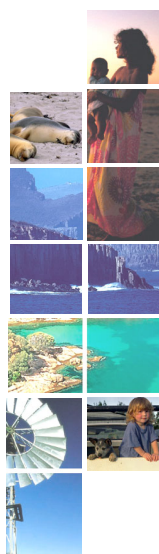


Corporate farming and community participation – what can they offer each other?

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CHANGING FARM STRUCTURE IN AUSTRALIA

Australian farmers, like those in USA and other nations, have adopted new mechanisms to constantly increase production and to remain economically competitive in the global markets that have developed in recent decades. Farm labour costs have been progressively pruned and new equipment, technologies and chemicals have been rapidly adopted, and the outcomes have been impressive economies of scale, improved productivity and international competitiveness. However, these practices continue to take a great toll on the fragile soils of Australia, and our markets are still vulnerable to significant price fluctuations. Further, the health of families in rural areas is at risk due to these constant pressures. This paper will explore how corporate farming is impacting on three existing forms of social capital through a study which included in-depth interviews with residents of *Microcarpa*, a small farming district in central Victoria.



Corporate farming

As a means of gaining protection from market pressures there has been a move to corporate farming in Australia, like the pattern that emerged in the USA. Corporate farming changes take two main forms. The first is characterised by large amalgamations of a number of family farms that are purchased by commercial interests. Some sections of the Australian agricultural industries have been more affected than others, such as dairying, cotton and rice cropping. They are able to achieve greater economies by having very few full-time workers filling management roles and then employing low-paid seasonal workers at busy times. However, family farms don't have the same flexibility – overheads remain constant throughout the year, especially when the farm supports two families as part of succession planning. The impact has been that some areas and sectors of the agricultural industry have had a rapid exit of families from their region

The second form of corporatisation to become significant in Australian farm industries is that of contract farming, where a farmer undertakes to supply specific products to a market for a pre-set contract price. In *Microcarpa* contract farmers are mostly traditional farmers who produce crops on contract some or the time or in some of their work. There are only a very small number who have moved their activities entirely to contracting. Tonts and Black (2002: 19–20) highlight the potential for negative impacts from the move to contract farming, such as farmers' loss of control over management decisions and over the day-to-day farm operation. The direct effects are that external agents, such as tomato processing plants dictate the nature and timing of farming activities, a situation the many farmers find difficult to accept, and also that the contracting arrangements take no account of the non-economic impact of contracts, such as how the inflexibility interrupts usual family and social activities. In terms of



power-sharing and participative economic relations are health enhancing (Labonte 1999).

Changing economic and social expectations are threatening the established structures and processes, particularly in small rural communities. Farming residents in regional communities (and residents in some urban settings also) are becoming economically and socially divided between those who are able to make the necessary adjustments, and those who are not. Within this pervading political and economic philosophy, building social capital and /or social cohesion is being used as the new panacea for redressing the problems of decline. This has particular importance in rural communities because in rural areas there are limited other options or alternatives available through social services. There has been a tendency, especially at policy level in Australia, to see social capital with an unquestioned positive regard, and not to acknowledge the “dark side”.

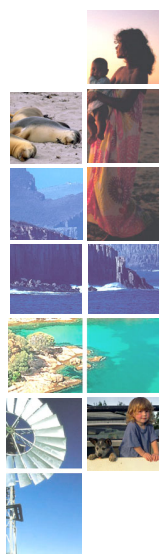
Three forms of social capital

Despite wide use of the term “social capital”, it has remained difficult to define and measure (Woolcock, 1998). A recent definition which is used to inform this work defines the construct of *social capital* as a “broad term encompassing the norms and networks facilitating collective action for mutual benefit” (Woolcock 1998) :155). This definition highlights the definitional complexity found by many theorists and practitioners in their inability to separate what social capital is from what it does (Jenson 1998). A key point in this debate is made by Portes and Landolt (Portes and Landolt 1996):19) who identify that social capital is the *potential* that is inhered in relations between people in communities. It is not a measure of the quantity or quality of the outcome of that relationship. It is the inherent knowledge that social actors have about their ability to command resources for their individual or collective purposes. In this case there may be a great deal of confidence that social capital resources are available if needed, or there may be very little confidence that this is so. In current usage there is general agreement that social capital is both a public and private good that can be used as a mechanism to facilitate (or impede) exchanges between individuals, groups and communities. These three levels of exchange networks are used by the OECD to define three forms of social capital.

Bonding social capital – bonding social capital “refers typically to relations among members of families and ethnic groups” (Healy and Cote 2001): 42). Families and close ties create and sustain values and provide a strong network of reinforcement. Family experience most often provides the context and training for the style of community participation that a person engages in.

Bridging social capital – bridging social capital “refers to relationships between distant friends, associates and colleagues” (healy and Cote2001:42). It describes many of the characteristics that create an operational potential for civil society. Civil society can be defined as “that broad class of institutions located between the family and the state” . Bridging social capital encompasses the dense networks of association that exist at community level.

Linking social capital – linking social capital refers to “relations between different social strata in a hierarchy where power, social status and wealth are accessed by different groups” (Healy and Cote 2001): 42). These are the agencies of the market and state that have direct and indirect influence within the community. There are



The economic pressures of farming life

Like many other aspects of life, farming is undergoing a period of sustained change. Farmers feel their lives are busier and the demands greater than in the past. Farmers reported that commodity prices have not increased significantly in the past decade but in the same period overheads such as equipment, fuel and crop spray prices have increased ten-fold.

Everything's so expensive, like equipment. The costs would make your head spin. A tractor costs more than the price of a farm.... Well you can't eat a tractor! [Lisa]

In addition, farmers have greater travel and education costs and reasonable expectations of equitable lifestyles choices with "the townies" and their distant city counterparts. The economic pressures are not new but they create ongoing demands on farming lives. Farming families rely on the partners' outside income for the day-to-day survival of the enterprise in addition to taking an extra load in on-farm activities to meet the household expectations in line with the general trend across the nation. Farming is a seven-days-a week enterprise unlike most wage-earning work; this restricts opportunities for families to plan activities together. Farmers in *Microcarpa*, as elsewhere, feel there are strong misconceptions about the complexity of farming life and they are often judged as having a carefree affluent lifestyle when in fact the reverse most often applies.

People's non-participation is more economic now – they can't afford to take part because they have financial stress and there are always competing demands on the money. Everyone has to raise funds and there is less disposable.... They have no room to move in their personal situation. There are fewer people but the expectations are just a great, and lifestyles have changed completely, especially in relation to work [Ian].

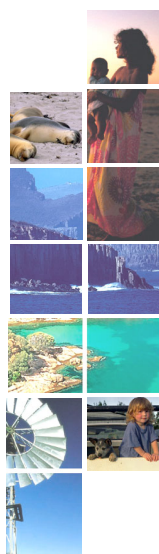
For the primary producers, commodity prices, and policy decisions that affected them, are the major bone of contention. The things that make life difficult are outside their control.

And when you go to compete against places like America that are subsidising their farmers – how can you compete? They over-produce just to be subsidised. We've got no control over our costs, like chemicals and fertilisers or fuel, we've got no control, so if our costs go up, you know, we can't get any more for our product [Albert].

Many, whether farmers or others, note that when commodity prices are down, "the whole town suffers". They feel that the benefits of good trading conditions for the nation do not come back to the farmers, but remain in the cities where most of the votes are.

Farming communities and social capital

Increased demands, such as those outlined above, naturally have an impact on the social processes in small communities such as *Microcarpa*. People are less able to take part in the range of activities that they would have previously, and they feel some guilt about this diminished contribution. There is evidence of "decay" of volunteering in cities too, where it may not be an issue of fewer people to go round, but altered attitudes and values. To some extent this latter aspect is part of the change in *Microcarpa* also, with participants expressing the need for individual needs, rather than communitarian ones. They value their individualism but they also lament the loss of personal return that come from less social participation. They recognise the rewards



that social capital brings to them personally, as well as the positive effects social capital has on the community. Traditional farmers feel they are in a dilemma in their local communities. They need to give such a strong commitment to their farming enterprise just to make it survive, but this commitment undermines the less tangible rewards that come from traditional lifestyle in rural areas.

Economic and social factors that affect farmers will also affect the wider community because “the wider community” are directly affected by those same factors. Both positive and negative impacts reverberate throughout community processes. Community participation brings many pleasures to individuals, and this is a prime impetus for them to take part. Teachers and health professionals identify interpersonal and social issues as becoming more evident when commodity prices are poor, or markets are under stress because of seasonal conditions. This may manifest as behavioural problems in school, truancy, neglect or poor nutrition in children, or increased consultations around health and other problems.

Corporate farming and social capital

Tonts and Black (2002:18–19) assert that little is known about the impact of corporate farming enterprises on the existing social and economic processes in rural communities. American studies cited by Tonts and Black (2002: 19) suggest that negative economic and social consequences could result from the move from family to corporate farming, irrespective of the economic success of the economic enterprise itself. This perspective must be considered in balance with the positive view of diversified production base, new employment opportunities and access to research and development put forward by industry and development advocates.

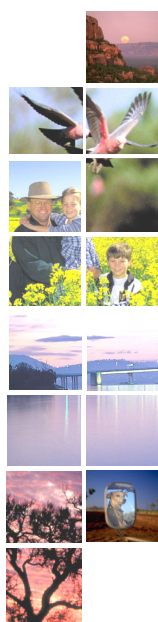
Bonding social capital

Family relationships and values are certainly changing in *Microcarpa*, in line with national (and international) trends. People are expressing more individual goals and values and their commitment to volunteerism is declining somewhat. This is a general tendency, not directly related to corporate farming in particular.

Bridging social capital

Corporate farming is causing changes in social capital in the community of *Microcarpa* in two ways.

The first major influence relates to new commercial enterprises that have been established. Findings from this research suggest that both the economic and social activities associated with new corporate enterprises are being conducted “outside” of more “traditional” economic and social practices, whereas this has not been a characteristic of more “traditional” farming enterprises even when they are “newcomers” to the district. Most of the economic infrastructure development has been done by contractors using equipment and supplies brought in from outside. The changes are consequent upon the move to corporate agriculture. New employees have given no indication of a desire to be involved in routine community activities and processes, and at the same time there is a “stand-off” by established community members who see them as somehow different and less worthy of the benefits usually extended to newcomers to traditional farming enterprises.



And another thing that's had a big influence ... and that's an understanding of the invisible rule-book of the community. Lots of rules are very clear... (It's in nine volumes, and who edits it, we're never quite sure.... There are sub-clauses put in quite regularly...) So for people who come but they come uneducated in the ways of rural communities, and although not all, for many people, what they experience is not the Country Practice rural life, and all that charm and casserole activities, but have in fact experienced discrimination and rejection. Isolation [Lois].

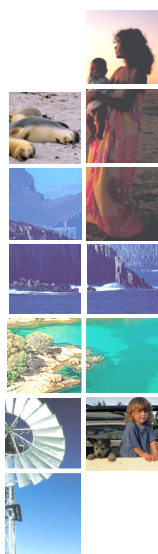
Any short-term contracted worker may find it hard to be integrated into the community, not especially because they work for a corporate enterprise, which, among other things suggests that industries that have always used seasonal and transient workers, like stone fruits or grapes, may be less successful in building local social capital than other industries. Long-standing community members blame the decline in bridging social capital on others, especially those who do not fulfil country-minded expectations.

Corporate farming employees' see their priority as being to meet the development expectations of the corporate enterprise. The new (male) employees are often transient, they don't bring their families with them and they work very long hours. They may maintain strong bonding social capital links with their community of origin, or, their desire to avoid these expectations may be the reason they have taken transient employment. Their links to the local community at this stage tend to be conducted in formal processes such as attaining planning permits through the local council and commercial transactions on a limited scale through local businesses. The role does not extend to taking an active part in local community activities, and they are removed from the complex network of associations and their expectations for participation.

There is a distance between established community members and corporate farming enterprises, expressed as distrust and disappointment for the failure to engage with social "obligations" on the part of the established community, and disinterest or a low priority allocation on the part of the corporations. To be more fully engaged and, generally in the absence of their female partners, corporate farmers would need to make a significant effort to engage fully in the dense horizontal networks of bridging social capital (Healy and Coté, 2000).

There are now less professionals in the traditional sense in *Microcarpa* and the loss is associated particularly with council amalgamation and bank and commercial branch closures. As a result there has been a significant loss of a culture and level of expertise in community groups and organisations. Previously, professionals who came to *Microcarpa*, such as the engineer, secretary or bank manager, immersed themselves in local activities and took on the executive roles on the committees. This pool of expertise brought diversity to the community culture and perspectives and broadened local debate to an extent that has not yet been achieved with the influx of new workers with different skills. Declining total numbers, the loss of traditional farming families and transient workforce means this pool of expertise is lost.

The second corporate farming issue undermining bridging social capital is related to contract farming which increases pressures within families and limits their ability to participate in traditional community activities, whether formal or informal especially because it is undertaken in addition to their usual farming practices, rather than instead of them. Family members, who are already fully occupied, in an effort to protect themselves against market and climatic fluctuations, take on contract farming as an addition to regular farming activities for some of the year. Farmers report their experiences negatively, both with respect to the additional workload and its



destructive effects in family life and community participation, and also with respect to the unequal power relations and lack of control they feel in their dealings with the contractors.

...they squeeze the farmers and force them into unviable production costs. They change the agreements after they have been set, and then leave the farmers with no option but to comply because they have invested so heavily in the establishment and plant costs [Albert].

Different industries or sectors have a different perspective, some operate with the view that everything has a dollar value – there is no “good will” at all – and it’s a real learning curve for us – they are all commercial decisions. We’re having a lot of trouble – and we feel very naive. We’re so used to working on trust. But it is infiltrating into the ag (agricultural) sector also [David].

This quote is significant in that it identifies the two different perspectives or cultures and where they may intersect in the stand-off that is being described here. The old rural values of trusting collaborative relations at community level that pervade business and social lives, and the new commercial values, where interactions in business and private life are all conducted in commercial terms.

Trust

Participants speak with pride about the high levels of community trust that still exist, and the security this provides in their lives. Those who are part-time contract farmers describe the distinct differences in the way they conduct business in the different arenas. Interpersonal trust among people is widespread among community members, not limited to close family ties and intimate associates but is easily generalised to all “known” community members. This reinforces the finding of Knack and Keefer (1997 cited in Healy and Coté, (2001:45) whose study illustrated a correlation between social trust and levels of civic engagement. Trust leads to co-operation and co-operation leads to trust.

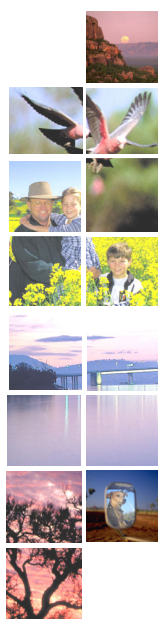
Participants show a willingness to “trust in the trust of others”, where a situation of trust arises on the recommendation of a third party who is not directly involved in the trusting relationship. This trust is based in the reality of their experience. “Networks of civic engagement facilitate communication and improve the flow of information about the trustworthiness of individuals” (Putnam, 1993:174).

... there’s the occasional one that takes advantage, and once that happens it gets around the town, and everyone talks about them, and they have a reputation. And it comes up that so-and-so that’s what he’s like, and it doesn’t take very long in a small town to get around. And their reputation is smeared a little bit [Albert].

Reciprocal trust is not dependent on a context of the close relations of bonding social capital; the relations can be quite loose and informal.

We don’t necessarily socialise with these people, don’t know them THAT well, but I would trust them [Robyn].

The borders of generalisable trust finish at the community borders. New members of the community don’t have ready access to existing trust networks, whereas they may have in the past. Likewise there are lower levels of trust with the corporate farming businesses established in the community in recent years – transactions with them are conducted on entirely commercial/business grounds.



You have to make your own opinion about trusting another, and that is difficult for newcomers into the town who haven't an established reputation [George].

Social trust between the corporate entities and community members will take time to develop and it will not be grounded on interpersonal relations so much as money and truth. However Fukuyama (1995) argues that transactions based on commercial and legal tenets alone are not sufficient in the long run – the characteristics of bridging social capital are also essential to lubricate the processes.

If the institutions of democracy and capitalism are to work properly, they must coexist with certain pre-modern cultural habits... Law, contract and economic rationality provide a necessary but not sufficient basis for the prosperity and stability of post-industrial societies; they must as well be leavened with reciprocity, moral obligation, duty toward community, and trust, which are based in habit rather than rational calculation (Fukuyama 1995).

The changing perspective is a complex challenge for long-term traditional farmers and other residents who are used to the generalised trust generated in this context over time. New corporate enterprises, principally led by people who are new to the district, have not yet established the same social capital relations

Linking social capital

Legislative changes are continuing to undermine rather than support linking social capital at community level. Many new legal requirements add to the demands made on community volunteers, in terms of time, financial costs and compliance. These include food handling legislation, first aid cover and reporting requirements. Additional demands are made on many community organisations by exponential increases in public liability insurance.

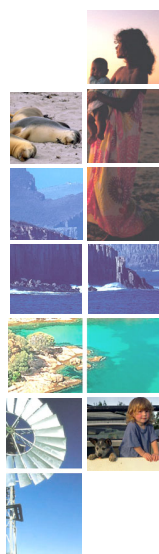
They're all terrified – The governing bodies send down from Melbourne all this literature, and it really "puts the wind up"! Like first aid training – a lot of it's now mandatory, and that's scary, and it gives you more work, and it's more expensive. And they think... "Why should I pay that out of my pocket so that I can be covered when I'm looking after someone else's child?" [Ray].

Local government has an important function in overseeing compliance with the legislation and they are seen by some people as the cause of the problem. At the same time the local council is seen to provide added incentives and smooth passage through planning requirements for new corporate farming enterprises.

DISCUSSION

Corporate farming initiatives are, on the one hand, necessary for *Microcarpa* to remain economically viable and competitive; but on the other hand they are having a significant role in undermining long-standing social capital in the following ways:

Bonding social capital – is being undermined as corporate farming extends, contracted workers are engaged and residents set individualist priorities. Some participants are critical of people who choose non-participation because of the impact on sustainable community processes and what it will do to opportunities for others.



No, its just because they're lazy....In the past the clubs and organisations were your social life. ... Nowadays, since the pubs have opened up to having entertainment, and everything is provided.... And a lot of it's within the home – the parents, and that's declined, as far as the parents doing things, and so the children don't see the parents doing things [George].

Outside workers who come into town tend to have broken or dislocated families – that's why they're willing to be mobile [Max].

Bridging social capital – the dense network has produced a highly organised public life in *Microcarpa*, one that is undergoing a period of quite marked and rapid change. Bridging social capital is being challenged by new values and less active community numbers. From what participants have reported there is a decline in bonding social capital overall – where obligations and expectations are outweighing the personal rewards and social benefits. In turn, locals are becoming “burnt out” because the demands are in excess of capacity, and this translates into reluctance by some people to participate to the same degree as previously. Corporate farmer employees have not been engaged into the existing dense networks of association.

Even here locally, we've lost families and children. They've gone, the farms have been absorbed and the houses are empty. We have corporate farms all around me here now. Many people would say they wouldn't trust “this person” or “that person”, but I'm not sure whether it's a personal reflection or because he's a corporate farmer with a big business to run [Anna].

There haven't been so many newcomers over the years, but I think with the changes and the new developments, it will be fairly challenging for the town. Even though it's a small country community, it's becoming fragmented in itself [David].

You just have to wonder if it's that easy and that enjoyable, why aren't more people, young people, staying on the farms? [Albert].

Linking social capital – is under threat, especially at the level of local government. Long-term residents here have perceptions that there is an undue focus of the “capital” at the expense of the “social”, and this has real potential to create separations between community members.

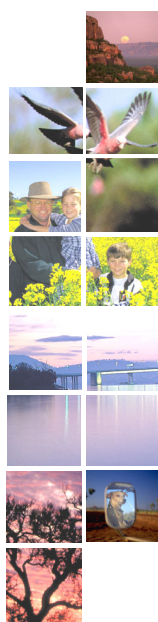
The local council, they're like they're untouchable – you can't get to them [Ken].

Council functions have become corporatised, especially as a result of state government policy initiatives. Longer-term residents are very conscious of how these arrangements contrast with previous relations, whereas new corporate farming enterprises expect all transactions to be conducted on a commercial basis.

The shire has lost its reciprocity, and yet, they benefit. They used to work as part of a community team, but now, everything's got to be accounted for [Robert].

Corporate farmers are being provided with free-rider benefits of linking social capital without them having to have been a part of the building process that has been accumulated in previous years and in the context of more traditional limited farming enterprises. There is a feeling that corporate enterprises are reaping the benefits of linking social capital without adding to the stocks. The lack of reciprocity is a major factor in creating the “distance” between the “old” and the “new” farming community.

I think there is a negative with the new local industries, in as much as some of the business houses are feeling they're missing out. They're seeing development, but because it's large-scale corporations the products are being brought in from outside, and not one drop of it is going through local businesses [James].



Social capital still exists to the extent necessary to be providing benefits, despite the impact described in this paper. However, there is also evidence of the dark side of social capital – where the density of existing networks is used for unhealthy purposes towards other individuals who may be isolated or excluded from full community membership or participation. “We increase social capital by working together voluntarily in egalitarian organisations.If the social system isolates people, discourages formal and informal contact, or just fails to offer the time and space for social contact, then social capital is under threat” Cox, 1995:16).

There is a new influx of people from outside with these new enterprises. But I think the “walls are up”. There are some that don’t want the changes they bring. I think it would be difficult for new people [Victoria].

CONCLUSION AND RECOMMENDATION

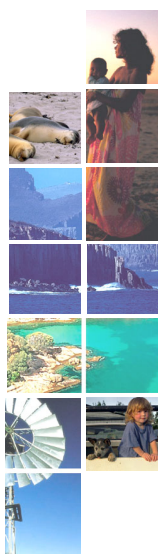
The paper has illustrated the impact on social capital that corporate farming initiatives are having in the rural community of *Microcarpa*. Other more generalised social and economic factors are also altering social capital. Community capacity building strategies, such as those widely advocated for many “declining” rural locations would not be appropriate in this setting because the locality already sustains very strong, and dense networks of association, described as being a desirable outcome of capacity building enterprises. In order to breakdown the “distance” that exists between new corporate farmers and established community networks it is appropriate to use the existing capacities and functions of local government. Local government has a wide range of linking functions through municipal and environmental planning and other policy requirements that can provide the basis for collaborative enterprise for mutual benefit. Many of these functions are inadequately resourced at present when compared to the expectations placed on them.

The recommendation therefore is:

The role of local government in supporting civil society must be formally recognised and appropriately financed so it can maintain its important advocacy role in supporting civil society for both all community residents.

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