

THE AUSTRALIA–CHINA FREE-TRADE AGREEMENT

The department of Foreign Affairs and Trade (DFAT) has invited submissions from the public on the proposed Free Trade Agreement between Australia and China. Detailed Facts Sheets have been prepared analyzing the pros and cons of such an agreement. Understandably these relate to trade matters between the two countries. What is missing is the history, socio-political objectives, goals and the motivation that drive the parties involved and, finally, the respective strengths and weaknesses of the countries concerned. Trade does not stand alone as an isolated subject, devoid of the surrounding matrix of sovereignty, other strategic partnerships, geo-political alliances and a host of other imperatives which drive countries. To ignore these vital ingredients in the economic and political life of any nation is to get a totally skewed and distorted picture not related to reality. Mistakes are the natural consequence of these errors of omission and commission,

The purpose of this article is to fill in the gaps, as far as possible, in order to minimize these dangers by creating an unbiased and undistorted reflection of both Australia and China. The problem is that often the truth hurts because it can penetrate through the historical, protective carapace which nations and individuals close around them to give that snug, “feel good” ambience necessary for survival. But harsh realities must be faced. I crave forgiveness for any wounded sensibilities. It was never the intention to cause deliberate hurt or pain, but truth, like smoke, must out. I have entitled my article

“DANCING WITH WOLVES”

The wolves in this case are the USA and China, and, although the USA is not the target of this article, nevertheless Australia, a vast country with enormous mineral resources; a poor economy and virtually a non-existent military capability, has entered into a free-trade agreement and military alliances with the world’s super-power. An extremely hazardous foreign and trade policy that must be understood to make any sense. That is why the USA enters this equation. It has a direct bearing on our dealings with the second but more dangerous wolf, CHINA.

The history of Australia demonstrates a country frightened by being a rich European nation with a small population juxtaposed with a large Asian land-mass of under-developed nations, poor, underfed and burdened with teeming populations. At the time of the 20th Century Australia was an appendage of “Mother England”, and the power of the British Empire was the bulwark of its freedom. Hence, in the Boer War, World Wars 1 and 2, the Australian fighting men sacrificed themselves in the battlefields of Flanders; the Western Desert; Crete; Greece; the Middle East, and acquitted themselves with characteristic cheerfulness and valour. The wolverine in this case was “Mother England”. But all this was going to be turned on its head by the surrender of the so-called impregnable fortress of Singapore falling to the Japanese, and the capture of thousands of Diggers put into Changi,

and worked like coolies on the Burma railway. They were starved and ill-treated with a total disregard for the Geneva Convention. The worst was still to come. The victorious Japanese bombed Darwin, their midget submarines even entered Sydney Harbour, and then, to cap it all, they invaded Papua and New Guinea. Britain was nowhere in sight and the Americans were licking their wounds after the loss of the Philippines. For the first time Australia was all alone, facing a ruthless, and what seemed to be an invincible, foe. The valour of the AIF, and the hastily assembled militia, saved the day. The battle of the Kakoda Trail was won, but the psyche of Australia was scarred forever.

For the loss of about 9,000 Japanese lives, history was turned on its head. The colonial powers, Britain; France and Holland had received their death-knell and Asia was coming into its own. Once again fear and uncertainty stalked Australia and spawned the "White Australia" policy, and the grim determination to populate its vast open spaces with immigrants from Britain, Italy, Greece, Holland and you name it, but excluding Asians, unless those of mixed blood could prove "some" mystical white ancestry mix. All very stupid but understandable, But that's what fear does. Even though Britain was nowhere to be seen, Australia clung to its Anglo-Saxon past and, until the late 1960's, Prime Minister Menzies opened his broly if it rained in Whitehall. Australia was having difficulty shedding its Dominion status and emerging as a free, independent nation.

Now enters the USA to take over where Britain left off. The Australian never forgot that even though they had defeated Japan in P & G it was the USA that eventually defeated Japan. An ever-grateful Australia signs the ANZUS Treaty with the USA. Understandable, but a price has to be paid when small nations

DANCE WITH WOLVES".

Australia is now dragged into the senseless Vietnam War with the USA. The mightiest nation was now going to be taught a lesson by the tiny Viet Minh, who not only thrashed the French at Dien Bien Phu, and smashed French colonial power in Indo-China forever, but killed nearly 50,000 Americans and forced an ignominious defeat. Poor Australia also finished with egg on its face. So much for "All the way with LBJ". Vietnam was not Australia's war, but it got dragged into the fray. This is what happens when small nations

"DANCE WITH WOLVES"

But it doesn't stop here. Now it was the turn of the BIG WOLF getting the shakes. For the first time in its history the USA's mainland was attacked on 11th September, 2001 by al Qaeda. This was unthinkable and unbelievable that the Twin Towers in New York were reduced to rubble and even that sanctum sanctorum, the Pentagon, was hit. In typical American fashion, Wyatt Earp drew his six-gun and went for Osama bin Laden and the Taliban

in Afghanistan. The Taliban was a monster created by the CIA and Pakistan's notorious Inter Services Intelligence (ISI), to help the Afghans fight the Soviets. But American paranoia is just surfacing. The "Axis of Evil" -Iraq, Iran and North Korea – is the next target. Iraq and Iran are both unfinished business and, following the motto of Scotland

"Nemo me impune lacessit"
'No-one assails me with impunity'

both countries are in America's cross-hairs and Iraq wins. With absolutely no evidence that Saddam Hussein was acquiring weapons of mass-destruction (WMD), the USA unilaterally invades Iraq. But this is merely an excuse. The real story lies in Iraq's massive oil and gas reserves. The top echelon of the US Republican Party are all smeared in oil, with the exception of Colin Powell, the Secretary of State, and he did not last. His place has been taken over by Condoleeza Rice, who has been a Director of CONOCO and Dick Cheney, was a Director of Haliburton, and the list goes on and on, but the prima facie evidence is overwhelming. Willy nilly, Britain is also pulled into this Middle Eastern maelstrom and guess who else – AUSTRALIA. At least Britain has a big stake in Middle Eastern oil, what with Shell and BP as major players, but what on earth is Australia doing in this imbroglio? But that is what happens when you

"DANCE WITH WOLVES"

Unfortunately Australia is slow to learn that this is the way you get hurt. Now Australia is tying up a Free Trade Agreement with the USA. Let's see what mess that lands us in. Now let us meet the principal player in the proposed Free Trade Agreement between Australia and China. The two Countries are totally disparate in the socio-political and economic realms. Trade between two such totally dissimilar entities is not merely the movement of, buying and selling of goods and services, but is deeply enmeshed in politics and a world view which cannot be glossed over.

China is an enigma to the Western mind. The Chinese think and act differently, firstly because China is NOT A DEMOCRACY but a TOTALITARIAN COMMUNIST DICTATORSHIP, and secondly China is an ancient culture, steeped in a strange mixture of Confucian, Lao Tze, Buddhist and ancestor worship, although religion has just about been wiped out. The vestige of China's greatness and power, specially during the Han Dynasty (206BC – 220AD), still dominates political thinking to the extent that the Chinese refer to themselves as Han. So dominant is this way of thinking that China is a REVANCHIST NATION. Any territory that was under Chinese sovereignty or suzerainty at any stage in history, must revert back to China. This brings about the illegal annexation of Tibet, even though Tibet had

expelled the Chinese in 1912, and, its until its annexation, not a single Chinese had lived there. Tibet was called a constitutional “fiction” by Lord Curzon and Tibet’s independence was recognised by the British Parliament in 1904. This also explains the take-over of Hong Kong and Macao and China’s claim to Taiwan. China is not in the least bit interested in the people’s will to remain independent, or amalgamate with the Mainland. As far as Taiwan is concerned, China is totally paranoid, for it regards Taiwan as a renegade state and is prepared to occupy it by force if necessary. Every country that has trade relations with China has to accept the “ONE CHINA” policy. The bully boy wins every time. This REVANCHIST paranoia is reminiscent of Hitler’s “Third Reich” All Germans must return to the Fatherland. China is even demanding that diplomatic relations with the Vatican, which were severed in 1951, can only be resumed if the Vatican accepts the ONE CHINA theory, and that the Vatican breaks off ties with Taiwan. That’s how paranoid China is about Taiwan. It would be interesting to know China’s reaction if the Mongols laid claim to China, since Genghis Khan established the YUAN Dynasty (1279 – 1368) followed by the Ming Dynasty (1368 – 1644), which was over-thrown by the Manchus, who ruled until 1911. China has been under Mongol rule for nearly 700 years.

But, as Mao Zedong said

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Every Communist must grasp the truth.
Political power grows out of the barrel
of a gun”

The Chinese have learnt this lesson well. “Heads I win, tails you lose” and to hell with the political niceties.

REVANCHISM is bad enough, but Communist expansionism compounds the problem. China takes what China wants and there are no holds barred. For instance China has forcefully occupied 15,000 sq. kms in India’s Kashmir State called the Aksai Chin, another 5,180 sq. kms taken from Pakistan-occupied Kashmir and has built a road connecting Occupied Tibet with China’s western-most province of Xingjiang. Now it has laid claim to another 90,000sq.kms of Indian territory, stretching from Bhutan to the Myanmar border. This land grab never stops. China has now laid claim to the SPRATLEY ISLANDS, jointly claimed by China, Brunei, Malaysia, the Philippines, Taiwan and Vietnam. These islands are in the South China Seas.

KYGYZSTAN has allowed thousands of Chinese farmers to settle in its eastern border with China’s Xingjiang province. This will be the first state in Middle Asia to fall to China’s heavy hand. Now let’s go to Eastern Russia. Thousands of Chinese illegal migrants cross the Amur River when it is frozen. They come as traders, selling cheap Chinese goods on the Trans Siberian Railway, and rotten Vodka to the Russian soldiers and officials who huddle in the meagre warmth of their huts. These poor devils have not been paid for months and turn a blind eye to the hardy Chinese who are gradually taking over.

There are 1.7 million Chinese already and expanding rapidly. Siberia's enormous oil, gas and other mineral wealth is a great magnet for China's ravenous economy. If Russia is not careful Eastern Siberia will become a province of China. I will write separately about China pillaging the forest wealth of the TAIGA. This wilfull territorial expansion cannot be accomplished without flexing its military muscle. So, it is imperative that we see what China is doing in this area as Australia is going to be indirectly affected by this militarism. This is a vast subject in itself, and this article is not devoted to military strategy. I can therefore only touch the surface to give the reader some insight into what is happening in Asia. China's strategy can be summed up as follows:

China is now the third largest importer of oil and gas in the world, and the second largest consumer of energy after the USA. In order to fuel its gargantuan industrial growth, China has to safeguard its lines of supply. Mainly from the Middle East, through the Persian Gulf, the Arabian Sea and the Indian Ocean. In order to do this China is building a vast flotilla of oil and LPG Tankers and a powerful blue-water navy. As a part of this strategy, China is building a multi-billion dollar naval base right next to the Pakistani port of Gwadar, on its Makran Coast, and within a stone's throw from the Iranian border. It is up-dating the Bangladeshi run-down port of Chittagong and it is this country's main supplier of military hardware. It is drilling for oil and gas off-shore at the Myanmar port of Sittwe and is building a road from its Yunnan province to Lashio – the old Burma-China road to Kunming. To bypass the pirate-ridden Straits of Malacca, it is planning a pipeline across the southern isthmus of Kraburi in Thailand. China has a naval monitoring base on Myanmar's Great Cocos Island to keep an eye on India's naval base at Port Blair in the Andamans. China is also trying to set up a naval base on the Maldiv Islands in the Arabian Sea and at Trincomale, the naval base of Sri Lanka.

China is building a railway from Chendu to Lhasa. This railroad is vital to supply cement, steel, and power-generating plants to the gigantic 40,000 mega watt hydro-electric power project on the Tsangpo River (the Brahmaputra in India). The plan is to divert the river before it enters the deepest gorge in the world, running between the massive peaks of Namcha Barwa (7,755 meters) to the South and Gyali Peri (7,160 metres) to the North. The river is now running in the deepest canyon in the world at a latitude of 30 degrees N and longitude of 95.5 degrees E, The river swings southward to enter India's Arunachal Pradesh as the Dihang or Siang, descending from 12,000ft to 1,000ft. This enormous head of water will generate a planned 40,000 megawatts of electricity, or more than twice the capacity of the Three Gorges Dam on the Yangtse Kiang, which will be completed by 2009 at a cost of \$25 billion. The Three Gorges will produce 10% of China's electricity. So, between The Tsangpo and the Three Gorges, China will cover 30% of its

electricity. This is fine for China, but it will have a devastating effect on India's environment and the planned Subansari – Brahmaputra flood control and hydro-electric project in Assam. But who cares? Nothing stops China in its headlong rush to world dominance. The next victim in China's ruthless expansion is Mongolia. This country, being land-locked, was totally dependent on Soviet Russia and sided with the Soviet Union in its disputes with China. With the collapse of the Soviets, Mongolia opted for democracy and sought aid and grants from the Asian Development Bank, World Bank, the International Monetary Fund and the Agency for International Development. However, cheap Chinese consumer goods have flooded into Mongolia and the Chinese are now the biggest investors with over 600 businesses and an iron grip on Mongolia's mineral resources. Mongolia is the biggest producer of cashmere in the world, but ruthless Chinese Companies have forced Mongolian enterprises to close. But it doesn't stop here. Unfair competition has ruined Mongolian business in leather, hides and skins. These are now transported to China for manufacture. China has no respect for the ecology and environment of its neighbours as we have seen in the case of India. In Mongolia the Chinese have poached deer and cut down large tracts of forest and polluted the rivers with their mining projects. The Chinese have introduced narcotics and Chinese and North Korean prostitutes. In Siberia Chinese loggers, in collaboration with Russian thugs, have set fire to large areas of the East Siberian Taiga, so that China can buy the timber as "spoilt" goods. Next in line are the teak forests of Myanmar. Huge tree felling is taking place in the Shan and Karen hills and the Arakan Mountains. China is desperate for timber having denuded its own hills and valleys and Eastern Tibet., China is an utter vandal and an ecological disaster throughout the world. India's famous tiger population, the African Rhino and elephant are facing extinction, thanks to the degradation of the Chinese. China is the

BIG BAD TIMBER WOLF!

But what is the engine that is driving China? The answer is a

TOTALITARIAN, RUTHLESS , COMMUNIST DICTATORSHIP

When the Soviet Union collapsed in the early 1990's and the COLD WAR came to an end, western democracies breathed a sigh of relief. Thank God! That was the end of Communism, a system that was evil and economically unworkable. Typically, the USA took the main credit for the Soviet demise. Nothing could be further from the truth. Soviet Russia collapsed because it had been bled white. First of all the Bolshevik Revolution resulted in God knows how many millions of Boyars; Kulaks; intellectuals; and Bourgeoisie being killed or shipped off to the salt-mines and Gulags in Siberia. The civil war that followed was devastating as the White Russians, with their European and American allies, tried their hardest to destroy the fledgling republic. Internal strife within the Soviet ranks led to the fanatical dictatorship of Josef Stalin taking power and a massive purging of the armed forces, and any sign

of dissent was ruthlessly crushed. Millions died, not only at the hands of the commissars but of cold and famine.

Yet the worst was still to come with the invasion of Russia by the Germans. In WWII it is estimated that 27 million Russians were killed; the cities and countryside was ravaged and systematically destroyed by Hitler. Russia stood alone, and it can be said that destruction and defeat of the THIRD REICH was largely at the hands of the Russians. After the defeat of Germany, Russia had the dreadful task of rebuilding the economy, cities and infrastructure of a devastated country, single-handed, and, at the same time, supporting the puppet communist regimes of Eastern Europe and Communist China in the East. Unfortunately for Russia it still had not learnt the bitter lesson that the Communist credo “that the State must own the Means of Production” did not work in the harsh reality of economics. An inefficient workforce and a system run by self-serving and corrupt ‘apparatchiks’ spelt the end of the regime. China nearly went the same way. The Great Leap Forward, as a part of Mao’s Cultural Revolution between 1960 –76, not only killed millions of innocent citizens, brought terror at the hands of rampaging Red Guards, but ruined the economy. Luckily Mao died in 1976 and the Gang of Four, including Mao’s wife, Jiang Qing, were imprisoned.

Unlike Russia, China is a highly pragmatic country and learns its lessons on its feet. Chairman Deng Xiaping is the father of modern China. He opened up the economy to foreign investment and the results are evident. But, we must never forget for a moment that China is, first and foremost, a Communist Country that is run under the iron hand of a dictatorship. China would love it if the free world would believe that it is a MARKET ECONOMY. Nothing could be further from the truth. Chinese business, whether it is Foreign or Chinese, private or state-owned, is totally subservient to the communist master. In the 1970’s and ‘80’s we saw the huge growth of the Japanese economy, which ran like a giant machine, with MITI (Ministry of International Trade and Industry) carefully regulating not only the Zaibatsu (traditional monopolies) but also the new arrivals, and earned the appellation ‘Japan Incorporated’. China has followed the same model with the communists at the helm and also running the Government.

But China has growth imperatives such as:

- 1 Although it has stabilized its population, there are huge discrepancies between the incomes in the coastal cities and the interior, and even more pronounced between farm incomes and city dwellers. There is a constant movement of rural people moving into urban areas looking for work. The manufacturing centers are the only places where this itinerant population can be accommodated. For China, growth is the only reservoir for a restive population.

2 China is still burdened with thousands of uneconomic state-owned enterprises. These are a crushing load on China's archaic banking system that sustains these remnants of socialism. Gradually they are being privatized, but who is going to buy an industry that has a huge surplus work force? The first step to either totally dismantle the factory or at least divest it of the surplus, unproductive labour. But this is a slow process and puts peoplout of work These "demobbed" workers have to be employed in new factories.

3 And, lastly, China has to fulfill its destiny of overtaking the USA and emerging as the world's "Hegemon", a distinction it has no intention of sharing with any other country or group of countries. The race for power and scarce raw materials has begun. Once again we have the start of another 'cold war' between Communist and democratic capitalism. In the words of President Hu Jin Tao, he vowed never to adopt "Western-style democracy".

And any attempt to exercise democracy or worker's rights is ruthlessly crushed, as exemplified by the recent strike by 10,000 workers at the Japanese-owned Uniden Electronic Products in the Pearl River Delta. The demand was the formation of an independent Union "guaranteed" in China's labour law. The strike lasted eight days and 10,000 workers were back on the factory floor, after several strike leaders disappeared, probably in jail, and the frightened workers forced back on the assembly line. So much for the "Workers Paradise".

The first victim of China's hegemony aspirations is Japan, the biggest economic power in Asia by far. Even though Japan has invested \$65 billion in China over two decades and has given employment to more than a million Chinese, and the two countries have a trade of over \$170 billion, but the time was ripe for a show down. China concocted a totally engineered public outcry against Japan and Japanese factories and goods, based on the Japan's Prime Minister, Junichiro Koizumi visiting the Yasukuni Shrine four years running. The shine honours Japan's war dead, including some leaders regarded as war criminal by China. In spite of a public apology by the Prime Minister to China for wartime excesses, this was not enough. China was determined to humiliate Japan and demanded that Japanese war crimes, like the massacre in Nanking, should be taught in its text books. All this pious outcry would be plausible if Chinese text books also taught about the rape of Tibet; China's support for the genocide committed by Pol Pot in Cambodia; its attack on its old ally Viet Nam in 1979, when it overthrew POL POT; its terrible terrorism by Mao's Red Guard during the so-called "Great Leap Forward" and the list of China's murderous past is conveniently glossed over. The whole anti-Japanese movement is a sham but very much part of China's gamesmanship

not to support Japan's bid for a seat in the Security Council, in spite of it being the second largest contributor to the UN. China does not want Japan and/or India sitting in the Security Council

So far China's report card shows it to be a hectoring bully-boy, totally ruthless and determined to get whatever it wants, in other words

A HUNGRY TIMBER WOLF

And all the red flags should be going up for any country wanting a Free Trade AGREEMENT with this Monolith.

But There is a plus side which must not be ignored, namely the gigantic pace of development. Here are a few facts.

1. The Wall Street banker, Goldman Sach, created an economic Group with the acronym "BRIC", standing for Brazil, Russia, India and China, which they predicted would become larger than the G6 by 2039. The G6 consists of the US, Japan, Germany, France, Italy and the UK. But of the BRIC, China is the fastest-growing economy.

2. China's growth-rate up to 2010 will be 8.5% of the growing GDP, the greatest economic growth in the history of the world.

3. By December 2004, China had over 25,000 Kms of six-lane highways. The Three Gorges Dams on the Yangtse Kiang will be completed by 2009 at a cost of \$25 billion, the biggest hydro-electric project in the world, producing 10% of China's electricity needs. The foreign investment in China will exceed US\$ 70 billion per year. China has already completed the US\$ 6 billion new Hong Kong air port at Lantau, with road and rail links into China. Russia, the Caspian States and Iran are the main oil and gas reserves available to China, India, and the EU. China is aggressively trying to get a major share of Russia's Yukos oil empire, but it looks as if both China and India will get a bite of the cherry. China's National Petroleum Company has built the Sudan oil pipeline from the Darfur region to the Red Sea. The Greater Nile Oil Project is 40% owned by China and produces 330,000 barrels of oil per day. China has invested US\$ 3 billion in the Sudan oil fields since 1999 and about 7% of China's oil needs now come from Sudan.

China is now making a bid for Canada's huge oil tar sands in Alberta. These tar oil reserves are huge but the extraction of oil is expensive. This has not deterred China and, if successful, the oil will be piped to the Pacific and thence to China

China is hoping to sign a US\$100 billion agreement with Brazil, Argentina and other South American states to tap oil and gas reserves. Chinese companies plan to invest US \$ 350 million in Venezuela and will import 120,000 barrels of crude per month. Brazil has signed 11 bilateral deals with China for US\$ 10 billion in energy. Argentina deals with China could total US\$ 20 billion for the supply of steel rails, gas

and oil. China and Iran have signed deals worth US\$ 100 billion and could rise to US 200 billion over 25 years for the import of 10 million tons of Iran's LNG per year and 87 new LNG tankers are under construction in China. Iran has the second largest gas reserves in the world.

Sudan, Angola and West Africa now supply 19% of China's oil and gas imports.

China is also bidding for a share of Russia's supply of oil and gas to Japan by pipelines to the Russian port of Nakhodka. There could be a branch-line to China, but this is still being negotiated.

And let us not forget Australia's much vaunted \$US 25 billion deal over 25 years for the supply of LNG to China from the North West Shelf. The company involved is Woodside Petroleum. Other oil and gas deals could follow.

But the biggest coup could be the bid by China's National Off-Shore Oil Corporation (CNOOC) to buy the USA's UNOCAL, the ninth largest oil company in the world. This is really bearding the lion in his den. Competing with CNOOC are the US CHEVRON, the fifth largest oil company, and Italy's ENI. Condolezza Rice, the US Secretary of State, used to be a director in Chevron. UNOCAL has natural gas reserves in Vietnam, Myanmar, Thailand and Bangladesh.

So China overtook Japan in 2004, to become the world's second biggest importer of oil.

4. China was planning to buy NORANDA, Canada's biggest mining company, for \$US 5.5 billion

5. China now makes half the world's cameras and one third of all TV,s. China is the world's largest producer of coal but it also has the distinction of the worst run and most dangerous mines, with scant regard for miner's safety. Workers have no say and have to obey or lose their jobs.

China is also the world's largest manufacturer of steel and cement. In 2004, WAL-MART, the world's largest corporation, employing 1.4 million people, i.e. more than GM, ,Ford, GE and IBM put together,

imported \$US 18 billion worth of goods from China. Two thirds of the world's copiers, microwaves, DVD players and shoes are made in China.

Not satisfied with all this, China has now made an assault on the EU market since a decades-old quota system on clothing and textiles expired on 1st January, 2005. The EU is the world's largest market for clothing and textiles, with 170,00 firms having an annual turn-over of more than \$US258 billion, and employing 2.6 million people. The giant textile and clothing firms in France, Italy, Spain, and of course the new-comers from Central and Eastern Europe are reeling under this onslaught. For example, 10 million bras have arrived from China and are wholesaling for 50 US cents per dozen. At a glance it is apparent that this onslaught is not coming from a "free market economy".

But let this suffice to instruct unwary politicians and bureaucrats in Canberra what they will face if they pursue this reckless foray into the

WOLF'S LAIR

In no time flat China will have Australia for breakfast and spit out the pips.

I have written extensively about China, the

BIG BAD TIMBER WOLF

Now let's have a look at Australia:

The Universal Benefactor has filled his cornucopia with all the riches of the earth and handed it over to the Australian people. Oil; gas; the finest and richest iron ore; abundant anthracite; bitumenous coal; bauxite; copper; nickel; the largest uranium deposits, and, for good luck, even the largest diamond deposits. All very bewildering for a Country that has had no clear-cut vision of its destiny, has seldom dirtied its hands with hard work, but the glitter of gold in far-away China was irresistible. The arrival of this wolf had saved the day, not only was it buying for all these goodies, but it also wanted all the wool from Australia's sheep. What a bonanza! All Australia had to do was to get hold of a giant shovel, dig out nature's bounty, stick it into a ship, and bingo, the shekels or yuans would flow into our coffers. But it would still pay us to have a close look at the family silver that we are prepared to pawn. So let's start with oil and gas as we have already referred to Australia's biggest export deal – the \$US 25 billion export of LNG from the North West

Shelf over 25 years. Impressive but unremarkable compared with China's mammoth deals with Iran, Russia and many others nations around the world. If the Free Market Deal eventuates, Woodside Petroleum would be a juicy target for China to buy and it's only half way to the Persian Gulf and a hop, step and a jump to the planned pipe-line across the Isthmus in Thailand. There are long queues of ships waiting to load coking coal off Dalrymple Bay in Queensland. BHP Billington's giant Whaleback Iron Ore mine is working flat out trying to meet China's insatiable appetite for minerals. The problem is not trying to find new markets, but to improve port handling facilities to clear bottle-necks. A Free Trade Agreement would encourage China in these mines, but do we really want to sell off our mines? The bottle-necks are due to archaic methods in port handling, stevedoring and labour regulations. These are internal problems which Australia has to resolve. **WE MUST NOT SELL OFF OUR MINES.**

The next will be our farms and real estate. What are we doing for our future generations, who will not be able to buy a home because they will be unable to compete against Chinese buyers, flush with money, and ravenous for land and property they have never had in China. We have already experienced this with Japanese buyers forcing up the real estate values in Queensland and Hong Kong buyers doing the same in Perth, WA, in the 1990's.

An FTA will open the doors to a flood of Chinese imports of every kind. We Aussies flatter ourselves as "THE CLEVER COUNTRY". It's about time that we had a close look at what we are and what we are becoming. So, here goes, a few home-truths will not be out of place:

1. True wealth is only generated with blood and tears, toil and sweat. All the rich countries have realized this in the past. In its hey day Britain was known as the "factory of the world". It made and sold everything, buoyed by the riches of its sprawling empire that fed its factories and furnaces. Then came the turn of the USA, German and Japan. The moment these countries became fat and lazy and started to off-shore their factories, the rot set in. The best example is the ship-building industry of the world's biggest maritime nation, Great Britain, that doesn't build any ships any more. Australia has followed close behind and has just about lost most of its manufacturing capacity to Asia. What does John Howard hope to sell to the Chinese? I don't think the Chinese have a palate for Vegemite, and one look at a Chinese menu will show both Australia and New Zealand that dairy products do not feature on their list. China is self-sufficient in food. We could sell beef; mutton; and pork and a range of fruit and vegetables if we can compete in the open market place. We do not need an FTA to do this.

Now, what does China gain from an FTA? It has already flooded our shops with just about every commodity, ranging from toys to computers. Australia's miniscule textile and clothing industry gives employment to poorly educated immigrant workers with sewing machines, who can earn a pittance but at least are not on the dole. The leather industry and furniture manufacturers will be the next casualty. China is the fourth biggest manufacturer of cars and trucks, and these low-priced vehicles will kill an industry that is already feeling the pinch from imported BMW's; Mercedes Benz; Saabs, and you name it. But, the worst is still to come. The Chinese will over-fish and destroy our marine heritage. Let us never forget that China is an ecological vandal.

Without sounding like the voice of doom, let me reiterate that you do not

"DANCE WITH WOLVES"

or you do so at your peril.

2. America and Australia's free ride is coming to an end and not before time. No country; nation; community or family can live beyond its means forever. The age-old virtue of thrift and hard work is as pertinent today as it was hundreds of years ago. And what about cutting your coat according to your cloth? These sagacious principles have been forgotten, and what about "he who pays the piper calls the tune"? These sayings, which were born from years of experience of both good and bad times, have been swept under the carpet.

But let's look at the facts.

Countries like America and Australia, the so-called developed countries, are able to keep their economies going thanks to the loans provided by countries in Asia, and, excluding Japan, the under-developed third world countries like China, South Korea, Taiwan and India. What a joke!!!

The begging bowl is going the rounds, but this time the boot is on the other foot, and "baksheesh" or "alms for the poor" is being offered by the so-called poor to the so-called rich. Straight out of a comic opera. It would be funny if it wasn't tragic. China and the other Asian "Shylocks" could pull the plug out, but they won't. A world economic crisis would ensue and no-one wins. America, in spite of its intrinsic weakness, is still the world's hegemon, with the world's biggest industrial base and military muscle. At a pinch it can afford to shed its lingerie business to China. It is still the big innovator, and it is new ideas that spiral growth. But what about Australia, the self-professed "clever country" that still has to make its debut as an innovator? Selling the family silver is a bad idea, mainly because it can only be done once. If a Genii could emerge out of Aladdin's lamp and replenish the Tim Tams, the day would be saved. Unfortunately the Tim Tams are running out and then what can we sell?

3. But there is a further sequel to this sad saga and this is a syndrome which is gradually destroying Western Civilization, as surely as a bomb planted by al Qaida. A clash of civilizations is emerging between China's highly disciplined, communist regime, blended with China's ancient Lao Tse concepts of respect for family and learning, against a Western Society that is gradually becoming dysfunctional, undisciplined and self-indulgent. Let's have a quick look at the drama being played out in Europe right now. Here is France, the prime-mover of the concept of a United Europe, voting against the EU Constitution and now the Dutch have followed suit. And the reason? The French work 35 hours per week and do not want to work any harder. But globalization and the WTO will bring increasing competition and the French are frightened. They have 10% unemployment and have had this unacceptable level for years and no end in sight. Even the Germans, renowned for their work ethic, have gone soft and flaccid, and even the heartland of North Rhine Westphalia, the stronghold of the Social Democrats, the signs are of a country out of control. This is the centre of Germany's steel industry, with historic names like Krupp and Thyssen going to the wall. These two giants merged in 1987 and, guess what, the plant has now been sold to China. What an absolute calamity, and all because wages and productivity did not keep pace. Germany has never recovered from the merger of thriving West Germany and the calamitous industrial debacle of East Germany, the epitome of communism's failure. In 2004 the number of steel workers dropped from 297,000 in 1960 to 8,000. Unemployment in North Rhine Westphalia is 18%, whereas in Germany it is 11.8%.

And now, in conclusion. The portents are not good for Australia and the Western World. I am not an admirer of the infamous Dr Spock, who destroyed generations with his inane theories of bringing up our precious cherubs without any parental discipline. And the result, 50% of marriages going on the rocks; street kids doped with narcotics; a calamitous decline in population amidst a disastrous increase in abortions; the highest suicide rate in the world among young people. And we want to open our doors to those highly motivated, disciplined young Chinese, who can and will take on the whole world and will win? No. We had better not

DANCE WITH WOLVES!

MAHINDER LALL