

## **The Media and Profit and Loss**

The Letters Editor,

Today, Barry Fitzgerald of The Sydney Morning Herald wrote: "The government is right to argue that the broader community should be receiving a greater share of the mineral wealth being generated, as those [large], operating margins suggest. The industry knows that too. But its hope now is to limit the pain."

The fact is, whilst iron ore, coal and the prices of other minerals are high, everybody, by way of income and company tax, does receive a greater share of the profits from the mining industry.

Barry should know that high profits attract other explorers and miners into the industry, and if successful, the increased production eventually drives prices down and so profits are reduced.

It is one of the social functions of profits and losses that drives entrepreneurial and investor decisions. All taxes are serious interventions which hamper the social function of the market system. And all interventions reduce the beneficial effects profits and losses have in steering investments.

Those facts are what Mr. Fitzgerald should be imparting to Julia and the public.

**Ronald Kitching**

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