Report on the Department of Foreign Affairs and Trade (DFAT) forum held on 26 May 2003 to launch their publication "Globalisation: keeping the gains".

In May of this year, DFAT published a paper titled "Globalisation: keeping the gains". This paper is being promoted via 9 presentations in various towns and cities, via student guides provided to secondary school teachers so that the material can be used in schools; and, via a number of workshops.

The tenor and content of the document is probably demonstrated by some of the section headers within the document:

- "Domestic factors drive inequality within economies" (p.10);
- "Trade barriers damage everyone" (p.43); and,
- "Lower tariffs associated with strong industry growth" (p.61).

Balancing this approach, Saul Eslake, Chief Economist at the ANZ, also presented at the Melbourne forum and he covered both sides of the globalisation debate. His presentation proposed that overall, the benefits of globalisation are significant and desirable, although he did recognise that the process of globalisation has created losers as well as winners.

Summaries of some key points made by DFAT and by Saul Eslake follow below:

**DFAT paper**

- Over recent decades, export-oriented economies have grown faster than inward-focused economies (p.1);
- Openness to world markets must be supported by high quality domestic policies and institutions if the benefits of world trade are to be distributed (p.19);
- Many world markets are still heavily protected, particularly in those areas where developing countries are strongest (p.43);
- Since the 1980s, Australia has both supported and gained from microeconomic reform and liberalised markets (p.55);
- East Asia shows the power of globalisation to drive growth and reduce poverty (p.73);
- Opening trade and investment regimes can raise economic growth rates and reduce poverty (p.91); and,
- Education and economic growth and equity are linked, ie "Public investment in education strongly influences the rate at which economies grow" (p.28), and, "Investing in education and training protects against inequality arising from technological change by enabling workers to upgrade their skills and move out of oversupplied unskilled labour categories" (p.30). However, the paper at the same time blocks the logical conclusion of this observation, ie that more should be spent on the Australian education sector, by saying that "Australia spends more on tertiary education than most other developed countries" (p.65).

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1 Melbourne 26 May; Bendigo 27 May; Hobart 28 May; Adelaide 3 June; Perth 4 June; Bunbury 5 June; Newcastle 11 June; Toowoomba 12 June; and, Nerang 13 June.
Saul Eslake presentation

- Globalisation is not new (slide 4);
- Surprisingly, most trade is still conducted within nations, not between them (slide 7);
- Most evidence suggests that globalisation boosts economic growth (slide 8);
- It is a myth to suggest that contemporary globalisation is: inevitable; irreversible; a "race to the bottom in labour standards"; that it widens the gap between rich and poor nations; that it undermines the power of national governments; and, that it boosts the power of multinational companies (slide 9);
- There is a lot of evidence suggesting that global poverty and inequality have declined (slide 15);
- Globalisation has not undermined the ability of governments to collect taxes (slides 16 and 17);
- It is at least partly true to say that: not all countries have benefited from globalisation; trade liberalisation has been unfair to developing countries; volatile capital flows have destabilised developing countries; and, that globalisation creates losers as well as winners (slide 21); and,
- Globalisation is on the whole a "good thing", but it could be made better and fairer (slide 25).