DISCUSSION

Pessimistic

I would like to clarify and answer some of the concerns raised by Peter Colley in his recent thoughtful but unduly pessimistic article on the greenhouse problems (ALR 138, April 1992).

His prognosis includes $53 billion in costs, loss of 50,000 jobs and 50% higher electricity tariffs for households. I wish to make a number of critical comments about such prognoses, the models which spawn them and the use made of them by commentators like Colley.

Colley's interpretation of the figures, especially those of the Industry Commission (IC) upon which he mainly relies, is unduly negative and in some instances inaccurate. The IC's forecast for the impact of the targets for emissions of greenhouse gases (GHGs) set by the 1988 Toronto conference includes—GDP 2.1% lower; wages 3.6% lower; employment 0.5% less; CPI 0.5% higher; electricity prices 16.2% higher; consumption 1.6% lower.

Colley does not seem to understand that these are cumulative costs running from about 1990 to 2005, so they are spread over 15 years. Thus, if evenly spread, GDP would decline by a mere 0.14% per annum, employment by 0.03% and so forth. These trends are only as a result of greenhouse policies and there is nothing to say that other growth trends will not counteract them. Furthermore, these figures are for unilateral action by Australia, so that the economic costs would be proportionately less the more other countries also adopted the Toronto targets. These latter considerations have led some commentators to conclude that there will be minimal impact on the economy.

The most optimistic of these is a series of studies by energy consultant, Deni Greene, for the Victorian government. Greene claims that the Toronto target can be met without any reduction in economic growth, through energy efficiencies, currently available 'soft' energy technologies, changes to farming and forestry practices to reduce methane emissions and full replacement of CFCs with halo-carbons.

The IC and most other studies are sceptical that such 'no regrets' options (the latest US jargon for policies which will not damage the economy) can do the whole job.

It is difficult for the lay person to know who is right in such matters, but certainly governments around Australia are already implementing hundreds of Greene-type savings and estimate that many more are possible.

Most of the models used in greenhouse costing are riddled with neoclassical assumptions, one of these being that the only efficient way to reduce emissions is through a carbon tax (on fossil fuels) or tradeable emission quotas. In their quest for 'efficiency', none of the studies consider the adverse impact of this approach on lower income people, as Peter Colley has rightly pointed out. If a wider focus is taken, as in Greene's work, and cost-effective efficiencies can be attained, then a much lower tax would be required, or could even be avoided.

Another assumption of most modellers is that energy markets are perfect and that if Greene-type energy efficiency measures were cost-effective they would already have been adopted by firms and consumers. However, Greene and others argue that energy markets are very imperfect and there are many blockages (lack of energy information, no incentive for long-term decisions, etc) which well-designed policy programs could rectify. Moreover, saving energy increases total factor productivity and, therefore, competitiveness.

Nor do models include the possibility of technological developments (such as new solar power systems), let alone improved carbon 'sinks' through tree-growing, revegetation and agro-forestry. Yet some technological breakthroughs do seem likely and tree planting, though slow, is already playing a role. One US estimate suggests that reforestation of 15% of the country would be enough almost to meet the Toronto target.

The conclusion of all this is that although most models purport to show some small adverse economic impact from GHG reduction policies, they may have overestimated these effects. Alternative energy-saving development models are available which could minimise or even avoid such costs for Australia.

I suggest that we should aim to reduce all GHGs by at least 20% by 2005 and 60% by 2020 through a combination of energy-saving measures in all sectors, encouragement of soft energy technologies, a national recycling and waste minimisation program, changes to agricultural and forestry techniques and a large-scale reforestation program. If Deni Greene is right, such measures would be enough, but otherwise tradeable emission quotas should be used to place a ceiling on GHGs, with minimal use of a carbon tax, avoiding it altogether if possible.

Such a program would probably not be entirely 'no regrets', particularly if the full range of other ecological problems was to be dealt with as well. It may ultimately reduce material living standards as we now know them, but there would be in-
numerable long-term ecological and cultural benefits.

Graham Dunkley, Victoria University of Technology.

(This is an extract from a longer article on the same subject.)

**Crude and Gratuitous**

On seeing the front cover of the June issue of ALR ("Is The Left Brain-dead?"), I felt both upset and angry, which was not helped by the timing—just before displaying copies for sale at Wollongong’s ‘Politics in the Pub’ night. I certainly didn’t feel much enthusiasm for selling it, particularly when several people commented about the incongruity of a left journal apparently proclaiming the stupidity and hopelessness of the Left, especially via the crude and gratuitous graphic.

I am certainly not denying that the Left, generally, has been experiencing a difficult period of fragmentation, depression, lack of vision and cohesion, and that it has a ‘credibility problem’ in its inability to effectively counter the right’s ideological and political dominance. However, there are also brighter indications that significant numbers of people on the Left are constructively trying to tackle the problems, rather than sinking into cynicism or despair.

I’m well aware that some would probably accuse me of over-reacting, lacking a sense of humour, refusing to recognise what’s wrong with the Left, or not understanding the needs of promoting a Left journal on the news-stands. All I can say, as a long-time Left activist who still retains a belief in the abilities of large numbers of people on the Left, and an optimistic outlook about revitalisation, that I am rather tired of carp ing complaints about how awful everything is, let alone so-called ‘clever’ comments about the hopeless state of the Left’s collective brain. I would have thought that there was enough of that already coming from the Right, and from plenty of ‘armchair’

or disillusioned so-called leftists, without ALR getting in on the act.

I should add that, despite the cover, the articles from the three contributors were interesting and thoughtful and all had something worthwhile to add to a useful debate about future perspectives for the Left. It’s just a shame that you thought it was necessary to present that debate in such a negative context.

Beverley Symons, North Wollongong, NSW.

**Silence in the Discourse**

ALR is playing an important role in opening up the process of ‘renegotiating’ the discourse of the Left in Australia. At last we can discuss the issues about our ‘leninist’ origins, about class, about the state, and about our relationship with social democracy without feeling as though we have violated some sacred taboo or committed some perverse sin! The ‘marxist-leninist’ project is dead and social democracy is shattered by competing nationalisms and the desire of ruling elites to demolish the postwar consensus between labour and capital. The response of some on the Left to the new challenges before us truly baffles me. I am staggered by the lack of vision and the paralysis of all Left leaderships.

There is one area of ‘silence’ in the discourse of the Left that I would like to bring to your attention. This concerns our organisational perspectives. Among all Left publications there is a deafening silence on this issue. The question of our organisational inter-relations, the question of what shape and what power relations the ruling hierarchy of the Left will have with the rank and file have not been seriously addressed since Rowbotham, Segal and Wainwright’s 1979 Beyond the Fragments. In the post-leninist era the Left must set aside the collective delusion that we can and should exist without hierarchy and without a structure of authority. The fantastic claim that ‘we have no boss’ is designed precisely to mask the rule of the bosses on the Left. We must make obvious and understandable what is hidden behind the mask posing as ‘democracy’ or ‘democratic centralism’. I hope ALR will play a part in opening up the ‘discourse of power and organisation’ as well as it has opened up the discourse in so many other areas.

Jeff Richards, Prospect, SA.

**Don’t Let Me Be Misunderstood**

Due to some editing, my article “After Rationalism” (ALR 141) suggests a couple of things I would not wish to endorse. The following may serve to avoid misunderstanding and further clarify the issues. (All quotations are from p. 31.)

The article states that a persistent trade surplus—required for the pursuit of full employment and balance of foreign payments sustainability—"has definite and largely inescapable implications for the balance between public sector expenditure and revenue, and thus for the level of public expenditure itself" (italics added).

And further on: “if the current account is a primary target of government policy, the level of expenditure in the public sector is directly constrained by that policy objective” (italics added).

The italicised statements are false.

A trade surplus (and current account deficit) target do not have inescapable or direct implications for public expenditure as such: given private saving and investment, the external objective only has inescapable implications for the balance between public expenditure and revenue. This is consistent with rapidly rising public expenditure—if accompanied by an appropriately rapid rise in tax revenues (and/or public sector prices).

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This is why I said further on that “public sector budgetary restraint has become synonymous with expenditure restraint, not least because of the current government/opposition bidding war on tax cuts. But budgetary restraint could equally well be achieved through tax increases”.

Budgetary restraint via rising public expenditure and revenues would impose the burden of restraint upon private (rather than public) consumption and/or investment. But placing the burden upon private investment is “economically unattractive unless it is somehow or other the result of efficiency gains” (italics added).

The italicised phrase may imply some flippancy, as if reducing investment (as a proportion of national output) via efficiency gains were a somewhat implausible possibility. But it is a very serious possibility. There is some evidence that relatively inefficient Australian methods of production, in the aggregate, contribute to the balance of payments problem insofar as inefficient capital utilisation relative to other countries means that larger investment expenditure is required for any particular level of employment growth.

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