

Wave jobs goodbye and prosper

Matt Wade
Economics Writer

DON'T worry about jobs moving to low-cost countries such as India - the Federal Government's top economic adviser says we have a lot to gain from it.

The process was no different to importing goods, and adopting policies to resist it would be costly, the Treasury Secretary, Ken Henry, said in a speech last night.

"The industrialised world, Australia included, also has much to gain from offshoring - most obviously through a lowering of costs to business and, ultimately, con-

sumers," Dr Henry said.

He acknowledged some were finding the adjustments caused by the booming economies of China and India hard to accept. But there was no point trying to stop Australian companies shifting operations to cheaper places.

"Opposition to offshoring is based on the same protectionist nostrums that were once used to support the high tariff wall that a generation of Australian policymakers has been busy dismantling," he told a Melbourne University conference last night. "It may be dressed in different garb, but it is no more respectable."

Several banks, including ANZ

and St George, have been forced to defend the movement of back office services to India.

"It is pretty well accepted these days that Australia's economic interests have been well served by trade liberalisation," Dr Henry said.

"And yet, even in this country, the accelerating liberalisation of trade in services has attracted the pejorative label of offshoring."

Dr Henry warned Australians not to lapse into "old thinking" about trade "in a world where there is a crisis of global governance and declining international co-operation".

Australians had to accept disci-

plined policies, despite the current prosperity.

"There is a temptation to think that we can indulge ourselves in consuming the fruits of this economic boom; that this lucky country of ours can afford the luxury of the soft option," he said.

"But in that temptation lurks an intergenerational tragedy: if we succumb to the temptation we will avoid its costs, but we will impose an unnecessary burden on our children and grandchildren - indeed, on all future generations of Australians. Is that to be the legacy of this period of prosperity?"