

Congratulations, and thanks for the exit route

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President-elect's energy and climate plan offers the greatest opportunity to Australia

What does Donald Trump's victory mean for Australia? During the campaign he released 18 policies under these headings: anti-corruption, immigration and the rule of law, and a plan for jobs and trade.

To start bringing these into effect, he announced 10 bills he would push in his first 100 days.

His anti-corruption policies largely focus on eliminating the sort of lobby influences that WikiLeaks revealed the Clintons had provided in return for support of their family fund, to which Australia is a generous donor. These anti-corruption policies also encompass a deregulatory and government downsizing agenda.

On immigration and the rule of law he plans to appoint conservative judges and clamp down on crime and illegal immigration (the “wall” with Mexico is not formally mentioned).

Trump's plan for jobs and trade is a more mixed bag.

Clinton and Trump campaigned on similar trade policies, including a withdrawal from the Trans Pacific Partnership (TPP) free trade agreement that includes Australia. This seeks to further loosen some of the barriers to capital movements and exports of accounting, legal and transport services. However, the effects of this not proceeding are minor – Australia already has free trade treaties with the US, Japan and other countries as well as with China.

More concerning are measures he might take in labelling China, our most important export market, a “currency manipulator” and in attempting to impose tariffs on US companies that relocate jobs offshore. It is not clear what, if any, adverse implications pursuit of such measures might have but we can take comfort in the long established trade rules that inhibit protectionist actions of even the mightiest nations.

On the plus side Trump will abandon US federal regulations that have been inhibiting gas and shale oil developments. As a result of the diffusion of policy making in the US, these have not had the same dampening effect of similar such policies in Australia. His proposals on domestic energy will, of themselves, by making energy cheaper, reduce incentives of US companies to move offshore. Indeed, US energy prices are even now lower than those of Europe's that are boosted by aggressive renewable policies, and have already led to firms like BMW and Mercedes locating new plant in the US.

It is with regard to energy and climate policy that the Trump victory offers the greatest opportunity to Australia. He will cease subsidising renewable energy, end the Obama administration's war on coal and severely curtail the operations of the investment-sapping Environment Protection Agency. With control of the legislature, he is well placed to do all this without resorting to the Constitutional manipulations that Obama has used to move in the opposite direction.

The latest chapter of the international jamboree that is the global warming industry, currently meeting in Marrakesh is, for good reason, particularly despondent. Trump will pull out of the Obama/EU designed Paris Agreement under which developed countries, including Australia, undertook to reduce their carbon dioxide emissions by 26-28 per cent. Moreover he will cancel the funding to UN climate change programs, making future

international meetings more costly for the freeloading global warming alarmists as well as totally irrelevant.

It is in this regard that Trump offers Australia the greatest bonus. South Australia's energy collapse as a result of its wind dependence has now been followed by the wind subsidies forcing the closure of Victoria's giant Hazelwood coal fired electricity generator. Wind is unreliable and dependent on hidden subsidies paid by electricity consumers; its electricity costs three times that of the fossil fuel generation it is driving from the market. The resulting increased price effect is hitting households directly and bringing a deindustrialisation and higher production costs that will adversely affect all our living standards.

Under Energy and Environment Minister Josh Frydenberg, the Coalition's rhetoric of support for renewables has been changed into one that blames Labor and the Greens for the energy disaster that is brewing. This is not entirely fair since it is the Coalition's Renewable Energy Target, with its planned 23.5 per cent market share, that is causing most of the damage but it is true that the opposition parties would take this even further.

A President Trump pulling the US out of the international agreements on climate change leaves these agreements, even more than at present, as empty shells that cannot reduce emission levels, even if such measures are worthwhile. Australia now has an opportunity and international licence to abandon these costly plans to the great benefit of the economy and with substantial direct savings to the budget.

Politicians that unwisely offered disparaging comments on candidate Trump can now thank him for offering them an exit route from a policy that started small under John Howard but that now have come to threaten an undermining of the whole economy.

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