

I submit that economists pay little or no attention to Nikolai Kondratieff's 'Long Wave', the period between two economic depressions. Kondratieff took 36 price, value and quantity time series datasets in the USA, UK, France and Germany (from 1788 into the 1920s) to make the case that the long wave (the 'Kondratieff Wave' or K-Wave) found in these analyses is characterised, first, by an inflationary half which trends to a peak after some 30 thirty years, then trends downwards for a similar period into a deflationary trough. Although the economist Joseph Schumpeter held that Nikolai Kondratieff was an economist of the highest order, Kondratieff's work has been ignored by modern economists. Kondratieff had no explanation for the cause of the three long waves that he studied but, with a background in real estate valuation, I have made the case that each K-Wave is explicable in terms of real estate booms and busts which grow larger and larger as the growth in wages and the economy decline into another economic depression. At a symposium on tax reform at Melbourne University on 2 August 2005 (addressed also by Professor John Freebairn, Professor Julian Disney and Tim Colebatch), I gave a speech "Collapsing Economies and National Resource Rents" which made the case that economic rent/unearned income is some 30% of the economy, and we have been allowing progressively greater amounts of this to be privatised and capitalised into burgeoning land prices. The corollary of this is that household debt has increased and we have had to levy more taxes on wages and profits: this is having disastrous effects on people and the economy. My speech was captured on video and is available at <http://thedepression.org.au/my-forecasts/> I commend that URL to the Commission's Inquiry, along with its accompanying article "The Coming Kondratieff Crash: Rent-seeking, income distribution & the business cycle", the latter which appeared in the British journal 'Geophilos' in 2001.

**Land Values Research Group**