

Economy is strong, RBA's Corbett says

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The Australian economy is resilient and will survive the US subprime crisis, says Reserve Bank of Australia (RBA) board member Roger Corbett.

The former Woolworths chief executive said that while the current financial crisis was serious, Australia had a great base for confidence and a "unique" economy.

"We have a very strong broad based economy, we have very strong banks," Mr Corbett told Sky News.

"The Australian situation is slightly different to world situation, and I think we're probably both in distance and in terms of our financial institutions somewhat isolated from the world, though still part of the overall financial community."

Mr Corbett, who is also on the boards of Fairfax and Wal-Mart, said Australia has had to constrain demand because of the inflationary pressures, but the resources boom was a positive.

He expect the G8 relations of nations and the relationship of monetary authorities around the world to bring about a stability in the world financial markets.

"While the issues are serious I don't think they're going to bring down any one country," Mr Corbett said, adding that a financial crisis of this nature had a bit of a gestation period.

Mr Corbett also commented on the world's growing population, saying that it was affecting inflation when billions of people in emerging economies wanted to lift their standard of living.

"There is increasing demand for the world's limited resources of energy, particularly oil, food and what I think will be a critical issue in the future - water," he said.

"I think the failure of the Doha round of negotiations is a tragedy for the world, because if it had succeeded, it would have generated additional wealth to the world that could have been reportedly the size of the current Chinese economy."

Mr Corbett said Australia had little influence over the World Trade Organisation but it was important that the heavily populated countries of the world worked out a framework of sharing.

Source: smh.com.au