Newsletter #59 – A lacklustre budget and not much help on the horizon.

Welcome to our 59th newsletter. Here is a link to previous newsletters.

This year's budget was a disappointment with no emphasis on the major issues facing us. The only response to the housing crisis was a promise to compel council to open their boundaries to free up land. This will mean more sprawl in Auckland, poor infrastructure planning and will do nothing to constrain prices.

We agree with Brian Gould's article in the Herald last year titled "Banks fuel housing market by 'creating' money" when he says that freeing up more land for development will do little to help. It will simply provide yet more opportunities for banks to lend larger and larger sums of newly created money and for developers to seek larger and larger profits.

During May:

- We held a public meeting in Opotiki to a small and knowledgeable group. Our next meeting will be in Tauranga in mid-July. Let us know if you are able to help with planning or the setup.

- There was a good interview with Rod Oram on Radio New Zealand. Rod criticised the piecemeal approach to sorting out the housing issue in Auckland but missed out on mentioning the big issue of banks feeding the buying frenzy with money they don't have. The interview finishes at the 7 minute 21 sec mark.

- a very good clip from Positive Money UK on £375bn being wasted in the UK on a failed scheme to stimulate the economy. The clip also contains good news on what is possible and is well worth the five minutes.

- a very good interview with the former Greek Minister of Finance on BBC2. The interview moves onto Britain leaving the EU at about the five minute mark.

- A paper by the US Federal Reserve describes the myth of the money multiplier. It turns much of textbook economics on its head and describes in large part why the bank rescue plan and the idea of banks being reserve constrained is wrong.

Cheers

Don Richards and Sue Hamill