

## Australia Dossier by Don Veitch

### Bush bashes Aussies

*The \$1 billion subsidy for U.S. wheat exports may split the opposition coalition and is boosting anti-free trade moves.*

A new surge of anti-American anger has hit the Australian rural community. George Bush's \$1 billion for wheat export subsidies to U.S. interests will undermine Australia's traditional markets, collapse wheat prices, and cost some \$500 million in lost sales. Words like "untrustworthy," "hypocritical," "corrupt," and "a full-blown wheat war" have been used to describe U.S. trade policy and Bush personally. The Labor government and the Liberal opposition have attempted to hose down the issue, but the National Party (in coalition with the Liberal Party), with its rural support base, has come out with all guns blazing.

When Bush visited Australia in January he promised to consult on future trade moves, but Australian Prime Minister Paul Keating only received a two-hour warning of the latest moves. In keeping with Labor Party and Liberal Party inability to defend sovereign national interests, the response has been pathetic.

A government spokesman stated: "We have taken the sternest possible action through the official diplomatic channels and also through the General Agreement on Tariffs and Trade." The matter is also to be raised at a bilateral meeting to be held in the capital, Canberra, on Sept. 15. In other words, no real response from Australia for a week or more. Primary Industry Minister Simon Crean argued that Australia could minimize fallout from the expansion of U.S. agricultural subsidies "provided we don't lose our nerve and get into the silly sort of retaliatory stuff." This response by the Australian government reeks of a sub-

servient colonial-like attitude.

But if the Labor government's response is weak, the Liberal opposition response is strange in the extreme. Liberal Party leader Dr. John Hewson, the favorite to become prime minister in the next year and a former International Monetary Fund (IMF) official, responded to Bush's assault on Australian farmers by suggesting that Australia should apply to join the North American Free Trade Agreement (NAFTA). In a letter to Bush, Hewson called for compensation access for Australian produce to the U.S. market and eventual membership in NAFTA. So, the Liberal opposition is arguing for no response other than a begging letter which will probably go unanswered.

Treasurer Dawkins responded that Australia *should* join NAFTA, and said that he had proposed the idea a couple of years ago. Media responses have dismissed the NAFTA proposal as ludicrous. Some 68% of Australian trade is with the Asian region, and attempting to move into NAFTA would close that door. One commentator claimed that Hewson had "lost the plot on trade policy."

The National Party, formerly the Country Party, has responded vigorously. The National Party is in a coalition with the Liberal Party and has a rural constituency. Earlier this year it was split over the removal of tariffs on sugar. Without a vigorous response on the wheat subsidy issue, it will be decimated in the next election, due by March-April 1993. National Party leader Tim Fischer, who is known to be close to Hewson, has called the

U.S.A. the "number-one trade enemy." He has called for airline agreements with Northwest Airlines on the Sydney-Osaka-U.S.A. route to be renegotiated. He has also suggested that U.S. bases (Pine Gap, Harold Holt Base) be looked at.

Hewson and shadow Trade Minister Andrew Peacock have attempted to downplay the more outspoken comments of Fischer, but the issue is causing obvious coalition tensions. Peacock has claimed that Fischer is merely reflecting "the anger that is being felt" in the rural areas and that farmers have traditionally been "ingrained supporters of the American alliance," who now feel let down.

The government has also continued its attack on the European Community for having forced the U.S. action. Dawkins, in an unrelated comment, attacked the Germans for their "obsession" with lowering inflation and hence being directly responsible for the drop in the Australian dollar and the rise in interest rates in early September. He also attacked Japanese trade policy in stronger terms than his comments against the U.S.A.

The Bush measures are sure to raise the level of criticism against Australian economic policies, which are largely IMF- and GATT-driven. Despite 11% unemployment, 40-50% youth unemployment, the collapse of private investment, \$190 billion in foreign debt, deteriorating infrastructure, and massive land degradations, Australia's political leaders cling to the destructive free trade fantasies which derive from British economic theories.

Only the leadership of the Liberal and Labor parties, a few think-tanks (such as the Institute of Public Affairs, the Tasman Institute, and the Sydney Institute), and Canberra public servants now defend "economic rationalism" and Thatcherite policies. Media outlets now run criticism of free trade.