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New Zealand Agricultural &  
Resource Economics Society (Inc.)

# **Turning farms into businesses: Some unexpected consequences of neoliberalism for New Zealand farmers**

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# Turning farms into businesses

## Some unexpected consequences of neoliberalism for New Zealand farmers

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“... 30 years ago in my father’s time ... There’d be no doubt about what a good farmer was ... someone who ... had good stock ... And if you drive past you don’t see stock starving and all this sort of stuff ... And now ... a lot of the farming comments and opinion [comes] from people that say that they’re in Federated Farmers ... or so-called farming ... they’re big operators ... It almost insults them to call them farmers ... They’re always talking about ‘my business’...”

(sheep/beef farmer)





# The plan

- Introduction
- The ‘good farmer’
- Agricultural reform - New Zealand government policy – neo-liberalism
- ARGOS – source of evidence
- Farming as a business – evidence of change
- Unexpected consequences
- Discussion



- Questions for the audience



# The study of ‘good farming’


- In 2000s some social scientists took a ‘cultural turn’ by focusing on farmers’ “language, meaning, representation, identity and difference” (Burton 2004a: 360).
- What is given status in farming communities?
- How do farmers obtain the symbolic capital that gives them status in their communities of choice?
- What actions are thinkable and what are unthinkable for farmers?







# Agricultural reform

- In past agricultural products source of NZ's wealth and security  farmers valued by society (and subsidised by government)
- 1984 – removal of subsidies
- Deregulated and market-led policies
- Value placed on knowledge society/economy
- Neo-liberal/neo-classical economics





# Changing place of environment

- Questions about role of farming in environmental degradation
- e.g., ‘Dirty dairying’ campaign
- Rural vs urban governance
- Development of audit systems – e.g., EurepGAP/Global GAP, organics – as guarantee for market







# Agriculture Research Group on Sustainability (ARGOS)

- 2003 – 2012
- Study of present day NZ farming
- Comparison between:
  - conventional, integrated and organic sheep/beef farms
  - green, gold and organic green kiwifruit orchards
  - conventional and organic dairy farms
- Farm management advisors, ecologists, economists, sociologists, geographer, meat processor, ZESPRI, Ngāi Tahu ...





## Data sources

- Social data – farmer interviews, attitude surveys, causal maps
- Ecological data – soils, birds etc.
- Economic data – farm financial data (yearly), market watch
- Farm management data – what farmers did





# What farmers said: romance vs business

Interviewer: You used that word ‘business’.  
How long have you thought like that? Is it  
different from your father?

Farmer: Yeah, it probably is a little different. I  
think they were probably a little more romantic  
about their farms. I mean, it’s definitely a  
business.

(sheep/beef farmer)





## Plans, visions, goals

“[My practices are] probably more structured. I do cash flows and balance sheets. He [father-in-law] did them on the back of his cigarette packet.” (sheep/beef farmer)

“My vision is to make money. Well, we’re not here for fun.” (kiwifruit grower)

“We have an overall plan of increasing our business – our gross margin by 10% a year. And we do that by reinvesting. Because, unless you are moving up, you’re actually moving down, aren’t you?” (kiwifruit grower)







## Efficiency – controlling costs

“... it was always plough the paddock and work the paddock and spend weeks on the tractor and when I took over direct drilling came in ... which has reduced the cost of doing it” (sheep/beef farmer). Goes on to talk about how it also saves the top soil.

“And like any businessmen, there are good ones and there are fairly ordinary ones and there are ones that are bloody hopeless ... So you’ll see a lot of farmers that are very successful and its purely because they’ve kept control of their finances which is running a good business” (sheep/beef farmer).







# Necessary for survival

“... because farmers have to do these things to survive. So it’s desperation stage. They don’t just decide to change – evolve into a different farming practice because it’ll be interesting to do. They need to do it for financial viability”  
(High Country farmer).





# Diversification – entrepreneurship – flexibility

“Every year ... I’ve tried to save 10% of the land use into something out of season ... Like dairy cows in the winter or cropping in the spring. So each year I try and chase a different rainbow that’s got money involved with it. Like wintering dairy cows was pretty good two seasons ago, cash crop barley, feed barley was good two summers ago. So that’s the reason the crop area changes. If there’s money to be made, I’ll change.” (sheep/beef farmer).





# A business:

- Is about making money
- Should make a financial return on capital
- Should be efficient by lowering costs and keeping track of finances
- Should always be growing
- Is risky, entrepreneurial, must take up opportunities
- Goes through stages and should have a plan/strategy
- Should have formal business practices
- Has to be looked after
- Is serious





## The change

- Farmers have not only defined what a business is, they practice ‘business’.
- Part of who they are - identity.
- It’s the ‘right thing to do’.
- Expressed in terms of self interest.
- Have become neoliberal subjects.
- Trapped by bureaucracy – more time in office, record keeping etc.







# Unexpected possibilities

- Efficiency → environmental care


“... We started looking at having a business plan ... It was becoming very popular to graze dairy cows and the pugging and the damage that was doing to the soil – was actually affecting our cropping yields ... You got quite a bit of flack for not taking on dairy stock ... It’s not actually worth it to us because of all the extra cultivation needed ...” (sheep/beef farmer).





- In economic literature: evidence New Zealand farmers adjusted to removal of subsidies and neoliberal reforms.
- These adjustments have had a positive environmental impact (Harris and Rae 2004; Vitalis 2008).



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- Some farmers found no economic reasons for cultivating steep hillsides – planted them in trees or left them
  - Increases the biodiversity of a property.

29 10:14





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## Efficiency - new technology

- Direct drilling, reverse ploughing - saves on fuel (GHG and climate change).
- Scanning of pregnant sheep enables better feed management.
- Genetics to improve lambing percentages, higher carbohydrate grasses – enable reduction in stock numbers through drought and winter.
- Soil testing – efficient use of fertiliser.







# Discussion

- Now ‘thinkable’ for farmers to be business people.
- Is it part of being a ‘good farmer’?
- Government policy – has given farmers freedom to think of themselves and their activities differently.
- Now can look for opportunities to diversify in the name of business.
- Has incidentally produced environmental benefits and greater resilience.





## Discussion cont.

- It has taken a long time – Government policy changed in 1984
- However ... farmers still unlikely to be making a good return on their capital
- But ... continue farming when investment of that capital elsewhere would increase their returns.
- Meaning? Is there more to farming than being ‘just’ a business?





# Questions

- What is it like in your country/region?
- How has government policy affected what it means to be ‘a good farmer’?
- How have farmer identities changed?





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