

Abbott Does Truck All for Democracy

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Relentless negative messages from Tony Abbott, most recently on the truckies in Canberra, are eroding the Coalition's capacity to make good policy - and that's bad for everyone, writes Ian McAuley.

The Liberal/National Party Opposition, aided by the Murdoch press and by talkback radio hosts, is doing a remarkably effective job not only in tapping into people's discontent, but also in fomenting discontent.

The messages, crafted to create anxiety, are simple: we are crippled by massive public debt, a carbon price will result in unbearable hardship, and our country is being overrun by illegal immigrants. Facts must not be allowed to displace gut feelings.

While this tactic does wonders for the Coalition's electoral prospects, it is at great cost to the Liberal Party's capacity to formulate and implement anything approaching a responsible economic policy should it win office. An Abbott-led government would face the choice of having to respond to the discontent it has fueled by abandoning the party's traditional support for market-based policies, or being thrust out of office by those same angry crowds.

Nowhere was this better illustrated than by Tony Abbott's riding into Canberra in the cab of a semi-trailer on Monday as part of the "Convoy of No Confidence", like a triumphant rebel leader making a final assault on a dictator's capital.

The convoy started as a protest about the carbon price, but it morphed into a protest about almost everything, including gay marriage and the ban on live cattle exports. On the so-called climate change sceptics' JoNova website in support of the convoy is a contribution by "Carbon Worker", capturing the feeling of this and other recent protests:

"The general population is being radicalised by the communists in power. And I say communists advisedly. We don't need to and shouldn't play the sheltered workshop media game of letting communists rebadge themselves as "socialist forum" or "green". They are what they are — ideologically devoted followers of the discredited and disgraced death cult of communism, gillard, brown and the rest."

We may ridicule the logic behind such statements, but we should not dismiss the intensity of feelings — feelings fuelled by the intemperate, dishonest and spiteful language of those who stand to gain from their anxiety.

Ironically, the cause of the truckies' plight is not some central-planning government. Rather it is the market itself.

Trucking is one of the most ruthlessly competitive industries imaginable. There are around 50,000 trucking businesses in Australia, a number which, over the last 30 years, has been growing much faster than the market for freight transport.

Trucking is an industry with few barriers to entry: anyone who can find the finance to buy a truck can set up. Once he or she has that truck and the associated obligation to repay the loan, there is every compulsion to keep it operating, even at prices which cannot cover long term costs; that's the nature of competition in capital-intensive industries.

Worse, owner-drivers are in competition with large trucking corporations who have lower costs of finance, and who can use their nation-wide networks to get their fleets operating at high capacity. Those firms can keep their fleets modernised with fuel-efficient vehicles and, when a carbon price eventually kicks in, will have no trouble in passing that cost through to customers. That's why those companies are reasonably at ease with a carbon price. Freight comprises only 5 to 10 per cent of the cost of final goods, and because fuel is only about 30 per cent of the cost of trucking, fuel only a small component of the costs of the goods we consume. Even a large rise in fuel prices would have little effect on the trucking industry because we would still be buying those goods.

Few of the owner-operators appreciate that the industry is already heavily subsidised — heavy trucking does not pay its share of road costs. If they did realise this, they would not fear a carbon price, because just as these subsidies have passed through to customers without benefit to individual operators, so too will a carbon price pass through to customers without harm to individual operators.

Their underlying problems to do with the structure of the market will remain, however, and unless a government were to establish a Soviet style bureaucracy to regulate every aspect of the industry, the truckies will continue to suffer the harsh discipline of market forces.

As it turned out, the truckies' "Convoy Of No Confidence" was not a major event; one wit in Parliament called it a "Convoy Of No Consequence". Tony Abbott and Alan Jones looked lonely on the podium addressing a demonstration of only three or four hundred (including many curious Canberra onlookers). We are not about to be overrun by angry truckies.

The real problem is the political one for the Liberal Party in the way it blames the Gillard Government for every real or imagined problem. In so doing it raises expectations among those who are left behind by economic progress, and it re-kindles the notion, once prevalent in Australia, that every problem faced by society can be solved by government.

In ridiculing the Government's market-based solution to climate change it is proposing a return to the paternalistic and stifling industry policies which held back structural change in the 1950s and 1960s. When Abbott appeals to forestry or coal industry unionists, promising that he can protect them from economic change, it is reminiscent of the times, long ago, when the Labor Party was under the thumb of a conservative old guard, unable to face a changing world — and, in the process, keeping the party out of office for 23 years.

Abbott's simplistic rhetoric may help project him into office, but if he succeeds it will be because he has trashed the Liberal Party's platform and any hope it has of contributing to the nation's capacity to adjust to global economic forces. The uncertainty for business, already having to evaluate the possibility that he would reverse the Government's carbon pricing measures, would be severely damaging to investment. And worse, the resulting disillusionment in the community would be a force with unpredictable and frightening political consequences.