An open letter to the Federal Treasurer Scott Morrison

Bishop George Browning
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My Dear Treasurer,

Warmest congratulations on your appointment. Yours is a huge responsibility. However it is one which all must share, as together we seek a fairer more equitable Australia.

I am very grateful that you are publicly known for your Christian faith. This places upon you an added and grave responsibility to guide a fiscal policy that self-evidently serves common good, not self interest. I am sure you have noted that some letters in the media suggest your early statements reflect 'Calvinism'. Prior to the Reformation the acknowledged, if not necessarily practiced, universal ethic was Thomas Aquinas' 'caritas'. The Reformation moved Christian practice away from a universal ethic to individual interpretation of biblical text. It became assumed that the efficaciousness of one interpretation over another could be demonstrated through the material well-being of adherents. Thus arose an unintentional emphasis on prosperity (consumerism) as a sign of blessing; while poverty, even illness, an indication of the reverse. This position is held by Christian groups who teach a 'prosperity gospel'. It is clearly not a position that can be supported from the New Testament.

I wish to speak, as best I am able, from a Christian perspective as you seek to firm up principles upon which future budgets will be brought down.

May I say first, it is not helpful to engage us again in over simplified mantras "work, save, invest". Those three concepts do not necessarily follow and when they do it is not necessarily for the good of all. Let me give one example. The primary Australian investment is the family home. On average, Australians homes provide more square metres per person than any nation in the world, larger even than the average American home. The potential negative effect of this is threefold. Investment made here cannot be made anywhere else. For many this means a life time captive to an unnecessarily large mortgage. The ongoing cost, including environmental cost, is very considerable and diverts capacity away from other contributions that could have been made.

Capitalism has become the global mode of transaction, including China, which continues to officially espouse a communist ideology. Naomi Klein has recently gained considerable publicity for her critique of capitalism, claiming that in the 21st century it is on a collision course with human survival on this planet. This is, I think, unhelpfully extreme; however, unregulated capitalism serves only itself – the profit motive. The market is neither moral nor immoral, what makes it moral is the direction and regulation it is given by those appointed to govern on behalf of the people. Without regulation, self interest can (does) prevail at the expense of common good.

Let me give a few examples of the necessity for direction/regulation to avoid accumulated advantage that does not necessarily match contribution made.

A property developer who has made a lot of money through changed local council zoning has not worked harder than a nurse who works shift in a hospital. Should the former make proportionately a far greater tax contribution to the nation than the latter? Of course.

A hedge fund manager who has made a huge amount of money by 'gambling' on the market has not worked harder than a long-haul truck driver. Should the former deserve government legislated superannuation or other tax advantages to extend their advantage over the latter? No.

A CEO cannot 'deserve' infinitely more than 7 – 10 times the average salary of a worker in their company. Does such a person deserve additional, government engineered incentives? No.

Inequity is growing exponentially. This is a very worrying trend for global harmony and security and ultimately for global prosperity. As you know, one percent of the population now controls 90% of global wealth: when this one percent additionally exercises undue lobbying power, which it does, fundamentals of the democratic process are potentially undermined.

Finally, for the majority of the population, their fortunes rise and fall as externalities rise and fall. For the wealthy this is not the case. Even in difficult times, like 2008, the wealthy continued to increase their wealth because they have the capacity to take advantage of the losses suffered by others. This gain at the expense of another's loss does not need or deserve to be further rewarded.

Money earned by an individual and value added to the wider good, do not necessarily correlate.

In light of the above I make the following contributions to the taxation debate, which must not be all about (but might include) appropriate adjustments to the GST.

1. Tax concessions to high earning superannuation contributions should cease.

2. The value of negative gearing to society as a whole should be reassessed. High level investor involvement in housing has made it more difficult for home ownership to expand because of escalated house prices. The policy has enabled many to unfairly reduce their tax liability

3. A close examination must be made of the financial market. Money is no more but no less than the means of exchanging the value of one commodity (product or service), with another. The financial market has tended to become an end in itself, enabling huge volumes of money to be made without an exchange of value. Money is made by gambling on the rise and fall of the market. Money is made through short selling. Money is made by gambling the value of the currency. Not only do these processes not contribute value, they artificially change the value of the market, or the currency, thereby benefitting very few at the expense of the majority. Money that is made without contributing value should be very heavily

taxed to compensate for the loss being suffered by the many. Better still these practices should, through regulation, be made too expensive to practice

4. Loopholes must be closed which allow individuals and large companies to move finances off shore for the sole purpose of avoiding tax.

5. Language about tax should change and the change should be led in your department. Tax is not a necessary evil; it is the means by which we all contribute to the well being of a society upon which we are all utterly dependent.

6. It should be made clear that the important issue is adding value, not making money; the latter does not guarantee the former. Prosperity is experienced when value accumulates. Undoubtedly trust contributes more to prosperity than money, because it is a value money cannot buy. Proportionately some of the greatest value is added by volunteers. Volunteers keep many sites necessary for tourism accessible. Volunteers make it possible for the sick and elderly to remain at home. Volunteers add considerably to quality of life for all across almost all sectors of endeavour. Many of the volunteers are retirees, the very people the language of treasury has tended to refer to as 'leaners' or those who feel 'entitled'.

Capitalism can be guaranteed to promote private enterprise, to maximise profit, to privatise much of what used to be 'common'. But will capitalism cope with the challenges of the 21st century in which population will expand and competition for resources, including those as basic as water will intensify. Will capitalism manage inequity and build harmony? Will it manage challenges such as climate change? Will it cope with the great migrations of people? The answer is not yet known, but it can be certain the answer will be in the negative if government fails to regulate the market for the common good.

Revenue and expenditure must always be looked at together. It is unhelpful and divisive to speak of one without the other. An emphasis on expenditure without addressing revenue always sounds as if the poor (including overseas poor through reduction of foreign aid) are the problem.

I recently re-read your maiden speech to parliament in which you made clear your Christian values. I will be very proud to stand with you if these values are manifest through the fiscal principles developed in your term as treasurer.

Bishop George Browning

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