Winners and Losers

I applaud ALR's efforts in covering the environment/industry issue in a manner which is rarely done elsewhere. Rather than simply seeking to score political points ALR chooses to throw up contradictions and quandaries on all sides of the debate.

That said, Claire Gerson's article 'Obsessed with Size' (ALR, December) contains a number of outright mistakes, several over-simplifications and considerable selective quoting of the facts. The net result is that the complexities and hard choices that the Australian community may well have to face as a result of the greenhouse issue are understated.

"Since the 1973 oil crisis many OECD countries—such as Japan and what used to be West Germany—have reduced their energy consumption." This is categorically wrong. Energy consumption continues to increase in virtually every country in the world, as perusal of relevant OECD and IEA publications shows. It is true that energy consumption is growing more slowly than GDP, and that there is no fixed or linear relationship between energy consumption and economic growth. But to say that absolute energy consumption is falling is not only wrong, it misleads people into believing that the energy use problem is already half-solved.

Claire cites the Californian experience, but neglects to mention that California has minimal fossil fuel sources of its own and therefore has to import its requirements or find renewable alternatives that are more locally available. The result is that the Pacific Gas and Electric utility does source a significant minority of its power from renewables, but Californians pay more than twice as much for their power as do Australians. The result is that California is not internationally competitive in energy or in energy-intensive products. By comparison, Australia is one of the world's leading exporters in these areas. The Californian road is not immediately open to Australia.

Finally, the material from the National Institute for Economic and Industry Research is much more equivocal than Claire suggests, and would represent a marginal increase in employment. Further, it was contingent on at least half of the required new equipment being locally sourced—a proviso that would require interventionist industry policy on a scale not yet contemplated in Canberra, and which Victoria is in no position to implement.

The point of these criticisms is not that there are no solutions, or that Australia should ignore the greenhouse issue, or that there should not be major changes in the way we provide energy services. But the possible changes will be major, they will be traumatic, and there will be winners and losers. The problems will be made worse if the public is not informed of the consequences of the decisions that may have to be made.

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