

Irvine, Jill

From: Hanek, Dee
Sent: 3 July 2000 9:21
To: Irvine, Jill
Subject: FW: Submission re Australia's General Tariff Arrangements

The Productivity Commission 2000,

Review of Australia's General Tariff Arrangements

, Draft Report.

Canberra, May.

WTO Watch Qld is a grass roots organization which has grown out of concern among members of civil society about where the neo liberal policies of successive governments, an unquestioning faith in the ability of the free market to deliver wealth and well-being to the majority of the people, and a complete acceptance of the policies of free trade as embodied in the World Trade Organization are leading us.

WTO Watch Qld believes that there is now sufficient independent evidence to make some assessments of these policies. A brief assessment follows:

1. University of Queensland Emeritus Professor of Economics Ted Kolsen has said that the economy is now in considerably worse shape than it was in the 1960's and that this is compounded by the much larger gap between rich and poor. He says also that in 1966 long term unemployment had never been heard of and that today's deregulated market had put many farmers out of work.
2. Professor of History and Politics at Griffith University, Ross Fitzgerald, says that it is "fanciful beyond belief" to think that the current economic situation is better than in 1966. He comments that the actual rate of unemployment, a key economic indicator, is at least twice the official rate.
3. Economist, Fred Argy, of the Committee for the Economic Development of Australia, says that while in purely economic terms the economy may be in better shape now than in the 1960's, if other indicators, such as social, environmental and quality of life issues, are used, there is not only a question mark, but that 'the level of inequality is almost obscene.'

4 Anglicare's State of the Family Report 1999 says almost 13% of all Australian children are living in poverty and that two million Australians are classified as poor. Anglicare Australia's Vice President, Mr. Peter Gardiner, expresses great concern that 800,000 Australian children are living in households where neither parent has an income.

5 Social researcher Hugh McKay says in his book 'Turning Point' that while the top 20% of Australian households have an average annual income of \$142,000, the bottom 20% were struggling on \$12,625.

6 Analysis by the IBIS Business Research Group (and the Australian Bureau of Statistics) suggests that the proportion of people in middle income groups fell from two thirds to one third between the 1960s and the 1990s (and is still falling).

7 The Australian Manufacturing Workers Union says that our manufacturing industry is in crisis with 60000 jobs lost in this past two years.

8 Workers are facing increased stress and job insecurity and depression is now a disease of National significance

9 Our suicide rate is amongst the highest in the world.

It would seem from an examination of these figures that neo liberal policy and market forces are not delivering wealth and wellbeing to the majority of Australians.

On the international scene the situation is no better. Latest figures from the United Nations Committee on Trade and Development show that

1. The gap between incomes in the 7 richest countries and the 7 poorest countries is increasing dramatically
2. the gap between incomes of rich and poor within developing countries is widening (as it is throughout the world)
3. the number of least developed countries has increased from 15 to 48 since 1971.

4 Least developed countries with 13% of the world's population account for .6% of world imports and .4% of world exports, which represents a decrease of 40% since 1980.

5 Transnational companies now control two thirds of world trade (and rising) and one third of the world's productive resources (also rising) . Of the two thirds of world trade controlled by the multi nationals, 90% of that trade takes place within each company (eg Coca Cola Australia trading with Coca Cola US)

It is within the context of the increasing gap between rich and poor both between and within countries and the increasing dominance of multi national companies that WTO Watch Qld is commenting on the Commission's proposals.

Since the Commission's stated primary focus in regard to possible tariff changes is 'to improve the wellbeing of the community as a whole', we submit that the comments above are of great importance and relevance, and so we repeat that it is our belief that neoliberal policy and the deregulated market are not delivering wealth and wellbeing to the majority of Australians. We dispute the comment of the Commission in the Overview of its draft report that 'the Australian community has gained substantial net benefits from reductions to ..tariffs since the 1980's.'

In this context we would like to comment on the fact that although the Commission states that it will take into account all the factors listed in the terms of reference, including the possible effects on employees, producers, industries, consumers and the regions, it saw fit to consult with only one union and no consumer groups or welfare agencies or other bodies(such as WTO Watch Qld) who have an interest in these matters and who will be directly affected by any proposed changes. This is unacceptable.

We also note that no public hearings will be held in Brisbane. This is unfair.

Australia has been well ahead of its trading partners in the depth and speed of its tariff cuts. As a result we have seen a flood of cheap imports into this country which has decimated industries and cost many thousands of jobs. The manufacturing industry has been particularly affected. On the

issue of employment in the manufacturing industry, there would seem to be major discrepancies in the figures. The Commission states that ' manufacturing employment has largely stabilized since the early 1990's' while the Australian Manufacturing Workers Union says that 60000 workers in the manufacturing sector have lost their jobs in the past two years. Research clearly shows that most of those in the manufacturing and textile industries who lose their jobs end up in the unemployment queues. They are not re-employed in the mining and service sectors as the Productivity Commission suggests

Australian industries have been placed at a disadvantage to overseas competitors , many of whom either receive assistance from their governments or operate under much lower labour, environmental and occupational health and safety standards.

For example, workers in Indonesia, Cambodia, China and other South East Asian countries are faced with horrendous working conditions , no access to health care and pay rates as low as \$30 US a month.

It is not reasonable to expect Australian industries to be able to compete under these circumstances without some assistance.

The level playing field is a myth.

It should also be noted in this context that our APEC partners have given little indication of a willingness to address their own protective barriers. It would seem that our trading partners have no wish to treat their industries and jobs in the cavalier fashion with which our politicians and governments have treated our industries and jobs here.

. It is only when the wages and conditions of workers overseas have improved and our trading partners have addressed their own protective barriers that we will have FAIR trade.

There must be no further tariff cuts until core labour standards are included in the rules of the WTO and our trading partners agree to cut their real level of protection to the same level as ours

It would seem that once again the manufacturing industry will bear the 'adjustment costs.' There have been a large number of submissions from firms and industries who believe that they will be severely disadvantaged by any further cuts in tariffs, including a number who believe that the proposed tariff cuts will force them to close their doors. The Commission states that further reductions in general tariffs would be 'of some small benefit to the community as a whole.' So it seems that we must weigh 'some small benefit to the community as a whole' against the impact of further closures of manufacturing firms, a further rise in the REAL unemployment rate of 17%, another increase in the number of goods we must import because we no longer make them ourselves with the consequent effect on our trade deficit, a widening of the already large gap between rich and poor in this country, and the eventual loss of our manufacturing base.

The end result will be the loss of our economic independence.

We need our manufacturing base.

We need it to provide jobs for ordinary Australians who want to work and support their families. The Commission would do well to remember that not all of us can be brain surgeons or IT whizz kids or waiters.

We need to ensure that our employers and their firms remain viable.

We need it as a matter of national pride and for national security.

We need it because local production is sustainable production. WTO Watch Qld believes that the export driven model of development as promoted by the WTO is unsustainable in the long term.

As to the assertion by the Commission that Australia would be likely to receive 'credit' for early tariff reductions in any forthcoming multilateral trade negotiations, we would remind the Commission of two trite but true popular sayings. 'A bird in the hand is worth two in the bush.' and 'pigs might fly.'

In any event, the aforementioned multilateral trade negotiations may never eventuate, given the widespread and growing public rejection of the multilateral trading system and its regrettable consequences.

Terrie Templeton gumbus@powerup.com.au

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WTO WATCH QLD

Workers Medical Centre,

223 Logan Rd., Buranda, Q. 4102