

# From the Editor

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'The most important challenge to individual freedom today is not the ideology of egalitarianism but the ideology of stasis: the notion that the good society is one of stability, predictability, and control. The role of the state, in this view, is not so much to reallocate wealth as it is to curb, direct, or end unpredictable economic and social evolution.'

—Virginia Postrel

Virginia Postrel's argument that the central tension in society lies not in the battle between socialism and capitalism, but rather between people's perceptions about the future and technology is being borne out.

Moreover, in Australia the new Luddites are gaining the upper hand.

Few issues show this more clearly than the debate on agricultural biotechnology.

Despite a steady stream of positive research, the rapid uptake of the technology abroad, and stringent testing, State governments around Australia are increasingly banning the technology.

During the recent State election campaign, all political parties in NSW—with the support of the NSW Farmers Association—promised to ban new GM crops. Indeed the National Party—historically the party of the farmers—proposed the most stringent ban. This followed decisions in Tasmania and Western Australia to impose moratoriums on commercial use of GM crops. And South Australia is currently considering legislation to implement a similar moratorium.

The bans are certainly not being driven by the evidence, lack of safeguards or grower demands.

The only GM crop currently grown commercially in Australia is Bt-cotton. It has been embraced by cotton growers, with plantings consistently at the maximum allowed by the regulators. Its



popularity is due to its lower costs and reduced environmental impact. Bt-cotton allows a 50 per cent reduction in pesticide use, which not only saves on sprays but also on fuel, time, and application costs. Growers are now demanding that regulators reduce restrictions on the use of Bt-cotton. They are also looking forward to a new variety of Bt-cotton which is currently undergoing field trials and producing an even larger reduction—around 90 per cent in trials—in pesticide use and associated costs. Despite these demands and benefits, the new variety of Bt-cotton will be banned in the main cotton growing State—NSW.

The bans were brought on by the imminent introduction of GM canola. Two companies, Bayer and Monsanto, have spent six years and millions of dollars developing local varieties of GM canola. Since they have now passed all the tests and agreed to all safeguards, the regulators will have no real choice but give them the go-ahead. Fearful that if the matter were left up to individuals and rational debate, the technology might spread, the new Luddites have lobbied successfully for an outright ban.

That 'fear' is warranted—GM canola has also been a roaring success abroad and would have been so here. In Canada, around 70 per cent of farmers have adopted GM varieties since their introduction in 1996. They have done so

because it provides, on average, 30 per cent higher net returns than non-GM varieties through lower costs as well as increased yields.

The latest research strongly suggests a similar outcome if the GM varieties were allowed to be grown locally. Norton<sup>1</sup> forecasts widespread adoption of the GM varieties driven by higher net returns (around 34 per cent) and higher yield flows on wheat crops. It also found that GM varieties have a range of conservation values, including 30 per cent less pesticide use, a marked increase in the use of minimal tillage and other soil preservation techniques, lower fuel use and less soil compaction. In total, growers stand to gain around \$135 million per annum from the introduction of GM canola.

One of the main concerns of growers is whether the introduction of GM canola will undermine their markets. While there have been many claims of a 'non-GM premium', it appears to be a chimera.

A recent WA Government investigation found minimal risk to markets from the introduction of GM canola. 99.7% of Australian canola exports go to four countries: Japan, Malaysia, Pakistan and China. All these countries are investing heavily in GM crop technology, import GM canola and import unsegregated canola.

While much has been made of Japan's alleged biotech fears, the reality is starkly different. Japan has licensed the importation of 57 types of GM crops, including canola. Some 70 per cent of its canola imports are from Canada, which not only uses GM varieties but does not segregate GM from non-GM varieties. Although Japan does require many GM products to be labelled, canola oil is exempt, as it is in Australia. In fact Japan is the world's largest importer of GM crops and foods.

Only the Europeans have been willing to pay a premium for non-GM

canola and then only rarely and at a small level. The research found that some European importers have paid a very small premium of around \$10 per tonne. Not only is this premium a fraction of the gains flowing to growers from the use of GM canola, but Europe is not, nor is it likely to become, a significant importer of Australian canola. France and Germany are major producers and exporters of canola and they use their non-GM laws to protect their highly subsidized production and export markets in Europe. Europe has only imported canola in times of drought when local production has fallen short of domestic demand.

How will Australian canola producers who receive the same FOB prices as the Canadians compete with the Canadians' lower-cost GM varieties? The answer is simple: they will not be able to compete and farm incomes and the environment will suffer.

Why is Australia, with its large, lightly-subsidized, export-oriented and innovative rural sector deciding to ban the most promising advance in agricultural technology in a generation?

The explanation for the collective flight from technology lies with the influence and success of a new class of Luddites. Like their nineteenth-century forebears, the modern-day Luddites maintain the façade of acting in the public interest. Unlike their predecessors, however, the neo-Luddites are well-funded, well-organized and have special privileges.

Funding has been crucial to the neo-Luddites' success. According to *The Wall Street Journal*, the European Union has over the last five years given international NGOs \$300 million to demonize GM food. The EU's motivation is to create a non-tariff barrier to protect its inefficient farmers without being seen to do so. Aside from the cash, the NGOs are motivated by the desire to stop modernity—at least for others. Australian companies are also plying the Luddites with cash in a similar effort to inhibit competition or promote their niche in the market. Most anti-biotech spokesmen also have a direct commercial interest in demonizing modern agriculture as they often make their livelihood from the

organic industry. On top of this, most anti-biotech organizations are subsidized by government. The result is that there is more money to be made from demonizing than from promoting ag-biotech.

Fear and uncertainty have also played an important role. The technology is novel and complex. While the regulators and proponents of biotech have concentrated on dealing with these complexities, the Luddites have focused on seeding fear with an endless series of scare campaigns. They have also been successful in demanding the impossible—that is, certainty in an inherently uncertain world.

The key to their success, however, has been their ability to masquerade as angels. The Luddites have captured the do-good institutions representing the environment, consumers, and the poor—and with this the community's respect. They have been able to distort and falsify without being held to account. And they have been awarded with status and influence.

A prime example is Ms Louise Sylvan, head of the Australian Consumers Association (ACA) and president of Consumers International (CI).

Ms Sylvan and the ACA are given star billing in the media and have been invited and paid to represent 'Australian consumers' on 125 committees. In reality, ACA's links with consumer are thin: it has about 400 real members (who are mostly anti-consumer activists) and very limited links with ordinary consumers.

With her ACA hat on, Ms Sylvan has led the push for stringent labelling laws, while with her CI hat, she has pushed for an outright ban.

In the introduction to the CI's latest screed on GM food<sup>2</sup>, Ms Sylvan claimed that 'GM crops ... currently being grown offer no benefits to consumers and nothing to most farmers. Even the intended 'indirect' advantages of the reduced pesticide and herbicide use are not being achieved'. In short, she lied with impunity.

She also claims that 'GM is a new technology that poses many ethical, environmental and biological questions which can not fully be answered even by

a well-designed safety testing regime. Consumers have a right to question why this technology should be used at all when it produces no benefits to society but has the potential for causing great damage'.

Not only has Ms Sylvan not been forced to justify her claims, but she is soon to become Deputy Director of the ACCC—in short, the nation's second most influential business and technology regulator.

Given the success, money, fear and special treatment of the Luddites, politicians and farmers are starting to offer them support.

What is the future? Well, look at Europe. It has shown the way with similar bans and, as a result, investment in biotechnology research of all types has declined by 60 per cent, its research industry is fleeing to North America and its agricultural sector is going backwards economically and in terms of its impact on the environment and people's health.

Forests have also long been a focus of the Luddites. They have pushed for a cessation of logging and other commercial uses, for a hands-off approach to forest management including a reduction of preventive burning, for increasing the number and size of national parks, for the closing of access roads and locking people out of the forest. As discussed at a recent IPA conference and summarized by Graham White (on pages 4–7 below), the new Luddites' success has been a national catastrophe. Some 1.6 million hectares have been burnt with over \$200 million in damage to homes, business and farms. It has also done great damage to flora and fauna.

Now they have water in their sights (see The 'R' Files, pages 29–31 below).

## NOTES

- 1 Robert Norton, 'Conservation Farming System and Canola', AVCARE, March 2003.
- 2 Consumer International (2003), 'Corporate control of the food chain: the GM link', [http://www.consumersinternational.org/News\\_Events/world.asp?cat=22&regionid=135](http://www.consumersinternational.org/News_Events/world.asp?cat=22&regionid=135)