

SUBMISSION TO SENATE INQUIRY INTO BUDGET CUTS

This brief submission will focus on the essential character of the problem before the Government and the means by which to relieve it.

The deficit reported by the Government can be approached in two ways. It may be considered to be due to excessive spending or to inadequate revenue. Steps taken to meet excessive spending will necessarily impinge more on the poor than the wealthy. Steps taken to increase revenue will necessarily impinge more on the wealthy since it is they who have a surplus from which to draw revenue.

The spending on 'welfare' is justified since the recipients are unable to work, due either to their own incapacity or to bad government which caused unemployment.

The real problem is that Government (federal and state) cannot honour its own responsibility to fund the infrastructure needed by increasing population. The solution to this is so obvious that it is surprising that Government has not considered it.

This is to draw revenue from the increasing land values that a growing population produces.

The cardinal fact is that necessary infrastructure (a new international airport with its road and rail links for example) produces land values far in excess of the cost of that infrastructure.

This means that credit advanced to build that infrastructure does not have to be borrowed. The very news of such infrastructure has already advanced land values. And, even if this were not the case, the revenue gained over a relatively short period would discharge such a debt.

It is now well-known that the growth of economic rent (land values) has been for some time exceeding the growth of income, making many of those who receive it enormously rich while preventing the younger generation from acquiring a home.

A government that allows this inexorable growth of inequality to continue does not deserve to govern this country.

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