

A new direction in automotive manufacturing policy: ethical leadership to end media misinformation

Dear Productivity Commissioners

This submission reflects my 60+ years as a consumer of fewer and fewer Australian manufactured products, plus encouraging preliminary findings of your review. Less encouraging is your task of quantifying the *"costs and benefits of existing and alternative assistance mechanisms."* My title and what follows may be unclear or go beyond your terms of reference, so I encourage phone calls [initially to 0414 274 420] to clarify any points.

Particularly discouraging was Mr Hockey's media announcement that Commission is to examine *"the best way that the Australian Government and Australian economy can ensure the ongoing viability of the automotive industry."* His confused statement implies that the Australian Government has ways to ensure ongoing viability and is evidence of incompetence and/or an ethos of misinforming Australian markets for manufactured automotive products.

The preliminary findings of the Commission's review are evidence of how and why past and existing assistance failed, and despite Mr Hockey's statements, alternative assistance mechanisms shall fail again. Hence my hope that ethical leadership may use evidence to end misinformation, particularly by the media. Proposing ethical leadership as a new direction in policy implies incompetent or unethical past and current leadership. Such leaders may take offence at such implications so let's consider what is ethical leadership.

Probably the most recognised Australian organisation promoting better ethics is the St James Ethics Centre [<http://www.ethics.org.au>] According to it, the central question of ethics is: ***"What ought one to do?"*** Mr Hockey's response media beat ups around the termination of decades of General Motors deals may have been an answer to *"What ought one to do?"*. According to the above website: *"people in business might belong to an organisation that celebrates an ethos of winning at all costs - irrespective of the damage done to others. It all depends on the nature of the people from whom positive reinforcement is sought."* That qualifying statement - ***It all depends on the nature of the people from whom positive reinforcement is sought*** – is relevant to Mr Hockey's leadership [and his colleagues].

Mr Hockey probably seeks positive reinforcement from voters. However his implication that the Australian Government and Australian economy can ensure ongoing viability of the automotive industry encourages others seeking positive reinforcement from voters, to make counter claims. If this was not his intention, the preliminary findings of your review should be enough to convince Mr Hockey and his colleagues that he erred in leadership.

By admitting his error sooner rather than later, Mr Hockey could vary your scope and terms by excluding the task of quantifying the *"costs and benefits of existing and alternative assistance mechanisms."* Such estimation, even for existing mechanisms such as applied since 1994 when my Toyota was imported and sold to the Tasmanian Hydro-electric Commission, is futile. Attempting to do so would risk the Productivity Commission's hard-won reputation.

Whether or not Mr Hockey admits his error, ethical leadership by Commissioners may lead you to draw conclusions from which to set a lasting new direction in manufacturing policy. In particular, your report could explain how so much evidence disproves claims that *"assistance mechanisms"* have delivered or may deliver what free and informed markets can't. Centuries of other published evidence and economic theory support this. Yet claims that [new] *"assistance mechanisms"* may work have been encouraged by Mr Hockey.

People making such claims appear to view free trade in "zero or negative sum" terms. They are misinformed and a solution could be to publicly expose those who misinform. As a formal Australian example consider the ASX with its listing rules, particularly listing rule 3. It requires continuous disclosure including immediate notice to the ASX of material information. People also expect continuous disclosure by the media, but not misinformation, as with much of the media beat up around termination of General Motors deals. Your preliminary findings already correct such misinformation. In his own self-interest, Mr Hockey should follow that leadership.

If your final report also concludes that any new direction in [not just automotive] manufacturing policy should correct and replace misinformation about “*assistance mechanisms*”, those who have misinformed the public should stop it. But why would they?

Owners and editors of media organisations could continue spreading misinformation, risking losing circulation to competitors and even viability. Alternatively, if media organisations have an ethos of winning circulation at all costs - irrespective of the damage done to competitors, they will be quick to prominently correct their past misinformation. Relevant to such policy is how The Guardian investigated News of the World's ruthless efforts to win circulation at all costs, including corruption of police officers. It would be fitting irony if The Guardian's subsequent online Australian edition maintains its recent misinformation about “*assistance mechanisms*”, thus letting News Ltd take revenge and even revive its viability.

Finally, I scanned the first few of the 228 submissions posted to your website, seeking others expressing similar concerns as mine about Mr Hockey's discouraging implication that the Australian Government has ways to ensure ongoing viability. I was encouraged by No: 001 by Garry M White. His point that Australia's playing field continues to be tilted against other Australian industries will resonate with fair-minded Australians. I encourage you to use it in your final report. The next submission by Adam Lewis drew detailed attention to just how far Australia's playing field has been tilted and concluded by hoping that sooner or later sanity prevails despite your limited terms of reference! One other submission, No: 007 is worth mention because its assumptions support my reasons for excluding your task of quantifying the “*costs and benefits of existing and alternative assistance mechanisms*.”

Yours faithfully

James Stewart