

When the Farm Gates Opened: The impact of Rogernomics on rural New Zealand

By Neal Wallace

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Reviewed by David Hall

Neal Wallace's book starts with an updated version of Dennis Glover's poem *The Magpies*. *The Magpies* reflected the disastrous impact of the 1930s Depression on New Zealand farming; the updated version by Waiata Dawn Davies, *Magpies Updated*, suggests that the promotion of 'market forces' has had a similar impact. That was the case in the short term following Roger Douglas's reforms in the 1980s but for the long term Wallace gives market forces credit for improving the productivity and efficiency of New Zealand's agriculture. He tells us also that 'Farming benefitted hugely when other heavily protected sectors were exposed to market forces'. Rogernomics is reported as the saviour repelling the evil of Robert Muldoon's policies during the 1970s and early 1980s. Wallace describes how Muldoon tried to stimulate agricultural production and export earnings with subsidies and how that policy threatened the industry and the country with disaster. Subsidies gave farmers' incomes in excess of earnings from sale of their produce, the excess coming from overseas borrowing. Wallace claims that 'short term thinking was encouraged whilst innovation was discouraged' taking the country's economy to the 'cusp of collapse'. He reports how, in 1982, Federated Farmers, to their credit, recognised the dangers of Muldoon's policies and a deputation met Muldoon to propose a package of financial reform that included farming giving up its subsidies if Muldoon would take steps in other sectors of the economy to bring inflation under control. The value of the subsidies was being eroded by annual inflation, which increased farming costs by more than the value of subsidies. Wallace tells us how Muldoon dismissed the deputation by telling them to 'take your subsidies and run'.

Federated Farmers had advocated that removing farm subsidies should be accompanied by abandoning the centralised wage-fixing system and returning to free wage bargaining; removing policies that protected industry from competition; and reducing Government intervention in general. Those proposals were in line with ideas being developed within the Treasury and Wallace suggests the Treasury's ideas were developed partly by sending 'selected staff' to overseas universities where they were exposed to the thinking of reformers such as Milton Friedman at Chicago. Roger Douglas's ideas matched those of the Treasury, and although extreme, became the policy of the fourth Labour Government. Wallace describes how, by calling a snap election in mid-1984, Muldoon prevented the watering down of Douglas's policies that almost certainly would have taken place within the Labour caucus if the election had taken place four months later as originally expected. Muldoon's rashness in mid-1984 led to policies diametrically opposed to his own.

According to Jeff Grant, who wrote the book's preface as a former Chairman of the Agricultural and Marketing Research and Development Trust, Rogernomics was an essential step in not only preventing long-term disaster but in making farms 'much more efficient and productive'. Many of the farmers whose stories are told in the book agree with that, even those that had suffered from the withdrawal of subsidies. In addition to the gains reported in Wallace's book, the removal of subsidies gave New Zealand another advantage in that it could take the moral high ground from 1990 onwards in fighting for liberalisation of agricultural trade globally. Brian Chamberlin, who had led the Federated Farmers' deputation advocating removal of subsidies, later went on to become a New Zealand trade envoy. He travelled the world 'debunking the myths' about farming subsidies and demonstrating that New Zealand has shown how agriculture can flourish without subsidies.¹

Wallace is very convincing in his description of the negative impact of Muldoon's policies and why Rogernomics was an essential step despite the pain it caused in the short-term. He demonstrates that pain, describing how removal of farming subsidies in 1984 caused a short-term disaster for the rural community that was compounded in 1988/89 by a drought 'the likes of which were only seen every 50 years'. Wallace points out how subsidies could be removed quickly because legislation was not needed and their removal took place before Rogernomics reforms in other sectors of the economy. A criticism of Rogernomics, reported by Wallace, is not that subsidies were removed but the delay in introducing similar changes in other sectors of the economy. The delay in implementing those other changes meant manufacturers and unions continued to enjoy protection, which caused farm costs to continue to rise whilst farm income was suddenly slashed by 30 percent.

The book's main illustrations of the impact of Rogernomics on rural New Zealand are case studies of the short-term disasters experienced by individual families due to a combination of Rogernomics and the drought. The studies show how rural families coped, or did not cope. Wallace's approach is extremely effective in demonstrating the nature of rural life in the early 1980s and how that life was changed by the impact of Rogernomics. Farmers had lived in relative isolation, with control of their farms isolated even from their wives. In the mid-1960s, the Chairman of the Wool Commission had described sheepfarmers as 'ruggedly individualistic' and Wallace's study demonstrates that that phrase was still appropriate two decades later. Farmers were not only individualistic within the community but also within the farm gate. The book reports how wives were surprised to find out the true, dire, state of their farm's finances. Farmers found it difficult to admit their financial plight to anyone until pressure from banks and creditors forced decisions to be made. Wallace graphically describes the pain of farmers who had to attend meetings with creditors at which the true state of their finances were revealed. Wallace calls those meetings 'the most foreign of environments and the most intimidating of forums'.

Wallace demonstrates the importance of breaking down that relative isolation of farming families, and how stress and depression were eased by farmers mixing more with others and finding that many shared their problems. He claims that Rogernomics brought out the best in rural New Zealanders which he describes as 'an inherent commonsense, get-on-with-it attitude and single-minded determination that ensured families survived'. Despite the short-term difficulties, many in the rural community did survive, and Wallace reports that only 1% was forced off their farms.

Wallace describes the positive outcome of Rogernomics for farm wives - the 'feminisation of agriculture'. The phrase is attributed to John Fairweather of Lincoln University and describes how wives became more involved in farm decision-making with many farms becoming husband-and-wife partnerships. Wallace reports also how Margaret Millard suggests that some 'wives started working off farm out of necessity' and found they enjoyed the company of others and 'the freedom of having their own money'.

Wallace states unequivocally towards the end of the book that 'the industry' accepts that 'agriculture is better off for the 1984 economics reform' but then lapses into an over-romanticised view of farming before Rogernomics. In particular, he sees Rogernomics as negative because it accelerated a shift away from family ownership. Just as wives became less isolated and aware of opportunities outside the farm, their children were increasingly attracted to opportunities outside farming. For the wives, Wallace sees the changes as positive, but in the case of their children, he sees the changes as negative. Wallace regrets the passing of the days of family ownership and blames Rogernomics for confining to history the days of an 'idyllic lifestyle'. That contradicts the earlier part of the book; that supposedly idyllic lifestyle was a time when farmers were far more isolated from the community and their wives could not

enjoy the company of others and have their own money, and were kept in the dark about the farm's financial status.

The book is effective for me as a town-dweller because it gives an excellent insight into the nature of New Zealand's rural community; it illustrates well the rugged individualism of farming and how that became enmeshed within a self-supporting community that enabled farming to weather the major difficulties of the late 1980s. The book also illustrates well that successful farming is not just a matter of the annual round of preparing the soil, growing the produce, protecting the produce from climate and disease, and harvesting and selling the produce efficiently. Farmers are self-employed businesspeople and Wallace's book suggests to me that application of wise business acumen is as important for successful farming as those more traditional farming tasks. The farmers' accounts are as important as the farmers' fields.

¹ Brian Chamberlin, *Farming and Subsidies: Debunking the Myths* (Pukekohe: Euroa Farms Ltd, 1996).