

# Cartels Crush Wheat Board in Australia

by Robert Barwick

The Liberal/National government of Australian Prime Minister John Howard, in December 2006, stripped the Australian Wheat Board (AWB) of its export monopoly of wheat, known as the “single desk.” Thus ended over six decades of regulated wheat marketing for Australia’s wheat growers, who produce 15% of all world wheat exports. There are some 16,000 grain farms in Australia, and 95% of those producing for export are in the state of Western Australia; 12,500 of the 16,000 are small-to-medium size farmers, who account for about half the income of the overall grain industry, and who will almost certainly be driven out of business without the support infrastructure—including guaranteed prices—formerly provided by the AWB.

While the effects will be devastating to Australia’s rural industry, and in particular to Western Australia, it will be a windfall to the British Crown’s international grain cartel, which has long eyed Australia’s important international markets for wheat, in particular the government-to-government deals which bypass the cartel.

## A Rigged Scandal

The nominal cause for Her Majesty’s Privy Councillor John Howard pulling the plug on the AWB’s monopoly, was the so-called “oil for food” scandal in Iraq, which first surfaced in 1999. At the behest of “Canada” (i.e., the Privy Council which runs the country), the United Nations started investigating kickbacks paid to Saddam Hussein’s government by almost anyone doing business in Iraq. Its investigation was headed by Trilateral Commission operative and former U.S. Federal Reserve chief Paul Volcker, the man who destroyed much of the U.S. economy under President Jimmy Carter by raising interest rates overnight to more than 20%. Central banker Volcker found the AWB to be the “biggest” of the more than 2,000 offenders, and Australia’s huge, AWB-organized wheat contract with Iraq suddenly disappeared to the advantage of the “United States”—meaning the international grain cartel.

Howard appointed a royal commission under Queen’s Counsel Terence Cole to supposedly investigate the AWB’s role in this affair. In late November 2006, Cole handed down his five-volume, 2,065-page report, which duly found the AWB guilty, and also, as expected, cleared Howard’s government. The Howard government’s Department of Foreign Affairs and Trade (DFAT) had oversight over the AWB’s deal with Iraq, and it is beyond question that dozens, if not hun-

dreds, of Australian government officials were fully aware of the AWB’s \$290 million in kickbacks to Saddam. Howard, however, rigged the terms of the “inquiry” so as to preclude Cole from looking into the government’s role. Even the neon Rupert Murdoch’s national daily, *The Australian*, squealed about the blatant coverup:

“Forget the spin, Prime Minister. The AWB kickbacks scandal will stand as a dark stain against the competence of the [Liberal/National party] Coalition, irrespective of the claims by John Howard and his senior ministers that they were in the dark all along. The central question remains: How did the Government miss nearly \$300 million paid in kickbacks to Saddam Hussein’s former regime?”

Howard parried that he had given Cole the right to expand his inquiry to look into the government if he thought that were appropriate. Surprisingly, Howard’s hand-picked flunky chose never to do so, despite testimony pouring in from all sides, that the government knew precisely what was afoot. And, mysteriously, some relevant documents turned up “missing” from the DFAT’s files. All in all, a case of business-as-usual in a Commonwealth country, where royal commissions are notorious cover-ups.

## The Usual Free-Market Swill

Howard has been after the AWB for years. Already in 1999, he rammed through a “corporatization” of the AWB, overseen by Bankers Trust, preparatory to privatizing it (i.e., selling it off to the grain cartel for peanuts). His argument for “corporatization” and then privatization was the usual “free market” swill about how the “farmers will be free to go wherever they can to get higher prices.” He knows that to be absurd because, under the fairly modest free market “reforms” implemented in the industry thus far, farmers are already getting clobbered.

For instance, under the AWB single desk system, the farmer cooperative in Western Australia, Cooperative Bulk Handling (CBH), had a well-developed network of a lot of small storage bins throughout the countryside; many of these have now been closed. This disrupts the harvest by forcing farmers to arrange other, costly transport; by getting deliveries stuck in long waiting lines; and by forcing producers to pay higher handling costs, which have jumped such that the quoted price for wheat of \$215 price per ton now drops to only \$180 after CBH takes its cut. And, naturally, CBH and the cartel companies will just “cherry pick” the best wheat from the biggest producers, letting the rest of the farmers sink, whereas profits under the AWB system were equally shared across the entire wheat crop, based solely on the amount delivered.

After Cole delivered his pre-arranged verdict, Howard immediately stripped the AWB of its single-desk monopoly, *although that monopoly had nothing whatsoever to do with the corruption charges*. Two other grain export licenses have been issued already, including one to a consortium involving Cargill.