

High and Ever Rising Petrol Prices: "Don't Mention the War"

Whenever petrol prices have spiked upwards in recent years, it has been far too many to remember the number of times PM Howard has appeared on national television with "ducking for cover" and media grab obfuscatory weasel words like *"The price increase is due to international oil market factors which are beyond the Government's control"*. Especially for PM Howard it seems to be a case of safely sticking to the Fawlty script of *"Don't Mention the War"*.

As Mr Howard well knows, or should well know, world oil supply/demand has become very finely balanced in recent years, with only 1 to 2, perhaps 3, million barrels of excess world oil production capacity over world consumption of around 85 million bpd. Rapidly rising world demand, especially from China and India, has meant that even small disruptions to world oil supply, or even the threat thereof, has meant significant upward pressure on world oil prices – which have nearly trebled from a 2003 average of \$US27-28/barrel to now hover in the mid to high \$US70s/barrel.

Ongoing US threats against Iran, in which the Howard Government appears to have been obediently compliant, have also kept significant upward pressure on world oil prices because of the associated further raising of the geopolitical risk premium.

There have of course been disruptions and threatened disruptions additional to those directly involving Iraq and Iran, notably, for example, rebellions in Nigeria's oil rich Niger Delta and the impact of Hurricane Katrina (over which I of course accept the Howard Government has had no control).

I would strongly argue however, that the additional disruption to finely balanced world oil supply/demand arising from the invasion of Iraq, and its associated ramping up of geopolitical tensions and risk across the wider Middle East, has had a major impact on world oil prices, and the seemingly ever increasing prices motorists are now paying at the pump.

It is a matter of conjecture the extent to which Australian motorists are being punished at the petrol pump as a result of heightened world oil market instability arising from our Iraq folly, and ongoing US threats against Iran – but I would hazard a figure of at least 20-25c/litre as being fairly close to the mark. I think it highly likely someone in the Howard Government and the Federal bureaucracy has a more precise estimate and is

well aware of this figure, but are too scared for their political and career hides to divulge the awful and embarrassing truth to the Australian motoring public.

In addition to the pain of significantly higher petrol prices, Australia's Iraq involvement has already cost Australian taxpayers a reported \$1.5 to 2 billion (and growing). And with the ramped up terrorist threat arising from our involvement in Iraq, substantial increases in counter terrorism expenditures by Commonwealth and State Governments – which of course has meant higher taxes and/or less available much needed funding for schools, health, aged care, roads, rail, etc.

It is way beyond time Mr Howard stopped his “ducking and weaving”, and came clean with his fellow Australians on the main and underlying reasons why they are paying through the nose and being punished at the petrol pump - which he has contributed so much towards, with his ever so willing and slavish following of the US into Iraq; and which, inter alia, reflects his reckless disregard for Australian motorists.

It is also way beyond time we “called a spade a spade” and let any blame for high and rising petrol prices lie where it most appropriately should, and not solely with convenient whipping boys such as the oil refiners and petrol marketers; or with some vaguely defined “international oil market factors”.

Also intriguing is that supposed “motorists' friends” such as the Federal Opposition, the Australian Automobile Association, NRMA and RACV have been all but silent on the impact this “war of choice” in Iraq has had and is continuing to have on petrol prices – perhaps they too have decided to play it safe, and quietly fall into line with the Howard dictum of *“Don't Mention the War”*. And where are multiple State Labor Governments to be heard on this vexed issue? And where also are the Greens and Democrats?

Which all begs the question: Who can us hapless motorists trust to truly represent our interests? And, is it any wonder why so many of us mere mortal “outsiders” have become so cynical - a cynicism, I think it reasonable to argue, that has now reached historical highs.

I have said what I have long felt has needed to be said, but am completely stumped as to why such an apparent “cone of silence” has descended over the issue of Iraq and petrol prices? *“Don't Mention the War”*.

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