound ideological challenges. I have written in Chapter IX that there are ideological clashes or "dynamic" in the Country Party new protectionism for example and in the ALP isolationism, and in the Liberal Party support of economic growth, "efficiency" stability and development. I do not want to over-emphasise the importance of these attitudes in everyday decisions, or their relevance to this thesis, but I do not believe that attitudes should be altogether ignored. Several writers of Australian political studies have made passing references to the existence of distinctive sometimes disruptive, ideological attitudes in the Liberal party, including the strong strain of economic laissez faire, later connected with economic growth and conflicting with Country Party interventionism. Corbett associated this Liberal Party strain with a dogmatic insistence in the pre-Menzies era on dismantling public enterprise corporations, and more restrained action since 1949. He wrote in 1965:

In the Australian Parliament, a private enterprise party faces a nominally Socialist party across the aisle. The issue of public ownership is still the principal issue that divides them ... Labour's passion for public enterprise cannot be explained by reference to conscious Socialist conviction at the intellectual level. Rather, it appears to have been an amalgam of socialism, and class and sectarian feeling, producing a pugnacious "Irish" dogmatism. ²²

And, as Aitkin emphasizes, even the "syndicalist" Country Party has broadened its platform to include "general aims" for all Australians. Political parties may be currently looking for a new popular appeal balanced between "favoring special interests" and independence in government. In the United States the alleged assumption of pluralist or corporatist theory has inspired contemporary dissent from "group politics".²³ In some cases American critics claim that pluralism is not empirically sound,²⁴ or is too limiting in research.²⁵ In some cases critics have found the conclusion of "pluralist democracy" conservative and unjust to alienated and unrepresented groups within the state, although accepting the empirical grounds for the pluralist analysis.²⁶ Parenti combines three grounds of criticism in a study of a black community group in Newark which demonstrated empirical, theoretical and value deficiencies of a pluralist analysis.²⁷ Such dissent is not entirely unrepresented in Australia although I think it is less relevant in the Australian cabinet system. Criticism has come from non-radical journalists for instance of dairyfarmer political "effectiveness", of "give-away" terms to exploiters of natural resources, as well as from dissenters with a radical dissatisfaction with the state as a corporate executor. More crusading spirit among Cabinet members

22. D.C. Corbett, Politics and the Airlines, London, 1965, p. 56.
23. There is an old tradition of pluralist interpretation of US politics reaching back to Herring (1936) and Bentley (1908) and a recent pluralist tradition often identified with post-1949 behavioral studies by critics. see H.S.Kariel (ed.) Frontiers of Democratic Theory, N.Y., 1970, p. 162.
24. T. Gitlin in C.A. McCoy and J. Playford (eds.), Apolitical Politics, N.Y., 1967, pp. 126-133.
25. H.S.Kariel, "The Pluralist Norm" in Frontiers of Democratic Theory, op. cit.
26. Shin'ya Ono, in McCoy & Playford, op. cit., pp. 199-223.
27. M. Parenti, in M. Surkin and A. Wolfe (eds.), An End to Political Science, N.Y., 1970, pp. 111-438.

is demanded by various critics demanding educational reform , uplift for aborigines, ecological balance, conservation of natural resources, prevention of pollution, opposition to overseas control, as well as demanding reduction of dairy subsidies. But, although "leadership" and reform are not altogether consistent with syndicalist or group parties, there is not yet popular criticism of the access of group interests formally to Cabinet.

The conventional view of Australian politics suggests a favorable attitude to groups, and the widespread interest in economic growth during 1949-69 suggests that producer groups will benefit particularly from this favorable attitude. The less obvious, minority attitudes towards exploitation of natural resources by special interests, towards the under-privileged who are under-represented in "group politics", tend to support "leadership" or "independence" at Government level. Both Sir Robert Menzies and Sir John McEwen expressed such views of their roles at times. The minority attitudes may provide some countervailing pressure to the popular conventional view. I have suggested earlier that the structure of Australian political parties (particularly domination by Cabinet and party leaders, ultimately by the "rank and file", Lib/CP interdependence within a coalition, and electoral dependence) reduces political party appeal as a channel of influence to group spokesmen. I argued that the Country Party had differences in laissez-faire/economic efficiency arguments with the Liberal Party, electoral weakness where the Liberal had party strength in urban NSW and Victorian State Divisions, and leadership independence so that Australian dairyfarmers were inhibited in direct commitments to that political party. Popular criticism arising from the minority attitudes to group influence also reduces the appeal of political parties as a channel of influence for group spokesmen, for popular criticism is often adopted by political party spokesmen looking for a "generalised appeal" for their parties. Groups tend to avoid making enemies where possible, (as Davies writes of political parties) preferring to appeal on their "good record", their "right"

to be "trusted" and the "characteristic talent" of Australians for "bureaucracy", or functional representation, (especially if the groups are producer groups with a claim to affect national income and employment). Established "interest" groups tend to avoid arousing potential popular criticism against their activities by concentrating on non-controversial grounds for group "legitimation", on a "sane, responsible" image with the public, if they have to face the public at all.

Limitation of Dairyfarmers - the "Sane, Responsible" Image

The popular acceptance of functional representation derived from a syndicalist or corporatist view of government has been an implied theme in this thesis in Chapter VII which described the importance of organised dairy groups on Boards and Committees of the industry, and in Chapters VIII and XI which emphasised the association of groups with Federal Departments and Ministers. In the conclusion to Chapter VIII I quoted the analysis by Beer of the three factors of acquiescence, advice and approval, which explain the acceptance of organised interests within the political structure:

advice includes sheer information ... Acquiescence ...
active co-operation ... whole-hearted acceptance, Approval
... organised groups have a "right" to take part in making
policy ... a substantial reason for public confidence.

I have emphasised in earlier Chapters that the importance of technical advice from the dairy industry groups has been increased by the elaborate forms of equalisation and subsidy for which the Department of Primary Industry is responsible, and the number of state-administered forms of assistance which were outlined in Chapter II. The incentive for Government intervention exists strongly in the Australian dairy industry, both from the Government which legislates on methods of production, tests and licenses units of production, prohibits unrestricted entry in the interests of the consumer's health, and from the industry which, plagued with supply shortages and surpluses, low-income inefficiency and seasonal fluctuation, desires

income stability for rationalised decision-making. The administrative desire for collaboration also exists because the Federal constitutional power is restricted. The government machinery for advice and acquiescence from dairyfarmer groups and consequent association with government agents, has been described in Chapters about the Australian Dairy Produce Board, the Equalisation Committee, the Department of Primary Industry and the Bureau of Agricultural Economics. These institutions are technical, specialist advisory institutions with dairyfarmer group spokesmen acting as brokers transmitting policy decisions to their members on subsidy, farm reform, guaranteed price, pasture and drought assistance, and the technical requirements from agriculture services on herd testing, licensing, milk handling, manufacture. There is plenty of evidence in early Chapters on the need for "advice and acquiescence" in the "realities of governing" the dairy industry as I have written before.

When I described parliamentary debates in Chapter III, I concluded that dairyfarmer groups themselves did not have clearly identified spokesmen within the parliamentary parties. Their parliamentary representatives are their regional representatives, Nixon in Gippsland, or A. Fraser in Eden-Monaro, or M. Fraser in Wannon. Although Australian parties are popularly alleged to be syndicalist, dairyfarmer groups have not identified themselves unequivocally with parties at the parliamentary or the electoral level, nor accepted the popular picture of party identification with group supporters with conviction. This may be at least partly because the groups wish to avoid unfavorable attention from parliamentary critics who articulate a latent popular resentment of groups alleged to influence policy. The parliamentary critics, whom I described in Chapter III, also derive support from professional economists, especially those well versed in agricultural economics. Corden wrote in 1968:

The literature of agricultural economics is, along with that of wages policy, the most impressive branch of Australian economics, though more for its usefulness and its technical competence than its originality The importance of agricultural economics may be partly explained by the extent of government intervention in Australian agriculture ... the relatively homogeneous products of agriculture, the large number of small enterprises in this field, and the importance of government intervention have brought forth more statistical material for economists to use... 28

The prestige of these critics and the publicity given to them has probably reduced some of legitimation of the dairyfarmer groups.

In spite of the parliamentary and professional economist critics, dairyfarmers do have some occupational prestige of their own. I have already noted that what are significantly called the "industry leaders", are dairyfarmers whose properties can support managers or sons and daughters to run the farm while the old man takes time off from milking to attend to organisational affairs. Such dairy representatives are almost invariably the successful, wealthier farmers with a creditable record in production, breeding, pasture use, efficient application of mechanical and shed design innovations. And a successful dairyfarmer has a certain prestige which may not carry the same social rating as a successful grazier,²⁹ but carries a good deal of weight with his agricultural peers. This prestige may be a result of the range of skills which a successful dairyfarmer needs on a larger farm. He combines animal husbandry, pasture and crop management, judgement over equipment investment and upkeep, with a seven day job, constant record and book-keeping, and personal relationship with factory managers, health and veterinary inspectors, and one or two hired workers. A successful dairyfarmer needs to be a manager of some ability, stamina and self-discipline.

28. M. Corden, Australian Economic Policy discussion: a survey, M.U.P. 1968, pp. 45-6.

29. cf. G. Harman, op. cit., pp. 83-4.

As well as the intrinsic prestige of the occupation, dairyfarmers have a characteristic of "visibility"³⁰ which enhances their legitimation, and is derived from a comparative advantage over some other farmers. As I pointed out in Chapter II, the dairyfarmers have relied very much more on the Australian market for their income than have wool and wheat farmers. Because the governments at both state and federal level could assist the level of dairyfarmer income through domestic subsidy and protection more than they could assist the export-dependent wheat and woolfarmers (except to subsidise costs), the dairyfarmers have become something of a "visible" example of government rural solicitude. I suggested in Chapter II that there were parallels between dairyfarmers and the sugar, cotton, rice and oilseed farmers in their support for orderly marketing. I think there are also parallels between the dairy industry and these sellers on the Australian market in attraction of government income and market support. For the industries which can be effectively income-subsidised at home act as an example of government assistance to the whole rural sector. Such industries have, as March and Simon might identify them, greater "visibility" resulting from "distinctive practices", and special legitimation by attracting support from other rural residents for a benevolent political party. The political power of the Country Party and the Minister of Primary Industry has also contributed to dairy group legitimation, through well-publicised "corporatist" ideology of the party, because the professional success of the Country Party depends on the success of their rural clients, as does the professional reputation of the Minister and Department of Primary Industry. Moreover, no countervailing public interest in agricultural policy has competed with the dairyfarmer - Country Party influence on public decisions.

30. March and Simon. *Organizations, op. cit.*, p. 68. "Visibility" is affected by size of group, rate of growth of group, and particularly relevant here, "distinctiveness of group (whether with respect to goals, membership or practices)".

Difficulties of constitutional and inter-state limitations, difficulties of fluctuating export balances and policies and international agreements, difficulties of fluctuating domestic and international seasonal supply, difficulties of conflict of interest between Australian urban and rural taxpayers and citizens should (and does I think) produce that classic result of too much complexity in policy - confusion and retreat.³¹

Finally, as I have emphasised before, in defining their aims, the dairy industry groups have been as shrewd as if they had read the academic works on "legitimation". For one distinct handicap to a group's political role is to demand important decisions affecting a wide sector of society, or involving deeply felt values and attitudes. A group demanding nationwide euthanasia or even state-wide abortion on demand reduces its claim to affect decisions more or less directly with the public opposition it generates. But the influence of the dairyfarmer groups, deliberately limited to what they can claim is a demand for a small portion of public revenues (see Chapter III) spread over worthy citizens who need this help to produce a valuable and partly exported product, does not provoke much public opposition in spite of vigorous and informed critics. The confidence of the dairyfarmer leaders is strengthened because they are representatives of a high percentage of dairyfarmers, including the most skilled practitioners. The group leaders do move with significant caution when there is a proposal which affects the professional "depth" of their members, such as marginal dairyfarm reconstruction, because, while their marginal members object to being reformed out of production, the claims of other dairyfarmers to government support are jeopardised by public criticism of dairyfarmer "competence". As I have written, the agricultural economists who have emphasised the income and skill problems of marginal farmers may

31. By contrast for dairyfarmers the policy of the governments explicitly affects "resources available" to the industry and gives dairyfarmers a considerable and sustained interest in affecting decisions, producing what is described in Chapters IV, V and VI as "organisational density and amalgamation".

have partly diminished the group's legitimation. Emphasising the inefficiency of low income farmers enhances the authority of agricultural economists to diagnose rural problems, but it reduces respect for the dairyfarmers in the public forum of media and parliamentary debate and forces co-operation from the industry with the agricultural economists (somewhat reluctantly, I observe). The economists often seem unaware that they threaten the legitimation of dairyfarmer organisations, but the dairyfarmer "leaders" have been explicitly aware that the agricultural economists have been something of an enemy to the dairyfarmers during the 1960's - the economists have "attacked the industry unfairly". To identify the dairy industry with its marginal members in the public forum is to cast doubts on its competence and at least one dairyfarmer leader (J.P. Norton from WA) claims to have explicitly defended the industry against these "damaging charges" in face to face debate with economists.³² When there is ease of entry to an industry and a low degree of capital or training needed to become a producer on a small scale, the groups representing that industry do need to work hard to establish recognition of their value as a responsible group relied on for "sane responsible advice". In this case of entry for the least skilled members and low degree of "social differentiation" which economists emphasise there is a potentially poor level of legitimation for the industry. I think this may account for a new trend (too late to be part of this thesis since it is marked in 1971 and 1972) for the leaders of the industry to be replaced by new, usually younger officers, (both as secretaries, managers in dairy factories and elected Presidents and Chairmen). These new leaders seem to be more explicit about the importance of professionalism, modernisation, the place of dairying in the 1970's, in the public relations term a "forward looking policy", sensitive to challenge from international competition, informed

32. Norton referred to a television debate with Professor J.N. Lewis during 1968, I believe. I have not been able to find details of the date or place.

critics, and a possible lessening of tacit public support - possibly even conscious of some contemporary dissent from the "corporatist view of the state". This new trend is the basis of the optimism which I expressed in the Introduction about the future of the dairyfarmer group organisations.

The reduced membership of the organisations will enable the group spokesmen to speak with more authority for their remaining, more viable members, especially as their older members reach retirement age. The move towards unity with other farmer groups, although obviously a slow move, will also strengthen the authority of the spokesmen within their own groups, although it is debatable if farmer unity brings greater overall strength to all members. The integration of the groups into the sub-structure of department and government agencies is a source of continuing strength to the leaders, and the proposed withdrawal of the subsidy by the ALP will reduce the criticism of the economists and the parliamentarians, and enhance the "sane responsible" image of the group.

The "legitimation of dairyfarmers" is a subject on which I can only offer indirect evidence through interviews with dairyfarmer and ADPB spokesmen and Department of Primary Industry officers. These interviews have suggested a high level of co-operation existing between these elites and support or "legitimation" of some importance from CP Minister and from his Department, (Chapters VII and XI). Evidence on "legitimation" is subjective and speculative and it has been easier for analysts to concentrate on the obvious role of the Country Party or on voting patterns to explain the political influence of dairyfarmer groups from 1949-69. I do not believe that there is much evidence of party or voting influence being exerted and I conclude that dairyfarmers have achieved such influence as they have primarily from their particularly strong functional representation and only secondly from their not fully exploited potential for political representation. The political attitudes which encourage functional representation and influence in Australia, "corporatism" and "legitimation of groups", are the "enabling attitudes" which have allowed

dairyfarmers, as I wrote in Chapter VII, to "keep their subsidy for twenty post-war years, raise their prices, postpone their reform, maintain their tariff walls and restrict the sales of dairy substitutes". Those enabling attitudes have thus become the final Chapter of the thesis. While they are undoubtedly important they are immeasurable, inconstant, and controversial.

Conclusion

There have been several rewarding features of studying dairy policy and dairyfarmer organisation during 1949-69. The first is that the period is sufficiently contemporary to provide a generous amount of relevant literature and a number of people whose memory covers the entire period of the thesis and to whom I am indebted for insights, undocumented information and my continued interest in the subject. The second feature of this study is that it has indicated some of the bureaucratic detail and opportunity for access by producers to the decision-making structures, an access for which we may have claimed too much virtue in the past. Thirdly, the study of the dairyfarmers and federal dairy policy suggests some of the history, or political culture, of the period of Lib/CP government and provides a basis for comparison with later ALP policy. There are a number of comparative studies which I would like to pursue arising from this thesis. One of these is the comparison between the dairyfarmer groups from 1949-69, under the conservative and confident Lib/CP government with few economic difficulties, and the groups in the period from 1969 under a new government with new and younger leaders and a greatly reduced membership. Another is the comparison of technical differences between wheat production and dairy production, which I anticipate would affect the association of producers with processors, with the Australian Wheat Board and the political role of wheatfarmers. A third study which I would like to try would investigate the similarities and differences between the ALP view of groups associated with party, particularly as represented by the experienced and

authoritative Rt. Hon. Clyde Cameron, and the Country Party views of groups and political parties as represented by the similarly experienced and authoritative Rt. Hon. Sir John McEwen. A study of political party views of groups may give a better perspective on the elusive character of "operative attitudes" described in this Chapter.

The thesis does suggest some general features of Australian group organisation and politics. Technical characteristics of the dairy industry (or "production relations") have affected dairyfarmer group organisation and operation. Government agencies with marked dairyfarmer representation on the boards and committees, have helped dairyfarmers throughout 1949-69, although I do not think the agencies have been particularly notable for "institutionalizing the resolution of conflicts" as Parker claimed they might do in Australia. The groups indicate the "location of effective power" in the Australian system by concentrating on "functional representation" and access to Cabinet, rather than on influence through parliament, political parties and the voting process. Although the concentration on functional representation is a conventional feature of British producer pressure group studies, (see particularly Chapter VIII) popular Australian commentary does tend to give more attention to the key position of the Country Party within the coalition government, and to assume dairyfarmer influence over the Country Party. Analysis of the CP and the "non-party political" character of dairyfarmer group constitutions, publications and conferences suggest that this popular commentary may be misleading. The growth of the Commonwealth Civil Service to 1969, the development of non-party roles of Cabinet Ministers, the electoral record of the Lib/CP Government between 1949-69, suggest that electoral, parliamentary and political party activity would be a waste of time for dairyfarmer groups. "Day-to-day" decisions which interest the dairyfarmer groups more than electoral promises, as a rule, are not the matters which concern political parties, nor are such

decisions decided through the electoral process or through parliament. As conventional producer "interest" groups, dairyfarmers define their demands narrowly, with an emphasis on the possible, practical compromise, and the groups avoid public controversy and debate.

This is not an exciting view of politics. There is no dramatic conflict of values, no discovery of sinister bribery or influence through favors given and received. But it is difficult to study a pressure group and interview its officers without developing a certain sympathy for those responsible for directing the complex, prosaic operations of producer "interest" groups. The officers, both elected and appointed, tolerate reasonable and unreasonable opposition from members, they are often criticised by insiders and outsiders, are faced with long-range decisions when they have short-range information and opportunity, and they do develop some of the virtues of elected representatives in parliamentary institutions, although they certainly have even less popular support than members of parliament. I conclude by offering them warm personal thanks and a careful, sober measure of admiration.

APPENDIX AMarginal Dairy Farm Reform: A Case Study.

I have imposed an arbitrary (and artificial) division on dairy farmer activities in the main part of this thesis. Dairyfarmer activities are normally recorded in chronological form, the quarterly meetings and minutes of 1969, the annual reports, the annual membership figures, the First, Second, Third, Five Year Plans. Dividing the activities of the dairyfarmer organisations according to political representation activities and functional representation activities, policy controversies, economic and financial organisation, possibly even state and federal functions, is an academic exercise which few dairy activists need to practise.

As a more realistic description of the way in which dairy policy evolves, and the roles which the organisations, advisers, decision-makers play, this case study is treated in chronological order. Strictly speaking, marginal dairy farm reform is beyond the scope of this thesis for its operational period has been from 1970-74, but its earlier history is within the 1949-69 period. And it is an apt illustration of the complexity and number of players involved in dairy policy making.

There is some doubt about where the first steps began in the Marginal Dairy Farm reconstruction scheme which culminated in the Marginal Dairy Farm Agreements Act, 1970, passed by the Commonwealth Parliament in August, 1970, and assented to by the Governor General on 23 June, 1970.¹ Mr. J. P. Norton of the Australian Dairy Produce Board and many other industry institutions, thinks that a prototype may have been a 1954 (1951-4) state scheme in WA for assistance to dairyfarmers in clearing forest from small farms in the South East. An observer in the BAE considers that a 1958 study of NSW North Coast farms by Waring and Gruen² inspired the interest of economists in the viability of that marginal area. The ADEF secretary provided me with a copy of a submission made to the Dairy Industry Committee of Enquiry which states as a preamble:

First moves for the provision for finance for dairy farm development were made in 1956 to the then Minister for Primary Industry, Mr. W. McMahon.

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1. Owing to adjournment of the Senate the House did not receive the Bill back from that chamber until August, a somewhat unorthodox procedure symbolic of the Bill's troubled passage. HR 69, p. 106.
 2. F.H. Gruen and E. Waring, "A Survey of Small North Coast Dairy Farms", Rev. Mark. Ag. Ec., 26.1., p. 5.

It is true that a report of a speech McMahon made to Victorian dairyfarmers in April 1958 at Warragul, Gippsland, recorded the intention of the Department and the Minister to investigate the "marginal dairyfarmers who existed in the industry"³ before the distinction between marginal and general dairyfarmers was being widely made, although I doubt if the ADFF consciously inspired that distinction. It is more likely that McMahon's interest in industry efficiency and economic operation inspired Departmental and industry consideration of assistance to marginal farms, as well as general industry assistance.

The Dairy Enquiry Committee is usually credited with having made marginal dairyfarm assistance widely discussed and identified as a specifically marginal scheme, probably unfairly, for there were really two loan assistance programs recommended in the Dairy Enquiry Report. The details of the Committee's assistance schemes were contained in recommendations 4-12, and the explanation for making the assistance recommendations were contained in sub-sections U and Z, on "the Objective" and "the Industry's Obligations" in Section VII of the report. In two other sub-sections the Committee outlined the role of Commonwealth and State in achieving the reforms which the recommendations were intended to achieve. The recommendations included direct assistance to farmers in the form of loans to enable farmers to increase productivity, (Proposal A, or dairy farm reconstruction as the ADFF defined it) or loans to enable farmers to leave the industry (Proposal B) setting what became an obsolete level of "income equivalent to 8,000 lbs of butterfat per annum" to distinguish farms of potential productivity from those without potential (recommendations 6 and 7) and a period of three years at two-thirds of its income derived from dairying to define a dairy farm. Recommendation 10 outlined 9 specific purposes for which financial assistance should be made available, and "other approved purposes". Recommendation 12 suggested long term, non-interest bearing assistance until farmer productivity did increase (when the interest rate was to be ~~3~~³% p.a.) and suggested that the farmer should be left with some equity in his property even if this involved writing off some of the development work. Recommendation 11 became the basis for later marginal farm agreements in that financial assistance was to be made available for "

- (a) Amalgamation of existing properties
- (b) Switching to alternative properties and
- (c) Assisting or easing the burden of farmers who may incur capital loss in disposing of their properties for purposes other than dairying".

3. Victorian Dairyfarmer, Vol. 13. no. 4.

But recommendations 3, 4 and 5 that "other assistance" be increased as bounty declined but not to the level of the bounty proved a disaster to the whole program of loan assistance in 1960, and retrospectively, seem unnecessarily pedantic. The basis of division between loans and bounty was to be "approximately" according to a table proposed by the Committee, but by 1969-70 the overall assistance was to fall to a combined total of \$2 million as compared with the 1960-1 total of \$13 million and the Committee underestimated the widespread opposition by dairyfarmers to such income loss, as I have described in Chapter III. By 1966 the members of the industry were prepared to let their spokesmen and the Minister of Primary Industry take the preliminary steps towards marginal farm assistance as an addition to the dairy industry subsidy. But even in 1970 were the dairyfarmers themselves ready to use the scheme?

The Enquiry Report recommendations on loans for increasing productivity, or what I termed Proposal A, followed most details of the ADFP submission to the Committee. The main features of the ADFP submission were 1) Advances based on production potential and adoption of approved farming practices, together with accepted assessment of the applicant, II) Advances to be made only to approved dairyfarmers on the recommendation of a State or Regional Committee appointed for the purpose, comprising representatives of the Commonwealth Development Bank, the Department of Agriculture, State Dairy Farmers' organisations. III) Such advances to be available for any purpose ... associated with dairying ... including pastures and crops and harvesting and storage. IV) Advances to be free of interest for 3 years and at a maximum rate of 3% per annum thereafter. V) Repayments to commence at a date recommended by the State or Regional Committee. VI) Advances to be repayable through the dairy factories, unless recommended otherwise by the State or Regional Committee. VII) These advances ... to be free from legal encumbrances other than a) assignment to the dairy factory for deductions of the amounts of repayments and interest, b) terms of agreement for repayment in the event of sale of farm, c) or other provisions for repayments if the borrower ceased dairying ... the Development Bank to exercise a discretionary authority to allow the advance to stand for the full period....

The ADFP submission is summarised in detail here because there were claims that the dairyfarmer organisations opposed the marginal farm subsidy scheme or even loan assistance and prevented the Government from implementing it

That is an oversimplification. Udermann is more realistic when he says of the dairyfarmer organisations "I wouldn't say they were against marginal farm assistance but they were suspicious of its implementation".⁴ The differences between the ADFP submission and the Committee could be summarised as not great concerning Proposal A, loans for increased productivity, but disastrous as far as Proposal A and B were tied to reduction of the industry's bounty. It was clear to members of the industry (and their leaders could not deny) that many of them were going to lose far more than they would gain, from a look at the table in recommendation 5.

I have referred to the Report of the Committee of Enquiry in the section on Parliamentary Debates in Chapter III. The Report was presented to the Minister in August, 1960, tabled in the House in November but not debated on the grounds that it was being discussed with State governments and ministers. It was used as a basis for criticism of the Government dairy plan in 1962 however, as I have written already. Both the Country Party and ALP speakers were critical of the Report's conclusions, but with the exception of the bounty reduction, most of the recommendations were not controversial, although several of them proved unacceptable to State and Commonwealth officers. Of 29 recommendations the first 12 dealt exclusively with Commonwealth financial assistance, seven following suggested other Commonwealth policy changes, all of which were acted on over the next decade, five suggested elaborate administrative machinery which has proved unnecessary, two recommended rather non-specific but desirable action by State governments, two were similarly exhortatory to the farmers, and nowhere did the Committee mention that the factory part of the industry required either reform, enterprise or assistance.

The position of McMahon in the establishment of the Committee and in the subsequent fate of its financial recommendations is seldom discussed and cannot be established until Cabinet documents are available. But my guess is that McMahon's position was fairly influential in 1958-60, when he was Minister for Labor and National Service (until 1966) and had been Liberal Minister for Primary Industry from 1955-57. As Minister for Primary Industry he had somewhat surprisingly extended the Government guaranteed return over all dairy production, instead of domestic sales plus 20% of export sales, which McEwen had established as a principle in the early 1950's. In this extended guarantee system the intention was

4. Interview, Canberra, September, 1972.

(I think) that a difference between subsidy plus domestic price (for which the industry was responsible) plus export returns must equal the guaranteed return. McMahon, first as P.I. Minister and from 1966 as Treasurer, presumably wanted industry to keep its sights firmly on demand and price for its products, to determine dairy income and production. McEwen, I suspect, preferred security of producer income to take precedence over price based on demand so that small farmers could share the domestic market with a more controllable price, and export farmers would be bigger producers, more financially able to shoulder export price fluctuations in demand and price, but not under government protection. McMahon probably favored the establishment of the Committee of Enquiry - supported by several other Liberal members, including Malcolm Fraser of Victoria and N.A. Kelly from SA of similar views - because he expected to establish that the viable part of the industry in the south (a good Liberal voting area) ought to be encouraged to take over most of dairy production and the north ought to be "phased out" in the interest of efficiency - as the Dairy Enquiry Report implied. McMahon's Government guarantee over all production would then apply to viable farmers (and factories) with their production geared to price in the Liberal economic tradition.⁵

I have a letter from Sir John Crawford, an experienced and careful observer of policy making, who observes (somewhat more explicitly than usual) that McEwen

was nearer to sectional interests in respect of the dairy industry than any other. In explaining this it is worth mentioning that he had a strong sense of the relative poverty of dairyfarmers and the misery of the struggle to make ends meet for so many of them.... The difference of viewpoint between us was less sharply drawn than perhaps it ought to have been, but it turned most on the best ways to help the poorer dairyfarmer.⁶

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5. The Sydney Morning Herald, a strong supporter of McMahon's economic views and political career, supported the Report editorially and opposed "dairy farmer reaction".
 6. Letter to author, January 9, 1974. The "difference of viewpoint between us" is not identified. Sir John rarely sees differences of viewpoints as sharply drawn and perhaps in administrative circles viewpoints are not sharply drawn. I think Sir John is suggesting that McEwen's viewpoint prevailed over his own on some aspects of dairy domestic policy.

I suspect the Committee of Enquiry recommendations were seen as not being the best way to help the poorer dairyfarmer by McEwen and Adermann (1958-68 Minister of Primary Industry) both of whom shared the scepticism of the dairyfarmer leaders about implementation of the Committee recommendations. Subsequent drought and decline of the industry suggests that the Government was fortunate in not having implemented recommendations to increase its investment in dairyfarming from which almost certainly it would not have been able to get the $\frac{3}{4}$ interest in some years, and might have had to write off a considerable number of loans based in 1960-61 on potential productivity. And the result of the 1970-74 Agreements suggests that strictly defined marginal farm assistance, on limited terms of purchase/sale does not help many low-income farmers either.

As I have written, by the 1967 Fifth Dairy Plan, there was something of a realignment in position over the dairying industry and dairying policy. The realignment reflected change in the position of parties as compared with the 24th Parliament of 1962, for the 1967 position of the coalition government was much stronger, and partly reflected the decline of the vulnerable northern region of the industry, the delay in EEC negotiations which kept the British markets for butter and cheese during the decade and the expected expansion of the Pacific and Asian market. All these factors reduced the crisis atmosphere within the industry and moderated the tone of the debates. Anthony's views in 1968, as recorded in the S.A. Dairymen's Journal report of an address to the industry leaders,⁷ suggested that the CP was seeing "over production" as the crucial industry problem for solution rather than costs or stability of income, but droughts in many regions of the industry were to provide something of a solution to over production. In the speech introducing the 1967 Dairy Plan, Adermann explained:

The Government has agreed in principle to assisting the industry with respect to the problem of the marginal dairy farmer but the ways in which this help can most effectively be given have yet to be worked out. Much thought has still to be given to the practicable ways and means to achieve this end ... the Government ... at this stage ... need only signify ... that it is willing to provide assistance to high cost and marginal producers. At the same time the Government will ensure that there will not be any undue delays ...⁸

7. S.A.D.J. Vol. 8. I, pp. 28-30. see Chapter III of this thesis.

8. HR 54, p. 923 (Second reading speech, April 1967).

The ADFP' remained sceptical, unofficially, however and probably so did Adermann.

In an address to Kyogle branch of the NSW North Coast APPU in April 1968, J. D. Anthony as Minister (from the end of 1967) said:

What is the history of this scheme? It started off by the supreme governing body of the Australian dairy industry, the Australian Dairy Industry Council submitting to the Government a series of proposals ... for the present five-year stabilisation scheme ... they brought in a few new ideas, like assistance for the low income farmer, and they suggested farm amalgamation. They suggested that finance ought to be available for factory reconstruction or re-modelling money for alternative forms of production or for amalgamation of factories, and they said there ought to be cheap finance available for the dairy industry.... of course every industry comes forward with that one ... 9

But the situation really resembled one described by Aitkin in which the Commonwealth Government inspired the "cost compensation scheme discussion with the wool industry" according to a Graziers Association officer.

One of the Association's related bodies received a telephone call from the Hon. McEwen early in January one year, and he invited two gentlemen to join him at Kirribilli House to discuss a certain proposal devised by his Department. The proposal would be a spontaneous request from the industry for a cost compensation scheme ... 10

Inspiration of a scheme by P.I. is likely of course, to overestimate the influence which organisation leaders have over recalcitrant members. The "rank and file" have not had the same opportunities to hear persuasive Ministerial arguments.

As early as 1966 BAE researchers had been investigating the areas and possible number of farms for which assistance might be devised. It is generally rumored in the Department and the Bureau that Adermann himself was never enthusiastic over the possibilities of the scheme, but there is some difficulty in deciding whether the 1966-7 initiative really came from within the BAE, among the Deputy Directors and the Director, D. McKay, or from the ex-director of BAE, the Secretary of P.I., Mr. Maiden, or from

9. Copy provided by P.I. pp. 4 and 5.

10. Aitkin, The Country Party in NSW, 1972, op. cit., p. 273.

outside the government structure, including representation from a NSW State member of parliament, K. C. Crompton,¹¹ ALP member from Lismore. J.D. Anthony must certainly have exerted some pressure himself through the ADEF structure and H.A. Stone, the President of the NSW PPU and Chairman of the ADEF. The situation in NSW in 1966-7 was likely to inspire political attention to North Coast farmers from both State and Federal politicians. In May 1965 the NSW Government became a Lib/CP coalition government under R. W. Askin, and Country Party members held State portfolios of Agriculture and Decentralisation and Development, after a year of severe drought which continued until 1969 in some areas. And according to Aitkin,¹² the Chairman of the Central Executive of the NSW Country Party had been inspiring drought relief and loan assistance from both state and federal governments throughout 1966 and 1967, and indeed in some forms such as drought insurance bonds, into 1970 and after. As an ex-ALP Minister in a normally CP seat, Crompton might well have felt some necessity to prove himself in the tradition of the NSW ALP party, as solicitous of rural interests as his Country Party competitors. And Anthony as the future CP leader, whose own political base was in the North Coast, must also have felt the desirability of proving his solicitude. Both Anthony and Crompton as regional representatives were of course familiar with the 1965-68 seasonal losses on the North Coast. A safe answer would be to claim that pressures from within the Bureau and Department, from political representatives, and perhaps half-heartedly, from the dairyfarmer organisation of the North Coast, were all responsible for urging Adermann to "provide assistance for high-cost marginal producers". Adermann, as a Queensland dairying representative, was also of course familiar with the seasonal problems of 1965-67, but possibly a more persuasive factor was that he knew he was resigning in favor of Anthony and if "young Doug" wanted to tangle with the problems of marginal dairyfarm assistance, well that would be interesting and educational for the future Country Party leader.

By 1968 when the BAE concluded its survey of where the marginal farms were located, Anthony had become Minister, and started on the dairying circuit

11. K. C. Crompton was an ALP member with an interesting position in North Coast politics. (Aitkin, op. cit., p. 225). He had won Lismore in 1959 on the preferences of one of two rival CP candidates and was promoted to the ALP Ministry in his first term. He was easily re-elected in 1962 although, according to Aitkin, this was the first ALP victory in the North Coast in 30 years. He was presumably eager to use what Aitkin describes as the suspicion and parochialism of the NSW coastal electorates, less loyal to the CP than the inland NSW grazing districts to bolster ALP support.

12. Aitkin, op. cit., p. 277.

to explain the scheme to those who were to volunteer to be in it. Not surprisingly perhaps, he found less help from dairyfarmer leaders than he hoped. At Kyogle, in 1968, in answer to a question he said:

I've publicly said that I'm disappointed with some of the dairy industry leaders. I'll say it again - I'm disappointed in them. Not all of them, but some of them, because of the grudging way in which they've taken up this proposal. This is a proposal they put up in the first place, and now some of them don't want it This is \$25 million... there are a hundred and one industries around Australia that would like to get their hands on \$25 million.... Now that we've got it, we want to use it.... There are plenty of people who are quite happy to stay where they are. The way of life suits them. Look, it's not interfering with them. We don't want to touch them if they're quite happy. But if they're unhappy, then let's provide something for them.

Now if your industry leaders can see this clearly they should get up and say so. If they see it as being of benefit to the industry, then they should say it. 13

And if they didn't see it as being of benefit to the industry what should they do? The dairy industry was as happy as any other to get their hands on \$25 million. But they did not believe they were going to get their hands on it. Presumably as some reward for having spontaneously asked for \$25 million about which they had doubts, the industry received extra assistance in the 1967 Dairy Plan, possibly more generous research funds or support for existing margarine quotas, or assistance for factories, as well as the \$27 million annual subsidy, processed milk subsidy and the minimum 34 cents a lb. commercial butter guarantee, the standard assistance for which the industry also made spontaneous requests. And in 1968 the machinery of government began a slow swing into characteristic motion in order to hammer out the details of the Marginal Dairy Farms Agreement Act of 1970. Since the Act covers merely three pages (twelve sections) the rate of progress from BAE report to signing the last Agreement was approximately one page or four sections per annum, which is not rapid motion.

As well as negotiations with Treasury over the financial formula, the Department of PI had to negotiate with State Treasuries, the Agriculture and Lands Departments of the States and their advisers from associated Closer Settlement Boards, Rural Reconstruction Boards, Rural Assistance

Boards and so on. In a statement to the House in May 1969, Anthony summarised the proceedings:

"As systems of land tenure and the conditions within the dairy industry vary from State to State, the discussions were held separately between officers of the Commonwealth and the individual States. In those initial talks the basis for the provision of finance was that the Commonwealth would provide a quarter of the funds in the form of grants and three-quarters in the form of loans. In discussions, the State claimed that this basis was not satisfactory to them as it could, they said, involve them in expenditure of their own funds"... The Prime Minister wrote to each Premier on the 30th September, 1968 seeking co-operation in implementing a marginal dairy farm reconstruction scheme. In his letter the Prime Minister indicated the Commonwealth's preparedness to make available over a period of four years a sum of up to \$25 million to use by the States in the implementation of the scheme.

Of the money used by a State, 50% would be a non-repayable grant. The remaining 50% would be a loan repayable with interest at the current long-term bond rate at the time of drawing ... repayable ... over a period chosen by the State but with a maximum of 25 years ... the State to meet its own costs of administration ... agreements would include ... objectives ... production standards, safeguard against subsequent fragmentation of enlarged properties, restrictions on sales of enlarged properties ... to minimise speculation and ... a system of reporting on the progress of the scheme...

On 24th February, 1969, the Premier of New South Wales wrote to the Prime Minister on behalf of all the States ... Mr. Askin asked the Commonwealth to provide the whole of the funds required.... The Commonwealth should meet all the losses or costs incurred in the operation of the scheme... to meet the full costs of administration ... the States should be allowed to exercise full powers of determination in matters of a technical and administrative nature. Mr. Askin suggested that one way to administer arrangements ... would be to establish, with Commonwealth funds, a dairy reconstruction fund in each State. All costs, including administrative costs, would be charged to the fund and all amounts received from sales of land or other sources would be credited to it. In effect it would become a revolving fund.

On this suggestion, I am informed (by Treasury?) that such a fund would be applicable where States acted entirely on behalf of, and under the direction of, the Commonwealth. It would not be applicable where a State is co-operating under an agreement that involves a system of clear and specific repayments ... The Commonwealth view is that State instrumentalities should be the bodies who make the "on-the-ground" decisions ... The States should then be prepared to stand behind any decisions that their instrumentalities make

... However the accounting and administrative arrangements are not the crux of the issue. The real question is one of responsibility. 14

Mr. Story, the SA Minister of Agriculture in the LCL Hall government, was a dissenter from this view, according to a report by the SA Advertiser:

No agreement had been reached between the Commonwealth and the States on the Federal Government's proposal to phase out the uneconomic dairy farms.... The main problem was over financial arrangements. "The Commonwealth has proposed that some of the Federal money for the purchase of uneconomic farms will be by loans and wants the States to be responsible for any default in repayment". He said "the States feel that all money should be provided by grant with the plan being administered by the States". 15

Certainly the initial offer of September/October 1968 circulated to the States, explained that 50% was a grant and the remaining 50% was a loan at current long-term bond interest repayable over a maximum period of 25 years, or optionally earlier, but need not commence for 2 years ... "the state will determine the terms and conditions applying to occupants or purchasers of land under the scheme and accept any losses which may occur in such transactions ... meet its own costs of administration".¹⁶ One observer claims that before the September 1968 offer was made to the States, the Treasury had argued that there were to be no concession rates of interest on loans, and that this had resulted in raising the original plan for a 25%/75% grant/loan formula to the official 50:50 offer. If Treasury had indeed stayed with a formula of no rate of interest concession on 75% loans to the States, there would have been very little chance of getting some State Treasuries to accept the scheme at all. Whether the Federal Treasury had conceded any points in accepting the bond rate of interest over 25 years, the "credit foncier" repayment system or the period of repayment, I do not know. But I think Anthony's claim that the crux of the matter was responsibility might be clearer if one interprets that phrase to mean financial responsibility. The states did not see any reason for accepting losses when they did not see the scheme as viable enough to provide offsetting gains. In that sense the financial arrangements were the crux of the disputes with the State Treasuries.

By September 1969 a clearer statement of some other difficulties was forthcoming. In March 1969, Anthony and State Agricultural Ministers had discussed the dairy farm scheme at the AAC meeting in Hobart but had not

15. Advertiser, 9.5.1969.

16. Copy from SA Department of Agriculture.

issued any information "as the proposals were presently the subject of a communication from the Premier of New South Wales on behalf of all Premiers to the Prime Minister". In September 1969 the Daily Telegraph carried a reply from the NSW Minister of Lands to Anthony's allegation of slow NSW response to the scheme. "The Minister for Agriculture in N.S.W. and the Ministers for Agriculture in some of the other States, do not control such reconstruction schemes", the Minister of Lands (Liberal Party) claimed, and more devastatingly, Mr. Lewis suggested that his "seeming reluctance to accept the fact that there was a need for the Commonwealth Government's marginal dairy farm reconstruction plan" was due to the fact that the NSW Government had "seen the need to assist the very low-income dairy farmers four years ago and had spent more than \$1½ million on build-up for marginal farms". He doubted, according to the Daily Telegraph:

That the Commonwealth scheme could make any real contribution to the stabilisation of the dairy industry in N.S.W. The money which the Commonwealth had earmarked for the dairy industry could be better employed elsewhere ... such as education, hospitals, conservation, parks and wildlife. 17

Anthony, in answer to this bold criticism, assured Lewis that administration of the scheme was entirely up to the State government concerned, but that both Premier Askin and Crawford (Country Party) the NSW Minister of Agriculture, had indeed expressed their support, and that to suggest "that someone has been drumming-up support" for the scheme within the dairy industry would be disproved because of "decisions by a number of dairy industry organisations that Mr. Lewis or his Government should be told that farmers do want the plan..."

The point on which we differ seems to be that while I believe that there are literally thousands of dairy farmers on appallingly low incomes who urgently need help, Mr. Lewis ... is reluctant to recognize the existence of the problem. 18

17. D.T. 18.9.1969

18. Ibid. Interestingly, the PP (NSW) editorial of June 13, 1969 claimed that, in view of the impending Report of the Dairy Industry Advisory Committee, (itself a result partly of the Federal 1960 Dairy Enquiry Report which recommended reform of divisions within the industry in the state wholemilk/butterfat sectors) many farmers were not eager for federal marginal dairy farm reform. "It is obvious that the plan was launched hastily without ironing out much of the detail" wrote the editor loftily, addressing his subscribers in the North Coast area. Primary Producer, 13.6.1969.

Political analysts who claim the Commonwealth Government has a dominant position and Australian states have little negotiating power, would benefit from studying the way in which six States agreed to let NSW handle the Marginal Dairy Farms Agreements negotiations in early 1969, and NSW negotiators prolonged those discussions for over twelve months, finally wearing down the Department of PI and the Treasury until they accepted the State demands in full, and drafted the Act which went through the two chambers in May and June 1970. Looking back, the twelve months period from March 1969 to March 1970 was one when pressure by the dairy industry for the scheme might have expedited settlement between NSW and the Commonwealth. Dairy industry pressure from May or June of 1968 to January 1969 when NSW took over as representative, might also have expedited settlement by individual states. This pressure however, did not appear to exist.

I cannot provide the views of observers from the six states on the negotiations which took place from 18th March 1968 when Gorton sent letters to the State Premiers after a February meeting of the AAC between Anthony and the Agriculture Ministers, to the various dates in 1970 and 1971 when the states signed agreements.¹⁹ I have from the files of the Department of Agriculture in SA a comprehensive list of SA dates for meetings, and I am grateful to the Department for the information which is the basis of the following summarised schedule from a state viewpoint.

18.3.1968. Letter from Prime Minister to State Premier.

24.4.68. Meeting of members of Lands, Treasury and Agriculture with BAE officers and Mr. Hoffman, "senior Officer" (Assistant Director) in the Department of Primary Industry (Production Division). The meeting was a preliminary discussion without firm commitments made by the Commonwealth (or the states) and two aspects of the discussion were emphasised, one being the state instrumentalities which would be involved with reconstruction, the other being the extent of the Commonwealth financial backing. The letter sent to the SA Premier had outlined the original Commonwealth offer to the states, including "Objectives" (to either amalgamate purchased land with other farms, or to dispose of land for other use, to write off values so that purchasers would not be overcapitalised, to not increase butter production, and to "offer" \$25 million over four years, 50% grants, 50% loans,

19. WA, May, Queensland, September 1, Tasmania, December 1, 1970, SA. April 2, Victoria April 19, NSW June 1, 1971.

to be applied to purchase of farms bare of stock and plant and writing off of purchased items redundant on resale, the state to act as principal for the implementation, determining terms and conditions applying to occupants and purchasers, and the states to accept any losses and costs of administration).

5.11.68. Meeting in SA with representatives from the same Departments, the critical point being raised of the level at which farms should be considered eligible and viable. Agriculture was concerned mainly with problems of valuation, farm sites and viability and the Lands Board with arrangements over transfers, mortgages and tenure problems. SA Treasury raised some questions about financial aspects of the Commonwealth offer which might prove embarrassing for the state.

29.1.1969. At the request of the NSW Premier a meeting of all state premiers and all Departments concerned with the scheme met in Sydney. The state representatives held out for the revisions which Anthony described in a statement to the House in May 1969, and which I have already quoted. There was then a period of tranquility in SA while NSW officers conducted negotiations and a new senior appointment and establishment of a Reconstruction Unit within PI towards the end of 1969 assisted the harassed Mr. Hoffman to conduct increasingly frustrating negotiations. Mr. Lewis complained as late as February 1970, "details of the scheme had only now been made available to the responsible State Ministers. These had not come from Mr. Anthony as requested. They had been sent 'in a rather unorthodox fashion' by a public servant in Canberra to departmental officers in the states ... to be presented to their Minister".

According to the Daily Telegraph, in the first week of February state and Commonwealth officers met in Canberra to discuss details of the scheme which Mr. Lewis sternly warned "were far from sound".²⁰ In spite of unsound details, the scheme was introduced in the House of Representatives in May, passed to the Senate in June and discussed by the AAC (in Mt. Hagen oddly enough) on 30th June 1970. At Mt. Hagen the Queensland Minister of Lands, attending in the absence of the Minister of PI (Queensland) announced that Queensland had accepted the scheme following Commonwealth adjustments and admitted that dairyfarmers in Queensland were pressing his government to have the scheme implemented.²¹ The Mt. Hagen meeting was significant for

20. Daily Telegraph, 4.2.1970.

21. Department of PI. Press statement 30.6.1970.

SA because there was some discussion on principles of interpreting applications by farmers so that older farmers with small farms, close to retirement, would be considered favorably, plus a formula for including farmers of farms producing wholemilk as well as manufacturing milk where the two could not be clearly distinguished. This meant a special arrangement in Queensland and SA to cover the equalisation schemes, lowering the butterfat production level of eligible farms to allow for the difference in prices for wholemilk and consequent farmer income.

7.9.1970. The first meeting in SA since November 1968 in the Department of Agriculture, to consider drafts of agreement sent to the Premier before the next AAC meeting followed by a visit to SA of Mr. Hoffman and Mr. Horgan of the Reconstruction Unit of PI to discuss the terms of the agreement. 10.10.1970.

Finally on 4.5.1971, the SA Land Board officers met with Commonwealth officers to work out "procedural problems" the Department of Agriculture having received its first applications after the agreement was signed on April 2.

The Tables at the end of this Appendix suggest the outcome of the prolonged negotiations. There is considerable variation in results in each state, although the procedures were fairly uniform.

Applications in SA were initially forwarded to the Director of Lands and ran to five pages, half to be completed by purchaser and half by the vendor. The application was then forwarded to the Department of Agriculture and accepted or rejected according to the degree to which the application conformed to the "Objectives" after inspection by Department of Agriculture field officers. In SA one observer in the Department of Agriculture commented that he thought the Department should be congratulated on 24 applications in 3 years (12 rejections). In Victoria after 3 years of operation, only 59 applications were received and 36 were rejected, and in both states the average approved purchase price was close to \$20,000 per purchase. Tasmania, possibly surprisingly, approved only 13 of 50 applications, for an approved average price of \$14,693, suggesting that their Departments interpreted the definition of marginal farms rather strictly. In these three southern states the small acreage of farms partly accounted for the low average approved price.²²

22. Both Tasmania and SA had special variations of the agreements to establish 12,000 lbs butter annual production average as a definition and consequently lower price, smaller farms were eligible.

But of course the scheme had its greatest success in WA, Queensland and NSW where it was meant to apply rather than the three southern states. And more success in WA and Queensland, than in NSW. WA signed the agreement with the Commonwealth in June 1970 and at 31.1.1972 had received 103 applications. In the next two years WA received only 5 more, and a total of \$934,700 was spent in WA on the 37 approved applications. In WA the average approved price was nearly \$25,000 so that one might reasonably deduce that the applications were considered to be larger acreage marginal farms fairly generously defined. The scheme was administered by the Rural and Industries Bank of WA, not by a State Commission or Board.

The administrative difficulties of the scheme and importance of interpretation can probably be appreciated by the layman. Applications had to be made by both purchaser and vendor - in the words of the NSW Department of Lands "Explanation of the Marginal Dairy Farms Reconstruction Scheme":

The "willing seller, willing purchaser" concept applies and the Department of Lands does not become involved until a joint application is lodged. ²³

The applications are warned in the NSW pamphlet that combination of purchase and "basal land" already held by the applicant must not exceed capacity for 34,000 lbs butterfat p.a. production, must be capable of 17,000 lbs butterfat, ²⁴ the purchased property must be the whole of a marginal farm, so that the owner had withdrawn from the industry, but one farm could be purchased on behalf of more than one applicant and then subdivided. In Queensland, 17,000 lbs butterfat was also considered the minimum economic unit to be formed as a result of purchase, and not more than 34,000 lbs butterfat should be the productive capacity on amalgamation. And when amalgamation was to precede diversion from dairying to other uses, the Lands Administration Commission used its discretion, as did the Rural Assistance Board administering the scheme in NSW. In interviews I thought I detected some difference in interpretation of this policy however. Mr. Simpson of the Rural Assistance Board of the Rural Bank of NSW, appeared to believe that the marginal dairy farm scheme was by definition and objective, to re-finance low income dairy farmers, as Anthony had suggested, so that they were eligible for commercial loans and generally viable, rather than to move farmers out

23. Copy from Lands Commission, p. 2.

24. A formula of 25% or more above the marginal farm average 13,600 lbs butterfat.

of dairying. And in NSW the new dairying "Economic Unit" seemed to be the main criterion. On the other hand, the Lands Administration Commission of Queensland appeared to encourage alternative land use, (in practice this usually meant raising beef cattle) and defined eligibility to include a new Economic Unit which would not have been a dairying unit and did not depend on butterfat producing levels. Since the intention of signing separate state agreements was to offer flexibility in administration, if this administrative intention did vary from Queensland to NSW, it certainly was not inconsistent with ministerial hopes. It may explain however, why Queensland used the scheme more than NSW did. The lower application figures in NSW must be considered partly also a result of the earlier state schemes of "farm build-up" and rural relief and assistance of which the Minister for Lands was so proud, as well as stricter criteria and advice to applicants on eligibility. Queensland had been unable to provide similar revenue for rural assistance during the difficult last half of the decade, and the much greater number of Queensland dairyfarmer applications do indicate that the problem of marginal farms was heavily concentrated in Queensland by 1970. One observer comments that much more private capital as well as state capital had been available in NSW during the last half of the decade for North Coast farm purchase for real estate, and for forest use of farmland. And another observer suggests that the time lag in acquisition and land conveyancing in NSW under the NSW system discouraged a lot of applicants. The Funds advance by 31.1.1974 reflected the bias of the scheme with \$10.9 million spent in Queensland, compared with an Australian total expenditure of \$14.3 million, and only \$1.5 million to NSW compared with nearly a million to WA. Another observer explains the difference between NSW and Queensland rate of applications as due to larger numbers of private sales of NSW marginal dairy farms because of better NSW seasons in 1968-7. As a result of the seasons production of NSW farms was often also above the level required to qualify as marginal.

Some doubt must arise about the information on which Anthony and the Department of PI based the marginal dairy farm scheme. If the information was based mainly on either the BAE survey of 1950-53, which the Dairy Enquiry Report used in 1958, or on the 1961-64 statistics which were the basis of the BAE survey of 1966, as I have written in Chapter II, section 2, I think the statistics were too narrowly based and too outdated to have been as reliable as some supporters believed. The results of the 1967-70 survey, even if it failed to include some of the off-farm income which

might have made it more realistic about low-income farmers,²⁵ suggested that these earlier BAE estimates had exaggerated the problem during the 1960's. As I wrote in Chapter II also, in February 1968 there was a clash of opinion reported at a workshop on adjustment problems in Australian agriculture held at Armidale, NSW, and B. R. Davidson held that only 10% of Australian farmers did in fact have an unsatisfactory level of income, although a BAE estimate had suggested to some interpreters that over 30% had unsatisfactory levels. Christiansen writing in 1973 on a survey of North Coast dairyfarmers²⁶ raises a number of relevant points about the assumptions on which the marginal dairyfarm scheme was based. Conclusion of the survey indicated:

There has been a rapid decline in the number of dairies operating on the Far North Coast of N.S.W. ... the factors affecting individual farmers are often only indirectly, if at all, related to the economic situation of the industry ... personal factors were predominant in the decisions of when to leave and what to do Age of operators was one of the main reasons for the decline.... In many cases a lower income earned with less effort was accepted after leaving ... a significant number of amalgamations occurred²⁷ Due to substantial number of farmers taking off-farm jobs, "retiring" on farms or applying labour to more land, the overall intensity of labour use has fallen considerably...

It seems probable that those who were closest to the industry in the dairyfarmer organisations, in the Departments, even in the state parliaments, were more accurate in predicting the response by the "thousands of dairyfarmers on appallingly low incomes who urgently need help" than the BAE or the¹⁹⁶⁸ Minister for Primary Industry. The Department might well have concluded that negotiations with six states was a waste of time when only Queensland really needed much money.

If one is considering the costs of, or the achievements of, the Act and the Agreements, I think one should include the lengthy, tedious and

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25. BAE and other observers are firmly convinced that there is little off-farm income for dairyfarmers although pensions for older farmers must be sometimes relevant. The NSW Dairy Industry Authority is undertaking a sample survey of low-income areas of the industry. (1974). The first results suggest, not surprisingly, that the age of small scale, low income farmers is in the 45-60 bracket. They have little inclination to volunteer for extension of their properties and the young farmers eager to extend, are handicapped by existing heavy capital and interest repayment. Marginal farm schemes have not yet been directed to young farmer assistance loans, although this may become an encouraging area for cheap loans.
26. T. J. Christiansen, "Adjustment to Resources Formerly Used for Dairying on the Far North Coast of N.S.W.", Rev. Mark. Ag. Eq., Vol. 39.2., p. 136.
27. Ibid., p. 131. "as a result of inheritance rather than purchase".

expensive approach which involved the Commonwealth in negotiating with all six states, although at least three of them, as was said by a PI officer in 1972, "would never really have cared if they didn't get this kind of assistance" and even in NSW there was a half-hearted response to the proposals. (Premier Askin himself had little sense of urgency on marginal dairy farm reform in 1968 and 1969, I suspect). Officers in State Treasuries and Land Departments (and probably some members of Departments of Agriculture in Victoria, SA and Tasmania) may have shared the scepticism of dairyfarm leaders about the usefulness versus the costs of marginal dairyfarm reconstruction which I think McEwen and Adermann displayed in 1960. And I think the figures of applications and rejections suggest that scepticism was the result of experienced rural observation, more realistic than the economic surveys of need. The number of rejections in Queensland, the most "marginal" state, according to a Lands Commission observer were in two main categories, one being that farms were valued too highly (especially with their assets) to be eligible as "marginal" farms for purchase at all, and the other that the new "Economic unit" formed from the purchase would not be an economic unit as defined in the scheme, partly because the distance between Queensland farms limited single management, partly because, like SA, Queensland farmers in Milk Equalisation schemes found difficulty in adhering to a butterfat production definition when a variable, indefinable percentage of their production went to wholemilk sales. (There were of course a few low income "marginal" wholemilk dairyfarmers also). But if transfer to alternative uses - beef cattle, sorghum, navy bean or sunflower crops were alternative uses for purchased properties dairyfarmers might remain within the definition of "not more than two Economic units" which limited the acceptability of the application to purchase. The emphasis on alternative uses in Queensland probably accounted for the lower rate of rejections than NSW, and it was essential to the success of the scheme I think. Even Queensland could not find marginal dairy farms within the terms of agreement without using administrative discretion. In spite of the high average approved purchase price accepted by both Queensland and NSW (\$26,000 as against Victoria's \$19,000, to which large acreage of farms contributed), there were nearly 50% rejections in NSW and nearly one third were rejected in Queensland. Was this a wise way to spend the time, energy and income of the Departments concerned?

There were some clear gains in the Marginal Dairy Farms Reconstruction Scheme. On the one hand, there were hundreds (if not thousands of farmers as Anthony had expected) who either were paid to leave (the vendors) or borrowed from the Commonwealth (the purchasers) through the states, enough long-term loan to get themselves established as credit worthy with commercial financial institutions. These farmers, (approximately 900) were assisted in states where such assistance was needed, in Queensland (and in the brigalow country where they should not have been in dairying anyway) and in WA and NSW. The Commonwealth also demonstrated its intention of assisting low income farmers caught in the circle of under capitalised property and inability to borrow at commercial rates until their income improved.

And it does seem possible that as a result of the experience gained by the Commonwealth in negotiating with the states over the Marginal Dairy Farms Agreement Act, a more significant and widespread statute which followed, the States Grant (Rural Reconstruction) Act and the Loan (Farm Debt) Adjustment Act passed with quite extraordinary speed. Taxpayers ought to be cheered to know that Departmental officers at State and Commonwealth level have attributed the speed of effecting the second Reconstruction Act to the skill and experience which they developed over Marginal Dairy farm Agreement negotiations. The following is a brief history of the 1971 Reconstruction scheme.

On 19th October Anthony replied, in answer to a question from King, CP., Wimmera, that "B.A.E. has carried out an examination of general credit situation of rural industries and is preparing a report" as the Treasurer had indicated would be done in the Budget speech of 18th August.²⁸ On 30th April 1971 at 1.47 a.m., Sinclair the new Minister of Primary Industry introduced the State Grants (Rural Reconstruction) Act:

This is a short Bill of only 4 clauses ... to provide an agreement between the Commonwealth and the States for a rural reconstruction scheme and to appropriate a grant to the States for carrying out the scheme... \$100 million over 4 years designed to help meet a crisis situation in the rural industries, and particularly the sheep and sheep/wheat industries. However, no agricultural industry is excluded from the scheme except ... for cases eligible under the marginal dairy farms reconstruction scheme ... the industry's outstanding debt has increased... from 1½ times net farm income in 1966-67 to about 4 times in 1970-71 with a substantial decline in capital values, a substantial loss of income of each of 2 successive years and little expectation profitability will recover. The industry is in a critical position ... 29

28. HR. 70, p. 2370.

29. HR. 72., p. 2332.

There were two purposes in the States Grants scheme, "debt reconstruction" and "farm build up and rehabilitation". To obtain debt reconstruction assistance an applicant was to be unable to get finance commercially and thus to be in danger of losing his property. Debt reconstruction could involve a rearrangement or a composition of debts to allow more time for payment - the authority could advance money for repayment and for further property development. A second Bill, presented by Mr. Snedden the new Treasurer, and debated with the State Grants Bill, the Loan (Farm Debt) Adjustment Bill, was "to enable funds available to the States arising from the Loan Act to be used for Rural reconstruction... (In a revolving fund including repayment use for the same purpose) widening activities of the Commonwealth Development Bank to enable them to lend for farm build-up". \$10 million was to be advanced to the Commonwealth Bank for the purpose. There was a much simpler administrative framework in the second Reconstruction Scheme, since no transfer of property was involved, a very much less vigorous formula for eligibility, economic units, valuation of property and subsequent use. The evidence from SA in June 1972 showed that debt reconstruction applications overwhelmingly outnumbered the farm build-up applications, by about 8 to 1, and this turned out to be a general experience in 1972.³⁰ The early success of the scheme inspired the Commonwealth to reduce the original 4 year period of the overall \$100 million loan to 2 years, assuming the revolving fund would carry the scheme after this initial period. There were in the second scheme, no Treasury arguments over loan versus grants, no quibbling over who would bear losses. The State Treasuries were already familiar with the form of revolving funds, and loans from the Federal Treasury through the Departments for rural credit. There were also different Ministers involved for this scheme, Mr. Snedden as Treasurer, and Sinclair as Minister for PI. Both new to their offices, they were possibly more flexible and ready to follow departmental advice. But the major and probably overriding difference in the two schemes was that not only were rural industry groups firmly behind the second scheme, the rural lending institutions were also very strongly behind it. Stock firms, mortgage holders and banks as well as such traditional rural firms as Elder Smith Goldsbrough Mort & Co. Ltd., and Dalgety Australia, were involved in equity losses after the 1970-71 steep drop in farm property values, as were the state treasuries through taxable income loss. Compared with Marginal Dairy Farm Reconstruction there was an embarrassment of

30. see two Tables at conclusion of Appendix A.

pressures for the second Rural Reconstruction scheme. Even the ALP opposition debate in the House concentrated more on alleged inadequacies of the legislation and reduction of eligibility in the scheme than on its timing or intention.

Although taxpayers doubtless derive satisfaction from the picture of an alert, experienced bureaucracy developing new skills in negotiation as a result of past trials and frustrations, and consequently steering the Rural Reconstruction Act past the hazards encountered with the Marginal Dairy Farm Reconstruction, there is a less cheering explanation. The truth behind the greater speed with which the four clauses of the States Grant (Rural Reconstruction) Act passed from initial BAE enquiry and report to Parliamentary acceptance and assent lies more in the pressure from great and important institutions whose operations were curtailed as a result of rural losses. If marginal dairy farmers had had the same great and powerful creditors in high places they would have been reconstructed very much earlier - though not I daresay in much greater numbers. Volunteering for more work is not often a popular pastime, and marginal dairyfarmers turned out in practice, as their dairyfarmer leaders and older CP leaders expected, to be neither as numerous, nor as poor nor as reconstructable as the surveys indicated. I wrote to J. D. Anthony to ask him why he had persevered with the Marginal Dairy Farm Agreements scheme, and I think I should repeat my questions and his answers and let him have the last word.³¹

Some observers, particularly in the press, have suggested that Commonwealth dairying policy has been influenced particularly because the dairyfarmers have supported the Country Party, and through the Country Party the coalition Cabinet. I would be particularly grateful if you could comment on the following two questions about the relationship of dairyfarmers to the Country Party through their official organisations.

1. Would you consider it accurate to claim that dairyfarmer organisations as pressure groups do not directly influence dairy policy through the party organisations? Mr. Nixon has suggested to me in an interview in Canberra in 1972 that while dairyfarmers are often members of both dairying organisations and the Country Party (or other parties) they rarely use their dairying organisations to further their own political careers, unlike trade union members and elected officers... dairying organisations are very likely to approach the Minister on their policy requests ... in his Ministerial capacity, not his Party one.

2). Would financial contributions to political parties and candidates by special interests influence policy in Australia, excluding the trade union contribution to the ALP which is well documented...?

Finally, on marginal dairy farm reconstruction... there is some speculation that you and Sir Charles Adermann were influenced by the electoral support your party received from the dairy industry in the North Coast ... So the third question is, would you consider that Marginal Dairy Farm Agreements, up to a value of \$25 million, were 1) financially justifiable 2) to ensure the electoral support of farmers in the dairying areas 3) to restore the morale of the rural sector and the branches of the Country Party during the very serious drought or 4) very unpolitical grounds of compassion for the low-income producer? And did the results of the Agreements justify the effort of achieving them?

To which Mr. Anthony replied on 21st February 1974.

1. The dairy farmer organisations do not directly influence dairying policy through the party structure. I agree with the comments Mr. Nixon has given you on this question and there is little I can add.
2. I am not aware of any instances in which financial contributions to political parties or candidates have influenced policy. This is not to say that people who believe the policies of a particular party or candidate will be helpful to them do not financially support that party or candidate ...
3. The main, if not the only factor which influenced me to press ahead with the marginal dairy farm reconstruction scheme was the abysmally low level of incomes of so many dairy farmers particularly in NSW and Queensland but also in other States.

The suggestion that this scheme was introduced because of electoral support the Country Party received in dairying electorates really causes me considerable amusement because the scheme was introduced in the face of the most violent criticism from the dairy farmers themselves. They saw it as a scheme to kick them off their farms and it took quite a few years of explaining to convince them that this was not the intention.

I do consider that the investment in the scheme by the Government was financially justifiable. It was not designed to ensure the political support of farmers and in fact was introduced at the risk of losing their support.

The same answer applies to the third point you mentioned concerning morale.

I repeat in answer to the fourth point that the scheme was introduced to try to help the very low income sector of the community and to put the industry on a more viable footing. The results of the scheme are justifying the effort put into its implementation which took place - I repeat - in the face of a great deal of criticism and opposition.

From Department of Primary Industry

	* N.S.W.	VIC.	QLD.	S.A.	W.A.	TAS.	TOTAL
DEBT RECONSTRUCTION							
- Applications	3,002	2,762	1,896	817	1,316	384	10,177
• Received							
• Approved	1,151	777	878	318	474	126	3,724
• Rejected	1,279	1,797	950	481	813	213	5,533
• Withdrawn	526	185	56	15	22	32	836
• Pending	46	3	12	3	7	13	84
- Assistance (\$)	30,164,155	20,562,023	19,808,638	6,768,588	12,061,270	2,481,856	91,846,530
• Advanced	27,041,093	20,173,032	19,180,300	6,379,383	10,400,474	2,092,033	85,266,317
• Av.appr. per case	26,207	26,463	22,561	21,285	25,445	19,697	24,651
FARM BUILD-UP							
- Applications	1,179	1,031	703	329	416	194	3,852
• Received							
• Approved	459	488	288	191	230	61	1,717
• Rejected	469	384	342	109	155	54	1,513
• Withdrawn	197	129	60	18	31	53	488
• Pending	54	30	13	11	-	26	134
- Assistance (\$)	12,772,389	12,990,100	9,322,907	6,818,909	7,849,622	1,242,080	50,996,007
• Advanced	9,847,992	11,576,173	7,934,948	6,103,741	6,196,700	693,233	42,352,787
• Av.appr. per case	27,827	26,619	32,371	35,701	34,128	20,362	29,712
REHABILITATION							
- Applications	91	26	17	11	54	18	217
• Received							
• Approved	79	18	13	11	24	12	157
• Rejected	7	2	4	-	27	-	40
• Withdrawn	3	6	-	-	3	-	12
• Pending	2	-	-	-	-	6	8
- Assistance (\$)	218,000	46,600	39,000	17,500	62,000	34,200	417,300
• Advanced	213,400	31,050	39,000	17,500	54,000	27,700	382,650
• Av.appr. per case	2,759	2,589	3,000	1,591	2,583	2,850	2,658
TOTAL ASSISTANCE							
• Approved	43,154,544	33,598,723	29,170,545	13,604,997	19,972,892	3,758,136	143,259,837
• Advanced	37,102,485	31,780,255	27,154,248	12,500,624	16,651,174	2,812,968	128,001,754

* Provisional

MARGINAL DAIRY FARMS RECONSTRUCTION SCHEME

PROCESS REPORT NO. 31 CUMULATIVE TO 31.1.74

TOTAL APPLICATIONS	N.C.						TOTAL	
	(A)	N.S.W.	VIC.	QLD.	S.A.	W.A.		TAS.
Received		134	59	739	24	103	50	1109
Rejected		35	19	222	12	35	20	343
Withdrawn		37	17	95	2	31	17	199
Pending		2	NIL	3	NIL	1	NIL	6
Approved		60	23	419	10	37	13	552
Financial Commitment	\$1,636,134		462,214	10,962,295	195,210	934,720	191,975	14,382,548
State Expenditure to date	\$1,345,815		445,199	10,901,295	195,210	891,620	173,335	13,952,971
Avg. Approved Purchase Price	27,269		20,096	26,163	19,521	25,263	14,767	25,592
Funds Advanced to State	\$1,500,000		55,000	10,815,000	210,000	1,106,700	150,000	14,156,700

Department of Primary Industries

APPENDIX B. Organisational History of the Bureau of Agricultural Economics

The early history of the Bureau is not relevant to this thesis but it has intrinsic interest for students of administration in general and students of the Department of Primary Industry in particular and I have included it here "for the record". The following quotation summarises more fully the history described by J. D. Anthony in the Quarterly Review of Agricultural Economics in 1970, quoted in Chapter VIII.

The genesis of the Bureau was in the Rural Industries Division of the Department of War Organisation of Industry, which was reorganised as the Department of Post War Reconstruction in 1944.

In 1943 the Government constituted the Rural Reconstruction Commission to examine the reconversion problems of agriculture and establishment of a land settlement scheme for returned soldiers. The early work of this small Division was largely to provide secretarial and research facilities for this Commission which submitted its findings in a series of ten reports. These reports stressed the importance of economic information to farmers and the necessity to base the proposed War Service Settlement Scheme on the best possible assessment of the economic prospects for the commodities the new settlers were to produce

The Bureau of Agricultural Economics was formally created in July 1945, one of its main functions being to provide such information on economic prospects for individual products and individual settlement proposals. The Bureau absorbed the personnel and functions of the Rural Research Division of the Department of Post War Reconstruction and operated within this Department until transferred to the Department of Commerce and Agriculture in July 1946....

The main functions of the Bureau of Agricultural Economics when it was established were:

To conduct research into the economic problems of rural industries (especially in connection with the prospects of rural industries to be expanded under the War Service Settlement Scheme)

To act as a service unit for Commonwealth Departments and other organisations and advise them on matters concerning financial and economic aspects of land use and agricultural policies and

To act as a service unit for farmers

At the outset the War Service Land Settlement Scheme absorbed the greater part of the Bureau's limited resources, but both staff and functions were subsequently increased, an important development being the work on cost of production studies undertaken from 1947 onwards Since January 1956 the Bureau has been a division of the Department of Primary Industry and has ceased to have any direct responsibility for War Service Land Settlement.

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1. This history is unsigned and undated, but is believed to be by George Gee, of the BAE, and written in 1960-61.

There is further information about the establishment of the BAE in the BAE file,² including a bureaucratic disagreement over the title of "Bureau", which was interchangeably referred to as the Division or Bureau of Agricultural Economics during 1946 and 1947. Gentle pressure was applied to the PSB by officers within the Bureau/Division to have the name officially changed to Bureau. Officers, including Sir John Crawford, felt that Bureau was more consistent with the character of the new organisation and, according to one memorandum, inspired more confidence from informants in field surveys. The PSB remained adamant over the title of Division and Sir John Crawford, the first Director, produced a compromise which I imagine to be a good example of his administrative style. The Bureau became the Bureau of Agricultural Economics on letterheads and in communications within the organisation and with other departments "except for purposes of staffing", when it was referred to as the "Division of Agricultural Economics". And this double existence was maintained with the PSB and the rest of the world until as far as I can tell, 1965, when a PSB minute of January refers to the "Bureau of Agricultural Economics" for the first time.³

The title of the BAE was not of course, important in itself, but the implication of independence was very important to those who were establishing the character of the Bureau, and ensuring its future direction, and probably inspired gloomy predictions within the PSB of widespread civil service independence and lack of departmental control. There is a detailed minute in the file from Sir John Crawford in 1946 which outlines "Assumptions as to the Role" of the new Division Bureau on its transfer to Commerce and Agriculture. It was to be a "distinct"

economic research organisation in relation to all Divisions of Directorates of that Department ... to conduct inquiries freely in relation to all Divisions and Boards of the Department, other Departments, State Departments and primary industry organisations ... to be a service unit and not exercise administrative functions, nor itself (to be) responsible for executive administration but it would expect to influence executive administration ... (its work)

...

- 1) Primarily was to be fact finding and analysis
- 2) should suggest reasonable policy interpretations of its own work and participate in policy formulation where its inquiries are relevant
- 3) some kind of machinery informal or otherwise - whereby its programmes of work can be discussed by the administrators concerned.

2. General Organisation 1949-73.

3. Turnover in Government departments may resolve some inter-departmental obstacles which confrontation will not resolve, although many obstacles appear to be too urgent to wait ten years for resolution.

There was to be a "general aim of maximum publicity ... interpretative material involving government policy ... recorded separately from factual sections" and the Standing Committee of the AAC was to review BAE work as the CSIRO program was also reviewed.⁴

The economic investigations of the Bureau were outlined in some detail in this minute although it was clear then that the existing staff was only able to handle Rural Reconstruction and War Service Land Settlement programs at that time. Special industry surveys, production surveys, wool research, quarterly reviews of production and crop conditions and statistical work were projected and the Bureau work was classified into 6 sections of 1) general research, 2) wool research 3) market and production (agricultural commodities) 4) land use and farm costs, 5) statistical investigations and 6) land settlement investigations. There was to be a Director, an Assistant Director, Heads of Sections and research officers, plus a committee of senior officers of the Department to consider and help plan the Bureau's program. The Director was to be responsible to the Secretary OR (*italics mine*) to inter-departmental committees.

Sir John Crawford was the first Director, as is well known. He was followed in 1950 by T. H. Strong, who came from the CSIRO through the Land Use Section of the Division of Agricultural Economics into the Directorship, which he held till 1959. For the years until 1956 Sir John Crawford remained Secretary of Commerce and Agriculture, and was then followed by J. W. Moroney as PI Secretary when Trade and PI were established. For the first few years from 1950 it seems fairly clear from the minutes that Sir John kept an interest in the development of the staffing of the BAE, and possibly, though this is not so clear from the Organisation file, in the program also. He seems to have been well aware that War Service Land Settlement was diverting the attention of the BAE from other interests, and possibly encouraged its return to the direct control of the Department. Undoubtedly Sir John was a strong supporter of the re-classification of the senior positions of the Bureau. As early as 1949, there was a request for a second Assistant Director. By 1950 Strong was sending out further staffing requests, and in June 1953, although finding qualified applicants could not have been easy, there were almost 100 permanent positions. In 1955 Crawford was again requesting re-classification of senior positions and in 1957 there was the "first major reorganisation"⁵

4. The comparison here with the CSIRO is significant, I believe, see Chapter VIII.

5. Reorganisation has sometimes been an attempt to compromise with PSB regulations regarding maximum salaries which limit re-classification of position within a section and thus prevent attractive salary scales for the specialist economists needed by the BAE.

in 11 years of Bureau existence" partly due to "difficulty in recruiting economists, to high turnover in lower levels and to the need for training the recruits within the Division of Agricultural Economics". In 1957 a Senior Economist was appointed, at the level of Assistant Director (if I interpret this request rightly) and in 1958 re-classification of the top positions in the four sections of the Bureau, General Statistics, Commodities, Wool and Land Use was also requested.

This 1957-8 reorganisation and re-classification seems to have lasted until a second structural re-organisation in 1964-6. Before 1964 there were said to have been 73 professional positions in the Bureau's research establishment, and over 18 months to 1966 the staff rose from 90 to 100 professional positions with 47 supporting staff. A Beef Research unit and a third Assistant Director were added in 1964, and the Land Use section became a branch in a series of designation changes. In 1966, the ex-Director and Secretary of PI, A.C.B. Maiden, was requesting more reorganisation and increased numbers in the Commodities and General and Statistical Branches, and the Senior Economist was reclassified. The structure and the staff classification remained more or less unchanged until the extensive reorganisation of 1972-3.

The emphasis on reclassification during the late fifties and the sixties reflected the struggle which the BAE had to recruit suitably professional staff with an increasing demand from other sources, and to keep the staff which they had trained. This does not necessarily imply bad morale, inefficiency or dissatisfaction in the BAE. The extensive field work which was necessary in the Wool and Land Use Sections, and from time to time in the Agricultural Commodities section, did cause dissatisfaction and hasten turnover at the lower levels, but turnover has also been some kind of an index of the success of the Bureau as a training institution. A large number of BAE officers have moved into positions in Primary Industry and in Trade Departments during the 1960's, into Transport and the Bureau of Transport Economics, (including both the Director and Deputy Director of BTE), into the Tariff Board, Treasury and Northern Development, according to present members of the BAE. All of these departments require economists with training in administration and policy - making, which the BAE can justifiably claim it has been giving its recruits since the late fifties. One observer considers that the reputation which the BAE has for training officers is a direct result of the prestige and independence of its senior officers, and the emphasis on

reclassification, which the files suggest, is an essential part of maintaining that prestige, and can be traced back to the earliest days of the Bureau's establishment and Sir John Crawford.

There is continuity both in the attempt to place the senior positions on as attractive a scale as the PSB would allow, and there is continuity in the attempt to organise the Bureau in order to provide for professional specialisation and training also. This may not be altogether clear when the Organisation charts are examined. The earliest charts in the files (in the 1957 reorganisation) indicate there were four sections within the Bureau early in the fifties, Land Use and Land Settlement, Commodities (including special industry Surveys) General and Statistical research and the Wool Section.⁶ During the 1964-66 change the Commodities Branch became more clearly divided between Livestock and Dairying, and Agricultural Crops; the General and Statistics Section became Economic Analysis and Statistics; Wool and Beef Section was subdivided into Research sections, Production and Commodities Research sections; the Land Use Branch had subsections on Industry surveys and Projects surveys. By 1972, 13 sections in 6 Branches, 6 Assistant Directors, 1 Deputy Director and 3 Senior Economists were charted on one organisation sheet. Much of this organisation does sound as if it were commodity based, as the PI structure has been, and certainly that commodity basis is there. But there is said to be another base also. It is described in an articulate, if not always identifiable, analysis by a BAE officer as being based on the economic disciplines required of officers, 1) production analysis, 2) "commodity economists" making long term economic analyses for situation and outlook conference publication for example, 3) projects and section analysis, including cost-benefits, and 4) (the most recent development) marketing in the broader sense of economics of distribution, "the marketing implications of technological changes, ... the analysis of methods of production, end use and the development of new products". This observer considers the BAE by 1973-4 had fourteen sections "basically organised along a field of research, with some projects in overlapping sections" and coordinated by Senior Economists, Assistant Directors, or the Director himself. The professional staff by this date has reached nearly 200 executive and research "staff" and a support staff of well over 100. Whether the present organisation chart really represents economic disciplines rather

6. Part of the wool section costs have been met for years by funds from the Wool Research Trust Fund provided by the industry.

than commodity division, there is no doubt that since the appointment of Dr. Harris in 1968, professionalism of the staff has been accentuated. There has always been heavy emphasis on publication by the BAE staff, but the pressure of editing grew even greater and the volume of work doubled after 1971 when the first National Agricultural Outlook Conference papers were published. The support staff in the publication section of the Technical and Administrative Services Branch has expanded and also in data processing and clerical/research grades. Apparently one result of the emphasis on publications and professional researching has been to change the amount of time that the staff spends in the field, a perennial BAE problem. Professional officers have to be familiar with details and problems of field work, but they are reluctant to interrupt some research projects in order to do field work themselves and a support field staff of 30 under direction of field research officers, now collects more of this data than in the earlier days. There are both continuing surveys and irregular surveys which require field work, but much of the BAE data also comes from marketing boards, the Bureau of Census and Statistics, "commercial sources" such as "abattoirs, power plants" and other Departments, such as Transport. The support staff is obviously important in the filing and assembling of regular statistics and library work.

There is greater dependence by 1974 on support staff, on paperwork, publications and professional qualifications, on reorganised, more elaborate structure within the Bureau, but there are continuities which the present Director has emphasised, discussed in the thesis, in Chapter VIII. These are firstly, the independence of the Bureau, secondly the right to publish and to maintain objective professional standards of publication, and thirdly access to the Minister. The BAE has had six Directors since 1946, whose background has varied, but the organisation of the Bureau has remained notably separate and unchallenged under all of them.

APPENDIX COccupational Classification of Dairying Electorate Representatives(NSW, Vic. and Queensland) 1949-69

C.F. Adermann (CP)	Fisher, Q. 1949	farmer
H.L. Anthony (CP)	Richmond, NSW 1949-57	farmer
J.D. Anthony (CP)	Richmond, NSW 1957 -	farmer
H. J. Bate (Lib)	MacArthur, NSW 1949-	dairyfarmer
C.E. Barnes (CP)	McPherson, Q. 1958-	Grazier
H.N.C. Bandidt (CP)	Wide Bay Q. 1958-61	not known
N.L. Beaton (ALP)	Bendigo, V. 1960-69	" "
G.J. Bowden (CP)	Gippsland, V. 1949-55	farmer
W.A. Brand (CP)	Wide Bay, Q. 1954-58	Canegrower
C.W. Bridges- Maxwell (Lib)	Robertson, NSW, 1964-69	Graduate of ag. college. Member CSIRO Council. farmer?
G.W. Brown (Lib)	McMillan, NSW 1949-55	Fruitgrower and co-op. director
A.A. Buchanan (Lib)	McMillan, NSW 1955	Farmer
J.F. Cairns (ALP)	Lalor, V. 1969-	Economist
P.J. Clarey (ALP)	Bendigo, V. 1949-60	Storeman & packers' unionist
B.H. Corsar (CP)	Wide Bay, Q. 1949-54	Farmer ?
B. Cohen (ALP)	Robertson, NSW 1969-	Businessman
Sir C.W. Davidson (CP)	Dawson, Q. 1949-63	Dairy & sugar grower.
R.L. Dean (Lib)	Robertson, NSW 1949-64	Administrative officer
E.J. Eggins (CP)	Lyme, N.S.W. 1949-52	Pres. North Coast A & I Society. Farmer?
D. Erwin (Lib)	Ballaarat, V. 1955	Engineer, farmer.
D.N. Everingham (ALP)	Capricornia, Q. 1967	Medical practitioner.
Sir A.W. Fadden (CP)	McPherson, Q. 1949-68	Accountant
A. Fairhall (Lib)	Paterson, NSW 1949-69	Engineer
A.D. Fraser (ALP)	Eden-Monaro NSW. 1969-	Journalist
J.M. Fraser (Lib)	Wannon, V. 1955-	Grazier
G.H. Gray (ALP)	Capricornia, Q. 1961-67	Unionist?
B.P. Hansen (ALP)	Wide Bay, Q. 1961-	Shipwright loftsmen
R. Joshua (ALP)	Ballaarat, V. 1951-55	Stock exchange member
A.D. Kennedy (ALP)	Bendigo, V. 1969	Secondary schoolteacher.
M.W. Lee (Lib)	Lalor, V. 1966-69	Storekeeper, public servant.
P.E. Lucock (CP)	Lyme, NSW 1952-	Presbyterian minister.
A.M. MacDonald (Lib)	Corangamite, V. 1949-53	not known
J. McEwen (CP)	Murray, V. 1949-	farmer

APPENDIX C (continued)Occupational Classification of Dairying Electorate Representatives(NSW, Vic. and Queensland) 1949-69

F.W. McGuren	(ALP)	Cowper, NSW	1961-63	not known
E.D. MacKinnon	(Lib)	Nannon, V.	1949-51) Grazier
		Corangamite, V.	1953-66	
D. MacLeod	(Lib)	Nannon, V.	1951-55	Farmer
D.R.R. Munro	(Lib)	Eden-Monaro, NSW	1966-69	Farmer
P.J. Nixon	(CP)	Gippsland, V.	1961-	Dairyfarmer, Grazier
F.L. O'Keefe	(CP)	Paterson, NSW	1969-	Machinery distributor
Sir E.C.C. Page	(CP)	Cowper, NSW.	1949-61	Medical practitioner
R.A. Patterson	(ALP)	Dawson, Q.	1966-	Economist, civil servant
H.G. Pearce	(Lib)	Capricornia, Q.	1949-61	Storekeeper
A.C. Pittard	(Lib/CP)	Ballaarat, V.	1949-61	Retailer
R.T. Pollard	(ALP)	Lalor, V.	1949-61	Soldier settler
I.L. Robinson	(CP)	Cowper, NSW.	1963-	Dairyfarmer journalist and company director
G.W. Shaw	(CP)	Dawson, Q.	1963-66	not known
A.A. Street	(Lib)	Corangamite, V.	1966-	Primary producer
R.W.C. Swartz	(Lib)	Darling Downs, Q	1949-	Oil company executive

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