Drought, Lies and Videotape

Jeff Gow

How media coverage of the drought wrecked good public policy

During 1993 and 1994 many parts of eastern Australia slid further into the ever worsening grip of drought. The coverage of the drought by both city and country based media organisations was almost uniformly shallow, sensationalist, trivial and generally lacking any in-depth analysis about the drought and how best to deal with the situation. This treatment by the media has the potential to wreck important public policy advances in the discussion and management of drought policy which have been achieved over the past five years.

Some questions that need to be asked of those most intimately involved in the debate on drought i.e. farmers, the media and politicians, have not been heard. This article helps to rectify that situation. Some of these questions are : What is a drought? What can farmers do about drought? What is the appropriate response of government to drought? What role do those groups most interested by the drought debate play? What are the solutions being put forward and how effective will they be? Is the current economic and political response the 'best' solution to the problem?

A drought occurs at least every 10 or so years in the major agricultural producing areas of Australia. Large variability in rainfall from year to year in rural Australia is so common as to be perceived as a pattern. Yet during this current drought the calls for 'something to be done' have been long, loud and vociferous. Claims have been made that this is the worst drought ever. However, few attempts at a meaningful comparison with past droughts have been made.

The Drought Policy Review Task Force (DPRTF 1990) described drought as a relative concept, not an absolute condition. There are many different definitions of drought both from a climatic and agricultural viewpoint. The traditional agricultural viewpoint sees drought as a freak of nature, a failure of historical rainfall patterns and a disastrous run of seasonal conditions. A scientific view of drought attempts to quantify drought in terms of negative deviations from the average across a whole range of parameters like rainfall, production, soil moisture, vegetative cover and income. However, there is no objective basis for deciding between what is a 'normal' drought and what is an 'exceptional' drought.

Media Images of Drought

Drought is a heaven sent media event. It is visually stimulating and emotionally moving with its images of destroyed landscapes, dying animals, broken dreams and shattered lives. All emotion and no analysis, a perfect opportunity for media reportage. The overwhelming response of urban Australians is predictably one of sympathy for the plight of farmers. Farmer representatives are out in the fields intoning gravely about the seriousness of the situation. Pressure thus builds on government to be seen to be 'doing something' about the 'disaster'.

Reports of drought in the visual media focus mainly on negative, sensationalist images, such as dying stock, withering crops and dried up water holes. These most basic of images powerfully portray the physical manifestations of drought and dramatically influence public opinion.

The print media, aided and abetted by farm leaders and politicians, also have a field day trying to outcompete each other in the sensationalist headlines for their reports on the negative impact of the drought – in particular, its economic effects. It is a common assertion that drought costs the nation billions of dollars and that many thousands of farmers are facing financial ruin.

The negative physical and social impacts of drought are real and keenly felt as well as making great media events, especially for television. They represent television of the highest order and at its most powerful and horrifying, yet watchable. These scenes also usually represent the only view a city person receives of the drought. Shocking, but by watching it on television sanitised and removed. The concentration of the media on the hard luck or

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negative side of almost every story that it covers continues as drought provides an abundance of negative images and tales of woe.

National Drought Policy

On 1 July 1989 the Commonwealth government removed drought from Natural Disaster Relief Arrangements (NDRA) and subsequently established a task force to investigate alternative arrangements for drought assistance. The Drought Policy Review Task Force was required to:

> *identify policy options to encourage primary producers and other segments of rural Australia to adopt self-reliant approaches to the management of drought; and*
>
> *consider the integration of drought policy with other relevant policies including structural adjustment, social welfare, land management, conservation of breeding stock and animal welfare.*

The task force report in 1990 was a watershed in public policy discussions on drought. The task force proposed and the state and Commonwealth governments accepted for the first time that drought was a commonly occurring and relatively predictable natural phenomenon. The Natural Disaster Relief Arrangements had in the past ensured that drought declaration initiated all manner of generous taxpayer funds and subsidies being made available to farmers. This financial assistance took the form of concessional loans, subsidies and rebates.

The task force recommended and all governments accepted that farmers adopt a self-reliant approach in managing the risks associated with climatic variability. Up until this time, drought was considered an unpredictable disaster, an act of God, against which humankind had no protection. During drought, agricultural productivity and output falls and thus farm incomes also fall. In the past this situation was sufficient for many farmers to call for government assistance to help them through the drought. This was usually readily forthcoming up until the time of the task force report. However, these arrangements were open to abuse. For example, during the 1980s, several arid regions of Queensland were almost continually drought declared and drought assistance was a means whereby the then state National Party government assisted their supporters.

After the task force report assistance for drought came under the 'exceptional circumstances' provisions of the Rural Adjustment Scheme. Assistance for drought was now to be available if it was possible for farmers to show that the drought was an 'exceptional circumstance'.The objectives of the new drought policy were :

> *to encourage primary producers and other sections of rural Australia to adopt self-reliant approaches to managing for climatic variability;*
>
> *to maintain and protect Australia's agricultural and environmental resource base during periods of extreme climate stress; and*
>
> *to ensure early recovery of agricultural and rural industries, consistent with long term sustainable levels.*

The September 1994 Statement

In his drought assistance statement, The Prime Minister, Paul Keating, made a mockery of the self-reliant approach to drought encapsulated in the National Drought Policy. The range of measures he announced fell into two categories:

> *welfare measures; a Drought Relief Payment (DRP); and the relaxing of Austudy eligibility requirements for farmers; and*
>
> *business measures; farm business support via the exceptional circumstances provisions of the Rural Adjustment Scheme.*

The total package was valued at $170 million over two years, commencing immediately. The welfare measures are valued at $76 million and the business measures at $74 million. Invoking of 'exceptional circumstances' will trigger the assistance. The DRP provides eligible farm families with welfare assistance of up to $388 per week. The farm business support involves subsidisation of interest rates for farmers of up to 100 per cent of the cost of borrowing. Each farmer is entitled to a handout for interest payments of $100,000 per year and up to $300,000 over five years.

At his press conference to announce the handouts the Prime Minister said that 'the stresses of the drought threatened the family farm – an Australian institution' and he went on and insisted 'that it was a reasonable price to pay to ensure that drought did not push young people out of farming or force farmers to sell out to industrial companies.' Unfortunately for the Prime Minister neither of these myths/scenarios have occurred in past 'crises' and will more than not likely occur now nor in future 'crises'. An examination of farmer numbers before, during and after the last major drought of 1981-83 is revealing. Between 1981-82 and 1991-92 the net number of farmers who left agriculture was zero. That is, migration into agriculture was balanced by outgoers (see Table 1). The pattern of farm adjustment in the recent past has not resulted in a decline in the primary ownership position enjoyed by family farms. These farms have increased in

size, both in terms of land and capital, and represent over 90 per cent of all agricultural establishments (ABS 1992). This figure is unchanged from a decade previously (Oakwell 1990). No evidence exists to justify the claim that farmers under adjustment pressure sell out to industrial companies. The primary basis of ownership in agriculture is the family farm and this is unlikely to be changed by this drought.

The Prime Minister continued by saying that 'the package was a revolutionary change in social policy which protects all the lines of policy yet gives substantial material relief...'. Unfortunately the September 1994 statement by the Prime Minister destroys the self-reliant approach to management of drought by farmers. Farmers now know that the government will cave in if sufficient media created political pressure occurs.

The Prime Minister in his written statement continued in this vein when he said :

> *If only for the sake of fairness, we must take these measures. But it is also in the interests of the national economy to take them. It is in the interests of the long term sustainability of our rural industries. It is in the interest of the environment. It is in the interests of all Australians to take them.*

In fact, the opposite is true. More importantly though, the Prime Minister could have added, it is in his government's political interests to take them. To take the 'correct' action and deny a wealthy and powerful lobby group its 'just deserts' was clearly unpalatable. So why not buy their silence with a gift of an additional $170 million in aid? The ill-informed media see that their 'action' has saved the farmers from the drought. Unfortunately the Prime Minister's acquiescence to effective media and farmer pressure for assistance is to the nation's long term detriment.

Appropriate Public Policy Responses to Drought

Proper policy responses to drought should not be based upon the emotive and heartfelt suffering of the victims of drought – both animal and human as represented in the media. Knee-jerk reactions by governments to media pressure whereby taxpayer funds are made available to those farmers who have least prepared themselves for this regular and naturally occurring event give the wrong signal – 'Don't prepare for drought, we will bale you out.' Those farmers who have planned to ameliorate the negative effects of drought get no reward for their efforts, whilst those irresponsible farmers who do not have fodder or cash reserves to enable them to see themselves through until rain comes, are compensated.

Table 1

Number of Agricultural Establishments with Value of Production >$20000

1981-82	122,408
1982-83	118,705
1983-84	122,627
1984-85	125,784
1985-86	126,166
1986-87	128,707
1987-88	126,543
1988-89	125,708
1989-90	127,778
1990-91	124,975
1991-92	122,054

Source : ABARE (1994) Compiled from: ABARE, Commodity Statistical Bulletin, 1993. ABS Cat. 7102.0

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There is a major difficulty associated with providing drought subsidies: it artificially affects who stays in business. The market's profit and loss signals are replaced with the government's politically influenced judgment. Those farms deemed to be unviable in a free market can become viable when political judgment is the yardstick. Failures in the market result when individuals or firms engage in economic activity or some other wealth producing activity and make a loss. For the individuals concerned, the results of economic failure may seem harsh and unfair. However, failures in the market are not solely associated with negative connotations. They also provide information on the most productive uses of resources and the motivation to respond appropriately to that information (Lee & McKenzie 1991: 53). Failures are part of the steering mechanism that directs an economy toward prosperity through the production of wealth.

Freebairn (1978: 204), in discussing the role of temporary assistance measures, like drought aid, concluded that:

> *It is doubtful that there are resource efficiency gains to be had from offering temporary assistance to particular industries. In the case of a long-term downturn in industry returns, temporary assistance primarily delays and does very little to dissipate the need for and cost of inevitable structural adjustment.*

Freebairn continued:

> *While significant squeezes on industry returns and liquidity provide preconditions for the creation of some welfare problems, the number of households affected may be very small. In the case of temporary downturns, many households fall back on their private contingency arrangements, like savings and other employment. For those remaining in need of welfare assistance there are general welfare support programs. While temporary assistance to a particular industry does provide income assistance, it is a blunt instrument for meeting society's welfare objectives ...*

This statement still rings true 16 years later. The welfare needs of farm families can be met through the existing social security system. The business needs of farmers should be met from their own resources.

This leads to a more fundamental question in the whole debate that has not received much attention at all: why are self-employed small business people going to the government for a handout? Surely, the rewards and punishments of being in business are sufficient to act as a spur to those farmers to solve their own problems without becoming a burden on taxpayers and society. If this is to occur why shouldn't other business people in rural areas affected by the drought also get handouts from the government? Why shouldn't those small business people who lost money and went broke during the recession we recently had to have, be compensated? The obvious answer is that a trend along these lines is the thin edge of a very large wedge which potentially threatens the whole basis of our nation's economic life.

The economic impact of prolonged drought on unprepared farmers can result in them ceasing to remain in farming and being forced to leave their family properties, many of which may have been in their family for generations. Farm leaders, politicians and the media are doing the cause of farmers a disservice by claiming that each and every period of less than average rainfall is the 'worst drought in living memory'. This worst case scenario, however, is very rarely played out in practice. In isolation, the physical effects of drought are usually not enough to force a farmer off the land. But, if accompanied by high debt levels and poor management skills, drought can have a devastating effect on the future of the individual farmer.

It is commonly believed that drought is economically disastrous for the nation. The direct effect of lost agricultural production plus the flow on or multiplier effects in the rest of the economy are summed to arrive at a figure which approximates the national debt of some distant banana republic. These values of lost production, and lost national and export income are as illusory as an overflowing waterhole appearing out of the heat haze during the summer in the middle of a drought. They have no meaning except as a rhetorical device for state Premiers to quote to Canberra or a farmer leader to quote to the media in the hope of procuring extra assistance. The values are premised on the basis that some average season exists. Comparisons with average seasons are meaningless when the topic for discussion is Australian agriculture. The large variability of climate and agricultural activity makes inter-season comparisons a waste of time.

From a public policy perspective and a 'first best' efficiency outcome, governments would therefore be best advised to 'do nothing'. Media driven responses by government to a regularly occurring natural phenomenon are detrimental to good public policy.

Farmer's Responses to Drought and Other Pressures

Drought is but one source of adjustment pressure on farmers. The history of Australian agriculture is one of resilience and renewal in the face of what seem like overwhelming odds. But what of the response of individual farmers to this drought ? More generally, the adjustment responses of farmers to pressure are many and varied. There are numerous actions which farmers undertake in response to an adjustment pressure such as drought. These include reducing or postponing farm and household expenditure, restructuring debt, diversification, increasing off-farm income, liquidating assets and/or borrowing money. Most farmers have responded to severe stress as they have in past 'crises' by taking actions to ensure their survival until the next upturn.

Gow, Kaine and Musgrave (1991: 76) suggest that the processes of adjustment, structural change and resource reallocation in agriculture are complex. What drives adjustment at the farm level is not clearly understood, as many factors impact upon a farmer's decision to adjust. Apart from the external sources of pressure, there are factors within each farm business and family that contribute to the explanation of adjustment behaviour.

The relative influence of each of these internal factors upon a farmer's decision is subjective and often unpredictable. Kingma and Samuel (1977: 206) suggest that '...the benefits that users derive from farm resources may not only be monetary and that non-monetary benefits may accrue to farmers by way of lifestyle considerations'. In support of this point, Musgrave (1990:250) stated:

> *...non-cash benefits gain particular significance in the case of those farmers who stay on in farming*

despite every (financial) indication that they would be better off out of the industry. For many such people the higher cash benefits outside agriculture are no compensation for the loss of lifestyle that is involved.

The difference between economic performance and the adjustment behaviour of farmers facing a similar external environment is indicative of the importance of internal factors in the explanation of adjustment. Within agriculture, one of the most important internal factors relates to the management succession from one generation to the next within the farm family. Other internal factors relate to other changes in the family structure, previous poor management decisions and other changes in family needs and goals.

Agriculture has some characteristics which make adjustment more problematic than is the case in many other industries. For example, the close association between the farm business and the farm household fundamentally influences the way adjustment decisions are made and the consequences of those decisions. By far the most common response of farmers to threats such as the present drought is just to tough it out as they have in the past.

Conclusions

Australia is the driest continent on earth and major droughts occur on a regular and predictable basis. It is hardly surprising that drought is a natural part of the environment within which agriculture and other sectors of the economy operate.

Media coverage of drought is invariably sensationalist, negative and a significant hindrance to an informed debate about what can be done to minimise the effects of drought. The most obvious solution is for the government to throw money at the problem to make it go away. Unfortunately, this is no real and lasting solution.

It is mainly through changing the mindset of farmers and their representatives toward drought, and implementing policies which enable farmers to have a longer run planning horizon than presently they have, that the impact of drought on individual farmers can be ameliorated. This cultural change is hindered greatly by the sensationalist images that the media portray to the public generally about the impacts of the drought. The actions of the media in creating the climate of crisis created a void into which the Prime Minister with his finely honed political skills strode. In this environment there is pressure on politicians to come up with some action to fix the situation when in fact no action by government is the best solution. The political damage to the Commonwealth government which could have resulted if the 'perceived crisis' was not solved and the 'political void' was not filled has come at a far greater cost. The lack of a reasoned debate in the media about what to do about drought which does not involve handouts of government money has contributed to the destruction of good public policy.

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