



Sustainable
Population
Australia



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Throw a spanner in the negative gears

Australia needs to be part of a global economic transition away from the pursuit of endless growth, and away from a world where those with capital and short-term interests call all the shots, according to Sustainable Population Australia (SPA) and Economic Reform Australia (ERA).

Sandra Kanck, national president of SPA, says negative gearing is an example of blinkers being applied to our economic thinking. 'Negative gearing favours the already well off at the expense of the general public and has no place in a sustainable economy'.

'It benefits only those with spare capital, and thus contributes to a growing inequality gap. It's not your average 'mums and dads' scheme at all – the majority of the investors are in the top 10% income bracket. Negative gearing actively supports the outrageous proposition that housing prices will go on rising forever.

'There is absolutely no reason the public purse should be funding this at all, let alone to the tune of billions of dollars. Negative gearing is a Ponzi scheme that is clearly counter to the interests of young people trying to buy their own homes', says Ms Kanck.

National secretary of ERA, Dr John Hermann, agrees: 'We have an out-of-control financial system which has spectacularly redistributed wealth and income to the already wealthy 10 percent who play the housing market and are rewarded for doing so'.

The greed displayed by the world's mega-banks, says ERA, 'has contributed to ongoing instability in the world's markets and the world's banking systems, to a corrupted political system, to a negation of democracy, to an unhealthy environment, and to a range of social problems'.

'Negative gearing is a product of a monumentally misguided and unjust capital-takes-all ideology that took root in our public institutions in the early 1980s', says Ms Kanck. 'Government is now unable or unwilling to look at the big picture and long-term effect of public economic policy upon our society'.

'The extraordinary inequality of a world where 62 individuals own the same amount of wealth as the bottom 42% of the world's population is simply not sustainable', says Dr Hermann. 'US billionaire Warren Buffet has said we're in a class war, one that his elite class is winning'.

'We need a big spanner in the negative gears. We need to transition to a sustainable economy and society but as long as vested interests continue to game the system - unhindered or even assisted by their collaborators in government – this cannot happen'.