

# Australian Wheat Board inquiry underscores real motivations behind Iraq war

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11 May 2006

The Australian judicial inquiry begun in January into the dealings of the Australian Wheat Board (AWB) with the regime of Saddam Hussein has provided a revealing insight into the real motivations behind the US-led invasion and occupation of Iraq.

The US-led war on Iraq was never about weapons of mass destruction or Hussein's links to Al Qaeda. Nor did the Bush administration or the Howard government have the slightest concern for the well-being and democratic rights of ordinary Iraqis under the Baathist regime.

For Washington, the US subjugation of Iraq constituted a preemptive strike against its rivals in Europe and Asia to prevent them from consolidating their economic and strategic footholds in the country, particularly over its vast untapped reserves of oil.

Australia's participation was motivated by similarly venal considerations. The maintenance of the US-Australia strategic alliance, along with Washington's backing for Australian interests in the Asia Pacific region, were at the top of the list. But not far behind was the preservation of Australia's lucrative monopoly over the Iraqi wheat market.

Of course, neither Howard nor Bush could speak openly about these matters. The modus operandi of foreign policy has always been deception and subterfuge, above all to prevent ordinary working people from understanding the real interests and motives involved. Nowhere has this been demonstrated more directly than during the invasion and occupation of Iraq—an illegal and aggressive war costing the lives of thousands of US soldiers and hundreds of thousands of Iraqis. Every aspect of this criminal enterprise has been shrouded in lies and hypocrisy.

The same is true of the AWB inquiry. Its aim has not been to establish the truth about Australian wheat sales to Iraq, but rather to try to bury the scandal. Australian Prime Minister John Howard chose a trusted acquaintance, Terence Cole, to head the inquiry and ensured its terms of reference were narrowly confined to examining the AWB's wrongdoing, thus excluding his government's role in supervising the contracts.

Despite its limited scope, the Cole inquiry has provided a small window into the squalid world of international diplomacy: on the one hand, the efforts of the US and Canadian wheat lobbies to break into the Iraqi wheat market by exploiting allegations that the AWB paid \$200 million in so-called kickbacks to the Hussein regime; on the other, the Howard government's desperate campaign to defend the AWB and preserve Australian wheat sales.

The Australian media, as well as the various US and Canadian interest groups, have focused on what the AWB management and the Howard government knew about the AWB's arrangements with Baghdad, which were in breach of UN sanctions. Last month, the inquiry proceedings descended into farce when Trade Minister Mark Vaile, then Foreign Minister Alexander Downer and finally Howard himself took the stand and denied any knowledge of the AWB's kickbacks. None of them apparently had read any of the 21 official cables, dating back to 2000, specifically warning government ministers that the AWB could be

breaching UN sanctions.

The real scandal, however, is not that the AWB padded its contracts to secure wheat sales to Iraq, or even that Australian ministers have been lying to protect their miserable political hides. Rather, the terrible crimes in which the entire Australian political establishment has been complicit are the UN sanctions regime itself and the invasion of Iraq. On these, there has been a deathly silence throughout the course of the AWB inquiry, from the media, the legal fraternity and the opposition parties alike.

The roots of the UN sanctions regime and the oil-for food program lie in the first Gulf War in 1990-91. With the end of the Cold War, the US used the opportunity to press ahead with long-held ambitions for American dominance over the resource-rich Middle East. President Bush senior encouraged, then exploited, the Iraqi invasion of Kuwait, as the pretext for launching all-out war on Baghdad. Like the Howard government in 2003, the Hawke Labor government backed Washington to the hilt, and for the same reasons: to preserve and develop the US-Australia alliance.

Bush senior, however, stepped back from toppling Hussein. In 1990, in the buildup to the invasion, he pushed the UN to establish economic sanctions and a naval blockade. In the aftermath of the war, Washington insisted that the sanctions continue, with the aim of preventing its European and Asian economic rivals from gaining a foothold at the expense of US interests. The consequences for the Iraqi people were devastating: an estimated one million people, including half a million children, died from the lack of food and basic medicines, leading to mounting pressure for the sanctions to be lifted. While Canberra continued to support them, Australian wheat producers, who had previously captured a significant portion of the Iraqi market, did not, because they were losing out heavily.

The Clinton administration proposed the oil-for-food program not out of any concern for the thousands of dying Iraqi children, but to forestall the complete lifting of sanctions. Clinton and his officials continued to argue that the Hussein regime had failed to end its chemical, biological and nuclear weapons programs as the pretext for maintaining the sanctions. In reality, Washington was attempting to block European moves to secure various contracts in Baghdad, involving the building of infrastructure, trade and especially the exploitation of Iraq's oil reserves.

Once the oil-for-food program began, the AWB was just one of hundreds of companies that profited from the lucrative contracts on offer, worth more than \$30 billion between December 1996 and March 2003. In effect, the UN put the entire country on rations, placing Iraqi oil revenues into an escrow account in New York, managed by an oversight committee, which decided what could or could not be purchased. While all five permanent UN Security Council members had veto powers, the US was the only one to regularly block contracts.

The oil-for-food program became the catalyst for an escalation in the conflicts between the US and its rivals. Given Iraqi hostility to Washington, non-American companies won the lion's share of contracts. After Baghdad refused to buy American wheat, for instance, the AWB

cornered the Iraqi wheat market by padding its contracts with transit fees paid to the Hussein regime via the Jordan-based Alia company—infuriating rival US and Canadian producers. On a far broader scale, France, Russia, China and other countries began signing contracts for the future exploitation of Iraqi oil once the UN sanctions were finally lifted. Washington reacted to their mounting demands for an end to the economic blockade with increasingly brazen lies about Iraq's alleged weapons of mass destruction and new military provocations.

In the end, the only way that the US could secure its economic and strategic domination was to place Iraq and its resources under direct tutelage. The Bush administration seized on the September 11 terror attacks on New York and Washington to put this long held plan into operation, and was joined in this criminal conspiracy by Britain, Spain and Australia to subjugate Iraq. As a quid pro quo for Howard's support, the Bush administration appointed two former AWB executives Trevor Flugge and Michael Long to top agriculture posts in the US occupation regime, despite sharp criticism from American wheat interests.

The US and Canadian wheat lobbies viewed the US-led occupation as an opportunity to break into the Iraqi market. Moreover, as evidence of AWB's dealings began to surface from the mountain of official Iraqi documents seized by US agencies, US Wheat Associates intensified its campaign against the AWB. The pressure on the AWB continued to grow when US politicians such as Senator Norm Coleman selectively used the documents to mount a witchhunt against the UN and its secretary general Kofi Annan. Bitter that France and Germany had been able to use the UN to cut across the US agenda for Iraq, including preparations for the invasion, Washington was determined to refashion the body to more directly represent its US interests.

Amid denunciations of UN corruption, Annan was forced to set up an inquiry into the food-for-oil program, headed by former US Fed chairman Paul Volcker. The inquiry was steeped in hypocrisy from the start. Lurid claims that Hussein was "stealing" or "rorting the system" stood reality on its head. The inflated AWB contracts, for instance, never involved any Australian money, but were paid out of the UN's escrow account. Baghdad was simply trying to find ways to get hold of its own money—payments that had been made for Iraqi oil—which was being controlled by a UN oversight committee subject to the dictates of Washington.

As the biggest "rorter", the AWB could not escape the attention of the UN inquiry. But there is every indication that Volcker treated it with kid gloves, leaving open the possibility in his final report last October that AWB officials may have "unwittingly" paid the kickbacks to Hussein. The American wheat lobby, however, mercilessly used the revelations to call for an end to the Australian "single desk" wheat marketing monopoly, which had successfully enabled the AWB to bid for contracts at the expense of its US and Canadian rivals.

The Howard government's response to the accusations against the AWB was to mount a diplomatic counter-offensive, trading on Australia's loyal backing for the US occupation of Iraq. The Australian embassy in Washington was transformed into campaign headquarters, as senior diplomats lobbied key US senators and congressmen, arguing that the AWB allegations were nothing but self-interested rumours, spread by Canadian and US wheat producers. Just before the Volcker report's release, the embassy helped the AWB secure the services of the prestigious Cohen group of US lobbyists, reportedly known to both Howard and Downer, to deal with the anticipated political fallout.

The government's decision last year to establish the Cole inquiry was part of the same campaign of damage control. It was aimed at preempting moves in the US to investigate the AWB more thoroughly, with potentially embarrassing consequences. In October 2004, Australia's ambassador, Michael Thawley, had already lobbied Senator Norm Coleman, chairman of the powerful Senate permanent sub-committee on

investigations, to drop any further inquiry. The prospect of a US investigation surfaced again in February this year, when Coleman publicly accused Thawley of misleading him, but was temporarily defused after protests from the Howard government.

When he appeared before Commissioner Cole last month, Howard was the first Australian prime minister in more than two decades to testify at a high-level judicial inquiry. He did so in an effort to bolster the international credibility of what he has repeatedly proclaimed as "an open and transparent inquiry". His decision to give evidence, along with Downer and Vaile, was a measure of the deep concerns held in ruling circles that the scandal could seriously damage Australian economic interests.

As part of the so-called Cairns group, Australia has been campaigning for the slashing of US and EU agricultural subsidies. Alan Oxley, former Australian trade ambassador, told the *Australian* that there was "no question that the whole [AWB] episode had damaged Australia's credibility for negotiating trade liberalisation" in the current Doha round of talks. The three Australian ministers appeared at the Cole inquiry amid renewed agitation against the AWB in the US. On April 3-10 days before Howard testified—five senior senators from US wheat states formally called for an inquiry to determine whether the AWB had violated US trade laws or World Trade Organisation (WTO) rules.

The dispute has the potential to heighten tensions within Howard's Liberal-National Party Coalition. In efforts to mollify the US and Canadian wheat lobbies, as well as major Australian producers, the government has suggested changes to the AWB "single desk" wheat monopoly. But these are bitterly opposed by many of Australia's 32,000 grain farmers, who are fearful of lower wheat prices, and who form a significant part of the National Party's political base.

Given what is at stake, the outcome of the Cole inquiry is a foregone conclusion. Immediately after his appearance, Howard effectively preempted the outcome by denouncing the AWB. In an extraordinary radio interview he denounced "a pattern of behaviour by AWB, that set out not only to deceive the government, but also set out to deceive the UN and indeed many other people and many other organisations." The purpose was clear: make AWB management the fall guy and perhaps reprimand a few government officials. But Howard and his ministers are to be found guiltless.

Cole is due to hand down his report on June 30. There is no question, however, that Howard's future will depend far more on whether he continues to receive backing from the Bush administration in a US election year, than on the findings of the Australian inquiry.



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