

## Concise summary

Congratulations to Jack McDonald for concisely summarising the folly of the austerity doctrines of this and the preceding Government (*Failing to confront politics of austerity*, March 21). Two points follow.

First, the Public Finance Act forms part of an iron cage of statutes that the neo-liberal “reformers” built to shrink and confine the scope of state action in this country, and thereby cripple both the welfare state itself and public provision of essential services underpinning the living standards of all New Zealanders.

It’s known in the trade as “constitutional political economy” and it’s epitomised by the explicit provision in the Public Finance Act (s.26G(1)) that a “responsible” government must “reduce” public debt, which translates to a proposition that any increase in public debt is “irresponsible” in terms of the Act. That is simply nuts.

Second, holding so-called “core government spending” to 30% of GDP is a stock slogan of Labour and National, but makes no economic sense, because it includes all the benefits and other transfers paid to private individuals and firms. That money is spent by the recipients of transfers, not the government. If we take current spending by the Government on actually providing services, we’re talking 20% or less – not 30% or more.

**Geoff Bertram, Karori**

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