

Andrew Bailey



Free trade has been a disaster for Australian agriculture

Australian political organizer Andrew Bailey of the Citizens Electoral Councils, formerly a farmer, addressed a meeting of agricultural producers in Ciudad Obregón, Mexico, on Nov. 11. The following is the text of his speech, slightly abridged. The conference was organized by the Permanent Forum of Rural Producers (see last week's EIR, p. 8).

I bring you warmest greetings from my colleagues in the Citizens Electoral Councils (CEC) in Australia. We too are engaged in a fight against those who would destroy our farms and our nation. The battle has begun in Australia, and I pledge to you that we in Australia have heard of your courageous and just struggles, and we are in solidarity with you. Our movement stands with yours until humanity triumphs!

The CEC is a nationwide political movement of the philosophical co-thinkers of Lyndon LaRouche. Lyndon LaRouche has been an inspiration to our people in Australia, and we proudly acknowledge our debt to him. We pray for his speedy deliverance from unjust imprisonment.

For the past ten years I have been on the land, working on many cattle stations [ranches] throughout the northern part of inland Australia. I have seen the devastation and despair which is now descending into once-happy communities. Cattle stations in that part of the world are as large as 22,000 square kilometers. This is pastoral country, once prosperous, and the main supplier of beef and wool for Australians and to the world. But our land is being destroyed by deliberate actions of cartels, environmentalist groups, and governments [which] no longer serve the interests of the people. I will explain some of the developments which are occurring in rural Australia.

Farmers are driven off the land

Our farms and people are being destroyed:

- in the last 20 years, over one-third of our farmers have been forced to leave the land;
- millions of acres of once-productive land have been

withdrawn from agriculture, and more will go;

- cartels like ConAgra are moving to take over all stages of meat processing. The family farmer is being squeezed out.

Our nation's food supply is under threat, and a way of life is disappearing. This did not happen by accident. Government policy, bankers' usury, and greedy cartels like Elders have brought despair to farm communities. They have all conspired to collapse prices, steal the fruit of the farmers' labors, and deprive our children of a future on the land.

There is an urgent need to build rural infrastructure, protect markets, and bring back hope to the rural producer. But the present policies of the Australian government, as well as the treachery of farm organizations such as the National Farmers Federation, will ensure the near-term extinction of the private family farm. The NFF's so-called leader, in reality a puppet of cartels and banks, has said that another one-third of farmers must leave the land.

Current rural problems can be traced back to the free market policies initiated by the Bob Hawke government in the early 1980s, and to that government's determination to pursue General Agreement on Tariffs and Trade (GATT) priorities and to open the Australian market to cheap food imports. Australia's government, now under Paul Keating, has done everything possible to promote free trade. Australia is acting out its traditional role as a colony of Britain in pursuit of the free trade dogmas of Adam Smith.

Australia is vigorously pursuing a free trade policy. In particular, Keating has supported the North American Free Trade Agreement and devised a NAFTA variant in the Asia-Pacific region called Asia Pacific Economic Cooperation (APEC). Fifteen APEC nations are soon to meet in Seattle, where Australia will attempt to force the organization to become a free trade bloc. It is the Malaysian government which alone has raised a protest against this intended development.

There has been no opposition to free trade in Australia from the other principal political party, the Liberal Party, which is led by Dr. John Hewson, himself a former Interna-

tional Monetary Fund executive.

It was claimed in the early 1980s, at the time that free trade policies were introduced, that if Australia pursued free trade, then the world's markets would in turn be opened to Australian food producers. But while Australia slashed tariffs, the promised expansion into overseas markets has not occurred, and the Australian rural producer is now exposed to imports produced with cheap labor, dumped commodities, and falling terms of trade.

Free trade has been disastrous for Australia. A few have prospered while many have been impoverished.

Australia's foreign debt has gone from about \$6 billion to \$290 billion. Ninety-five percent of this is illegitimate, largely due to derivatives trading. The Australian economy continues to decline, unemployment and underemployment is over 20%, and most of Australia's white goods industry has closed down.

It is the rural economy where the impact has been most severe. Farmers were conned in the 1980s. They took heart from official studies which predicted a prolonged boom in commodity prices. They were encouraged to expand and develop their properties; they were told to "get big, or get out," but they were left dangerously exposed when commodity prices collapsed, and interest rates went through the roof.

In addition, the government's free trade policy has permitted the dumping of products from Canada, the Philippines, and various South American nations, in particular. The early 1980s deregulation of the banking system has permitted banks to charge usurious interest rates, with 25% interest charges not uncommon. In 1987, the Hawke Labour government abolished the Rural Credits Branch of the Commonwealth Bank, thus cutting off a reliable and traditionally relatively cheap source of agricultural credit. Rural producers are now at the mercy of private banks, and many have become unviable. Costs of production have risen, and this includes government charges, while the prices they receive have collapsed. Most farmers are in a loss situation, and crucial farm infrastructure is not being replaced. Future production is threatened.

The Queensland Grain Growers Association in a study showed that many rural producers are caught in a devastating cost-price squeeze. An average farm in 1981 had an income of around \$20,000 per year, but today that same farm, in 1981 dollars, is losing \$44,000 per year. Fewer than 3 out of 10 farmers are expected to make a profit, and this is the third year in a row that such losses have been recorded, according to one survey.

Government policy makes things worse

Federal government policy in no way attempts to tackle the problems of cost. One government scheme recently announced was an interest rate subsidy, but this was to be paid

directly into the banks, and hence was a form of bank bailout. This was the extent of the government's "concern" for the farmer.

But the height of absurdity in government policy can be observed in the recent culling of the Australian sheep flock. In 1990, the government reached the conclusion that there were too many sheep in Australia, and in the following year, some 20 million sheep were shot at a cost of over \$40 million, with much of this money going to the agricultural house Elders-IXL, for near-record profits. In the very same year, \$32 million was spent on mutton and wool imports. Thus while government policy devastated the sheep population, government policy also permitted the importation of wool and sheep products to depress prices even further.

The government and rural organizations set up to "defend" farming interests endorse the line that many farmers are unviable in the face of foreign competition, and have advised farmers to quit the land.

Minister for Primary Industry Simon Crean and Rick Farley of the National Farmers Federation have both been quoted as saying that one-third of beef and wool farmers must leave the industry. The NFF, the major farm organization, several years ago established what it called a "fighting fund," which raised some \$12 million. This fund was to be used to lobby for farming interests, but the money has either disappeared or has been used to establish plush offices in the nation's capital, Canberra. The NFF is reportedly now preparing to make a bid, with an eye to profit, to take a share in Elders, a large rural products purchaser. Donald McGaucie, head of the NFF's trade committee, stated that the NFF was the only "true believer" in free trade and the free market philosophy.

A problem of real concern is the destruction of infrastructure in rural areas. Natural disasters, made worse by government failure to provide necessary infrastructure, are also devastating the rural sector. In the relatively prosperous fruit-growing area in Central Victoria, the greatest floods in over 100 years have destroyed much of the fruit industry, and predictions have been made that it will take 10-15 years for destroyed fruit trees to be regenerated. The state government's failure to build levee banks has become obvious, and some local governments are so strapped for funds as a result of government austerity measures, that they have been charging local farmers the cost of bags used in the construction of levee banks as the flood peaked. In the northern part of Australia, in Queensland, a three-year drought has wrought devastation, with livestock numbers down by 30-40%. In Queensland, a total of 36 shires, with more than 1,400 individual properties representing 45% of the state, have been officially declared drought zones. Wool production is now down by 30-80% across the region, and wool producers' income is down 50-75%. Grain growers in this southeastern area of Queensland face the possibility of losing 60% of their

winter cereal production.

The deterioration of infrastructure and the failure to insulate the nation's food and fiber supply against the vagaries of Mother Nature are compounded by outright vandalism of infrastructure by governments. After a tour of Queensland by the deputy premier of Queensland, Tom Burns, a decision was made on the economic viability of some 29 branch rail lines. As a result, the Queensland Labour government of Wayne Goss is planning to close down some 2,800 kilometers of rail lines. This is about one-third of the state's total rail track of 9,000 km. It is claimed that this will save the state some \$40 million.

Wool industry ravaged

A further problem, for the wool industry in particular, is that traditional markets have disappeared, as other nations feel the financial pinch. Contrary to what free traders predicted for Australia, the loosening of protection in Australia and other nations has led to a fall in purchasing power around the world. This is confirmation of the observation of the 19th-century American System economist Henry Carey, that free trade in fact leads to a decline in real trade, for the simple reason that free trade reduces purchasing power of potential customers.

In recent years, Russia and China, two of Australia's biggest wool customers, stopped buying wool. As a consequence, the domestic wool stockpile soared and prices collapsed by up to 70%. Currently there are over a million bales of wool in stockpile.

The wool industry is in bad shape largely due to mismanagement at the top. Russia still owes hundreds of millions of dollars from a previous wool deal and there is little likelihood of this being recovered. In recent years, the Australian government withdrew the price support for wool and prices collapsed from about 1,000¢ per kilo to about 400¢ per kilo. This has devastated incomes in some regions. The wool stockpile continues to accumulate, with over 1 million bales being left to rot. One recently suggested method of removing the wool stockpile was simply to burn it!

This economic collapse is now becoming a social disaster. In 1992, according to one source, some 700 farmers committed suicide, and recorded youth suicide rates have jumped some 600%. At the CEC offices in Melbourne, we are constantly in touch with farmers in the north of Australia. Our members can relate many sad stories of people they have contacted, and after ringing back a week or so later, they have been told that it is too late. The person we spoke to has committed suicide.

Many men are forced to look for work elsewhere, while wives and children are left to look after the family property. In many cases, children have been forced to leave school. Youth unemployment is almost 50% and some 43% of farmers rely on social welfare in South West Queensland.

Government policy, nature, and bank practices are not

the end of the catalogue of woes descending on rural Australia. The producers are being assaulted by environmentalists and the land claims of aborigines. In 1992 in Queensland alone, some 116 sheep and cattle stations, comprising millions of acres, were taken over as national parks, after claims were made against them in the name of "conservation." In some of these cases, no compensation will be paid.

The work of the CEC

There is little hope on the horizon for agriculture in Australia, unless there is a complete turnaround in agricultural policy. Despite the devastation in the rural sector, government advisers without exception advise more of the same disastrous free trade policies. The only voice being raised against the free trade insanity is that of the CEC.

As you may see from this story, Australia, which was once called the "lucky country," has run out of luck. But those who would profit from the collapse of our nation, will not continue unchallenged. For over a year now, the CEC has been organizing from its national headquarters in Melbourne. People are responding, our movement is growing—but not as fast as we would like it to, for we have many, many tasks to complete.

We stood candidates across Australia in the 1993 federal election. We have lobbied directly into the federal Parliament in Canberra and have been active in talking to factory owners and other freedom fighting groups. We are about to commence visiting farmers in the southern part of Australia, in Victoria and South Australia. We are serious in preventing the total collapse of agriculture, under the inspiration of Lyndon LaRouche and the support from his people in the United States, we are developing as a real threat to the evil vested interests in Australia. In recent weeks these evil vested interests, in response to the effectiveness of our organizing, have commenced a legal assault on the CEC. Forces under the control of the B'nai B'rith freemasonic network are claiming \$200,000 in a civil writ against us.

The CEC has developed a number of bills which it intends to bring before Parliament in the next few months. These bills are the blueprint for a rural recovery. They include a bill to create a new national bank; a debt moratorium bill which will put a hold on farm debt and prevent the seizure of properties; and a bill to declare a moratorium on Australia's international debt, debt which is largely illicit, but which is being used as a pretext for governments to impose austerity measures and prepare the way for more IMF intrusion.

The bill to create a Commonwealth National Credit Bank for Australia is a key to the CEC. The bank will enable farmers, industry, and governments to obtain cheap, long-term credits for physical production and infrastructure. It will break the back of usurious banking practices in Australia. The Commonwealth National Credit Bank is modeled on the banking principles of Alexander Hamilton and the later contributions of the economist Lyndon LaRouche.