

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE  
REFERENCES COMMITTEE**

**INQUIRY INTO GENERAL AGREEMENT ON TRADE IN  
SERVICES AND AUSTRALIA/US FREE TRADE AGREEMENT**

**SUBMISSION**

**Submission No:** 4

**Submittor:** Mr Robert Downey

**Address:** 53 Lukin Street  
CLAYFIELD QLD 4011

**Tel:**

**Fax:**

**Email:**

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**Attachments:** 1

Robert Downey  
53 Lukin Street  
CLAYFIELD 4011

21 January 2003

Secretary  
Senate Committee on Foreign Affairs, Trade and Defence  
Parliament House  
CANBERRA 2600



Dear Sir/ Madam

I take this opportunity of making a submission on GATS and an Australia-United States Free Trade Agreement.

When the Federal Government committed to GATS in 1994 little has been advised since to the people of Australia either through the media or via Senators or Members of the House of Representatives. I would suggest that 999 people out of 1,000 would know what you are talking about.

That it has been subsumed within the World Trade Organisation must bring some concern to the 1 in a 1,000 who know anything about the WTO.

Some years ago the Joint Parliamentary Committee on Treaties canvassed the now relegated Multinational Agreement on Investment, and even this opportunity to force the transnationals to force their agenda on the world was in the end defeated by a very few well read members of the public. At the time I commented that the WTO would as likely resurrect the MAI in another form, and this is what has happened; more as a two pronged attack on the value of other than trans-national corporations.

At the most recent meeting, in 2002, of United Nations members in South Africa to address the problems of poverty in Third World countries, the emissaries of the trans-nationals were attempting to do business by purchasing the very means of life in those very poverty stricken countries, their water supplies.

Even in Australia attempts have been made to buy or sell the water rights of a percentage of the people. In Argentina, water is now owned by a huge United States conglomerate, and the result is that they are able to charge whatever they please for the natural resources of that country.

Expand this further into all services provided by governments in Australia and what will result is a dependent population, not on government, but on the whims of a boardroom in New York or London.

It is cosy to think that the "Services" in the GATS agreement is solely concerned with professional services, but the reality is that what is wanted is control of the people in a nation through services they can not provide themselves and which has been sold to the highest bidder in the world of commerce.

### **The Cycle of Bondage**

In the wake of the Government's plan to proceed quietly with ratification of GATS and all it embraces it may be appropriate to quote from a book by Alexander Fraser Tytler (1748-1813) entitled 'The Decline and Fall of the Athenian Republic'

Tytler wrote: " A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves money from the public treasury. From that moment on the majority always votes for the candidates promising the most

benefits from the public treasury, with a result that a democracy always collapses over loose fiscal policy, always followed by dictatorship.

**"The average of the world's greatest civilisations has been 200 years. These nations have progressed through the following sequences:**

**"From bondage to spiritual faith;  
From spiritual faith to great courage;  
From courage to liberty;  
From liberty to abundance;  
From abundance to selfishness;  
From selfishness to complacency;  
From complacency to apathy;  
From apathy to dependency;  
From dependency to bondage."**

As a nation we need to ask ourselves where we are on the timeline of this sequence.

That, Senators, is precisely what will happen in Australia if and when GATS is allowed to flow without specific delimiters!

Over the past few years, Monsanto, a chemical firm, has positioned itself as an agricultural company through control over seed - the first link in the food chain. Monsanto now wants to control water, the very basis of life.

In 1996, Monsanto bought the biotechnology assets of Agracetus, a subsidiary of W. R. Grace, for \$150 million and Calgene, a California-based plant biotechnology company for \$340 million. In 1997, Monsanto acquired Holden seeds, the Brazilian seed company, Sementes Agrocerus and Asgrow. In 1998, it purchased Cargill's seed operations for \$1.4 billion and bought Delta and Pine land for \$1.82 billion and Dekalb for \$2.3 billion.

In India, Monsanto has bought MAHYCO, Maharashtra Hybrid Company, EID Parry and Rallis. Mr. Jack Kennedy of Monsanto has said, "we propose to penetrate the Indian agricultural sector in a big way. MAHYCO is a good vehicle." According to Mr. Robert Farley of Monsanto, "what you are seeing is not just a consolidation of seed companies, it's really a consolidation of the entire food chain. Since water is as central to food production as seed is, and without water life is not possible, Monsanto is now trying to establish its control over water. During 1999, Monsanto plans to launch a new water business, starting with India and Mexico since both these countries are facing water shortages."

Monsanto is seeing a new business opportunity because of the emerging water crisis and the funding available to make this vital resource available to people. As it states in its strategy paper, "first, we believe that discontinuities (either major policy changes or major trendline breaks in resource quality or quantity) are likely, particularly in the area of water and we will be well-positioned via these businesses to profit even more significantly when these discontinuities occur. Second, we are exploring the potential of non-conventional financing (NGOs, World Bank, USDA, etc.) that may lower our investment or provide local country business-building resources."

Thus, the crisis of pollution and depletion of water resources is viewed by Monsanto as a business opportunity. For Monsanto, "sustainable development" means the conversion of an ecological crisis into a market of scarce resources.

"The business logic of sustainable development is that population growth and economic development will apply increasing pressures and the world's desire to prevent the consequences of these pressures, if unabated, will create vast economic opportunity - when we look at the world through the lens of sustainability, we are in a position to see current and foresee impending-resource market trends and imbalances that create market needs. We have further focussed this lens on the resource market of water and land. These are the markets that are most relevant to us as a life sciences company committed to delivering food, health and hope to the world, and there are markets in which there are predictable sustainability challenges and therefore opportunities to create business value."

Monsanto plans to earn revenues of \$420 million and a net income of \$63 million by 2008 from its water business in India and Mexico. By 2010, about 2.5 billion people in the world are projected to lack access to safe drinking water. At least 30 per cent of the population in China, India, Mexico and the U.S. is expected to face severe water stress. By 2025, the supply of

water in India will be 700 cubic km per year, while the demand is expected to rise to 1,050 units.

Control over this scarce and vital resource will, of course, be a source of guaranteed profits. As John Bastin of the European Bank of Reconstruction and Development has said, "Water is the last infrastructure frontier for private investors."

Monsanto estimates that providing safe water is a several billion dollar market. It is growing at 25 to 30 per cent in rural communities and is estimated to rise to \$300 million by 2000 in India and Mexico. This is the amount currently spent by NGOs for water development projects and local government water supply schemes and Monsanto hopes to tap these public finances for providing water to rural communities and convert water supply into a market. The Indian Government spent over \$1.2 billion between 1992 and 1997 for various water projects, while the World Bank spent \$900 million. Monsanto would like to divert this public money from public supply of water to establishing the company's water monopoly. Since in rural areas the poor cannot pay, in Monsanto's view capturing a piece of the value created for this segment will require the creation of a non-traditional mechanism targeted at building relationships with local government and NGOs as well as through mechanisms such as microcredit.

Monsanto also plans to penetrate the Indian market for safe water by establishing a joint venture with Eureka Forbes/Tata, which controls 70 per cent of the UV Technologies. To enter the water business, Monsanto has acquired an equity stake in Water Health International (WHI) with an option to buy the rest of the business. The joint venture with Tata/Eureka Forbes is supposed to provide market access and fabricate, distribute, service water systems; Monsanto will leverage their brand equity in the Indian market. The joint venture route has been chosen so that "Monsanto can achieve management control over local operations but not have legal consequences due to local issues."

Another new business that Monsanto started in 1999 in Asia is aquaculture. It will build on the foundation of Monsanto's agricultural biotechnology and capabilities for fish feed and fish breeding. By 2008, Monsanto expects to earn revenues of \$1.6 billion and a net income of \$266 million from its aquaculture business. While Monsanto's entry into aquaculture is through its sustainable development activity, industrial aquaculture has been established to be highly non-sustainable. The Supreme Court has banned industrial shrimp farming because of its catastrophic consequences. However, the Government, under pressure from the aquaculture industry, is attempting to change the laws to undo the court order.

At the same time, attempts are being made by the World Bank to privatise water resources and establish trade in water rights. These trends will suit Monsanto well in establishing its water and aquaculture businesses. The Bank has already offered to help. As the Monsanto strategy paper states: "We are pa Monsanto's water and aquaculture businesses, like its seed business, aimed at controlling the vital resources necessary for survival, converting them into a market and using public finances to underwrite the investments. A more efficient conversion of public goods into private profit would be difficult to find. Water is, however, too basic for life and survival and the right to it is the right to life.

Privatisation and commodification of water are a threat to the right to life. India has had major movements to conserve and share water. The pani panchayat and the water conservation movement in Maharashtra and the Tarun Bharat Sangh in Alwar have regenerated and equitably shared water as a commons property. This is the only way everyone will have the right to water and nobody will have the right to abuse and overuse water. Water is a commons and must be managed as a commons. It cannot be controlled and sold by a life sciences corporation that peddles in death.<sup>1</sup>

#### POOR RICH AUSTRALIA

*I remember a few decades ago Barbara Hutton the Woolworths heiress was often referred to as the 'poor little rich girl', her riches were not bringing her the happiness one would expect. In much the same way we Australians have inherited untold riches in the natural resources of this country and like Barbara Hutton we are not receiving the benefits we should.*

*Our country is rich in minerals, in energy resources and in food producing capacity. If due to some hot or cold war, or economic sanctions we were unable to import or export we are self sufficient enough to supply our own needs indefinitely.*

*We have plenty of iron and plenty of coal to fire the furnaces to make all the steel we need. We could make all the machinery we need for our own use, we can build ships, cars, trucks*

<sup>1</sup> GE Food Alert Campaign Center 2002

and rail system requirements. We have aluminium, we can build aircraft and other things where lightness is important.

We have ample coal and natural gas to run our electric power generation installations. We have plenty of materials suited to building houses, shops and factories. Our farms can supply all our food needs and there is a plentiful supply of wool and some cotton for clothing. We have the radio active material needed for medical use such as for cancer treatment etc.

But the greatest of all our assets is our natural Aussie ability to cope with challenging situations including inventing new industrial and medical procedures. It is doubtful if any other country in the world is so self sufficient, so capable of going it alone. Australia is unique.

Why should such a country with all these resources inhabited by such a people be in such a poor state? A quick answer is "because we are so badly governed".

We have a government that watches while businesses become bankrupt or move off shore, while our farmers harassed by greedy banks are forced off the land and an ever growing number of aimless, unemployed youth congregate in our shopping centres and streets.

It is said the Nero fiddled while Rome burned, I guess he was pleasant to listen too, but our politicians only bring us pain as we listen to them mudslinging at each other while the country is being ruined by their government mistakes and inaction. Of course it is not all the fault of our government and politicians. Aussie voters have been politically apathetic and naive and allowed the political system to run amuck until it is presently only a mockery of democracy. We have not been careful enough to elect the right people, or careful enough to watch over the workings of the government system, it is a people problem rather than a government problem.

In our imagination let us assume the rest of the world has placed economic sanctions on us and we can not export or import anything, so we act in the following way. We immediately place more importance on food production as the supermarket supplies of all those imported foreign food supplies starts to run out. We were once food exporters before slave labour produced and subsidised food flooded our country and closed down much of our local production, we can certainly with ease supply our own needs.

The spin off from greater farming activity means increased production of farming machinery plus new trucks etc. The farming products need to be processed so old factories closed down by the foreign imports reopen and some new ones need to be built. Wool must be processed into cloth and made into garments, again new factories go into production. Once again wool regains its rightful place as the best material for clothing and many other things.

As we note the number of jobs created by all this local production activity we wonder why we ever allowed our country to be run down by ruinous foreign trade agreements agreed to by our traitorous politicians. After a few years as we become more efficient in many of the things formerly done for us overseas it becomes apparent that we need a shorter working week if we are to have full employment. A good government in power reasons with 5% unemployment, if the working week is shortened by 5%, about 5% of extra people will need to be employed to do the same amount of work, so this is done.

Additionally all fit unemployed people of working age are required to join either the Military Forces Reserve or a National Emergency Service, such service being a full time job.

To ensure that the system will work, penalty rates for overtime are banned, and additionally a heavy income tax is applied to both employer and employee for any overtime hours worked. Hourly rates of pay remained the same so no extra production cost would occur, the loss in weekly pay being made up by income tax cuts. Income tax cuts being possible due to no dole payments and more tax being collected due to full employment and some overtime penalties.

To ensure the monetary system operates efficiently the government enforced stringent controls on the banking system, private banks only being allowed to lend money equal to what liquid assets they actually own. Instead of private banks creating almost all of the nations money supply in the form of loans as they did in the past, the government now issues almost all new money that is put into circulation. The amount in circulation is closely controlled so it never exceeds the total national assets and services available, thus avoiding inflation.

With the government creating its own money interest free instead of borrowing at high interest rates, it can finance many worth while national projects, assist new industries being established and provide low interest loans where needed in the national interest.

Early this century this was the sort of banking system we had and many benefits flowed from it, sadly a conservative government in 1924 handed most of the banking system over to private enterprise and this was the beginning of our financial woes.

*Money in an economic sanctions isolated country is only a means of ensuring its own workers and retired workers get a fair share of the nations riches commensurate to the working effort and skill they are contributing or have contributed in past working life years.*

*Being cut off from the rest of the world by the economic sanctions against us means we no longer need to observe all those absurd United Nations (U.N.) international laws formulated by that basically Communist, Socialist organisation. We now realise how stupid it was to allow the U.N. to enforce on us their version of human rights etc. when those formulating these laws had appalling human rights in their own countries.*

*Well we have been imagining all these things, but we could have things this way if enough people demanded that it be done and forced our politicians to act and carry out our wishes. The point I wish to emphasise is, we are rich, we should be prospering and we would be prospering if we had a proper government looking after our interests rather than allowing the U.N. to dictate what we must do.*

*Clearly world wide recessions, economic down turns etc. are something inflicted on us by us being tied in to the rest of the United Nations world and its monetary system. The U.N. system is making rich nations poor, and loading poor nations with debts they can't repay, it isn't working.*

*Why should we be part of the U.N. set up in the first place? Basically we have been conned, the U.N. was portrayed as a wonderful peace keeping organisation that would ensure world peace and prosperity, but it is not so. With the Marxist vote always outnumbering the Democratic vote we are heading down the same disaster road as the failed USSR.*

*Unfortunately both our major political parties are supporting a U.N. controlled world, a One World Government or a New World Order, the name doesn't matter it all means the same thing. Basically it means a loss of national sovereignty, we will need to obey Communist/Socialist bosses.*

*Speaking to the Victorian Fabian Society 11/11/87 Paul Keating explained why he had taken steps to deregulate the Australian financial system: "They were taken to integrate the Australian Economy with the rest of the world." Yes indeed, and that is why we had the recession we had to have, because the rest of the world had one!*

*With the U.N. running the world economy through the International Monetary Fund and the World Bank and dictating World Trade Agreements it is no wonder we often have a world recession.*

*During the March 93 Federal Election campaign both Labor and Liberal were proposing reducing import tariff barriers by year 2000, setting the stage for even more lost Australian industries and increased unemployment. It should be clear to any reasonable thinking person world control by the U.N. is against Australia's interests and we should abandon our commitment to it.*

*As we face up to the fact that Australia is a truly rich country but due to outside controls we are being made poor, let us resolve that we will never again give a first preference vote to either of the major political parties while they still persist in making us subservient to a basically Marxist controlled U.N.<sup>2</sup>*

This is the view of an Australian. It is a view taken by many thinking Australians who are too busy to make a submission to this Senate Committee.

As a further example of the greed of trans-national corporations, I include the following:

#### *Who Owns Water? (1)*

*As the World Summit on Sustainable Development draws closer, clear lines of contention are forming, particularly around the future of the world's freshwater resources. The setting of the summit paints the picture. Government and corporate delegates to the September meeting will gather in the lavish hotels and convention facilities of Sandton, the fabulously wealthy Johannesburg suburb that houses huge estates, English gardens and swimming pools, and has become South Africa's new financial epicenter.*

*There, they will meet with World Bank and World Trade Organization officials to set the stage for the privatisation of water.*

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<sup>2</sup> Bruce Hannaford, 2002

At the same time, activists from South Africa and around the world with a very different vision will gather in very different settings to fight for a water-secure future. One such venue will be Alexandra Township, a poverty-stricken community where sanitation, electricity and water been privatised and cut off to those who cannot afford them. It is situated right next door to Sandton and divided only by a river so polluted that it has cholera warning signs on its banks. There could not be a more fitting setting for Rio+10 than South Africa, because neighbouring Sandton and Alexandra represent the great divide that characterizes the current debate over water. Moreover, South Africa is the birthplace of one of the nucleus groups that form the heart of a new global civil society movement dedicated to saving the world's water as part of the global commons.

This movement originates in a fight for survival. The world is running out of fresh water. Humanity is polluting, diverting and depleting the wellspring of life at a startling rate. With every passing day, our demand for fresh water outpaces its availability, and thousands more people are put at risk. Already, the social, political and economic impacts of water are rapidly becoming a destabilizing force, with water-related conflicts springing up around the globe. Quite simply, unless we dramatically change our ways, between one-half and two-thirds of humanity will be living with severe freshwater shortages within the next quarter-century.

It seemed to sneak up on us, or at least those of us living in the North.

Until the past decade, the study of fresh water was left to highly groups of experts--hydrologists, engineers, scientists, city planners, weather forecasters and others with a niche interest in what so many of us took for granted. Many knew about the condition of water in the Third World, including the millions who die of waterborne diseases every year. But this was seen as an issue of poverty, poor sanitation and injustice--all areas that could be addressed in the just world for which we were fighting.

Now, however, an increasing number of voices--including human rights and environmental groups, think tanks and research organizations, official international agencies and thousands of community groups around the world--are sounding the alarm. The earth's fresh water is finite and small, representing less than one half of 1 percent of the world's total water stock. Not only are we adding 85 million new people to the planet every year, but our per capita use of water is doubling every twenty years, at more than twice the rate of human population growth. A legacy of factory farming, flood irrigation, the construction of massive dams, toxic dumping, wetlands and forest destruction, and urban and industrial pollution has damaged the Earth's surface water so badly that we are now mining the underground water reserves far faster than nature can replenish them.

The earth's "hot stains"--areas where water reserves are disappearing--include the Middle East, Northern China, Mexico, California and almost two dozen countries in Africa. Today thirty-one countries and over 1 billion people completely lack access to clean water. Every eight seconds a child dies from drinking contaminated water. The global crisis looms as one of the greatest threats ever to the life of our planet.<sup>3</sup>

### **Conclusion**

While I have seemed to concentrate on the water resources of nations, the same can be said for the very Service of Gas Supply, Electricity supply and all other services provided by Governments, services that people cannot provide for themselves. Under GATS or under a Free Trade Agreement it would seem that unless a sovereign nation which is a party to either will have to buckle down or face the full force of the law brought by huge trans-national corporations whose income far exceeds the income of a nation such as Australia.

It is my contention that blanket rejection by the Government of the General Agreement on Trade in Services should be forcefully made.

As far as Australia entering into a treaty with the United States, please see a copy of my letter to all Parliamentarians of 21<sup>st</sup> January 2002, attached as appendix A

Yours sincerely



<sup>3</sup> The Nation Company, 2002

53 Lukin Street  
CLAYFIELD QLD 4011

APPENDIX A

21 January 2003

Dear

Some longer serving Members will remember the peoples' opposition to the Multilateral Agreement on Investment in the late 1990s, and the retraction the Government had to take after the Joint standing Committee on Treaties had presented their findings. It spelled the temporary demise of that Treaty and a step backwards for the OECD. A similar situation has arisen, but with little public exposure, with the General Agreement on Trade in Services, sponsored by the World Trade Organisation, and the proposed Free Trade Agreement with the United States. In my view this would effectively re-establish MAI!

No one previously against the MAI believed for one moment that the forces of trans-national business would sweep OECD's setback under the carpet, and to some extent it has been replaced with GATS, which seems an all encompassing ticket to a nation's loss of sovereignty.

Newspapers this week mentioned that the President of the USA was suggesting the free trade agreement with Australia might be a fait accompli.

As in the past with the fight against the MAI, many in the community are already coalescing to punish the Government and the Opposition if such a Treaty were to be signed. More mature heads must prevail. We must not forget the Australian peoples' deep concern in the past was mirrored in other countries forcing their governments to withdraw on any form of globalisation.

Now that we have the possibility of a free trade agreement with America, those who study the negative results of NAFTA can only conclude that 'BIG BROTHER', the United States, is hosing both Canada and Mexico. This begs the question of how Australia would fare in a similar agreement. It is reported that our exporters would gain much and the Australian people would benefit in the longer term through cheaper imports. Is this to be believed?

There are two other questions which must be asked by the Australian people:

1. To what extent do our exports to the United States really benefit all Australians? Some of the answer to that must be that a few pastoral companies might benefit and a few overseas owned manufacturing companies may benefit, but overall the level of primary and secondary industry export involved is but a small proportion of all industry production.
2. With the United States attempting to extend NAFTA to the whole of the Americas, and with Australia on board, how would the remainder of our major trading partners and the Pacific nations be able to hold back the tide of American dominance not only of trade, but also of government?

I feel strongly that any Government attempt to embrace such a treaty must be opposed by all parties to avoid giving Australia away to the United States!

No doubt such a treaty would have to meet the strenuous requirement of the Joint Standing Committee on Treaties, and you can be assured of a major fight with Australian institutions and individuals in numbers not before witnessed.

Yours sincerely

Robert Downey