A WEEKLY COMMENTARY

ON TARGET

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The price of Freedom is eternal vigilance –

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THOUGHT FOR THE WEEK: "Every society in the modern world is confronting serious problems which have no simple, universal solutions. But many of the problems have a common root. Science, technology and the economy have been treated by modern societies as ends in themselves, rather than as important tools to enhance well-being. The increase in scientific knowledge, the development of new technologies and economic growth are pursued as if they – and not well-being – should be the objective of human effort. Social stability and sometimes, entire cultures are sacrificed in the pursuit of these goals. I believe that this inversion of values is the cause of many of our ills."

– Sir James Goldsmith in *"The Trap"*, 1993

WAR CYCLES/ PEACE CYCLES OR BOOM AND BUST by Patrick O'Shea: When one has grasped the fundamentals of a Financial System with its usurious foundation, it can be seen that within such a system, the same things have occurred throughout history, time after time... after time. "It is like a car going around the block. One time it may be green, another time orange, another time black. After the 18th time it doesn't make any difference what colour the car is – you will recognise it," wrote Richard Kelly Hoskins in the introduction to his book, *"War Cycles - Peace Cycles"*. While Hoskins was writing on the 'boom and bust' of the economic cycles that occur around every fifty or so years under a usury-based money system, so a similar design can be seen operating within the International Grain Trade. This time round I am writing of the policy of the Federal Labor Party to throw Australia's grain growers into the waiting jaws of the International Merchants of Grain and Finance.

The Australian Farmer and the AWB: Those with 'eyes to see through' the Federal Labor Party's legislation, and can make out the pattern of events, understand that Labor is set to betray Australian Wheat Growers once again – if the grain growers let them get away with it. This time round it is through legislation coming before Federal Parliament.

How? The Federal Government plans to accredit multiple wheat exporters, thus replacing the system under which the statutory Australian Wheat Board (AWB) had an export monopoly and served *Australian* wheat growers very well for over 60 years.

Historically, it was the mounting anger of farmers in the 1930s in their dealings with the International Grain Merchants – who dictated all aspects of the export of wheat and the prices paid – which finally brought about the wheat pooling system and the Single Desk marketing structure, thus providing the stability and continuity within the market place that farmers so sorely needed.

With the 'Single Desk' pooling system in place, farmers could then go about their real business, that of growing wheat, confident they would receive a fair price on the world market because just one marketer was selling Australia's wheat. It was the AWB's duty of care to do so.

First Advance payment: Through the Federal Rural Credits Department, a cash payment was advanced on receipt of the farmers' harvest into the granaries. This First Advance payment on their grain was guaranteed under the scheme.

The finance for the First Advance, which was roughly 80 per cent of the estimated return for the crop, was issued by the Treasury and paid through the Federal Rural Credits Department at a cost to the Australian Wheat Board of 4 per cent interest charge. This would have covered cost of the administration of the service, possibly with a little over. This arrangement gave decades of assurance and confidence in the orderly marketing system to all wheat growers.

The AWB also served as a buyer of last resort, when quality slipped a bit, through natural disaster or the like, and was a great backstop for the farmer.

Farmers were confidant that at long last their interests were being looked after. They were not looking for government hand-outs – they were looking for stability and continuity in the market place. It is not just market-price fluctuations farmers have to work with, they must take into account weather extremes, real climate changes, i.e., a wet or dry season, drought-ridden years, etc., etc.

Federal Government withdrew Rural Credit guarantee: However, 25 years ago the Federal Government 'in their wisdom' withdrew the Rural Credits guarantee and the AWB (the farmer's single marketer) was thrown on to the open financial markets of the world and the AWB then had to deal with the big financial structures, such as those in New York, who wanted 12 per cent interest to finance the First Advance upon harvest receivals. Again another unnecessary and costly betrayal for Australian wheat growers.

And now, there is already growing disquiet among the knowledgeable grain operators who are expected to manage this new 'open' wheat market. At best it is loaded with volatility in prices and uncertainties in supplies. They are privately saying this year's marketing will be chaotic, with billions of dollars worth of wheat to be exported.

Why do they think so?

- Establishing significant lines of credit with banks is another problem for the new players without definitive figures and projections to offer.
- Traders will not expose themselves to uncertain or wildly fluctuating prices, or they will be very cautious about it.
- So, while it may sound reassuring for farmers to be offered other grain merchants' pools, such pools will only be open for a short and specified time with limited tonnages.
- The grain must meet certain quality criteria.
- The initial pool payment could be as low as 50 per cent of the grain's initial value

Corporate people are, as yet, reluctant to tell the wheat growers this news. But bankers JP Morgan have warned that liberalising wheat export arrangements in Australia will certainly affect the working capital needed to market the Australian crop.

Alice's crocodiles welcomed little fishes in with gently smiling jaws: Why do I have such a sense of *déjà vu*? It looks like the 'bad old days' are returning. Should it come about, the Australian farmer can thank the present Labor Party who simply continued on with the policy the Howard Government had set in motion. Just as the "Alice in Wonderland" sleepy crocodile, who rested and mused quietly near the river bank, "welcomed little fishes in with gently smiling jaws," so the big Grain Traders, particularly those in the U.S.A., while resting and musing on the river banks, will 'welcome the Australian grain growers into their gentle smiling jaws' if Labor dismantles that single desk protection.

Farmers themselves must be *musing*: Do the Labor senators realise what they are doing to

Australian wheat growers? Against all odds, a belated but Spartan rear-guard action by some growers 'and National Party senators have been trying to 'hold the line' and keep the single desk. But there is very little time left before the proposed legislation closes the door on common sense and we enter Alice's world of great uncertainty.

While we are considering the precarious situation farmers will find themselves in once more, let's revisit the strong words on the subject by Arthur Calwell in "Be Just and Fear Not":

Our older readers may still remember the Great Depression years of the 1930s, with the huge numbers of unemployed men with no means of gaining an income. So many Australians during that period faced extreme circumstances and excruciating hardships.

Calwell recorded that the Deputy PM and Treasurer Theodore, having probably "the coolest, best and most experienced financial brain in the southern hemisphere" had spoken of Sir Robert Gibson's (then Chairman of the Commonwealth Bank), proposal of a Fiduciary Note Issue to relieve the distress of both the farmers and the unemployed.

But, recorded Calwell, "The Senate troglodytes in New South Wales rejected the government proposal for a Fiduciary Note Issue of eighteen million pounds. Six million of which was to have been spent on guaranteeing five shillings a bushel for wheat then selling at fifteen pence which was far below production costs and one million a month on unemployment relief." "The blood," Calwell continued, "for all the misery that was caused by the callous rejection of the Fiduciary Note Issue bill was fairly placed on the heads of the senators concerned." Typical of the Marxist ideologues in the Labor Party, the senators rejected assisting the farmers because they were, in the senators' eyes, "capitalists and exploiters".

It's Time – to recall the Great Betrayal: Labor's honourable senators need to be reminded of their predecessors' great betrayal of the farmers during the Great Depression as they now consider the circumstances of those on the land in 2008. Their predecessors refused assistance to Australia's grain farmers in a time of great need – are they going to do the same to today's grain growers?

So, what can we hope for at best? The big corporations have been lobbying the Minister for Agriculture Tony Burke and outlining their assurances. Mr. Burke is apparently taking the view that opening the wheat market to the jaws of Alice's crocodiles will benefit growers. Poor delusional disordered Mr. Burke. Australia had, for sixty years, the world's most unique and stable marketing system for wheat, the structure is being torn down and the old world system imposed upon us once more.

Is there is still a chance? The Wheat Exporting bill could fail. Could I pray that some Senators and Mr. Burke will be guided to renounce the Export Licensing bill and reinstate the statutory marketing authority, the Australian Wheat Board, for the benefit of all of Australia's grain growers – and in the long term, Australian families?

The 'Corn Laws': My 1968 edition of the Encyclopaedia Britannica has four pages on the history of Corn (Grain) Trading reaching back over 4000 years and lists the clumsy mechanisms and brutal methods used in this cut-throat world of grain trading. I fear the 'London Corn Exchange' mentality will be imposed upon us once again. (The term corn, used in this sense, is a generic term for grain.)

The following terms outline the shady methods of the world's grain traders:

- Regrators: those who buy and sell in the same market thus raising the price.
- Forestallers: those who buy up before the market.
- Engrossers: monopolists who command (or have 'cornered') the market.

Actionists needed: Don't think this issue is only of concern to our grain farmers. The price you will end up paying for bread will be based on the stability of the market for our farmers. Ring, write or call your own State's Senators and express your concern that the AWB is under threat. Tell them you want them to help support the long-term viability of our farmers by retaining the AWB.

OUR ECONOMY IS ON 'ARTIFICIAL LIFE-SUPPORT' by Richard C. Cook U.S.A.: While Richard Cook is focussing on the precarious American situation, Australians would do well to take note because we are not far behind the U.S. He writes:

"Our economy is on an artificial life-support system, a barely-breathing hostage in a lunatic asylum. That asylum is the U.S. and world financial systems which are on the verge of collapse.

The inmates are the world's central bankers, along with most of the financial magnates big and small. The fact is that the economy of much of the world is in a decisive downward-slide which the financiers cannot stop *because the systems they operate are the primary cause.* As often happens, the inmates rule the asylum. (In Australia one of the inmates recently received an $80 million payout for all his efforts in helping to bring the nation to its knees...*ed*)

In such an environment, crime, warfare, terrorism, and other forms of violence are endemic. Only the most naïve, self-centred, and deluded jingoist could describe such a scenario in terms of the freedom-loving Western democracies being besieged by the "bad guys".

Rather what is happening highlights the growing failures of Western globalist finance whose impact on political stability has been so corrosive. As many responsible commentators are warning, we are likely to see major financial shocks within the next few months. The warnings are even coming from high-flying institutional players like the Bank of International Settlements and the International Monetary Fund.

The root cause of the catastrophe: How did today's looming tragedy come to pass? Looking for causes is like peeling an onion. What we are really seeing are the terminal throes of a failed financial system almost a century old. It's happening because, since the creation of the Federal Reserve System in 1913 – even during the period of the New Deal with its Keynesian economics aimed at full employment – our economy has been based almost entirely on fractional reserve banking.

This means that under the regime of the world's all-powerful central banking systems, money is brought into existence only as debt-bearing loans. Interest on this lending tends to grow exponentially unless overtaken by real economic growth.

The banks, along with the bank-leveraged equity and hedge funds, are preparing for the biggest fire sale in at least a generation.* Insiders are going liquid to get ready. If you think Enron was "the bomb", you won't want to miss this one.

What can be done? There are so many flaws in the system that it's time for real change. As I have been pointing out in articles over the last several months, the key to a rational solution would be immediate monetary reform leading to a fundamental shift in how the world conducts its financial business. It would mean taking control of the world's economy out of the hands of the private bankers and giving it back to democratically elected governments...

The banking system which rules the economy through the Federal Reserve System has produced the crushing debt pyramid of today. he system is a travesty. Banks, which can be useful in facilitating commerce, should never have this much power. Many intelligent people have called for the Federal Reserve to be abolished, including former chairmen of the House banking committee Wright Patman and Henry Gonzales and current Republican presidential candidate Ron Paul.

Some might call such a program a revolution. I prefer to call it a restoration – of national sovereignty. Central to the program would be the elimination of the Federal Reserve as a bank of issue and restoration of money-creation to the people's representatives in Congress. This is what our Constitution says too. It's the system we had before 1913. *continued in* The Bulletin

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