

# REFORMING NEW ZEALAND AGRICULTURE: THE WTO WAY OR FARMER CONTROL?\*

**Bruce M. Curtis**  
*University of Auckland*

## INTRODUCTION

This article has in its title a question about reforming agriculture in New Zealand: The WTO way or farmer control? This formulation contrasts a neoliberal agenda for agriculture championed by the World Trade Organisation (WTO) and particular interests within New Zealand, with the agendas of farmer-run institutions, most notably the producer boards. Here ‘farmer control’ is used as a shorthand formulation for the nexus of institutional and fiscal arrangements by which producers (farmers and growers) have been able to regulate the networks connecting farm gates and foreign consumers. In this respect the export orientation of New Zealand agriculture is very significant. The main elements of farmer control have been the producer boards, each of which has had control over specific export products: the Apple and Pear Marketing Board, the Dairy Board, the Kiwifruit Marketing Board, the Meat Board and the Wool Board.

There can be no doubt that the producer boards and the farmer control they engender have been under attack for many years. The election of the fourth Labour Government in 1984 and its implementation of deregulation and neoliberal policies, is a convenient marker for the beginnings of this assault. This condemnation of farmer control has been pitched in terms of what Pusey (1993) calls ‘economic rationalism’. With New Zealand’s entry into the WTO, international pressures have been added to local criticisms of producer boards. The combination of the two may well be decisive in annihilating the boards and any vestiges of farmer control.

Pusey (1993) rightly notes a tendency among economists for arguing from first principles. Similarly Hirsch, Michael and Friedman (1990) deride the proclivity of economists for ‘modelling’. More richly, Callon (1998) talks of economic rationales as the exemplar of social construction or ‘framing’. Framing is understood to involve the social construction of relationships through the very process of adducing those interactions. In an earlier work, Callon and Law (1989) identify how such attempts at framing result in the deployment of resources (which they call ‘investments of form’) which constitute the necessary efforts in the construction of

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new networks of relationships. It is the contention of this article that the economic rationalism that marks the critique of producer boards must be understood as an example of framing. Hence the critique of the producer boards is assessed in terms of the operation of a 'politics of markets' (Fligstein 1996).

In such a politics the WTO must figure as very significant indeed. The resources and investments of form it brings to bear ensure that any struggle it has with producer boards in New Zealand is likely to be one-sided. However, this is not to say that the WTO is irresistible. As the recent edited collection from Lee and Willis (1998) shows, globalisation and the putative liberalisation of international trade remains a process that is networked, negotiated and implemented in different geographic scales. Consequently there remain possibilities for agriculture and for farmers other than the corporate 'rule of law' favoured by the WTO (World Trade Organisation 1998).

### **ENTER THE WTO**

The WTO is the only international agency overseeing the rules of international trade. Its purpose is to help trade flow smoothly, in a system based on rules, to settle trade disputes between governments, and to organize trade negotiations (World Trade Organisation 1999c).

The *Agreement Establishing the World Trade Organisation* entered into force on 1 January 1995. New Zealand was one of 120 original signatories to this agreement, and on signing it became a member of the WTO. At the time there was broad support in New Zealand for joining the WTO and for its revolutionary agenda of trade liberalisation. Those opposed were (and remain) a decided minority in New Zealand (Small 1996). For the majority, the calculation of costs and benefits from membership in the WTO and the policy of trade liberalisation was clear and favourable. This, it can be argued, was largely because New Zealand agricultural exports are unsubsidised and its domestic markets are unprotected. In this respect it is crucial to remember that the Labour Government of 1984–1990 removed subsidies to farmers. New Zealand farmers, unlike their foreign counterparts, now operate without much in the way of direct or indirect support from the state (Nottage 1997; Sandrey and Reynolds 1990).

The removal of subsidies was fiercely contested at the time, but in their wake an accord has emerged about generalised benefits should other countries follow New Zealand's lead. In New Zealand the potential gains from trade liberalisation in agriculture – or trade liberalisation in general – are considered to be enormous. Here it should be remembered that the recent imposition of quotas on lamb by the U.S. became front-page news in New Zealand (for example, *The Dominion* 1999; *New Zealand Herald* 1999). Indeed such is the enthusiasm for advancing trade liberalisation *in other countries* that political adversaries have spoken with one voice about the WTO. Along these lines, Lockwood Smith, the former Minister of Agriculture and International Trade in the National Government (1990–1999):

In 1995, New Zealand joined more than 120 of the world's major trading nations in a new organisation dedicated to freer, fairer international trade... Just as refrigerated shipping opened up the world meat trade for New Zealand, and aerial topdressing

unleashed the productive potential of our hill country farms, the WTO will mark a major shift in the way New Zealand does business with other nations (Smith 1997).

A former chairman of the Dairy Board matches this enthusiasm for the rule of the WTO:

John Storey today expressed delight at the WTO's ruling regarding Canadian discounted milk. 'We are delighted with the outcome of the WTO panel's consideration of this complex matter... This confirms what we have always contended. The attempt to get around the WTO rules controlling the use of such subsidies has, therefore, been prevented... Mr Storey said the case was a 'graphic illustration' of the importance of WTO processes to New Zealand. It has been possible to have raised and considered objectively, an issue of major importance to our international trading interests and have it resolved in a way which is legally binding on the parties concerned'(Dairy Board 1999b).

In short the WTO has garnered broad support in New Zealand. Claims by Mike Moore, director general of the WTO and former Deputy Prime Minister in the Labour Government, that 'the answer to poverty is more trade and business, not less' (Wheat 2000:89-90) are widely endorsed. Most significant in terms of this endorsement is the degree of unanimity from both critics and supporters of producer boards – those farmer-run institutions that control much of the export oriented agriculture of New Zealand. Nevertheless, this endorsement of WTO-led liberalisation in other countries belies real divisions in New Zealand domestic policy. A shared desire for trade liberalisation and expectations about the WTO acts to obscure rather than to resolve important issues in New Zealand. Specifically, the WTO simultaneously provides a dynamic for the extension of neoliberal reforms in domestic agriculture (albeit export-oriented agriculture) and reworks possibilities for resistance to such an extension. In the playing out of this contest, what is central is the fate of the producer boards and the forms of 'farmer control' they have enabled (Curtis 1999a, 1999b; Hussey 1992).

At the same time struggles between neoliberal reformers and the supporters of producer boards can no longer be understood as bounded by or within New Zealand policy networks. As a member of the World Trade Organisation, New Zealand is subject to new forms of rulemaking (McRae 1998). This rulemaking is already affecting, and will increasingly impact on, the producer boards. McMichael (1998, 1999) suggests that the version of market liberalisation pursued by the WTO will be critical in shaping local agricultures and the (mis)fortunes of farmers. Associated with this claim is the notion that the WTO is a fraud perpetrated by the United States and European Union on consumers and farmers in the Third World. Of course, locating New Zealand and New Zealand agriculture in this type of scenario is highly problematic. Further, farmers and their producer boards are enthusiastic supporters of trade liberalisation and the WTO in terms of the impact they have on other countries. What emerges from these contingencies is a range of possible scenarios, the most likely of which is that the proponents of market liberalisation will use the strictures of the WTO to revisit and promote what they consider to be the 'unfinished business' of reform in New Zealand (Douglas 1993).

**BOARDS BESIEGED**

It is important to note that neoliberal reform of the type championed by the WTO, is regarded for the most part as an accomplished fact in New Zealand. Successive Labour- and National-led Governments have transformed the economy and the role of the state. While there are a number of strands to this appraisal of the new 'New Zealand experiment' (Kelsey 1995) these come together in any accounting of the historic victory of economic rationalism over bureaucracy (Easton 1994a, 1999; Gregory 1999; Pusey 1993; Schneider 1998). In this context Pusey (1993) summarizes economic rationalism as the canon of market rule: 'markets and prices are the only reliable means of setting a value on anything, and... markets and money can always, at least in principle, deliver better outcomes than states and bureaucracies' (Pusey 1993:14). In this respect, the process of reform is understood by policymakers and critics as deregulation and the unleashing of market forces (for example, Kelsey 1995; Rudd and Roper 1997).

Putting aside the rhetoric of reform for the moment, it seems clear that agriculture is somewhat at odds with the broad thrust of neoliberal reform to date, insofar as there have been decided limits to the deregulation of agriculture (Clove 1989, 1996; Perry 1992). However, this exceptionalism is overlooked in most accounts of neoliberalism and the reforms associated with it. It is found, however, in the extent to which agriculture has been only belatedly subjected to 'structural reforms' in the New Zealand economy (Easton 1994b). In this respect the proponents of neoliberal reform and the 'market juggernaut' (Dennis 1995) they front, has encountered real resistance, the most significant manifestation of which is found in the retention of producer boards. Noting this, Scrimgeour and Pasour (1996) have bemoaned the fact that:

There has been little substantive reform in international marketing of New Zealand's agricultural products. Today, marketing boards and export authorities heavily influence marketing decisions for some 80% of New Zealand's agricultural and horticultural exports (in terms of value). Boards with statutory monopolies exert control over about 30% of all exports. ...impetus for change is slowed by actions of the boards that use grower funds to convince growers that the boards are efficient and essential for farmer success.

Nevertheless, the reformers have had their victories, even in agriculture. Reform as deregulation has thus far secured: (1) the removal of very extensive direct and indirect production subsidies to farmers; (2) the termination of generous tax breaks to farmers and to their cooperatives; (3) the move by the Reserve Bank to charge commercial rates on producer board reserve accounts; (4) the elimination of the most obvious examples of rent-seeking by farmers (Scrimgeour and Pasour 1996); (5) the introduction of the Commodity Levies Act (New Zealand Parliament 1990) which made it possible for the creation of new or alternative producer bodies; (6) and the introduction of the Dairy Board Amendment Act (New Zealand Parliament 1996) and the Apple and Pear Industry Restructuring Act (New Zealand Parliament 1999), which set in train a review of the structures and shareholding of two of the most important producer boards (Ministry of Agriculture and Forestry 1999).

The greatest challenge to the producer boards is to be seen in changes to their

constitution and governance structures (Weir 1992). This aspect of the reformist agenda echoes that around the corporatisation and privatisation of state-owned enterprises achieved by the neoliberal state in the 1980s and 1990s. It centres on the creation of tradable shares in publicly owned entities. By these mechanisms, many central government ministries and local governments assets were converted into companies and sold to corporate interests (for example, Government Print, Housing New Zealand, New Zealand Rail, Telecom, and the public transport boards, power boards and water boards owned by various city councils) (Duncan and Bollard 1992).

The first example of what can be called a nascent corporatisation in agriculture is a product of the Apple and Pear Industry Restructuring Act (1999). This Act has resulted in the conversion of the Apple and Pear Marketing Board into a corporate entity (ENZA Limited), with shareholding vested in individual growers. Individual shareholding in the board was allocated on the basis of historic levels of production. Shares can only be traded between growers and there is a 20 percent cap on shareholding. However, such shareholding creates the potential for the reconstitution of ownership beyond the initial holders (that is, growers) and into the hands of corporates. Within four months of the restructuring of the Apple and Pear Marketing Board, this possibility had become a reality:

ENZA said it was expecting an offer from a third party that would top the combined bid for a controlling 40 per cent stake by Sir Ron Brierley's Guinness Peat Group (GPG) and investment bank FR Partners...Surrendering control to corporate boardrooms was the fear of all other primary industry groups as they struggled under the previous [National] Government's instructions to split marketing from the ownership of production. The kiwifruit industry, and the dairying industry – which is in the throes of revamping its structure – are noting the lesson. One observer picked that 'the evolution' would spread to the kiwifruit industry, while another said the dairy industry had had a clarion call (Stevenson 2000).

Changes in ownership of the Dairy Board have been somewhat challenged with the allocation of shares to processing companies rather than to individual farmers. This reflects the fact that since 1936, dairy farmers have been compulsory members of their local dairy cooperatives which, in turn, elected representatives to the Dairy Board (Hill 1972, Morris 1993). While the vesting of shares to companies precipitated the abandonment of an electoral process based on wards (electorates) determined by the Dairy Board, in favour of wards constituted by dairy cooperatives, there is no possibility for the trading of shares between individuals. The scenario facing the apple and pear industry is still prohibited in the dairy industry. Further the influence of farmers on policymakers in the dairy industry remains undiminished.<sup>1</sup>

The legislative changes to date are insufficient to simply eliminate the producer boards. The Commodity Levies Act (New Zealand Parliament 1990) may make it

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1. Perhaps the clearest example of the continuing influence of farmers is found in the forced resignation of the chairman of Dairy Board, as result of his losing the election for the NZ Dairy Group's Te Awamutu ward (Dairy Board 1999a).

legally possible for producers to establish new forms of association, but this process is both extremely circuitous and relies on the initial support of producers.

However, as the Apple and Pear Industry Restructuring Act (New Zealand Parliament 1999) has shown, the boards can – with a one-off approval of a majority of producers – be converted into corporate entities with tradable assets. Certainly there is now a sustained pressure on individual producers to sell their shareholdings or to create the situation in which this transfer is possible.

To repeat, the pressures for the reform of agriculture in New Zealand are intense. The ‘blitzkrieg’ approach favoured by reformers in the 1980s and 1990s (Easton 1994a, 1994b, 1999) has become a policy debate centred on the constitution and governance structures of producer boards. This in turn problematizes the powers of the boards, especially the single selling (monopoly) rules that have been enforced by the Apple and Pear Marketing Board, Dairy Board and Kiwifruit Marketing Board. These monopoly arrangements by which only the producers boards are able to engage in export have long raised the ire of critics.<sup>2</sup>

### **THE POLITICS OF MARKETS**

The assault on the producer boards is most actively pursued by several departments of state, notably the Ministry of Agriculture and Forestry and the Treasury, and by the New Zealand Business Roundtable. Their efforts have centred on discrediting – with a view to dismantling – the producer boards and, to a lesser extent, farmers’ cooperatives. The proponents of reform have variously portrayed the producer boards as examples of rent seeking, and as inadequate carriers of market signals which stifle innovation and investment, and cause significant ‘dead weight’ losses (Bates 1998; Crocombe 1991; Garway Investments 1988; Hussey 1992; Jacobsen, Scobie and Duncan 1995; Scrimgeour and Thurman 1997). While each of these (and other) commissioned reports has adopted a distinct focus, the body of work portrays the producer boards as irredeemably inefficient and irrational.

A perception of inefficiency and irrationality on the part of the producer boards, is unsurprising coming from economists (and all the report writers are economists) whose paradigm is one of economic rationalism. Such accounts are systematically blind to the politics of markets (Fligstein 1996). In other words, the critique of producer boards must be understood as anchored in concrete interests. This aspect of self-interest is generally overlooked by both the critics (for example, Thomson 1999) and the champions of producer boards (Moran, Blunden, and Bradley 1996).<sup>3</sup>

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2 ‘The really emotional issue at present is the prospect of the ‘single-seller’ producer boards losing their monopoly selling powers. Apple growers have been particularly vocal about this, but it is almost an article of faith among dairy farmers and probably still has majority support from kiwifruit growers. They firmly believe that one export agency, set up by legislation, can gain better returns for farmers than numerous unregulated marketers. Although superficially attractive, this idea is wrong, and it is doing farmers and the country a good deal of damage’ (Thomson 1999:10).

3. ‘The sustained attack on the producer marketing Producer Boards is founded on ideology, with the argument invariably beginning with theory and ending with the case for abolishing

At times the proponents of reform give the game away. In doing so, the attack on the producer boards is revealed as motivated not so much by a disinterested concern with the inequities of rent seeking, etc., but by the interests of actors who are in some way excluded from particular networks (Curtis 1999c). Thus, in the forward to *Farmer Control of Processing and Marketing: Does It Serve the Interests of Farmers?* Roger Kerr, Executive Director of the New Zealand Business Roundtable claims:

It is possible that even after the removal of the statutory backing of producer boards, unrealistic expectations and unwarranted fears will continue to exert an influence on questions relating to farmer control. Any failure to make the best commercial decisions will depress farmers' incomes and constrain the economic opportunities available to large numbers of other New Zealanders (Kerr cited in Bates 1998:v).

What Kerr signals is that the 'economic' well-being of particular industries or sectors in agriculture may – and probably will – be at the expense of incumbent actors. Among other things reform would allow new forms of entry and exit in agriculture. If international and historical comparisons are any guide (for example, Sanderson 1986), such heightened mobility of capital is likely to be to the detriment of relatively immobile farmers. In this regard, the proposed, neoliberal, reform of agriculture is largely about the problematics of old and new *middlemen*.

Stinchcombe (1961) has long since noted the suspicion of farmers toward 'middlemen' of all types.<sup>4</sup> Indeed political mobilisations by New Zealand farmers against middlemen originated the first of the producer boards. Hence, the Meat Board and the Dairy Board were established in the context of a crisis (for farmers) of agricultural prices in the early 1920s. This crisis was – in turn – stimulated by the return to 'free trade' arrangements after the commandeered system used in World War One (Roche 1992). Middlemen, in the form of processing and marketing firms, were then able to exercise their refurbished 'market power' in order to drive down prices so as to ruin and acquire the assets of their competitors and farmers (Curtis 1999a, 1999b; Roche 1992). As a result of mobilisations by farmers – in reaction to this unfavourable politics of markets – the first of the producer boards were constituted as farmer run 'boards of control' (New Zealand Parliament 1923:i)

Clearly, the circumstances and options facing producers and middlemen in the early years of the twenty-first century are very different to those of the 1920s (Curtis 1999a, 1999b). For example, the threat to farmers of real subsumption by vertically integrating middlemen has abated. Nowadays the modern middlemen – now more commonly called agribusiness – tend to favour contracts in order to subordinate farmers and horticulturalists (Curtis 1998; Watts 1994). What remains constant is the perceived threat to producers from what economists mistakenly call free trade,

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the Producer Boards' (Moran et al. 1996:172).

4. This view found an echo in the New Zealand context in the comments by the *Commission of Enquiry into the Meat Industry* (1959:9), which stated that, 'Broadly speaking, however, the producer sees in a complicated field of processing and marketing of his raw material many possible opportunities by... companies to exploit him. This is, of course, right, but is not necessarily proof that he is so exploited'.

insofar as it unfetters the middlemen. Consequently, it is important to distinguish the costs and benefits of trade liberalisation for farmers. Where liberalisation allows them greater access to consumers (in New Zealand these are foreign consumers) farmers are supportive. Where liberalisation allows middlemen greater influence (in part, to come between producers and consumers) then farmers are wary.

The playing out of such alternative scenarios is a political process centred on institutional arrangements. Thus, the producer boards may be said to make interventions into markets or, more properly, the politics of markets, to limit or channel free trade (Curtis 1999b). This is done to strengthen the position of farmers *vis-à-vis* middlemen or agribusiness companies. In the New Zealand context, the key to these interventions is found in the politics of ‘averaging’ (Hussey 1992; Moran et al. 1996). Here ‘averaging’ may be understood as a form of aggregation made possible by the producer boards to otherwise disaggregated actors (producers). The rationale for such averaging is of course to secure farming and, in particular, family-labour farming (Friedmann 1978).

The producer boards enforce forms of averaging in terms of returns, costs and risks. There are several examples of this, with single selling merely the most contested. Single selling, or the monopoly control of exports by producer boards, is significant because it obviously impacts on the incomes of a range of middlemen, by disbaring them from marketing arrangements. Other examples of averaging are pursued by the other boards and have much the same effect. These include: (1) the imposition of uniform grading and quality standards on export produce; (2) the compulsory negotiation of freight rates and timetabling of shipping; (3) the centralisation of research and development; and (4) the introduction of branding initiatives. In this sense, when economists criticise producer boards for a lack of market transparency, what they are pointing to are the intended rather than unintended consequences of farmer control (Fleming 1999).

### **WTO: A NEW RULEMAKER**

WTO member states no longer have a choice over whether or not they will be involved in trade litigation (McRae 1998:222).

To date deregulation has eliminated all forms of fiscal support to farmers; what remain are the rump institutional elements of farmer control. These elements, the producer boards, are vital in constituting the politics of markets in the collective interests of farmers. This collective interest is secured through the boards by a politics of averaging. While producer boards have thus far weathered the storm of neoliberal reform in New Zealand, the World Trade Organisation introduces a new dynamic for reform. In short, the WTO constitutes yet another front in the assault on producer boards. It does so because of the strictures it imposes on state trading enterprises (STEs).<sup>5</sup>

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5 ‘Article XVII of the GATT 1994 is the principal Article dealing with state trading enterprises (referred to as ‘STEs’) and their operations. It sets out that such enterprises – in their purchases or sales involving either imports or exports – are to act in accordance with the general principles of non-discrimination, and that commercial considerations only are



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From the perspective of the New Zealand state, producer boards cannot be said to be truly state owned enterprises. Rather, the boards are constituted as autonomous bodies and are specified statutory powers in terms of raising levies and rulemaking. As a result, they can act compulsorily on producers and middlemen. What they are *not* are assets of the state, which is why the main policy tools of the neoliberal reformers – corporatisation and privatisation – are comparatively attenuated in agriculture. However, the World Trade Organisation does classify the Apple and Pear Marketing Board, the Dairy Board, the Kiwifruit Marketing Board, the Meat Board and the Wool Board as STEs. Further, as a signatory of the *Agreement Establishing the World Trade Organisation*, the New Zealand state is bound by such rulings (McRae 1998).

The WTO's rules pertaining to STEs are fourfold: (1) non-discrimination, commonly referred to as 'most favoured nation' (MFN) treatment; (2) no quantitative restrictions; (3) preservation of the value of tariff concessions; and (4) transparency (WTO 1999b). The focus of this WTO rulemaking is to maintain access to markets and in this respect its goals are not inconsistent with those of the producer boards and the farmers. Transparency is (or will be) the problematic issue. Without transparency, 'a significant area of potentially WTO-inconsistent practices may be escaping WTO scrutiny and regulation' (WTO 1999a). In order to enhance transparency, all STEs are required as part of a process of notification, to detail their annual activities to a specially constituted panel of the WTO. It is claimed that this aspect of the 'trade policy review mechanism' (TPRM) benefits the (WTO) member under review: 'The TPRM has stimulated the internal evaluation of trade policies in Members... *The Review strengthens the hands of domestic agencies promoting liberalisation*, supports trade reforms and, thus, helps individual Members to become better WTO citizens' (WTO 1998 – italics added).

The point at issue is the extent to which the politics of averaging secured by the producer boards are compatible with the goals of the WTO. It seems highly likely that averaging and, in particular, single selling will be found to be in some way discriminatory or non-commercial. As noted earlier, Roger Kerr, Executive Director of the New Zealand Business Roundtable and other proponents of reform in New Zealand, have already argued as much. Certainly the proponents of domestic reform find in the WTO both a powerful ally and a rationale for liberalisation. Further, the WTO casts the New Zealand state and neoliberal reformers in the role of Pontius Pilate. Even without a ruling against the producer boards, reforms might be imposed as if reformers were, in effect, 'only following the orders' of the WTO. A former Minister of Agriculture gives some sense of this:

It is vital to New Zealand that WTO members accept the rules: that refusing to comply is seen as a grave international offence. If WTO members get away with refusing to comply, the system will break down and we will be back to pre-WTO days (Smith 1999).

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to guide their decisions on imports and exports. It also instructs that Members are to notify their state trading enterprises to the WTO annually' (WTO 1999b).

**DISCUSSION: INNOVATION AND THE WORKINGS OF GLOBALISATION**

The WTO presides over the most far-reaching attempt to level political, social and environment protections in the name of efficiency and market freedom (McMichael 1998:97).

In New Zealand many claims and counter-claims have been made about the producer boards and the outcomes they engender. To date the versions favoured by reformers have failed fully to carry the day. Conversely, a body of work has been produced which is supportive of the producer boards (Steel 1995, McKenna 1999). This lack of agreement on the nature and role of the producer boards is symptomatic of what Schon and Reid (1994:4) call an 'intractable policy controversy'. Intractable policy controversies are 'immune to resolution by appeal to facts' (Schon and Reid 1994). In such controversies, 'economic agents can no longer be kept at a distance from the investigations which by the same token, they help to hamper' (Callon 1998:263). However, beyond New Zealand's boundaries the policy debate appears significantly less intractable. As McMichael (1998) notes, the agenda of WTO is both clear and global. Indeed, the vaunted rulemaking of the WTO operates precisely to ascertain the 'facts' while appearing to be at arm's length from the protagonists (McRae 1998; WTO 1999d).

A fair degree of cynicism is warranted about the motivations and consequences of the WTO. The promotion of trade liberalisation through the WTO is clearly sponsored by big business and the economic powers (notably the U.S.). However, this begs the question, when have such interests not dominated international trade? Actually, what is more pressing is the extent to which the WTO regime closes off possibilities for small states (and in the case of New Zealand, small producers) to trade globally. Katzenstein (1985) has noted how some small states are highly innovative in linking international trade and inclusive domestic policies. Mabbett (1995) provides some confirmation for this in the New Zealand experience. What she largely overlooks is the centrality of producer boards. In this respect, the 'levelling' attributed by McMichael (1998) and others (for example, Watkins 1996) to the WTO would necessarily eradicate much of the historical basis of Katzenstein-like innovation by New Zealand. This raises again the issue of middlemen and the extent to which they control the networks of trade. Historically, producer boards secured control for farmers and in doing so cemented a particular development path for New Zealand (Font 1990). Reform (i.e. the dismantling) of the producer boards would propel New Zealand down a very different path, one in which non-farming interests have control of agriculture.

At the same time, McMichael's (1999) argument for the WTO as the carrier of 'globalisation' in the form of the obliteration of the local is unsustainable:

The challenge of a global perspective such as this is its credibility. The world is far more complex and messy than the theoretically-driven characterisation that I have laid out here. Some argue that a global view imposes a singular, or categorical, logic on a geographically and culturally diverse world (see for example Whatmore 1994). But this is exactly what I am arguing (McMichael 1999:17).

It is important to remember that the process of globalisation is not pursued

globally, so much as simultaneously at different locales. New Zealand is one such locale and in agriculture, at least, reform by fiat is still not in the offing. What Easton (1999:3–9) calls the ‘permanent revolution’ of neoliberal reform, which carries with it the obliteration of the institutional bases for alternative policies, is not worked through in agriculture. In short, the producer boards retain institutional and statutory reserves sufficient to ensure an evolutionary aspect to neoliberal reform for the foreseeable future.

### **CODA: TWO CAN PLAY AT CORPORATISATION**

Tradable shares and corporatisation provide at least two scenarios by which the producer boards can be dismantled, through: (1) their (re)constitution as state owned enterprises and sale *in toto*; and (2) the individualisation of shareholding and its diffusion beyond the farming sector. Yet corporatisation also offers farmers and their producer boards real opportunities, which are being explored by all boards. In this sense, corporatisation equates with the producer boards becoming more company-like in their structure and operations (Meat New Zealand 1998:5–14). How far this type of corporatisation can be pursued, while still advancing the collective interests of farmers in the politics of averaging, is undetermined. One prospect is that through corporatisation, producer boards will be transformed into farmers’ cooperatives and as such, will be registered under the Companies Act of 1993 as limited companies. This type of transformation could disrupt attempts to frame (and dismantle) the producer boards under the WTO rubric of state trading enterprises (STEs). Therefore, it might allow both a version of deregulation and – more importantly for farmers – the extension of a new form of farmer control.

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**Bruce M. Curtis** is Lecturer in the Department of Sociology at the University of Auckland. His research interests include the restructuring of the agricultural sector, boards and cooperatives as important organisational forms in New Zealand, industrial relations and labour processes, and the reworking of community.