

## Australia Dossier by Robert Barwick

### Deregulation Crushes Dairy Industry

*Desperate farmers were tricked into voting for their own doom, by lying state and federal governments.*

Australia's dairy farmers are facing devastation, after the dairy industry was officially deregulated on July 1. Farm income has been slashed by 25-40% or more, as farmers are now paid 12-20¢ less per liter. In the states of New South Wales (N.S.W.) and Queensland, milk quotas, which were worth \$360,000 and \$750,000 per farm, respectively, have become instantly worthless. Queensland farmers expect half the state's dairy herd to be sold for slaughter in the next two years, while the fate of the N.S.W. town of Bega, whose dairy farmers contribute about \$50 million per year to the local economy, and which is expected to be almost totally wiped out, is illustrative of what will happen all over Australia. An industry which supports 17,000 farms and upwards of 60,000 workers, is being decimated.

The scandal is not only the scale of the destruction, but the fact that the farmers themselves were duped into voting for it, by lying campaigns orchestrated by the federal government, and by state governments which stand to make a bundle by driving farmers out of business, according to the dictates of Australia's insane National Competition Policy (NCP).

The NCP was adopted by Australia's state governments in 1995, when they agreed to remove any "anti-competitive regulations" from their laws, in order to achieve "greater efficiency" and "lower prices". The NCP gives governments hundreds of millions of dollars in bonuses, based on how rapidly they deregulate anything and everything.

In the case of the dairy industry, the deregulation process was started

by the state of Victoria's former Liberal Party Premier Jeff Kennett, who was driven from office last October by voters enraged at his disastrous radical free-market policies. Though Kennett was gone, the greedy dairy farmers of Victoria voted in December to deregulate, figuring that the cheaper production costs, because of their wetter climate, would allow them to expand their market nationwide. Dairy farmers in the rest of Australia were then told that nationwide deregulation would be inevitable, both because the federal government was scrapping its 14-year Domestic Market Support scheme on June 30, which included disincentives to stop cheaper Victoria milk from swamping the rest of Australia, and, because, once Victoria had deregulated, constitutional guarantees of interstate free trade would mean that cheap Victoria milk would indeed undercut everyone else.

With this aura of "inevitability" about the process, dairy farmers in other states were asked to vote, not on whether they accepted deregulation or not, but on whether they would accept a \$1.74 billion "adjustment package" "promised by the federal government. The argument was made, "Yes, deregulation is disastrous, but you'd better take some money while you can." But, of course, voting for the money, meant voting for deregulation. Desperate, farmers in Queensland and N.S.W. went for the money.

However, there was no such inevitability about deregulation at all, because the Agriculture Minister in the new, Labor government of Victoria which replaced Kennett, seeing that

rural unrest had helped drive Kennett from office, pledged that deregulation in his state would go ahead, *only* if the \$1.7 billion compensation package were guaranteed. And, federal legislation stated clearly, that such compensation was conditional upon *all* states voting for it (i.e., to deregulate). Therefore, farmers in N.S.W. and Queensland (and Western Australia), had the power in their hands to stop it—had they only been told of it. (Last minute resistance in the N.S.W. Parliament, which may have derailed deregulation, because all states must vote for it, was squashed when the rural-based National Party caved in and sided with the Liberal and Labor parties.)

The big winners are the milk-processing companies such as Parmalat (Pauls), Bonlac, and Dairy Farmers, and the grocery retail giants like Coles Myer and Woolworths, which now pay much less to the farmers, and will raise their prices to consumers, as is now generally conceded. "Under deregulation, \$500 million a year will come out of dairy farmers' pockets and go to processors and retailers," charged Neil Baker, president of the newly formed anti-deregulation Australian Milk Producers Association.

But, there is no way the deregulation policy can be defeated as an isolated issue, as N.S.W. dairy farmer Graeme Muldoon, a spokesman for the Citizens Electoral Council, the Australian political party allied with Lyndon LaRouche, has been telling his fellow farmers all along. The only real solution, said Muldoon in a letter to Deputy Prime Minister John Anderson, is to break from the globalization policies which drive "competition policy", and go for a New Bretton Woods global financial reorganization, as proposed by LaRouche. "Anything else," Muldoon told this news service, "is suicide."