

Whenever wages restraint is discussed it always seems to be in regard to lowering wages. However it is demonstrable that wages have increased mostly for the higher wage bracket in the last 25 years. This is well known in the work of Piketty. It is also demonstrable that there are increasingly people who are working poor, due to the consequences of scarcity of capital for them and abundance for another section of the population, who are able to buy rental properties leading to a price spiral and eventually increased rents. (disclaimer, I own a rental property)

Do senior public servants need 400k, wouldn't 200k do? Do CEO's of councils need 200k, wouldn't 120k do? Shouldn't politicians lead by example? They have had generous pay increases. The whole situation summarises to a materialistic evaluation, isn't it enough to be comfortable without being greedy?

Public policy often lags the events of the past. The US is covertly attacking Russia based on the policy settings of 40 years ago. When we had more egalitarian pay rates in the 70's it was possibly arguable that there was disincentive for effort. But do we see the reverse of that today or simply people getting advantage at the expense of others.

Where is the trickle down? The rich tend to keep money to themselves.

So we need a balance where sufficient incentive exists but social equity also exists. And if the broad population is not well paid, who will buy the products? People cannot just be loaned money (which has happened) The result is that quality is purchased by those who can afford it, but quantity declines. Therefore greatest economic activity occurs at the optimum balance.

Finally the decline of the Australian dollar has probably removed the need for this inquiry. In fact we have had massive loss of industry with the few short years of the high dollar, something which could have been prevented with a foreign exchange based import duty - if policy setters weren't so fixed in their attitudes against tariffs. This would be a national interest tariff not a defensive sectional tariff for inefficiency.

As I mentioned policy settings often occur long after their relevance due to historical lag - decision makers are influenced by struggles in their youth and enact them in their old age when they are frequently no longer relevant. The other fact is the prevailing materialism of rational economics. Things are only valued in money terms, and selfishness rules.

There is a concept of the self which is both narrow and wide. Freudian influence in advertising is directed about people indulging their desires and in effect, together with a shift to protect the ego of children against discipline (read responsibility) we now have a very selfish divided society. If this were to continue it would result in social breakdown. Yet the error is pushed as the solution.

A wider concept of self sees brotherhood or common identity with others, I have an article on the internet called "Ego versus God" Basically these items are a dichotomy. One could replace "god" with responsibility for a non religious interpretation, or concepts such as honour (vs desire). While we live in an ego driven society, and ego has become a cult, in times past people sought an ego less "god" driven existence rare today. What is most functional is a balance between the two. (or in Marxist analysis the more extreme the position, the greater the internal contradictions).

References:

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<http://www.vanityfair.com/news/2011/05/top-one-percent-201105>

(article by Joseph Stiglitz Nobel Prize winning economist)

[http://www.mmnet.com.au/australian\\_landscape\\_photos/writer/Ego\\_versus\\_God.html](http://www.mmnet.com.au/australian_landscape_photos/writer/Ego_versus_God.html)

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