

Submission to the Senate Select Committee on the USFTA

Dear Senators,

Most of the submissions you receive will deal with the minutiae of the proposed Free Trade Agreement. This one is different, it discusses the two most important problems facing the world today, and suggests that all actions that we take on every question including the Free Trade Agreement must help and not hinder the solutions to the two most important problems.

(1) OIL SUPPLY The world is currently using 80 million barrels of oil a day. For every four barrels of oil we use we are only discovering less than one barrel. Experts use these figures to estimate how long the oil will last and while various figures are given recent ones range from 30 to 50 years, this implies that the price will double in say 15 to 20 years causing extreme economic disruption.

Of course there will be many alternative energy systems but so far all the sustainable ones have a very low output power presenting difficulties for agricultural machinery and long distance transport etc.

Aircraft may be in a very difficult position, while experiments using soya oil have been reported they still need 60% grade "A" aviation fuel.

Australia's position is not good, local wells with the most optimistic forecasts will not last 10 years before we become dependant on overseas supplies and in view of increasing world demand we are unlikely to get any more than we are buying now.

It follows that world wide transport of goods and people will become prohibitive in 20 years and that the range of economic transport will be

reduced to 1000 or 2000 Km. Governments will have to reconsider current practises. At every step they must insist on saving oil, speeds on main roads should be cut by 20Km/h. V8's should be banned, alternative fuels should be encouraged, Manufacturers should be required to build cars and

commercial vehicles which are twice as economic as current cars and above all we must convince all governments that none of us can go to War.

Governments will have to commit more funds to research into sustainable energy production, build more bicycle tracks, make sure that more of our needs can be obtained locally and promote the slogan "Local production for local consumption".

Clearly the USFTA has a very different program in mind, it assumes that trade will not only continue on present lines but will expand and increase. It assumes that resources are limitless, that the International Corporation is King and has the power to sue for anything it regards as restricting trade and thus reduces the power and reputation of our democracy. In my view the foregoing is reason for opposing this agreement and even if you suppose that the problems I have

indicated are a long way off you should still go through the agreement

and remove the possibilities of suing. Governments will need to be highly adaptable to overcome future problems and should not be restricted by "free" trade agreements which will soon be out of date.

(2) Money, Population and Poverty. The man with money makes you a loan and you build your house only to find that over the years you paid three times the value of the house and often lived poorly when doing it. The money usually comes from a bank and they create the money with a computer key stroke. (Deposits and reserves are only a tiny proportion of the transaction.) The interest charged is not created and you have to take it from your income. Likewise the government builds infrastructure by raising loans on which interest is charged and you as tax payer pay it. (your tax is higher in proportion to that paid by the rich.) Thus there is a continuous stream of money going from the poorer classes to the rich. This is the reason why the rich get richer and the poor poverty stricken.

A similar position arises in the poorer countries in the world where the population lives on less than \$2.00 per day. As explained by Susan George in "The Debt Boomerang" these countries have paid their original debt several times over but owing to the effect of compound interest they still owe more than the original loan.

It is quite evident that the money system needs to be reformed to ensure a fairer division of the world's wealth however there are very few bankers or financiers who will agree to or formulate any such reform. Yet it is clear that their system is failing. While two or three years ago the government claimed that while the rich were getting richer the poor were also slightly better off, recent figures are showing that the poor are getting poorer and more numerous. This is most evident in the United States itself where the minimum wage is less than the poverty line and many earn a little too much to be eligible for Medicaid or Medicare and not enough to afford medical insurance. There are many reform proposals on the WWW under the heading "alternate economies". If the banks do not put up their own reforms then the forces behind Seattle will pick one at random.

The USFTA sees no need to reform the system, its real objective is to expand the present system - not to reform it - and obtain maximum profit for its masters, the International Corporations. It is not the least concerned with the poor nor with Kofi Annan's resolution to halve world poverty in 15 (now 11) years.

In these circumstances we should reject the FTA but what shall we tell the Americans? We claim to be America's friends and a good friend is one who proffers good advice when one's friend is misguided. We should have advised America not to initiate the recent war. I hope all Senators will take any opportunities they have to point out to America that the world economy must change because the oil will run out, that they should consider their own people who are below the poverty line and those

without medical insurance and bring their legislation in these fields up to world best practice.

We should remind them that they insisted on the current system when they rejected the advice of Maynard Keynes. They should also consider their tax position. They are a tax haven. Almost two-thirds of American companies paid no tax between 1996 and 2000 and the Corporate dollars have fallen as a percentage of the overall tax base in the US, accounting for 7.4% of federal receipts in 2003 compared with 32% in 1952. (David Teather, New York 7/4/2004) so the average American has to pay their taxes to insure high profits for rich corporations.

America spends nearly half its taxes on military spending and interest on the national debt. Soon they wont be able to use that weaponry because it will mean an excessive consumption of oil. Australia should not follow America's policies as it can only lead to the scene published in The Observer (UK) "Pentagon tells Bush: climate change will destroy us."

Then there is the quote from a letter written to John Adams in 1822 -

"When all governments, domestic and foreign, in little as well as great things, shall be drawn to Washington as the center of all power, it will render powerless the checks provided of one government on another and will become as venal and oppressive as the government from which we separated."
Thomas Jefferson

Dick Clifford