



*Australia in transition*  
Sydney, 21 November 2013

Professor John Daley, Grattan Institute

Presented with our media partner:



**After the boom**

Australian Business Economists

John Daley  
Grattan Institute  
21 November 2013

## Overview

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### Australia had a very good decade

- The mining boom was very big by *global* standards
- The benefits of the mining boom were large and widespread

### As mining slows, Armageddon is unlikely

- Manufacturing has not collapsed – it just grew slower
- Manufacturing usually bounces back after an exchange rate shock – Dutch disease appears to be an acute, not a chronic disease
- After a terms of trade shock, recession is not inevitable

### Australia does face substantial budgetary challenges

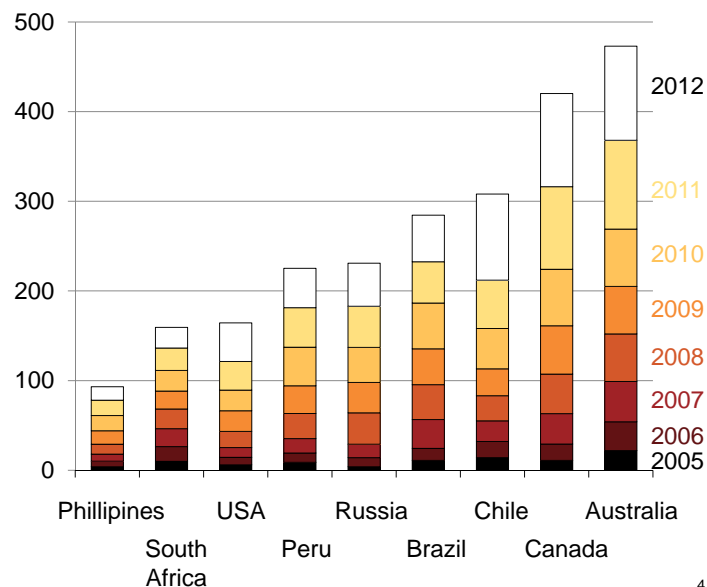
- The Commonwealth's structural deficit for the last 5 years was more than 2% of GDP
- Australian governments face a decade of deficits on current trends
- The underlying spending growth was driven by health and infrastructure

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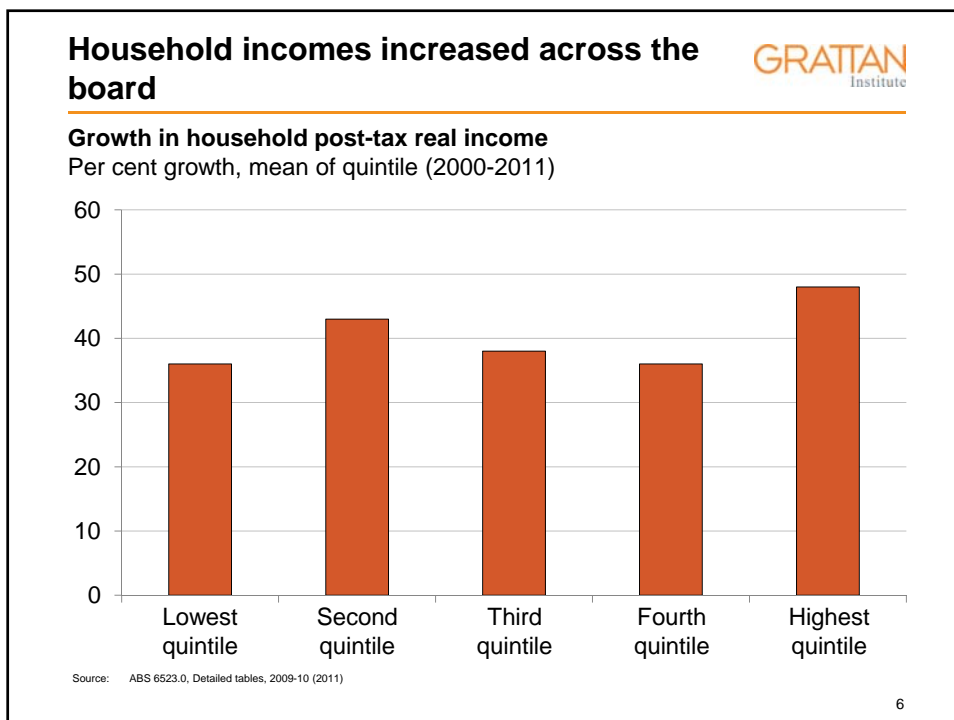
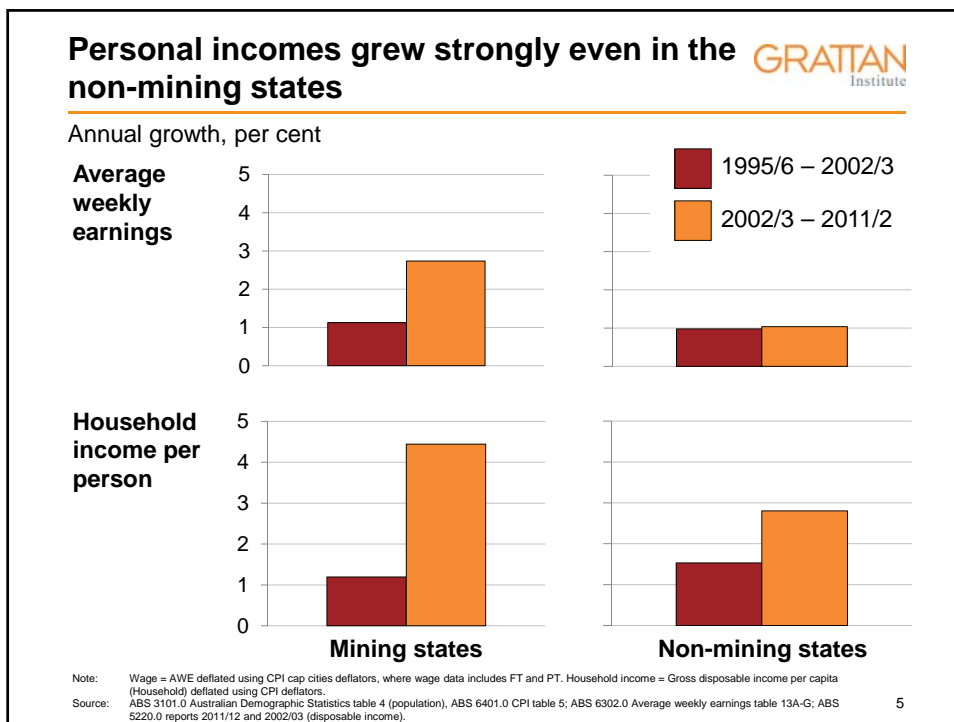
## Australia has led *global* mining investment

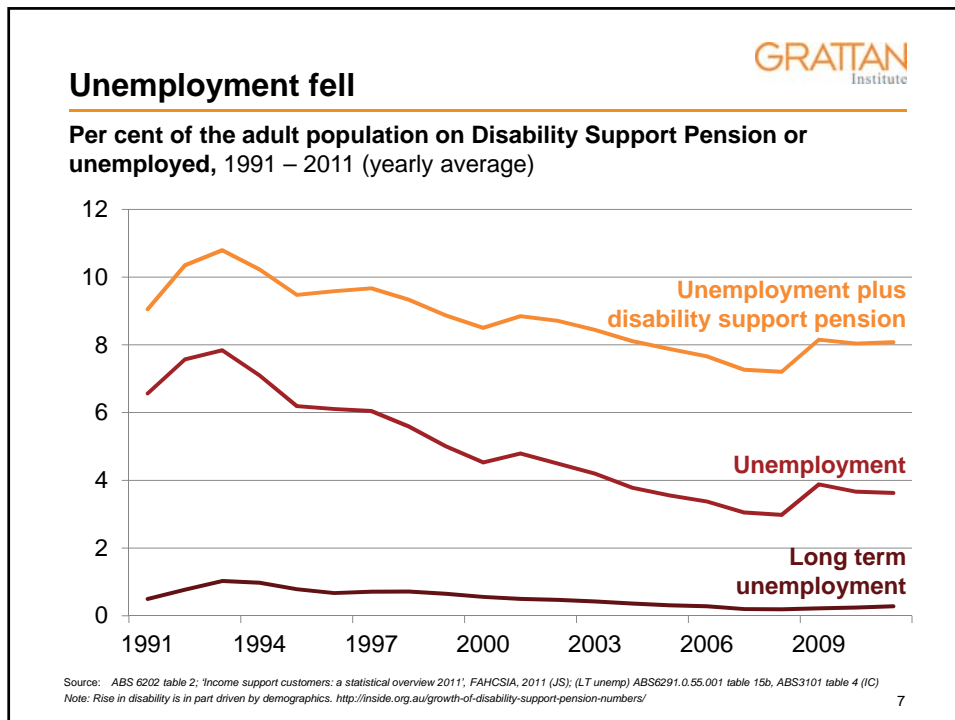
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Mining investment  
2005-2012  
(US\$,  
nominal)



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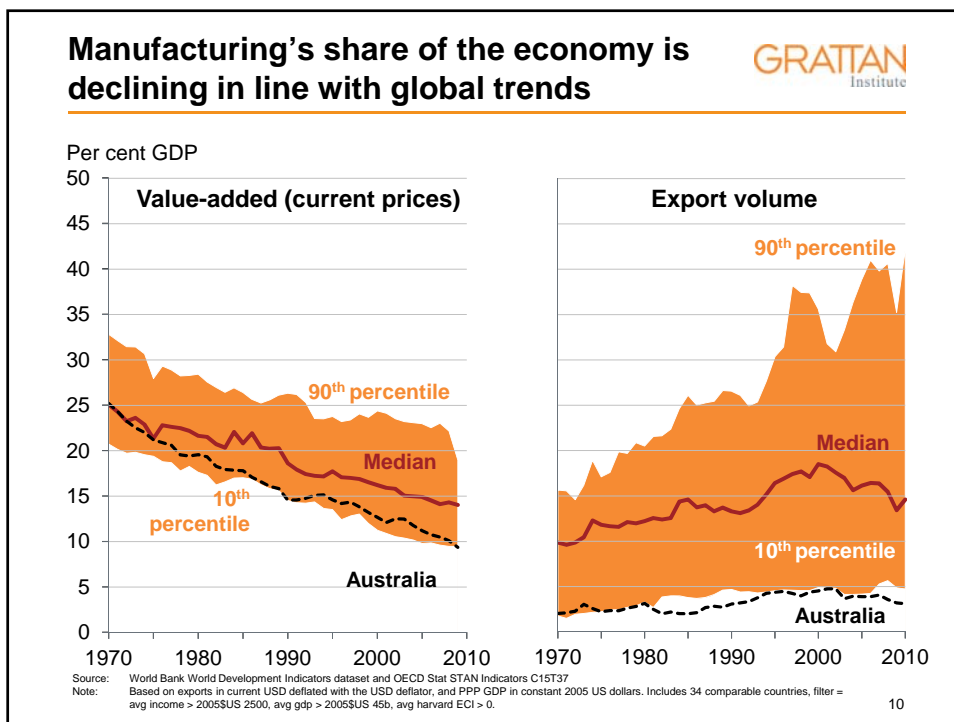
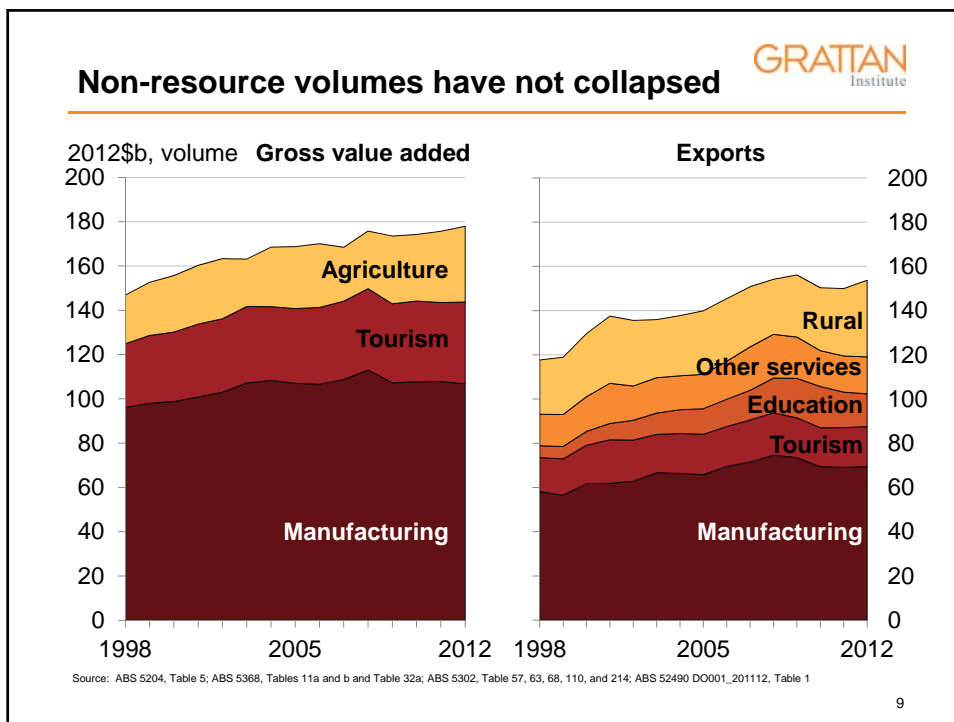
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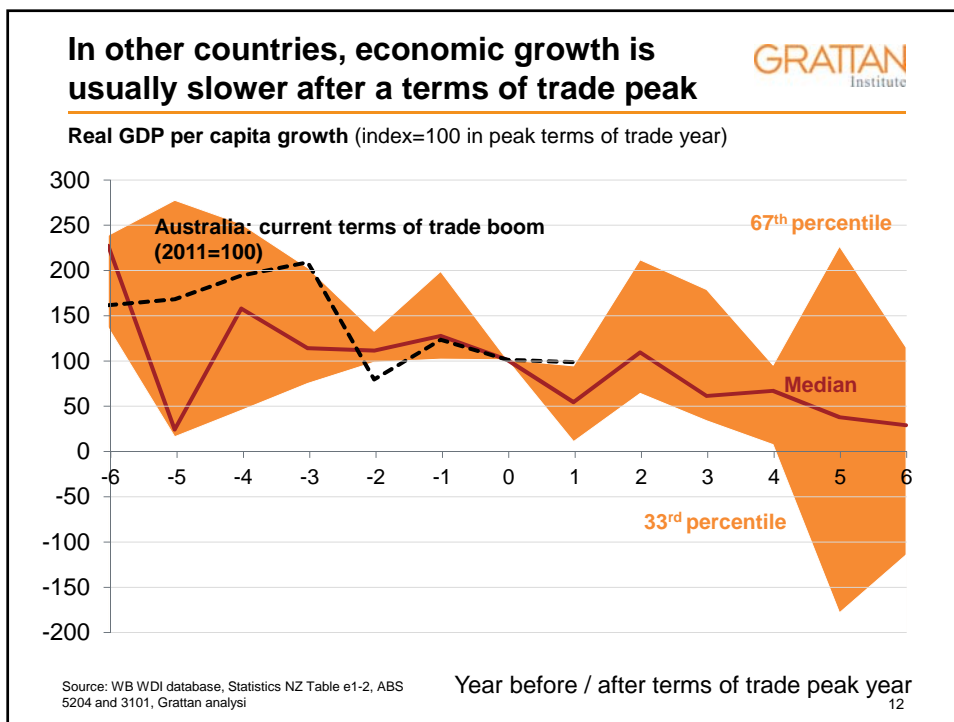
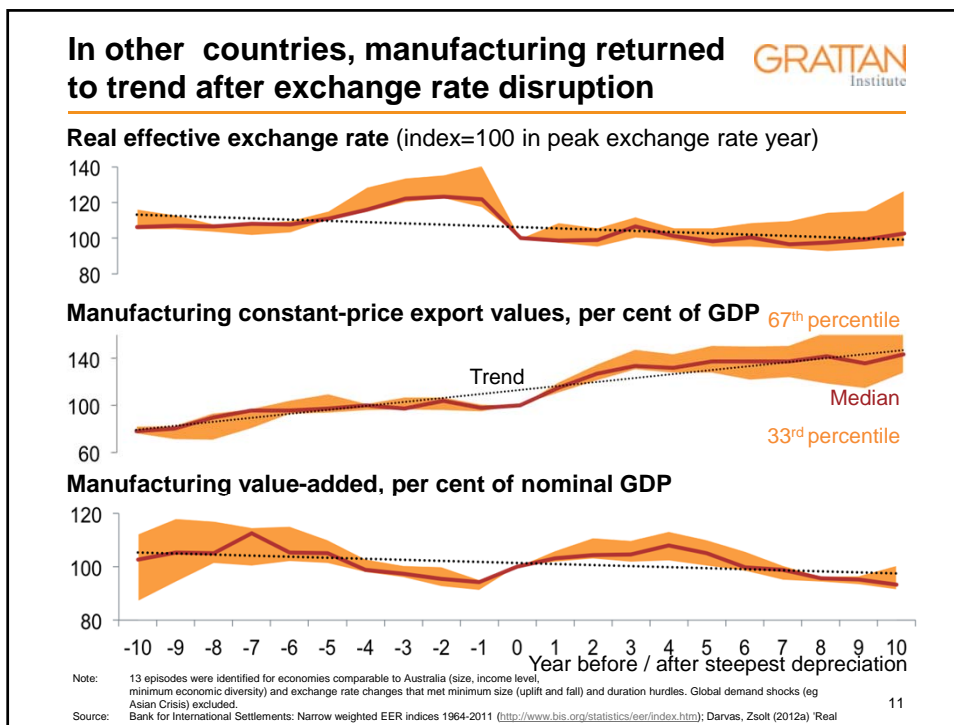
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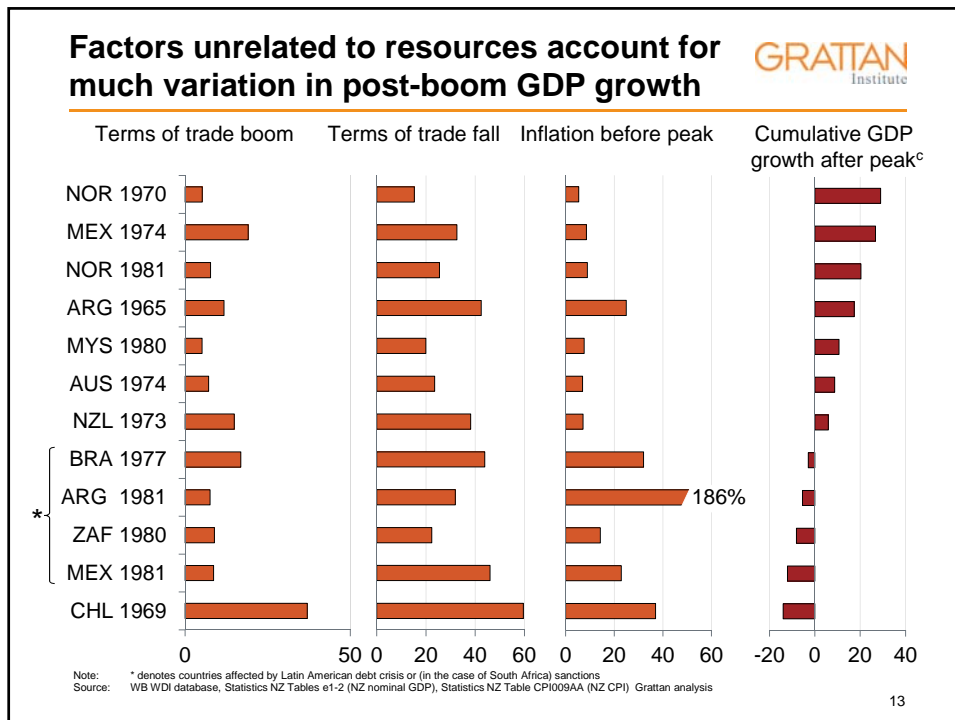
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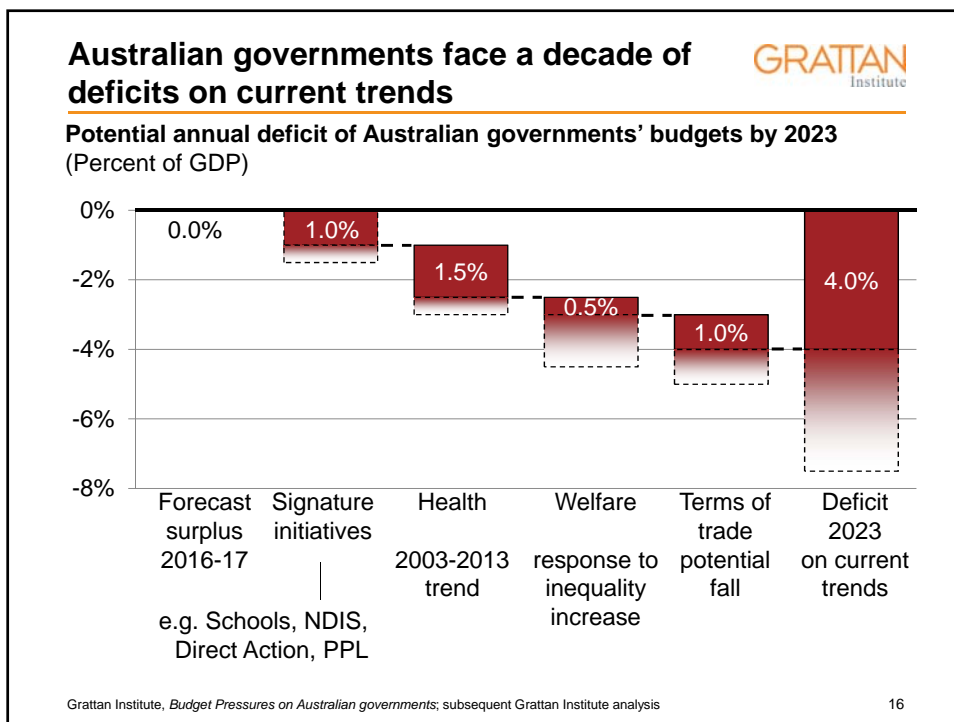
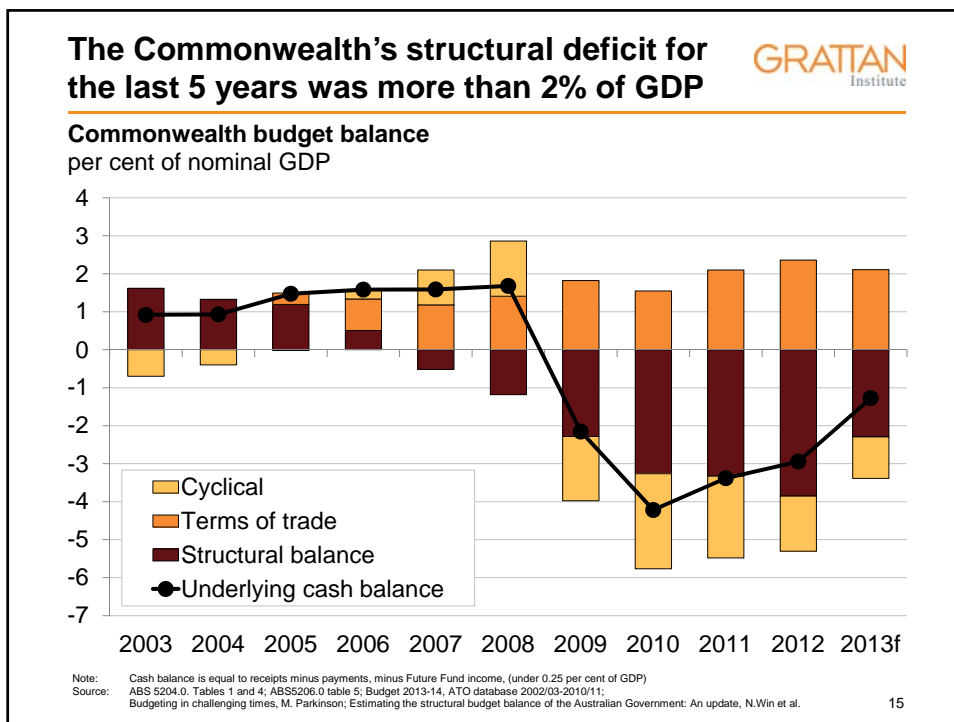
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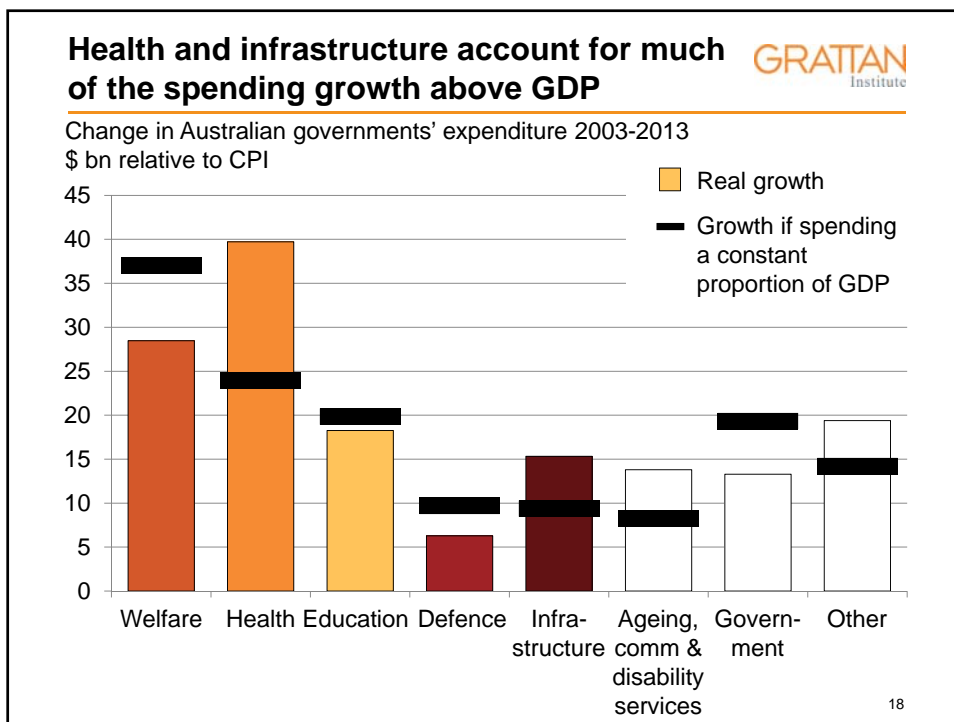
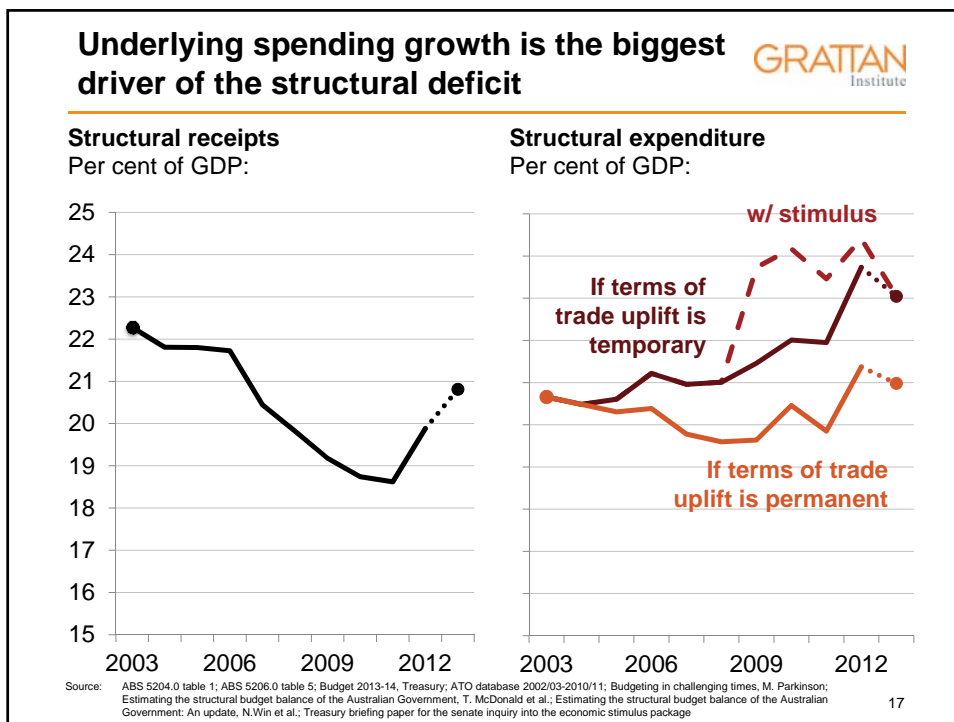
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