Regional Responses to Globalisation:
Managing the Reorganisation of Boundary Processes

by

Peter Orpin B.A. (Hons)

Submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy
University of Tasmania, June 2001

Declaration

The material in this thesis has not been accepted for the award of any other degree or diploma in any other tertiary institution. To the best of my knowledge, it contains no material previously published or written by another person, except where due reference is made.

Peter Orpin

Authority of Access

This thesis may be made available for loan and limited copying in accordance with the Copyright Act 1968

Peter Orpin

Abstract

Globalisation has been the subject of central attention in the last decade, yet the ways in which the processes of globalisation and the global market are worked out at the local level remain poorly theorised. Regional and rural areas in Australia appear to be experiencing problems maintaining their economic viability and vitality in the face of global market changes. The thesis explores the global-local interface by analysing variations in rural and regional responses to globalisation in two rural areas showing seemingly different levels of adaptation to the global market.

The study reveals that globalisation involves a process of progressive disorganisation and more complex reorganisation of networks and network boundaries, at all levels from the global to the local. This results in a global market that is increasing in size, scope and competitiveness providing a challenging environment for producers. Responses to these challenges in the study areas vary between a protective strengthening of local boundary processes, on one hand, and open and strategic engagement, on the other. Producers' capacity to maintain their position in the market is shown to be dependent, among other factors, on building more open, wide-reaching and eclectic network orderings which facilitate wide knowledge gathering and the incorporation of that knowledge into reflexive, flexible and innovative action.

The thesis shows that in some rural and regional areas, the network organising power of space, over prolonged periods of relative social and spatial isolation, produce network structures that are marked by rich multiplex linkages and powerful coherent boundary processes, as networks become increasingly coextensive in social and physical space and boundary processes become conterminous. These structures restrict the ability of individual and collective actors to build the sorts of open network ordering that are needed to engage fully in the global market.

The major impetus for opening up these tight local network structures in these areas is seen as coming from either external shock or from the presence in local networks of individuals whose different socialisation means that their network orderings

extend beyond the local. Such individuals provide the weak ties that span boundary processes, link actors into new networks containing alternate knowledge, meaning and values and counteract some of the historical network organising power of space. This suggests that, despite technology, face-to-face interaction and the physical mobility of individuals between networks remain important factors in maintaining openness in local networks.

Acknowledgements

Among the many who have shared in this adventure, and trial, there are those that I would like to acknowledge individually for their role in pushing, pulling, supporting and challenging me along the way:

- To my supervisor, Professor Malcolm Waters, for his ability to spot the substance amid the confusion, and his reassurance in times of doubt;
- To Bob White, not only for his efforts well beyond the call of duty or friendship in the final months, but also for the voice sitting on my shoulder for the whole journey, questioning and challenging;
- To Emeritus Professor Rod Crook who provided the first exciting glimpse of sociology and who later introduced me to the discipline of doing sociology;
- To Margot Roe who jolted me with a low mark in my first essay in sociology and went on to become a friend and mentor;
- To lecturers and fellow students in the Department who provided a stimulating environment in which to work and learn;
- Above all, to all my family. Especially to my wife Merilyn, who always is there for me, and who has quietly accepted a life on hold 'until the PhD is finished'.

The thesis is dedicated to my late father, Cecil Albert Orpin, who was denied the education and opportunities he deserved.

Contents

Chapter 1: Introduction

Processes of globalisation have, over the last decade, been the subject of central attention in both academic literature and the mass media. The term is formally defined and analysed by Robertson (1992), although the significance of the processes had been recognised much earlier (see Giddens 1990; Waters 1995). Subsequent analyses have tended to focus either on large scale cultural, political and economic processes (see Gray 1998; Lash and Urry 1994; Waters 1995) or on the small scale, mainly economic, local consequences of globalisation (Amin and Thrift 1993; Cox 1993; Cox and Mair 1988; de Haan 2000; Ettlinger 1994; Sengenberger 1993; Strassoldo 1992). There is a tendency in much of this analysis to see the global and the local as separate, and sometimes almost opposing, processes. Yet, as Amin and Thrift (1993:410) point out, globalisation and the global market are constructed, and operate, at the local level. The global and the local are not separate processes but rather different aspects of the same process. Therefore, in order to explore the consequences of globalisation and the global market for local economies, it is necessary to understand the local in terms of the global and the global in terms of the local. *The thesis is therefore concerned with exploring the ways in which the global processes intersect with, and are worked out within, the structures and processes of the local and local production.*

Regional Economies in Globalisation

There are widespread concerns in Australia about demographic, economic and social decline in regional and rural areas associated with changes in the global economic order (Edwards 1998; House of Representative Standing Committee on Primary Industries and Regional Services 2000; Human Rights and Equal Opportunity Commission 1999). However, the detailed picture of the state of rural and regional economies in Australia is one of growing disparities between regional/rural areas rather than one of overall rural and regional decline (Baum et al. 1999; National Institute of Economic and Industry Research 1998).

In demographic terms Keller (2000) makes the point that although the overall worldwide trend is towards urbanisation, "the rural-to-metropolitan trends have changed several time in the latter part of the 20th Century [and]. . . it would appear that change, rather than stability, is the typical demographic and economic situation" (2000:2). Dawson (1997) makes a similar observation when examining Australian Bureau of Statistics (ABS) figures for Australia. Between 1971-1991 there was actually a counter-urbanisation trend with non-metropolitan areas showing higher rates of growth in both population (12.45% versus 7.75%) and employment 47.1% versus 37.3%). However, a detailed mapping of 'community opportunity and vulnerability' by Baum et al.(1999) reveals just how unevenly these changes are impacting across the nation, with clearly identified winners and losers out of economic changes being spread across the whole spectrum of metropolitan and rural and regional areas. Baum et al. (1999) construct a continuum based on variation across two groups of variables: structural economic change and socioeconomic character, and classify towns into clusters ranging from high opportunity to high vulnerability. While the picture is complex and there are clear losers within metropolitan areas, the intersection of two factors seem to particularly dispose communities to vulnerability: rurality/regionality and economies based on agriculture, manufacture or welfare/retirement migration (1999:73).

The patterns emerge more clearly when factors such as employment, population and welfare dependency are mapped across the country (Haberkorn et al. 1999). This reveals quite consistent patterns of regional/rural depopulation, falling jobs and growing unemployment and increasing welfare dependency outside the peri-urban rural and regional areas along the east and south west coast. Reporting to the Australian Local Government Association 1998 Regional Cooperation and Development Forum, the National Institute of Economics and Industry Research (1998) concluded:

> Some regions are experiencing long term structural difficulties. The South Australian and Tasmanian economies are confronted with declining population growth associated with slower economic growth. Much of rural Australia remains depressed. Many rural regions are facing a

downward spiral associated with declining commodity prices and intensified international competition (1998:1).

A pattern of vulnerability applies to virtually the whole of the small island state of Tasmania. After recording only 18.0% population growth between 1972-1994 compared with an Australian mean of 34.1% (ABS 1995), Tasmania's population has actually fallen every year since 1996 (ABS 1999g) as the young leave seeking employment. The median age of the state population rose 4.2 years between 1988-1998 (ABS 1998c:4). Throughout the 1990s the state has consistently had an unemployment rate some 2-3% above the national average with, at August 2000, a rate of 10.0% compared with the national rate of 5.9% (ABS 2000c). Between 1993-1999 the state has had the lowest or second lowest growth in Gross State Product of all states in all but one year (1999 when it was third lowest) (ABS 2000d) averaging just 0.5% compared with the Australian average of 1.2% (ABS 1999g).

The problem of rural and regional vulnerability in the face of global market changes is increasingly occupying policy makers at all levels of government and has generated a good deal of political debate in Australia. At the national level, both major parties have taken a policy position of pursuing the opening up of global trade wherever possible. They have argued consistently, against opposition from primary producers, rural communities and blue collar workers, that a 'free' market is in the best long-term interests of the national economy, and that a certain amount of, sometimes painful, social and industrial restructuring is inevitable if Australia is to remain globally competitive. In Tasmania, successive governments have engaged in a process of extensive community and industry consultations and audits in an attempt to formulate a coherent policy framework and 'vision' for addressing the economic and demographic problems facing the state. These processes have drawn upon development models from Oregon and Minnesota in the US, Alberta in Canada, and Ireland.

Exploring Regional Adaptation

The Tasmanian government's approach reflects the general tenor of much of the work on regional development: a focus on case studies of successful models and new paradigms with an eye to duplication (seeCentre for Research and Learning in Regional Australia 1998 for notable exceptions; Lawrence, Lyons and Momtaz 1996). While such case study analysis can certainly yield valuable insights, the concept of a single 'ideal' model for development that is transferable across time and space would appear incompatible with a global market in which a central feature is its volatile dynamism. Such an environment is not conducive to enduring formulaic solutions. Since the seminal book by (Piore and Sabel 1984) there has been wide support for the proposition that the key to producing for a global market is the ability to respond flexibly and innovatively to elusive and ever briefer windows of opportunity, whatever their size and shape (Badham and Mathews 1989; Gertler 1992; Harvey 1990; Murdoch 1995; Sayer and Walker 1992; Schoenberger 1988). That is, there are no necessarily enduring models of success, even in the terms of the most lauded model of production for the global market: the industrial district (Amin and Robins 1990; Becattini 1990; Gertler 1992). When the defining feature of the market environment is continuing and accelerating change, the one key to maintaining a place in that market is likely to be the capacity to adapt. Therefore, for the regional producer or economy facing the global market, it is not a production model or a shared vision that is likely to hold the key to maintaining economic viability and vitality but the capacity to respond appropriately, flexibly, and innovatively to the changing environment; that is to adapt, continuously and quickly. Many rural and regional areas in Australia in general, and in Tasmania in particular, are clearly facing major problems in achieving this sort of adaptation (Baum et al. 1999; House of Representative Standing Committee on Primary Industries and Regional Services 2000; Lawrence, Lyons and Momtaz 1996). The problems of adaptation and flexibility would appear, at least in part, to be a social structural issue. The focus of the thesis therefore on examining the issue of rural and regional adaptation in these social structural terms within Tasmania and Tasmanian agricultural production .

Local social structural issues will not, of course, be the only factors in adaptation to globalisation. Larger scale political, economic and cultural processes, and local histories and geographies will all have an impact. However, these are peripheral to the main focus of the thesis. The thesis uses detailed qualitative case study data on two Tasmanian regions facing global market pressures, to examine the local impact of globalisation, and in particular the global market, and the manner in which local social structures and processes shape responses within those areas. It is not a search for successful models of production, or even for solutions, at least not directly, but rather, a theoretical analysis of two instances of the working out of global high capitalism at the local level. While the limited nature of these case studies mean that there is no necessary generalisability to the wider Australian situation, the analysis does provide the basis for a theoretical model for testing in the broader context where rural and regional areas are struggling with the maintenance of economic viability in the face of globalisation.

A review of the literature on globalisation in Section 1 reveals the global market to be characterised by openly ordered networks with complex and shifting boundaries whereas the rural and regional networks uncovered in the case studies in Section 3 are more tightly ordered and bounded. The analytical task is framed in terms of exploring four propositions which emerged in the study:

Proposition 1. Communities and industries facing the external challenges flowing from globalisation have two broad choices; either a protective strengthening and withdrawal behind local boundaries or full active and strategic engagement with globalisation and the global market.

Proposition 2. In many rural and regional areas, the persistence of densely organised network orderings defined by tight, broadly based boundary processes constitute an impediment to local producers' efforts to compete in the global market.

Proposition 3. While the processes of globalisation and the global market are resulting in the reorganisation of local network orderings into more open forms, the 'local' and 'place' remains the principal organising bases for network orderings in these areas.

Proposition 4. The family farm, one of the most sharply defined and enduring dense network orderings in rural areas, and the dominant production unit, is also one of the aspects of rural and regional life and economic viability under greatest threat in globalisation.

Data Collection

The selection of the two study sites was guided by four principles. Each site is based on a Statistical Local Area (SLA), a basic Australian Bureau of Statistics statistical division which also happens in these cases to coincide with local government areas (LGAs). This greatly simplifies obtaining statistical data and provides a focus for data collection without too tightly constraining it. Secondly, the areas needed to have a degree of recognition and identity extending beyond the formal and administrative. That is, they needed in some sense to be, as well as contain, recognisable communities. Thirdly, they needed to be clearly regional/rural. The terms regional and rural have good face validity but are difficult to operationalize. Neither of the two systems devised in Australia to guide rural and regional public policy is fully satisfactory. However, in terms of this thesis, regionality and rurality are hierarchical concepts indicating increasing degrees of separation from a major population centres. In addition, rurality is generally marked by a predominantly agriculturally based local economy. Lastly, and most importantly, they needed to represent different experiences and stages in their encounters with the global marketplace.

Study Areas I: Orchard Vale[1]

Orchard Vale LGA covers 5,500 squares kilometres of the extreme south west of the island state of Tasmania. Much of that area is largely inaccessible heavily forested National Park with the population centres scattered along more than 100 kilometres of picturesque river valley and seafront. While the principal settlement is only some 35 kilometres from the state capital, the road traverses a low mountain range and until a new road was opened during the 1980s access during winter months could be

slow and uncertain. Much of the valley is now within easy daily commuting distance of the capital. Environmentally, the area remains renowned for its beauty, its attractive lifestyle – at least for those with adequate means of support - its maritime pursuits and its access to wilderness areas. The total population of 13,494 in 1998 (ABS 1999f) is spread across five principal population centres, with very different histories and social and economic profiles, and a host of small settlements. While Orchard Vale has been controlled by a single council since 1992, and is in many ways identifiable as an area, it still also retains the schisms, rivalries and separate identities developed over a long history as three separate local government areas.

For much of its history, until the early 1970s, the economy, and the identity, of Orchard Vale derived largely from its orchards, with apple exports earning Tasmania an international reputation as 'The Apple Isle'. Tasmanian apple production peaked in 1964 at 8.9 million boxes produced in 1326 orchards, the majority of which were located in or near Orchard Vale (O'Loughlin 1986). During the late 1960s and early 1970s, the industry was very badly impacted by global market changes, to the point where by 1997 there were just 164 orchards left in the state (Australian Bureau of Statistics 1998b) and production had fallen to some 3 million cases (The Department of Primary Industries and Fisheries and Tasmanian Apple and Pear Growers Association 1996) , although Orchard Vale remains the major site for apple production. The experience of the apple industry with globalisation makes Orchard Vale an almost automatic choice for this study. Similarly, there has been a marked reduction in the formerly very large employment in forestry industry. This has occurred through a combination of factors: the move from wooden to cardboard cases for fruit export; the mechanisation of timber harvesting; the environmentally driven reduction in areas available for harvest; and the shift of timber processing out of the valley. Orchard Vale now subsists on a mixed base of forestry, fishing, fruit-growing, retail and wholesale, and two emerging industries, tourism and aquaculture. There has been a substantial influx of people seeking lifestyle change drawn by the cheap land and low cost housing and the proximity to the state capital. This has resulted in significant population of commuters, small subsistence businesses, welfare recipients and self funded retirees. Workers with post-secondary school

---

[1] The area names have been changed to protect subjects' anonymity.

qualification make up just 32.6% of the workforce compared with the state mean figure of 40.3% (ABS 1999f). Unemployment is consistently high by both state and national standards. Unemployment in Orchard Vale at the 1996 Census was 12.7% (ABS1997b) at a time when the Tasmanian rate of 9.6% and the national rate 8.5% (ABS 2000c). Among 15-24 year-olds the rate was an extremely high 53.6%.

Study Areas II: Dairy Flats

Dairy Flats LGA occupies the extreme North West corner of the state. It is just a little smaller than Orchard Vale at 4894 square kilometres and the population is more than one third less at 8,493 (ABS 1999f). Although the area encompasses significant areas of state protected forest, it is principally rich agricultural land – helped by an annual rainfall of 110 mm and a mean temperature of 16 degrees Celsius - and (rapidly expanding) forestry plantations. There are only two settlements of any substance: the area's service centre in which almost half of the population lives (population 3,500), and an historic and picturesque port (population 580) which is a major Tasmanian tourist attraction, and a former winner of the Australian Tidy Town award. The remainder of the population lives on farms or in numerous very small scattered farming settlements. The main service centre has a substantial retail precinct since the nearest regional city, with a population of 20,000, is some 100 kilometres away by road. The capital of the nearest Australian mainland state is almost more accessible than the state capital, which is five hours drive away. Dairy Flats is an area with a robust unitary identity fuelled by isolation and a long history under one local government authority.

Economically, Dairy Flats is very different prospect from Orchard Vale. It has a good mix of primary industries including dairying, beef, vegetable growing, fishing, aquaculture (oysters) and forestry. There are two substantial food processing plants and an iron ore pelletising plant. The area has, to date, escaped serious economic challenge. The abundant fertile land and reliable rainfall allows a wide choice of crops. This contrasts with Orchard Vale where high quality fertile and arable land is largely restricted to its narrow river flats. The principal agricultural industries of dairying and vegetable growing have yet to feel the full impact of the global

corporatisation of agriculture although it would appear that this is unlikely to last. Even the forest industry has escaped the worst of the resource lockup flowing from environmental pressures, and the area retains two major mills processing the millable timber emerging from its forests. The area has undergone a number of changes in its dairy industry which make it of particular interest in terms of the thesis. Until recently much of the local milk production went to a grower-controlled cooperative which was obliged to take all production. This has now been merged with a large national producer and much of that local control and social obligation has been lost. Also the last ten years has seen a large influx of tertiary trained and very instrumentally focussed immigrant New Zealand dairy farmers, attracted by the local land prices. Because the New Zealanders farm in a much more intensive way, with bigger herds, more sophisticated management and intensive pasture development, this has represented a considerable shake-up for the local farming community.

The Dairy Flats workforce is less qualified than the Tasmanian workforce as a whole, with only 26.6% reporting post-secondary qualification at the 1996 census (ABS 1999f). Unemployment in Dairy Flats at the 1996 Census was lower than both the Australian mean (8.5%) and the overall Tasmanian rate (9.6%) at 8.3% (ABS 1997a). The rate for 15-24 year olds, while higher at 14.7%, is still well below that for Orchard Vale.

Mean taxable incomes in both Orchard Vale ($24,301) and Dairy Flats ($25,943) were lower than the state mean ($28,154) at the 1996 census. However, these figures need to be treated with caution given the huge variations between individuals and areas. Anecdotally, Dairy Flats appeared to be a generally if not almost uniformly prosperous community, a point confirmed by comments from both bankers and retailers. By the same measures, Orchard Vale presents a much more complex picture with pockets of wealth and poverty side by side. Baum *et al.* (1999) categorise both Orchard Vale and Dairy Flats well towards the vulnerability end of their vulnerability-opportunity continuum.

The Data

The major interview data were collected over a 10 month period between May 1997 and February 1998; the Orchard Vale material in day trips and the Dairy Flats material during a two month residency in the area. Additional material, in the form of various text sources and attendance at meetings and functions, has been accumulated over a much longer period, continuing up to the time of writing.

The principal data used in the analysis consist of individual in-depth, semi-structured interviews. One hundred and forty six of these interviews, each lasting an average of one to one-and-a-half hours, were conducted, usually in interviewees' homes or places of work. Seventy two of these subjects were associated with the Dairy Flats area and seventy-four with Orchard Vale, with most, but not all, being residents of their respective areas. A cypher has been applied to subjects' initials wherever they appear in the text to preserve anonymity.

The interviewees were selected using a non-probability purposive sampling method guided by a logic developed to fit the requirements of the thesis: to explore the relationship between actors' responses to globalisation and global market changes, and the local social structures and processes in which they are located. This requires rich qualitative data not obtainable by survey. Ideally, sampling for interview would use a quota sampling technique to ensure that there was equality on a range of categories across the study population. However, given the size of the study populations this would have resulted in an unworkable number of interviews and/or too small representation in categories of interest.

Given the concerns and focus of the thesis, the category of individual likely to yield the most useful data are individuals in positions of leadership and acknowledged influence within their communities and industries. These are individuals who are identified and/or acknowledged within a community or industry as having a high level of involvement and/or influence within that community or industry, either through positions of formal or informal leadership or through civic involvement or activism of one form or another. This involves two assumptions. Firstly, that these

individuals will be well placed to serve as informants on their communities and industries, especially in terms of issues that are likely to be important in determining adaptation to globalisation; and secondly, that because of their positions of influence and leadership they are likely to be crucial in shaping community responses to change. Although this sampling frame places some limitations on the data, especially in terms of representativeness of the community as a whole, it does not seriously compromise its purposes as long as these limitations are borne in mind in the analysis.

The sample profile is clearly significantly different to that of the general population in the study areas. The profile provided in Appendix A reveals the sample to be biased towards males (The overall male:female ratio in both Orchard Vale and Dairy Flats was very close to 1:1 in the 1996 census), of a significantly older age profile than the general community and more highly educated (Australian Bureau of Statistics 1997a; Australian Bureau of Statistics 1997b). There is, therefore, no claim that the sample represents the views of the general communities or industries as a whole. However, it is claimed that the sample does encompasses a very substantial proportion of the industry and community leaders, innovators and activists within each area. These individuals are generally those responsible, either formerly or informally, unilaterally or representatively, for shaping responses to the challenges facing their areas from globalisation. While they may not always, and probably frequently do not, reflect the views of the general population within these areas, they are certainly the active face of responses to external change pressures such as globalisation and the global market. They therefore can be argued to provide a more telling measure of local response than would be provided by any random sample and certainly represent the 'cutting edge' of that response.

The sampling used a mixture of informed selection and snowball sampling. Some subjects were easily identified by their formal positions within their communities or industries while others came to notice during fieldwork, by their presence in the media, or at community events, or their names were raised in general conversation. Lastly, interviewees and other informants were asked to nominate individuals whom they believed to hold some key to understanding a community or an industry, or who had contributed in a notable manner at some time. Few subjects came to notice

through only one channel. It did not take very long involvement in the areas to identify a quite small and multi-present group of 'influentials' in each area.

The interviews were semi-structured around an outline of issues to be covered (See Appendix B) but with an eye to minimising formality and obvious structure. All interviews were recorded on tape with the informed consent of the interviewees who were treated as both as respondents and informants. Areas covered included details of biography including family, community and industry involvement, professional practice and knowledge, views about their community, their industry and their place in a global society and their sources of information and learning.

The interview data were supplemented by a range of textual material and notes from participant observation. Both areas have their own local weekly papers which are very widely and avidly read. These were collected over the period of the data collection and a twelve month span, from November 1997 – October 1998 were scanned for responses to major issues, letters to the editor, local events of significance and for the general tenor of the coverage of issues. Local histories, council reports and proceedings from various community processes were all obtained and added to the data. Statistical data pertaining to the two areas were obtained mainly from the Australian Bureau of Statistics. The fieldwork also involved attendance at some council meetings and, wherever possible, seminars, public consultations, meetings and events within the study areas. Notes from these are included in the data.

The interviews were transcribed in full and imported into the qualitative data analysis program NVivo (Qualitative Solutions and Research Pty Ltd), as were portions of other textual material. The data were then coded in a two-stage process to identify and refine the major themes.

Thesis Outline

Section I explores the dimensions of global high capitalism and the ways in which it transforms markets and production strategies. Chapter 2 looks at three processes

which, in synergistic interaction, shape global high capitalism: technologically mediated time-space compression; hyper-rationalisation, that is, the increasing presence in all aspects of social life of rational-calculative logic; and the increasing role of reflexive strategising. Through its tendency towards disorganisation of boundary processes, and its facilitation of new forms of social ordering, global high capitalism is transforming structures of power and influence by privileging the resources of knowledge and reflexive strategic skills. Chapter 3 focuses on the global market. It examines how the processes outlined in Chapter 2 are transforming production and consumption activities to produce a market that is increasing in size, scope, diversity and above all competitiveness. There is also a shift in power in the global market from production to consumption and from goods to services as a wealth creation mechanism. Chapter 4 examines the consequences of developments in the global market for production strategies. Those seeking to hold a place in the global market have to be increasingly responsive in terms of their data gathering, reflexive knowledge building and flexible practice. The global market also requires flexible strategies of cooperation and an innovative approach to enterprise.

Section 2/Chapter 5 provides a theoretical framework for bridging global and local processes. It argues that the intersection of the global and the local, and local responses to globalisation, can be usefully analysed in terms of the re-organisation of networks and network boundary processes. Section 3 contains the data analysis. The analysis focuses principally on network boundary processes especially those associated with production. Chapter 6 reveals that the local and place remain important bases for network ordering despite increasing signs of network disorganisation. Individuals still largely construct their network orderings around place although, these orderings are increasingly narrowly based and open. Chapter 7 identifies boundary processes ordered around a discourse that defines rural life as separate and different. This has implications for patterns of cooperation and knowledge gathering and for those who would facilitate change and innovation. Chapter 8 examines boundary processes organised around the 'farm gate'. The family farm, one of the most sharply defined and enduring, dense network ordering in rural communities, is also one of those under greatest threat of disorganisation in globalisation. The family farm is pivotal to economic viability in many rural and

regional areas, yet, the highly organised boundary processes that operate at the farm gate constitute a significant impediment to full engagement in the global market.

Section 1: Globalisation

Processes associated with globalisation are contributing to the disorganisation, and more complex reorganisation, of patterns of sociation. This is resulting in a challenging environment for producers in the global market.

Chapter 2: Global High Capitalism

Introduction

In order to understand the problems that globalisation poses for regional/rural areas it is necessary first to explore the manner in which globalisation is transforming patterns of sociation at all geographical scales from the global to the local.

Despite differences in emphasis, there is a common theme running through most analyses of globalisation: globalisation is characterised by a quantum leap in global social inter-connectedness. This manifests across all dimensions of social life, economic, cultural and political, and is fuelled by a technologically mediated transformation of the time-space relationship (Friedman 1999; Giddens 1990; Lash and Urry 1994; Robertson 1992; Waters 1995). While not ignoring the multidimensionality of globalisation, the thesis is concerned principally with the its economic dimensions and impacts. In order to survive, regional/rural communities rely, above all, on maintaining a viable production base in the face of the globalisation of production and consumption activities (Baum et al. 1999). Without that base, the lack of employment opportunities and loss of services and young people are likely to lead to social and demographic decline for these areas and their communities. The following analysis is therefore focussed principally on the effects of globalisation on exchange relations, especially on the development of the global market.

Globalisation has a long, though not always linear, history (Waters 1995:4). Globalisation variously represented as an aspect of high modernity (Giddens 1990) or a completely new era of post-modern social organisation, or disorganisation (Crook, Pakulski and Waters 1992; Harvey 1990; Lash and Urry 1994; Waters 1995). The position taken here on globalisation is similar to that taken by Crook, Pakulski and Waters (1992) on postmodernization; that the hyper-extension of a number of processes having their origins in modernity is leading to a deep, wide

reaching and rapid disorganisation and reorganisation of patterns of sociation. This presents actors with new issues, potentialities and problems of social ordering over and above those posed by modernity.

There is no shortage of social commentators who recognize the socially disruptive power of globalisation, especially the effects of moves towards a 'free' global market (Friedman 1999; Giddens 1991; Lash 1994; Martin and Schumann 1997; Mittleman 1996b; Rodrik 1997; Scott 1997b; Wiseman 1997b). Many of these call for a radical about-turn in the logic driving globalisation although this would seem a rather forlorn hope. In any case the concept of a global 'free' market is more political ideal than economic possibility (Gray 1998). As Block (1994:705) points out, the question is not whether the market should be regulated or free but by whose rules it should operate. This is an important issue in terms of the local and the global. Both polar extremes of the globalisation debate – that associated with critics such Martin and Schumann (1997) on one side and enthusiastic advocates such the former British Prime Minister Margaret Thatcher on the other - portray globalisation and the 'free' global market as almost ineluctable external forces. This is a distortion. Globalisation is a social process that is not just experienced, but also constructed in social action at all geographical and social levels, from the global to the local. Certainly, local communities have little choice but to engage with the processes of globalisation. However, while inevitable inequalities of power cannot be ignored, the technologies and processes which underlie globalisation do offer potential for effective participation by even the 'weak' local actor. This thesis is concerned to uncover some of the local barriers to that participation.

The underpinning process of globalisation is identified above as the transformation of the relationship between time and space. The major effects of globalisation, however, especially in the realm of production and consumption activities, derive from the synergic intersection of a range of processes: time-space transformation, hyper-rationalisation and the increased role of reflexive strategizing in social life. These processes together add up to what might be called global high capitalism although, given the narrow concerns of the thesis, and for the sake of brevity, this will be referred to simply as globalisation.

Time-space Transformation

The trends and processes which constitute globalisation are associated with rapid technological development. In particular, advances in the areas of information technology and transport are transforming the relationship between social interaction and the contexts of space and time. For much of history, interaction and social structure have been shaped by time and place, constrained by the physical limits of mobility and communication. These issues are rapidly losing their importance as both the speed and forms of physical mobility and electronic communication escalate. These new technologies tap into, and produce, synergies in all dimensions of late 20C life, in the economic system, in the polity and in cultural life. These produce changes in all levels and facets of social structure, from internet 'chat' at one extreme, to the frenetic market in global finance at the other.

Giddens (1990) refers to this transformation as 'time space distanciation' in which the linkage between time and space is increasingly stretched, if not broken. This theme is taken up by Lash and Urry (1994) who argue that time-space distanciation results not just in an "emptying out" (1990:13) of time and space but also of subjects and objects, as the link between their concrete and abstract expressions becomes increasingly remote. Harvey (1990:240) refers to the same process as 'time-space compression', which, despite its seeming contradiction of Giddens' term, is making the same point in a different manner. As the time needed to effectively traverse distances shrinks, both distance and time become effectively compressed. The world becomes a 'smaller' place. Harvey also refers to this as the annihilation of space through time (1990:241). This quantum change in the rules governing the role of time and space in social interaction has far-reaching consequences. In particular, it disrupts the spatially based ordering of social life. It radically alters the nature and numbers of linkages that characterise social structure, not just between actors at scales of social organisation but also between actors and place, actors and artifacts, and between frameworks of meaning and life as experienced.

Time-space transformation lowers the economic, temporal and social costs of interaction and transaction allowing social linkages to multiply across distances, in ways that would have been unthinkable even a decade earlier. The possibilities for interaction increase exponentially. This has wide implications. As long as interaction is constrained by the limitation of space and time, social structure will tend to consolidate around place. Once these constraints are lessened, social action and interaction is freed to organise around any number of other bases of shared meanings, experience and interests. This leads to some fragmentation or disorganisation of spatially anchored patterns of social action and interaction, challenging long established social structures and traditional ways of ordering social life. While potentially profound, these effects may be less than imagined, for two reasons. Firstly, humans are corporeal beings who will always retain some measure of spatial attachment; even the most mobile actors or those whose daily activities are most dis-embedded from concrete contexts, live and work somewhere. Secondly, as argued below, social structure which has taken its initial form from spatial constraints, over time builds a multiply based coherence that maintains its integrity long after the spatial imperative has faded.

It is not only the numbers and reach of social linkages that are transformed. Time space compression in globalisation fundamentally alters their character. As social linkages become more numerous and spatially dispersed they can lose much of their rich multi-dimensionality to become more restricted and specialized. Both Parsons (1964) and Levy (1966) identify a trend in modernity towards relationships marked by rationality, universalism, functional specificity, avoidance, individualism and hierarchical structure. This trend appears to be greatly accelerated by the processes of globalisation. Linkages or interaction are 'emptied out' or 'disembedded' from the wider social context in globalisation (Giddens 1991; Lash and Urry 1994). At first sight this represents a strong argument for decreasing sociability in globalisation, for an increase in the quantity of social connectedness at the expense of quality. However, there is no clear evidence that patterns of sociation marked by multiple spatially dispersed and quite specialised interactions constitute a less satisfactory social arrangement than the tight multidimensional structures of the traditional spatially based social organisation. This process has already been noted in cities

- 19 -

(Wellman, Carrington and Hall 1988), where individuals are able to construct rich social lives without the spatially concentrated, multiplex networks of the traditional community. Nevertheless this does represent a very different form of social structure from that which is generally associated with regional/rural areas.

Globalisation is also disrupting the physical, social and cognitive ties between actor and place. Mobility has become a way of life for many, shifting house, town, state and nation in search of education, employment, experience and lifestyle, or travelling extensively from a long-term fixed base, building an ever more complex networks of connections and meanings in the process. Sociologists and geographers (Berger and Berger 1972; Cohen 1982; Massey and Allen 1984; Sayer 1985) have long recognized the importance of place in providing identity, structure and stable context for individuals and their relationships. In globalisation individuals and interactions are increasingly abstracted from the context of place. In this situation while place and identity become less constraining they become more, not less, important as a base for ordering social life. This is amply demonstrated in the rise of nationalistic movements under globalisation (von Hippel 1995).

Time space compression in globalisation also transforms the relationship between actors and significant artefacts, as the physical and social context of artefacts become increasingly complex and obscure. To 'know' the artefacts with which they interact actors are increasingly forced to rely on complex abstract, often expert, knowledge. This is seen at its extreme in computer mediated experiences such as virtual reality, but it is also evident in such prosaic every-day contexts as food. The provenance of a vegetable or piece of meat purchased at a supermarket may be long and complicated, involving a complex 'cool chain' stretching across the world. Cultural, environmental, moral, ethical and health issues become immensely more complicated when the tie between the object as experienced and its provenance becomes so obscured. This becomes important in the context of a consumer driven market (see Chapter 3). Globalisation may often simplify and facilitate actor-artifact interaction but it does so at the expense of abstracting both object and actor from their social and physical context. The dis-embedded object can more easily be treated merely in terms of its use value. This is somewhat at variance with more traditional social

structures such as those found in rural and regional areas where the objects encountered in everyday life are usually firmly grounded in concrete local experience and complex social context.

Finally time space transformation disrupts the link between cultural frameworks of meaning and life as experienced. Individuals are constantly exposed to experiences which challenge their world-view, which disrupt carefully constructed frames for ordering social life. Increasingly interactions and transactions occur between individuals or groups whose cultural and normative frameworks not only may be very different, but may be largely unknown to each other. This presents huge problems in finding common frameworks of meaning to meet the requirements of even quite circumscribed interaction. Such issues as trust become highly problematic without that grounding in common cultural experience. Even in the absence of significant face-to-face exposure to differentially socialised others, actors' frameworks of meaning are constantly challenged in globalisation by the mass media, by electronically based interaction and through rapidly changing local political, economic and cultural environments.

In summary, time-space compression in globalisation presents actors with the task of dealing with more complexly organised and volatile patterns of sociation. The processes and technologies that are driving this change contain within them the resources to manage it and these are theoretically within the reach of most. The same technologies which allow currency traders to transfer huge sums of money across the world almost instantaneously also allow families to exchange photos, or grassroots activists plans of action, across similar distances in similar time frames. There are, however, significant equity and access issues. There are issues around the cost of the technology, especially in areas outside of the More Developed Countries (MDCs) but also within large sectors populations within MDCs. These are less of an issue in the context of this thesis than that of the required knowledge and skills base. This form of change is an iterative process in which the technologies and the knowledge, skills and social arrangements needed to harness them, develop in tandem, with each driving the other. For those behind the leading edge of this process there is a lag between the passively experienced effect of the change and acquisition of the

knowledge, skills and social arrangements that allow full active participation. While few are spared the impact of time-space transformation, the number of those well placed and with the resources to effectively manage this change is much lower. This would appear to be the case in rural and regional areas.

Time-space compression has a very long history, from the development of the horse as a mode of transport and celestial navigation in sea travel, to motor vehicles, the telephone and air travel in the twentieth century. Each new development has altered the temporal-spatial context of social interaction, stretching the territory over which linkages could be established and relationships sustained. The present phase, however, is so radical and fast moving, so widespread in its impact, and reaches so deeply into society, that it can be regarded as qualitatively different. In part, this reflects the pace of technological innovation but also arises from its association with processes which flow through from modernity but find their fullest expression in global high capitalism: hyper-rationalism and reflexive strategising.

Hyper-rationalization and Reflexive Strategizing

The concept of rational-calculative logic is well captured in Weber's (1968) 'Zweckrational', or instrumental rational action: the dominance of strategic means-ends calculations in action. Weber saw this as characteristic of modernity and exemplified by the bureaucratic form. Crook, Pakulski and Waters (1992) identify hyper-rationalization, the extension and intensification of rational-calculative logic, not just across global geographical space, but, more importantly, into all dimensions of social life, as a marker of post-modernization. Hyper-rationalisation and its close companion, hyper-commodification – the bringing of an ever-widening range of social objects and social relations within the sphere of pecuniary exchange relations – find powerful synergies in the technologies of globalisation, with each driving the other.

While rational calculative logic has become a ubiquitous presence in social life, its primary expression remains economic through the capitalist mode of production which, in admittedly rather varied manifestations, is rapidly becoming the globally

dominant economic form (Friedman 1999). This has meant not just the application of profit-loss calculation to an increasing range of social processes previously largely quarantined from such calculations, but also a tendency for rational calculation to overwhelm all other values and meanings in those areas of life in which it was already the primary logic. Even areas once largely cocooned from the need to return profits such as medical care and education become commodified and profit driven. Those institutions which have long been profit focussed, are tightening, or are being 'pushed' to tighten that focus to the extent that other meanings in action such as tradition, affect and value rationality (Weber 1968) become subsumed by rational-calculative logic in the form of profit and share price considerations.

Luke (1996:126) refers to this process as 'fast capitalism', reflecting the acceleration of the production-consumption cycle. This represents the reaction of producers to falling profits arising from market saturation (Harvey 1990:156). The term preferred here is the more general 'high capitalism', reflecting a hyper development of all dimensions of the capitalist dynamic: speed, intensity and scope. These developments are reflected in the operation of global market. In rural and regional social life where production is so intimately bound into the wider social context – a farm, for instance, is generally so much more than a production unit – and business ownership is likely to be more direct and personal, the strict rational calculative focus needed to survive in a competitive global market requires quite significant value shifts.

The spread of the rational-calculative logic is not confined to the economic sphere. There is the increased focus on strategic action and means-ends in other areas of social life. This draws much of its impetus from a second process with its roots in modernity but which finds its flowering in globalisation: reflexivity. Reflexivity, as developed in globalisation, can be analytically conceptualised in terms of two components: the facility to objectify self in relation to social structure, and the facility to objectify self in relation to means and ends. While one presupposes the other, it is perhaps the latter, with its origins in rational-calculative logic which is developed earlier and further in modernity since it underlies the logic of capitalism. Its development is, however, restricted by two closely related factors: the constraints

of social structure, especially tradition; and the paucity of alternatives for intentioned social action. Both of these brakes begin to be eased in late modernity and in an accelerated manner in globalisation.

Lash and Urry (1994) define reflexivity as a flow-on of the process of increasing individualisation in modernity where "there is a an ongoing process of *de*-traditionalization in which social agents are increasingly 'set free' from the heteronomous control or monitoring of social structure. . . " (1994:5 italics in original). This 'liberation' of action from social structure allows actors to step away, socially, cognitively and spatially from traditional structures and objectify themselves and their actions in relation to that structure; a process Giddens (1990) calls 'disembedding'. By the same process of the 'annihilation' of the power of space (Harvey 1990:251), actors are presented with wider possibilities for intentional action. These developments are behind the prominent role of reflexive strategising in all aspects of social life in globalisation; that is, the active and reflexive weighing up of future possibilities for social action and social location against an experienced present and alternate goals and means for achieving those goals. Reflexive strategising is integral to the operation of global market and is a crucial skill for participants in that market.

Since time-space transformation greatly expands the possibilities for individual interaction it would appear to hold the promise of the new global patterns of sociation dominated by complexly organised social structural forms, of varied size, freely linked across social and physical space. Yet the most visible face of globalisation is one of large powerful organisational processes and forms even more tenuously connected to the local than in the past. Globalisation is frequently portrayed as being the exclusive domain of such large entities: nation states, global finance, multinational companies (MNCs) and 'the global market'. This can be interpreted as leaving smaller players, let alone individual actors, powerless and ineffectual. Tilly (1990:118) refers to the overwhelming power of 'deep blind economic forces'. While these forces are powerful, small players are helpless before them. The same processes that underpin the power of the large players in globalisation also provides the potential for small and local players to influence,

subvert, or work around or between these larger forces. This point is important in the context of a thesis focussed on rural and regional adaptation to globalisation.

Global Finance

Of all the effects of globalisation, none are so far reaching as increases in the momentum and mobility of the processes and products of capitalism. While the global market in goods and services has the most direct impact on regional/economies, an even greater, but less obvious impact comes from the transformation of capital and finance markets. The global finance system demonstrates, and exploits, the enormous transformative potential of globalisation. It represents the highest expression of the processes of time-space compression and capitalist hyper-rationalization, and it effects most the radical alteration to the power of states. Altvater (1997) goes as far as to suggest that money, and the places and conditions for its exchange, determine the time-space matrix of the globe.

For all its seeming disconnection from the local, the operation of the global financial system does have major significance for regional/rural areas. The size of the 'fictitious capital' (Harvey 1990:182) market determines the economic conditions under which local producers must raise their finance and market their goods. Global financial institutions exert a powerful influence on national governments. National governments represent one of the principal instruments that regional/rural producers rely on to shape their production-consumption environment, yet the power of the nations state in these matters is far outweighed by that of global financial operators. Finally, the hierarchical global structures of Principal Financial Centers (Germain 1997:21) attract both capital and related services away from regional economies contributing to the marginalization.

The last quarter of a century has seen the evolution of what are effectively two different but closely linked global financial systems: a market economy based on the production of good and services, and another major wealth creation system based purely on capital trading (Germain 1997). Knox (1997) reports that estimates of global banking and financial network transactions vary between $3 and $5 trillion

per day, of which only 10 percent is related to trade in goods and services. "The international movements of capital rather than the international movements of goods have become the engine of the world economy" (Drucker 1997:166). Drucker's use of the term 'virtual money' (1997:162) for this trade reflects the fact that it is a child of advanced information technology, without which such a market would not, could not, exist . It is capital that has no backing in production or labour (Harvey 1990) and is detached from territorial space, national identity, goods and society (Altvater and Mahnkopf 1997; Scholte 1997; Waters 1995). It has no clear underwriting by any state and exists and operates almost totally outside of constraints of time and space, let alone state control. "It has total mobility because it serves no economic function" (Drucker 1997:162). It is controlled almost entirely by private institutions. While the market economy is the system most closely linked into the micro-economic policies of nation states, and of most direct concern to regional producers, it is the macro effects of the global financial system dealing in fictitious capital that may ultimately structure both those micro-economic policies and the financial and market environment for regional production. Regardless of how large the gulf separating the currency trader in New York, London or Tokyo and the individual in a rural town in Australia seeking finance to start or maintain a small business, they are, in essence, competing for the same capital in the same market (Martin and Schumann 1997). It is however, something over which the nation state, let alone the local producer has little control.

In terms of the market economy, direct foreign investment (DFI), the capital flowing into nation states to back the production of goods and services, especially occupies the attention of governments, the public and industry because of its very direct impact on national accounts, employment and overall quality of life. An adequate flow of DFI, both inward and outward, is crucial to any country wishing to find and hold its place the global market because it "is more than just a shift in a dollar of capital. It is a factor that bundles capital with technology, managerial expertise and other firm specific assets" (Bora 1995). The problem with in-coming DFI is that it has to be attracted, which means inevitable compromises in the competing interests of MNCs and state responsibility for the welfare of its citizens. This presents nation states with a fine balancing act. The policy settings 'needed' to sustain foreign

investment are causing disquiet in regional and rural areas in Australia, especially the deregulation and opening-up of markets, and moves to restructure national accounts and policies to bring them more in line with strict business models. Even just the threat of capital mobility can be used to depress working conditions, and weaken regulatory frameworks and social expenditures within nations (Epstein, Crotty and Kelly 1996:379). This can mean that national governments become the site for a battle between the competing interests of the global and the local; a very uneven match unless local forces find ways of building their resources by coalition and appropriate targeting.

Finally, Germain (1997:15) points out that while the US remains a very powerful player in world capital markets the emergence of multiple Principal Financial Centres (PFCs), of "concentrated point[s] of access connecting the individuals, firms, and governments in need of credit to the resources represented by international credit" signals the growth of a truly global credit network. The major nodes in this network are not states but cities. This is important in two ways. PFCs present a direct threat to the economic autonomy of states because together they represent a coherent and powerful extra-state network structure working within states but purely in the interests of privately owned, fully mobile capital. PFCs are "concerned less with the deployment of imperial power and the orchestration of trade and more with transnational corporate organization, international banking and finance, supranational government and the work of international agencies" (Hale 1995). More importantly for regional production, it is the hierarchy of financial centres (Germain (1997) rates Sydney and Melbourne in the second and third rank respectively) which attract away from regional areas not only capital, but the service industries which capital generates and sustains. This is an effect duplicated down the hierarchy of financial centres. It accounts for much of the loss of higher level emerging 'new' employment opportunities in places like Tasmania, despite the de-centralising capacities of information technology.

For all their disconnection from space, global financial structures do not represent some form of extra-social force. They are still constituted by patterns of social interaction and function as social entities. Hale (1995:185) describes financial

markets as operating as "a twenty-first century global electronic village." This 'village' form exemplifies the more open and extensive forms and patterns of sociation in globalisation, and could well mark any future truly global social structure. For example, Kao points out that networks of Chinese businesses, linked by shared tradition not geography, represent the fourth largest economic power in global business, working through non-spatially based networks which provide: "access to information, business connections, raw materials, low labor costs and different business practices in a variety of environments" (1995:20). The construction of similar, albeit more modest, network structures from coalitions of shared interests or meanings is, theoretically at least, not beyond the capacity of local actors. However, for most local actors the nation state remains their main link into the organisational processes of globalisation and the global market.

Nation states

Participation in globalisation is not optional, for individuals or for nation states:

> Despite talks of structural economic reform by governments across the globe, no government can realistically provide economic stability, development, and social progress within its borders on a sustained basis unaffected by the forces of globalisation (Mittelman 1994:145).

Globalisation presents a major challenge to the power and identity of the nation state. It is being challenged on all sides, from without by global economic, political and cultural forces and from within by those promoting or resisting the changes flowing from globalisation. While these forces are transforming the roles of nations states, challenging the integrity of their borders and curbing their powers, most of the activity associated with globalisation is still played out from within states. They therefore retain a very considerable role and influence: "In fact, the state remains a major force for change in the late twentieth century" (Scott 1997b:223). They are, however, being forced to re-organize.

The re-organization of the role of the state is seen by some, as a subordination of state interests to those of capital:

In the few years past we have witnessed, at the world and regional levels, states
as authors of a regime that defines and guarantees, through international treaties
with constitutional effect, the global and domestic rights of capital (Panitch
1996:85)

States are certainly experiencing pressures on their powers to regulate matters of
finance, production, and social agendas within their own borders: "Statecraft, tested
as it is by non-state actors, is reduced in efficacy relative to transnational forces"
(Mittleman 1996a:7). The gradual emergence of global regulatory bodies particularly
in the area of trade relations and capital, the increasing power of popular movements
linked across national borders, and the increased options and disciplining powers
available to global investments, all mean that the decisions of nation states
increasingly need to reflect global, as well as national interests. Increasing economic
interdependence enhances the capacity of global political and cultural interests to use
economic pressure to influence formerly internal matters such as human rights and
environmental policy. States can longer stand, or act alone (Friedman 1999). They
are constrained by the need to find balance, build consensus, and construct and
nurture agreements and alliances, both globally and at home. The state is presented
with a difficult task in trying ". . . to implement policies which maximize the rewards
from closer linkages of the world's economies and minimize the [social] costs"
(Economic Planning Advisory Commission 1994:7-8).

The state retains a substantial power in these matters despite globalisation. This
strength relies in three factors: 1. Exchange and production, even in the global
marketplace, relies on people, infrastructure and technologies that are corporeal and
located always in physical space; 2. Markets cannot operate without the external
regulatory efforts of states. "[The] world economy does not operate somewhere
offshore, but instead functions within the political framework provided by nation
states" (Luard 1990); and 3. States remain, at least for the present, the principal if not
the most powerful, organizational unit for civil society. States need global business to
sustain and build their economic viability and quality of life but global business also
cannot function without states. Without the physical and social context that states
provide it would have no matrix in which to operate. Without the institutional
controls and social order provided by states both within their own borders and

globally, profits would disappear in the high transaction costs of an undisciplined market. Globalisation therefore expands the roles and responsibilities of states while simultaneously reducing their power.

Democratically elected national governments remain a major repository of social power and crucial arbiters between local interests and the forces of globalisation: "States and governments remain the primary institutions for responding to issues that affect specific peoples and the global community as a whole"(Wiseman 1997a:136). They are one of the principle mechanisms available to local actors who wish to pursue local interest against global pressure. This is particularly relevant in the areas of tariff and non-tariff protection of local production within the global market and in the regulation of DFI and labour laws. The growing numbers of international or supra-national organizations and structures concerned with the regulation and negotiation of global governance, finance, and trade are reliant for their continued existence and development on nation states embracing global outlooks and responsibilities. The effectiveness of the state role as a vehicle for representing national interests in a globalised world is dependent on the recognition by all involved of both its capacity and its limitations. This is a problem for those who retain a belief in the ultimate sovereignty of the nation state. Another major source of limitations on state power is the increasing size and power of multinational and transnational companies (MNCs and TNCs).

The Multinationals

Multinational companies (MNC) are the emerging force in globalisation. The United Nations Conference on Trade and Development (UNCTAD) (1993 in Economic Planning Advisory Commission 1994) reports that there were over 37,000 parent multinationals operating 170,000 affiliates by the early 1990s, with the largest having "sales larger than the gross national products of many countries" (1994:16). For present purposes there is no need to hold to the distinction between MNCs which are geographically anchored but operate in multiple nation states, and transnational companies (TNCs) who operate as if the world were one space. The term MNC will therefore be used to refer to both.

While MNCs constitute powerful players in global markets (Heffernan and Constance 1994) they may not be the threat to states and smaller businesses that they first appear. The monolithic hierarchical model of MNCs is being replaced by a plethora of different alliances, coalitions, linkages, and cross share-ownership arrangements which blur the identities, forms and headquarter locations of even the major players. Increasingly, vertical hierarchical structures are being replaced by a range of horizontal structures and relationships (see Ruigrok and van Tulder 1995) and shifting arrangements of cooperation and competition which attenuate the power of such companies to act as single powerful players. These structures provide the opportunity for outside players, from nation states to small regional producers to tap into the structures and networks of MNCs, blurring the boundaries between big and small business. This reflects the more general re-organisation of social structure seen in globalisation.

Other factors which reduce the direct threat to state power from MNCs. As Alexander (1996) points out, enterprise performance, not world dominance concerns industry, even MNCs. "International competitiveness needs specialization and integration in world markets, not economic sovereignty" (1996: 4). Secondly, regardless of size MNCs ultimately operate through decentred networks of individual enterprises physically anchored in nation states and are therefore dependent on, and subject to local conditions and control. This is, of course more than balanced by their huge resource bases and high mobility but it does increase the possibilities for the national or local action in shaping their operations to account for local social contexts and concerns. Thirdly, MNCs increasingly choose to enter local coalitions and alliances; to gain better access to local skills, knowledge, infrastructure and resources, to circumvent local trade barriers, and to spread risks. Such coalitions, contractual arrangements and alliances again, provide democratising potential as MNCs seek to negotiate local conditions and regimes of regulation and control. As with the state, effective local action in respect of MNCs requires a recognition of their power on one hand and of the limitations to that power on the other.

For local areas facing the effects of globalisation, the increased power of capital and large business, and limitations that places on the power of nation states, represents a

major challenge. Much of this challenge is worked out in the arena of the global market which is analysed in detail in the following chapters. The moderating factor in this rather bleak picture lies in the democratising and empowerment potential of globalisation processes for the small and well as the large actor.

The Smaller Players

The process of globalisation has been accompanied by a wave of democratisation, with 66% of world countries using some form of 'democratically' elected political leadership by 1996 (Schwartzman 1998). This holds some promise for the further growth of the role of democratic regimes in both national and global governance. This will not necessarily match Western ideals, and will more likely involve representative rather than direct democracy, however, it can provide a louder voice for smaller players in globalisation. The processes of globalisation and associated rapid developments in information technologies have also facilitated a growth in effective direct political action. Grass roots popular movements such as Greenpeace and Friends of the Earth in environmentalism, and Amnesty International and Jubilee 2000 in human rights, and even the anti-globalisation movement itself, while very significant global actors, are merely the most visible expressions of widespread enablement of popular activism. The list of regimes toppled or shaken by popular relatively non-violent revolution in the last 15 years is quite long and includes many of the former communist bloc countries and regimes in the Philippines and the Indonesia. Bowker (1997) makes a strong case for the crucial role of globalisation in the fall of the USSR and a similar case could probably be made for the Philippines and Indonesia.

The processes and technologies of globalisation put powerful tools in the hands of those with the skills and knowledge to handle them, at costs within the reach of quite modest budgets. The construction of the sort of networks of alliances and coalitions that are used by businesses and states are also feasible for grass-roots activists and small business coalitions chasing niche markets and comparative advantage, with access to nothing more complex than personal computers and standard

telecommunications devices. This represents a powerful force for local adaptive change and economic survival, for grass-roots democracy, and even global socialization. It is being used to activate and resource social coalitions with consequences which range all the way from the modest social change to full blown social disruption. There has been a marked rise in the activities of globally linked right wing nationalism (Martin and Schumann 1997; von Hippel 1995) and fundamentalist religious movements (Luard 1990). von Hippel (1995) provides a list of 18 regions pursuing secession efforts and another 18 pursuing irredentist efforts as of mid-1994.

Segal (1995), in talking about the challenge of information technologies in Asia, is concerned with: "the ability of new technology to reach and empower smaller subgroups in society and therefore fragment social structures" (1995:273). This chapter has argued that the processes of globalisation not only have the 'ability' to 'fragment social structure' but that the process is well advanced. Where it parts company with Segal is perhaps in the use of the word 'fragment'. Globalisation has disrupted social structure but also facilitated the reorganisation of global social life into forms that are more complexly organised, more volatile, and more likely to be organised around a small number of specialised rather than multiple bases (see Chapter 5). The growth of MNCs, global capital and PFCs is, in large part, attributable to the ability of those involved in managing and exploiting these new patterns of sociation. Conversely the problems faced by rural and regional areas are therefore likely to be found in their limitations in the same matters. The arena in which this will be most crucial is in their engagement with the global market.

Friedman (1999) sums up his argument in the book *"The lexus and the olive tree'* thus:

> *Globalization is everything and its opposite.* It can be incredibly empowering and incredibly coercive. It can democratize opportunity and democratize panic. It makes the whales bigger and the minnows stronger. It leaves you behind faster and faster, and catches up to you faster and faster. . . It enables us to reach the world as never before and enables the world to reach into each of us as never before. (1999:331 italics in original)

Chapter 3: The Global Market

The global market is central to the concerns of this thesis. Problems in regional/rural adaptation are felt most keenly in declining production bases which would suggest that that in some way production in these areas has failed to keep pace with changes in the markets they serve. The following two chapters argue that the present form of the global market is very different from that which existed for much of the twentieth century, when regional/rural production was experiencing fewer problems. This different market requires different production structures and strategies.

The Free Market

The concept of the 'free' market dominates globalisation discourses where it is sometimes portrayed as the 'natural' state in exchange relations. This has its origins in the two somewhat incompatible views of the market in economic theory: as a rather elusive price setting and resource allocating mechanism operating according to an abstract law of supply and demand; and as a social institution. The problem for economists with the latter conceptualisation is that, although the concrete physical and social embodiment of markets is undeniable, the resulting complexity renders any sort of predictive model next to impossible – it contains too many variables. Economic market theory therefore is based on an 'ideal type' concept of the 'perfect' market, that is, a system of exchange that is characterized by perfect competition and perfect information, leading to essentially cost-less exchange (Swedberg 1994). While the theoretical abstraction of markets from their social context has allowed economists to produce a body of predictive theory, it encourages the perception that the market operates in accordance with some sort of natural law. This obscures the social origins and context of the market. Whatever its present form and function, the market can take, and has taken, other forms and functioned according to other systems of meaning and values (Polanyi 1968).

In discussing the idealised free market, Gray (1998) see a revival of *laissez-faire* economic policy "in which markets are deregulated and put beyond the possibility of political or social control" (1998:5). Gray argues that far from being a 'natural state', the free market can only be sustained "as long as the state is able to prevent human needs for security and control of economic risk from finding spontaneous expression" (1998:17). A 'free' market simply cannot work in the long term since it will eventually be in the interests of all involved to put in place structures to control such inevitable deviations from 'perfect' market conditions as the lack of free and open information flows, opportunism and the unfettered exercise of power. As Block (1994) points out, the concepts of free trade "... have no determinate meaning. The argument for a particular free trade regime is an argument that certain background rules and practices be universally accepted" (1994:705). This is the essence of the free trade or a free market argument: not whether the market is regulated or externally governed but who makes the rules and whose interests they serve. The global market takes its form from the interests and actions of all those involved in global exchange relations, although the influence of major participants may far outweigh those of the smaller. This means that there is at least some potential for small and local producers to take an active role in shaping exchange relations rather than being a helpless victim of an irresistible external force.

The Global Market: Introduction

The capitalist production-consumption activities (PCAs) that comprise the global market have undergone profound changes in the last quarter of a century. They have increased markedly in size, scope, diversity, complexity and dynamism. They are marked by the increasing dominance of MNCs and TNCs, by a shift from goods to services and from production to consumption as the driving force and, above all, by very high levels of dynamic competitiveness – on price, quality[2], range, and timing – in all markets including the most local. These changes can each be traced to the effects of the globalisation processes detailed in Chapter 2.

---

[2] This may include a range of extra-product environmental and social factors.

Regions and regional life are irretrievably linked into the processes of globalisation and in particular the global market. Global processes are "not simply imposed on local populations. Rather they are constantly internalized and added upon by different actors in networks of relationships" (Marsden, Cavalcanti and Ferreira 1996:87). The combination of time-space compression and hyper-rationalisation is bringing all local activities within the processes and under the logics of globalisation; even those local PCAs which appear to be beyond the reach of global market because they are not overtly economic, and/or appear to be locally contained. For example, in the area of government and non-government service and welfare provision, neo-liberal ideologies of competition and privatisation associated with globalisation, and the pressures on states to restructure their spending "to conform with principles of global competitiveness" (Panitch 1996:106), mean that these activities are subject to global competitive pressure. All aspects of civic life face fierce competition from the global marketplace for scarce resources of actors' time, troth, and money. Pressures on working conditions - longer hours, greater stress and dual income families (Australian Centre for Industrial Relations Research and Training 1999) - leave less time and energy for civic life. Increased awareness of, and access to, a wider range of services, goods, and entertainment in globalisation mean that all aspects of local production, consumption and civic life must compete head-to-head with externally generated demands on resources, even where they appear closely contained within the local area. They are all still effectively competing in the global market, a market that is much more volatile and competitive than that which they faced in the past.

The following analysis, while concerned with the market in general, is weighted towards the agri-food industry, reflecting the importance of that sector to regional PCAs. Despite the growing importance of microprocessor technologies, primary production-based industry remains, along with tourism, the economic mainstay and the best hope for the future in many rural and regional areas. This focus does not handicap the analysis since developments in this sector closely mirror overall global market changes.

Increasing Size, Scope and Diversity.

World trade is growing rapidly and expanding in reach (Altvater and Mahnkopf 1997; Czinkota, Ronkainen and Tarrant 1995; Fagan and Webber 1994; Gereffi 1996; Waters 1995; West and Vaughan 1996). It grew 30-fold between 1960 and 1990 (Gereffi 1996), far outstripping growth in manufacturing as a portion of GDP in all developed industrialized countries (Fagan and Webber 1994). It is not hard to trace the origins of this in the processes and technologies of time-space compression. Capitalist accumulation is, therefore, increasingly based on export marketing. This arises from a number of factors: the huge increase in the range of goods and services (Lash and Urry 1994) fueled by an explosion in technological innovations and new products; an expansion of available markets, especially in developing countries; the economies of scale permitted by larger units of organization (Hitt, Ireland and Hoskisson 1995; Julius 1997); and advances in the mobility of goods, services, people and capital. The resulting inter-penetration of markets (Czinkota, Ronkainen and Tarrant 1995) increases both the potential outlets available to producers and the choices available to consumers. This is a mixed blessing for producers; increased opportunities in new markets are more than matched by the increased competition they face in their existing markets.

On the face of it, the consumer is a clear winner, however, there are also downsides for the consumer. Firstly, pressures on production result in increased social and environmental pressures and shifting sectoral and geographic patterns of employment (Fagan and Webber 1994; Lash 1994; New York Times 1996; Osberg, Wien and Grude 1995). This is especially acute in the Fordist manufacturing sectors where there is large scale job transfer from MDCs to lower labor cost lesser developed Countries (LDCs) (Fincher and Webber 1997). Secondly, the reflexive consumer concerned with any of a range of issues such as environmentalism, national loyalties, health, or inequality and justice, faces a considerable information management task. The provenance of products arising from highly complex, multi-company, multi-country, commodity or 'cool' chains (Bonanno 1994; Gereffi 1994) can make it impossible even to designate a 'country of manufacture' for a final product. let alone

uncover the full history of production. As argued below, in the global market the consumer's problem also becomes the producer's problem.

One upside for regional/rural production of the growth in trade is the rapid expansion in the agricultural products and processed food and vegetables sector (West and Vaughan 1996) . This is led by increasing concentration on high value 'consumer oriented' foods like 'fresh' fruit and vegetables (Jussaume 1994; Reed and Marchant 1994). These markets offer opportunities for regional producers to build on their established resource and skills bases. Australia, and Tasmania in particular, is well placed to tap into this market. Its production is counter-seasonal to the large northern hemisphere markets and its 'clean green' image resonates with emerging consumer concerns about risk and quality.

Increased world trade is both the result of, and a factor in, the progressive opening up of national borders to the global market (LLoyd 1995). This provides opportunities and challenges for producers and nation states alike. It involves both in complex processes of negotiation to balance global and local interests and pressures. Pressures for open markets are forcing nation states to move away from blunt economic instruments such as tariff protection towards more subtle non-tariff barriers. These require increasingly sophisticated management of international trade relations and provide more room for political involvement by various interest groups. When combined with increasingly volatile voting behaviour (McAllister 1992) this makes the local political process vulnerable to quite subtle pressures from local interests. In addition, globalisation provides the global public with powerful tools for making their voices heard. This adds up to a public that is potentially empowered vis-à-vis the state - or at least that section of the public who have developed the necessary skills and resources. The fate of regional producers is tied inextricably to international trade arrangements both in terms of conditions of access to export markets and the level and nature of import competition on domestic markets. While the potential exists for them to influence those arrangements at almost every point, they cannot do so without the necessary skills and resources.

Increasing Competitiveness and Dynamism.

As markets open up under the effects of time-space compression, hyper-rationalisation and increased strategic reflexivity, there is an inevitable increase in competitiveness and dynamism (Davis 1995; Hitt, Ireland and Hoskisson 1995; Julius 1997; Ruigrok and van Tulder 1995; Schoenberger 1994; Weidenbaum 1995). Davis (1995:195) goes so far as to identify competition and competitiveness as the "essence of globalisation", US marketing expert Michael Czinkota (1995) warns his readers that even the so-called 'safe' market is no longer safe and Ruigrok and van Tulder (1995: 1) predict ongoing painful restructuring in all industries as world-wide competition continues to intensify. The intensity of competition is more than matched by its penetration. Even idealistic visions of harmonious industrial districts are no longer tenable with:

> growing competition and rivalry between cities, localities, and regions:
> competition within the spatial division of labour; competition within the spatial
> division of consumption; competition for command functions; and competition
> for redistribution (Amin and Robins 1990:29).

'Cut-throat' competition is becoming the public face of globalisation as market demand, not supply or capital, becomes the limiting factor in the production-consumption cycle (Harvey 1990).

Creative Destruction

The heightened competitive dynamics of global PCAs are associated with a shift from larger mature businesses to small new innovative ones as generators of employment and wealth. Studies in the United States, using The State of Small Business Report, suggest that new business start-ups "typically produce over half of the total new jobs" (Kirchhoff and Acs 1997:455). Bygrave (1997) is even more upbeat, suggesting that "From 1990 to 1994, small growing firms with 100 or fewer workers generated 7-8 million new jobs in the U.S. economy, whereas firms of more than 100 workers destroyed 3.6 million" (1997:1). In Australia in 1996-7 small business accounted for 57% of job growth compared with only 14% for large

businesses. New businesses provided 58.5% of all new jobs in that period (Australian Bureau of Statistics 1998d).

These trends have refocused attention on Schumpeter's concept of 'creative destruction' (Drucker 1986; Julius 1997). Schumpeter maintained that "The central problem of economics is not equilibrium but structural change" (Drucker 1986:109). Innovation which disrupts the equilibrium of the established market, is not an outside catastrophe but an integral part of the essential dynamics of the economy: "*innovation* - that is, entrepreneurship that moves resources from the old and obsolescent to new and more productive employment - is the very essence of economics . . . " (Drucker 1986:109). This is opposed to the neo-classical Keynsian model of the economy as a closed and static equilibrium which is looking increasingly less useful as globalisation proceeds. The global reach and intensification of competition in all areas of economic life has meant that innovation and flexibility are becoming basic requirements for surviving, let alone thriving, in the modern capitalist economy (Castells and Henderson 1987; Gertler 1992; Waters 1994).

The Schumpeterian view of creative destruction as the engine of the contemporary economy has far-reaching consequences for PCAs in regional areas. It goes against conventional understandings about regional economies and social structure. These are traditionally marked by long-term stability, with change only proceeding incrementally from well-established bases of relationships, practices, knowledge stores, and world-views. Regional production is no stranger to uncertainty and change, but these are more likely to be episodic and cyclic - for example, extreme weather, or commodity price fluctuations - superimposed on a generally stable base. Survival has been largely a matter of endurance and working 'smarter' or harder. This is quite different from to the sort of unremitting linear change in Shumpeter's 'creative destruction' where survival requires continuous radical innovation and flexibility and in which all that is established becomes negotiable in the pursuit of competitive advantage. If one concept defines the global market and underlies all the analysis in this thesis it is this one of competitiveness. The constant problem for the small regional/rural producer and large MNC alike is holding a place for their

products in a crowded market increasingly controlled by the empowered, educated and discerning consumers.

Consumer Power

The change in global PCAs which presents the greatest challenge to established ways of producers is the shift in the balance of power in the market from producer to consumer. This change is more complexly related to the processes of globalisation. Greater access to information and knowledge and a more rational-calculative and reflexively strategic approach to consumption practices has empowered consumers vis-à-vis producers. It also relates to changes in the market itself as detailed in the preceding sections: increased scope, dynamism and competitiveness.

The logic of capitalist accumulation bestows equal importance on both sides of the production-consumption equation and astute producers have learned to recognise the importance of attending closely to the consumer. However, despite a ubiquitous 'customer-service' discourse among businesses, consumers' power and voice has in the past been confined within very narrow limits. Spatio-temporal constraints meant a restricted range of available choices and restricted awareness of, and knowledge about, possible alternatives. The localisation of exchange relations also meant that they were part of the multidimensional social relationships of the community and imbued with social meanings and values which hedged consumer choice into the wider power and obligation structures of the locality. Time-space transformation in globalisation is dramatically loosening these restrictions allowing the consumer much more power and freedom. The purchase of foodstuffs from a supermarket is a very different social transaction from the same purchase at the rural corner store.

As consumers are freed to make 'choices' they do so in the context of a transformed exchange interface, one that is being increasingly opened up to two-way action and influence. The exchange interface has always been marked by two way flows of information between producer and consumer, but until recently the flows were very uneven, with producers largely in control and considerable impediments to direct consumer influence on production. Those flows that did exist have tended to be

crude and formalised rather than detailed and dialogic and, because of limited choice in the market, lacking in force from the consumers' point of view. The most common and effective, though hardly most efficient or informative, information exchange is the consumers' refusal to purchase. This leaves the producer to garner information from whatever source is available to reshape the production process sufficiently to regain market share. This is at best a rather crude hit and miss process which retains its focus on production not consumption. The question becomes "What can we do to make the product more saleable?" rather than "What is the consumer looking for?" Where the linkages and lines of communication between producer and seller are embedded in a wider social context, there is a possibility of dialogue but as the exchange process becomes more socially dis-embedded and de-personalised the difficulty in accessing the needed intelligence multiplies, hence the growth in formal market research. White (1981) actually argues that producers are more likely to refine their production by monitoring each other's performance than by monitoring consumer feedback.

This is proving inadequate as competition intensifies and as the consumer becomes better informed, more discerning, powerful and proactive. The formerly blunt instrument of consumer choice becomes increasingly sharp and sophisticated as producers' efforts to distinguish their product in a crowded market lead to finer and finer differences between products. This allows the consumer much greater scope in shaping production and multiplies the demands on producers to 'know' their customers and monitor their changing tastes. This requires an increasing percentage of productive activity to be allocated to gathering market intelligence, responding to rapid shifts in consumer 'tastes' and marketing the product. For those producers whose strategy has traditionally been to produce to their own definition of a 'quality' product and expect the consumer to buy, this means a substantial reordering of their approach to production. The definition of product 'quality' is the area in which consumers are bringing about the greatest change in the producer-consumer relationship, especially in the area of agri-food production. They are using their knowledge and greater power to cross the boundary into the territory of the producer.

Reflexive consumers fundamentally change the relationship when they begin to impose, on the producer, 'quality' judgements which relate to much wider issues than the nature of the final product itself. These can encompass the conditions and processes of its production, and wider concerns about the role of the product in the total lifestyle strategy and value framework of the consumer. This intervention requires a rethinking for producers, forcing them to yield territory that has long been their sole province, and to widen their focus to encompass the whole production-consumption process. A production driven process means a vision that ends at the farm or factory gate; that sees the processes to that point as the business of the producer and what happens beyond that gate, the business of the seller and the consumer. In discussing the crisis in apple production in New Zealand, Le Heron (1996) makes the general statement that historically "The trajectory of agricultural industrialisation was shaped largely by production rather than consumption decisions"(1996:420) . Traditionally, the job of the producer begins and ends at presenting a 'good quality' product at a competitive price. There is a clear distinction between product and process and producer and consumer, and once producers fulfil their duty of producing a quality product, it is the duty of the consumer to make their judgements on that definition of quality. In a consumer driven marketplace, product and process become inseparably linked to each other and to a wide range of other issues, all of which become the business of the consumer and part of the quality judgement.

This expression of consumer power by better educated, more reflexive consumers in terms of wider conceptualisation of 'quality' is of particular importance to rural and regional production. These new definitions move beyond matters of simple 'taste' and standard quality measures to discrimination based on deep cultural and value structures. They extend 'quality' definitions to encompass a wide range of issues formerly conceded to producers. Prominent among these are environmental sustainability concerns (Arce and Marsden 1993; Grosvenor, Le Heron and Roche 1995), the relations and conditions of labour in production, the use of chemical agents and genetically modified material and even issues peripheral to production such as the ownership, investment patterns, and related activities of principal producers.

The new socio-cultural perception of nature in industrialised societies, and the growing importance of retail outlets as a field of situated activity that transforms relations between individuals and nature has acted to promote new consumption patterns. Consumers demand information about the environmental performance of commodities, about the use of animal testing and the implications for personal health (Arce and Marsden 1993:303).

An example is the downturn in the genetically modified food sector in 1999. This was the result of organised consumer resistance based not on conventional judgements of product quality or even scientifically demonstrated harmful effects, but on widespread but quite unfocussed concerns about possible future risks. This accords well with Beck's (1989) thesis that there is a change in the underlying logic of social life "from the logic of distribution of wealth to the logic of distribution of risk" (1989:87). The production process is becoming more complex and reliant on expert systems at the same time as consumers are demanding greater transparency and expressing less confidence in such experts. (Bonanno 1994; Busch 1994). Consumers' definitions of quality rely heavily on semiotic processes and images and are therefore very fragile (see Marsden, Flynn and Ward 1994). Producers need to be very perceptive and skilled to be able to harness the symbolic, emotional and ideological concerns of the global consumers; particularly in Australia where the image of clean, green, egalitarian, and free, is a valuable and vital resource in production.

The growth of consumer power is an outcome of a mature market economy with more and more aspects of social life becoming 'products' among which consumers must choose: "What is being sold in all cases is the idea of selling – of consumerism – itself; the idea that the world is a market of cultural artefacts and resources from whose vast range the consumer must choose"(Scott 1997a:5). The process becomes so ubiquitous that "The significant basis for social membership becomes not one's relationship to the means of production but one's relationship to the means of distribution" (Crook, Pakulski and Waters 1992:120). That is, rather than being defined by their labour (Marx 1844/1974/1992), social actors and social groups become defined by their consumption patterns. In this new dynamic the consumer

becomes an active maximiser driving the market rather than a passive maximiser of what the market provides (Frenzen, Hirsch and Zerrilo 1994:403).

The effects of time-space compression and the growth of the global market, not only mean that the producer has to take more account of the consumer but that that potential customers are much harder to identify and read than the mostly local customers of the past (Julius 1997). The global consumer is both local and global in outlook, at one level sharing much with their counterparts in other countries (Bonanno 1994; Czinkota, Ronkainen and Tarrant 1995; Scholte 1997) but at the same time very much a product of local place, history, and culture. This leads to a simultaneous homogenisation and fragmentation of consumer tastes. Czinkota *et al.* (1995:7) point out that a major task facing global market producers is developing an understanding of both what their consumers in different countries have in common and how they differ; the former in order to exploit economies in production, and the latter to avoid the marketing problems that can arise from, sometimes quite subtle, cultural variations.

This will involve more than market research or cultural awareness training. It requires face-to-face interaction and/or sustained dialogue; something long recognised by larger firms, especially MNCs and TNCs that operate through international branches and joint ventures, but more slowly by small/regional producers. Advances in transport and communication now make the establishment and maintenance of the sorts of contacts required well within the province of even the smallest regional producer. Producers not only face a change in their relationship to consumers but in the very nature of product which makes up the market, with a shift in demand from goods to services.

The Shift From Goods to Services.

Services are taking over from goods as the major generator of wealth in global PCAs (Cornell 1995; Fagan and Webber 1994; Lash and Urry 1994), although this is hard to quantify since there is a service component in all production and the analytic distinction between services *per se* and the service content of goods production can

be problematic. Despite this, the trends are clear. In Australia between 1991-1997 service industries increased employment three times faster than goods manufacturing (Australian Bureau of Statistics 1999c). Cornell (1995) states that "Over the last thirty years, services have accounted for all net employment growth [in Australia] (1995:79). The likely factors behind this change, all related to globalisation include: technological innovation, especially in information technology (IT); hyper-commodification (Crook, Pakulski and Waters 1992); especially of knowledge; and heightened competitiveness.

Services can be analysed in three areas: the reflexive application of abstract knowledge, emotional work, and physical labour, although all three are likely to be present, in varying ratios, in any given service act. Recent trends in PCAs have seen a decrease in the former dominance of the physical labour component in favour of knowledge application and emotional work. Much of the growth in services reflects the growing complexity of PCAs, with a consequent increase in the formal and high level abstract knowledge content of production and, to a lesser extent consumption, at the expense of traditional and concrete knowledge (Crook, Pakulski and Waters 1992; Dunning 1993; Lash and Urry 1994; Le Heron and Roche 1996; Marsden, Cavalcanti and Ferreira 1996). With the spread of high technology, especially IT, into almost every phase of production and consumption, and better educated and more sophisticated consumers, PCAs have not only become heavily dependent on expert systems, in many cases they have become expert systems (Lash and Urry 1994). This places a premium on abstract knowledge and reflexive rationality in all areas of production.

There is also an increase in the commodity value of products of intellectual activity. The full range of products of human intellect and culture: knowledge, skills of any sort, images, texts, sounds, symbols, even intangible properties of social relationships such as good-will, status or influence, are valued and traded in the commercial marketplace and become integral, often dominant, components of production. "Increasingly the competitive advantage of firms seems to be shifting from the ownership of technical capacity *per se* to the ability to manage and co-ordinate such capacity"(Dunning 1993). The hyper-commodification (Crook, Pakulski and Waters

1992) of culture expands the range of possible productive activity, and much of it, even when embodied in goods, has a considerable abstract, intangible content. The hyper-commodification of abstract knowledge in general has major implications for the social organisation of production. These flow from the particular market properties of data and knowledge, as opposed to goods. Firstly, because of its abstract nature, knowledge is highly mobile and portable; properties which have been multiplied many-fold by advances in IT. Secondly, although knowledge can, in one sense, have a physical existence as data or text within objects such as books or electronic storage media, it has no real existence, meaning, or function as knowledge, outside of human action.

It is important in this context to make the distinction between data and information or knowledge. Data, in effect, only become information or knowledge when they are utilised by actors, either for action or to modify their stock of knowledge (Volpato 1991). This has implications for the role of knowledge as a production resource. IT facilitates the storage and mobility of data but data only become a production or consumption resource, that is information or knowledge, when they are located, accessed, and most importantly, used by actors to inform action. Despite hyper-commodification, data, remain in quite abundant ,cheap, even free, supply. Proliferating data can actually prove an impediment to knowledge, to productive access and use. They can swamp both the attention and ordering capacities of organisations and individuals. The resource value, the production act, lies in the process of active sharing and utilisation of data, not in the data themselves. The whole is dependent on what (Macdonald 1995) calls the learning chain: "the capacity to use information cannot be conveniently divorced from the capacity to find and acquire information; they are links in the same chain" (1995:558). These chains are the crucial element in knowledge based production. Knowledge is actually created from data in this process, in the act of dialogic sharing (Lash and Urry 1994). This increases the importance in production of not just of linkages between social actors but of free dialogic interaction among actors. Knowledge based PCAs require much more flexible, open organizational structures and strategies than those based more closely on physical resources. Tight structures, close control, and efforts at routinisation run the risk of stifling the production process.

Lastly, the rise of knowledge as a production-consumption resource places a premium on workers' capacity for the acquisition and reflexive manipulation of abstract information. This places greater demands in terms of the level of formal, and informal education and training required of workers. Low-skill, low-education job opportunities have shrunk dramatically over the last twenty-five years (Fagan and Le Heron 1994; Henderson 1989; Koritz 1991; Osberg, Wien and Grude 1995; Ruigrok and van Tulder 1995). This places rural and regional areas, where levels of formal education are lower (Haberkorn et al. 1999), at a marked disadvantage.

Emotional work, the other major form of service production, also makes new demands on the structure of production. The growth in emotional work, in which "the quality of the interaction is itself part of the service offered" (Lash and Urry 1994:200), is the result of a number of processes: the continuing differentiation of functions out from the family into the public and private commercial and professional sectors, the increasing role of commodified intangibles and abstractions in globalised PCAs, and the strategic importance of social relationships. Emotional work shares with the reflexive application of abstract knowledge, the need for open organisational structures which rely on skilled self-directed workers and dialogue rather than rigid structures and control. It is more resistant to top-down planning, control, quality assurance and productivity measurement, than industrial production although a number of fast-food outlets have managed to mimic emotional work in a carefully controlled setting. It is also more complex in its resource requirements, especially in terms of knowledge base and social skills, since every production-consumption act is unique face-to-face encounter with a somewhat undefined frame; where very subtle factors, a smile or the choice of word, can be the crucial factor between success and failure.

Technology

As with globalisation in general, advances in technology underlie virtually all the changes in global PCAs analysed in this chapter. Almost all production and consumption acts, touching all aspects of the lives of ordinary people, from the

computers they work with to the vegetables they eat, have become highly dependent on high technology.

Information Technology

The role of information technologies in time-space compression is covered above. The increasing centrality of IT to production (Lash and Urry 1994) also has potentially major implications for PCAs in regional areas: "the new [IT-based] infrastructure has the potential to inspire a complete paradigm shift in current thinking on locational decisions and industrial production technology" (Amirahmadi and Wallace 1995:1745) . IT has two effects which, in theory at least, should provide hope for attracting and maintaining production in regional areas. It allows, if not encourages, decentralisation of production, and it promotes a dis-aggregation of functions at the hub (Amirahmadi and Wallace 1995). The decentralising capacity of IT, potentially at least, allows producers increased flexibility in decisions related to the location of production by facilitating communication and co-ordination across distance. Dis-aggregating capacities of IT allow formerly hierarchical self-sufficient organisations to flatten their structures by moving many specialised functions outside the immediate structure of the organisation, without incurring large increases in transaction costs (Amirahmadi and Wallace 1995).

An aspiration of regional areas has been to exploit this dis-aggregation and de-centralisation potential of IT to attract service related PCAs from urban centres with the lure of better 'quality' lifestyles, low rents, lower labour costs and fewer problems with crowding, traffic and pollution. The consistently higher unemployment rates and lower employment in service industries in regional areas outside the peri-urban fringe, in Australia at least, (Haberkorn et al. 1999) suggest that this is not happening. High tech IT related PCAs flourish best in an environment rich in career and business options, skills, knowledge, risk capital, innovation, and dynamic formal and informal information exchange (see Amirahmadi and Wallace 1995:171-2; O'Doherty 1995). Urban centres with their concentrated, heterogeneous, and mobile populations are better placed to generate and sustain such environments than regional areas with sparser, less highly educated and more stable populations.

This is exacerbated by the centralisation of global financial and service PCAs around Principal Financial Centres (Germain 1997). The possible exception is neo-Fordist IT employment such as call centres which rely on workforces which are stable, compliant, and dependable; a strength of regional areas.

Transport

Advances in the technologies of transport rival IT as contributors to time-space compression in globalisation. This is most obvious in air travel where wide coverage, frequent scheduling, and falling costs mean that it is now feasible and affordable to move goods and people between major urban centres anywhere across the globe in less than 24 hours. Apart from the benefits in terms of direct trade in goods, this has a number of other important spin-offs . It has spawned the quintessential global PCA. Tourism is becoming increasingly important in the production base of regional and rural areas. While tourism made up 4.5% of Australia's Gross Domestic Product in 1997-8 (Australian Bureau of Statistics 2000a), its contribution to the Tasmanian Gross State Product increased from 7-10% between 1992-1995 (Australian Bureau of Statistics 1999g). Air travel is also crucial in augmenting relationships formed largely through electronic interaction with regular face-to-face contact. Although the importance of this appears largely unexplored outside the business literature (see Dunning 1993), having regard to the importance of cultural sensitivity, trust, and understanding in relationships with both customers and alliance partners, such face-to-face interaction would appear to be crucial to global PCAs. Face-to-face dialogue in the form of discussions related to shared goals can be one means of constructing meaning in PCAs where common normative frameworks, and the trust that would normally come from sharing those frameworks, are absent (Sabel 1994).

The older established forms of transport, road, rail and sea, may not have made such spectacular advances as air travel, but they have contributed significantly to changing PCAs. Global commodity chains (Gereffi 1994) and 'cool chains' (Friedland 1994) are based on shipping tailored to product type; oil tankers, bulk grain ships, car transporters, controlled atmosphere vessels and, particularly, container vessels. These have lowered transport costs to the extent where it becomes economic to shuffle raw

materials and parts between distant intra- and international sites during the production process in order to take advantage of marginal advantages in labour costs, taxation or regulatory regimes, or workforce skills. In this situation, the label 'made in' can become difficult to interpret (Bonanno 1994; Gereffi 1994). This presents a challenge for those seeking to differentiate products in the market in terms of local qualities. Lastly, and often overlooked in globalisation, developments in road and rail provide the connection that completes the linkage between the global and the local. The improvement of a local road or rail link is likely to have more effect on the interpenetration global and local PCAs than more high technology developments.

Biotechnology

While advances in biotechnology are yet to be exploited to their full potential in the global market, they do raise three issues to do with the increasing complexity of primary production and consumption for that market. The range and pace of biotechnology increase the pressures on primary producers skills in accessing information, and reflexively and flexibly incorporating that knowledge into their practice. Secondly, much of this new knowledge, both in concrete and abstract form, has become commodified. This means that primary producers are required to hone other skills; firstly, in building coalitions to spread the cost of accessing this knowledge and secondly, in accessing and managing the expert resources they will need to cover those inevitable areas outside their own learning or capacities. Lastly, as seen in the GM food debate, consumers are edgy about developments in biotechnology and prepared to visit their concerns on the producer. It falls very much to the primary producer to be aware of these concerns, to take them seriously and to deal with them sensitively.

The Increasing Role of MNCs.

While the place of MNCs in globalisation is covered in Chapter 2, their role in shaping the global market is worth expanding here. West and Vauhan (1996:567) estimate that multinational enterprises now control fully one third of all industrial output and that share is growing rapidly. The increasing domination of global PCAs

by MNCs reflects the increasing scale and complexity of global social organisation, including markets. It is "simply a process whose time has come . . . [as producers] try to figure a way out of their immediate problems but stumble into new forms of social organisation" (Bonanno et al. 1994). The resource requirements of the global market, in terms of capital, credit, political savvy and power, strategic options and information sources, stocks, research and development and management capability, leave smaller organisations at a distinct disadvantage. The strength of the TNCs lies not in economies of scale but in their "deep pockets" (Heffernan and Constance 1994:48); in " economic and political power rather than economic efficiency" (1994:39). Against this, globalising technologies increase the feasibility of an ever-widening range of co-operative organisational forms which give small producers access to the resources and structures they need to compete in global markets. However, for the smaller regional players competing in a global market environment with its heavy demands on a wide range of resources from infrastructure to influence, this again requires well developed skills in forming and managing complex alliances.

The increasing domination of MNCs appears to be at odds with the analysis above in terms of creative destruction. The reconciliation of these apparently opposing trends lies in the nature of the market in globalisation. Firstly, a market as dynamic, complex and large as the global market literally provides room, and opportunity, for all. There are mass markets suited to the economies of scale and deep pockets of large scale business and small and volatile niche opportunities for the sort of small agile producer found among start-up companies. Secondly, as argued above, the distinction between large and the small business becomes less clear-cut as organisational forms become more complexly organised around shifting coalitions, joint ventures and partnerships. The small start-up may as easily be a fragment of an MNC as the product of a stand-alone entrepreneur.

Conclusion

The global market as it has developed in the last quarter of a century presents producers with very different conditions from those they have faced in the past. It is large, complex, competitive and fast changing. This means that there are no enduring

formulae or solutions for those seeking to survive or thrive in that environment (Fagan and Webber 1994). It is, however, possible to derive some general principles concerning the strategic requirement of production for the global market.

Chapter 4: Producing in a Global Market

Introduction

Changes in global PCAs are forcing producers into what Schoenberger (1994:245) calls "a bewildering proliferation of strategies". The reasons for this lie in the competitive volatility of the market. Rapidly changing conditions, narrow and short-lived windows of opportunity, fierce competitive pressures, massive and rapid data flows and volatile consumer tastes and fears, all place a premium on the ability to read, even anticipate, the market and to respond rapidly and flexibly. Such a volatile environment precludes enduring solutions and models for success. 'Solutions' identified in the past by case studies of 'successful adaptation' are heavily bounded not only by local factors associated with history, geography and social structure, but also by time and changing external conditions (Amin and Robins 1990; Ruigrok and van Tulder 1995). There can be no final 'best solution' in a situation whose defining character is change:

> We assume that there is no inherently best restructuring or internationalization strategy, and no best trade policy. Under certain market conditions or international configurations, one strategy or policy may temporarily outperform the others, and if these conditions remain stable for several decades, one strategy or policy may even obtain 'hegemonic' status. However, ... each restructuring concept incorporates a number of control dilemmas or contradictions that are very difficult to resolve for a long period of time. Eventually, therefore, once dominant concepts and strategies may lose their appeal and fall into decay. Thus in the end, restructuring concepts, internationalization strategies and international trade policies are the result of economic, political and social interaction, i.e. struggles and bargaining processes, and thus the object of social and political choice. (Ruigrok and van Tulder 1995:7)

Despite this, it is possible to identify general strategic requirements or conditions. These take their form directly from the character of the global market, as the latter takes its from the processes of globalisation. The emphasis here is on the social processual and social structural, rather than the strictly technological, aspects of

adaptive production strategies. The argument is not that any of these are particularly novel. They have been part of production at least since the industrial revolution. Rather the argument is that the conditions of the global market place a premium on, or privilege, certain social structural arrangements, skills and qualities in action that have been less prominent in production in the past. The problems that rural and regional areas appear to be experiencing in the global market suggest some incompatibilities between the structures and strategies of production in these areas and those associated with the global market.

Adaptation to a fast changing environment requires a high degree of responsiveness from producers. In the case of producers in the global market, where the scope and pace of change are great, the environment complex and the competition fierce, this means more than being merely reactive to change. In this environment only those whose responses are well informed, rapid and well-directed, survive. There are a number of analytically distinct components to this form of responsiveness: data gathering, reflexive knowledge or information building and flexible practice.

Knowledge Gathering

The case for a distinction between data and knowledge/information[3] is made above. Becoming informed, or building knowledge involves more the capacity to locate and gather data from the wider environment. It also involves attending to those data, sorting them, openly and freely evaluating them in the light of existing stocks of knowledge and finally incorporating them into new knowledge, skills and practices. These processual distinctions are important in terms of the thesis argument. A failure to adapt suggests barriers to responsiveness and these can occur at any number of points in the process, with the same eventual outcome: impaired responsiveness. Adaptation to a globalised marketplace entails more than learning about new technologies, new regulatory environments, or even differing consumer tastes. It involves understanding a range of new social-cultural environments, both national

---

[3] There is no analytically useful distinction to be made here between information and knowledge and the terms will be used interchangeably.

and global, and new dynamics of action and interaction between a wide range of diverse actors (Czinkota, Ronkainen and Tarrant 1995).

A facility for gathering data is directly dependent on the extent and nature of actors' connections into the surrounding environment. Time-space compression in globalisation provides opportunities to increase the reach, diversity, and cultural and dialogic richness of these connections. However, in terms of adaptation, the flipside of opportunity, especially in a competitive environment, is imperative. Producers who wish to hold their place in the global market need to match their competitors' exploitation of the data gathering capacities of new technology. While these new technologies are notable for their accessibility – both geographically and in skill requirements - and low cost compared with earlier forms, these are still issues for many, especially in areas where the infrastructure has been slow to build. A more significant issue is likely to be social/cultural barriers. Firstly, producers unaware of the need to build connections are unlikely to make the effort to do so. Those producers still operating within the concept of a local and/or production driven market rather than a global and/or consumer controlled one, and poorly informed about the more complex linkages involved in exchange relations in globalisation, are likely to remain handicapped by inadequate data gathering. Secondly, each new connection carries with it the likelihood of encountering new knowledge, values, meanings and practices which challenge and are potentially disruptive to producers' existing, and sometimes precariously maintained, social organisational structure. This can be a powerful incentive to limit the building of connections beyond the known and traditional.

There are signs that Australian business is beginning to utilise the potential of IT as a production tool. As at June 1998 29% of businesses in Australia had internet access although only 6% of those had websites or home pages (Australian Bureau of Statistics 1999e). Rural and regional production has the advantage in this area at least, with farm use of the internet increasing 27% between March 1998-March 1999 to 49% (Australian Bureau of Statistics 2000b). Australian business people are also travelling more with balance of payments service debits for business travel increasing

from $1,173 million to $2.286 million between 1992-3 and 1996-7 (Australian Bureau of Statistics 1999b).

Reflexive Knowledge Building

It is one matter to have access to good, wide-reaching, data sources, but quite another to attend to that data, to sort and evaluate it against, and assimilate it into, existing stocks of knowledge. This requires a certain level of awareness, reflexivity, openness and flexibility. There may be many reasons for not 'seeing' data. Macdonald (1995) in analysing learning and change in organisations, argues that any information which disrupts existing organisational structure is likely to be rejected because it consumes scarce resources. It can also prove messy, its spread can be unpredictable and most of all, it represents a challenge to established regimes of ordering and control. This is an argument that can be applied much more widely in accounting for resistance to change. The processes of 'ordering' social life (Bauman 1992), that is, the ways in which individual or group actors seek to establish and maintain some level of order and control of their social environment, is an ongoing, challenging, fragile and resource consuming accomplishment. It is becoming more so as social life becomes increasingly diverse, complex, and volatile and as the increasing dominance of rational calculative logic increases strategic management expectations and demands. One likely strategy for easing these pressures is to limit external disruptive forces by ignoring, as far as possible, new data that might consume scarce resources of time, attention, data-handling skills, and, most of all, adaptive capacity.

The transformative and disruptive potential of new data and, therefore, the difficulty of the task entailed in learning and changing, will be a function of three factors. Firstly, it will depend on the nature of the data themselves; their volume, relevance, novelty or radicalness, and informative value; secondly, on the level of ongoing reflexivity practised by the organisation or individual, and lastly; on the breadth and the depth of its implications for the existing patterns of organisation. The latter can be analysed in terms of two further factors: the transformative implications of the new

data for organisational structure[4] and the flexibility within that structure. Data availability is growing at a rate which threatens to swamp the data handling capacity of many. More data may well mean less 'listening' for those with limited resources. Data are not necessarily informative, a point made above. Even relevant data, once extracted from the mass, make further heavy demands on resources in the translation to new knowledge useful in the production process. For producers already facing considerable pressures, the temptation will always be to reinforce exclusionary processes to limit distraction and disruption, just at a time when what is required is an opening-up to new knowledge.

The issue of reflexivity is introduced in Chapter 2. It is not only individual actors that can be described as reflexive. While, it is perhaps problematic to talk of a reflexive organisations, it is possible for organisations to develop a culture which is marked by a high level of reflexivity and learning among the constituent actors and a high degree of sensitivity and responsiveness to changing environments. These can reasonably be referred to as a reflexive and/or learning organisations. Producers who are not reflexive face major problems in a environment that is as demanding as the global market. If they are unable to 'step back' far enough from their organisational structures and functions to assess them with some objectivity in the light of the changing market environment they are unlikely to be able to respond appropriately. The other important question concerning reflexivity is the range of issues and the dimensions of their operation that the reflexive producer is able, or prepared , to submit to examination. That is, the issues they are they prepared to 'place on the table' for possible negotiations over change. There will be a number of dimensions to this process. Firstly it will depend on the degree to which the actor is able to objectify aspects of their social milieu or their operation. The more highly structured the organisation the more difficult becomes the task of objectification, of stepping outside of structural constraints. Similarly reflexivity will be a product of the level of interconnectedness within the organisation. The greater the degree of interlinking of individuals and issues, the greater the difficulties of extracting particular issues or actions from their wider context for reflexive examination. Finally, even when objectification is feasible, whether or not that results in reflexive examination of any

---

[4] Or in the more general case of communities and areas, within the social structure.

particular issue or aspect of operation will be a function of the balance between perceived penalties and rewards flowing from change or resistance to change.

Flexibility

Openness and flexibility are closely related to reflexivity and are linked to organisational structure in much the same way. New data, even when attended and reflexively assessed, remain of only academic interest unless actors are in a position, and prepared, to incorporate them into the development of new knowledge frameworks and new practices. It is a well established principle in education that learning is greatly facilitated by the presence of a strong link and some compatibility between new data and established knowledge stores and frameworks. Such connections aid assimilation (McKeachie 1998; Weinstein et al. 1998). These links will be easier to establish where there are openings, gaps, and uncertainties in the existing knowledge base. The more homogeneous, complete and structurally coherent the existing knowledge frameworks, the less that is questioned, doubted or held uncertainly, the greater the likelihood that new data will be ignored or rejected. Likewise the more stable, coherent and tightly structured routines of social practices are, the less likely there is to be an openness to the need for new practices. Of course, in a time of rapid and deep-seated change, there will be significant external pressures on existing social structure resulting in the sorts of strains, gaps and instabilities that open the door for new data and a reassessment of taken-for-granted views of the world.

Flexibility likewise is constrained by the density, coherence, and integrity of social structure. For the group and for the individual actors who make up that group, freedom to change will always be limited by the flow-on costs of that change in terms of disturbing existing structures, discourses, and routines of social practice. Actors, collective or individual, within any social milieu establish over time, a level of 'investment' in that milieu, a resource of affective, cultural, political and economic social ties, which they are able to utilise in the day to day ordering of their social existence. The more interdependencies built into these structures, the greater the

possible flow-on disturbances from new courses of action. When everything and everyone is connected quite intimately to everything and everyone else, changes in any one are likely to have amplified flow-on effects. This can be particularly the case where core aspects of structure, values, discourses or practices that are widely and deeply shared are questioned or threatened. In situations where social structure is much more pluralistic and ties between individuals more widely dispersed and specialised, the disruptive effects of change are more easily controlled and limited to those aspects of social structure more immediately involved.

For example, (Hanson, Steen and Liesch 1997) explore the case of Tioxide, a multinational player in the global titanium dioxide industry which had built up global industry dominance from its initial innovative and entrepreneurial pioneering of a viable production method. In recent years a second more efficient and, more importantly, environmentally friendly, production method has taken over as the process of choice. Tioxide however, has been very slow to switch to the new process despite declining competitiveness and environmental pressures which have greatly eroded their position in the industry, and led to major plant closures. (Hanson, Steen and Liesch 1997) seek to explain Tioxide's reluctance to innovate, to explain their 'blindness' to some very compelling data about the inappropriateness of their continuing commitment to an outdated process. Faced with disastrously declining profitability, instead of moving to the new technology, they redouble their efforts on a course of action already clearly discredited.

The authors explain this in terms of their 'autopoetic view' (1997:353); in which external data are gathered but transformed by the internal culture of the organization into forms of knowledge and information that are compatible with the existing internal discourses of the organisation. "As a result many organisations possess . . . a 'learning disability' in that they fail to see opportunities and threats emerging in the world" (1997:353). Tioxide had very efficient data gathering mechanisms, it was highly reflexive, open and innovative, albeit within a very narrow band. The company were continually seeking to improve 'their' process but 'blind' to what was clear to other producers, that an alternate process was the way of the future. (Hanson, Steen and Liesch 1997) explain this in terms of communication and language, in which the

key players construct a discourse based on existing stocks of knowledge and practices which possesses an integrity and coherence that makes it extremely resistant to disruption. All of this accords closely with the argument already presented, but it can be extended. Autopoesis carries an implication of structure without action, of culturally mediated blindness which determines available alternatives in action. It needs another dimension which adds some element of rational action into the equation.

There is another aspect involved. That is, the calculation of 'costs', not in the narrow sense of economics as conceived by (Hanson, Steen and Liesch 1997), but in the wider sense of the strategies for the allocation of a range of scarce resources: social, monetary, psychological, affective and cultural. The freedom to change is constrained by some calculation of likely costs as against likely gains and those costs can go well beyond the narrowly economic. Tioxide is described as a company that "has been from its inception and throughout its history, a conservative company wedded to a specific technology"(1997:354). To label a company conservative implies not so much the blindness of autopoesis, as a considered policy of containing change in the face of new information. Conservatism is only born in conflict between old and new. It requires some level of informed awareness and conscious evaluation of the new in formulating strategy. In the case of Tioxide, part of the explanation for a conservative strategic culture is provided in the same quote above: "wedded to a specific technology". Tioxide's very success in innovation and application means that, historically, every aspect of the organisation; its financial, infrastructural, technical and cultural assets are invested in a single technology. This imparts enormous inter-linked structural integrity. The process is the company and the company the process. The costs of decisions which threaten this core are likely to be substantial, not merely in financial terms but in wider cultural and structural terms. To abandon 'their' process would challenge every aspect of the company's historically accumulated structure, not just in terms of time, money, and infrastructure but also status, pride and identity: libraries of books and papers, the life work of senior engineers and managers, the historical basis of company pride. These cost implications provide compelling reasons for a conservative strategy regardless of how much information finds its way through the "autopoetic culture blanket" (1997:355). Other firms

- 61 -

without this historical treasure/burden will be freer to move with more room for flexibility and openness.

Flexibility will always be a key to surviving in a rapidly changing environment. 'Flexible specialisation' or 'Post-Fordist' production is seen by some analysts as a counter to a crisis in Fordist mass production and as a model for the future for industry in the emerging global market (Harvey 1990; Piore and Sabel 1984). Harvey (1990:147) argued that production regimes based on "flexibility with respect to labour processes, labour markets, products and patterns of consumption" were more appropriate than Fordist mass production to service the volatile and narrow niche markets that make up the overall global market. Certainly the volatile competitiveness of global markets demand an altogether more flexible form of organisation of production (Schoenberger 1988). However, flexible specialisation has not proven to be the 'solution' some predicted. The last twenty years has seen not the demise of Fordist mass production but rather a proliferation of forms which vary continuously across at least three dimensions; labour responsibility, degree of product innovation, and process variability (Badham and Mathews 1989). These forms vary from Neo-fordism at one extreme to craft based flexible specialisation (Piore and Sabel 1984) at the other. Friedland (1994) prefers the term 'Sloanism' to describe this new 'flexible specialisation' form of production - after Alfred P. Sloan, longtime head of General Motors. Sloan recognised the need for product differentiation to appeal to consumer diversity at a time when Henry Ford was offering 'any colour as long as it was black'. By superimposing model variation and customising options onto a basic mass production base Sloan revitalised the automobile industry. Flexibility and Fordist mass production are therefore not necessarily dichotomous.

Although Friedland (1994) is making his argument in regard to the agri-food industry, it holds up well in the context of global production in general. A volume product that is subtly customised to meet the cultural peculiarities of individual local markets can meet both the convergence and differentiation aspects of the global market. This reveals the need for wider definition of 'flexibility', one which describes a guiding principle behind production rather than a specific form of production. All forms of production from Fordist mass production to that serving highly specialist niche

markets, can be more or less flexible in their organisation and practice. An environment as complex, volatile and competitive as the global market, where windows of opportunity are likely to be narrow and short-lived, requires producers, large or small, to find ways to identify and respond to market opportunities in a timely and rapid manner and with minimal organisational costs. Economies of scale are still vital, especially in the agri-food industry (Heffernan and Constance 1994). Even on the local scale, Australian farms are reducing in number and increasing in size as small family farms are increasing being turned into large agri-businesses (Australian Bureau of Statistics 1999d; Bamberry, Dunn and Lamont 1997). However, the answer to successful global production is not any particular organisational form but in the responsive matching of form to time, place, and market.

A final point of relevance to rural and regional production. Regionality and rurality are widely associated with the tag 'conservative'. This is often presented in public debate as almost sufficient explanation for resistance to change and failure to adapt in regional areas, with little attempt to explore the issue further. In Australia, rural producers in particular bear this tag through their association with conservative political parties and their public construction of 'traditional country values' in opposition to 'progressive city values'. Certainly, rural resistance to change can be partially explained in terms of restricted access to new data, bounded reflexivity and autopoetic cultural blankets but attention also needs to be paid to the investment costs of radical change in the tightly integrated social structures in regional/rural areas compared to the more open and pluralistic urban areas. The effects of change can be more costly in terms of social investment and less easily quarantined, limited and controlled where historical discourse, economic, political, affectual, kinship and cultural structures are so closely intertwined. For the producer operating within such an environment, a responsive, learning strategy may be an altogether more difficult and complex accomplishment.

Re-organising Labour: Rationalisation and Restructuring.

The fiercely competitive conditions of the global market are forcing producers to be continuously reflexive about their levels of efficiency and production costs. One of the principal areas to come under pressure is labour, not only because of its major contribution to production costs, but also because the complexity of labour relations mean they often represent the area with the most room to move.

The strategy of first choice is rationalisation which generally simply means reduction; in staff, in production units and often in the range of production activities. Rationalisation has meant major job losses world-wide particularly in low skill employment, and in regional areas especially since regional branch units are often the first targets when large corporations begin rationalising (Fothergill and Guy 1990). Agriculture, formerly a major employer in regional areas, has also been severely impacted upon. The number of people employed on farms in Australia peaked in 1953-4 at 444,600 but by 1991-2 this had fallen to 373,700 (Bamberry, Dunn and Lamont 1997) and "88% of farms in Australia are [now] family farms with almost all labour provided by the owner-operator" (Svenson 1998:323). This is an area in which regional/rural areas have little influence beyond the general strategy of continually seeking to improve the fit between local production activity and the opportunities of the global market . However there is one dimension of labour reorganisation that bears directly on the thesis argument.

One constant across multiple strategies for reorganising labour is increased numerical and functional flexibility (Crook, Pakulski and Waters 1992:188-192). Functional flexibility which refers to a form of multi-skilling, has always been a feature of regional/rural production. Numerical flexibility refers to the practice of minimising fixed labour cost by restricting permanent full-time employment to core workers only, that is, to those who hold the knowledge and skills absolutely essential to the organisation's day-to-day viability. The remaining functions are performed by a range of workers whose ties to the company are altogether more loose: part-time and casual employees, contractors and subcontractors, agencies and outside suppliers. This leads to a growth in contracting and a casualisation of employment,

both trends long familiar to regional production but now accelerating. This form of labour management requires quite different organisational skills from those which develop when labour relations are embedded in a complex social matrix.

For example, the days of the live-in general farm worker have all but gone, with farmers increasingly reliant on contractors and casual workers. The relationship between worker and farmer in these situations lacks the multiple social reference points that formerly structured the relationship between the regional/rural producer and their workers. Many dimensions of the relationship that would once have been covered by taken-for-granted assumptions, are now likely to be the subject to reflexively evaluation and negotiation. For rural producers, traditional arrangement would have limited opportunities to learn these skills.

Co-operation and Competition.

Production activities have always involved a mix of alliances of cooperation and competition. What is new about the contemporary global market is the sheer complexity and dynamism of these networks (Dunning 1993). Globalisation processes promote the multiple and continuous reconfiguration of linkages between actors giving rise to new and shifting patterns of social organisation. This is reflected in the alliance structure of the global market with multiple crosscutting and overlapping co-operative alliances co-existing in time and space with fierce competition: "Alliance networks originate from a complex market structure where it is increasingly difficult to discern rivalry from co-operation" (Dunning 1993: 214). This can mean that the same sets of actors can be both competitors and partners in respect of different aspects of the relationship at the same time and/or in the same space. This is particularly evident in the 1980s model of successful global production, the industrial district (Harrison 1992), but also appears across the range of 'successful' production forms from small regional producers to TNCs.

There are good reasons for producers in the global market to seek and form alliances. Global markets are extremely demanding on the organisational resources. The smaller producer just does not have the 'deep pockets' needed to compete in this

demanding environment. There is the sheer size of global markets and the logistics of servicing them: their scope, the quantities involved, the costs and skills entailed in essential research and development and marketing and the cost of technology and IT infrastructure. The increasingly important role of high technology and abstract knowledge in production results in demands for technical skills and knowledge that can be difficult for smaller producers to meet economically in-house. The demands of sophisticated consumers used to continuity of quality and supply regardless of season or production difficulties require quantities of goods beyond the capacity of all but the largest single producer. Lastly, the need for timely matching of production to multiple narrow windows of opportunity through market intelligence, flexible production and innovation can exceed the flexible capacity available within a single organisation. These conditions all serve to disadvantage the lone smaller producer. Added to this are the difficulties of trading across national and cultural borders, especially for the smaller producer without a multinational or transnational organisational structure: ". . . while for small companies exporting is still the logical way to go global, large-scale concerns seeking a permanent presence abroad must go beyond exporting into more challenging strategic alliances" (Weidenbaum 1995: 319).

At the same time alliances carry significant risks. In an environment in which flexibility and innovation are paramount, every alliance carries with it potential penalties in term of degrees of freedom in action and risks of routinisation, standardisation and complacency. They can shield the partners from full exposure to the scarifying effects of competition, blunt innovative activity, and tie all to the lowest common denominator in terms of pace and vision. Timely and appropriate responses to the demands of the global market can be more difficult to achieve in an alliance, particularly one in which links are tight and multi-dimensional, since freedom to change or innovate in one dimension may be hampered by linkages and obligations in others.

This effect is well illustrated by the rise and fall of the industrial district as *the* new production paradigm. Industrial districts, such as Italy's Emilia Romagna are marked by a concomitance of community and industry which offers many advantages in a

global market. It mediates the worst excesses of competition through shared values and cultures, allows for greater and more efficient control through horizontal rather than hierarchical structures, provides 'deeper pockets' through resources sharing, and facilitates knowledge and skill sharing and development through dense patterns of social intercourse (Becattini 1990). As early as the beginning of the 1990s, however, writers were beginning to question the extent to which industrial districts could provide a fully satisfactory answer to the problems of competing in a global marketplace. Firstly, the bounded nature of industrial districts are to some extent out of step with the opening up of markets in globalisation.

> Thus in spatial terms, although there are indeed tendencies towards industrial
> districts and other types of local agglomerations, there are also powerful
> countervailing and competing tendencies towards transnational networks and
> 'global space of flows' (Amin and Robins 1990:8)

That is, the boundaries of co-operation have proven vulnerable to the pervasive and corrosive effects of global competitive pressures (Amin and Robins 1990:29). Secondly, ongoing economic changes have exposed the limits of the flexibility and adaptability in the industrial district model (Gertler 1992). The mechanisms behind this loss of adaptability are well theorised by (Pouder and Caron 1996) in their analysis of dynamic geographical clusters of competing and co-operating firms within an industry, which they refer to as 'hot spots' (1996:1192). The exemplar hot spot is Silicon Valley in the US.

(Pouder and Caron 1996) argue that the very factors which give rise to successful hot spots contain the seeds of their eventual downfall. In the initial 'origination' stage, economies of agglomeration bestow resources, legitimacy and competitive stimulation on firms in the cluster. Once initiated – and Pouder and Caron, like most writers in the area, are somewhat vague about the germination process – agglomeration "create[s] a dynamic environment, which . . . is characterised by increasing numbers of clustered firms, emergence of hot spot identity, a tension between cooperation and intense competition and high levels of innovation" (1996:1203). To that list can be added "rich mental models" (1996:1205). In the 'convergence' phase the effects of time and success mean that this rich environment

develops into a closed club with a bounded mindset. The hot spot participants increasingly look to one another as the source of competition and innovation and lose awareness of developments outside their clusters: "By not updating their mental models of competitors, managers will fail to incorporate information that conflicts with their established positions" (1996:1207). Added to this, as the cluster prospers, agglomeration economies and access advantages erode as rents, cost of living, and salaries all begin to rise and interactions become routinised. Finally, venture capital, which is interested in high yielding start-ups not consolidation, dries up. The hot spot then moves towards the final phase of reorientation in which only the most resilient, those who can survive the "Schumpeterian' jolts from outside the cluster, survive, but are never able to recapture the initial phase. The baton changes to a new cluster in the origination phase. A similar point is made by (DiMaggio and Powell 1983) when they argue that, over time, firms within clusters tend to become more and more alike through the action of coercive regulatory pressures, mimetic modelling of successful forms, and normative pressure related to professional practice.

The picture as presented by (Pouder and Caron 1996) has a certain inevitability about it. Flexibility and innovation will always meet social structural limits. Over time repeating patterns of interaction will likely result in 'thickening' of social structure, routinisation of social action and interaction, and the increasing definition in social structural boundaries tightening these limits. Issues of co-operation and competition revolve around dynamic processes of definition and redefinition of who is included and excluded, who defined as competitor or partner, and under what conditions of time, space and issue. Over time, as (Pouder and Caron 1996) demonstrate, patterns of sociation inevitably accumulate considerable social accretions such as personal relationships, identity issues, entrenched discourses and narratives, routines and habits, all of which can move from enabling efficiency, flexibility and innovation to constraining it.

For the producer it becomes important to maintain some level of complex fluidity in social structure in order to balance the advantages of agglomeration with the dangers of concretion. This presents firms with a difficult balancing act. The dangers of ossification dictate that the firm maintain a ever-changing and highly diverse

portfolio of alliance forms, bounded in time, space and substantive content. On the other hand the economies of agglomeration and the practicalities of transaction costs (Williamson 1994) make the maintenance of a certain level of stability, routinisation and social embeddedness imperative in organisational relationships. The need for this constant trade-off gives rise to the growing complexities of competition and co-operation.

Theoretically at least, regional producers are at a particular disadvantage in this. Because of historical and geographical factors, regional areas, especially those that are more rural in character, are likely to be characterised by a higher degree of concretion in social structures than more urban environments. Yet, alliance formation is essential for those competing in agri-food trade where the leading global player are large enough to be able to influence commodity cycles to their advantage and to manipulate matters such as quality control standards in order to control global trade flows (Arce and Marsden 1993). Traditionally, agricultural producers have not been notable for their ability to forge flexible co-operative alliances that do not stray into dependency or tight multiplex matrices on one hand or fierce individualism on the other. With corporate agriculture and contract growing threatening independent farming world-wide (Arce and Marsden 1993; Cook 1994; Mingione and Pugliese 1994), regional primary production faces the same need as other sectors to learn to construct and manage these new forms if they are to hold their place in the global marketplace.

Marketing

It is argued in Chapter 2 that a well supplied global market and an increasingly powerful and discriminating consumer base mean that producers cannot rely on products selling themselves; they must market them. Marketing as opposed to selling[5] is a highly specialised skill quite separate from production. Marketing is "not so much to be skilful in making the customer do what suits the interests of the business as to be skilful in conceiving and then making the business do what suits the interests of the customer (McKitterick 1957:78 quoted in Hills 1997:72). It

involves a particular orientation: "a customer-oriented philosophy that is implemented and integrated throughout the business to serve the customer better than competitors" (1997:72). This can require quite dramatic shifts in producers' attitudes and practices.

Firstly, it underlines consumers' breaching of the production-consumption boundary. Producers must listen, really listen, to consumers and be prepared to act on what they hear. This may involve major challenges to producer's long established practices and deeply held values. Secondly, many aspects of marketing are heavily concerned with intangible, quite volatile, factors somewhat peripheral to the actual product: consumer interests, attention and values, symbols, images, experiences, and emotional work. To the producer whose primary focus has been product 'quality' *per se* this involves a major attention shift and quite different skills. Lastly, marketing is heavily reliant not only on the high technologies of globalisation, but on the cultural practices and mores than have grown around those technologies. Production may be able to survive without fully embracing these cultures and technologies, marketing cannot. This, again, requires that producers develop, or acquire, a whole new set of skills.

Innovation and Entrepreneurship

Innovation, that is, to move beyond structured ways of categorising and ordering the world and, in production, to pioneer the novel, has become basic requirements for business trying to survive, let alone thrive, in the global capitalist economy (Castells and Henderson 1987; Gertler 1992). Innovation does not grow spontaneously from within, but out of dialogue between actors from different milieux in which old and new knowledge are tested against each other (see Dunning's 1993:214 argument on technical innovation). It is therefore dependent on free and open information exchange. Factors which impede information flows such as relatively impermeable organisational boundaries, or attempts by firms and groups to control data flows in a bid to protect competitive advantage, stifle innovation by stifling dialogue (Hitt, Ireland and Hoskisson 1995; Macdonald 1995). For organisations and areas where

---

[5] There is a clear distinction between marketing and selling in business literature (Hills 1997).

social structure has consolidated over long periods of relative geographic and/or social isolation this can present particular problems.

Chapter 3 argues for a Schumpeterian view of the global economy (Drucker 1986) and the importance of new start-up companies as the major and most reliable contributor to job growth in late twentieth century capitalist economies (Brophy 1997; Bygrave 1997; Kirchkoff 1997). Entrepreneurship, by definition, involves some level of innovation, but relates quite specifically to the contexts of business and finance. Bygrave (1997:2) defines the entrepreneurial process as one that ". . . involves all the functions, activities, and actions associated with perceiving opportunities and creating organisations to pursue them" - essentially new business start-ups. Drucker (1986) conflates entrepreneurship and innovation but he is talking strictly in the economic context of Schumpeter's theory of 'creative destruction': "*innovation* . . . that is, entrepreneurship that moves resources from the old and obsolescent to new and more productive employments – is the very essence of economics" (1986:109).

A crucial question therefore for producers and areas seeking to maintain a place in the global market concerns the conditions conductive to, or generative of, entrepreneurial activity. (Gartner 1988) argues that there is too much focus on the individual in examining the conditions for entrepreneurship, that research would be better concentrated on the structural conditions which prompt, facilitate and/or nurture the actions of individuals with a propensity to innovative enterprise building, rather than the character of entrepreneurs; on 'the dance not the dancer'(1989:47). While the issue is a long way from resolution , there is sufficient available research to indicate that entrepreneurship generally flourishes in areas where there are high levels of financial, social, technical, intellectual and cultural support for risk takers and risk taking (Birley 1985; Brophy 1997; Cooper and Daily 1997; Dyer 1994; Wetzel 1997).While the literature provides little guidance on the genesis of these conditions, once under way they would appear to feed off themselves. That is, entrepreneurial activity itself produces the conditions of its own nurturance, at all levels from the individual to the institutional. This suggests that those producers and areas which are to open to entrepreneurial activity on any scale, right down to the

smallest craft shop, whose social boundaries are permeable to new practices and new actors, can only be improving the conditions for the growth of an entrepreneurial culture.

Studies in Mal-adaptation

Arbo (1997) in an analysis of the crisis in the fishing industry in the Finnmark region of Norway, a classical study of the failure of regional production to adapt to globalisation, reinforce the above arguments. Despite considerable advantages in terms of natural resource, after thirty years of post WW II prosperity, the Finnmark region has, since the 1980s, been experiencing severe economic decline and depopulation. This can be traced to structural constraints which have isolated the industry from the changing nature of their market and locked them into arrangements which stifled responsiveness.

The Finnmark industry was set up and sustained by a very strong supporting web of regulations and agreements protecting it against market forces and fluctuations: government subsidies and regulatory protections, guild based marketing schemes, and agreements with fishermen's organisations on boat size and numbers. These protections have isolated the Finnmark industry against the changing market, hampered efforts to restructure its fleets, discouraged well educated and innovative workers from entering the industry, maintained returns despite an increasing un-saleable product, supported unused productive capacity, and generally fostered a culture of complacency and comfort which has all but destroyed the industry:

> Finnmark cannot any longer compete on the basis of mature technologies,
> standardized products, and cheap unskilled labour. Without innovation, all
> advantages will be easily traded away. This means that globalisation processes
> must by met with a recoupling and redirection of economic activities where
> internal and external resources are combined in new ways (Arbo and Hersong
> 1997:141)

Two reports by the Horticultural Policy Council in 1992-3 (Horticultural Policy Council 1992; Horticultural Policy Council 1993) looking into the positioning of the

Australian Horticultural Industry in the global market presages a similar fate in the making for that industry. World horticultural trade is growing rapidly, especially in the area of 'fresh' fruit and vegetables (Friedland 1994; Horticultural Policy Council 1993), but the Australian industry was found to be taking little advantage of the opportunity. In 1992-3 horticulture represented Australia's third largest agricultural industry at $3.35 billion but only 4% ($411 million) of the total agricultural exports (Horticultural Policy Council 1993). By 1997-8 exports had grown to $616 million but still only represented just under 4% of total agricultural exports (Australian Bureau of Statistics 1999a). Taken together the reports suggest that the problems facing the Australian industry were not so much a lack of awareness of the global market trends so much as social-structural impediments to appropriate responses. The reports paint a picture an industry very ill-prepared for participation in the global market. They found the industry unresponsive to market signals, production rather than consumer focused and with poor marketing practices, reluctant to cooperate and use alliances and low in innovation. Given that agricultural production is a mainstay of regional/rural economies, the picture is not encouraging.

Rural and regional producers, even those who supply the domestic market only, are participants in the global market and subject to the conditions of that market. The inter-penetration of the local and the local mean that the problem facing rural and regional areas is not so much one of adapting 'to' globalisation as adapting 'within' globalisation. Globalisation and the global market are not just external forces which impinge on the local but are also acted out, and even to some extent, constructed within the local.

Summary Section 1

Chapter 2 identifies three 'macro' processes underlying the transformations associated with globalisation: time-space transformation, hyper-rationalisation and the increasing importance of reflexive strategising in social life. The synergic intersection of these processes results in increasing disorganisation and more complex reorganisation of the boundaries, and hence the network structures, of social interaction. While these processes impinge on all aspects of global social life one area

where the effects are very clearly visible and, in the case of the case study areas at least, most keenly felt is in the market and the emergence of 'global high capitalism' and a transformed global market.

The major difference between the structure and processes of the long-standing global market and that which emerges in the late twentieth and early twenty-first century is the scale and reach and the level of dynamic competitiveness that marks the latter. This flows directly from, and in turn feeds into, this more complex reorganisation of boundaries of social interaction. Formerly quite marked boundaries between local, national and global markets disappear and every producer, in effect, is forced to compete globally. While this multiplies market opportunities for local producers it also multiples competitive pressures and heightens the imperative to be informed and strategically flexible in action and organisation. The same processes are also both cause and effect in increasing the scale and complexity of the organisation of production, increasing the complexity of the relationship between producer and consumer and expanding the nature of the 'product' to encompass an increasing service component.

These changes pose major problems for producers in the case study areas where local social structure and the nature of production-consumption activities have historically been very different to those which characterise the global market. In these areas social networks are found to be generally quite tightly organised and bounded and production and marketing activities and relationships quite rigidly, if not narrowly, defined. The case studies presented in Section 3 reveal that this is somewhat of a double dilemma for these areas in that the very structures and practices which place them out of step with the global market, at the same time act to inhibit making the connections and gathering the information which facilitates the sort of 'opening up' of local networks and production that is associated with fuller and more successful participation in the global market. The following section proposes that the concept of network boundary processes provides a useful tool for exploring this dilemma.

Section 2: Network Boundary Processes

Responses to globalisation in rural and regional areas can be analysed in terms of changes to the structure and processes of ordering local network boundaries.

Chapter 5: Networks in Globalisation

The Global and the Local

The foregoing has been couched largely in terms of 'macro' processes because globalisation theory is primarily concerned with world-scale processes (see Friedman 1999; Giddens 1991; Giddens 1999; Gray 1998; Harvey 1990; Robertson 1992; Waters 1995). Yet, following the argument in Chapter 2 that the major effect of globalisation processes is increasing global interconnectedness and boundary reorganisation, and therefore, as Strassoldo (1992:45) argues that, "Individuals are free to build relations and communities across space throwing into disarray the old hierarchical order of local communities", distinctions such as micro-macro and global-local become problematic. If social relations are freed from the boundaries imposed by space, then local and global become one. There is, however, a large body of literature concerned with the intersection of the global and the local which indicates that the local and local processes are, if anything, becoming more important in globalisation (Amin and Robins 1990; Amin and Thrift 1993; Cox 1993; Cox and Mair 1988; de Haan 2000; Ettlinger 1994; Sengenberger 1993; Strassoldo 1992).

It is often not clear in this literature what is meant by the 'local'. Amin and Thrift (1993:408) in explaining their reasons for keeping their definition "purposely imprecise" reveal why the term is more often, in the literature, a taken-for-granted operational concept than a theoretically defined one. They cite the "relational and fluid nature of the interplay between place and space" and the fact that "different phenomena will have different scales of representation" (1993:408) as problems in defining the term precisely. This does, however, sufficiently capture the two essential dimensions of 'local' as used in this thesis. It is concerned with spatially anchored, although not necessarily spatially bounded social interaction, and it involves a relative comparison of smaller with larger scales of social organisation.

There is a number of related explanations for the continuing importance of the local in globalisation. The continuing importance of place to corporeal beings is argued above and is supported by an empirical study by Strassoldo (1992:56) who finds a strong 'moral-social" attachment to localism "because it is the locus of their existential, primordial, family relations". Strassoldo (1992:45-6) also argues that growing localism "is a search for a refuge from the unsettling confusion of the larger world", a world made more complex, confusing and threatening by the disorganising processes of globalisation and post-modernism. There are also economic and developmental dimensions to increased localism. The examination of the global-local interface in the literature quoted above is prompted by similar concerns to those in this thesis: the negative economic impact that globalisation is having on regional areas worldwide (Ettlinger 1994); and the search for the conditions of local production which enable the maintenance of economic vitality in the face of globalisation. Amin and Thrift (1993:410) best sum up the general consensus in this literature in arguing that "the global becomes a 'composition of local settings'". While there is " a tying-in and subjugation of localities (cities and regions) to global forces . . . [and] localities are part of rather than separate from, the global" (1993:410), local social structural conditions are determinate in economic and development outcomes. Globalisation processes are worked out at the local level in local conditions. Following this line of reasoning, Sengenberger (1993:315) argues that the growth of localism is a reaction to the declining power of states on economic and development issues and that with globalisation "economic vitality can be accomplished by regions and sub-regions" rather than being reliant on overall state prosperity.

There are two common underlying themes in these studies: the industrial district as a model of local economic development, and networks. Becattini (1990:38) describes the industrial district as "a socio-territorial entity which is characterised by the active presence of both a community of people and a population of firms in one naturally and historical bounded area". In a similar vein, Amin and Thrift talk of the importance of local 'institutional thickness' in successful regional centres. By this they mean:

a strong institutional presence . . . high levels of interaction amongst networks of institutions in the local area . . . the collective representation of what are normally sectional and individual interests . . . socialisation of costs and control and . awareness of involvement in a common enterprise (1993:417).

Others mention in the same context the importance of local connections (de Haan 2000), trust (Sengenberger 1993) and community (Strassoldo 1992), all of which are central to the industrial district model (Becattini 1990) and all of which, in some form, can be read as pointing to the importance of what might be called 'networks'. Murdoch (1995) is explicit in arguing for the central role of networks in regional development, as are Cooke and Morgan (1993). The latter identify, as a crucial marker of successful models of regional development, a 'network mode' of resource allocation in which economic "transactions occur . . . through networks of individuals or institutions engaged in reciprocal, preferential, mutually supportive actions" (Powell 1990:78 in Cooke and Morgan 1993:544) .

None of these studies makes clear the exact nature of the connection between the global and local, or the actual processes which constitute the global-local interface. While they closely analyse network structures and processes in 'successful' local models of regional production for the global market, they do not do this in the context of a similarly close analysis of network structures and processes of globalisation. To some extent these densely organised local network forms are seen in much the same light as other forms of localism in globalisation: as a balance or reaction to the more disorganised forms of globalisation. Amin and Thrift (1993:422) list some of the "key cultural foundations for locally-rooted growth . . . 'studied' trust, community-wide shared norms, distinctively local traditions, etc.". There is nothing in this list to distinguish it from the sort of list that would characterise the pre-globalisation community. The importance of a well developed local institutional infrastructure and networks of cooperation is not disputed. It is hard to envisage a time when they would not be so. The question still remains as to how these particular adaptive forms relate to globalisation and global market processes. That is, what is different about adaptive local structures in a globalised market to the local structure that would have been adaptive in a pre-globalisation context?

There are clues to the differences throughout both Becattini (1990) and Amin and Thrift's (1993) studies, but these have not been explicitly related to the processes of the global market. Becattini (1990:39) notes the threat to enterprise and the innovation posed by the "relatively homogeneous system of values and views" found in industrial districts. He argues that the industrial district cannot be a closed community: "In fact an appropriate supply of attitudes and abilities required for the continuing development of the district could not occur within a closed population. The community of the district requires fresh blood" (1990:40). Amin and Thrift draw on work by Di Maggio (1993 in Amin and Thrift 1993:421) to argue for the importance of 'Strategic Network' forms of political institutional organisation. These "are less fixed than structural networks, are likely to change more quickly, and result in the ability of coalitions to manipulate more mobile resources". They list the "capacity for embedded institutions to changes in economic opportunity" (1993:420) as one of the three qualifications to association between institutional thickness and economic success. These studies highlight the ability to handle change as crucial to these local new network forms, which accords well with arguments above in terms of the requirements of production in global market. This capacity to handle change is not generally associated with the traditional concepts of 'community'. This combination of close community with a requirement for openness and flexibility is not, however, explicitly theorised in the literature in terms of the network forms of globalisation and the global market, although it must clearly be related to those processes.

Networks are a constant, though not always explicit, presence in the analysis in Chapters 2-4. Both the processes of globalisation and the characteristics of the global market as outlined in these chapters can usefully be (re)conceptualised more explicitly in terms of network forms and processes. This will allow the use of a network approach to addressing questions concerning the nature of the interpenetration of the global and local and the consequences of this interpenetration for economic vitality in rural and regional areas.

A Network Approach

The use of networks, in particular network boundary processes as a framework for exploring the interpenetration of the global and the local, first requires some clarification of what is meant by 'a network approach'. Network approaches to analysis cover a very broad field of methodologies from formal sociometric mapping or graphing of ties between actors (Wellman and Berkowitz 1988) to quite loosely conceived metaphorical uses as "a complex set of interrelationships in a social system" (Mitchell 1969). Network 'theory' is "not a formal or unitary 'theory'. . . but a broad strategy for investigating social structure" (Emirbayer and Goodwin 1994:1414). For all its methodological eclecticism, there is a unifying assumption behind this approach: "the essence of the social network approach remains not in the method but in posing questions and searching for answers in terms of structured connectivity" (Wellman 1983:172). That is, a network approach seeks the explanations for actor's attributes and behaviours not in terms of *a priori* categories but in terms of "the structure of relations in which they occur" (Burt and Minor 1983:9). Globalisation is changing the 'structure of relations' in even the most geographically and socially isolated localities through the reorganisation of boundary processes.

'Metaphorical' definitions of networks predominate in the theory of networks for the simple reason that much of the analytical work in network analysis consists of finding ways of moving from the general concept of networks as "patterns of connections among actors in networks of exchange relations" (Cook and Whitmeyer 1992:112) to a more specific one in terms of "a specific set of linkages among a defined set of persons" (Mitchell 1969:2). 'Networks' are constructed, and gain their meaning in an analytical sense, by a process of extracting and characterising a specific set of ties or relationships from the total milieu of social relations in which an actor or actors of interest are located; that is, in the actual process of defining the 'network'. Networks in this sense of an analytically identified 'structure' will therefore consist of linkages which have some enduring existence beyond the single casual encounter or connection, and are bounded in some 'visible' or measurable sense. That is, they will involve ties or linkages with some enduring content of

shared meanings and predictability, not merely transient points of contact, and they will be organised in some way which gives them form, definition and structure. This in turn provides three qualities of analytical interest: network structure, network boundary processes, and the content of ties or relationships which comprise the network.

The direct analysis of tie content has a small presence in the network = literature because of the large amount of rich data required for even a very modest network. The difficulties inherent in analysing the multi-dimensional complexity of tie content is shown by Granovetter (1973:1361) who, when seeking to make the broad distinction between 'weak' and 'strong' ties, is forced to rely on an intuitive definition of tie strength as "a combination of amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterise the tie". The majority of network approaches focus on the formal mapping the structure of networks and the flow of resources through that structure:

> They seek to describe the patterns of relations as fully as possible, tease out the
> prominent patterns in such networks, trace the flow of resources through them,
> and discover what effects they have on individuals who are or are not connected
> to them in specific ways (Wellman and Berkowitz 1988:16)

For reasons set out below, this study, while framed in terms of networks in the broad sense of the Burt and Minor (1983:9) definition above, does not use formal network analysis, but rather focuses on exploring boundary setting and maintenance processes within the case study areas.

Network Boundary Processes

The most crucial step in this process of exploring networks is system specification. *A priori* analytical decisions about how boundaries are to be drawn will be pivotal in determining not just the form but the content of the network uncovered. Knoke and Kuklinski (1982) identify inadequate care in system specification as the major general weakness in network analysis. These difficulties arise because, while some *a priori*

decisions on how network boundaries will be defined are necessary to provide a focus for any study, this represents somewhat of a dilemma in a methodology which as Wellman (1983:168) argues takes its power from the fact that network analysts "try not to impose prior assumptions about the "groupiness" of the world. This dilemma is best addressed by boundary specification methods which start with the minimum set of *a priori* assumptions and allow the boundaries to emerge empirically. This approach is ideal in the examination of the issue of global-local connections. As Knoke (1982:13) point out: "Network analysis offers a means for bridging the gap between macro- and micro-level explanations." (1982:13) because it starts with minimal assumption about the existence and shape of boundaries. Dichotomies such as micro-macro or global-local then gain their meaning only if or when they emerge as empirically demonstrable boundaries.

The other major problem for a network approach lies in the very complex and difficult-to-measure nature of the networks and network ties. Following on from Granovetter (above 1973:1361) some of the measures required to distinguish between a simple fleeting contact and a tie or linkage indicating the presence of a network, such as shared meaning, values and affect, are only empirically accessible indirectly through the actions and utterances of actors. In one sense, networks are always only analytical constructs, the result of "Network analysts['] search for *deep* structures – regular networks of patterns beneath the often complex surface of social systems" (Wellman 1983:157). That is, the structure is imposed by the analyst for an analytical purpose, in the search for meaningful patterns in the complex web of social interactions. A similar situation applies for the role of networks in everyday life where even when undefined they have lived reality for actors. There are those networks which have become in some way formally or semi-formally defined, organised and maintained. These range from institutions, organisation, and professions to clubs and societies. In these cases boundary processes are codified with rules and regulations covering network membership and even setting the parameters for the nature of ties, although it would be a mistake to conflate these formal codes or rules with the network structures as they operate in practice. As Dalton (1959) reveals, the formal and functional shapes of even bureaucratically ordered networks can be very different.

The many networks, however, which remain largely undefined and unnamed by those located within them are no less real in consequence. Actors do organise or order the complex matrix of relationships and interactions in which they are involved by structuring relationships and interactions in terms of that which is shared, or not shared. The list of these possible bases for network ordering is long, including shared beliefs, knowledge, interests, kinship, social or physical location, ethnicity, gender, characteristics or attributes, even perceptions of shared destiny. These are referred to hereafter as the organisational 'bases' of network orderings. This basis in sharing structures both the nature and the content of the ties that constitute a network and its boundaries. For example, the nature and content of relationships within a kinship network is likely to be very different from that within a professional network. This ordering imparts an operational framework for interactions and introduces a degree of predictability and agreed taken-for-granted elements to the interaction.

Networks, both form and content, are structured and maintained by boundary processes. These are processes of inclusion/exclusion which discriminate between that which does, and does not, belong within a given ordered network, between that which is 'us' and 'of us', and that which is 'they' and 'of them'. As networks are constructed, so they can best be made visible and analysed: at the boundaries. This suggests that much of the analytical substance and explanatory utility of networks is likely to revolve around the issues of how these boundaries are constructed and maintained. At the point where network orderings are being challenged, where they are being defined against other possible or actual network orderings, processes of inclusion and exclusion become most clearly visible, revealing much about the form and character of the network, its composition, strengths and weaknesses. These processes may be actively and consciously pursued or operate through taken-for-granted routinized practice. Ordered network groups may remain poorly defined, even unacknowledged and unnamed, both from within and without, until they are actively challenged and/or required to act collectively. They then emerge, taking on both form and defined content. Two prime examples of this in the twentieth century have been community and family. The increasing preoccupation with defining these as entities arise out of challenges to their boundaries or even their existence.

Dempsey (1990) points out the manner in which small towns use the city in the symbolic construction of their own boundaries. The increasing diversity of forms of kinship relations have had a similar effect on the family. The measure of any defined network in terms of its 'real world' form and the coherence of its organisation rests in the observed operation of its boundary processes. It is revealed in the way that actors within the network deal with the challenges from new ties bringing with them new knowledge, meaning, beliefs and values. That is, ordered networks, be they communities or nations, reveal most about themselves in the manner in which they react to outside forces of change.

This ordering of networks is likely to occur not only across any number of dimensions of sharing, but also across social and physical space at any number of scales and degrees of complexity. There will always be multiple networks network orderings co-existing in any given social space and these will inevitably overlap and cross-cut[6]. Areas of over-layering will result in networks that are more multiplex, and constituent ties that are more multidimensional and richer in content. For example, where the networks of production overlap with the networks of kinship, as they frequently do on family farms, the resulting web of relationships based on interactions between relations of business and relations kinship makes the task of managing both more complex than they would otherwise be.

In some circumstances, network orderings do not merely overlap but are, for all practical purposes, coextensive. This arises from the effects of particularly powerful organisational bases which act to constrain and shape other, less powerful network orderings. By far the most important and powerful of such bases is space. For much of human history, networks have been primarily organised around the constraints of physical space. Such meta-organising processes have two important effects. Coextensive networks mean conterminous boundary processes which take their form from the meta-organising base. This sets up a process of mutual reinforcement, greatly increasing the integrity and coherence of boundary processes. At times this may produce a *gestalt* effect in which the boundary processes exhibit a coherence

---

[6] This will certainly be the case in most network analysis where the networks are either mapped around individual actors or powerful organising bases.

greater than the sum of their constituent parts. As mentioned above, conterminous boundary processes have an effect on network content as well as network form. The greater the organising power of the meta-base, the greater the number of coextensive network orderings, the more densely multiplex the network matrix produced by overlaying network orderings, and the richer the content of individual network ties. These dense coherent network are most likely to be found in areas or groups that have experienced prolonged periods of relative spatial and/or social isolation as in the case of the rural and regional localities or 'communities' Given the importance of 'community' in the traditions of rural and regional life, and an increasing emphasis on 'community' in regional development (see below), an analytical framework utilising the concept of network ordering and boundary processes offers both a way of conceptualising community and framing an examination of the fit between regional/rural networks and those found in globalisation and the global market.

Community

Regardless of how elusive the term may be (Bell and Newby 1971), community remains an important concept in everyday life, especially in rural and regional areas. 'Community' has emerged as a prominent feature of public discourse on the impacts of globalisation on local areas, especially fears about the 'loss' of community under the pressures of globalisation and its importance in local revival (Daniels, Keller and Lapping 1995; Kenyon 1999; National Center for Small Communities 1997). According to Chaskin (1997 :522), "'community' implies connection: some combination of shared beliefs, circumstances, priorities, relationships, of concerns . . . [which] may or may not be rooted in place." This apparently clear and succinct definition in fact still leaves some way to go in pinning down the concept. The crucial point lies in the phrase 'some combination'. This leaves open the question of what 'combination' distinguishes community from other network groupings. The question in a sense is unresolveable, since it involves largely subjective judgements about a point somewhere on a continuum from virtually complete individuality to tight multiplexity. A network ordering approach offers a theoretical framework for constructing this continuum although it is cannot help in making the subjective judgement about the point on that continuum when 'community' is gained or lost. As

Chaskin (1997:522) points out, community is rooted in what is shared, and one way of measuring such sharing is the degree to which network boundaries processes are conterminous and therefore network orderings coincident or overlapping. That is, the level of 'sharing' lies in the extent to which the multitude of judgements about 'us' and 'of us' that constitute the networks of different individuals on different issues and bases, coincide. The more network boundary processes coincide, the more networks overlap, the tighter and more multiplexly interlinked becomes the network matrix. That is, the 'closer' becomes the community.

In the same manner, 'loss of community' can be conceptualised in terms of the degree of disparity in the bases on which spatially grouped individuals are ordering their various networks. High levels of disparity are likely to produce networks which, while clearly having an overlapping centre, have largely non-coincident borders and hence very different shapes. This results in network dynamics that are complexly organised, relatively open, marked by more unitary linkages and highly labile. In contrast, the 'ideal type' traditional rural and regional community is one with very clearly constructed and enduring boundary processes where spatial/geographical boundaries coincide with political, economic, religious, and recreational boundary processes resulting in a well developed sense of group identity in action and discourse. As the impacts of time-space compression are increasingly felt in rural and regional areas there will be an increasing number of actors whose various network orderings no longer coincide with the spatial boundaries of their place of residence. Rural commuters are an obvious example where occupationally based network orderings may overlap very little with civic or friendship networks. The advantage of focussing on boundary processes, rather than talking in the more general terms of what is shared (Chaskin 1997), is that it is possible for the researcher to measure in action what is, or is not shared by observing what is and is not excluded at the boundaries. This can allow for the building of a much more accurate and richer map of the processes of 'community' than categorisations based on global judgements.

It is important to stress that every act of inclusion and sharing brings with it a corresponding act of exclusion and rejection. This is a danger in blueprints for regional development which propose an inward focus on 'community' as the antidote

to globalisation (National Center for Small Communities 1997). The focus on internal resourcefulness runs the risk of excluding important outside options. Baum (1999 :3) makes a similar point in regard to social capital which is rapidly taking over from 'community' in the major discourse in regional development (see Centre for Research and Learning in Regional Australia 1998). While Baum (1999 :3) talks in terms of the 'healthy' and 'unhealthy' forms of social capital the point need not be lost in the value judgement. All of the inclusive processes of social capital, such as trust, cooperation and alliance, have their inevitable flipside in distrust and exclusion of the new, unknown and different. The developmental strengths that flow from cohesive organisation are accompanied by the ever-present danger of excluding important inputs and resources that lie outside network boundaries. This points to the importance in regional development of both the closeness of 'community' and a certain openness in the local network structure which facilitates inter-linkages between the local and wider environment.

Network Organisation in Globalisation.

In order to explore the global-local interface it is necessary to detail more closely the effects and implications of the processes of globalisation and the global market in terms of network orderings. Time-space compression (Harvey 1990) in globalisation has two important network ordering effects: the importance of organising bases other than space increases, and networks orderings become more complexly distributed in social and physical space, more open, less multiplex and with a lower level of boundary conterminousness. Time-space compression greatly expands actors' capacity, and in the case of the global market increases the imperative, to forge linkages and order networks over greater distances, and in ways, which allow them to pursue quite specific shared interests, values and practices largely outside the constraints of space and time. These different network orderings may therefore be widely distributed in space and show little overlap with each other either spatially or in terms of their organising bases. This can lead to a proliferation of narrowly specialised boundary processes distributed widely in social and physical space which lack the conterminousness and coherence of those formed by coextensive networks. Also, with minimal overlap in network orderings the matrix of ties in which actors

are located becomes less densely rich and multiplex. Actors become to some extent disembedded (Giddens 1991), leaving them more degrees of freedom for reflexivity, strategic action and accommodating change. As network orderings become more disconnected the links between them become stretched. In Granovetter's terms there is a growth in 'weak' ties at the expense of 'strong'. Granovetter (1973) points out that weak ties have an important function in bridging network ordering and serve as major conduits of new knowledge, beliefs, values and practices. This is likely to be crucial in a fast changing competitive environment such as the global market. Overall globalisation results in a reorganisation of network boundary orderings into more complex, open and flexible structures.

The rapid development of information technology in globalisation also increases the range of forms that network ordering can take and the media through which linkages can be constructed. This further multiplies both the challenges to established network orderings and the possibilities for alternate orderings. Every challenge to network boundaries, every additional contact coming from outside an ordered network, represents the possibility of disruption of the existing network organisation by new meanings, values, beliefs or knowledge. The task of maintaining exclusionary practices is easiest when the primary medium for establishing ties is face-to-face contact, and that is restricted by constraints on mobility. With the increasing possibilities provided by information technology and travel, the task of maintaining network orderings becomes much more complex. In addition, the effects of time space compression are amplified by hyper-rationalisation and increasing reflexivity. These processes interact with the greater range of opportunities provided by time-space compression to increase the instances of reflexive, calculative, challenge to established network orderings. The combined effects of these processes are the fragmentation of established matrices of multiply based network orderings, especially those whose original underlying base was spatial organisation, into more complex but still highly organised forms.

This has implication in terms of the 'intersection' between the global and the local. It challenges the very concepts of the global and the local as reorganised network orderings increasingly transcend local boundary processes. Globalisation penetrates

the local in many direct and indirect ways and at every scale of social organisation. In addition to the obvious direct effects involving the media and IT, movements of people, and the effects of global competition on local production and employment, there are also the more indirect, but no less important flow-on effects of broad cultural movements and locally taken, but globally related, actions by all levels of government and big business. Few aspects of local life will not be in some way touched by the effects of globalisation. Locality will therefore contain increasing numbers of network ordering which reach out beyond local spatial boundary towards the global, while coexisting and overlapping with locally bounded network orderings. This will have effects on even well established tightly bounded local network orderings. As the flows of new actors, knowledge, beliefs and meanings enter local social space through these new network ordering they will inevitably penetrate the boundaries and transform the nature of the relationships which constitute the most tightly localised network orderings. The resulting penetration of "globalised mental pictures of the social world" (Waters 1995:126) into local social relations will inevitably affect both form and the content of these networks This has important implications for the analysis. It means that adaptation to globalisation is not just a process of certain individuals, such as local producers establishing direct global connections but the much wider one of an opening up and reorganisation of networks and network boundaries at every scale of local social organisation. This opens up multiple direct and indirect flows between actors and a globalised world.

Network Ordering and the Global Market

The specific focus in this thesis on regional economic adaptation means that the major interest in the changing nature of network ordering in globalisation lies in its implications in terms of the fit between network orderings in rural and regional areas and those emerging in the global market. Many writers have commented on the centrality of networks to economic processes (Amin and Thrift 1993; Cooke and Morgan 1993; Luhmann 1982; Sen 1979; Swedberg, Himmelstrand and Brulin 1987). Murdoch (1995:745) states that networks are "now believed to be fast emerging as the dominant organisational form." In one sense, this is a statement devoid of meaning. Organisations have always been about networks. However, what

Murdoch is arguing is that the dominant emerging organisational forms is one based on the management of more complex network orderings and more open, less controlled boundary processes, rather than the tight bureaucratic forms with clearly delineated and closely controlled boundary processes that have typified such organisations in the past[7]. The reasons for the changes that Murdoch (1995) identifies, lie in the changing form and dynamics of the global market and represent an adaptation of organisational form to the demands of the market in which they are competing. These changes in the global market in turn arise directly from the more open and complexly organised network orderings in globalisation.

Chapter 4 identifies the changing requirements for production in a global market which arise from globalisation processes: responsiveness, reflexive knowledge building, flexibility, flexible patterns of cooperation and competition and innovation. Each can be conceptualised in terms of the associated underlying structures of network ordering and boundary processes. All facets of responsiveness are dependent on a degree of openness in network structures and boundaries. The ability to build the wide reaching and eclectic data gathering networks vital for producers seeking to remain responsive to their market are directly dependent on the openness of network boundaries. Where networks are conterminous across a range of organising bases, processes of exclusion will be similarly widely based, constraining the building of the weak linkages into the wider environment that are essential for the transmission of novel information. This is likely to be a particular problem for rural and regional areas with their dense network orderings. Wellman (1983) argues that there are finite limits to network 'load' – that is, some product of number and intensity of linkages - that any individual can maintain. This would mean that the attempt to structure more wide reaching networks will entail some disruption to longstanding multiplex ties: "Finite limits operate so that involvement in . . . densely knit clusters entails the loss of other ties"(1983:174). This raises the risks and likely costs of forging new linkages.

Reflexive knowledge building is also likely to be hampered by dense network structures, and facilitated by more open and complexly organised network orderings.

---

[7] Hence the increasing use of the verb 'to network' in business discourse.

Reflexivity and the incorporation of new knowledge, meaning and practices are likely to prove more difficult when actors are deeply embedded in networks composed of tight and multiplex linkages. It becomes more difficult to objectify aspects of social structure, to disentangle issues and to accommodate change. Similarly with flexibility and innovation, where actors 'investment' in established network orderings raise the potential social costs of change. Lastly, the shifting patterns of cooperation and competition found in the global market (Amin and Robins 1990; Gertler 1992) both indicate, and require, more open complex network orderings. They provide both the flexibility and the experience necessary to manage, linkages whose form and content vary across time and issues. The global market is characterised, above all, by rapid and continuous change. It is therefore important that the approach used in exploring regional/rural responses to the global market is one that is able to support an analysis of change. A methodology focussed on network boundary processes is well suited to this task.

Change

Change is first met and felt at the contested space of network boundaries as views of what is 'us' or 'of us' are challenged. Any transforming effect of change is dependent first on 'getting around' processes of exclusion that constitute network boundaries. The degree to which boundaries are conterminous and networks coincident will have a large bearing on this. Where multiple boundaries, based on different network orderings are conterminious due to the effects of higher level organising factor(s), the processes of exclusion will be more broadly based and coherently organised, making penetration more difficult. This can be balanced somewhat by a certain 'Trojan horse' effect in that the dominance of a small number of powerful boundary organising factors can, in themselves, act as conduit for change. Acceptance may hinge on 'measuring up' on only one of these major factors allowing entry into a network. Once a new actor gains entry into a network ordering, regardless of the basis of that entry they bring with them new knowledge, values and beliefs that otherwise would have been excluded. They also bring with them into the group new network linkages. As actors move between groupings of network orderings they will carry with them, to varied extent, their ties to previous groupings.

These will be stretched and weakened by the move but, as pointed out above, these 'weaker' ties have important bridging effects (Granovetter 1973). Actors who are less deeply embedded within locality not only open up local networks but, following the arguments below, they will be better placed to facilitate responsiveness to change.

The internal structure of network groupings also has implications for change. The more tightly organised, multiply inter-linked and inter-dependent the network matrix, the greater the ramifications of those changes which do penetrate with the effects spreading quickly and widely with little chance of limiting or isolating them. This means that while the powerful boundary processes of traditional communities make them resistant to change they are ultimately more vulnerable to major disruption when the forces of change do penetrate. On the other hand, where there are multiple non-coincident network ordering and boundaries, as there are in the global market, the loosely complex organisation allows for multiple points of entry for new ways of seeing and doing. The more complexly organised network matrix with less inter-linking will also be better able to accommodate change by limiting or quarantining the effects to a small number of network orderings. For example, for actors whose business, social and political networks cover quite different domains, a change in business fortune will be of less import than if the three networks were coincident. This means that areas whose network forms are less tightly but more complexly organised will not only be more accepting of change but that it is likely to occur in a way that is more incremental and controllable than catastrophic.

Adaptation to changes flowing from globalisation is an ongoing rather than one-off accomplishment. Globalisation represents a significant and sustained challenge to network boundaries and the bases for network organisation. It requires continual adjustment and flexibility in maintaining and managing increasingly complex open network orderings and increasingly rapid change. As argued in Chapter 4 in regard to 'hot spots'(Pouder and Caron 1996), despite globalisation, there remains a tendency for network orderings to consolidate over time and repeated interaction. This is likely to be the situation in many rural and regional areas which have often had long

periods of relative social and geographic isolation in which to consolidate their network orderings.

It is important to emphasise that any argument about the adaptive potential of more open network orderings is not about total fragmentation of networks. A certain level of coherent organisation of network ordering is essential to develop trust, identity, shared meanings, routinisation of some aspects of social interaction and for cooperative enterprise. Also, a rich array of overlapping network orderings can exist within a given social and/or physical space without promoting the sort of density and closure that stifle learning, responsiveness and flexibility. As long as these orderings are not coextensive and their boundary processes are not conterminous they can provide multiple bridges, the 'weak' linkages (Granovetter 1973), into the wider environment. The more such network orderings that coexist within an area, the greater the likely integration between global and local.

Propositions

The focus of the thesis is the interaction of global market processes and local network organisation. This is prompted by the problem that many rural and regional areas appear to having in maintaining economic viability and vitality in the face of globalisation The preceding analysis suggests that part of that problem may lie in the differences in network structure between rural and regional areas and the global market. The global market is characterised by openly ordered networks whereas rural and regional have, traditionally been associated with more dense network orderings. The following chapters therefore use data collected in two rural and regional areas to explore the ways that globalisation and the global market are worked out in a number of local contexts, and the implications of this for local production. The analytical task is framed in terms of exploring three propositions which emerged in the study:

Proposition 1. Communities and industries facing the external challenges flowing from globalisation have two broad choices; either a protective strengthening and withdrawal behind local boundaries or full active and strategic engagement with globalisation and the global market.

Proposition 2. In many rural and regional areas, the persistence of densely organised network orderings defined by tight, broadly based boundary processes constitute an impediment to local producers' efforts to compete in the global market.

Proposition 3. While the processes of globalisation and the global market are resulting in the reorganisation of local network orderings into more open forms, the 'local' and 'place' remains the principal organising bases for network orderings in these areas.

Proposition 4. The family farm, one of the most sharply defined and enduring dense network orderings in rural areas, and the dominant production unit, is also one of the aspects of rural and regional life and economic viability under greatest threat in globalisation.

Identifying Boundary Processes

The argument, thus far, has been couched in terms of both network structures and network boundary processes. However, the data gathering and the analysis in the following chapters focus primarily on boundary processes, with less attention to internal structure and processes. There are three reasons for this. Firstly, the detailed mapping of anything more than very small and tightly defined networks rapidly becomes too complex to be analytically useful (Wellman and Berkowitz 1988). The thesis focus requires taking a much broader view of networks in the study areas. Secondly, detailed mapping requires quite tight *a priori* specification of the boundaries of the network to be mapped whereas the thesis focus requires that, as much as possible, network boundaries be allowed to emerge empirically. Some level of network definition is, however, unavoidable if the study is to have a manageable focus. The study areas were defined in terms of LGAs for the reasons outlined in Chapter 1. However, they serve as an orienting, not structuring device. The study starts with the minimum of assumptions about the degree to which the highly visible or externally imposed boundaries that define LGAs coincide with how these boundaries function in practice. The major interest lies in identifying the shape, in

effect, of the various network orderings that have their anchoring within the LGA, but that are not necessarily themselves defined by the LGA boundaries.

Lastly, the huge data requirements for a full mapping of the internal structure and content of networks in the study area would not be justified by the additional explanatory power it would provide. There is a close correlation between the internal processes in networks and their boundary processes and much about one can be deduced from other. They are two faces of the same coin. In fact, since network orderings are dynamically constituted by their boundary process, distinctions between internal and boundary process are somewhat false dichotomies. All of the 'network qualities' discussed in reference to the global market such as free knowledge flows, reflexivity, flexibility, innovation, complex coalitions and alliances, are not properties of networks *per se* but of network ordering boundary processes. For example, in conditions of low flexibility or low innovation, the rigidity are not so much in the internal structure of the networks as in the ways in which boundary processes are tightly organised to exclude alternates in linkages, action, meaning or values. Above all, the density and multiplexity of network ordering are defined by the breadth of their processes of inclusion/exclusion, that is the range of bases defining belonging, and not belonging. The analysis, therefore, is principally focused on empirically identifying processes of exclusion/inclusion in the study areas. It seeks to uncover their organising bases, their operation in the management of network ordering in the face of the boundary disorganising forces of globalisation and their role in adaptation, or lack of adaptation to globalisation.

The exploration of processes of inclusion and exclusion within an area requires data that are both rich and quite widely encompassing. The data collection for this study therefore required a multi faceted approach through, as detailed in Chapter 1, in-depth interviews, the analysis of textual material generated within the area and extensive participant observation. The data collection was used to explore actors' views about the place of their communities and their industries in the wider world, and the ways in which the actors themselves were linked into that world. The focus

throughout was on the ways that actors[8] constructed their networks by discriminating between the actors, knowledge, beliefs, values, and practices which 'belonged' within their networks and those that did not, between that which was their 'business' and subject to attention and action, and that which was not, and between those linkages or ties made and/or maintained and those that were not.

Qualifying the analysis.

Three further issues require clarification in order to place the following analysis in context. Firstly, there is an underlying assumption in this work that, because of the width of the spread and depth of the penetration of globalisation and the global market, rural and regional areas do not have a choice as to whether they will be involved in either; they inevitably are. The economic consequences of the particular nature of that involvement is an empirical and analytic question for the thesis. Secondly, the following is not a critique of business or production practices in the study areas. It is not possible even if it were desirable - which it is not - for an analysis such as this to make valid judgements about the technical skills and practices, efficiency and/or work ethic of producers in the study areas. Where these matters are raised they are reported as encountered, as far as possible without judgement. Neither is the analysis of processes of exclusion a judgement on whether these are 'good' or 'bad' in themselves, but rather an exploration their effects in terms of overall global market performance. This point is important because part of the task of the thesis is to unpack some of the value laden terms that are sometimes put forward as being explanatory in discourses on regional/rural problems of adaptation: conservatism and parochialism on one side and community and rural values on the other. Far from being explanatory, the use of these terms can hinder attempts to uncover the processes that underlie resistance to change.

Lastly, it is highly unlikely that the analysis will be reveal any simple relationship between network openness and economic vitality, either within an area or within an industry. Global market performance is dependent on such a multitude of interacting factors, operating at all levels of social organisation, from the global to the

---

[8] See Chapter 1 for the rationale behind the choice of subjects

individual, that the effects of any one will likely be outweighed by the combined effect of others. In terms of local government areas, network processes are only one factor among many arising from particularities of geography, history and industry mix. On the wider scale, the effects of local structure and action will often be far outweighed by economic, political or cultural forces operating on a national or global scale. The large number of uncontrolled and uncontrollable variables mean that simple comparative measures of economic performance do not necessarily constitute an adequate test of the argument, especially at anything below state level. Network openness, if it is a factor in rural and regional economic vitality, will only ever be one factor among many. While it may prove necessary, it unlikely to ever be sufficient.

Summary Section 2

Although much of the analysis in this study focuses on networks, the methodology does not include formal network analysis. Such an approach is unsuited to the task at hand. Detailed formal mapping of networks would require a very narrowly focussed approach concentrating either on a very small number of actors or a highly restricted range of network ties whereas the work looks to a wider view of the social structures and processes in the two case study areas.

Rather the study draws on two concepts from network approaches. Firstly, it follows Wellman's definition of a network approach in 'posing questions and searching for answers in terms of structured connectivity'(1983:172). That is, it looks for explanation for social phenomenon in terms of the underlying structures of social relations rather in the characteristics of individuals (Burt and Minor 1983:9). Secondly, it focuses on boundary processes, the processes of inclusion and exclusion that ultimately determine the underlying form and function of the 'structured connectivity' that constitutes networks. While boundary processes are a frequent implicit presence in network approaches, they are less often the explicit focus of analysis.

The major processes underlying globalisation are associated with the disruption of long established boundary processes and their reorganisation into more complex, fluid and spatially dispersed forms. This is the result of greatly increased possibilities for establishing connections and transcending established boundaries to interaction. In many cases, such as in production and marketing, opportunity also becomes imperative. The transformation of markets in globalisation render wider, more eclectic network orderings with relatively open and fluid boundary processes, virtually a necessity for survival for all producers, even those in relatively isolated rural and regional areas. This study, therefore, is focussed on exploring some of the limits or boundaries to social connections in production and marketing in the case study areas. That is, to test the degree to which actors within these areas have been able to transcend tight local boundaries and begin to build the wide-reaching networks necessary to sustain a place in the global market. While the interest is primarily on networks associated with production, networks conterminously ordered around a variety of bases are inextricably intertwined and interactive. This necessitating a broader focus.

The exploration of boundary processes, even in the informal manner used here, inevitably goes so way to elucidating the structures and the process of the networks defined by those boundaries. By looking at connections made and not made, at processes of inclusion and exclusion, the study also provides some insight into the underlying density and interconnectedness of local network ordering albeit in an indirect and incomplete manner. The major concern in the following, however, is not with a formal mapping or analysis of the networks within the study areas but with the nature and form of the linkages between the local and the global, especially in the areas of productive activity and governance.

Section 3: Regional Responses

Responses to the challenges of globalisation and the global market vary between a protective strengthening of local boundary processes on one hand, and open and strategic engagement on the other.

Chapter 6: Space and Place

Changes associated with globalisation are beginning to erode, albeit still very
unevenly, the network organising power of time and space. This process results in
the freeing up of social interaction from the constraints of geography, allowing more
complex ordering of networks in social and physical space. While networks and
boundary processes in the study areas are become more complexly organised, space
and geography remain powerful bases for the organisation of social networks in these
areas. The following chapters argue that the persistence of these tight network
orderings represents both a response to the disorganising effects of globalisation, and
a significant impediment to rural and regional efforts to maintain economic vitality in
the face of the global market. It is not possible to frame a complete analysis in terms
of spatial network orderings. Network orderings rarely involve a single organising
base, even in globalisation, and the inevitable overlaying of various network
orderings within the same broad social and physical space makes the task of isolating
one network ordering from the mix, even analytically, extremely difficult. In
addition, social space is complexly and continuously constructed and reconstructed
through an interaction between physical geography and social process, especially
historical process. Despite all of this, with few exceptions, those interviewed
appeared to find space and geography unproblematic bases for processes of inclusion
and exclusion, and as definers of a range of social categorisations.

Dairy Flats

By Tasmanian standards, Dairy Flats is a reasonably isolated community. It occupies
a far corner of the state, a five hour drive from the state capital and over an hour via a
single lane highway from the nearest city of any size. Travellers are forced to share
this road with a very large volume of freight since, although it is part of the area that
produces 65% of the state's vegetable production, is home to 60% of its milking
cows (Australian Bureau of Statistics 1998b) and is a major timber producer, it has,
in the last twenty years, lost both its rail link and its port. These developments,

however, do not explain the degree to which the concept of isolation shapes the community's view of itself and its place in the world. Nor does the traveller's experience of Mount East, a rather modest set of low hills that mark the road boundary to the LGA, equate easily with the prominent role they play in the boundary processes of the area. The sense of being separate, isolated, forgotten, neglected, and exploited by the rest of Tasmania permeates local discourse and identity. Mount East occupies the role of protective barrier against an uncaring outside world: 'They used to say that Mount East was the greatest thing ever. We probably should put a gate across it and not let anyone in or out' (JD logging contractor - said in only half jest); 'Mount East defines our isolation . . . We've always had to cope because we've always been isolated' (KC dairy farmer).

The concept of Dairy Flats as a distinct social entity, a community, and a homogeneous identity is never questioned. Identity is always articulated in a narrative form shaped by this perceived physical and social isolation and a history of hard-won gains from the land. These stories are constructed around a pioneering past, perceptions of being left to fend for themselves by the rest of Tasmania, especially by government, and two strong religious bases (Catholic and Brethren). They portray, and appear to reflect, a community that is supportive and caring of its own, fiercely independent and self-reliant; that is, a community determined to make its own way, in its own way, in a world that has little it can offer it:

> There is a definite Dairy Flats mentality which appears as you come over Mount East. Maybe it's the yeoman farmers: "There are no silvertails among us. We cleared the bush the bloody hard way. We are independent and 'can do' but I wouldn't tell the fellow over the hill I can, or go and see how the other half lives. Quite happy on my own. Don't challenge me with the hard stuff, I'm doing quite well and I'm happy" (HT former dairy farmer).

This boundary can be hard to penetrate as both born-and-bred locals and incomers repeatedly testify:

> People will be accepted but it takes a while to become part of the tradition. Pioneer families regard the area pretty much as theirs. . . Most small isolated communities are the same, they generate their own social fabric and it is hard to penetrate (FJ – born-and-bred in the area and returning after outside career).

For those coming in, it can take a long time to become a local. Incomers mention time-spans varying from twenty years to never. This is a community in the traditional sense of the word with a high degree of overlap of network orderings and highly organised conterminous processes of inclusion/exclusion.

From the point of view of the main arguments here, this would appear to be the polar case of globalisation-unfriendly network processes. This is supported by arguments below which identify significant impediments to global engagement arising from these powerful spatially organised boundary processes. However, there are also significant mediating factors. The particular combination of historical isolation, a natural environment rich in economic and recreational resources, and almost unbroken economic prosperity – arising largely from a rich agricultural resource of good soils and congenial climate – have produced in Dairy Flats an energy and a confidence in its capacity to control its own fate that has thus far allowed it, within the limits of tight spatial orderings, an unexpected innovativeness and flexibility. This introduces another factor that must be considered in the study of change: the cushion for failure, be it economic, political, cultural. Dairy Flats has shown that it has the internal resources to weather such external challenges as it has so far faced.

However, Dairy Flats has yet to be seriously tested by globalisation. It has not had to face the sorts of serious global impact on its industries that have severely damaged Orchard Vale's economy. Its relative isolation has, so far, also largely protected it from the social disruption of large population movements and loss of services that are impacting on so many regional rural areas in Australia (House of Representative Standing Committee on Primary Industries and Regional Services 2000; Human Rights and Equal Opportunity Commission 1999). There are, however, signs that challenges from global market forces are mounting on a number of fronts. The three mainstay industries, dairying, forestry and vegetable production, are all increasingly vulnerable to cultural and/or competitive pressures that have their origins in globalisation processes. Dairying and vegetable production are coming under increasing commodity price pressures which producers say severely threaten the viability of many of the area's farms. Forestry is threatened on two fronts: global price competition and environmentalist pressures on forest management and export

practices. Although producers are certainly well aware of these pressures themselves, the problem is couched largely in terms of local-versus-the-world. This preserves, in perception at least, the integrity of the local boundaries. There is little acknowledgment of the inevitability of the interpenetration of the local and the global and the importance of defining the problem in less bounded terms. This reaffirmation and strengthening of local boundaries as a response to globalisation and the global market, is delaying the full impact of change, but could well mean that when the magnitude and pace of that change finally exhausts local resources and capacity for internal adaptation, the results will be, as in the case of the Orchard Vale apple industry detailed below, a traumatic and substantial disorganisation and reorganisation of local network structures.

Two other mediating factors also come into play when considering the role of Dairy Flats' spatial boundary processes, both of which concern the role of weak ties. The importance of weak ties in forming bridges between network orderings (Granovetter 1973) is introduced in Chapter 5. The data reveal two factors to be taken into account when assessing the effectiveness of weak links in forming bridges into the global market. The first is the positioning within local networks of actors who possess significant weak links outside the area. The major mediators of change and adaptation are those who not only possessed links outside of the area but who, because of their particular positions of prominence and influence within the community, are able to act as effective disseminators of new knowledge, beliefs and practices and as catalysts for change. These are mainly professionals, who have been socialised and/or educated outside the area, and who have moved into senior positions with companies within the area. Inevitably, these individuals end up with more open networks spanning both their past and their present social/spatial locations. For example, PO is a sixth generation beef farmer who stood out among his colleagues for his grasp of the need to be informed and reflexive and for an understanding of his industry within the global context. He attributes this principally to one individual, an incoming professional: "RM gave me untold help. Not much he doesn't know and he's very sharp. I learnt a tremendous amount off him".

The second concerns the direction of weak-tie bridges; that is, the nature of the network webs into which the weak ties provide a linkage. Because Dairy Flats is so far removed from its state capital it relates more closely to Melbourne, a much larger city on the Australian mainland. Melbourne's broadcast media are clearly received in Dairy Flats and local residents can, and do, travel to that city relatively easily and cheaply by plane:

> [This area] has always related to Melbourne. Hobart is totally irrelevant. Even in the old days people took boats to Melbourne, listened to Melbourne radio and TV, followed Victorian football. Every Tom, Dick and Harry goes over to Melbourne for weekends during the year. Even those not well off. No one goes to Hobart (RG health professional)

Even allowing for a degree of overstatement, this is an often expressed sentiment. The ramifications for such an identification are substantial. Melbourne is a gateway to the mainland market, headquarters to many of the most significant MNCs operating in the country, shares with Sydney the role of Australian financial centre and is ranked by Germain (1997) as a third tier global financial centre. Network connections that reach north into Melbourne networks offer considerably more scope for adaptive connections to the global market than intrastate connections. This raises the issue of the social construction of distance. Regardless of technological advances, distance still matters in economic development. This is clearly shown in the large disparities in economic performance between peri-urban and more remote rural and regional areas in Australia (Haberkorn et al. 1999). This is not, however, a simple issue of physical distance but a complex product of historical experience, the time, cost and convenience, and the purposes and rewards of travel.

It is an area in which Dairy Flats and Orchard Vale have different advantages and disadvantages. Dairy Flats is isolated from state networks and the distance to the nearest urban centre means that it does not attract the flow-on benefits that peri-urban areas enjoy, such as services provision to the larger population, and significant number of new settlers seeking the lifestyle advantages of rural life. This is balanced somewhat by proximity to the much more extensive markets and connections available within Melbourne in particular, and the mainland of Australia in general.

For Orchard Vale there are the advantages in having close linkages into the state capital in terms of access to government and the institutions that congregate around a state capital, and in attracting those seeking a rural lifestyle. The latter contribute substantially to the area in both economic and social terms (see below). On the other hand this close relationship can encourage a degree of dependency on government and add one more bureaucratic link in the connections between local and global. In addition the geographic isolation from mainland markets means a substantial freight penalty on local production.

Orchard Vale

Spatial boundary processes in Orchard Vale present a very different picture from those in Dairy Flats. Although now only separated from the state capital by some 35 kilometres of good road, for much of its history Orchard Vale's connection to the capital was by sea or a half day trip on a narrow, winding, mountain road which was sometimes impassable in winter, making it historically hardly less isolated than Dairy Flats. Despite this historical isolation there is little trace of the coherent spatial boundary processes evident in Dairy Flats. While Orchard Vale is certainly a recognisable entity both inside and outside the geographical area, this is much more contingent than in the case of Dairy Flats. It rests largely on three factors: the geography/environment; the apple industry; and the 1992 council amalgamations. Orchard Vale, with its extensive native forests and picturesque orchards and waterways, has for many years, though less so in recent times, been an icon for the overall natural beauty of the state. Until the collapse of the apple industry in the mid-1970s Orchard Vale was also renowned for its orchards. Tasmania's international reputation as the "Apple Isle' during the middle years of the 20th century flowed mostly from Orchard Vale's role as Australia's leading international apple exporter. Lastly, the 1992 forced amalgamation of the three councils covering the area has led to a bureaucratic campaign to construct a single coherent identity. It has met with only limited success. There is much less tendency in Orchard Vale to talk in terms of the area as a whole, and no sign of a clear defining boundary equivalent to Mount East despite clear geographical candidates.

The boundaries at which Orchard Vale ends, and identifiable adjacent areas begin, are reasonably poorly articulated, both socially and geographically. Vale residents move freely in and out of the area for work, education, commerce and social activities. The relatively easy access to the services, amenities and job opportunities of the nearby capital city has broken the link between physical and social space. It is possible for individuals to choose the advantages of living in the physical environment of the valley without necessarily immersing themselves deeply in local networks. This, does not necessarily mean that they do not participate fully in many aspects of local social life, but that their networks are much less closely ordered around local place. This provides them with a much higher degree of openness and flexibility in processes of inclusion/exclusion and more open access to new ties, knowledge and meaning than is available to Dairy Flats residents. The effects on local networks orderings of very wide range of incomers (those seeking alternate life-styles, retirees, commuter and lower socioeconomic groups in search of cheaper housing) have resulted in an area with much more complexity of network organisation and economic activity than in Dairy Flats.

These more open and complexly organised spatial boundary processes, appear better suited to global market dynamics than those of Dairy Flats. Yet Orchard Vale, in contrast to the former, is very economically and socially depressed. However, there are at least four factors, which in almost a mirror image of the Dairy Flats case, explain the lack of an economic expression of the network structure. Unlike Dairy Flats, Orchard Vale has met with the full force of global market processes and has long ago exhausted any cushions it may have had against those forces. The two industries on which the area's wealth was built, fruit growing and timber processing, have both been badly affected by global processes in the last twenty five years and, again unlike Dairy Flats, the geography and soil of the region severely restrict alternatives. This leaves little margin for error in flexible and innovative practices at a time when they are most required.

While Orchard Vale has a substantial incoming population these are, in the main, people whose interests in living in the area are more cultural than economic. This is in marked contrast to the small influx of New Zealand dairy farmers into Dairy Flats

in the last five years whose impact on the local industry has been considerable . The Orchard Vale incomers with an interest in the economic development of the area are focussed more on small scale, environmentally sound production than on large scale employment creation. While this promises much for the future of the area, it has minimal economic impact to the present. On the other hand these incomers have brought with them strong links into the global environmentalism with major consequences for the local forestry industry[9]. However, two of the three major economic generators in the region, the very old but substantially restructured apple industry, and the very new and rapidly growing aquaculture industry do, as shown below, provide strong support for the open network thesis.

There is a further factor that provides a stark contrast to Dairy Flats. While there might not be a strong Orchard Vale identity there is a very strong expression of individual town identities fuelled by very different social, religious, and economic histories as well as their geographic separation. That is, tight dense network orderings persist within the more open overall structure. Historical enmities and rivalries have set up an enduring dynamic that troubles attempts by the LGA to function as a collective actor:

> To me Orchard Vale starts at X Street [the capital city gateway to all southern
> regions]. There are problems with the two sides of the river, they don't want to
> work together, argue all the time – crazy. The main interest should be to get the
> people [tourists] into the south. (KX locally born and bred tourist operator)

The same dynamic is echoed at another level within the towns themselves, as the long-term locals and incomers jostle over space, power, identity, and future directions. These rigid multiply constituted boundaries-within-boundaries are cited by many, not just in Orchard Vale and the tourist industry, but in the state and industry in general, as an impediment to the formation of the sorts of dynamic patterns of cooperation and competition needed to compete as an effective actor in global markets. The disorganisation of boundary processes as found in globalisation allow for multiple quite tightly but not richly constituted network orderings to coexist across different bases and contexts within the same social space. As discussed in

---

[9] At the time of writing, a major confrontation is developing in the area between proponents of a new timber production unit and environmentalists.

Chapter 9, this can result in the transformation of rigid conflicts and rivalries into creatively transforming energies. This form of network reorganisation in an area such as Orchard Vale would allow, for instance, rivalries born and acted out in sport as many of these are, to remain there, existing side by side with patterns of cooperation in other areas and on other issues. However, the process of de-coupling these different network orderings has a long way to go in Orchard Vale.

Where Dairy Flats' isolation results in a self-reliant, 'can-do' community, Orchard Vale's close historical ties into the seat of government and big business appears to result in a certain fatalistic dependency and negativism. The term most often used by those inside and outside of the area is 'depressed'. While this refers partly to the economic health of the area, it is also used in the sense that the area as a whole lacks social vitality. HZ in discussing the problems of holding incomers in Orchard Vale refers to the "inward looking negativism, despair, you know, which is deep in the community. I think it is long and deeply rooted". It is exemplified in the reactions of two prominent agricultural producers to initial phone interviews. One – who consented to full interview – comments that he could save a lot of interview time: "Basically, the place is stuffed" (ND orchardist). The second refused to be interviewed on the grounds that it would be a waste of time because nothing could be done to arrest the economic decline of the area (XN farmer). A more considered comment comes from a businessman and civic leader who describes the area as:

> treading water and waiting for something to happen . . . They have an attitude
> that the Government should do everything, or the council should do everything,
> people just have dependence and there's a tendency in politics . . . to try and do
> that to people or promise it to them instead of self-help – of then using self help,
> there's been a 'we'll-look-after-you' type of attitude and I don't think that been
> good for us (JE).

This attitude also has a basis in the historical practices of the apple industry where the multitude of small family orchards often became locked into dependency arrangements with the large exporters and processors who advanced them the money to cover production costs to be redeemed against the sale of the eventual crop. This locked them firmly into one company:

> If you read the 1913 commission into the fruit industry you can sense this very strongly where Henry Jones [a major exporter and fruit buyer] is a witness and people say to him 'Some people think you are a bit of a prick and some people think you are all right. How can you explain yourself? When they put this question to other people they say 'Well if I owe Henry Jones any money I couldn't afford to say anything but since I don't, I think he's a shit' (HZ retired academic).

These close ties, building over long association locked individual producers into tight structures and left them little room for freedom or flexibility in the way they ran their orchards. When the crash came in European apple markets in the late 1960s, most were found wanting in all the requirements of the new emerging market. They had few, if any, independent sources of market intelligence and little contact or rapport with their traditional consumers, let alone those in emerging Asian markets. They were locked into varieties, techniques and export arrangements that left them no room for flexibility.

Even the theoretical advantages of the close intertwining of boundary processes between Orchard Vale and the state capital are not clear-cut in terms of global connections. They rest on the assumption that this represents the best path into global processes and opportunities. This is not a safe assumption. The boundary transforming processes of globalisation are so profound that hierarchically structured pathways lose much of their relevance. They can be easily and effectively bypassed by direct linkages into markets. It is the producer who speaks directly to the customer who has the advantage, not the producer who works through structured hierarchies: "We have our own 7 man office in Japan . . . only one other Australian owned food company has got an office in Japan. Crazy!" (MT Manager).

Constructing Community

There are a number of ways in which spatial orderings manifest in the data and some of these are explored in the following chapters. However, two which have more specific spatial references are considered below. They are the conscious construction of community, and local government. Community, in one sense or another, is

omnipresent in the data. The term as used here reflects the understandings found in the field, rather than the strict analytical use explored in Chapter 5. 'Community' is the way in which local belonging is most likely to be articulated and it provides the framework for the stories that interviewees tell about themselves and their area. There are, however, instances where community is a more conscious and deliberate creation. These generally involve a mixture of lifestyle and quasi-economic issues, as actors seek both to rekindle or create an image of 'traditional' community, and to sell that community to visitors. In both cases it is possible to trace global connections into the local.

Orchard Vale has a very significant 'incomer' population that can be characterised in terms of three broad groups: retirees and semi-retirees; 'alternate lifestylers'; and professionals and semi-professionals with well developed environmental and social concerns. There is considerable overlap between the groups and they all share in a common quest for a 'better' lifestyle. Of the three groups, the retirees are generally less likely to build significant local network orderings, or to be heavily involved in civic life. Many leave the area after a few years, as the separation from lifetime networks of kinship and friendship eventually exerts a stronger pull than attractive scenery and peaceful country life.

> The real estate agents think that they are all right because they come for about
> three years and then want to sell up and go again, so they get the sale both ways.
> They miss their families. The family is always going to come and visit them.
> They come a couple of times and then they can't be bothered or it's too
> expensive or whatever, so they pack up and go back to the mainland. (ND
> Orchardist)

The term 'alternate lifestylers' refers to those who are seeking to build a self-sufficient lifestyle with a minimum of the trappings of modern life. These people are scattered on small lots or settlements throughout the more remote areas in Orchard Vale. In general they are not well integrated into local network orderings and confine their community involvement to alternate cultural events and environmental activism.

The last group is of particular interest for two reasons. Firstly, they bring with them network orderings that reach well outside the area. Most possess some form of post-secondary education, many come from Australian mainland cities and many commute daily to city jobs: "Forty percent of people in Orchard Vale, at least that percentage of people, travel to work in [the city] . . . so there is tremendous commuter traffic (HZ Small businessman). In addition, this group forms the backbone of an active environmental movement in the area with direct links into global environmental movements. This in turn has brought the global very much into the world, not just the of forest industry itself, but also to the many long-term locals for whom forestry is a large and integral part of the history and identity of Orchard Vale. KX, a tourist operator and former activist talks of his involvement in environmental protests in local forests:

> I became concerned about my valley. I didn't have the money to move so
> decided to apply [my concerns] to my own backyard. I was involved in the
> forest. Very high profile at times. . . It was very hard going. We even had people
> with guns looking for us. I thought I should go to Japan where the [wood]chips
> are going to make them aware. There was a full welcome committee of Japanese
> environmentalists. I addressed gatherings. I supported their issues and they
> supported mine. I also talked to the forestry industry and got a good response.

KX, who is now very involved and accepted in the mainstream civic life of the small town in which he has settled, provides an example of the second point of interest with this group. They are among the most widely represented and active in what might be called the community development strand of civic life. An analytical distinction in made here in terms of three broad strands of civic life: local politics, the traditional sporting and service clubs, and community development. The first in covered below. The second, dominated by long-term residents is focussed primarily on the improvement of infrastructure and facilities for the area's residents, particularly in the area of elderly care, medical and emergency services and sporting facilities. This is community in the sense of 'looking after our own'. It operates strictly within the boundaries of local place. In both areas there is a very long history of this, especially in Dairy Flats, although there is a widespread concern about waning interest: "I'm still in Rotary but it's very weak. It's gone from 40 down to 20 members . . . the club

is too old" (HI Retired baker). One reason is declining interest among the young. Many of those who would previously have formed the backbone of such groups move away for education. Those who stay are no longer confined to the local area for their social life. Even in Dairy Flats, young adults readily travel out of the district for an evening's entertainment. Other reasons can be identified in the continuation of the quotation from HI:

> We have a problem – 60% of the businesses are run by women. That has
> happened in the last ten years. Rotary changed its rules to allow women in but
> [local] hardliners excluded them so they went to Soroptomists. Others
> approached are not interested. Because they are too busy for weekly meetings.
> Small business is under a lot of stress. It was a social club but you've got to have
> driving force members who get done what has to be done. We're not getting the
> women. Many blokes are blind to the fact, they think women belong in kitchen.

This highlights an important point about looking for the global in the local. Direct connections across large distances by electronic communication and travel are only one, and perhaps not the most important aspect of the connections between the global and the local. The global penetrates the local, and is resisted, in myriad aspects of daily life in the local area. The changing role of women in local contexts reflects the local operation of global movements, and the exclusionary resistances to those changes reflect boundaries to the global. Similarly the pressures on small business are not a local, or even a national process, but the end link in the chain of the global market penetration of the local.

To return to KX, the incomer group of which he is a member is heavily involved in a third strand of civic life: community development. This has both an inwardly focussed community construction aspect, and an outwardly focussed promotional aspect, with economic overtones. The building of local infrastructure in this case is primarily concerned with the public face of the community: streetscapes, public spaces and artwork, and the promotion of local small business and niche products. Because of the age of this group, any local focus on local amenities and welfare are more likely to be concerned with the young than the elderly. These activities have at least three goals: enhancing the 'community' environment and culture for locals,

attracting tourists and new residents, and the stimulation and support of
environmentally friendly local enterprise. These groups are almost unanimously
opposed to large industrial development and see the future of Orchard Vale in a
complex and flexible mix of small production units working closely together to
produce, process and market niche 'lifestyle' products. This is very much against
prevailing local sentiment which, after a long history of large industry as a major
source of employment, looks to a new industrial facility as the only real hope for the
future. This issue clearly marks a divide between the long-term local and the
incomer.

Three localities in particular, one in Dairy Flats and two in Orchard Vale have are
testaments to these processes. In each case incomers who have moved into an historic
settlement in substantial numbers have been active in improving the overall town
presentation, expanding the cultural aspects of local life and establishing attractions
and support services for tourists. While in each case there are local tensions between
incomers and long-term residents, the results have generally been an increase in local
economic and social vitality which is shared in by most whether born and bred or
incomer:

> They're well educated and articulate and passionate and the older community
> here is not used to that kind of overt emotional commitment. . . . So you find,
> well I've found anyway, that the older D. people are often circumspect in their
> opinions. They can keep them quite private and that's judicious [in a small
> community]. The greenies have come in and deliberately stomped on some
> sensitivities and when I suppose you are thinking about change, global change
> and the effect on rural communities, I think it is the degree to which people push
> the change in the face of sensitivities that cause the whole paradigm to shift
> Interviewer: Have they increased town vitality?
> Well it's increased schisms but then I think that's life. I think that any change is
> stressful but that's part of it, a vital factor in our eyes (LN Small businessman).

The same informant reports that the town of D. is in its second wave of such
incomers' with the first wave now settled into the wider fabric of the community

> They were pretty much movers and shakers in the seventies and local
> community activists, that sort of thing. They're still here but they've got tired
> somehow. When people came down in the early seventies they found this little

local council. I mean I can remember really well the topic of conversation was 'how soon is it that we will get a majority of new people onto the council?' (LN).

LN, like a number of others, expressed concern that the influx of commuters was a detriment to the maintenance of community: "The more commuters you have living in an area, and not working in that area, the less of a community atmosphere you get. People have got divided loyalties when they go to work" (LN). Yet these groups are major catalysts in the form of community development discussed above. They bring with them into the area a new view of its place in the wider world, a greater aware of local advantages, and a demonstrated commitment to promoting and enhancing the local social environment. Two initiatives of this sort are worth examining. In both cases they have the dual effects of reaffirming the local and yet, by the encouragement of tourism, of opening it up to some extent to wider influences.

Both areas derived considerable local development benefits from regular tourist festivals. For twenty years, a small port town in Dairy Flats LGA ran an annual art and craft festival which attracted visitors and exhibitors at least Australia-wide. It folded in the late 1990s because "The local committee had burnt itself out" (HT Councillor). Orchard Vale is still running a two-three day celebration of local food and crafts which is rotated among towns in the district and attracts thousands of visitors each year. Several settlements in both areas have also been involved in grass-roots campaigns to beautify and restore the townscape. While the major purpose has been to attract tourists, a second underlying intention has been to increase local pride in the community:

> Before, you wouldn't have seen the well kept town it is now. It was untidy.
> Under the old council wards, mostly councillors were farmers. The main street
> was awful. There was no money spent on aesthetics in A. There was in B.
> because there was a strong lobby group. We're working on the Tidy Town
> competition. B. won an Australian award last year. There is personal satisfaction
> but also it's a lever. If B. can do it, so can you. It's a carrot. People now believe
> that we can do it. It gives an awareness of what we have got. Socially there's
> less vandalism. Hopefully it will carry forward with a change in attitude . . . get
> fired up about the environment, mow lawns, and clean up.

While the initial impetus for these changes may come from incomers it is notable that in each case the long-term locals provide much of the support and energy to sustain the effort. These moves reflect a conscious effort to build, or at least sustain, a sense of place and community by people who are witnessing the erosion of traditional community through the loss of young people for education and employment and a continuing reduction in face-to-face service delivery. In many ways it is community as image: neat, clean and harmonious, bearing little relationship to the realities of traditional small town life with its schisms, intense social dynamics and wide disparities in power and wealth.

Tourism

The principal aim of these efforts, then, is to attract tourists. Tourism is becoming the lifeblood of many small rural and regional communities. Almost all examples in Tasmania of the revival of smaller regional towns, with the exception of those based around new mining ventures, are based on tourism (see Baum et al. 1999). Tourism has major implications for the construction and maintenance of the local.

Tourism is a quintessential global business and its role in terms of local place and local network processes is unique. Tourists' connection to a community is generally fleeting and superficial. That is, they do not generally constitute new network linkages and reorder networks in the sense of networks discussed in Chapter 5. On the other hand, tourism enables rural and regional towns to tie their future meaningfully into their past, to celebrate and perpetuate cherished local values, and to open up local boundary processes in a controlled manner.

Tourism draws on, and thereby draws together, a combination of the built and natural environment, past history, and present culture into some sort of coherent whole for presentation to the wider world. The development and promotion of any tourist initiative, however large or small, engages the community in a re-evaluation, reconstruction and maintenance of place and identity in terms of past, present and some sort of imagined future. The reproduction of local history and culture through tourism can be a vehicle for sustaining and protecting identity and culture through

times of change. Ewins (1999) points out that this process is fraught with risk and difficult to control, especially for indigenous cultures. In the context of rural and regional tourism, however, where the cultural gap is much less, the community can exercise some control in determining what is opened up and exposed and what is closed and protected, albeit to a lesser extent than probably admitted. This point can best be illustrated in terms of the local festival mentioned above.

Such festivals have considerable ongoing economic benefits, through showcasing the strengths or the area and marketing its products, from agriculture to tourism. They are also of considerable benefit in terms of strengthening local identity, building local civic pride and energy, and giving impetus to the restoration and preservation of local infrastructure. It is, however, their role in boundary processes that are of particular interest here. While they create an interface between the rural and urban, between the community and outside, it is a very limited and controlled interface. Visitors are presented with what is in essence a pre-packaged product which they are invited to sample and leave. The preparation process is one of inclusion and exclusion; the selection, defining, refining, and packaging of that which is seen as unique and admirable in local life, of editing the story to strengthen its coherence, interest and meaning structure and to emphasise its otherness. It is then presented over a limited period in a controlled setting to be viewed and sampled by that 'other'. The process is, however, never so neatly realised: interactions occur and narratives and boundaries are challenged from both sides, despite being controlled and time limited. Inevitably it leads to some outsiders seeking to prolong the experience and move from outsider to incomer and to the exchange of knowledge, beliefs, values and practices which transform local networks. It can lead to enduring relations of exchange which provide weak links into other networks. Tourism therefore strengthens and celebrates place yet represents at least a potential opening up and reordering of local networks, especially where the tourists include overseas visitors.

The use of the phrase 'constructed community' is in one way misleading. Place and community are always constructed in this way: in the selective retelling of the past and interpretation of the present. The difference in this case is that incomers have much more freedom to be selective, to pick and choose, since they are much less

deeply and complexly tied into the local both historically and socially. This form of community is in one sense 'hollow' because the bases of sharing are highly limited and because it lacks the complex richness of network ordering that have built over time and repeated interaction. However, the more dispersed network ordering of the incomers allows them to be reflexive about place and to act with a flexibility and innovativeness more difficult for the 'born-and-bred' deeply embedded in the local. This makes incomers valuable in opening linkages between the local and the global.

A second aspect of spatial network ordering that appears prominently in the data and which provides insights into the construction of the place is local government, especially when, as in this case it is undergoing externally initiated reorganisation.

Local Government

Local government, far from becoming less relevant in globalisation, actually becomes more important, especially in economic development (Clark and Stewart 1994; Sengenberger 1993:315). As the scale of social organisation increases and the power of the state decreases, the need becomes paramount for organisational forms which are small enough to generate and sustain a sense of social solidarity and identity, and yet have enough size and resources to serve as bases for the sorts of flexible alliances and cooperative action needed in a globalised world. Local government is, potentially, well suited to this role. It can set the tone for enterprise activity in the LGA both through appropriate local policy and leadership by example. It is crucial in terms of community leadership, representing one of the major repositories, training grounds and expressions of the leadership skills and patterns in local communities. Local government also acts as a counterbalance to perceived disenfranchisement arising from the increasing domination of the local by the global. Because local government is, by definition, a spatially defined entity, it remains in tune with the experience of most individuals who, for all the advances of technology, remain first and foremost spatially anchored. Finally, local government's continuing imposition of a spatially ordered political and bureaucratic process on other orderings and network boundary processes brings discrepancies between these orderings into sharper relief.

These factors all make local government an ideal vehicle for the study of changing boundary processes. During the time of data collection, the state of Tasmania was undergoing the second round of a process of local government rationalisation. The first round occurred in 1992 when substantial reform of the Local Government Act saw the number of councils in Tasmania reduced from 47 to 29, the abolition of the ward system in council elections, and moves aimed at fully professionalizing council management. Dairy Flats Council, due to its unique location was spared amalgamation at this time but not the other changes, whereas Orchard Vale moved from three long-established smaller councils to a single council based in the principal service settlement. The new act forced local councils to undertake substantial restructuring of their operation; an opportunity seized more enthusiastically by some than others. These changes serve to illuminate four crucial boundary reorganising processes that bear on adaptation to globalisation. Two of these are overtly spatial: the reorganisation of council boundaries and the abolition of the ward system. The remaining two are the administrative reorganisation of council and the changing profile of council leadership. In each case, and in combination, these have resulted in the disorganisation of long established dense network ordering and an opening up to wider 'weak' ties.

The ward system involved the further subdivision of the LGA into electoral districts each of which was responsible for electing a single councillor. This meant that councils consisted of individuals who were accountable not to the electorate as a whole but very directly to those in their small ward, basically their neighbours. Politically, each ward consisted of densely ordered, strongly bounded networks and their representative remained closely tied into that network. This greatly restricted council's ability to focus on any larger issues of planning and strategy concerning the LGA as a whole, let alone beyond it. Councillors were narrowly focussed on the immediate concerns of those in their individual wards. This raises a point concerning network density. Dense ordering and tight boundaries are reflected fractal-like on multiple levels. Similarly more open networks are likely to be relatively open at all levels. The ward system reflected the same sort of tight inclusory /exclusory boundaries found at LGA and state levels.

Council records for the period immediately prior to 1992 confirm comments by interviewees on the operation of the ward system. Council meetings were dominated by debate on minor works issues with representatives largely focussed on fighting for the best deal for their ward constituents - a section of road sealed here, a culvert cleared there - with little attention to larger planning, let alone to the council's place in a wider world: "There was a lot of parochialism. It was incredible between wards, you'd think it was another country. Lots of intrigue and trying to get things done in your own ward. You know, sealed roads with little traffic" (EI retired long-serving councillor). The ward system encouraged factionalism in councils: "Parochial system . . . they factionalize, have a narrow view rather than a wider vision. Look after their own backyard" (CP serving councillor). It should be noted that this is a far from unanimous view and the exceptions are instructive. There were those who found ways of making the system work for them:

> Twenty years ago if I had a problem I went to local councillor, brought it up at a
> meeting and it was fixed. There was no road when we built the house here so I
> went to my neighbour, a foreman on roadworks who I had known since I was a
> kid, and had a talk. He would bring in a load of gravel, a bit here bit there, and
> built the road. People would do things for you once, but not now. They're not
> allowed anyway. (HE)

The point is not one of corruption but rather that this structuring of action through close informal networks is ill-suited to councils facing the twin constraints of high demand on scarce resources and the need to address larger issues and answer to forces well beyond their local boundaries. The second group who still see merit in the ward system are those anticipating the further disenfranchising effects of second round amalgamations: "[the ward system] probably would be a good idea. There could be no local representation so that people could knock on [a councillor's] door" (HE councillor). The advantages of regional/rural local government is its ability to function as a link and facilitator between the local and the global; between local concerns, aspirations, skills and energies, and the demands of a placeless and faceless global marketplace. Both councils in the study areas have begun moving into more active promotion of joint ventures and alliances with other councils, state and Federal governments and industry, to provide new economic opportunities and improve

service delivery. Once local government loses links in either direction, by parochialism on one hand, or disenfranchisement on the other, it becomes ineffective: "Local government is local government, once it becomes big and amalgamated and in a distant location you may as well be dealing with state government" (JE councillor). This is a matter of making connections rather than destroying them, of opening up the tight local boundary processes to make the links into the wider LGA, the state and the globalised world beyond.

The second major reform of the 1992 act was to impose a professional management structure on local councils. In combination with the abolition of the ward system this has totally transformed council operations, moving them from away tight local focus and control. Under the new act, professional managers took over all of the day-to-day administrative tasks of council from the elected representatives. While the latter remain responsible for the setting of annual budgets and policy frameworks the professional staff undertake the on-the-ground application of these decisions. Prior to 1992 the chief executive officer of councils was called the Council Clerk, a title which closely reflected the role: basically an administrative assistant to the elected council who were directly responsible for, and frequently involved in, all day-to-day management functions. The pre-1992 structure had two important effects in terms of boundary processes.

Firstly, it resulted in a very grounded, tightly controlling focus which left elected councillors little room for strategic reflexivity or innovative leadership. Council minutes for this period reveal that a large amount of councillor's debating time and decision-making was consumed on minor administrative matters. The activities of council reflected and strengthened existing network structures locking actors ever more deeply within existing boundary processes. More importantly, they reinforced existing power structures, a crucial component in entrenching existing network structures and boundaries. The combination of the ward system and a captive administrative apparatus allowed a small number of traditionally powerful actors to maintain their ascendancy.

The restriction on independence in the executive and the factionalism of the ward system often resulted in councils dominated by a small clique around a single powerful leader backed by a long-serving and loyal council clerk, and hamstrung by a fixed pattern of factional voting. A long-term resident describes a previous mayor as coming from a particular dominant religious/ethnic clique who was " a Machiavellian Prince in every sense of the word – high, manipulative, and controlling" (EN). Another interviewee describes the council in a small rural community in which he had lived before moving into one of the study areas:

> X hadn't been developed at that stage; hadn't changed in 100 years. It was all controlled by one family, even the council. It was backward, very backward. I went onto the council 1986. The council clerk had 23 years service, and refused to upgrade his knowledge or management; holding everyone back. We [incomers] made a concerted effort to get new councillors and pushed change. The council clerk was sacked for the first time in Tasmania. In three years we went from worst to best council in Tasmania, cleared our debt and modernised our infrastructure until we became a progressive little town everyone wanted to move to (RC tourism operator).

The operation of both councils in the study areas post-1992 is now very different. Councils now have professional managers that work within long-term strategic plans, and matters like works programs and budgets are set by full council at the beginning of each financial year and thereafter administered by the management team. This reduces the time spent by councillors on administrative detail, allows more efficient and effective administration of scarce resources, and appears to reduce to some extent the effects of inequalities in local networks of power and influence. Issues that come before council are presented in a form in which background data and options for action have already been assembled by the council staff. While this produces some disquiet among ratepayers, who feel that the agenda becomes driven by managers rather than elected representatives, in practice it allows elected councillors more time and freedom to step back from issues and make decisions which reflect wider strategic and value concerns rather than the immediate demands of close networks. Appointed managers in turn are able operate one step removed from immediate pressures of local elector networks:

I live . . . outside the boundary of [the LGA]. This is deliberate to maintain impartiality. I've had that problem [before]. It allows impartiality because I don't know one more than another. [One manager] lives [in the district], people are on his doorstep at ten at night I don't know how he stays impartial. (KH council manager)

In terms of boundaries of inclusion/exclusion, council minutes now reveal an opening up to new areas of interest and action by councillors freed from the immediate social pressures and time demands of the day-to-day administration. This is reflected in councils assuming positions and taking action on issues that may be at odds with those of their immediate electoral networks but which they judge to be ultimately in the best interest of good management of the LGA. This is particularly evident in environmental and public health or economic issues. Orchard Vale Council for example, is pursuing an innovative and award winning "Clean Rivers" campaign. This has the primary goal of providing suitable water quality for the nascent aquaculture industry, but also increases awareness of the importance of 'clean green' environmental issues amongst land based producers and of the interdependencies between producers of all sorts from apple orchardists to tourist operators. A similar issue is being pursued by the Dairy Flats council in respect of dairy farm effluent. In the past, such cooperative action across interests would have been difficult to achieve. A professionally managed council also has the credibility to negotiate with commercial interests and higher government bodies, essential when trying to attract and hold industry in a global marketplace. These changes represent an early stage of the disorganisation and more complex reorganisation of longstanding local patterns of network ordering and boundary processes which ultimately mean increased opportunities for linkages into networks well beyond the local. The changes have also seen an expansion in the networks from which councillors are drawn. At the time of the study councils in both areas included representatives from groups previously effectively excluded: women, young people and community activists. The Orchard Vale council now includes a clearly identified member of the Green Party, notable in an area historically hostile to such groups and reflective of the increasing cultural diversity of the population.

It is difficult to envisage this degree of network reorganisation occurring without the catalyst of external shock. State government action provided one such shock. In Orchard Vale a second shock has been the rapid ingress of new residents. Once underway the process can have far reaching effects in the tight network processes of rural and regional areas, as disruptions spread through multiple inter-linkages. It is a proud boast of Dairy Flats councillors that they alone of all the Tasmanian councils went outside local government in appointing their new general manager in 1992. Many councils merely moved existing council clerks to the general manager position but Dairy Flats replaced a long serving council clerk with a locally born businessman with good commercial qualifications but no local government experience. The reasons for this quite radical and risky move are very hard to pin down. It appears to have been driven as much by major a major debt and personnel crisis in pre-1992 council administration as by innovative foresight among councillors. Whatever the exact underpinnings of the move, the effects have been dramatic. This single appointment, and the preparedness of councillors to back up their initial decision by fully supporting their appointee often against considerable public pressure, appears to have set in train a sequence of events that in five years has transformed a debt-ridden, inwardly focussed and unpopular administration into a leader among Tasmanian councils, with wide popular support, a sound financial position, and a reputation for innovative action. It was the first council in the State to sign a partnership agreement with the State government, one of the instigators of an innovative regional coalition of councils to promote development, and is at present engaged in negotiation with commercial interests to restore the long-closed rail link with the rest of the North West Coast.

There is a danger of overstating the importance of the new manager as an individual actor. The processes behind the transformation will be far more complex that the simple scenario presented here, involving the confluence of a great many factors and forces for change. The opportunities presented by the not-especially-radical external intervention of the 1992 act would appear to have tapped into tensions already contained within the council and the community, producing a significant reorganisation of networks associated with the council and limited flow-on into the wider community. In the case of the Orchard Vale council, where the former council

clerk was appointed general manager, there are significantly more complaints about a power clique and the problems of getting innovative issues onto the council agenda. However, both new councils are displaying considerably greater capacity than their predecessors for accommodating diversity, change and conflict without crisis.

The situation in Orchard Vale is complicated by the accompanying amalgamation of three councils into one. This represents a disruption of an altogether different dimension. In the Dairy Flats case, the new act challenged network structures within the council but not the boundary processes of the LGA itself. The Orchard Vale amalgamation sought to bureaucratically construct, 'from the top down', a new coherent network structure out of three already well-established, spatially oriented network structures that in the past were only tenuously linked. In contrast to the Dairy Flats case, Orchard Vale's experience, while modestly successful in terms of administrative aims, has been conspicuously less so in social terms. The process aroused considerable resentment, based on a number of issues: a perceived reduction in democratic rights, loss of local control and personal contact with council staff, and perceived financial disadvantages: "Traumatic, very traumatic . . . it's more about losing control and the perception that you can have your say and make a difference" (KH businessman). Although, there now appears to be general acceptance of the inevitability of the change and little desire to go back, the sense of resentment has not abated. Despite efforts by the combined council to engender a sense of collective identity, enduring divisions and lingering resentment remain a drag on council's efforts to act for the LGA as a whole. The implications of this show up clearly in the very different reactions of the two areas to state government proposals to extend the amalgamation process.

In late 1997 the state government announced a another round of amalgamations to further reduce local council numbers to 11. This time both Orchard Vale and Dairy Flats councils faced amalgamation with nearby urban councils. This proposal produced contrasting responses in the study areas. In Dairy Flats the reaction was immediate, strident and defiant. In the week of the announcement the local weekly newspaper carried a front page editorial condemning the council for their initial 'we-don't-like-it-but-have-no-choice' reaction. The following months saw a sustained

campaign of defiance. Almost every shop window carried "No Amalgamation' signs; council hardened its attitude and ran an elector poll (74.1% return, 90.1% opposed); and conducted meetings and rallies, including one in which hundred of protesters gave the visiting State Premier a very hostile reception. The area was a leader in a statewide pattern of resistance which saw the proposals redrafted and eventually, after a state election, shelved.

The reaction in Orchard Vale was very different. Although few, if any, supported the state government plan as it stood, most were resigned to what they saw as the inevitable. Councillors report little lobbying from ratepayers and this was in terms of favoured amalgamation options rather than of outright opposition. The council declined to hold a ratepayer poll citing the waste of public monies given the inevitability of the process. Most tellingly, the issue appeared only once on the front page of the weekly community newspaper over this time. The piece, which merely detailed the plan without taking an editorial position, ended "These questions will probably be *answered for us* during the next few weeks" (OVD 1998~01~22 italics added).

The Dairy Flats reaction is entirely in line with the analysis above. It is an area clear and confident in its identity as an effective actor, willing to take on the world to defend its independence: "We will lose our identity and that has been important to us for a long time; like a flag. I would hate to see us swallowed up in a big [sic] city" (QO Local identity). The Orchard Vale reaction, in line with its spatial identities, is much more complex. It is possible to identify some of the likely contributing factors. Firstly, there is, given the area's recent history of economic downturn and perceived government inaction, a sense of disillusionment with the political process, leading to a resigned disengagement. The area has seen its two major industries, orcharding and forestry, all but destroyed by global political and economic processes and on each occasion it has looked to governments who have been unable to provide solutions. Its experience in the first round of council amalgamations has largely been seen as negative and discouraging. That initial round was fought out vigorously and lost. There is a widespread view that the amalgamation did not deliver. There are universal

complaints of higher costs, lower levels of service, loss of influence in the governance process and the runaway growth of bureaucratic infrastructure:

> Originally there were three councils with 3-4000 people, a council clerk and about three others in the office, plus outside gangs. The council clerk knew individuals and their circumstances if he was approached about an issue. Admittedly there were problems with having necessary machinery but they already shared some resources and specialist labor. They could have been kept it going. There are 41 people in the present Orchard Vale Council offices, an increase over pre-amalgamation. They are doing some extra tasks but the rates have not reduced. Not such a thing as local government any more. (ZI Retired manager)

These factors, combined with the heterogeneous composition of the current Orchard Vale population and its complex network orderings – leaving the council unsupported by any sense of collective identity - have led to a very wide diversity of opinion about the way forward. In Dairy Flats there is almost unanimous attachment to the *status quo*; in the Vale the only matter on which there is unanimity is the unsatisfactory nature of the *status quo*. Opinions on the amalgamation range all the way from going back to the pre-1992 situation to the elimination of local government altogether. Whereas in Dairy Flats the demise of the second amalgamation proposal was greeted with widespread celebration, in Orchard Vale it produced little overt public reaction.

The episode sheds light on a number of issues associated with collective action in globalisation. Ordered networks and their boundary processes, while constituted through individual action, find their 'real world' expression in terms of collective action. Ordered networks become visible when they act as organised groups, particularly under challenge. The more complex network orderings found in globalisation mean more complex patterns of collective action flowing from a greater capacity for flexibility in alliance and coordinated action. There is an increase in the capacity for groups to form and function as collective actors at one time and/or on one issue, without compromising their capacity to function as part of other groupings at different times and/or on different issues. This is identified in Chapter 4 as one of the major strategic requirements in meeting the pressures on both resources and

flexibility in globalisation. Each council, in its own way, has developed some capacity for flexibility in action while remaining deeply embedded in the constraints of spatially ordered networks.

Of the two reactions, Orchard Vale's would appear, *prima facie*, to indicate network structures better suited to dealing with globalisation with more openness to possibility, to new alliances, and to alternatives in action. Yet in some ways the Dairy Flats council has subsequently proven itself to be at least its equal in adaptability, innovation and enterprise. Having defeated the amalgamation proposals, the Dairy Flats council was the first in the state to move to accomplish some of the aims of that amalgamation by entering into a number of innovative alliances with state government and surrounding councils. This raises a number of issues. Firstly, it supports the argument that it is not open networks *per se* that are important for local areas in globalisation, but rather a delicate balance between solidarity and openness. Globalisation with its expanding scale and volatility of sociation increases both the opportunities and the need for effective collective action and this requires a certain minimum level of network organisation. At the same time there is an increasing need for flexibility in action which can be hampered by alliances that become too tight, stable and multiply based. Both councils are struggling with this balance. While the Dairy Flats council may at times be hampered by the inflexibility of its tight networks, the Orchard Vale council is conversely handicapped at times by its inability to act collectively.

The Dairy Flats council has developed an openness within its organisational structure and some disconnection from the wider networks of the community which allows it to act with some flexibility. The council has shown it is able to tackle some difficult issues at odds with prevailing community sentiment. The highly unpopular introduction of water metering is an example which was recounted with some pride by council staff and elected members. The move was made against very strong, organised community resistance, yet appears now to be almost unanimously judged to have been in the best interests of good administration. The aspect of council most often commented is its sound economic management. This shows a degree of detachment from the tight networks of personal influence that marked the pre-1992

council. However, it is still a long way from the level of network reorganisation that is developing widely in globalisation. There is little evidence that the process of reorganisation has yet penetrated very far into the wider fabric of the community, which continues to function as a single stable entity.

This is shown in the amalgamation debate, especially in the way the debate was couched. The collective action on amalgamation was driven by united popular sentiment not by the council, who were more led than leading. The editorial in the local weekly newspaper reflects the sentiment encountered widely in the data. The mayor was accused of 'rolling over' and capitulating, and the editorial warns of the area becoming a 'rural backwater' with a loss of locally generated wealth to the 'city' and the end of an identity which had "welded this community together so strongly for more than a century" (DFN 46 3rd December1997:1). Publicly, the issue was generally couched in warlike terms with a focus on potential losses. It was seen as a battle for independence and identity. Only a small number of those interviewed, councillors and council staff in the main, analysed the issue in terms of opportunities and costs: "The barriers are in people's minds as much as anything . . . We either accept and seize the opportunity, make it fit and make the best of it or fight and be behind" (KC councillor). This suggests that the area, as distinct from the council, remains dominated by tight, conterminous, spatially defined network orderings. Issues such as water metering, while challenging individual preferences, do not challenge these orderings. Since Dairy Flats, unlike Orchard Vale, has yet to be seriously challenged by globalisation, the capacity of the council to act flexibly and innovatively when to do so would challenge these orderings, has not been seriously tested.

The Orchard Vale council, is in its own way also forced to deal with the consequences by tight spatial network orderings. In this case there is a disjunction between imposed bureaucratic and historical cultural orderings. The combined council formed in 1992 inherited deeply entrenched patterns of spatial network ordering that could not be changed merely by the imposition of a new bureaucratic form. Network orderings arise as the effects of historical patterns of interaction and while many factors from bureaucratic policy decisions to technological development

may redefine the conditions for network orderings, they will build out of those conditions in their own time and in their own way. External impacts have, over the last thirty years, radically disrupted network orderings in Orchard Vale. This presents a problem on issues where the bureaucratic form needs to marshal resources to act collectively, as in the tourism quote above. However, in globalisation terms, it does hold some adaptive advantages. In comparison with the Dairy Flats situation, Orchard Vale's response to amalgamation could be viewed as disunited, disorganised, even apathetic. Yet, in terms of adaptation to a rapidly changing social environment it could be seen as the more adaptive of the two in the event that the battle to hold off change had been lost. In Orchard Vale the issue is generally treated in a more reflexive and analytical manner, with debate more evenly balanced around vulnerabilities, opportunities and alternate models. This form of discourse, while less helpful in mobilising collective resistance to change is essential in handling change once it occurs.

The Orchard Vale council faces a more complex and challenging management task than do their counterparts in Dairy Flats council. As the complexity of network ordering increases so does the task of negotiating conflicting meanings and interests. At the same time this opens up the possibilities for incorporating new actors, new knowledge and new meanings. For example, in 1996-7 the council drew on a range of funding sources and stakeholders to put in place the "Clean Rivers" project mentioned above. The significance of this project is the range of parties the council was able to draw into the agreement to accept controls on their own activities in recognition of the practical and symbolic value of 'clean and green' and for the long-term benefit of the area as a whole. These were spatial and industry groups who in the past were, at the very least, unmindful of their interdependencies. The industrial district model of production reveals the importance of local cooperative action in meeting the demands of the global market (Becattini 1990). Ettlinger (1994:144) also emphasises the importance of this form of public-private partnership in local development in a global market. The competitive demands of that market, in this case in terms of environmental standards, (see Chapter 8), could only be met by a coordinated approach. A similar much more modest attempt by the Dairy Flats council to control dairy effluent run-off proved a major problem. Networks orderings

based around dairying are widely and deeply entrenched in this area and represent a powerful force in resisting change:

> We are trying to devolve responsibility to the dairy industry. . . . Six of the
> nine councillors are dairy farmers and resistant to criticism of the industry. . .
> It took over six months. They were very cautious and uncomfortable. It took
> a while to get it tabled. They kept delaying because they didn't want to
> debate it. (KH)

The task of managing changes flowing out of globalisation can be seen in terms of the task of flexibly managing network orderings. In some ways this is redefining the bases of power structures in rural regional communities. Whereas in the past power lay in the control of a small number of deeply entrenched and encompassing traditional network structures, it is now, in the face of rapid change, moving more towards the skilled strategic management of more disparate network orderings. In Dairy Flats, traditional power structures still hold considerable sway whereas in Orchard Vale these structures have been fragmented, although they have not disappeared. While in both council areas, space remains one of the principal organising bases for networks and power structures, with the 1992 dissolution of the former council areas in Orchard Vale the organisational bases for these have become disorganised, weakening them. This provides Orchard Valley council with more opportunities to forge new more flexible orderings and to develop their skills in this area.

Chapter 7: Rural Life

Space is only one of many, always interacting, bases for network ordering, albeit one of the more powerful. Sections 1 and 2 reveal that the organising power of space is declining in globalisation, yet, as shown above, the effects of spatial ordering persist in the study areas well beyond the decline of spatial constraints on interaction. Over time and repeated interaction these spatially ordered networks give rise to a shared sense of biography and identity, and an accumulated repertoire of stories about life in the area that perpetuate processes of inclusion and exclusion despite the weakening of spatial constraints. The analysis in the following chapters seeks to uncover some of the unifying themes that constitute these boundary processes, and their implications for engagement in the global market.

Two themes stand out in the analysis: a continually recounted sense of rural life as separate and different, and a powerful set of boundary processes which operate at the 'farm gate'. These boundaries are constructed, acted out, and perpetuated through the stories that residents of the areas tell about the themselves, their areas and their industries. That is, they reflect the people's interpretation and re-interpretation of their history, their experienced present and possible futures into some form of coherent biography (Berger and Luckman 1966; Strauss 1969). In the process they act to exclude from local network orderings actors, knowledge, practices and beliefs that would ease the adaptation of local production to the requirements of the global market in which they are forced to compete.

Rural People

Rural people are characterised by residents as down-to-earth, self sufficient individuals who, even when extraordinary in accomplishment, are still 'people of the people'. Here, as elsewhere in this analysis, there is no interest in evaluating the veracity of the characterisation, but rather to acknowledge its role in maintaining processes of inclusion and exclusion. The robustness of this discourse both as encountered in the research and as seen in the mass media, is itself a form of

adaptation and an indication of the level of challenge to rural life in globalisation. However, it has consequences for engagement in the global market.

The construction of rural life as separate and different rarely appears as a directly expressed, coherent whole, yet it is met constantly in fragments, and these fragments add up to a characterisation of rural life as 'real' as opposed to the increasing falsity and shallowness of urban life.

> The community has some unique features, rugged individualism and independence. A pioneering spirit. I applaud that. It's why I like living here. If they are going to do something they do it. B. are town people, and think town. Here they think wide open spaces, not herding. West Coast people were outsiders until they got together with Dairy Flats [referring to council amalgamation negotiations] *Good to talk to real people*, we understand each other. We have empathy; defend each other. . .
>
> Interviewer: Us and them?
>
> We feel that. West Coasters feel close empathy with Dairy Flats. The rest of state are them. . . . .
>
> For example. I went to school with KG [prominent in state civic life]. He came down to the dairy farm when I had to go and turn a calf foetus. There was blood and muck everywhere and K was spewing on the side. Just couldn't handle it. Things we have to do, things that our life demands, offend sensibilities. *Country people see the realities of fundamental life in a blood and guts way.* Urban people are just not exposed. People in H still don't know milk comes from cows not cartons. (KX Civic leader/activist and dairy farmer)

These are qualities that they feel are unappreciated by those outside of rural life:

> If a fellow that owns a milk-bar drives up the street in a Mercedes people say 'Gee he's done well.' If a farmer does the same, they say he is getting too much. If I had this much money tied up in town, gee I'd be living wealthy and people would respect you and pat you on the back and almost crawl to you. But if a farmer does the same thing they'd knock you down (GB Dairy farmer)

This view of rural life is grounded in a recounted history of independent struggle to make a living off the land: "Most of the pioneers are still here. We have achievement, community spirit, and hard work which gives us the structure to move

forward" (FJ Business women). It contains, by implication, judgements about modern urban life as indicative of decaying social order; shallow, if not false, self-centred, synthetic, and indulgent. This provides a double impetus to the boundary structuring functions of these characterisations because it not only provides a rationale for the exclusion of certain people, actions and ideas, but gives a certain moral force to that exclusion.

Despite the robustness of this characterisation, especially in public political debate, it is possible to discern a growing tension flowing from the increasing challenges to rural life. It is generally expressed in a much less certain and confident manner than evident in the above quotes, reflecting grave and widespread doubts among the interviewees about the future of rural life: "We are in for tight time. Wrong government approach. We can't compete with overseas low cost labor. We are as productive as can get now but are up against government competition policy, labor costs and exchange rates." (HB Dairy Farmer); "We are doing everything we possibly can to survive I can assure you of that, but it's difficult." (ND Orchardist).

Even those most committed to those qualities, values, knowledge and skills that are seen to mark rural and regional society as distinct from any other have grave doubts how these fit into developing patterns of social life. This is expressed as coexisting and dissonant, sometimes almost alternating, confidence and doubt: "Our sense of worth is our largest problem. Regrettably one of the major problems - feel we are not worthy. In reality we are as good if not better than others (sic) given our achievements over time" (NB Council employee). Those formerly valued qualities on which the concepts of rural and regional people as 'the salt of the earth' have been built, not only appear to be losing credence and value among the wider population but, more importantly, to be less relevant for building futures. "They don't believe in their own abilities . . . they are grass roots people with no economic skills, just a belief in Dairy Flats people. . . kids aren't brought to say I'm as good as that fellow in the city." (UT councillor).

The way in which rural and regional life is constructed as different and separate, has a large role in shaping responses to globalisation and the global market. Firstly, the

emphasis on independent self-sufficiency hampers the development of the sorts of patterns of cooperation that can facilitate smaller producers' participation in the global market. Secondly, an emphasis on the concrete and the practical, and independent 'learning by doing', hampers the development of the reflexive learning patterns required in a fast changing production and market environment. Thirdly, the concept of rural people as down-to-earth, 'ordinary' people provides a difficult environment for those who would facilitate change and innovation. A fourth aspect of this discourse about rural life, the sense that agricultural production is uniquely important to the life and economy of Australia, is examined in Chapter 8. However, there are clear signs that these boundary processes dissolve at the level of face-to-face interaction. This has implications for the progressive opening up the tight local boundaries.

The major effects of the discourse of independent self-reliance are felt in the area of cooperation and alliance formation. It results in a reluctance to organise and largely confines cooperation to well established, narrowly defined and relatively stable patterns based on longstanding network processes. This is a significant disadvantage in a marketplace where successful participation relies on more open and flexible patterns of cooperation and competition.

Cooperation and Competition

The requirement of the global market for a complex dynamic balance of cooperative and competitive arrangements is outlined in Chapters 3 and 4. In its own way, traditional rural and regional life has also been exemplified by a mixture of individuality and cooperation. However, despite the seeming similarity, they are very different social dynamics. The key lies in the issue of flexibility. Cooperation in the study areas is quite closely defined in terms of two functions: the mutual sharing of information and 'helping out' those in need; that is, as a last resort when self sufficiency proves inadequate. There is much less sense of cooperative alliances in terms of the pooling of resources, the free sharing of information and coordinated action that mark global market strategies. When such cooperation is found, with the exception of the present day apple and aquaculture industries, it is quite rigidly

constrained within enduring patterns of relationships. The majority of the following analysis focuses on two industries: dairying in Dairy Flats and apple growing in Orchard Vale. The former is yet to encounter significant restructuring pressures from globalisation, the latter has within the last thirty years been almost totally restructured by the same forces.

A pride in independence and self-reliance and a reluctance to engage in cooperative action is frequently reported in interview, especially by farmers: "Solidarity has always been a big problem. Farmers think of themselves as a special breed. If you support the other fellow in a union style back-off you're a real lefty" (PN Farmer). There is a stoic, even heroic, determination to battle through, to make it on one's own terms:

> [poor returns] put huge pressure on. Farming requires 24 hours a day 7 days a
> week . . . P needs to be on the farm but some jobs require two people. It puts
> pressure on the family. . . [Selling out] is a huge issue. He says while we can
> keep going we will keep going. (PN Professional, and farmer's wife)

Personal hardship is rarely shared: "A lot are having trouble putting food on the table but they wouldn't tell you" (HB Dairy farmers wife), although as discussed in Chapter 8, there is no reluctance to proclaim hardship to the government. Organised cooperation at any level is seen as a last resort, not a strategy of first choice.

> Farmers are independent. We can offer seed [for new crops] but can't do
> anything if they don't want to grow it. We provide all the infrastructure. They
> can get anything by contract or machinery rings. . . [the farming organisation] . .
> coordinate information on machine availability. It was part funded initially by
> the company but we withdrew because cropping farmers are very jealous of
> having their own gear. Many growers have two to three times the capital
> invested in machinery that they should. (HT Field officer)

This reluctance to pool resources occurs despite that fact that the high demands resulting from the scale, reach and competitiveness of the global market are affecting all producers, even those targeting only domestic or small niche markets:

> The market is flooded with imported juice. A. stopped buying last year halfway
> through last season because we can't compete with imported concentrate. . .

What they will pay is based on what they can buy it for elsewhere. (MH Fruit processor)

The effects of globalisation penetrate deeply and easily into local structures fundamentally altering the conditions for production. Whether or not the factory had any intention of sourcing their juice elsewhere, the import price is sufficient to depress the price paid to HG's small local operation. This markedly reduces the chances of comparative advantage and places even the smallest local producer in the position of effectively competing with the resources of the huge vertically integrated trans-national companies. The only way to begin to match these lies in new forms of cooperative arrangements.

Resource Requirements in a Global Market

Consumers, at least those in nations with the economic resources to participate fully in the global market, have become accustomed to, and demand, not only products of uniformly high quality, but also plentiful year-round access unaffected by seasonal or production capacity considerations. Consumers are becoming more discerning and educated. With the huge choice in the marketplace and the difficulties of determining the provenance of products, there is an increasing reliance on brand identity. All of this puts the small rural and regional producer at considerable disadvantage in being able to provide adequate continuous supply, in achieving the economies of scale in handling and transport, in establishing brand identity and credibility, in negotiating agreements with the larger players controlling access to consumers and in backing products with the high levels of service demanded by the market.

In a state, and in industries, in which small enterprises dominate, few individual producers are large enough to compete on global markets, even niche markets. Tasmania in 1997, with a population of only 470,000, had 4,536 agricultural establishments of which 45% had estimated value of operations below $50,000 per annum (Australian Bureau of Statistics 1998b). When global buyers are interested in a product they are generally interested in quantities unachievable in small production units:

I had a woman . . . makes those little fruit straps: 'I produce 27 tonne a year
under my house and the Japanese knocked on my door and said "We want to
buy" "How much do you want?" " We want 20 tonnes a month." "I can't
produce 20 tonnes a month" He wasn't interested. If you can't get them the
product they aren't interested. (EO Local councillor)

The need to build cooperative alliances in globally marketing Tasmanian goods has
been a constant theme in state agricultural and political circles for at least twenty
years. Much of this has centred around the state's 'clean and green' image.

Tasmania's geographical position, small population and low levels of
industrialisation means that it is free from many of the disease and pollution problems
of other agricultural production areas. This provides a major potential marketing and
brand advantage which is yet to be fully tapped. While some local industries,
especially aquaculture, have incorporated this image into their marketing strategy,
there is a long way to go to achieve global brand recognition. The difficulties in
achieving the sorts of flexible cooperative networks orderings needed to build a
global market image is seen in the history of the apple industry in Orchard Vale.

Patterns of Cooperation: The Apple Industry

IC has worked in marketing in both the Australian and New Zealand apple industry.
He reports that: "When I came here people said "What's the difference between New
Zealanders and Tasmanians?" and I would say, and I still believe today, that co-
operation is not in the Tasmanian's vocabulary whereas the Kiwis do and that's a big
difference". This is reflected in the differing New Zealand and Tasmanian
experiences in single desk marketing, that is, export marketing all fruit through a
single agency under one license. New Zealand has long been Australia's closest and
most successful competitor in the global apple market and a good deal of New
Zealand's success is widely attributed to their single desk marketing. This system
gives significant advantages in the market in terms of size, power, and coordinated
strategising and marketing. By contrast the Tasmanian industry is, especially
historically, fragmented, uncoordinated, very variable in quality and handicapped by
multiple exporters competing against each other in the market.

In the early 1970s there were nineteen exporters shipping apples from Tasmania each drawing fruit from a multitude of very small growers (O'Loughlin 1986:5). At first glance this may appear as the sort of open network structure that is adaptive to globalisation. Yet examined more closely the chain between grower and consumer is revealed as having been more as a series of separate, tightly bounded commercial arrangements constituted only by the flow of apples in one direction and money in the other. The links in the chain were less exchange relations than mere connections, with little perception of shared destiny and goals, and of the place of the local industry as a whole in a global context. In particular, the small tightly knit family production units conducted their activities with complete disregard for even the export agent, the very next step in the chain, let alone the end user. The apples were delivered to the wharf[10] and then became the property, and the responsibility of the agent. Similarly, there was almost no feedback down from agent to producer about the returns gained or the state of the market. Every link in the chain functioned in relative isolation from every other. The battles between producers trying to get substandard fruit on board ship and government fruit inspectors charged with maintaining quality are legend in Orchard Vale: "They [inspectors] had a difficult job. There were unscrupulous operators in the business who thought that they could deceive the buyers by hiding fruit underneath the pallets" (RS Orchardist). So also are stories of agents exploiting growers:

> There were a lot of abuses and some made a lot of money. . . selling space
> fraudulently. One wharf in Hobart burnt down because of over subscribed fruit,
> that could not be reconciled. Growers were desperate and would pay [bribes] for
> space. Part of it was that they were insulated, only told what the agent wanted to
> tell them. It was bullshit. Agents were paid in commission on turnover, [the
> commission was] not determined by returns. (YE Businessman)

Tasmania made one attempt at coordinated single desk marketing. In 1977 the Apple and Pear Marketing Authority was set up with a single export license for the whole Tasmanian export crop. After a good first year it steadily declined and then folded, a financial and organisational disaster, some six years later. The whole episode left such a legacy of acrimony and controversy that most players are either reluctant to

---

[10] At which point payment was guaranteed.

discuss it or present contradictory points of view. Three points are reasonably uncontroversial. Firstly, there were significant power issues on the board. Although the board represented some 176 producers, 110 of whom exported less than 5000 bushels, it was dominated by a small number of leading producers with just 3 growers controlling 15.2% of the voting power (Apple and Pear Marketing Advisory Committee 1978). Secondly, the existence of a second, unregulated, outlet in the domestic market allowed those powerful players uncommitted to the Authority to play one market against the other: "They (the producers) are like the Irish. They would rather fight than talk" (HP Agricultural officer). Thirdly, the Authority arose as a last minute measure to ward of financial disaster when it was realised just before harvest that the European market had collapsed.

In every way the Authority merely mirrored and reproduced the long established networks and dynamics of the area and the industry, with their limitations and entrenched problems. New and effective cooperative alliances cannot be artificially and precipitately constructed top down. They will inevitably reflect the structure and dynamics of existing networks and patterns of social interaction. In the New Zealand case, the single desk marketing arrangement evolved out of the massive industry and social disruptions of World War II. This allowed the restructuring of networks of cooperation largely from scratch. The local industry at this time was protected by its large domestic market. The massive restructuring, which followed the collapse of the Tasmanian apple industry in the 1970s (see below) saw both the number of growers and exporters reduced considerably reducing level of internal competition. Despite considerable improvements there is still a lack of cooperation and coordination which is affecting the industry's ability to compete globally:

> Tasmanian fruit still goes out under 4-5 labels in competition with one another
> instead of pooling and being in direct competition with NZ and South Africa. In
> the last three to four years there has been a lot infighting and price cutting
> between Tasmanian growers which is detrimental to the industry. (RU
> Orchardist)

The roots of this structure can be seen in the history of the industry. The apple industry is one of the longest established primary industries in the state and one of its

earliest exporters. The flow of that history, however, was interrupted in the 1970s by a crash which forced a radical quantitative and qualitative restructuring and resulted in an industry that differs markedly from its historical form. The history of the pomme fruit industry in the Orchard Vale, goes back to the time of white settlement based primarily on 'house orchards', very small holdings planted principally for domestic consumption but which, by 1820 were, already producing surpluses for export to the Australian mainland states and later the United Kingdom (Goodhand 1961). The 'house orchard' set the pattern for the industry right up until the 1970s, with quite small holdings worked by family labour. In 1969, of the 739 orchards in the Southern region, 40% had less than 10 acres in orchard and 55% relied on family labour (Bureau of Agricultural Economics 1972). This meant quite low overheads[11] and throughout the first 65 years of the twentieth century less than ten acres (4 hectares) was sufficient to support a large family in relative comfort.

With a seemingly captive and relatively undemanding market and good returns almost regardless of the quality of fruit shipped, the industry had become complacent and unprepared for the series of external shocks that began in the late 1960s. During the next five years currency deregulation, the entry of United Kingdom into the European Economic Community in 1973, freight rises flowing from the 1973 oil price rises and the entry of major competitors such as South Africa into the European market, devastated the Tasmanian apple industry. From a high of 1250 growers and exports of 6.5 million boxes in the late 1960s, the number of orchards had, by 1996, fallen to only 175 (HP Agricultural economist) and exports had stabilised at around 3 million boxes. In the decade 1970-1980 over 700 growers left the industry in a government sponsored tree-pull scheme. It would be difficult to sustain an argument that a different network structure would have prevented the downturn of the 1970s. However, a more open and complexly integrated industry network structure where all those involved, from Orchard Vale family orchardist to UK customer were connected in a more diverse and less tightly controlled manner, would certainly have allowed earlier and better warning of impending problems and more scope for local industry responsiveness.

---

[11] Even the crates in which the fruit was shipped were constructed by the family during winter from timber milled on the property.

The structure of the surviving industry is very different from its historical form with much more open network orderings. The industry in Orchard Vale is now dominated by five or six major growers who pack and market, not only their own fruit, but also the fruit of networks of smaller growers for whom it is less economical to provide their own grading and packing equipment, controlled atmosphere storage and marketing. The rigid boundaries between growers have largely been replaced by an open two-way sharing of technical and market information, and returns that are a true reflection of market conditions. These networks provide open two way linkages all the way from the smallest grower to the consumer via the very direct linkages that the larger growers have now developed into their markets. The effectiveness of this more open structure is particularly notable in two areas: marketing (see Chapter 8) and grower associations. In the middle period of the twentieth century, the Tasmanian Apple and Pear Growers Association (TAPGA) was primarily a political body. It has been very successful over the years in obtaining government protection for the industry against losses arising from either climatic or market forces, essentially insulating growers from market forces. Le Heron and Roche (1996) identify this form of protection as detrimental to New Zealand industry's integration into globalisation and the 1970s experience would suggest the same in terms of the Tasmanian industry. TAPGA had little direct role in marketing and restricted involvement in seeking product and production improvements. The former was left largely to agents and the latter to the Government Department of Agriculture. Informants characterise the grower body at that time as more likely to reproduce and further entrench existing tensions and boundaries within the industry and the area than to ease them:

> I used to go to growers' meetings in those dingy RSL clubs full of smoke and
> heated debates going on about the future of the industry, and the Minister would
> be banging his hand on the desk and carrying on. The tension in the industry
> was immense when we were going through all the upheavals and trying to find
> direction. And the lack of unity within the industry, and the lack of unified
> direction, and that's why the marketing authority didn't work. (RT Orchardist)

In contrast, the present main grower association is very heavily involved both in direct negotiations with overseas markets and with federal and overseas governments

on tariff and non-tariff barriers to markets (see Chapter 8). More telling is the formation of the Young Fruit Growers Association (YFGA).

> It was actually initiated by MU at [a commercial agricultural company]. He looked at the industry which was fairly fragmented, as farmers are always. You always see yourself in direct competition with your neighbour which is probably a bit of a shame, but really you and your neighbour are a drop in the ocean compared to the whole scenario of what you are tying to compete against. It's brought a lot of basically younger growers from 20 to 50 into a . . . .we have regular meetings once a month and field days when we sit down and discuss various things, some formalities but basically the meetings are guest speaker and things like that. It's been really good . . . At the end of the day [what the growers] really want to know what he wants to grow and how to grow it and what Joe Blow is doing and why his results are better than someone else's. (RT Orchardist)

The above quote by RT encapsulates much of the foregoing argument. The combination of the TAPGA and the YFGA represents a rural and regional industry adapting to the demands of a global market by engaging fully, directly and strategically in the market. In contrast, the initial reaction to globalisation in the late 1960s was to strengthen and retreat behind already tightly structured boundary processes. The present organisations represent quite specialised, but closely interlinked network orderings which, along with the networks centred around major packers, link all players into a flexible web of connections, not just locally, but very directly into global markets and global developments in production. They also achieve significant economies of scale through the open sharing of resources.

Patterns of Cooperation: Dairy Flats

In contrast to the Orchard Vale apple industry, the dairy and vegetable industries of Dairy Flats had, at the time of research, yet to feel the full effects of global market forces. Lean and Porter (2000:4) identify the source of Australia's global competitiveness in dairying as "low cost seasonal production of milk from seasonal pasture growth". This has been a strength of the Tasmanian industry in general and Dairy Flats in particular, where the climate and soil have provided plentiful low-cost

natural pasture feed. This has allowed local farms to remain viable in the market despite the small scale structure of a Tasmanian industry in which 70% of dairy farms in 1997 were milking less than 250 cows. Lean and Porter (2000:4), however, argue that as the global dairy industry moves increasingly toward intensive year round production using cultivated crops rather than natural pasture, the Australian advantage is fast disappearing. Smaller dairy farms are rapidly becoming unprofitable. This trend has been exacerbated by a nation-wide deregulation of the industry in 2000. At the time of data collection, the industry in Dairy Flats consisted almost entirely of small family farms running less than 200 cows. Compared with this, a New Zealand corporate farming enterprise which has set up in Dairy Flats has share farmers milking in excess of 800 cows.

There is no lack of awareness of a crisis in the industry among dairy farmers: "We were producing 870,000 litres milk a year . . . the tanker driver had more disposable income then me. 12 people were getting a job from that milk and all had more disposable income than I had" (KD Ex dairy farmer). Despite this, there is a striking lack of identification of these problems in terms either of a global market or, more importantly, of a cooperative coordinated local industry. Milk production in the area was, at the time of research, going to three processors. The largest of these, Dairy Farmers Cooperative (DFC) was a cooperative owned by its suppliers. The company was controlled by a grower elected board but run on a day-to-day basis by professional managers. The most striking feature is the strength of the boundary processes between producers and their own processing company. The company is generally referred to as 'them' and 'they', never as 'us' or 'we'. Elected board members are viewed with suspicion as some form of elite, and as serving their own interests and ambitions: "DFC is poorly run. Only ones who think it's well run is locals who've got their farms paid for - or rellies as directors" (KB Dairy farmer). Solutions to problems within the industry are portrayed in terms of what 'they', the processor needs to do in terms of lifting returns to the farmer, not in terms of the production chain as a whole, despite the cooperative structure. In turn, DFC principals feel handicapped in the global market by the unrealistic expectations and social obligations placed on them by that structure:

The Board of Directors, elected by member shareholders, are there to conduct DFC business in the best interests of shareholders overall. This is controversial. There are two dimensions: business/economic which is clear cut but the other side is social justice This is the greatest encumbrance to the co-op's ability to respond quickly to the changing business environment. Whenever issues arise, business decisions have to be moderated or even overlooked to account for ideological concerns We could balance business needs with the social in prosperous times. Globalisation means loss of controlled and regulated markets They are more competitive. [Yet] we are price and production driven. We cannot respond to market loads apart from through the milk price because we are committing ourselves to pick up every litre members produce for 365 days a year. (RM DFC Board member)

Cooperative alliances are central to responses to globalisation yet, in DFC, such an alliance is proving a hindrance for both producer and processor. The difference lies in the actual patterns of cooperation. In the case of DFC these patterns closely and inflexibly reproduce the long established complex and ambiguous structures of dependency and independence in the community. Producers are fiercely independent in wanting to pursue and be adequately rewarded for what they see as 'worthy' work and yet, at the same time, highly dependent in their expectations that 'their' cooperative has an obligation to look after their needs. In simultaneously defining DFC as both 'their' cooperative and as 'them', the villain in poor returns, producers maintain boundaries which divide up the production chain and thereby absolve themselves from responsibility beyond the farm gate. Like the apple industry of the 1960s, there is, in the present-day dairy industry, the sense of a series of tight separate networks with no real network ordering of any sort that encompasses the full production chain from producer to global market. Also like the apple industry, the industry is responding to global market challenges by strengthening boundary processes rather than opening them up. In the case of the apple industry this strategy led to a major and traumatic restructuring that saw many leave the industry. At the time of writing some industry estimates of the number of producers likely to be forced to leave the dairy industry in the next few years are as high as 50%.

Increasingly, agri-food production is becoming corporatised with large agricultural companies and supermarkets constructing networks which link every aspect of production from tilling the soil to shelf presentation of the product (see Bonanno et al. 1994). This puts relatively isolated and independent local producers at a marked disadvantage. Some form of cost savings from the cooperative sharing or pooling of resources and effort would seem essential for the survival of all but the very largest farmers:

> We have a problem in Tasmania if you look at the land utilisation in rural enterprise; the input costs are too high. . . processors pay on the international production prices and farmers say they can't survive on that with 200 acres and family to support and one or two tractors. The neighbour is the same size with the same overheads. You go to South Africa and there is a farm of 1000 acres growing potatoes with just a father and son. They can rotate crops and accept less because of the scale of inputs. Some are cooperating across farms to share infrastructure but this is a problem in Tasmania because they are isolated from the broader sphere. There is the potential here . . . to grow premium product but they can't do it on these little plots if they try to make each self-sufficient. It's got to be more cooperatively and competitively done. (ZX Director Food processor)

These new patterns of cooperation involve much more than a simple change of tactics. They involve a challenge to the way in which rural and regional producers define themselves and what they do, and to the network orderings that sustain those views. These have evolved in the study areas through a long history of very small holdings worked as family units where even the moderately skilled could make a modest living if they worked hard. The framework of meaning for this existence focussed on issues of proud self-sufficiency based on the ownership of the land and means of production, and hard family toil. This way of life not only hinders cooperative alliances but also restricts knowledge acquisition among rural producers.

Education and Knowledge Gathering

The expanding role of knowledge in global market production involves much more than technical competence in production. Producers seeking to hold their place in this

- 145 -

highly competitive environment need to be well-informed on all aspects of the production-consumption chain; on changing trends in the market and in consumer tastes and preferences, on the activities of competitors worldwide, on technical developments in their field and on national and international movements in economic, political and trade relations. As shown in the experience of the apple industry, this applies to even the smallest producer in the most remote location. The times when the producer could simply focus on the production of a good 'quality' product and leave the rest to others further up the chain, are rapidly disappearing. This places a considerable extra burden on rural and regional producers to be widely informed and reflexively strategic concerning their own operations:

> I read a lot. I'm part of a beef management group which correlates information. I've got ten year's good records. I know exactly kilogram wise, conception, fertilizer, there's not a lot I don't know about the subsistence of the place. Over that time I had a 20% increase in production but a $70,000 loss in income. That's how tightened it has become over last five years.
>
> [Interviewer· How does that compare in terms of benchmarking?]
>
> No idea. Hard to find out even within our group; most wouldn't even know how many kilos of beef they are producing. They know their gross margins but I know to the kilo I couldn't operate without it because you wouldn't know where you were going - extremely important. . .
>
> They [local farmers] would say they [US farmers] are not making any money. I haven't been around their agriculture but from what I read they have much better equipment. They are probably a bit more advanced in technology with satellite mapping. We've got [potential access to] the same systems here with each paddock mapped to the square meter and the sprayer delivers precise chemicals to different parts of paddocks as needed. (RN Beef producer)

Increasing amounts of producers' time and effort are required to be directed to data gathering and learning, a major change for those previously fully absorbed in the hands-on physical toil of agricultural production:

> If I had the departmental purse strings, my first priority would be to improve the management skills of farmers and teach them how to access and analyse information. Most would say they are too busy but if you've got your head down and bum up you bump into things. . . Those who make a success will be those

> who acknowledge the need to . . . review their operations and take advice. I
> often said this to people and they say 'I've had 20 years experience' but I say
> they've had one years experience twenty times. (RM Farmer and company
> director)

There are several boundaries to this form of learning for rural producers. The one
most often raised by interviewees is the physical and time demands of farming:

> It's very difficult for the young coming on. They have to work very hard, like
> my manager here. They work up to 150 hours per week between husband and
> wife. . . They can't take a weekend off, or go to hospital if they're sick but they
> have to jump on the tractor and work in pain. If he (sic) doesn't he will lose his
> investment because he owes so much. (KW Food Processor)

While this is undoubtedly a factor, the scenario is unlikely to be different for most
producers and business people in the present economic climate. More relevant for the
present arguments are the cultural and structural barriers.

Country Smarts

Rural and regional life is grounded very much in the concrete and physical. The
strong work ethic and physicality of rural people rank alongside their caring as most
often cited in the data as admirable qualities in rural people: ". . . those people in G.
would be one of the hardest working communities in Australia . . . There are some
rough diamonds among them but they're hard workers" (FD Retired orchardist);
"People are always busy here. They don't do nothing. . . doing, going, planning, not
sitting around" (QU High school teacher). Physical activity is highly valued. Both
areas are noted for their very high participation in sport with Dairy Flats particularly
notable in this respect. This emphasis on the active also finds expression in a clear
preference for learning-by-doing, and on-the job training rather than learning in the
formal and abstract sense. This has the effect of defining learning and skills in a
manner which devalues formal education:

> We call the difference between country people and city people 'country smarts '.
> Kids with the country smarts are usually better with their hands and that sort of
> thing and the kids in the city are usually smarter and wiser in other ways, I
> suppose. Usually the kids with the country smarts are better at things that require

common sense and I think the kids from the city are better at jobs that require
academic knowledge and so forth. And that's really the main difference that I see
between the two. (AC Production manager)

Older members of the community, in particular, while acknowledging the importance
of education for some, emphasise that it is not for all and are quick to provide stories
of accomplishment without formal education:

> [In response to a question regarding the loss of those who move away for higher
> education] You say the brighter, maybe . . . . but . . . they're academically
> inclined . . what they want to do in life may be different. They may want to be
> a chook farmer, or vegetable farmer; they might be very successful at it. I know
> a guy very well and he's probably one of the richest guys in this state, he never
> had any education at all. He didn't have an education but he done things that
> were always going to make him money. (EO Councillor and businessman)

These may be merely seen as rationalisations by those who are themselves without
significant education but they are backed by statistics that reveal low levels of formal
education among both rural and regional young people and agricultural producers.
There is a negative correlation between educational participation rates for 16 year-
olds and degree of remoteness in Australia (Haberkorn et al. 1999). In Tasmania,
transition rates from year 10 to year 11 were 7.3% below the national average in
1998, although this has improved from 25.6% in 1987 (Howald 2000). This suggests
a culture which undervalues formal education at a time when abstract and formal
knowledge are increasingly important in the global market.

Knowledge Acquisition: Farmers

Formal education levels remain low among farmers in Australia. While the level of
post-school qualification among farmers is rising (Bamberry, Dunn and Lamont
1997), the 1999 ABARE Farm Survey (Australian Bureau of Agricultural and
Resource Economics 1999) reveals that in 1997-8 approximately 68% of farmers
aged between 40-54 years and 77% of those aged between 55-64 years lacked any
sort of post-school qualification, yet these age groups together comprise 69% of the
owner-managers. Kilpatrick (1996 in Maclean 1998:238) reports that farms managed
by farmers with formal agricultural qualifications return cash operating surpluses

more than twice as high as those managed by persons without such qualifications. The low educational level of farmers is mirrored in the data. Of the 43 agricultural producers interviewed only twelve had any post-secondary education, six with trade diplomas and six with degrees.

The point here is not that those without formal education necessarily lack farming skills and knowledge, although a number of informants did question the low level of formal skills among farmers:

> The perception is that agriculture is what you do when you are too dumb to do anything else. There is no room for dumb farmer in today's agriculture especially in Australia where there are no subsidies, unlike in Europe. . You can't afford not to get training and education skills; not just for running a farm but also for managing business. Farmers are very bad at managing. It's not just about managing pasture, it's got to be whole farm planning, and taking an overall perspective years ahead. No point just rushing out every day and doing all the jobs but never sitting back and asking how I'm going to get there (JB Food manufacturer and rural leader).

The point is rather that, historically, the main methods of knowledge acquisition used by farmers have been confined largely within local boundaries and have restricted access to the wider world of knowledge to a one or two highly structured channels. This situation is now changing, especially within the apple and aquaculture industries in Orchard Vale. Historically, farmers in the study areas have obtained their knowledge and skills from three sources: family, local peers and the Sate Government Department of Agriculture. Ninety nine percent of farms in Australia are family owned (Garnaut and Lim-Applegate 1998:50). In the study area a single dairy operation was run by a corporation with the remainder, both orchards and dairy farms, family owned. Excluding the aquaculture industry, all but three of the farmers interviewed learnt their business primarily on the job, under the guidance of fathers or uncles. While this method of learning may be effective, it is highly unlikely to provide the basis for moving away from historically established practices and traditional knowledge. Peer learning, unless this involves networks which stretch beyond the immediate area, presents the same problem.

In Tasmania, until the last decade, the major means of dissemination of information and training for farmers, came from the State Department of Agriculture, through field days and a system of extension officers travelling between farms. Government research stations and government scientists were responsible for almost all agricultural research and development, which was then disseminated to farmers without charge. Even developments and innovations which arose from within individual private farming operations were likely to be spread either at departmentally organised field days and discussion groups or through the links provided by extension officers:

> I read but also carried a tape measure. If I saw a good one, I would measure and spread the word. When you inform a lot, they would say "Oh yes but. . ." so I'd direct them to do and look for themselves at what others are doing. Discussion groups, we had lots of them in each industry, organized by departmental staff (NE Retired extension officer)

There is no criticism implied of either the effectiveness of this method of dissemination or the quality of information and research. This method, however, did mean that almost all information was 'drip fed' to farmers through one highly bureaucratically and politically structured channel, speaking with a single authoritative voice. This has two effects. Firstly, regardless of the competence of agricultural officers, this would over time, limit both the scope and diversity of views and information that farmers were receiving. Secondly the free on-farm delivery on demand encouraged passive knowledge gathering more likely prompted by crisis than reflexive strategising:

> We had a network of farmers who would utilise departmental advice and would use those to disseminate to their neighbours. Some saw the department as a resource and others regarded it with suspicion. Don't suppose it's changed that much. Use the ones who were considered good users and use them to spread [the information] - like spreading Calicie virus. (KC Former extension officer)

These restricted forms of knowledge gathering are simply not adequate to provide the diversity, breadth and timeliness of information required in the global market. Formal education goes some way to addressing the issue of the breadth of information and

the development of alternate views. However, it is travel that stands out in the data for its capacity to open networks of knowledge acquisition.

Two industries, aquaculture and apple growing, reveal much more effective knowledge gathering methods and networks. The aquaculture industry is very young in Tasmania. Oyster farming does go back to the 18th Century but has only been in full commercial operation for some 30 years. The salmon industry is even younger, having been started in the 1980s in a joint venture between the State Government and Norwegian investors. The advantage of such a new industry is the lack of entrenched networks and culture. Those involved have no investment in industry heritage and few entrenched patterns of conflict or alliance. The challenges posed by conditions unlike those facing the industry anywhere in the world, meant the initial operators needed to make large commitments to research and development, and to building global networks through travel. Both of these activities have been maintained and expanded. The following quote from a principal of the salmon industry is in stark contrast to the comments of a consultant to the vegetable industry which follow it:

> [That is] Part of the problem [with local producers in general] . . . only a few
> have any real understanding what happens in the real world, out in the big globe.
> That boat (model on desk) I bought in Chile in 1992 for $10 Australian. It is
> there because it reminds me of my competition, with people working for $US1 a
> day compared to $14 here. I need to understand what is happening in all areas of
> the globe. The onion market collapsed last year because of an increase in NZ
> crop which exceeded our total crop and we didn't know about it. I'm involved in
> International Salmon Growers Association so I know what is going on around
> the world. Travel is seen as frivolous distraction. I went to Geneva for the WTO
> meeting there and also to London in seven days. People think I had a wonderful
> time. (NT Company manager)

> So many farmers would benefit greatly by a trip overseas or to NZ. Even to the
> rest of Tasmania. 'Can't afford it' they say, but they will borrow $100,000 for a
> tractor they don't really need, but won't spend on travel. They think an overseas
> trip extravagant. (HT Agricultural field officer)

The present-day apple industry also has quite extensive and effective data gathering networks. Industry principals travel extensively, building ties with other growers, agents, researchers and marketing groups, and are fully engaged in the political process at a global level. Yet most are without formal post-school qualifications, and all but two of those interviewed are second- or third-generation family orchardists trained on the property. The difference lies in the industry's harsh exposure to the global market in the 1970s. This downturn destroyed well established network structures and weeded out those who were reluctant or slow to adjust to the global market. This is one mechanism for the opening up of tight local networks. The dairy industry is slowly moving away from the traditional methods of knowledge acquisition. The gradual withdrawal of the state government from research and extension services has prompted the development of a much wider range of sources: private consultants, agricultural supply companies, and a range of industry funded research advisory committees which work with private companies and Universities to identify research projects and sponsor the research. These multiple channels, while not providing any guarantee of better research or advice, do provide the opportunity to open up and expand the diversity of information available to farmers.

A further major disturbance of established networks in dairy farming in Dairy Flats has come from the arrival, beginning the early 1990s, of significant numbers of New Zealand farmers[12]. The New Zealand farmers have been attracted by the low price of high quality dairying land compared with their home country: "In New Zealand dairy land sells for $5,000 per acre whereas it has been $1,000-$1,500 here – now close to $2,000" (MB Dairy farmer). There is a divergence of opinion concerning the relative technical farming skills of the local and incoming groups although it is generally conceded that there is much to be gained on both sides for those willing to learn. The New Zealanders, however, brought with them a very different attitude to farming. In almost every way the New Zealanders farm 'harder'. They run much bigger herds on larger farms, they work their ground more intensively with greater fertiliser and irrigation use, they are more scientific and experimental in seeking higher pasture and milk yield from marginal land (see Lean and Porter 2000 above on the move away

---

[12] Between 1993-1996, 99 migrants from Oceania settled in the district. They constitute the only significant migrant group in the area (Australian Bureau of Statistics 1997a)

from natural pasture), and they are more prepared to borrow and invest in the infrastructure and resources to chase those yields. That is, they demonstrate a higher level of enterprise, innovation and economic-risk taking and a wider awareness of the industry in a global context. One such dairy employs just two farm workers to milk some 800 cows in an automated rotary dairy while the farmer himself sits in a side office tracking the yield on a laptop computer. This compares with an average herd of less than 250 cows and very few dairy farmers who own a computer at all, let alone have one in the dairy.

This raises the question of why the New Zealanders in Dairy Flats appear more attuned than the locals to the requirements and dynamics of the global market. The explanation lies firstly, as in the case of the apple industry, in the somewhat earlier and larger exposure of the New Zealand dairy farmers to the competitive pressures of the global market. The New Zealand industry is more heavily reliant on export than the Australian industry. In 1998 New Zealand farms accounted for 31% of the international market compared with Australia's 13% (Australian Dairy Corporation 2000). It is a reflection of the status of this group as a highly select sample. Most obviously, these are people prepared to move beyond their traditional networks. This is a social not a psychological argument. The only path into dairy farming for the young person, in either country, who does not inherit their property, is through the share-farming and farm management route. Share-farming allows young people with skills, but without land or major capital, to build their own herds and equity through an arrangement in which farm income is split between share-farmers and landholders unable or unwilling to farm their own land. Such arrangements, while long present in a rather poorly regulated form in the local industry, are highly developed and formalised in New Zealand. Similarly, tertiary education for farmers in more fully developed in New Zealand than in Tasmania and is the major route into farming for those who do not inherit.

In the main, therefore, the New Zealanders moving to Dairy Flats are young, tertiary educated, highly motivated men either seeking to acquire their own land or to build skills and equity through share-farming and farm management. Whatever networks and boundary processes which may have defined their social location in growing up

have become multiply disrupted, by education and social and geographical mobility. In almost every way these are actors who have moved beyond the organising structure of established, reasonably coherent, network ordering. This disruption appears to have increased their capacity for learning, innovation and flexibility in response to global market pressures. The immediate effects on local production of this ingress of new expertise has been mixed, as the incomers struggle to come to terms with local conditions. They have, however, 'shaken up' the local industry:

> New Zealanders are far more technical and aggressive and knowledgeable. They have a lot of information 2-3 years ahead of us. They are more demanding and we've had to lift our game. Their questions are more technical and they want more information. (DT Manager)

Facilitators of Change and Innovation

The characterisation of rural people as both independently self-sufficient and yet down-to-earth results, almost by definition, in a general wariness of those who would in any way seek to distinguish themselves from the crowd. This makes for a hostile environment for those who move beyond the traditional, especially those who seek leadership rather than inherit it, and/or push too far or too fast. However, the global market environment favours those who are able to transcend traditional boundaries to knowledge and action.

Certain events or processes stand out as signalling an openness to change: local government reorganisation, civic action such as local festivals and community infrastructure development, innovations in production and marketing, producer coordination and development and the forging of new networks. In these events or processes it is possible, almost without exception, to identify an individual or very select group of individuals who acted as catalysts, organisers and/or facilitators. These individuals appear pivotal to strategic responses to change pressures yet, although most were owners or managers of businesses, few of them occupy positions of formal civic or industry leadership.

Formal leadership in rural and regional areas has traditionally been based on inherited status and control of resources. It is dominated by large landowners and businessmen, mostly with very long families histories of local residence and local leadership. This is understandable given that, until recent times, rural and regional government and business activity was dominated by issues of local land management (Chapman and Wood 1984), and the voice speaking for rural and regional areas was narrowly agricultural (Fisher 1993). The civic leadership in both study areas continues to reflect the traditional pattern. The present Dairy Flats council of nine contains only one member who is not either a farmer or an ex-farmer, seven members with long family history in the area and only one woman. The Orchard Vale Council by contrast is beginning to reflect a changing pattern with just three or four members involved in agriculture, only one of these as the principal source of income, although the long established families still provide the majority of representatives. This council also has only one female member. The transition from domination of traditional farming interests in the Orchard Vale council probably reflects the fragmenting of traditional networks in the region.

While a neat traditional/conservative versus visionary/progressive leadership argument is analytically tempting, the picture on the ground is much more complex. The most effective leadership emerges from those with some roots in the traditions and tight networks of the community but who have, in some way, transcended those roots through some form of differential socialisation. While, there is a clear correlation between successful enterprise, both civic and business, and a style of leadership which breaks the traditional mould, those in positions of leadership without the trappings of traditional bases of legitimation, especially if they are conspicuously successful, occupy a liminal position in the community. They are viewed with at least wariness and sometimes outright hostility, and are quickly criticised. There is scant tolerance of undisguised ambition, or of those who are seen to step outside their 'proper place' in the community:

> Farmers don't like stirrers . . . If farmers can come up with the goods . . . if they
> know what they are talking about and talking for farmers in general not just
> themselves, they will get respect. They have to have credibility as a farmer. (HB
> Dairy farmer)

During the data collection period KX, a conspicuously successful businessman from humble origins was the object of considerable community anger over perceived council favours and the closure of a business he had sold to Mainland interests:

> We want someone that knows what he's doing. We don't want any more KXs. [They] come in and take the place over and then sell the joint. Move it all out of area. Where is [the business] now? In Hobart. (II Government employee)

This is despite the fact that MW built a business from scratch that eventually provided employment for some 30 people in a town desperate for employment.

There is an undercurrent of suspicion and resentment of those who have built wealth through means other than by a long farming tradition or who display that wealth:

> I went to Agfest [large agricultural show]. Two friends were sitting reading a newspaper report on the top ten salary earners in Tasmania. I was [listed as] one and they were laughing. They said I was earning too much. They were shareholders and said it was not right I said: "Sell your shares." Anywhere else they would be proud to be associated with someone who is doing well. One of those guys is a multimillionaire but he lives like he's struggling. Doesn't want anyone to know. (PS Managing Director)

There is also little tolerance for those who are seen to acquire leadership out of turn:

> There are a lot of problems with people looking to get themselves in positions. . . U is a political animal. My association with [the cooperative] is for the benefit of farmers and shareholders. The noise from 'said to be' suppliers association is just something that some of farmers started up. It's just U. making noise in his own interests. (PP dairy farmer)

There is an overall acknowledgement of the crucial need for 'good' leadership in facing the problems of the global market: "There are no easy answers but what concerns is lack of leaders with clout" (BW Innovative food processor). However, there appears to be very limited support of those who might most capable of providing the style of leadership most needed to facilitate strategic engagement in the global market. The most successful and innovative operators are barely represented

- 156 -

on local government and are, at best, uneasily accepted at industry representative level. Despite this, a small number of individuals stand out for their ability to move beyond the traditional boundaries of local networks to pursue innovative action.

The great majority of these individuals, apart from those at the forefront of the apple industry, are 'incomers' who have moved into the area as adults. The location they occupy, within the community, but not fully of the community, means that they function as links between tight local network ordering and the wider world, opening up local boundary processes. Those who move into the area bring with them ties which link them into network orderings with their roots in other spatial and cultural bases of sharing. These are ties that are rarely, if ever, fully severed in practice:

> We were isolated when we first came here. We came from a close-knit community. But people stood-off a little here. We were foreigners. The people are lovely .. they couldn't help enough but there was some distance. The kids settled into school but never felt themselves as Tasmanians. Perhaps that was parental influence. Our family is in Victoria We really love it here but the kids have all gone back to mainland. (KC Health Professional)

Neither can they ever be fully integrated into local network orderings when, as in the case of most rural and regional areas, these are rooted in a long heritage of shared experience. Those whose socialisation occurred to any extent outside the local area will always remain incompletely imbedded in the established network orderings, allowing them more freedom to objectify the local and to act as links between network orderings:

> Because we can just as easily get along with the greens as we are with the old families and we can talk to them as well and we don't have to feel that we are part of factions on the opposite sides. . . . we try to keep everyone on the same level and I think that's been to our advantage. (LN Businesswoman and incomer)

There are multiple examples of those who have moved into local communities in search of lifestyle change and/or business opportunities who are functioning as major catalysts for change. QM is a horticulturalist who visited Orchard Vale from New Zealand and stayed. She has been the principal activist in establishing a new post-secondary education facility within Orchard Vale which targets local young people

who drop out of education at year 10, and provides them with industry-sponsored vocational training. When asked about those who were the major catalysts for change within the area she nominated the incomers:

> There's a lot of people .. in general down here and in [the educational
> initiative] and things, who are people who have come in from outside. It's very
> interesting. People who have been here for a long time never question where
> they want to go. . . They are still caught between their background of industries
> fading out and lack of education and the children have nothing to fall back on,
> but nothing to go to either. That's why we need leaders down here to forge some
> sort of pathway to walk in the world.

Despite the fact that QM is developing a local educational initiative she sees a need for her own children to travel beyond Orchard Vale:

> I'm not pushing [them to leave] but my children want to and I'm encouraging
> them. I know that they will almost certainly fly. That's something that I did . . .
> I came to travel but let things develop. A new place provides new opportunities.
> I wonder how it has worked for me when so many think it's that small and
> they're not going to get anywhere.

GI, a trained telecommunications specialist, came to Orchard Vale in search of lifestyle and a small business venture and is now one of the major operators in the region and a force for change in the industry:

> We saw Orchard Vale as a microcosm of what Tasmania is. We saw the
> opportunity for tourism growth down here - we knew we wanted to be in tourism
> services or something like that, or to produce. We looked at a number of
> businesses that ranged from berry farms to accommodation and ended up
> coming down here. We've been here now for three years, the business has now
> just got on to its third year in the business plan, and it's growing in its figures.

At the other end of the scale, RM is the Chairman of the local dairy cooperative. He is mentioned by many, not always favourably, as a major force for change, not just in the dairy industry, but in the area as a whole. He is also one of most knowledgeable among interviewees in terms of globalisation and the global market. He moved into the district from interstate to take up a professional practice. Although he has been

resident in the area for 30 years, his position within local networks remains to some extent that of a 'stranger'. Despite his position in the dairy industry, he is not a dairy farmer, a matter which attracts criticism within the industry but allows him some freedom from the tight network structures which constitute the dairying in Dairy Flats.

One of the reasons that 'incomers' play such an important role in facilitating change is that, for all the stories about the rural life as different and the 'us and them' boundaries that are constructed in discourse, these boundary processes break down in face-to-face interaction. This suggests that one of the most effective media for the opening up of network boundaries lies in the actual mobility of actors. A degree of integration into local networks is rarely difficult, notwithstanding arguments above about the difficulties of becoming a 'local'. In practice, a substantial degree of integration can be accomplished on the basis of one or two significant shared dimensions. For example, in both areas, incomers report sporting prowess as providing instant entrée into the community, in the process carrying with them into local network orderings, values, knowledge, practices, views of the world and, most importantly, ties into other network orderings, that can quite radically transform local boundary processes. EN, a welfare professional, has taken a prominent role in a quite radical (for the area) movement to bring issues such as domestic violence, mental health and unemployment into public awareness and discourse. He reports that frequently it has only been his sporting ability that has allowed him to gain entry and work within local networks which otherwise would have been closed to him.

This has a bearing on adaptation to globalisation. The organisational structure and new network orderings that have grown around the activities of EN and his colleagues, are reaching into and cutting across long established local networks, opening them up. This in turn attracts new people, challenges old taboos and ways of handling issues, empowers such groups as women, that have traditionally been marginal in the community and establishes links into the wider world as people travel in and out for education, training and treatment. The inflow of professionals and para-professionals has long been an important facet of rural and regional life as (mainly young) workers such as teachers, medical workers and bank staff, have moved

through, and sometimes remained in, small communities bringing with them new connections, knowledge, beliefs and practices: "It was a poor road so professional people were stuck here when they were here. This meant that such people socialised within the community and often married locals. Teachers played in local [sporting] teams and earned respect" (FJ Businesswomen).

This vital contact with the wider world is diminishing for rural and regional areas, ironically to a large extent as an effect of globalisation. Firstly, the technologies of globalisation, combined with competitive pressures, have seen the centralisation of service providers such as banks and government services. These had formerly provided paths out into wider employment for locals and inflows of professionals and para-professionals into these areas. Secondly, the improvement of transport has meant that incoming professionals who formerly would have lived, and socialised, within the area in which they work, are now likely to commute. FJ continues: "It's a different sort of association. Now people can get out to socialize and some commute. There isn't that bond that comes from being stuck together. The young not rubbing shoulders with teacher etcetera after school." Rural and regional communities are increasingly connected to the world, particularly through the electronic media. However, an increase in the potential ways in which actors are connected does not necessarily result in a commensurate increase in the diversity of network linkages and network orderings. To return to the definitions in Chapter 5, a network ordering involves relationships or ties, not just connections, and provides some enduring existence and framework of shared meaning and predictability in interaction across time. The professional commuting in daily does not necessarily establish significant networks in the sense meant here.

This raises the question of to what extent networks can be constructed and sustained without a face-to-face element, at least at some point. There are enough clues in the data to make a only tentative hypothesis. Knowledge is crucial in the global market, both as a commodity and as a strategic resource, but much of what flows in the connections of globalisation could be better termed data than knowledge, a distinction expanded above in Chapter 3. Producers in the study areas certainly have some more restrictions on data access than their urban counterparts. These are principally

confined to moderate disadvantages in terms of costs and convenience although in the area of electronic media, the range of choices is somewhat limited. Yet they under-utilise those data sources that are available. Of the 122 interviewees who were asked about internet access 49 (40%) had access to the internet either at work or home; yet the vast majority of these reported minimal usage and it could not have been described as a major data gathering tool by more than two or three of those interviewed. Other media use was not accurately surveyed but was often raised in interview. All national and state newspapers are freely available in the areas, yet interviewees, although virtually unanimously admitting to attentive reading of the local weekly, generally express little interest in even regional papers, let alone nationals. The national broadcaster was usually named as the preferred electronic media source but overall there is a very low level of confidence in the content of any media:

> I mainly rely on radio and TV [for current affairs]. The [regional daily] doesn't enlighten me very much. If you read about things you know something about . . . it's invariably stuffed up. So how can I believe the things I don't know anything about? (HU Forestry Manager)

The preferred sources for information/knowledge and overwhelming, the entry route of significant new knowledge, beliefs, values and practices, were networks that had a major content of face-to-face interaction, with professional journals supplementing these on technical issues. While connections into globalisation may be increasing in the rural and regional areas in the sense of electronically mediated data flows, it is not at all clear whether this constitutes the opening up of local orderings and the increased flow of new knowledge, beliefs or practices. This points to a need for more research on the ways in which the macro processes of globalisation, especially global electronic cultural flows are mediated in face-to-face contact at the local level. Certainly, in the study areas electronically mediated connections are considerably less important in network ordering than the face-to-face encounter.

In the case of rural and regional areas there is another dimension to this issue. The reduction in the flow of actors into these areas moves rural-urban issues into the less grounded arenas of political debate and the mass media. These arenas are marked by,

perhaps demand, broad stereotypical categorisations, oppositional dichotomies, and adversarial interactions, and the rural/urban issue is tailor-made. The tenor of the present debate, which plays off rural/urban differences rather than commonalities appears to be strengthening rural/urban boundary processes. This constitutes an additional boundary process and risks further isolating rural and regional areas from the changes related to globalisation.

This also highlights a danger mentioned in Chapter 5 in relation to that stream of regional development that focus on 'traditional community values' as the answer to rural and regional decline. While the best examples of such programs are sophisticated, inclusive, and globally aware (For an excellent example see the National Center for Small Communities at http://www.natat.org/) the danger is that a very useful and productive emphasis on harnessing local resourcefulness and independent action can easily be misinterpreted or misappropriated, resulting in an isolationist retreat into an imagined past and traditional discourses instead of an empowered involvement in the globalised world. It is a fine line. For example, while the following statement is made by a person with an enviable record of achievement in the wider world, it encapsulates the delicate balancing act facing those who would preserve and harness the best of the past in chasing the promise of the future.

> What's wrong with parochialism? It can be a strength. We won't progress socially if we follow the economic rationalist model. Life is about looking after each other. Balance between caring and efficiency is hard to get. Strength is in the family and the community. Take that away you are eroding social life bit by bit. (FJ Business women)

The characterisation of rural life as different gives rise to boundary processes which shape rural responses to globalisation and the global market by hindering networks of cooperation, by devaluing certain avenues of knowledge acquisition and by providing a difficult environment for those who act as catalysts for change . In terms of the discussions in Chapter 5, there has been only limited attempt to give the networks 'defined' by these boundary processes any sort of clear social or spatial form or structure. The major interest is in the broad processes rather than in examining in fine detail their operation in terms of specific fully defined networks.

The following chapter moves down one level of generalisation to analyse in detail, one network ordering, that has profound implications for rural and regional adaptation to the global market: the farm gate.

Chapter 8: The Farm Gate

Global market processes inevitably breach and reorganise production networks and their boundary processes. Producers who are slow to recognise and exploit these processes operate at a considerable disadvantage in the global market, regardless of their production skills and efficiencies The questions which separate the successful from the not-so-successful in the global marketplace no longer just concern how good they are at 'their business' but the scope of what they consider to be 'their business'. In the highly competitive global market everything becomes the producer's business, from the most basic raw material to the conditions of final use. Those who define 'their business' narrowly in terms of rigid and coherent boundaries of action and attention, handicap themselves by limiting the scope of their competitive strategising. This is not to say that producers are required to, or even can, do and be everything: producer, marketer and political operator. Rather they are required to be increasingly widely informed and eclectic in their spheres of attention and action, and increasingly flexible and astute in judging where and how to focus their energies.

While farmers in the study areas are responding to market pressures in terms of improvements in on-farm production, they remain constrained in addressing the wider demands of the global marketplace by quite rigid and tightly organised boundary processes around what might be called the 'farm gate'. The farm gate in this sense exists as a physical, social, political, and symbolic boundary, and barrier, between the farmer engaged in the physical act of producing agricultural goods and the complex organisation and structures of global production and consumption. It functions as the point where issues cease to be the farmer's business and become someone else's. Drawing from characterisations of rural otherness explored in the previous chapter it sets up farming as something of a special case, disconnected from the realities of the global market. This is ultimately an untenable position since the agri-food industry is no less tied into global market forces than any other (see Bonanno et al. 1994).

The farmer therefore, also needs to be aware of, informed about, and in some measure involved in, the widest range of issues: global, national and local politics, culture, and

economics, and the activities of producers, scientists, marketers and, above all, consumers, everywhere in the world. By narrowly defining the 'business' of farming in terms of activities which are conducted inside the farm gate, agricultural production is failing to attend and respond to wider global processes. This is threatening the viability of many farms. Admittedly, there are signs that farm gate boundary processes are being breached and progressively disorganised, partly by action from within, but largely by irresistible pressures from without. However, notwithstanding the considerable structural pressures and factors largely beyond the control of regional production, in terms of adaptation and survival it is a process that is better embraced and managed than ignored and resisted.

Without an opening up of the farm gate boundary, farmers' strategic choices are limited. They can either focus narrowly on production within the farm, making the process as efficient and product quality as high as possible, or resist the processes of globalisation head on. Farmers in the study tend towards the former. This is not to say they are unaware or unconcerned about the wider issues, although some appear to be, but rather they have a tendency to see these as someone else's responsibility and/or not within their power to influence. European, especially French, farmers tend towards the latter strategy with their militant attacks on all things global. At the time of writing a group of farmers is facing trial in France for destroying a McDonald's restaurant in Milau in Southern France. The leader of the group, Jose Bové has become a folk hero among French farmers. The French Farmer's union Confédération Paysanne issued a statement that: "Globalisation is creating absurd economic conflicts . . . [the protests aim to] allow farmers and others to feed themselves as they think best." (ICTSD Bridges Weekly Trade News Digest 1999).

These local and European positions are notable as much for their similarities as their differences. In both cases there is a defensive action being mounted at the 'farm gate' although the defenders may have chosen different tactics and different positions from which to mount their campaigns. For the French farmers, the traditional activities and products of farming are regarded as culturally precious, if not sacred, and something to be preserved from the forces of change for their own sake. In order to protect these cultural practices, they are prepared to challenge directly global systems and global

organisations and to defy the changing world beyond the farm gate. There is a defiant refusal to 'meddle' with the traditional forms or activities of farming. Australian farmers, in contrast, appear quite prepared reflexively to evaluate their own activities and adapt farm practices to meet competitive demands. In this sense, traditional farming is not portrayed as sacred in the way that French farming is. There is undoubtedly a general concession in Australian agriculture to the need to embrace change and pursue efficiencies in order to remain globally competitive, but only up to a point. In this respect the two groups of farmers are poles apart in their response to globalisation. Their convergence becomes visible once the implication of 'up to a point' are examined. In both cases farm gate boundary processes remains powerfully intact.

For all the efforts to adapt farming practice to the challenges of the global market, these responses remain structured around the boundary processes of the farm gate, and imbued with a sense that farming is a special case. While this may not be as explicit as it is in the European case, there is still a prominent discourse which portrays the family farm as fundamental to the Australian economy and way of life in a way that other production activities are not. The following quote represents the response of a leader of a major farming organisation in a mass media article attacking the level of subsidy to West Australian pastoralists:

> Our nation and our people are dependent on the success of people like farmers,
> pastoralists and miners . . . if markets and seasons are against them. . . There is
> no Father Christmas in the form of government, ATSIC, Aboriginal Legal
> Service and do-gooders to take up the burden. (Laurie 2000)

This has a number of consequences. It puts limits on the nature and extent of change that can be contemplated, that is, it limits what is 'up for negotiation' in meeting the needs of competitive markets. Most importantly, it sets severe limits on the scope and reach of farmers' strategies. French farmers stand at their 'farm gates' to take on the world. Farmers in the study areas were more likely to be found working inside theirs to adapt. In either case farm gate boundary processes are preserved. The operation of the farm gate is examined here in terms of three issues: 'the system', farming as a business, and marketing. In each case, there is a reluctance among many to acknowledge and engage fully in globalisation, and a reliance on reactive

strategies to delay the inevitable transcendence and disorganisation of the farm gate boundary.

'The System'

A striking feature is the degree to which farmers see themselves as isolated and powerless, and as victims of a 'system' that neither understands their needs nor cares about their fate. They attribute many of their problems to the incompetence, injudiciousness, and/or perfidies of a national government held captive by metropolitan interests and subservient to international forces. This attributes unrealistic levels of control, and hence responsibility, to government, especially national government and thereby limits perceived options for action. By casting government and, by implication the mainly urban population whose interest they are seen to be serving, in the role of the 'enemy' they are lowering the potential for cooperative alliances that are important in strategic positioning in a global market. This is particularly relevant in the area of environmental and quality assurance issues. Secondly, by attributing responsibility to national governments for processes that are clearly global in origin, and well out of their control, farmers delay inevitable but painful adjustments.

(Lash and Urry 1994: 279) explore the argument that, in globalisation, the nation state is too small for the big issues and too big for the small issues. Chapter 3, in some measure disputes at least the first part of this argument, but generally acknowledges that there is an increasing number of aspects of globalisation where the powers of nation states to influence processes are severely limited. There is little acknowledgement of these limitations among interviewees apart from a small number of company managers. When questioned about the principal problems facing their industry, and possible solutions, producers largely frame the problems, and responsibility for their solution in terms of three groups: national government, the 'workers' (basically union workforces and the young) and the large companies. That is, the problem lies beyond the farm gate and beyond the influence of the farmer. Farmers are, of course, not alone in blaming their troubles on forces and actors beyond their control; the ubiquitous 'they'. Nor is their claim necessarily without

substance. As outlined above, the industry does face forces beyond its control and these in the main arise from the activities of governments and corporate business. This acknowledged, it is a perception that has a large bearing on farmers' responses to the problems of maintaining viability in the face of globalisation.

The unmistakable theme is that farmers are doing all they can possibly do to survive, working as diligently, as efficiently, and as effectively as is possible. The future survival of agricultural production therefore henceforth depends on those outside the farm gate: government, workers, urban consumers and processors, to recognise this and modify their own policy and behaviour accordingly:

> We can plan and hope. . . I sound pessimistic but I'm concerned that until government realises that we are struggling to compete . . . It's the same in every industry.
>
> Interviewer: Is this the reality from now on?
>
> I'm sure it is. It's not a problem if governments realise. It boils down to them and the Reserve Bank realising that our country is failing and our farmers going down hill because we can't compete. We're doing our best yet they say: 'Go out and get more efficient.', but everyone knows that Australian farmers are the most efficient in world by a long shot. It's not efficiency, or lack of education, or diversification, just the simple bottom line - if there is no money in it you can't be more efficient than you are. There are only macroeconomic solutions. I've talked to women in dairy industry and hear the same story They are working damned hard and no-one seems to realise. (LD Orchardist)

The speaker is not a 'whinging farmer' but a young, competent, and informed industry leader. Yet, the farm gate looms large. If farmers have exhausted the possibilities of strategic reform within the boundaries of the farm gate, a point challenged in this chapter, then governments logically become the refuge of last resort. However, while government action is crucial, there is still considerable untapped potential for farmers to influence their future by extending their reflexive strategising beyond the individual family farm gate into areas presently perceived as outside farmers' purview This would require that farmers develop a sophisticated understanding of global trade politics, business and marketing.

Critiques of government action and policies comprise the biggest single concerning the future of farming, by a large margin. This criticism ranges across the whole spectrum but of particular note is the juxtaposition of complaints of both excessive meddling, and neglect. The former in terms of environmental and welfare regulation, the latter in terms of a failure to protect the farm against global competition.

'Red Tape' and Environmental Regulation

Government regulation, particularly as it concerns environmental issues, is still largely portrayed as a 'us' and 'them' situation. That is, it is seen as an intrusive breach of the farm gate boundary and an interference in the autonomy of the farmer, even surprisingly, in the one industry where environmental issues are most crucial:

> They're more of a hindrance than a help. They get in our way more than
> anything. Red tape. . . . if the bloody government would get out of the way and
> let us do things we would get somewhere but they always seem to get in the way
> (NC Aquaculture producer).

Environmental, quality assurance and health issues have become increasingly important in the global market (Cook 1994; Friedland 1994). There are two dimensions to this: consumer concerns about quality, and the use of non-tariff barriers as a bargaining tool in global trade relations. Despite this there is very uneven awareness among producers about the importance of these connections. Charges of government interference through increasing regulation, that is, 'red tape', comes from all of the primary industries. Despite this a small number of industry leaders, principally those charged with face-to-face negotiations with markets are very aware of these issues, but report much less awareness among their peers.

> We've got involved in the quality side and workplace safety systems. We had a
> seminar on workplace safety. A lot came, but they thought way it was over the
> top. But it's important to financial viability, guaranteeing to the customer that
> you are producing a quality product. The guy doing spraying may not be able to
> read the label, or apply correct quantity, and it might come back to bite you.
> They say that Chile etc. are not doing it, but they grow five times as many apples
> and they are beating us. They think it's adding to cost and making them less
> competitive but we need to sell our product and food safety is so far up the

- 169 -

> consumers' list. They won't buy if there are no management system to
> document and guarantee control.(EM Orchard manager)

The more usual response on quality assurance and environmental issues was that they were happy to institute new systems if the government was prepared to pick up the cost. A small but significant number, followed no significant quality assurance program and/or saw such programs as optional extras for which they should be paid a premium. This was accompanied by a general resentment at the additional burden and the implication of interference in the farmer's business: "Give the farmers some money and they'll bring that in. . . another job for a bureaucrat" (HB Dairy farmer). This places such systems in the realm of extra costs due to government interference rather than, as EM recognises, a valuable and essential tool for the small producer seeking to compete in a market dominated by corporate production. The major tool available to Tasmanian agricultural producers to counter the dis-economies of small scale production, and distance from major markets, is niche marketing based on the state's 'clean green', disease free image. Yet there remains a resistance among many to acknowledging the bigger picture, to making the wider connections beyond the farm gate not just globally, but even locally.

Even at the local level, the recognition of industry interdependencies on environmental issues is slow. The Orchard Vale council's "Clean Waterways Campaign" and another by the Dairy Flats to control dairy effluent are mentioned above in Chapter 6. In both cases Councils faced opposition from those who saw their industries in isolation, although, in the case of the former, the more widely constituted council and diversity of industry interests allowed an easier and more ambitious initiative. There was, however, far from unanimous support.

> I see all this money, eight million dollars or whatever it is they are spending on
> the clean waterways business, or some such. When you go up here, I can't see
> what's wrong with the river, it just all seems perfect to me (ND Leading
> orchardist)

The other aspect of environmental regulation is its role in global agri-food trade negotiations. The stated commitment of countries like Australia to the freeing up of world trade increases the political use of environmental issues as countries seek non-

tariff alternatives for protecting local industry. Such negotiations become entangled with genuine concerns for phytosanitary protection of local environments and production. These issues challenge farm gate boundary processes from both inside and outside. From the outside, it means that any number of groups and authorities can press to be allowed to monitor farm practice in considerable detail, and to penetrate beyond the farm gate to ask probing questions about chemical use and a very wide scope of environmental practices. The local apple industry has experienced this in its bid to gain entry to the Japanese market. On the other hand, because the reasons for asking questions, and the use made of the answers, are as much political and economic as they are scientific, the farmer is forced to move out beyond the farm gate to pursue a whole range of political, economic, and marketing strategies. They are required to argue their case before everyone from politicians to supermarket shoppers.

This process of global phyto-sanitary negotiation and the demands it makes on network orderings is well illustrated by a episode involving the Orchard Vale salmonoid aquaculture industry which occurred during 1999-2000. The industry was involved during much of those two years in a campaign to block a federal government decision, to allow the entry of uncooked Canadian salmon into Australia. The basis of the Tasmanian industry case was that, unlike its Northern hemisphere competitors, it is almost disease free. This provides considerable production and market advantages with such a niche product. The outcome of the dispute[13] is of less interest here than the implications for 'farm gate' boundary processes. The industry successfully enrolled in a very sophisticated campaign, not just their own industry nation-wide, but the state government, supermarkets and hotels, and recreational fishing associations, the latter claiming to represent over 4 million recreational anglers. This represents a very powerful voice and considerable dismantling of the farm gate boundary. It involved the construction of network orderings reaching nationwide and including many who in other circumstances could be, and have been, defined as 'other' by the industry. It should be noted that NC, who is so hostile to the

---

[13] While the federal decision stood, the Tasmanian government blocked state entry. The decision was not appealed to the WTO by Canada, as threatened, because the state represented such a small sector of the market.

state in the above quote, was a major player in the enrolling the same government in that campaign.

This issue is, in many ways, an exemplar of the operation of the global marketplace. It involved multiple entities in a complex of strategic alliances and delicate negotiations working towards a balance between trade protection and trade liberalisation and between local and global interests. The issues of environmental concerns and market image have become prominent features of competition in the global marketplace. This raises the question of why this industry in particular was able so comprehensively to transcend the boundary processes of the farm gate. The answer may lie in an insight from one of the leading figures in the apple industry when he was trying to explain his own industry's slowness in coming to grips with the global market:

> I think it's one of those unfortunate situations where we already had significant investment . . . when an industry with a long history like the apple industry, continual investment over a hundred years . . you get fairly entrenched and locked into the investments you've got. (SS Orchardist)

He went on to use a hypothetical example of the salmon industries some years down the track:

> If you [then] pulled four of the top salmon farmers and their managers and put them into one new company with a fresh lot of investors and started clean-skinned they would be a very formidable, and very efficient and profitable business with far more capacity to put up a cost efficient, robust and very globally competitive salmon company. (SS Orchardist)

It is an insight that accords well with the arguments presented in Chapter 5 in regard to the difficulty of maintaining flexibility and innovation in the face of the inevitable routinisation, consolidation, the strengthening of network boundary processes over time. The salmon industry has a short and rather turbulent history in Tasmania. It has drawn on a complex financial mix of government and private investment, and most of the leading players have little previous experience in aquaculture. This leaves the industry with freedom to embrace the unstable complexities of the global market,

relatively unfettered by the heritage, historical investment, and powerful stories which structure the other long-established industries in the study areas.

In contrast, an incident which well illustrates the difficulties of taking this global perspective arose in relation to a senior forester's concern with the difficulties posed for the local forestry industry by the activities of environmentalists. The interviewee suggested that this was not an issue for a thesis on globalisation since the environmentalists were an local group pursuing purely local political agendas. There was no concept of local 'greens' as part of a global movement, or the impact that these environmental issues could have on the marketing of Tasmanian forest products in the future. Categorising these issues in a purely local context handicaps industry responses. Environmental activism cannot be effectively addressed without an understanding of its global roots. To read it as purely localised self interest is to risk dealing with symptoms not causes. JT, another senior forester, was one of only two in the industry who, somewhat tentatively, placed the issue in a global market context:

> JT: Some of the countries with large product requirements are very sensitive to good practices.
>
> Interviewer: Is this the effect of world environmental movements?
>
> JT (Long pause) I guess it's a spin- off.

JT exhibited a wider understanding of the complexities of environmental issues than his colleagues. He also, unlike his colleague, has spent many years in face-to-face confrontation and dialogue with environmentalists in one of the most hotly contested areas in the forestry battles, and was at the time involved directly in negotiations with potential processors. It would have been difficult to maintain rigid patterns of inclusion and exclusion in such a situation.

Unsupportive Government

The government sustains even more criticism in terms of a lack of appropriate or effective action in helping to sustain, not just in farming, but rural areas in general. It is seen as slow to act: "While the growers stopped [stayed] in business the government felt like they didn't have to do anything. When they go out of business,

it's too late" (FD Orchardist). When it does act it is seen to be misguided or ineffective especially in regard to global competitiveness:

> That's what's killing us. The wharves. The Federal Government can't see. They've done the same to the citrus industry. We're importing but dumping the local product. They've got no common sense and just can't sit down and work it out. We've told them where to go and they can't see the problem. Lots of people will get hurt and go under. (HB Dairy farmer)

Sometime this is attributed to a hostility, or at the very least, a disregard for rural people: "When Whitlam [Australian Labor Prime Minister 1972-1975] came into power in 1973 (sic) he said he was going to reduce the farming community to a peasant community and that's what he's done" (KD Dairy farmer and tourist operator). Mostly government are seen as just incompetent: "I have enormous respect for the governments and their ability not to produce." (HD Tourist operator), and out of touch with the realities facing rural producers.

Producers are certainly well aware of the competitive pressures of the global market, and the underlying economic dynamics, which are translated into a single overwhelming 'fact': Australian agricultural production has to work within a cost structure that makes it extremely difficult, if not impossible, to compete in the global marketplace. This is a view shared right across the industry from the individual farmer to the economist:

> [Changes have] made us uncompetitive, especially on the Asian market. We're a high living country . . . we're going down the drain. The bottom line is the economics are working against us. (JO Government agricultural economist)

It is a cry echoed across a range of Australian industries. The menu of possible solutions is equally short, and in each case the responsibility is seen to rest with government; reduce the cost structure and/or raise or reinstate protective barriers. The details of the debate on protectionism are beyond the scope of this thesis other than to make two points. The only interviewees to speak against tariff protection were those in senior positions in industries already competing successfully in the global market. Secondly, there appeared to be, among most interviewees, little recognition or appreciation of the ironies, and difficulties, involved for governments seeking to

simultaneously open up export avenues whilst maintaining some degree of local protection.

There is almost unanimous agreement that local production is already doing everything that is possible, again with the exception of those mentioned above. This does not mean that the farmers are complacent about their own practice. There is ample evidence of on-going process of reflexive refining of farm practice but this is almost always framed within the limits of preserving the traditional character and structure of the family farm, and the integrity of the farm gate.

On the issue of cost structures, there is one standout set of villains; overpaid and lazy workers. It is a situation for which government is seen to bear major responsibility: "If we've got a so-called level playing field in the market place it's got to be for the labour force as well but in this country it's too easy not to work." (QN Food processor). These concerns were concentrated principally in two area: an over generous welfare system, and a too expensive and inefficient wharf labour force.

Getting Them to Work

Agricultural production still involves a large element of relatively hard, physical work for relatively low pay, especially in the fruit growing sector. These operations have therefore been hard-hit by cultural changes which make such jobs particularly unattractive to young workers, and by welfare changes that make it possible to reject such work: "When Whitlam brought in the dole straight from school we lost all our fruit pickers. Teenagers wouldn't work. They sat at home and smoked and laughed at us" (DT Food processor). There is a second feature of the foregoing that is noteworthy. DT was certainly not alone in precisely dating this deterioration in the work culture, and rural and regional fortunes to the 1970s Labor Prime Ministership of Gough Whitlam. While there was a significant jump in Australian average weekly earnings and inflation between 1970 and 1975 the comments carry much more meaning than that. They are the surface manifestation of a deeply rooted perception that from that point the nation took a turn to the liberal left and entered a slippery slide that has seen the values, community and enterprise of rural and regional

Australia ignored, devalued, and all but destroyed. There is little consciousness of relationship between conditions in Australia and the wide reaching global economic and social changes occurring in that period (Harvey 1990).

Locating the problem largely in the actions of government, especially one government, downplays the role of complex global social changes in the last thirty years of the twentieth century. It allows for the illusion that present difficulties are the result of a wrong turning, a bad decision leading to, or at least followed by, a succession of such poor decisions by subsequent governments. As such they would be largely reversible by good policy and courageous decision-making. A similar view is expressed quite frequently in the media, in regard to trade protectionism. These views appear to have little to contribute to strategies for ensuring a future for rural and regional production. The global market presents a set of challenges that cannot be addressed by a return to past practices, nor can they be resolved by national governments. The constantly changing dynamic of the global market means that it is meaningless even to talk of resolution. The best that can be expected is a ongoing process of management. The global market as outlined above is strategically extremely demanding, testing the limits of traditional boundaries to knowledge and action. There are two areas in which there have traditionally been significant boundary processes operating at the farm gate which are now coming under particular pressures in the global market: the farm as a business and the issue of marketing.

The Farm as a Business

In globally competitive agricultural production, land becomes capital and farming a business. The comments of YX, a young New Zealand share-farmer with a large agricultural cooperative in Dairy Flats, serve as a contrast to almost every other agricultural producer, in terms of his approach to the land and the activity of farming:

> (In response to the question: Where to from here?)
> Who knows. My immediate goals are getting this operation as good as possible.
> Whether I stay will depend on how it pays. . . I will never be able to buy an
> operation this large and it's not my goal - not my goal to own my own farm.
> Equity building is my goal. There is not sufficient return on investment to own

> your own land. This is probably different to general local attitude. The return on
> equity is lucky to be more than 5%. As I see it 10-15% is more acceptable.

This contrasts markedly with the general approach encountered, which see farms and farming, first and foremost, in terms of life-style and heritage, and investment in terms of that which has been put in, rather than that which is being returned.

Although farming in Australia is primarily a business activity, many of the farms in the study areas operate as businesses only up to a point. This is because family farming, as opposed to corporate agri-business, involves more than simply commercial for-profit activities. An array of factors are excluded from, and/or act as curbs on, commercial decision-making on family farms. The global agri-food industry, increasingly dominated as it is by highly competitive and commercial corporate agriculture, is putting immense economic pressures on the family farm, especially in the commodity area. This in turn is putting pressures to bring more and more aspects of life within the farm gate into commercial calculations. This poses a considerable dilemma for many farmers.

The non-commercial 'baggage' carried by family farms is not easily discarded. It is deeply grounded in rural and farming culture, inherited responsibility, and substantial personal, cultural, and economic, investment. Decisions about what can and cannot be traded off, or negotiated away in the interests of economic survival challenge the very heart of what it is to be a farmer. For those who see farming as much more about lifestyle than business, the costs may prove too high leading them to abandoning farming altogether, as happened in the apple industry in the 1970s government sponsored tree-pull scheme: "Every fruit officer of that era will tell you tales of people who have come up to them and said 'Thanks for talking me into the tree pull and going to town. It saved me, it saved my family, and it saved my marriage'" (AC Agricultural officer). Either way, there will be significant breaching and disorganization of the boundary processes which have hitherto maintained the farm as somehow apart from the wider world of commerce and 'economic rationalism'.

Thinking Business: "It's not that sort of game"

If farms operate as businesses only up to a point, this hardly makes them unique. The rational calculative and competitive logic of commercial market transactions are inevitably leavened by social dynamics, relationships, and attachments, even in the global market. Herein lies a dynamic, and dilemma, as old as capitalism, balancing the pursuit of profit against the maintenance of boundaries quarantining social values against commercial trade-off. It has long been thus but what is changing is the increasing intrusion of this dynamic and dilemma into areas of social life where, if they haven't been absent, they have at least been relatively non-compelling. This means that to stay viable or profitable, not just farming, but an ever wider array of productive enterprises are being forced to re-examine enduring boundaries, 'lines in the sand', between what is 'business' and therefore freely negotiated in search of profit, and what is 'socially valued' and therefore excluded from the haggling of economic transaction, that is, non-negotiable. This poses particular problems for enterprises like family farming in the which the social and commercial dimensions are closely intertwined.

So much of the commercial activity of the family farm is inextricably bound up with 'way of life' considerations. In general terms, there are two possible solutions to this dilemma, either to attempt to dismantle the complexity of linkages between the social and commercial, or alternatively, to construct 'broad-brush' boundary processes around that which cannot be easily disentangled, lumping commercial and social alike into the non-negotiable category. These farms have relied more on the latter strategy whereas the global market processes involve an imperative towards the former. Historically, many of the commercial aspects of farming have become inseparably linked with considerations of heritage, the historical routines and stories of farming and rural and regional life, and lifestyle. This constrains the farmers' ability to 'think business' and places major limitations on commercial flexibility.

It is not possible to mount a fully supported, detailed argument on the business practice of farmers with the data available from interview, neither would this be within the intent of the thesis. Rather the argument identifies a number of broad

aspects of farming strategy and practice which indicate significant impediments the sort of commercial flexible responsiveness that increasingly marks global market practice. In the most sympathetic view encountered these add up to a defence of social values over material:

> You'd sell up if you did that [look at return on investment]. Any farmer would sell. That is the difference between corporate spending and your family farm. You're here because you've been here a long time and you hope you're going to be here for a long time in the future. You'd sell up otherwise. (RT Orchardist)

In the less sympathetic view it is a head-in-the-sand refusal to see the reality of the future:

> . . [for] farming in Australia corporatisation is the only way to go. The lifestyle side is where they fall in love with what they do and are unable to make the tough decisions. . . people are reluctant to be compared and performance is something you never hear from a lot of people (NT Managing Director).

On balance it is an acknowledgement that farming is more than agri-business: "You never get out half of what you put in, *it's not that sort of game*" (RO Dairy farmer). Farmers are increasingly facing difficult decisions about what aspects of farming life can be separated out for commercial flexibility without turning farming into 'that sort of game'.

This is a central problem of globalisation. Broadly constructed and coherent processes of inclusion and exclusion, greatly facilitate the task of ordering and organising social life. Where reasonably clear boundary processes can be maintained without serious challenge management and strategising are greatly simplified. When such processes become disorganised, as they increasingly do in globalisation, the task of managing everyday life becomes more complex and the requirement for reflexive strategising become significantly greater, although at the same time the degrees of freedom in action, the capacity for flexibility, increases. The tendency over time, and in the absence of disturbance, is for boundary processes to consolidate and organise, simplifying daily social life, but significantly limiting flexibility in action. One such set of processes emerged repeatedly in interview. It was almost invariably expressed in the same way: the farmer as 'price taker'. Farmers, by conceptualising themselves as 'price takers', appear to maintain some protection against the consequences of

reflexive assessment of their operations in the total context of the market. At the same time it represents an impediment to flexible strategising.

Price Takers

"Farmers always gripe about price. Farmers today are said to be price acceptors not setters, at the whim of the big companies" (JO Bank Manager). There was a very high level of agreement among farmer interviewees on two things: that farming was tough and getting tougher, and that the farmer stood powerless and 'put-upon' at the bottom of the commercial food chain, forced to exist on the financial residual remaining after everyone else has taken their cut: "No-one else takes a downturn. We are in the same industry but nobody in the factory takes a cut, only the farmer" (HB Dairy farmer). That is, that they are almost exclusively price takers in a market in which there are significant downward pressures on prices. This basic premise of a significant price squeeze on primary production is not in dispute. The structure of world-wide corporate agribusiness, and advances in the global 'cool chain' supply networks (Bonanno et al. 1994) mean that Tasmanian farmers are forced to compete with global production price benchmarks: " The [potato] price isn't import resistant. We can land American French Fries or NZ as cheap as we can produce locally even with a 5% tariff." (RG Manager) At the same time bigger, better organised, and increasingly dominant supermarket chains are exerting pressure on producers in terms of product quality, price, and supply (Bonanno et al. 1994): "Supermarkets becoming more and more powerful and telling us what to do" (RT Orchardist).

The issue here is the way in which the acceptance and reiteration of the 'price-taker' story can tend towards becoming a self fulfilling prophecy by setting up boundaries to action. Its 'us-against-the-world' tendency is essentially inwardly focussed in a marketplace that required a wide encompassing focus. This is seen in the two common responses. The call for government solutions is discussed above. The second is a focus on efficiency improvement within quite narrow parameters inside the farm gate rather than in terms of the industry and production chain as a whole.

There is an overwhelming sense of being trapped, by time constraints, by investment, by heritage and most of all by the corporatisation of the much of the food supply chain: "We are ineffectual partners to global conglomerates." (PN Farmer). This leads to a protective tightening of the farm-gate boundary processes and an abdication of power and responsibility beyond those:

> I don't know how DFC markets. It's my cooperative but I produce for a farm
> gate price. This other airy fairy stuff . . . even if I do know how to market things
> I'm not going to be able to change it. I know that's a very defeatist attitude but
> how many hours in a day do I have to do things? My business is to make money
> out of dairy farming and that's what I'm concentrating on. (PE Dairy farmer)

This attitude is not found so often among the orchardists interviewed, although these do represent the leading edge survivors of an industry that has undergone traumatic restructuring. In the main these are growers who have also moved beyond the farm gate to become packers, exporters, political lobbyists and market negotiators.

This can be seen in terms of involvement in the market. In a situation where one or other of the major proponent withdraws from negotiating process in the market because of a perceived, or actual power imbalance, the market process breaks down. If the family farmers accept the role of price taker and withdraw behind the farm gate, they in essence resign from the market and exclude themselves from multiple possibilities for strategic action that constitute power and opportunity within the market: information seeking and hiding, alliances, marketing strategies, and negotiation. This leave themselves mere dependent elements in the market process rather than active participants. Of course, major inequalities of power and resources exist between the farmer and the increasingly corporatised actors further up the production chain. This does not negate the argument that while farmers see themselves as price takers rather than price negotiators, while they see their influence on the market largely in terms of costs and efficiencies of production within the farm gate rather than the wider strategic, political, symbolic, and social processes of the market, they remain significantly handicapped in terms of strategic engagement in the market. There is a second sphere of action in which farmers would out of step with the global market, at least in the context of early twenty-first century capitalism, in strategic risk-taking.

Enterprise and Strategic Risk Taking

The following argument that can only be made here with caution. However, it is presented as a small element a much wider argument and needs to be viewed in that context. It contends broadly that these farmers have traditionally operated with strategic and financial conservatism. It is a difficult judgement to substantiate statistically since the available statistics generally lack the necessary discrimination. Average gross indebtedness of Tasmanian farms in the three categories of major interest: dairying, vegetable and fruit growing, at $48,900, $ 109,400 and $93,600 in 1995-6 (Australian Bureau of Statistics 1998b) all fall well below the Australian broadacre average of $227,800 (Australian Bureau of Statistics 1998a). In the only category where statistics are available for direct comparison, dairying, Tasmanian farms have debt levels of almost a quarter of the Australian industry 1996-7 average of $190,763. (Australian Bureau of Agricultural and Resource Economics 1999). These statistics, however, need to be interpreted with caution given the huge variation in the structure and size of farm enterprises even within the same category. The argument therefore rests largely on informant comments at interview, firstly, regarding the high level of strategic and financial conservatism in both the dairying and apple industries and secondly, on comparisons between local and New Zealand dairy farmers.

In the case of the apple industry, this conservatism is more historical than current. The crash of the 1970s and its aftermath has resulted in over one thousand orchardists leaving the industry. These, in the main were family operations who were "generally conservative and nervous about debt" (QT Orchardist and industry leader). Such enterprises did poorly under challenge for two reasons both of which relate in some measure to the tradition of small, self-contained family units. Firstly, they were very slow, or failed altogether, to react to changing market requirements in terms of apple varieties and production methods. A major factor was a predominance of a subsistence focus on supporting a family lifestyle rather than developing a business enterprise. When the pressure to change came, they simply did not have the reserves of productive land to carry them over the lag time in bringing new varieties into

production. Secondly, the five or six major players who best survived the 1970s, and continue to dominate the industry to this day, are those had invested in major land acquisition and infrastructure development which allows them to diversify into providing services to other growers, such as controlled atmosphere (CA) storage and packing and marketing. Small orchards are continuing to disappear from the industry. Average production per orchard had risen almost threefold over the last thirty years from approximately 130 tonnes in the 1960s to 340 tonnes in 1997 due in large part to increasing orchard size (Australian Bureau of Statistics 1998b)

The emphasis on the importance of a strategic enterprise focus in surviving in the global market, flows from arguments above concerning the Schumpeterian concept of creative destruction and its role in high capitalism. Schumpeter argues that capitalism is a system marked by dynamic change and that the major purpose of profit is to fund adaptation to an unpredictable but always changing future, in which the only continuing source of profitability is innovation: "profit is a genuine cost, the cost of staying in business, the cost of a future in which noting is predictable except that today's profitable business will become tomorrow's white elephant." (Drucker 1986:110). The enterprise whose main focus is generating sufficient income merely to preserve and perpetuate the status quo is highly vulnerable in the increasingly competitive dynamic of post-modern capitalism. This in many cases would seem to fit the family farm, including many of those who left the apple industry, and some of those surviving:

> The debt level in the apple industry is next to zero compared to most. The family philosophy is don't borrow any money that you can't pay back in the next cheque. It is all done on cash surpluses. The fear of having to come up with a particular planned focus [business strategy] on something stops them. All that other stuff is crap to me [structural limitations]. It's just a lack of business acumen and wanting to have a go. Understanding what's out there. (EM Leading young orchardist)

Industry leaders in dairying would appear to be sounding the same warning bells. In 1997 70% of the 944 dairy farms in Tasmania were running less than 250 cows with 175 of those running less than 100 (Australian Bureau of Statistics 1998b). This can

be compared with New Zealand run farms in Dairy Flats milking 700-800 cows with a single operator. Small units whose *raison d'être* revolves around preserving a way-of-life rather than running a business, appear ultimately doomed:

> A lot are losing ground but are not aware of it. A lot of [semi] retired dairy
> farmers with low debt are just cruising along. It's a pretty fair assumption that a
> lot around here are just cruising. It's frightening. The crunch day is coming. A
> lot are unaware of what is going on in rural Australia. Even the 'switched on'.
> (PO Leading farmer)[14]

The arrival of New Zealand dairy farmers in Dairy Flats in the 1990s has provided a stark comparison in approaches to farming as a business enterprise. As detailed in Chapter 7, the New Zealanders farm much more intensely than local farmers in all ways: "The New Zealanders are a different race. They take on more challenges, live on less to get there and take more risks" (PN Mixed farmer).They are also much more focussed on farming as a business. The contrast is seen in two quotes above: the young New Zealander, YX, (page 13) who talks of directly in terms of equity building and return on investment and RT's (page 15) comment that "you'd sell up" if you looked at it farming from an investment point of view. The difference is that YX is working as a share farmer for a corporation in a new country whilst RT is working on land that three generations of his family had worked before him. This raises another component to the structuring of the farm gate boundary processes: the accumulation of tradition and heritage which locks the third and fourth generation farmer into the structures of the past.

Inheritance, Heritage and Investment

Family farming involves a long cycle of building investment slowly over generations and that means that that investment is never purely, or even predominantly, economic:

> The future of farming depends on how you price or weigh the benefits. If you
> take the view that year to year price is the only benefit then you'd better find a
> life without that anxiety and frustration. It will always go up and down. If you

take the view of hopefully building a capital asset on the other hand, of getting

day to day enjoyment and satisfaction; you have the knowledge and control the

lifestyle, it's better than nine to five. If you were to weight all those and balance

them out you would get less satisfaction. (RM Manager Food Processor)

It is argued in Chapter 5 that over time, and in the absence of major disturbance, social networks consolidate and become increasingly dense and tightly coupled. It is not only the multiplexity of linkage which increases but also the content of linkages which becomes more complexly rich as historical layers of meaning, affect and effort accumulate. This is seen with great clarity in the family farm that is passed down from generation to generation. Throughout that history there is the gradual accumulation of investment that strengthens and complicates the social networks and the linkages which comprise the farming unit, to a point where current heirs are so deeply woven into the historical matrix that their ability to function as innovative and flexible business managers becomes severely compromised.

The most immediately obvious restriction is the accumulation of investment in physical assets: land, machinery, infrastructure, and stock. Increasingly there may be significant debt:

I feel sorry for the farmers because they are prisoners of their own investments.

They have everything to lose. (KU Dairy farmer and food processor)

Notwithstanding previous arguments on financial conservatism, this is a story encountered frequently at interview, as those farmers who wish to stay viable are forced to borrow to improve economies of scale. To take the Australian dairy industry as an example: with average farm debt at $203,910 and a rate of return on investment of 1.7% in 1997/8 (Australian Bureau of Agricultural and Resource Economics 1999:14) there is unlikely to be a rush of buyers willing to find the $1.2 million average capitalisation. This may reduce the farmers' options in terms of leaving the business but it does not necessarily present barriers to treating farming as a business. It does, however, retain in the industry many who have lost the energy and interest required to respond to challenge, and submerges producers in a daily physical grind

---

[14] At the time of writing many of these smaller farms have accepted compensation offers to move out of the industry following deregulation of the dairy industy.

focussed on survival that leaves seemingly little time for reflexive evaluation and strategizing. However, what would appear to present a greater limitation on farmers' business freedom are the less tangible, but more powerful, effects of social, emotional and historical inheritances and investments that accumulate around the family farm.

Most of the farming enterprises in the study areas span at least three generations, some much longer: "It's probably almost scary when you look at a family like ours. Our children are the sixth generation" (PN Farmer). Generations of living on, and farming, the same piece of land, of building on foundations laid by kin, interacting with cohorts who can trace similar family biographies, imbues every place, every action and interaction with dense structures of meaning and obligation to both significant and imagined others. This issue emerged frequently although less so in the apple industry where, as noted above, the historical structure has been irrevocably disorganised by the industry downturn.

> There is pressure on the family; not being able to get away. Selling out becomes
> an option for a lot but it is much more difficult when farms have an hereditary
> component. You don't just sell the farm but grandfather's fence line and uncle's
> paddock that he cleared. You sell your biography and your history; in our case
> six generations. It's a huge issue. He says while we can keep going we will keep
> going. What else is there? (SM Farmer's wife).

It is significant that the clear expression of this dilemma was more likely to come from the women. It is more likely farmers' wives and partners who are able to step back and reflexively assess the operation: "I was given an ultimatum five years ago from wife: get a better return or get out. Give it five years. It hasn't improved" (PE Dairy Farmer). The most likely reason for this is that inheritance of both the farm and the heritage has been confined almost exclusively to sons, at least until very recent years. Few of the farmers' wives are working a farm on which they had grown up. This leaves them less deeply embedded in the networks which comprise the family farm. For the inheriting farmer, who has to account so directly and concretely to the past and, to a certain extent, to the future, is an actor who is handicapped in a world in which flexibility and innovation are so crucial.

The question of inheritance is a fraught one for present day farmers reflecting the problems of globalisation and the creative-destruction cycle of high capitalism. At a time when the family farm was seen as a process of generational asset building, projecting into the foreseeable future, the duty of each successive parent was clear: to consolidate the foundation to be handed on for the next generation, or more accurately, to the son(s) of the next generation. This was especially the case in the apple industry where the long lead time in bringing trees into full production meant that one generation planted the trees that would support the next. Building livestock blood lines presents a similar situation. Much has now changed. Even those few who still foresee a reasonable future in agricultural production, and these were well in the minority, do not talk in terms of inheritance. Only one of the leading farmers interviewed talked with any certainty about succession. Firstly, following the argument above, those who have experienced the yoke of inherited responsibility, and debt, are reluctant to burden the next generation with the debt, the workload, the frustrations or the restrictions. Secondly, the coming generation is one which the boundary processes have begun to become disorganised through education, travel and the media, opening them to the much wider possibilities in global high capitalism.

To return to the apple industry, the volatile nature of consumer taste and global market processes mean that survival means rapid flexible response not solid heritage:

> One grower said to me last year that Dad planted trees for me. Not any more . . .
> that kind of family thinking basically is putting the next generation out of
> business because the young are not getting a say (EM Orchard manager).

The advantage now lies in the time span in developing a new winning variety, getting it onto the market first and being ready to push out trees for the next winner as, or preferably before, the market begins to lose interest. 'Dad's trees' must be expendable.

> We need new varieties because others are developing them and as soon as there
> are new varieties and they are good, and no doubt a lot of them are better . . . an
> old variety has never ever come back into favour . . . Once they are starting to
> wane you've got to get out of that very fast and plant something new. (RT
> Orchardist)

This is the quintessential global market as outlined in Chapters 4 and 5, driven by changing tastes and rewarding those best placed to respond quickly and flexibly. It represents a major challenge to the logic behind the multi-generation family farm.

It must be emphasised that this is not an argument for ending the family farm. It merely highlights the dilemma that faces small family farms in globalisation, of finding ways of maintaining those aspects of family farming which give the hard work and life style meaning, while minimizing the resulting handicaps to flexibility and innovation. This makes considerable demands on the farmers' capacity for reflexive evaluation of their operation which in turn requires that they are able to gather knowledge well beyond the boundaries of the farm gate. The dilemma is that the networks and network boundary processes that build through heritage and inheritance do so much more than merely restrict possible actions. They also restrict knowledge gathering and reflexivity. Along with 'Uncle's paddock' and 'Dad's trees' come bodies of traditional knowledge and practice that not only define how to care for the pasture in that paddock and how many cows it can support, or how to prune and thin the crop on the trees, but also a range of boundary processes that define knowledge gathering networks, 'sacred' elements in farm and rural life, and possible futures. Every challenge to an element of these organising boundary processes represents a threat to a carefully constructed and maintained ordering of family farm life. It is little wonder that those so consumed with the day-to-day work and worries of agricultural production may be reluctant to begin disassembling those organising processes.

Of all the changes that characterise the agri-food market in globalisation, it is perhaps the changing role of the consumer that impacts most on the farm gate boundary. The global consumer is more discerning, knowledgeable in their consumption and more concerned about a range of symbolic, environmental, health and ethical concerns (Cook 1994; Le Heron and Roche 1996). Producers seeking to hold their place in the market therefore need the same level of knowledge, understanding and sensitivity to changes in that market, as they have traditionally had in the technical aspects of production.

Marketing: The Consumer Challenge

While the Tasmanian apple industry provides a model case-study of the painful history ignoring the market, the statement that best illustrates both the problem and how far agricultural industries have to go in the matter comes from another industry: beef production. In early 1998, a spokesman for a major farming organisation was being interviewed on local public radio concerning consumer concerns about the use of human growth promoters in beef cattle. After arguing that these feed additives were perfectly safe for the consumer, he added that the farmers: "must not *cave-in* to housewives' [mis]-perceptions" (ABC Radio 4th February 1998). Any approach which fails to take consumer concerns very seriously, however misplaced, is no longer tenable in a highly competitive global market in which consumers are both informed and empowered. It no longer sufficient, although certainly necessary, for the farmer to produce an exemplary quality product at a reasonable price. Consumers now have the choice of multiple products of high quality and reasonable price, so the product they buy must stand out in some way from a crowded field.

This represents a very difficult adjustment for farmers. Where once it may have been sufficient to confine their efforts within the relative safety of the highly organised boundary processes of the farm gate, they are now required, on one hand, to venture into the world of their consumers and on the other, in a metaphorical sense at least, to allow consumers to venture into their domain. Despite this, interviewees repeatedly fall back on the quality of the local product, as defined by the producer, as sufficient reason for not just buyers for their products but for buyers at a 'fair' price for their efforts. There was implication that producing the 'best' apples, potatoes or milk was sufficient guarantee of industry survival: "Our growers say 'terrific quality' so people will buy. There are bloody good apples in lots of places. It doesn't work anymore. You never ever can think you do the best; someone can always do better." (EM Orchardist). Even if the quality judgement are not disputed, the implication that that alone is any guarantee of survival in a global market is highly problematic:

> There is a shortsighted perception that just because I have chosen to produce
>
> peas or milk and this is a quality product, I should be entitled that someone will

- 189 -

buy it and pay me what I consider an adequate price for it. They are production
rather than market driven. (TL Managing director of processor)

The Changing Face of the Market

The transformation of production and consumption under globalisation is treated in
detail in Chapters 4 and 5. However, there are a number of points which are worth
closer examination in terms of their impact at this very local level. The shift in the
balance of power from production to consumption raises issues around the function of
marketing. It is overly simplistic to see production and consumption activities in
terms of one driving the other since, under high capitalism, both are points on an
ongoing high energy dynamic. The function of marketing, as distinct from selling,
has always been to persuade consumers that they wish to consume what has been
produced. This dynamic is clearly seen in the apple industry where variety change is
driven not just by the changing tastes of changing markets, but also by the need to
maintain a novelty factor: "The varieties we used to have and think were great, they
don't seem to want any more. Just like a changing fashion" (LO Orchardist). Another
leading orchardist admitted being in the fashion business: "Yes, I think so! That's
why Pink Ladies did so well. Brilliant marketing campaign, something a little bit
different. Apple no different taste wise, not as good flavour as some, but marketed
brilliantly (RT Orchardist). This raises the growing importance of symbolism and
brands, as groups and products seek to establish and maintain their identities in the
face of the globalisation.

This can represent major difficulties for agricultural producers, on a number of
fronts. It does not fit well with the characterisation of rural and farm life as 'real' as
discussed in Chapter 7. Farmers who take pride in their mastery of the technical and
physical demands of agricultural production to produce a 'quality' product are likely
to expect to be judged the on concrete reality of the product rather than the abstract
symbolism of a marketing image. Also, as discussed in Chapter 7, image marketing
relies on grouping products under brands and therefore cooperative action. This is a
problem with a production system based so strongly in a tradition of individuality and
self-reliance. Lastly, brand or image marketing, is highly fragile which means a high

level of central monitoring and control on all phases of the production process. This means allowing intrusion beyond the farm gate boundary by a range of operators; bureaucrats, agents, marketers, buyers, and possibly even grass roots activist groups.

Perhaps the ultimate expression of this marketing driven monitoring and control process is represented by the major supermarket chains. Supermarket control of the agri-food production/consumption chain has not yet, in Australia, reached the level of integration and organisation found in the USA and Europe where the major chains own and control the product from planting to checkout in organisational structures which span the globe (see Cook 1994; Heffernan and Constance 1994). Despite this, Australian supermarket chains, especially the two biggest, Coles Myer and Woolworths, do represent an immense power in the domestic fresh food market. Even at the present stage this represents a major assault on the integrity of the farm gate boundary. Growers become much more directly linked into the retailing of their product and are forced to be much more directly responsive to both customer and retailer. For example, the technology costs involved in placing the small identifying sticker required by supermarkets on individual items of fruit is one factor forcing the smaller independent growers to enter into cooperative arrangements with the larger grower/packers As the role of multinational supermarket chains expand, much of the argument in this chapter may well become irrelevant as family farms move to becoming mere leasers of land, and providers of labour, in a tightly organised, vertically integrated and closely controlled food supply chain.

Consumer Awareness: Travel

"We are urging young fruit growers to understand who their customers are. Most growers think that the packhouse, the fellow who sends them the cheque is the customer" (EM Orchard manager). The history of the apple industry in the twentieth century provides the example *par excellence* of the ever closer connections between producer and consumer forced by increasing competition in globalisation. Data on other industries in the study area, especially dairying, show that the process has a long way to go in those areas where globalisation has yet to be felt. During the boom years in the apple industry following World War II up to 80% of the Orchard Vale

apple crop was being exported to a starved UK and European market (O'Loughlin 1986). As that market began to drop off, a series of government support schemes were put in place to prop up the industry. The effect of buoyant markets, various price guarantee schemes and a history of contractual arrangements which saw agents take ownership of the crop, and the financial risks at loading, insulated growers almost entirely from market reaction in terms of quality, variety and price. For all intents and purposes, the customer's tastes and preferences, were of little significance in the production process. The battle of wits between fruit inspectors, charged with maintaining the quality of fruit shipped, and orchardists intent on getting maximum counts of fruit on board the ship are recounted above. By the time the industry became aware of changing market conditions and consumer tastes it was too late for many to adjust. The traditional markets in Europe had disappeared and many growers were left with whole orchards of varieties and sizes of fruit that were totally unsuited to the emerging Asian market:

> We went through that period where government inspectors inspected fruit and it
> became a challenge to the producer and the inspector as to who had the final
> laugh when the fruit went on the ship . . . Now that was an error in retrospect. It
> was an error in the way that the responsibility was sheeted home. The
> responsibility in that situation really resided on the inspector to ensure that the
> fruit was in good order whereas any modern marketing analyst would throw up
> their hands in horror and say "Of course it was going to have all these problems"
> because the producer should have the responsibility for ensuring that his product
> is a suitable for the market. (AC Agricultural economist)

In essence, for many producers in those times, the consumer had no place in their corpus of knowledge about production. In contrast, the present industry leaders are frequent travellers to their markets and frequent hosts.

> We always do a lot of travelling overseas as a family [sibling partners]. We've
> all been through Japan. With the growers group that has been really good for the
> industry. People are travelling. We've had a few overseas trips . . . Japan . . .
> and China and so forth. We have field trips and get a lot of speakers in from the
> Mainland. We've had a lot of groups, a big group of Italian orchardists coming
> this week, and a lot of Japanese groups.

These are the sons of a generation who were forced to travel to survive. The knowledge and networks of agents built up over one hundred years of European trade were useless in the new markets and the only ones to survive were those who were willing, and/or able, to learn a new market with new consumers and build new networks. This revisits an issue raised in Chapter 7: the importance of face-to-face interaction in forming networks. As the Tasmanian apple export focus moved to Asia, exporters learnt quickly that Asian importers and markets were not to be treated lightly, that they were extremely tough and canny negotiators serving a very discerning market: "The Chinese are the best salesmen in world. They can pull the wool over anyone's eyes if you're not smart enough. They will play the exporters off against each other" (RT Orchardist). Asian agents were found to place a high degree of importance on face-to-face interaction in building personal relationships and trust:

> First you've got to get the people to like you. If they don't like you, they won't deal with you, whatever you're trying to sell. I travelled, and they travelled out here. You did the right thing by entertainment or little things to get to know one another and they liked all that then they will chase you up rather than someone who was a bit offhanded. (FD Orchardist)

The global market requires that networks are be constructed across wide cultural boundaries. In the case of earlier UK exports, transactions were embedded in a shared cultural heritage which set the parameters for exchange without the need for extensive face-to-face interaction. It is ironic that this framework of understanding apparently contained within it room for a certain amount of gamesmanship and advantage taking. The Asian relationships contain no such ready made framework. The conditions for trust had to be constructed slowly and carefully and that would appear to require face-to-face interaction. These constructions remain fragile and vulnerable to any breach of good faith.

This willingness to travel does not hold right across the apple industry where there is still significant a number of mainly older growers for whom even the prospect of moving beyond the farm gate to the meet with local consumers is a problem. EM, recounts the problems he encountered when the growers group arranged a 'meet the customer week' for orchardists at the local supermarkets: They [some of the older orchardists] didn't want to deal with it. . . 'Not interested. We have to worry about

production. This is someone else's job.'" Similarly, the interviews reveal that for the dairy and vegetable farmers, the consumer, in line with the quote by EM above, is the processor, and the concept of marketing does not go beyond lobbying for a higher farm gate price.

Market and Consumer Responsiveness

Even the most aware among the farmers generally profess themselves ill-equipped to deal with marketing issues. The production process itself is sufficiently challenging to absorb all the energies and resources of most: "It is very hard to find out the truth [about market issues]. We get different stories from different sources and we don't have the resources to check out where the truth lies" (PO Farmer). Farmers are not equipped or trained in what is a very specialised field: "Most farmers don't have a good education and lack marketing expertise and wherewithal" (HN Agricultural accountant). They therefore largely ignore the issue, classifying it as someone else's business.

The argument is not that agricultural producers need to become marketers, but rather that, in globalisation, marketing issues cannot be separated from production issues and therefore need to become an integral part of the farmer's range of concerns and production strategies. The production-consumption dynamic is one in which the impetus comes from both production and consumption. The traditional family farm has to a some extent privileged production. Crops are grown because the land is suitable, that is what is grown in the area and/or that is what was grown by fathers or grandfathers. This is tenable when the market is undersupplied and a profitable outlet can be found for whatever product is produced. That time is long gone. In the highly competitive global market the farmer is forced to ask a new and possibly very challenging question:

> We were looking for better returns so we looked at the end market and worked
> our way back Looked where the most money was being earned on beef . . .
> imported frozen embryo into existing stock and now flushing herd for our own
> progeny. (II Cattle breeder)

II is farming a breed of overseas cattle never before farmed in the area and one that is still quite unusual in Australia. He is able to step back and reflexively evaluate an inherited operation with an established mainstream herd and ask a quite radical question. In taking the decision he has, he is stepping outside of the local networks of knowledge, support and established practice. II like so many others who show themselves to be flexible and innovative, has a biography marked by differential socialisation. He was raised, and trained as a farmer, between two countries and continues to travel and maintain networks in both. Like those in the apple industry he stresses the importance of the face-to-face relationships and trust:

> With Japanese you have to have very close personal contact. You have to
> become their friends and then do business. You need the rapport because in their
> society the relationship comes first and then business when you have trust. Trust
> is important.

For others, with their roots deeply in the district and an inherited form of farming, the decision to move to a focus on what the market 'wants' can involve challenging the whole structure of identity, biography and place. RE has made the move from apples to cherries in order to tap into a new market but remains handicapped by an unsuitable site:

> The reason we grow cherries here is that we used to grow apples here and lived
> here – end of story. That's stupid. If you were coming to Tasmania to grow
> cherries you wouldn't grow them here. . . there's a lifestyle factor. I do like
> living here. . . it was part of the family history too. Without being rude, it's the
> Aboriginal sacred site thing.

Being responsive to the market presents a particular problem for non-broad-acre forms of agricultural production, where lead times for changing production are so long. This puts particular pressure on good market intelligence and therefore well established wide-reaching knowledge gathering networks. Although the apple industry is committing considerable research into decreasing development and production lag times on new tree varieties, it can still take up to seven years to bring a new variety into full production. The time to build a dairy or beef herd would be similar. This means reading changing market conditions and developing strategies

well ahead. This requires multiple knowledge links in order to build a wide understanding of the market environment.

In 1997, the local apple industry was very badly hit by the sudden entry of high quality, high volume, product onto the market from China. Although China had long been a player in the global market, the quality of the fruit had been poor and the volumes low. The precipitate increase in both came as a considerable surprise to many. When the manager of a major Tasmanian exporter was questioned on how this development process could have kept from the global market until it had matured, he admitted that a principal in that development was also a leading agent dealing, among others, with the Tasmanian exporters. It was clearly not in the interests of that agent to inform his other customers of his Chinese investments. Where local producers, agents and exporters rely on a single channel for information flows, no matter how well developed, rather than multiple diverse channels of intelligence they remain extremely vulnerable to unforeseen changes in market conditions. In a dynamic and highly competitive market, triangulation of intelligence through multiple weak ties is important.

Bulk Commodity and Niche Markets

A major factor in the different attitudes of the present day apple and aquaculture industries and the dairy and vegetable industries lies in the distinction between bulk commodity and niche marketing. The apple industry has been progressively moving from the bulk commodity to the niche end of the spectrum. As world volumes of low cost moderate quality fruit increase, the most viable option for a high cost low volume producer like Tasmania is in premium niche markets. This makes considerably more demands on production, and on marketing knowledge and expertise. It can mean that minor misjudgements of customers tastes and preferences have major consequences. The establishment of the Fuji apple in Tasmania was seriously delayed because the Department of Agriculture, as the only, but under-funded, research and development body was limited in the capacity to travel, and restricted to budding stock free of patent rights. They therefore spent years

developing a variety with block colouring for a market where a stripy coloured fruit was greatly preferred.

The dairy and vegetable industries in Dairy Flats consist almost entirely of bulk commodity producers. The major DFC export product is milk powder, and vegetables are almost entirely supplied to the frozen foods market. The major boast of both industries is that they produce the 'best quality' in the world but as the processor manager RG points out: "The product quality is good but no better. I couldn't tell the difference between the US, New Zealand and local product. They are homogeneous because we work to specifications set by big consumers like McDonalds." These producers are therefore seeking to compete on the same terms, in the same market as massive corporate farms in areas such as South America where cost structures are much lower. It is a fact that has not escaped the notice of local producers. The following are excerpts from an interview with JI, one of largest, most successful, and reputedly richest farmers in Dairy Flats:

> We've got countries that can import into Australia and we've got to try and compete with our costs the way they are. Costs have gone up 4% since last year's crop and they've dropped our price $8 a tonne. Farmers are not united that's biggest problem. We will reach a stage where it is unproductive and the whole industry will be in trouble. *Farmers should get a reasonable price to be able to operate.* . . . All we want is a viable price. We don't want to be thinking that we will be millionaires over night, all we want is a viable price

A little further on JI was asked about the possibility of losing the local processor:

> I believe we will always have a processing factory. It's good pea country all up the coast and a superior product to other states. Our French fries are recognised as the best in the world [note the comments from the factory manager above]. Even if [they] pull the pin, someone else will be there. (JI Farmer)

This brings the argument full circle. The majority, like JI are well aware of both globalisation and the impact of the global market on local production. Yet there is a sense in which many, especially those outside of the industries dealing directly with that market who, like JI, do not see themselves or their industries as necessarily part

of globalisation[15]. They see rural and regional life and the family farm as somehow separate, or at least separable, from the changes that are happening around them. This draws on the characterisation of rural and regional life which claims guardianship of fundamental values in social life and a special status for primary production which renders both in some way especially deserving of 'protection' from globalisation. As shown in the apple industry, there is, ultimately, no protection. The multitude of ways in which the global penetrates the local, and the farm gate boundary, mean that at most, the disorganising effects of globalisation can be temporarily delayed.

Conclusion

Family farming may be first and foremost a way of life and to French farmers this is sufficient argument for closing the farm gate on globalisation. The Australian farmer has all but lost that argument and is faced with the difficult task of preserving the family farm in the face of an increasingly competitive global argi-food business without sacrificing its whole *raison d'être*. The analysis presented above is not necessarily an argument for the wholesale abandonment of the traditions of family farming. It is an acknowledgement that changes associated with globalisation necessitate opening up the boundaries of the family farming enterprise and exposing all within to reflexive assessment, a weighing up, in terms of the balance between economic survival in a global market and way-of-life values. That process is inevitable and already occurring on farms within the study areas.

---

[15] It is ironic that JI, more than most interviewed, runs an operation well tuned to the demands of the global market.

Chapter 9: Conclusion

This study is prompted by concerns about the difficulties that globalisation, and in particular the global market, appear to be posing for the economic viability and vitality of many rural and regional areas in Australia. Baum et al. (1999) reveal, in Australia, a complex pattern of increasing social and spatial differentiation between communities of opportunity and vulnerability. Within these patterns there is a clear predisposition to disadvantage in the intersection of two factors: regionality/rurality, especially in terms of distance from the peri-urban areas on the east and south west coastal regions; and an economy dominated by agriculture or manufacturing. This picture closely fits many communities in the state of Tasmania, and, in some respects, the state as a whole. It would appear that these areas and industries are experiencing difficulties adapting to the rapid transformation taking place in the production-consumption cycle under globalisation.

The purpose of the study is not to find a 'solution' to the 'problem' of rural and regional adaptation but rather, as a first step, to explore in some detail, the ways in which local production and global markets intersect in two Tasmanian rural and regional areas, and the ways in which these areas, their industries and producers manage the effects of that intersection. The economic and social viability and vitality of the study areas, as with any given rural and regional area, will depend on a unique and complex interaction of a variety of historical, geographical, political, economic and social factors. This study, more narrowly, focuses on exploring some of the social structural factors that underlie attempts by the study areas and in particular their agricultural producers, to maintain their position in the global market. These findings are likely to provide important pointers to processes underway in the many agriculturally-dependent rural and regional areas in Australia that are experiencing similar structural, economic and social problems to Orchard Vale and Dairy Flats.

This is not an issue of adaptation or a failure of adaptation. Adaptation to processes as ubiquitous and penetrative as globalisation and the global market is not optional. Neither are these, as they are sometimes portrayed, external forces which can be

engaged or dismissed at will, or by policy decision, but processes which are continuously acted out, and always but not only, constructed within the local. Time-space compression multiplies the possible and actual connections between actors, groups and places. Waters (1995:9) argues that it is the facilitation of symbolic exchanges by time-space compression that globalises. That is, that the symbolic and cultural provide the most wide-reaching integration between the local and globalisation. In particular, the various forms of electronic communication ensure that all actors, in some sense, are at once local, national and global beings. The new knowledge and awareness of the wider world that this connectivity brings, transforms local conditions, even without the additional effects of the physical transfer of goods or the mobility of actors. The global, particularly in the form of the global market, is found everywhere in the local, as are a wide range of adaptive responses. Yet the study does raise some questions about the extent to which electronically mediated cultural exchange is effective in transforming local network orderings.

While both globalisation, and models of 'successful' regional development in a global market context, are well studied and theorised in the literature, there is much less material on the detail of how global market processes are worked out in the context of the social structures of local production. The study therefore, is not framed in terms of global and local and the connections 'between' them, but rather in terms of the way globalisation manifests in the changing patterns and processes of the locally anchored network organisation.

The study identifies two broad responses to globalisation and the global market within the areas and industries studied: active, open and strategic engagement, and a protective withdrawal behind local network boundaries (see Proposition 1, Page 94). Both in their ways are adaptive, although the former is more likely to support the continued viability and vitality of production. While the distinction is presented in terms of a dichotomy, very few the organisations, industries or individuals, fit neatly into one category or the other, with most exhibiting a mix of responses drawing from both.

Strategic Engagement

The global market takes its form from the processes of global high capitalism outlined in Chapter 2. This, in turn, determines the requirements for 'successful' participation in that market. Time-space compression frees exchange relations from the constraints of time and space. When this is combined with hyper-rationalisation and growing strategic reflexivity, the resulting market is increasingly volatile, dynamic and strategically competitive. While the global market multiplies the opportunities available to producers, at the same time all windows of opportunity become more competitively contested and, with increasing consumer discernment and power, narrower and briefer. This constitutes a very demanding environment for producers in terms of knowledge, reflexive strategic responsiveness, flexibility, and innovativeness

Two industries, salmonoid aquaculture and apple orcharding, are identified within the study as adopting a largely 'strategic engagement' response to the challenges posed by the global market. A similar response was also encountered in small sectors, or individual operators in other industries. The operation of these two industries accords quite closely with the network structures and production practices as outlined in Chapter 4.

The most notable feature of these industries is the width, depth and openness of their links within, and beyond, their immediate production environment (see Proposition 2, page 94). Major players in the industries maintain direct and active network ties, not only into established and potential markets, but also with other producers and industry researchers world-wide, and with political agents and operators both at home and overseas. They establish and maintain these links both electronically and by frequent international travel. This allows them to build formal commercial connections into more richly constituted network ties. The distinction between connections *per se* and network ties is made in Chapter 5. The latter are defined as having an enduring existence, even they are if quiescent for periods, and are constituted by exchange relations which function within a framework of shared meaning and predictability. In a More Developed Country like Australia, even the

most remote areas are connected into the globalised world in a multitude of ways. Certainly, rural and regional areas do suffer some disadvantages in terms of media, information technology (Information Policy Advisory Council 1997) and transport. However, very few remain cut off from the processes and products of globalisation. Both Dairy Flats and Orchard Vale have well developed and accessible links to the wider world including relatively affordable internet access. Being connected into the global is not the same thing as being engaged in the global market, particularly in terms of knowledge acquisition. Connections transmit data but, following the distinction in Chapter 3, data do not become information or knowledge until they are attended to, sorted, and incorporated into existing stocks of knowledge and established practice. This is requires that data be exchanged within the context of some framework of shared meanings. Such a framework defines a network tie as against a simple connection. Network linkages provide operations in the apple and aquaculture industries with an understanding of, or a breadth and depth of knowledge about, their global industry environment that they would not be able to obtain through sort of formal highly structured connections that marked the pre-1970s apple industry.

These more open and eclectic network orderings are duplicated at the local level with ties that are marked by the free and open sharing of information and resources, and a complex and flexible mix of cooperation and competition. These open and wide-reaching network orderings represent an engagement in the global market in the sense that they locate local producers actively and fully within the global networks which constitute their industry. In comparison, those industries without such networks, like much of the dairy industry in Dairy Flats, can still be said to be connected into the global market, but in a much more indirect, marginal and passive capacity.

The aquaculture and apple industries are also reflexively and strategically responsive to the market environment. This is partly a result of their knowledge gathering capacity, and partly of the open network structures in which they are located. An awareness of changing consumer preferences and tastes, research developments, political and economic trends and global industry shifts allows them to reflexively

evaluate their own position in the market, to calculate possible future trends and market conditions and formulate both future goals and the means of achieving those goals. Open network ordering also allow them greater degrees of freedom in responding to changing market conditions in that they are much less tightly locked into dense, longstanding accumulations of knowledge, obligation and routinized patterns of action and interaction.

The two industries come to this similar position in terms of the global market, through quite different routes. The salmonoid aquaculture industry in Tasmania has a very short history and started with an almost completely 'clean slate'. As a consequence the industry carries little historical 'baggage' in terms of established wisdom or long-established and firmly entrenched network orderings. It was built from the beginning as a global market player.

By contrast, the apple industry has one of the longest histories of any export industry in Australia. Apple exports from Tasmania to European markets were well established by the turn of the twentieth century. It was also one of the first to feel the full impact of the rapid developments in the global market. The industry crash of the 1970s virtually destroyed over one hundred years of accumulated structure and history. Long established tight network orderings and powerful boundary processes based around small family orchards had, for much of that history, divided grower from grower, and growers from their market. These structures were all but destroyed when the market collapsed, forcing many to abandon the industry altogether and the remaining producers to work hard to build new linkages. While clearly the issue of which growers survived and which did not involves a multitude of factors, those who remain in the industry are notable for the manner in which they are widely and openly connected into their global industry environment.

A third group who are identified as being strategically engaged in the global market are the immigrant diary farmers in Dairy Flats. This group is a highly selected in a number of ways. Firstly, and most obviously they have disorganised their established network ordering by migrating to another country. Secondly, its members have some experience in surviving in a global market environment, since the New Zealand

industry dairy, because of its small domestic market, has a long history of engagement in the global market. Thirdly they are predominantly young, tertiary educated professionals seeking build equity in an industry. In comparison, their local peers are working within the structures accumulated over a long history of inheritance and tradition.

Finally, there is a small number of individuals, mostly in senior executive position within major organisations, whose awareness of, and engagement in, the global market environment is in marked contrast with the majority within their industry group. The question of whether the views derive from the position or *vice versa* in not addressable with the available data. However, all are both tertiary educated, and, like the New Zealand dairy farmers, 'incomers'. That is, they are individuals whose earlier socialisation experience is not deeply rooted in, and constrained by, the local. In fact, the study finds overall that the major catalysts and facilitators in the reorganisation and opening-up of local networks are individuals who have significant anchoring within community networks but whose own network orderings have been disorganised by a differential socialisation experience. Regardless, of the exact mechanisms and individuals involved, the local network orderings of both Dairy Flats and Orchard Vale are undergoing quite marked re-organisation into more open forms. The process has been markedly slower in the former, most likely due to a combination of geographic distance from the nearest urban centre and delays in the impact of the global market on local production. The entry of New Zealand dairy farmers is beginning to accelerate this process.

Any connection between the local and 'outsiders' has the capacity to function as a weak tie, bridging between network groupings, and thereby increasing the avenues for new knowledge, belief and practices to enter local network ordering (Granovetter 1973). The transforming effect, however, increases markedly, when outsiders become more integrated into local network orderings. They become what Simmel (1908/1950/1964) calls the 'stranger', one who is in, but not fully of, the group. Incomers occupy a unique position within the community. Because they are more loosely tied into local network orderings than the born-and-bred locals, they are able to be more reflexive, flexible and innovative. They are less deeply embedded into

the body of knowledge, beliefs and practices that accumulate in place over time and repeated interaction. Yet, at the same time, their local linkages and understandings allow them to interpret, accommodate and integrate change into local networks.

In summary, the example of those industries which have, willingly or unwillingly, gone down the path of strategic engagement in the global market provide support for the first two of the propositions presented in Section 1. The success of a strategic engagement approach to globalisation is dependent on the capacity of producers to transcend tight local network boundaries and build and manage more complexly ordered network linkages which reach widely, and deeply, into their global industry environment. This, by definition, involves a degree of disordering and opening-up of local network ordering. The study identifies at least two ways in which this occurs: through some form of crisis such as experienced by the apple industry and through the role of 'incomers'.

Withdrawal

The other end of the spectrum of responses to globalisation involves withdrawal behind reaffirmed and strengthened local boundary processes. This response has consequences in terms of maintaining the economic viability and vitality of local production and also sheds light on the manner in which network orderings constitute the local and place. The integrity of local boundaries in globalisation is the subject of considerable public debate at present. There are widespread concerns about the promotion, by governments and international bodies, of policies which favour opening up national boundaries to trade. This is seen by many as a threat to the local. Although globalisation and the global market do represent a challenge to the organisation of local network orderings and boundary processes they are not, as shown in the study, necessarily a threat to the local or to 'community'.

The study suggests that what may happen in globalisation is a shift, from a dominant form of the local and community consisting of substantially conterminous and clearly defined boundary processes and dense richly multiplex matrix of ties, to a much more dynamic and complex mix of network forms. This is certainly the case in

the two areas in this study. This shift has been going on for a very long time but has accelerated markedly with globalisation especially in Orchard Flats. The traditional forms of network organisation exist within, and beside, more open forms where networks are ordered on more narrow bases of sharing, are less tightly and enduringly structured and less likely to overlap in social and physical space. All of the qualities and values traditionally associated with the dense network forms - community, trust, caring, solidarity, along with their inevitable counterparts of distrust, marginalisation, cliques and conflict - continue, despite the more complex forms, to constitute the social relations of place . The difference is that these are less likely to be as rigidly and predictably structured. Coherent and stoutly defended boundaries of inclusion and exclusion still abound but they are less likely to hold across time and contexts than they have in the past. This is a pattern that appears from the literature to be repeated at all levels from the international to the smallest local group or organisation. For all the international commitments to 'free' trade, globalisation is still as much about nation-states seeking ways to maintain boundaries as it is about dismantling them. A similar picture has been encountered in these local level studies.

This is revealed in discussions in Chapters 6 and 7, especially in regard to local government and the efforts of incomers to construct community. Where there is the need to protect or pursue shared interests or identity, to build trust, to provide caring or to pool resources, network ordering arise that are more narrowly based and time and/or context limited than they would have been in the past. The clarity and definition of Dairy Flats boundary processes encountered in the study may well have been as much a time and context limited effect of the major challenge posed by amalgamation, as a reflection of an enduring state. Similarly, as family farming comes under increasing pressure, the boundary of the farm gate could be expected to become more clearly articulated and stoutly defended.

This said, there remains a clear relationship between the density of underlying network orderings and the coherence and integrity of boundary processes. Boundary processes reflecting more narrowly specific ordering, regardless of how powerfully they operate on that issue or in that context, dissolve in other issues and contexts.

This is seen in the apple and aquaculture industry as they move towards wider, more complex and fluid alliances which cut across traditional boundaries. The boundary processes that reflect denser and more multiply constituted network ordering function across a much wider range of issues and are more enduring in time and space. The reasons for this can be analysed in terms of actors' 'investment'. Actors within long-established and tightly structured networks have a great deal 'invested' in that structure and in the *status quo*. That is, the costs and consequences of any change or reorganisation will be directly related to the density, richness and multiplexity of the network matrix. A protective strengthening of boundary processes as a bulwark under challenge is therefore both understandable and adaptive. In communities in both areas, but especially in Dairy Flats, 'place' and the 'local' remain a powerful presence and the principal base for networks orderings. Despite boundary disorganisation, the identities and personal networks of individual's from both areas take the overall shape of their communities and geographic areas (see Proposition 3, page 94) This mobilisation of boundaries is shown most clearly in the matter of family farm in Dairy Flats.

The family farm, worldwide, would appear likely to provide a focal point for the working out of global and local processes. The traditional family farm is the example *par excellence* of the dense network ordering around space. Long histories of working and living in the same restricted social and physical space can locate each subsequent generation more deeply within a network of ties and obligations not just to the present but also a recounted past and an imagined future. Accumulated stocks of handed down knowledge and practice provide a highly structured framework with limited room for flexibility and innovation. This leaves the family farm with limited options , all of which involve substantial costs and consequences, when faced with the fierce competitive pressures generated by a corporatised global agri-food industry. The option of strategic engagement, as shown by the apple industry and New Zealand dairy farmers, involves the abandonment of much of which constitutes family farming: lifestyle, tradition and heritage. The protective withdrawal behind the farm gate also has its costs and consequences. For many in the apple industry in the 1970s this eventually meant abandoning orcharding altogether. For those who stayed it has meant a much more intensive style of farming. Present events in the

dairy industry appear to indicate a similar scenario with many family farmers leaving the industry and a consolidation of farms. The family farm form as encountered in the study would certainly appear to be broadly representative of Australian farming in general (Australian Bureau of Agricultural and Resource Economics 1999; Australian Bureau of Agricultural and Resource Economics 2000; Bamberry, Dunn and Lamont 1997; Garnaut and Lim-Applegate 1998; Martin 1997) and recent responses to globalisation among European Farmers would suggest the concerns and issues are similar there.

While the protective strengthening of boundary processes is by definition, an adaptive response, it is clearly not a long-term sustainable strategy, especially when it involves broadly constructed boundary processes. The disorganisation and more complex reorganisation of boundary processes in globalisation appears inexorable. Network re-ordering is integral to the processes of both globalisation and the global market. What marks these processes as different to what has gone before is that network orderings and boundaries are narrowly and flexible constructed to accommodate the fast changing environment. Both the theory and the, admittedly limited, data presented in this thesis suggests that broadly constructed, tight network ordering such as the family farm cannot survive without some level of opening up and disorganisation.

The study is not intended to provide a comprehensive analysis of either the causes or 'solutions' for the difficulties that globalisation and the global market pose for the maintenance of economic viability and vitality in rural and regional areas. In the fast changing competitive environment of the global market no such solutions could have relevance beyond a very narrow interval of time and place. Moreover, the factors behind the economic history of any given place, industry, or organisation, will involve a unique and very complex mix of social, political, historical and geographical factors. In any case, success or failure and adaptation or mal-adaptation are matters of judgement rather than analysis.

The analysis does however, provide indicative data and limited support for a number of conclusions concerning the interaction of global and local processes:

- That there are two possible, quite polar, responses available to communities and industries under external challenge from globalisation and the global market: either a protective strengthening and withdrawal behind local boundaries or fully active and strategic engagement. The latter appears to offer the best promise for continued vitality and viability.

- That in some rural and regional areas and industries, the persistence of densely organised network orderings defined by tight, broadly based boundary processes constitute an impediment to local producers' efforts to compete in the global market. Theoretical arguments presented in Section 1 and the empirical data from industries and communities in the study areas, all support the hypothesis that the longer any area, industry or organization spends in relatively undisturbed social and/or spatial isolation, the more densely consolidated network ordering and more highly organized and impermeable boundary processes, become.

- That, while the processes of globalisation and the global market are resulting in the reorganisation of local network orderings into more open forms, 'the local' and 'place' still remain the principal organising bases for network orderings for rural and regional areas. In the study areas and industries at least, despite the freeing of social interaction from the constraints of time and space, place and face-to-face interaction remain supremely important in constructing and ordering network links.

- That the family farm, one of the most sharply defined, and enduring, dense network orderings, and the dominant production unit, in many rural areas in Australia, is one of the aspects of rural and regional life and economic viability that is under greatest threat in globalisation.

There is much about the economic and social histories of Dairy Flats and Orchard Vale that will be echoed in other rural and regional communities across Australia. Long periods of relative stability, vitality and prosperity based on good returns for agricultural production throughout for much of the first seventy years of the twentieth century is being replaced by economic and social decline. While there is insufficient data here to claim typicality for the study areas, there is no reason to doubt that the processes, dilemmas and responses would also find echoes in similar

towns around the country. With the propositions above developed in deep rich data, it should now be possible to test them further using wider, but shallower, survey data.

As a final point, the study raises more 'macro' questions about the transformation of patterns of sociation in globalisation, especially in terms of electronic versus face-to-face forms of interaction and network tie formation. Among the time-space transforming technologies associated with globalisation, developments in electronic communication gain far more attention than advances in transport. In particular, advances in information technology and the Internet are seen as having the potential to totally transform social life in the coming decades. Yet the study suggests that the major mechanisms for the exchange of new knowledge, beliefs and practices and the opening up network boundary processes may still require both face-to-face interaction, and some degree of anchoring in place. It appears to be dependent on the formation of networks of ties or linkages which provide a framework of meaning to exchange relations, not just webs of connections. It is not at all clear whether such frameworks can be established without face-to-face contact and some context of space and belonging. This is not to argue that such ties, once established cannot be maintained electronically or that information technology does not represent an efficient and effective medium for the exchange of data. However, in terms of locally anchored networks, the most effective catalysts of network reorganisation into more open and wide reaching forms may well be individuals with an anchoring in the local. This suggests that in rural and regional areas, mobility and migration rather than information technology, especially when it involves difference and distance, may constitute the principal mechanism for opening up global connections within the local.

Bibliography

Alexander, Malcolm. 1996. "Globalisation and Corporate Power: Who will rule the world?" in *Conference on Labour, Rights and Globalisation: Australia and Asia-Pacific*. Deakin University.

Altvater, Elmar, and Birgit Mahnkopf. 1997. "The World Market Unbound." Pp. 306-326 in *The Limits of Globalization: Cases and Arguments*, edited by Alan Scott. New York: Routledge.

Amin, A, and K Robins. 1990. "The re-emergence of regional economies? The mythical geography of flexible accumulation." *Environment and Planning D: Society and Space* 8:7-34.

Amin, A, and N Thrift. 1993. "Globalisation, Institutional Thickness and Local Prospects." *Revue d'Economie Regionale et Urbaine* 3:405-427.

Amirahmadi, H, and D Wallace. 1995. "Information technology, the organization of production and Regional development." *Environment and Planning A* 27:1745-1775.

Apple and Pear Marketing Advisory Committee. 1978. "Shaping the Apple Industry: Report of the Apply and Pear Marketing Advisory Committee." . Hobart.

Arbo, P, and B Hersong. 1997. "The globalisation of the fishing industry and the case of Finmark." *Marine Policy* 21:121-142.

Arce, A, and T K Marsden. 1993. "The Social Construction of International Food: A new Research Agenda." *Economic Geography* 69:293-311.

Australian Bureau of Agricultural and Resource Economics. 1999. "Australian Farm Surveys Report: Financial Performance of Australian Farms 1996-7 to 1998-9." . Canberra: Australian Bureau of Agricultural and Resource Economics.

Australian Bureau of Agricultural and Resource Economics. 2000. "Farmstats Australia." . Canberra: Australian Bureau of Agricultural and Resource Economics.

Australian Bureau of Statistics. 1995. *Tasmanian Year Book 1996*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 1997a. "1996 Census of Population and Housing - Expanded Community Profile: Circular Head." . Canberra: Australian Government Publishing Service.

Australian Bureau of Statistics. 1997b. "1996 Census of Population and Housing - Expanded Community Profile: Huon Valley." . Canberra: Australian Government Publishing Service.

Australian Bureau of Statistics. 1998a. *Agricultural Industries Financial Statistics 1996-7 Publication No. 7507.0*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 1998b. *Agriculture Tasmania 1996-97*. Canberra: Australian Government Publishing Service.

Australian Bureau of Statistics. 1998c. *Demography Tasmania 3311.6*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 1998d. *Small and Medium Enterprises: Business Growth and Performance Survey*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 1999a. "Australia Now - A Statistical Profile: International Accounts and Trade: International accounts - Statistical overview." : Government of Australia.

Australian Bureau of Statistics. 1999b. "Australia Now - A Statistical Profile: International Accounts and Trade: International trade in services." : Government of Australia.

Australian Bureau of Statistics. 1999c. "Australia Now - A Statistical Profile: Service Industries: An overview." : Government of Australia.

Australian Bureau of Statistics. 1999d. "Australia Now - Agriculture Financial statistics of farm business." : Government of Australia.

Australian Bureau of Statistics. 1999e. *Business Use of the Information Technology, Australia, 1997-8 8129.0*. Canberra: Commonwealth Government Printer.

Australian Bureau of Statistics. 1999f. *Regional Statistics Tasmania 1999*. Canberra: Australian Government Publishing Service.

Australian Bureau of Statistics. 1999g. *Tasmanian Year Book 2000*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 2000a. *5249.0 Australian National Accounts: Tourism Satellite Account*. Canberra: Commonwealth Government Printer.

Australian Bureau of Statistics. 2000b. *8150.0 Use of Information Technology on Farms, Australia*. Canberra: Commonwealth Government Printer.

Australian Bureau of Statistics. 2000c. *Demography Tasmania 3311.6*. Canberra: Australian Bureau of Statistics.

Australian Bureau of Statistics. 2000d. *Time Series 5220.0 Labour Australian National Accounts: State Accounts Table 1 Gross State Product*. Canberra: Australian Bureau of Statistics.

Australian Centre for Industrial Relations Research and Training. 1999. *Australia at work: just managing?* Sydney: Prentice Hall.

Australian Dairy Corporation. 2000. "Australian Dairy Industry in Focus 99." : Australian Dairy Corporation.

Badham, R, and J Mathews. 1989. "The New Production Systems Debate." *Labour and Industry* 2:194-296.

Bamberry, Geoff, Tony Dunn, and Annette Lamont. 1997. "A Pilot Study of the Relationship between Farmer Education and Good Farm Management. RIRDC Research Paper No 97/30." . Wagga Wagga: Rural Industries Research & Development Corporation.

Baum, Fran. 1999. "Social Capital and Health: Implications for Health in Rural Australia." in *5th National Rural Health Conference*. Adelaide: National Rural Health Alliance.

Baum, Scott, Robert Stimson, Kevin O'Connor, Patrick Mullins, and Rex Davis. 1999. "Community Opportunity and Vulnerability in Australian Towns and Cities." . Brisbane: University of Queensland Press.

Bauman, Zygmunt. 1992. *Intimations of Postmodernity*. London: Routledge.

Becattini, G. 1990. "The Marshallian industrial district as a socio-economic notion." Pp. 37-51 in *Industrial districts and inter-firm co-operation in Italy*, edited by E Pyke, G Becattini, and W Sengenberger. Geneva: International Institute for Labour Studies, ILO.

Beck, Ulrich. 1989. "On the Way to the Industrial Risk Society?" *Thesis Eleven* 23:86-103.

Bell, Colin, and Howard Newby. 1971. *Community Studies*. London: Allen & Unwin.

Berger, Peter L, and Brigitte Berger. 1972. *Sociology: A Biographical Approach*. Harmondsworth: Penguin Books.

Berger, P L, and T Luckman. 1966. *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. New York: Doubleday & Company Ltd.

Birley, Sue. 1985. "The Role of Networks in the Entrepreneurial Process." *Journal of Business Venturing* 1:107-117.

Block, Fred. 1994. "The Roles of the State in the Economy." Pp. 691-9710 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Bonanno, Alessandro. 1994. "The Locus of Political Action in a Global Setting." Pp. 251-264 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Bonanno, Alexandro, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione (Eds.). 1994. *From Columbus to ConAgra: The Globalization of Agriculture and Food*. Lawrence: University Press of Kansas.

Bora, Bijit. 1995. "The Implications of Globalization for Australian Foreign Investment Policy." Pp. 89-111 in *Globalization: Issues for Australia*, edited by Economic Planning Advisory Commission. Canberra: Australian Government Publishing Service.

Bowker, Mike. 1997. "Nationalism and the Fall of the USSR." Pp. 238-253 in *The Limits of Globalization: Cases and Arguments*, edited by Alan Scott. New York: Routledge.

Brophy, David J. 1997. "Financing the Growth of Entrepreneurial Firms." Pp. 5-27 in *Entrepreneurship 2000*, edited by Donald L Sexton and Raymond W Smilor. Chicago: Upstart Publishing Company.

Bureau of Agricultural Economics. 1972. "Apple and Pear Growing in Tasmania, Victoria and Western Australia: An Economic Survey." . Canberra: Bureau of Agricultural Economics.

Burt, Ronald S, and Michael J Minor (Eds.). 1983. *Applied Network Analysis: A Methodological Introduction*. Beverly Hills: Sage Publications.

Busch, Lawrence. 1994. "The State of Agricultural Science and the Agricultural Science of the State." Pp. 69-84 in *From Columbus to ConAgra: The*

Globalization of Agriculture and Food, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Bygrave, William D (Ed.). 1997. *The Portable MBA in Entrepreneurship*. New York: John Wiley & Sons.

Castells, Manuel, and Jeffrey Henderson. 1987. "Techno-economic Restructuring. Socio-political Processes and Spatial Transformation: a Global Perspective." Pp. 1-17 in *Global Restructuring and Territorial Development*, edited by Jeffrey Henderson and Manuel Castells. London: Sage Publications.

Centre for Research and Learning in Regional Australia. 1998. "Learning Communities, Regional Sustainability and the Learning Society." in *Learning Communities, Regional Sustainability and the Learning Society*. Launceston: Centre for Research and Learning in Regional Development Australia,.

Chapman, R J K, and Michael Wood. 1984. *Australian Local Government*. Sydney: George Allen and Unwin.

Chaskin, Robert J. 1997. "Perspectives on Neighborhood and Community: A Review of the Literature." *Social Service Review* 71:521-547.

Clark, M, and J Stewart. 1994. "The Local Authority and the New Community Governance." *Regional Development Studies* Policy Review Section:201-207.

Cohen, Anthony P. 1982. "Belonging: The experience of culture." Pp. 1-17 in *Belonging: Identity and social organisation in British rural cultures*, edited by Anthony P Cohen. St John's Newfoundland: Institute of Social and Economic Research.

Cook, Ian. 1994. "New Fruits and Vanity: Symbolic Production in the Global Food Economy." Pp. 232-248 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Cook, Karen S, and J M Whitmeyer. 1992. "Two Approaches to Social Structure: Exchange Theory and Network Analysis." *Annual Review of Sociology* 18:109-27.

Cooke, K S, and K Morgan. 1993. "The Network Paradigm: new departures in corporate and Regional Development development." *Environment and Planning D: Society and Space* 11:543-564.

Cooper, Arnold C, and Catherine M Daily. 1997. "Entrepreneurial Teams." Pp. 127-150 in *Entrepreneurship 2000*, edited by Donald L Sexton and Raymond W Smilor. Chicago: Upstart Publishing Company.

Cornell, Larry. 1995. "Intelligent Exports and the Silent Revolution in Services." Pp. 75-85 in *Globalization: Issues for Australia*, edited by Economic Planning Advisory Commission. Canberra: Australian Government Publishing Service.

Cox, K R. 1993. "The local and the global in the new urban politics: a critical view." *Environment and Planning D: Society and Space* 11:433-448.

Cox, Kevin R, and Andrew Mair. 1988. "Locality and Community in the Politics of Local Economic Development." *Annals of the Association of American Geographers* 78:307-325.

Crook, S, J Pakulski, and M Waters. 1992. *Postmodernization: change in advanced society*. London: Sage.

Czinkota, Michael, Ilkka A Ronkainen, and John Tarrant. 1995. *The Global Marketing Inperative: Positioning Your Company for the New World of Business*. Lincolnwood, Ill.: NTC Business Books.

Dalton, M. 1959. *Men Who Manage: Fusions of Feeling and Theory in Administration*. New York: John Wiley & Sons.

Daniels, Thomas L, John W Keller, and Mark B Lapping. 1995. *The Small Town Planning Handbook: Second Edition*. Chicago: Planner Press.

Davis, Brent. 1995. "Globalisation - Who's at it." Pp. 191-200 in *Globalization: Issues for Australia*, edited by Economic Planning Advisory Commission. Canberra: Australian Government Publishing Service.

Dawson, Brian. 1997. "Rural Employment in Australia." *Rural Society* 4.

de Haan, Leo J. 2000. "Globalisation, Localisation and Sustainable Livelihood." *Sociologia Ruralis* 40:339-365.

DiMaggio, Paul J, and Walter W Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48:147-160.

Drucker, Peter F. 1986. *The Frontiers of Management: Where Tomorrows Decisions Are Being Shaped Today. Chapter 12 Modern Prophets: Schumpeter or Keynes?* New York: Harper & Row.

Drucker, Peter F. 1997. "The Global Economy and the Nation-State." *Foreign Affairs* 76:163-171.

Dunning, John H. 1993. *The globalisation of business.* London: Routledge.

Dyer, W Gibb. 1994. "Towards a Theory of Entrepreneurial Careers." *Entrepreneurship Theory and Practice* :41-71.

Economic Planning Advisory Commission. 1994. "Globalisation: Issues for Australia." in *EPAC Seminar on Globalisation: Issues for Australia.* Canberra: Economic Planning Advisory Committee.

Edwards, Christine. 1998. "In our back paddock: A comminty planning project for the Rural Women's Advisory Group." . Launceston: Rural Women's Advisory Group.

Emirbayer, M, and J Goodwin. 1994. "Network Analysis, Culture, and the Problem of Agency." *American Journal of Sociology* 99:1411-1154.

Epstein, Gerald., James. Crotty, and Patricia. Kelly. 1996. "Winners and Losers in the Global Economics Game." *Current History* .

Ettlinger, Nancy. 1994. "The Localization of Development in Comparative Perspective." *Economic Geography* 70:101-128.

Ewins, Roderick H. 1999. "Ethnic Art and Ritual in the Negotiation of Identity." in *Sociology and Social Work.* Hobart: University of Tasmania.

Fagan, H, and Michael Webber. 1994. *Global Restructuring: The Australian experience.* Melbourne: Oxford University Press.

Fagan, Robert H, and Richard B Le Heron. 1994. "Reinterpreting the geography of accumulation: the global shift and local restructuring." *Environment and Planning D: Society and Space* 12:265-285.

Fincher, Ruth, and Michael Webber. 1997. "The Impact of Globalisation at Local, National and International Levels." Pp. 14-32 in *Alternatives to Globalisation: An Asia-Pacific Perspective,* edited by John Wiseman. Melbourne: Community Aid Abroad.

Fisher, Dennis. 1993. "Agriculture's Role in a New Rural Coalition." *Annals of the Amercian Academy of Political and Social Science* 529:1-3-112.

Fothergill, Stephen, and Nigel Guy. 1990. *Retreat From the Regions: Coporate Change and the Closure of Factories*. London: Jessica Kingsley Publishers Ltd.

Frenzen, Jonathan, Paul M Hirsch, and Philip C Zerrilo. 1994. "Consumption, Preferences, and Changing Lifestyles." Pp. 403-425 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Friedland, Willian H. 1994. "The New Globalization: The Case of Fresh Produce." Pp. 210-231 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Friedman, Thomas. 1999. *The lexus and the olive tree*. London: Harper Collins Publishers.

Garnaut, Jayne, and Hazel Lim-Applegate. 1998. "People in Farming: ABARE Research Report 98.6." . Canberra: Australian Bureau of Agricultural and Research Economics.

Gartner, William B. 1988. ""Who is an Entrepreneur?" Is the Wrong Question." *Entrepreneurship Theory and Practice* :47-69.

Gereffi, Gary. 1994. "The International Economy and Economic Development." Pp. 206-233 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Gereffi, Gary. 1996. "THe Elusive Last Lap in the quest for Developed-Country Status." Pp. 53-82 in *Globalization: Critical Reflections*, edited by James H Mittleman. Boulder Col.: Lynne Rienner Publishers.

Germain, Randall D. 1997. *The international organization of credit: States and global finance in the world economy*. Cambridge: Cambridge University Press.

Gertler, M S. 1992. "Flexibility revisited: districts, nation-states, and the forces of production." *Transactions of the Institute of British Geographers* 17:259-278.

Giddens, Anthony. 1990. *The Consequences of Modernity*. Cambridge: Polity.

Giddens, A. 1991. *Modernity and Self-identity: Self and Society in Late Modern Age*. Stanford: Stanford University Press.

Giddens, Anthony. 1999. "Globalization: Reith Lecture 2." :
www.uvm.edu/~sli/reference/apa.html.

Goodhand, W E. 1961. "Pomme Fruit Orcharding in Tasmania: Its Evolution and
Present Geogrpahic Basis." in *Geography*. Hobart: University of Tasmania.

Granovetter, Mark S. 1973. "The Strength of Weak Ties." *American Journal of
Sociology* 78:1360-1380.

Gray, John. 1998. *False Dawn: The Delusions of Global Capitalism*. London: Granta
Books.

Grosvenor, S, R Le Heron, and M Roche. 1995. "Sustainability, Corporate Growers,
Regionalisation and Pacific-Asia Links in the Tasmanian and Hawkes Bay
Apple Industries." *Australian Geographer* 26:163-172.

Haberkorn, Gerald, Graeme Hugo, Melanie Fisher, and Rachel Aylward. 1999.
Country Matters: Social Atlas of Rural and Regional Australia. Canberra:
Bureau of Rural Sciences.

Hale, David. 1995. "Global Finance and the Retreat to Managed Trade." Pp. 183-204
in *The Evolving Global Economy*, edited by Kenichi Ohmae. Boston: Harvard
Business Review.

Hanson, Dallas, John Steen, and Peter Liesch. 1997. "Relunctance to Innovate: A
Case Study of the Titanium Dioxide Industry." *Prometheus* 15:345-356.

Harrison, B. 1992. "Industrial Districts: Old Wine in New Bottles?" *Regional
Development Studies* 26:469-483.

Harvey, D. 1990. *The Condition of Postmodernity*. Cambridge: Blackwell.

Heffernan, William D, and Douglas H Constance. 1994. "Transnational Corporations
and the Globalization of the Food System." Pp. 29-51 in *From Columbus to
ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro
Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione.
Lawrence: University Press of Kansas.

Henderson, J. 1989. *The globalisation of high technology production: society and the
restructuring of the modern world*. London: Routledge.

Hills, Gerald. 1997. "Market Opportunities and Marketing." Pp. 71-119 in *The
Portable MBA in Entrepreneurship*, edited by William D Bygrave. New
York: John Wiley & Sons.

Hitt, Michael, R. Duane Ireland, and Robert E Hoskisson. 1995. *Strategic Management: Competitiveness and Globalization*. Minneapolis/St Paul: West Publishing Company.

Horticultural Policy Council. 1992. "The Way Forqward: Future Directions for Horticultural Industry report No 4." . Canberra: Canberra Printing Service.

Horticultural Policy Council. 1993. "Winning the Race: International Competitiveness in Australian Horticulture. Industry report No. 7." . Canberra: Horticultural Policy Council.

House of Representative Standing Committee on Primary Industries and Regional Services. 2000. "Time Running Out: Shaping Regional Australia's Future. Report of the inquiry into infrastructure and the development of Australia's regional areas." . Canberra: The Parliament of the Commonwealth of Australia.

Howald, Armin. 2000. "Retention Rates - Years 10 to 11." : Tasmanian Department of Education.

Human Rights and Equal Opportunity Commission. 1999. "Bush Talks." . Sydney: Human Rights and Equal Opportunity Commission.

ICTSD Bridges Weekly Trade News Digest. 1999. "Big Mac Targeted by French Farmers." : ICTSD Bridges Weekly Trade News Digest.

Information Policy Advisory Council, (IPAC). 1997. "rural/regional.au/for all: Report on Working Party Investigating the Development of Online Infrastructure and Services Development in Regional and Rural Australia." . Canberra: Information Policy Advisory Council.

Julius, Deanne. 1997. "Globalization and stakeholder conflicts: a corporate perspective." *International Affairs* 73:453-468.

Jussaume, Raymond A Jnr. 1994. "An Introduction to the Japanese Juice Industry: Trading Firms, the State and New Liberalization Policies." Pp. 160-183 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Kao, John. 1995. "The Worldwide Web of Chinese Business." Pp. 19-32 in *The Evolving Global Economy*, edited by Kenichi Ohmae. Boston: Harvard Business Review.

Keller, John W. 2000. "The Importance of Rural Development in the 21st. Century - persistence, sustainability, and futures." in *Annual Land Use Conference of the Rocky Mountain Land Use Institute*: www.law.du.edu/rmlui/Papers.

Kenyon, Peter. 1999. "Don't wait for the cavalry. Its 'do it yourself' time." in *Regional Australian Summit*: Department of Transport and Regional Services.

Kirchhoff, Bruce A, and Zoltan J Acs. 1997. "Births and Deaths of New Firms." Pp. 167-188 in *Entrepreneurship 2000*, edited by Donald L Sexton and Raymond W Smilor. Chicago: Upstart Publishing Company.

Kirchkoff, Bruce A. 1997. "Entrepreneurship Economics." Pp. 444-474 in *The Portable MBA in Entrepreneurship*, edited by William D Bygrave. New York: John Wiley & Sons.

Knoke, David, and James H Kuklinski. 1982. *Network Analysis*. Beverly Hills: Sage Publications.

Knox, Paul L. 1997. "Globalization and Urban Economic Change." *The Annals of the American Academy of Political and Social Science* 551:17-27.

Koritz, Douglas. 1991. "*Restructuring* or *Destructuring*? Deindustrialization in Two Industrial Heartland Cities." *Urban Affairs Quarterly* 26:497-511.

Lash, Scott. 1994. "The making of an underclass: neoliberalism versus corporatism." Pp. 157-174 in *Economic Restructuring and Social Exclusion*, edited by Phillip Brown and Rosemary Crompton. London: UCL Press Limited.

Lash, S, and J Urry. 1994. *Economies of Signs and Space*. London: Sage.

Laurie, Victoria. 2000. "Kings of the Welfare State." in *The Australian Magazine*.

Lawrence, Geoffrey, Kristen Lyons, and Salim Momtaz (Eds.). 1996. *Social Change in Rural Australia*. Rockhampton: Rural and Economic Research Centre, Central Queensland University.

Le Heron, Richard, and Michael Roche. 1996. "Globalization, Sustainability, and Apple Orcharding, Hawke's Bay, New Zealand." *Economic Geography* 72:416-432.

Lean, I J, and J Porter. 2000. "Impacts of Deregulation/Globalisation on Dairy Production System and Individual Dairy Producers." in *Australian Agri-Food 2000 Research Forum*. Melbourne: http:\\www.agribusiness. asn. au.

Levy, Marion J. 1966. *Modernization and the Structure of Societies: A Setting for International Affairs*. Princeton: Princeton University Press.

LLoyd, P J. 1995. "The Nature of Globalization." Pp. 11-32 in *Globalization: Issues for Australia*, edited by Economic Planning Advisory Commission. Canberra: Australian Government Publishing Service.

Luard, Evan. 1990. *The Globalization of Politics: The Changed Focus of Political Action in the Modern World*. New York: New York University Press.

Luhmann, Niklas. 1982. *The Differentiation of Society*. New York: Columbia University Press.

Luke, Timothy W (Ed.). 1996. *Identity, Meaning and Globalization: Detraditionalisation in Post-Modern Space-time Compression*. Oxford: Blackwell Publishers.

Macdonald, Stuart. 1995. "Learning to Change: An Information Perspective on Learning in the Organisation." *Organization Science* 6:557-568.

Maclean, D N A. 1998. "Dairy Education Requirements for South East Victoria - An Industry Perspective." Pp. 236-240 in *Learning Communities: Regional Sustainability and the Learning Society*, edited by I Falk. Launceston: Centre for Research and Learning in Regional Australia.

Marsden, Terry, Andrew Flynn, and Neil Ward. 1994. "Food Regulation in Britain: A National System in an International Context." Pp. 105-124 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Marsden, Terry K, Josefa Salete Barbarosa Cavalcanti, and Irmão Jose Ferreira. 1996. "Globalisation, regionalisation and quality: the socio-economic reconstitution of food in the San Francisco Valley, Brazil." *International Journal of Sociology of Agriculture and Food* 5:85-114.

Martin, Hans-Peter, and Harald Schumann. 1997. *The Global Trap: Globalization and the assault on prosperity and democracy*. Leichhardt: Pluto Press.

Martin, Jane. 1997. "Hidden Voices: Women in Family Farming." Pp. 126 in *Sociology and Social Work*. Launceston: University of Tasmania.

Marx, Karl. 1844/1974/1992. *Early Writings*. London: Penguin Books.

Massey, D, and J Allen. 1984. *Geography Matters! A Reader*. Cambridge: Cambridge University Press.

McAllister, Ian. 1992. *Political Behaviour: Citizens, Parites and Elites in Australia*. Melbourne: Longman Cheshire.

McKeachie, Wilbert A (Ed.). 1998. *Teaching Tips: Strategies, Research, and Theory for College and University Teachers*. Boston: Houghton Mifflin Company.

Mingione, Enzo, and Enrico Pugliese. 1994. "Rural Subsistence, Migration, Urbanization and the New Global Food Regime." Pp. 52-68 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Mitchell, J Clyde (Ed.). 1969. *Social Networks in Urban Situations: Analysis of Personal Relationships in Central African Towns*. Manchester: Manchester University Press.

Mittelman, James. H. 1994. "The globalization challenge: surviving at the margins." *Third World Quarterly* 15:427-443.

Mittleman, James H. 1996a. "The Dynamics of Globalization." Pp. 1-20 in *Globalization: Critical Reflections*, edited by James H Mittleman. Boulder Col.: Lynne Rienner Publishers.

Mittleman, James H (Ed.). 1996b. *Globalization: Critical Reflections*. Boulder Col.: Lynne Rienner Publishers.

Murdoch, J. 1995. "Actor-networks and the evolution of economic forms: combining description and explanation in theories of regulation, flexible specialisation and networks." *Environment and Planning A* 27:731-757.

National Center for Small Communities. 1997. *Harvesting Home Town Jobs: The new small town guide to local economic development*. Washington: National Center for Small Communities.

National Institute of Economic and Industry Research. 1998. "State of Regions: A report to the Australian Local Government Association 1998 Regional Cooperation and Development Forum." . Canberra: National Institute of Economic and Industry Research.

New York Times. 1996. "The Downsizing of America: Special Report." . New York: New York Times.

O'Doherty, Dermot P. 1995. "Globalization, SMEs and Innovation Policy Responses: The Irish Case." Pp. 309-320 in *Globalization, Networking and Small Firm Innovation*, edited by Dermot P O'Doherty. London: Graham & Trotman.

O'Loughlin, John. 1986. "Background to the Industy." . Hobart: Department of Primary Industries.

Osberg, Lars, Fred Wien, and Jan Grude. 1995. *Vanishing Jobs: Canada's Changing Workplaces*. Toronto: James Lorimer & Company.

Panitch, Leo. 1996. "Rethinking the Role of the State." Pp. 83-113 in *Globalization: Critical Reflections*, edited by James H Mittleman. Boulder Col.: Lynne Rienner Publishers.

Parsons, T. 1964. *The Social System*. New York: The Free Press.

Piore, M J, and C Sabel. 1984. *The Second Industrial Divide*. New York: Basic Books.

Polanyi, Karl. 1968. "The Economy as Instituted Process." Pp. 139-174 in *Primitive, Archaic and Modern Economies*, edited by George Dalton. Boston: Beacon Press.

Pouder, Richard, and H. St John Caron. 1996. "Hot Spots and Blind Spots: Geographical Clusters of Firms and Innovation." *Academy of Management Review* 21:1192-1225.

Reed, Michael R, and Mary A Marchant. 1994. "The Behavior of U.S. Food Firms in International Markets." Pp. 149-159 in *From Columbus to ConAgra: The Globalization of Agriculture and Food*, edited by Alexandro Bonanno, Lawrence Busch, Lourdes Gouveia Friedland, and Enzo Mingione. Lawrence: University Press of Kansas.

Robertson, Ronald. 1992. *Globalization: Social Theory and Global Culture*: Sage.

Rodrik, Dani. 1997. "Has Globalization Gone Too Far?" *California Management Review* 39:29-53.

Ruigrok, Winifred, and Rob van Tulder. 1995. *The Logic of International Restructuring*. London: Routledge.

Sabel, Charles F. 1994. "Learning by Monitoring: The Institutions of Economic Development." Pp. 137-165 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Sayer, A. 1985. "The Difference that Space Makes." Pp. 49-66 in *Social Relations and Spatial Structures*, edited by D Gregory and J Urry. Basingstoke: Macmillan.

Sayer, A, and R Walker. 1992. *The New Social Economy: Reworking the Division of Labour*. Cambridge: Blackwell.

Schoenberger, E. 1988. "From Fordism to flexible accumulation: technology, competitive strategies, and international location." *Environment and Planning D: Society and Space* 6:245-262.

Schoenberger, E. 1994. "Corporate strategy and corporate strategists: power, identity, and knowledge within the firm." *Environment and Planning A* 26:435-451.

Scholte, Jan Aart. 1997. "Global capitalism and the state." *International Affairs* 73:427-452.

Schwartzman, Kathleen C. 1998. "Globalization and Democracy." *The Annual Review of Sociology* 24.

Scott, Alan. 1997a. "Introduction - Globalization: Social Process or Political Rhetoric?" Pp. 1-24 in *The Limits of Globalization*, edited by Alan Scott. London: Routledge.

Scott, Alan (Ed.). 1997b. *The Limits of Globalization*. London: Routledge.

Segal, Gerald. 1995. "Asians in Cyberia." Pp. 263-274 in *Order and Disorder after the Cold War: A Washington Quarterly Reader*, edited by Brad Roberts. Cambridge Mass.: The MIT Press.

Sen, Amartya K. 1979. "Rational Fools: A Critique of the Behavioural Foundations of Economic Theory." Pp. 87-109 in *Philosophy and Economic Theory*, edited by Frank Hahn and Martin Hollis. Oxford: Oxford University Press.

Sengenberger, Werner. 1993. "Local development and international economic competition." *International Labour Review* 132:313-329.

Strassoldo, Raimondo. 1992. "Globalism and Localism: theoretical reflections and some evidence." Pp. 15-34 in *Globalization and Territorial Identities*, edited by Zdravko Mlinar. Aldershot: Avebury.

Strauss, Anselm L. 1969. *Mirrors and Masks: The Search for Identity*. San Francisco: Martin Robertson.

Svenson, A K M. 1998. "Are young people choosing to become farmers?" Pp. 322-28 in *Learning Communities, Regional Sustainability and the Learning Society*, edited by I Falk. Launceston: Centre for Research and Learning in Regional Australia.

Swedberg, Richard. 1994. "Markets as Social Structures." Pp. 255-282 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Swedberg, Richard, Ulf Himmelstrand, and Göran Brulin. 1987. "The paradigm of economic sociology: Premises and promises." *Theory and Society* 16:169-213.

The Department of Primary Industries and Fisheries, and Tasmanian Apple and Pear Growers Association. 1996. "A Profile of the Tasmanian Apple Industry." . Hobart: The Department of Primary Industries and Fisheries.

Tilly, Chris. 1990. "The Politics of the "New Inequality"." *Socialist Review* 20:103-120.

Volpato, R S. 1991. "Legal Professionalism and Informatics." *Journal of Las and Information Science* 2:206-229.

von Hippel, Karin. 1995. "The Resurgence of Nationalism and Its International Implications." Pp. 101-116 in *Order and Disorder after the Cold War: A Washington Quarterly Reader*, edited by Brad Roberts. Cambridge Mass.: The MIT Press.

Waters, Malcolm. 1994. "Globalisation, Multiculturalism and Rethinking the Social." *The Australian and New Zealand Journal of Sociology* 30:229-234.

Waters, Malcolm. 1995. *Globalization*. London: Routledge.

Weber, Max. 1968. *Economy and society : an outline of interpretive sociology*. New York: Bedminster.

Weidenbaum, Murray. 1995. "The Business Response to the Global Marketplace." Pp. 313-325 in *Order and Disorder after the Cold War: A Washington Quarterly Reader*, edited by Brad Roberts. Cambridge Mass.: The MIT Press.

Weinstein, Claire Ellen, Debra K Meyer, Jenefer Husman, Gretchen Van Mater Stone, and Wilbert A McKeachie. 1998. "Teaching Students How to Learn." Pp. 312-325 in *Teaching Tips: Strategies, Research, and Theory for College*

and University Teachers, edited by Wilbert A McKeachie. Boston: Houghton Mifflin Company.

Wellman, Barry. 1983. "Network Analysis: Some Basic Principles." *Sociological Theory* 1:155-200.

Wellman, B, and S D Berkowitz (Eds.). 1988. *Social Structures: a network approach*. Cambridge: Cambridge University Press.

West, Don, and Odette Vaughan. 1996. "Globalization and the Food and Beverage Processing Industry." *Canadian Journal of Agricultural Economics* 43:565-578.

Wetzel, William E. 1997. "Venture Capital." Pp. 184-209 in *The Portable MBA in Entrepreneurship*, edited by William D Bygrave. New York: John Wiley & Sons.

White, Harrison C. 1981. "Where Do Markets Come From?" *American Journal of Sociology* 87:517-547.

Williamson, Oliver E. 1994. "Transaction Cost Economics and Organizational Theory." Pp. 77-107 in *The Handbook of Economic Sociology*, edited by Neil J Smelser and Richard Swedburg. Princeton: Princeton University Press.

Wiseman, John (Ed.). 1997a. *Alternatives to Globalisation: An Asia-Pacific Perspective*. Melbourne: Community Aid Abroad.

Wiseman, John. 1997b. "Breaking the Spell? Alternative Responses to Globalization." Pp. 71-112 in *Alternatives to Globalisation: An Asia-Pacific Perspective*, edited by John Wiseman. Melbourne: Community Aid Abroad.

Appendix A
Interviewee Profile

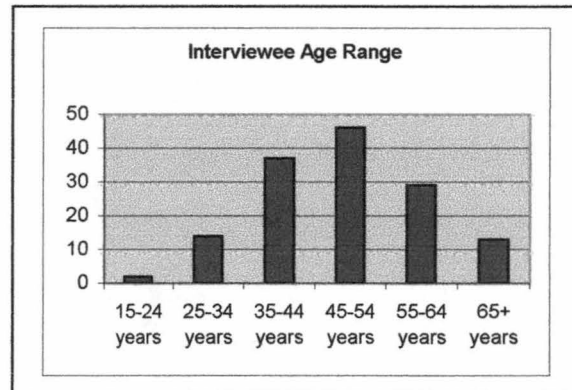**Total Number of Interviewees:** 146

Residential Status:
- **Orchard Vale:** 70
- **Dairy Flats:** 71
- **Non-local informants:** 5

Gender:
- **Male:** 121 (83%)
- **Female:** 25 (17%)

Age Ranges:
- **15-24 years:** 2
- **25-34 years:** 14
- **35-44 years:** 37
- **45-54 years:** 46
- **55-65 years:** 29
- **65+ years:** 13
- **Not Known:** 5

Educational Levels (Highest completed):
- **Incomplete Primary:** 2 (1%)
- **Incomplete Secondary:** 19 (13%)
- **Year !0:** 28 (19%)
- **Year 12:** 18 (12%)
- **Certificate or Diploma:** 40 (27%)
- **Degree:** 31 (21%)
- **Not Known:** 3 (2%)

Occupational Roles:
- **Orchardist:** 14
- **Dairy Farmer:** 15
- **Other Agricultural Producer*:** 27
- **Small Business Owner – Agricultural Processing:** 15
- **Other Small Business Owner:** 27
- **Local, State or Semi-Government**:** 22
- **Educator:** 8
- **Not Employed/Retired:** 8
- **Other:** 7
- **Not Recorded:** 3

* Predominantly forestry, aquaculture and beef farming.
** This figure includes the health and welfare sector and agricultural extension but not education and training.

Appendix B
Interview Schedule

Interviews were conducted in a semi-structured manner. Although the interviewer allowed for considerable flexibility in terms of the order in which topics were covered and the time spent on any given topic, every effort was made to cover the following issues:

1. **Personal Data**
   - Name
   - Age
   - Family Details
   - Residential History
   - Educational History
   - Work History
   - Sources of news, information and professional knowledge.

2. **Social Linkages and Involvements**
   - Family
   - Recreational
   - Civic
   - Business

3. **Regional Business**
   - Producers and business owners were asked about the history, present state and future prospects of their businesses and their industries as a whole, with particular attention to their positioning within the global market

4. **The Region: About 'Us' and 'Our Place' in the wider social world**
   - Norms and values
   - Dominant narratives and traditions
   - Local 'character'
   - Relations with the wider world

5. **The Region: Major Turning Points**
   - Interviewees were asked about the major turning points in the recent history of the area including perceptions of causative factors, the way in which issues were dealt with, and implications for the future.

6. **The Region: The Present and the Future**
   - Regional Strengths and weaknesses:
     - Social and Recreational
     - Economic
     - Civic
     - Education and training
   - Prospects for the future
   - The 'winners' and 'losers'

7. **Globalisation**
   - Interviewees were questioned on their perception and understanding of globalisation and the global market and the present and likely future effects of these on local production, their community and on their region as a whole.