

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

Thursday, 23 May 2013

FORD CLOSURE PROVES CAR SUBSIDIES MUST END

“Ford’s announced closures are a clear reminder Australians are being taken for a ride by multinational car companies and governments that pander to them, and it must end”, said Tim Wilson, Director of the IP and Free Trade Unit at the free market Institute of Public Affairs.

“The Australian car industry is a classic example of what happens when big government, big business and big unions negotiate in private – workers, taxpayers and consumers lose”, Mr Wilson said.

“The Gillard government has committed to tipping in \$5.4 billion into the industry to 2020. A lot of this money has been extracted from the car companies by the Gillard government’s union mates through sweetheart working conditions”.

“Every subsidy is a tax on average Aussies paid to multinational car companies to boost their profits and build cars that people aren’t prepared to buy. It’s crony capitalism, unsustainable and wrong”.

“For years multinational car companies have shifted their focus from building competitive cars to extracting corporate welfare from Canberra and State capitals”.

“The tragedy is that the Australian car industry did become competitive, export-focused and viable as tariffs were progressively phased out. It wasn’t until subsidies were reintroduced that the rot set back in”.

“There is a real human story behind these closures, people who entered the workforce have had their futures stolen by car companies offering them a career path that was always going to fail, and a government that panders to the same companies”.

“This decision will devastate Geelong and Broadmeadows and needn’t have occurred if these industries had been encouraged to stand on their own two feet and compete”.

“Instead Ford has been propped up by subsidies paid for by the same workers that are being let down today”.

“In 2020 the current round of car subsidies must end. That gives car companies seven years to become competitive and for new workers to enter into the workforce with the full knowledge of the risks they are taking”, Mr Wilson said.

For media and comment: Tim Wilson Director, IP and Free Trade Unit 0417 356 165