WHO'S GOT WHAT IN AUSTRALIA: THE DISTRIBUTION OF WEALTH

PHIL RASKALL

> We govern for no class, we are beholden to no special interests, we govern for all the Australian people (Fraser's address to the National Press Club, 1977).[1]

1977 will be remembered for many things: dual grand finals in both Rules and League (Parra lost again, Fitzroy at least didn't come last); Packer cricket; Fleetwood Mac revived; Fanshen; and Star Wars...Oh, yes, and massive unemployment, uranium sell-outs and...an election. Today's rebuff brings tomorrow's aphony. Events, once over-powering in their presence, become equidistant over time, equally dimly remembered. However, before the dregs of history are left for 'reasoned interpretation', the 1977 election campaign did highlight an important trend in Australian capitalism — the progressive removal of the few taxes on wealth.

Historically, wealth in Australia has always received substantial benefits compared with labour. Within the income taxation system, this has manifested itself in the exclusion of imputed rent on owner-occupied dwellings[2], the deductibility of home mortgage interest payments and local government rates, and the allowance of depreciation on fixed assets. Most significantly, return to wealth accruing in the form of capital gains has not been taxed. However, recent events indicate attempts to take this further to make a virtue of wealth *per se*, particularly in the form of inherited landed estates, and to enshroud the current distribution of wealth with the myth of classlessness.

Property taxes have been successively reduced so that, in 1975-76, such taxes (death duties, land tax and local rates) comprised only 6.7 percent of total tax collected compared with 9.7 percent in 1966-67.[3] In 1938-39, Gift and Estate Duty comprised 2.6 percent of total net Federal tax revenue; by 1967-68 this had fallen to 1.3 percent, and in 1976-77, 0.4 percent.

Through 'New Federalism' the burden of providing revenue for local government services is being shifted away from property-owners (through rates) and to income-earners (through Federal funding). In New South Wales, the rates of land tax have been progressively reduced. Considerable concessions in Federal estate and gift duty have been made; and Fraser has announced the complete abolition within the lift of the next Parliament.

Various state governments have followed a similar line. Queensland has abolished probate and succession duty altogether; Western Australia will progressively abolish probate by 1980; and Victoria is following a similar pattern. The New South Wales Labor Government has recently announced a program for its abolition; and the Tasmanian Labor Government has removed probate on deceased estates passing between spouses and commissioned a full-scale inquiry into probate. Only South

---

The writing of this paper was greatly aided by discussions with Alan Cunningham and the author thanks him for his comments.

Australia has not yet granted major concessions in death duties, although it is committed to 'reform'.

In each case, the announced rationale for concessions or abolition has been the impact of duty on the average Australian.

> Estate duty has caused distress and hardship to thousands of Australian families, to small business, to farmers.
>
> All deceased estates and gifts passing between husband and wife, parent and child, will be exempt from Federal estate and gift duty from this day (Fraser's Policy Speech).[4]

The belief of the Australian electorate in the ideology of affluent egalitarianism is reflected by the popular support given to the proposals above, even though only a small minority in fact benefit from them. In 1970, a candidate was elected to the Senate from Western Australia on a probate abolition platform. Thus, the Daily Telegraph was able to claim in an editorial on Fraser's speech that:

> It is not a benefit for the rich. Commonwealth death duties penalise every person who has a few dollars tucked away from a lifetime of work — and those members of their family for whom they have strived.[5]

What the Telegraph neglected to add, was that in the situations Fraser mentioned, 'few' was $90,000 — a sum that cannot have reasonably been saved from average wages and salaries over the last fifty years.

As the chief administration officer of the Perpetual Trustee Company noted at the time:

> Abolition of estate and gift duties will mean little to the average worker.
>
> But to the affluent it means money — personal fortunes will get greater.
>
> And if death duties go completely in the States, it means rich people will not be going through estate planning consultants — another saving.[6]

Given an absence of data on wealth holdings in Australia and a tax system based almost entirely on realised income, attention is directed away from ownership of the means of production and the commodity outcome of that production. Insofar as this occurs, the ideology of capitalism and the myth of classlessness are the less likely to be confronted.

THE IMPORTANCE OF WEALTH

The distribution of economic well-being between individuals and social classes, as a consequence of the relations of production, is one of the most significant indicators of the degree of equality between members of a society.[7] With the rise and consolidation of capitalism, the total social wealth was greatly enlarged. However, the gap between rich and poor widened. As a consequence of the emphasis on commodity production, the dependent poor, such as the very young and the aged, became greater and greater liabilities to family groups struggling on low wages in an urbanised market economy. As a result, property ownership became increasingly individualistic and people's well-being came to depend not just on current income, but on total net worth, on their ability to live off past wealth in times of sickness and unemployment. Paralleling this, needs had expanded from a need for the continuous flow of consumption of foodstuffs, towards those requiring stocks of commodities such as housing and transport facilities. In consequence, economic wealth became dependent upon, and convertible into, virtually all types of power and influence.

Wealth endows control over economic resources and their use. Through the ownership of wealth, a person is able to purchase labour power, to appropriate the surplus labour and thus to accumulate further wealth. The wealthy may accumulate wealth in the form of means of production; but they may not. Where they do, they assume the right to withdraw means of production from use. In addition, wealth provides security through knowledge that unexpected expenditure (e.g. through illness) may be met from capital. This security is backed by greater freedom of choice in any activities undertaken. Wealth relaxes any institutional constraint on borrowing funds — 'loans' can be obtained from existing capital. Consequently, wealth holders may take advantage of opportunities which others are unable to, because of their inability to borrow. Wealth enables people to overspend current income and finance heavy temporary expenditure — such as housing deposits or education — which serve to increase existing income inequality.

In summary, wealth not only provides control over economic resources, but greater choice and control over lifetime activities. As such, despite attempts to define poverty in income terms[8], wealth is the prime determinant of economic well-being in capitalist society.

WEALTH IN AUSTRALIA

Despite the significance of the distribution of wealth as a social indicator, very little is known about the objective reality of this in Australia. Reflecting upon Australia's pioneer rural heritage, early writers propagated a notion of classlessness:

> There is no aristocracy at the diggings, no distinction of classes — all are 'hail fellow, well met', and the wise course to pursue is to hold good fellowship with the industrious and honest, however humble they may be.[9]

Some even went on to suggest that, from the origins of manual labour in the goldfields, Australian society was the antithesis of European class structure.

> Such was the amazing amount of wealth which had fallen into the hands of the working classes, that society was turned upside down and once for all in the history of the world (in point of wealth at least), 'Jack was as good as his master', and in some cases, far better.[10]

This myth of classlessness quickly became one of the great Australian cliches, dragged out by the bourgeoisie and by conservative politicians even in the highly urbanised society of Australia of the late 1960's.

> We have no poor people in New South Wales. Nor any very rich people. Ours is a classless society.[11]

Such claims made frequently enough and in the absence of data on the ownership of wealth have had the desired effect and have become part of accepted Australian folklore, even amongst the working class. The ruling class rests content in the knowledge that 90 percent of Australian households have a television set and that, in 1971, almost 70 percent had equity in their own home.[12]

The situation is analogous now to that reported by the Argus Newspaper in regard to the principles of political representation in 1857:

> The pauperdom of England has grown at a rate scarcely less rapid than her wealth, and both have reached colossal proportions. No where in the world is the contrast between affluence and poverty so strongly marked, and it cannot be a matter of surprise if many of the poorer class entertain feelings of anger and jealousy towards the rich...But the social condition of this colony is, thank Heaven, widely different. Here, we have no 'dangerous class'. The number of paupers bears an insignificant proportion to the mass of the community. Every Australian citizen is interested in defending the just rights of property, and the smallest freeholder will as earnestly maintain those rights as the large capitalist who has invested tens of thousands in the soil. The wealth classes have nothing to fear from manhood suffrage. It will prevent them from abusing their power, but there is no danger of it encroaching upon their rights.[13]

Holt was able to say in 1967:

> I do not know of any free country in the world where what is produced by the community is more fairly and evenly distributed among the community than Australia.[14]

For decades this myth of the affluent Lucky Country free of poverty and class conflict has been perpetuated by the bourgeoisie in Australia. In today's late capitalism, as obvious contradictions to the myth become apparent, one of the major activities of the ruling groups is to use the benefits of political power to attempt to redress the insecure position they find themselves in by further concealing the reality of wealth in Australia.

What then is that reality? What is the extent of inequality amongst Australians?

METHOD OF ESTIMATING THE DISTRIBUTION OF WEALTH

The absence of empirical studies into the distribution of wealth in Australia undoubtedly reflects the scarcity of available basic information on wealth holdings in our nation. As a consequence, data on the distribution of personal net worth (assets less liabilities) can be obtained only indirectly from three main sources: sample surveys, analysis of data from a derived source such as the distribution of income from capital, and estate duty statistics.

Difficulties in terms of comprehensiveness and problems of valuation associated with the first two approaches have meant that most studies internationally have resorted to estate duty statistics as the basis for estimation of the distribution of wealth.

In Australia, the Estate Duty Assessment Act, 1914-1976, requires that at death a return be lodged detailing the person's total assets and liabilities for probate purposes. To convert the data supplied for estate duty returns into estimates for the population, the assumption is made that within each age-sex group, the recorded deaths (with attendant returns) represent a random sample of the population. Thus, by utilising the reciprocal of the mortality rate (the 'mortality multiplier') the sum of estate-duty returns by each age-sex cohort may be expanded to the population. With such returns distributed amongst designated wealth class intervals, the distribution of personal wealth within each age-sex group and across all groups can be ascertained.

Since, under the Act during 1967-1972[15], duty was exempt on estates of less than $10,000[16], coverage of returns below this level is incomplete. As a result, it became necessary to estimate independently a figure for the total value of personal wealth owned by Australians, valued as closely as possible according to the procedures utilised in estate valuations. In this way, it is possible to determine the proportion owned by the top wealth holders as revealed from the expansion of estate duty statistics. By statistically extrapolating the revealed distribution, the entire distribution of wealth may be determined.[17]

It should be noted that the procedures used and assumptions made, particularly in regard to estate duty avoidance by the wealthy and the use of general mortality rates mean that the inequality measures are, if anything, likely to be underestimates.

THE DISTRIBUTION OF WEALTH

Table I summarises the resultant distribution of wealth. This data reveals that 1 percent of the adult population owns 22 percent of personal wealth; the 'top' 5 percent, 46 percent; and the 'top' 10 percent, almost 60 percent of the wealth of Australians.[18] Half of all Australians own less than 8 percent of Australian wealth. The top 5 percent own more than the bottom 90 percent put together.

The Gini Coefficient of Concentration is 0.702. This coefficient ranges in value from 0 (representing equality) to 1 (where all wealth is held by one individual). It provides a statistical measure to compare the inequality of two distributions. Thus, the Gini Coefficient for the distribution of individual income in 1968/69 was 0.34. This can be compared with 0.47 and 0.50 for the distribution of income in India and Mexico, respectively. Expressed another way, a Gini Coefficient of 0.70 means that if we selected two people at random, the expected difference in their wealth-holdings is 140 percent of average wealth, or $15,340. The results disclose that the top 2,000 people own as much wealth as the bottom 2,225,000. The wealthiest 10 percent have 220 times the wealth of the poorest 10 percent.

Whilst the aggregate result above is of great interest, it is more revealing to disaggregate in order to identify the demographic and socio-economic characteristics of the top and bottom wealthholders. Again, using Estate Duty statistics, we are able to indicate the percentage owning over $15,000 (1970 dollars) by age-group, sex-group and occupation-group.

Age

Wealth resulting from the accumulation of past savings is likely to make age a significant factor in determining wealthholding. This is borne out by the results. For males, the percentage owning more than $15,000 net wealth rises from 10.90 for the 20-29 age group, to 19.27 for the over-80 group.

The rise, however, is not as dramatic as one might expect. A greater percentage arise in the 20-29 age group (10.90) than enter over the rest of working lives (7.90). One interpretation of this may be that the initial 10.90 percent obtain their wealth primarily from inheritance, and that once people enter a wealth-class, social and economic forces exist to substantially maintain the status quo.

Interestingly enough, the figures do not reveal an absolute decline in percentage after the retiring age, although the rate of increase is much reduced.

Table I
DISTRIBUTION OF WEALTH

	Cumulative proportion of individuals	Cumulative proportion of wealth
	%	
Share of bottom	1	0.005
	5	0.077
	10	0.270
	20	1.036
	30	2.569
	40	4.860
	50	7.935
	60	12.330
	70	18.695
	80	27.816
	85	33.947
	90	41.500
	95	54.500
	99	78.000
	100	100.000
Concentration coefficient		0.7017
Mean wealth*		$10,957

* Defined to include sums insured under life policies and superannuation equities.

For females, the increase in percentage wealthholders is much larger over time, from 2.30 to 13.73. Given women's longer average life spans, this probably reflects the effects of inheritance from husbands.

Not only do wealthholdings increase with age, but so does the extent of inequality. Analysis of the data suggests[19] that the wealthiest 1 percent of 20-29 year olds own 16 percent of the wealth held by that age group; for the 40-49 cohort, this rises to 20 percent and for the 60+ group, to 28 percent. The corresponding figures for the wealthiest 5 percent are 33 percent, 43 percent, and 60 percent of the wealth of the age-group respectively. The wealthiest get relatively more wealthy, over time.

Sex

The most striking aspect of the results, however, is the disparity within age groups, of the percentages for each sex. The percentage of females owning over $15,000 in every case is far less than the corresponding percentage of males. On average over all ages, it is about half, but in the 20-29 group, it falls to about one-fifth. These results clearly emphasise the economic disadvantage of women both in terms of occupational status and social arrangements within marriage, and possible also through initial inheritance (father passing the business on to his son). Whilst they make up ground due to their longer average life span, they never reach the male percentage.

Industry

The results of wealthholdings by industry-group reveals several outstanding features. Foremost of these is the wealth of primary producers of which well over 50 percent own assets with a net value in excess of $15,000.[20] It is of interest

Table II
ESTIMATED DISTRIBUTION OF WEALTH BETWEEN AGE GROUPS AND BETWEEN SEX GROUPS, 1970
Percentage in Group Owning Over %15,000

Age group	Males	Females	Total
20 - 29	10.90	2.30	6.70
30 - 39	11.38	4.67	8.10
40 - 49	13.03	6.74	9.90
50 - 59	16.70	10.28	13.40
60 - 69	18.80	13.24	15.92
70 - 79	19.03	13.73	15.86
80 +	19.27	13.64	15.58
All ages	13.76	7.32	10.53

to note that since 1969, they have received Estate Duty concessions in the form of a higher statutory exemption and a special rebate. Similarly over 25 percent of professionals in community and business services appear to own more than $15,000. At the other end of the spectrum, only about 3.5 percent of males employed in manufacturing industry own this amount, and just over 5 percent from the transport and communication industry.

Thus, the average male professional individual has about eight times the probability of being in the top 10 percent of all wealthholders as the average male worker in the manufacturing sector. Excluding agriculture, it is apparent that in wealth, as in income, persons in predominantly white collar industries are in the upper echelons (professional, government, retail and banking and insurance), whilst those in industries dominated by blue collar occupations (mining, manufacture, construction, transport and storage) are in the lowest portion of the distribution.

Table III
DISTRIBUTION OF WEALTH BY INDUSTRY-GROUP

	Percentage of male labour force with $15,000+ wealth	Average gross value of this percentage
Agriculture	54.81	77,051
Mining	5.39	39.603
Manufacturing	3.57	54,345
Construction	5.72	50,821
Retail	9.48	68,647
Transport	5.25	42,685
Banking	7.32	43,255
Professional	26.98	73,990
Government	14.63	36,291

Concentration of Ownership of Different Assets

The oft-reported high degree of homeownership in Australia, supposedly eclipsed only by Greece and the Republic of Ireland, amongst OECD countries[21], has been suggested as evidence of an equitable distribution of wealth. The estate duty statistics subdivide the assessed value of estates into 'realty' and 'personality' wealth. Realty denotes property which is not movable or personal and refers to freehold lands and buildings and tenements. This enables us to calculate the distribution of each asset-type amongst the wealthholders recorded. By capitalising and 'blowing-up' these figures in the manner of the total wealth procedure above, we can conclude that realty is more equally distributed. However, the 'top' decile still owns over half of realty value.

Table IV
DISTRIBUTION OF OWNERSHIP OF REALTY AND PERSONALITY

Population aged 20 > %	Realty %	Personality %
Upper 0.1	2.5	7.3
0.5	8.1	18.4
1.0	13.0	26.8
5.0	36.2	52.3
10.0	52.0	63.1

International Comparisons

International comparisons of the distribution of wealth must be tempered by recognition of the problems of scarcity of data, and of the different bases of estimation and definitions. However, when comparable procedures and adjustments to those outlined above are undertaken for Britain as in Atkinson[22], the following table results.

Table V
WEALTH OWNERSHIP

		Australia	Great Britain
Wealth owned by top	1 percent	22	29
	5 percent	46	54
	10 percent	59	67
Gini Coefficient		0.70	

The first conclusion to be drawn from comparison of these results is that wealth in Australia appears to be more evenly distributed. The upper decile in Britain owns a greater percentage of net wealth than in Australia. However, deeper examination reveals that this discrepancy stems from the wealthholding percentages of the uppermost 1 percent. The top 1 percent of Britons aged 25 and over, own almost 30 percent of total personal net worth, whereas in Australia, the top 1 percent of adults aged 20 and over own only 22 percent. However, the next uppermost 9 percent in both nations own about 37 percent of total personal wealth. Thus, it is largely through the wealthholdings of the exceptionally wealthy that the distinction occurs. For the remaining 99 percent the distributions appear to be approximately similar.

Comparison with the United States is hindered by the absence of a recent study using Estate Duty data. Lampman[23] estimated that in 1953 the top 1 percent of adult persons owned 24 percent of personal sector equity, the top 5 percent, 40 percent and the top 10 percent, 52 percent. Further, 50 percent of the people only owned 8.3 percent of the wealth. Reference back to the distribution for Australia in Table I suggests greater inequality in Australia!

Change in Equality Over Time

Of course, the usual caveats apply with respect to coverage, unit of reference, procedures and definitions to enable valid comparison; but the problem in Australia is not the selection of an appropriate earlier study but the discovery of one. It would appear that the only data available stems from a census of wealth undertaken as part of the war census in 1915 by the Commonwealth Statistician, as reported in Soltow.[24]

The basic unit of reference for this census was adult males aged between 18 and 60 years, and the concept of wealth used related to value of assets rather than net worth. Assets valued were analogous to those included above in this study with due allowance for changes in the structure of the economy and its institutions, with the exception that holdings in life insurance and friendly society policies were excluded in 1915. The census revealed a mean average of ₤665 wealth, though 56 percent owned less than ₤100.

Table VI presents a comparison on inequality measures between this 1915 study and our 1970 estimates.

Table VI
INEQUALITY MEASURES — 1915 AND 1970

Stratum of the population	1915	1970
Bottom quintile	0.027	1.036
Second quintile	0.434	3.833
Third quintile	2.012	7.461
Fourth quintile	7.812	15.486
Upper quintile	89.715	72.184
Top 10 percent	77.805	58.500
Top 5 percent	66.224	45.500
Top 1 percent	39.461	22.000
Concentration ratio	0.86	0.70

Sources: Podder and Kakwani[25], Table XVI, p. 38, and Table I above.

Again, whilst it is apparent that the distribution has become more equal over time, this breakdown of concentration has principally occurred within the wealthholdings of the top 1 percent. The percentage holdings of this group have fallen from almost 40 down to 22. The remaining 19 percent of the upper quintile has retained 50 percent of the total Australian wealth.

In summary then, contrary to the myth, available data reveals a distribution of wealth in Australia exhibiting extreme inequality. The wealthiest 2,000 people own as much as the poorest 2,225,000. Large disparities in income are dwarfed by the uneven ownership of personal wealth.

The claim that members of the 'upper' economic class deserve their disproportionate amount of wealth and attendant power is patently false. A male worker of 65 years of age, even if receiving 50 percent more than average earnings over the past fifty years, could not have accumulated more than about $80,000-$90,000. As at 1970, about 100,000 adults had more than this. Most wealthy people today either inherited their wealth or depended on family or bank connections for large sums of initial capital. And this money was available only because previous generations had accumulated wealth through exploitation of immigrant groups, women, the labour of those they employed and the meagre savings of those workers who trusted them.[26]

And, despite all the claims by the apologists for Australian capitalism about the 'democratisation of wealth' things have not really become more equal. The basic profile of wealth distribution has remained largely unchanged in the past 55-60 years. The relative inequalities still exist and are extensive. Certainly in a material sense people may be better off individually, as the wealth cake has grown through our ties with British and US imperialism. The increase is not as great as myth would indicate though. The 1915 mean average male wealth of £665 converts to about $6,000 in 1970, using the continuous series of retail price indexes.[27] But, whilst the cake might have expanded the shares going to the classes have not really changed. It's still a case of crumbs to the masses.

Again, the apologists might claim: what about taxes? Surely they must be changing that situation by redistributing from wealthy to poor. Again, the apologists would be wrong. Because income tax is assessed only on some accretions of wealth, it leaves the overall wealth distribution virtually unchanged. Further, as indicated right at the outset, many wealth-based additions to wealth (for example, capital gains) are not subject to assessment. 'Unfortunate' loopholes in the tax system (family trusts, etc.) enable many of the wealthy to avoid and evade tax. Analysis of the 1973/74 ABS Survey of Income Distribution indicates that 1 percent of persons receive 45 percent of the income from 'interests, rent, dividends, etc.' and 5 percent receive 83 percent, and 10 percent receive 92 percent of that income. However, analysis of the 1973/74 taxation statistics compiled from tax returns indicates that the 'top' 1 percent of persons (only) receives 18 percent of income from 'gross rent, premiums, dividends, interest, etc.' and the top 5 percent receives 38 percent, and the top 10 percent, 47 percent. Avoidance and evasion have become a skilled art of the rich, or at least their accountants! Moreover, the findings of Bentley, Drane and Collins[28] on the incidence of Australian taxation indicate that the bottom 10 percent of households (in income terms) paid a far higher-than-average share of the 1966 tax burden.[29] Most taxes hit hardest at those least able to pay.

The only possible exceptions to this have been death duties. The share of the uppermost 1 percent has declined since 1915, although it is difficult to determine how much is attributable to the introduction of estate duty in 1914, and how much to the rearrangement of wealth within families rather than redistribution between rich and poor individuals. However, it is precisely because of the possibility of this that estate and probate duty is being dismantled now. The tax system (including exemptions and deductions), like all instruments of the state, works in actuality to redistribute wealth from poor to rich, because the laws are written by and for the rich.[30]

A TAX ON WEALTH?

The Asprey Committee of Inquiry into Taxation set up by the Snedden Government concluded that, rather than institute a net worth tax, it is better to concentrate on improving the estate and gift duty and to introduce a capital gains tax as "these taxes can achieve broadly the same objectives as a wealth tax".[31] Strongly following the Treasury line as set out in Treasury Taxation Paper No. 12[32], the Committee particularly pointed to the administrative problems of collecting a wealth tax. This assertion was almost the sole substantial criticism — the tax was seen as desirable in theory, but too difficult in practice.

As a result of this type of thinking in Australia, less than 0.3 percent of existing capital is being taxed each year by estate, gift, probate and succession duties. With the programmed abolition of these duties, the words of Treasury Paper on Estate and Gift Duty become significant:

> The United States and all Western European countries other than Ireland, not only levy income tax and estate duty, but also either capital gains taxes or net worth taxes (or in many cases, both). If Australia had no death duties...and did not impose any other form of capital tax, Australia would be in an exceptional position...It would be the only advanced Western country levying no other direct tax, apart from income tax.[33]

A wealth tax, however, has been employed in a number of Western European countries, for example, Denmark, West Germany, Norway, Switzerland, for many years and in Latin American and Asian countries in the past two decades.

In Australia, all personal income tax could be replaced with no loss of revenue by a wealth tax with a flat rate of 4.5 percent, and an exemption limit of around $7,000, even assuming 10 percent avoidance by the wealthy. This would return fifteen times the existing return from property income tax. It would also mean that 60 percent of Australian adults, around 4.7 million people, would pay no direct tax at all.

Even under bourgeois analysis, a wealth tax is attractive. Aside from obvious equity implications (if introduced on a progressive scale with a high exemption limit) several efficiency benefits may accrue from such a tax.

Since assets are taxed irrespective of yield, owners of property would have greater incentive to shift from assets yielding little or no return — such as cash, idle land, etc. — to those with a greater yield. Thus, more risk capital might be available. It will also encourage a more efficient use of machinery, etc., to maximise yield. Since capitalised additional earnings would only be taxed at 3-5%, the overall rate could be less than even the lowest marginal rate of personal income taxation. A change to a wealth tax might have a desirable impact on work incentive amongst the higher-income group, particularly since tax on income acts to discriminate against those who have not accumulated wealth compared to those who have.

Certainly patterns of saving and consumption may well be altered towards expenditure on present non-durable consumption and depreciating durable goods. This, however, may provide employment opportunities for workers in Australian manufacturing industry, rather than leaving the disposal of savings to the discretion of financial intermediaries.

In equity terms, the taxation of wealth with adjustments on a basis truly reflecting economic well-being and capacity-to-pay, would lead to a tax structure more in accord with bourgeois equity standards. Horizontally, the burden between different types of assets and forms of wealth accumulation would be more equitable.

For such reasons, a wealth tax is now seriously being considered in Britain by the Labor Government.

Certainly, difficulties exist in respect of rural holdings and the wealth of aged persons (with low current incomes). Perhaps in the latter case, threshold exemption limits could increase with age. Alternatively, there could be the creation of a 'wealth tax bank' for permanently retired or incapacitated people which allowed them to accrue tax to be paid on their death out of the estate. As an extension of this, one can envisage a non-taxable capital payment on retirement as part of a pension programme.

However, more significantly, a wealth tax has an important ideological role. A wealth tax is a levy on capital. As such, it highlights the inequity in the distribution of ownership of capital. The avoidance and omission of income accretions from capital in income tax means that such a tax tends to be seen as a levy on labour and, as such, directs attention away from the more significant manifestations of inequality.

An emphasis on income brings emphasis on differences among workers in regard to pay, status and conditions, and thus serves to split the solidarity of the working class movement. Because some workers are able to sell their labour for a higher price than others, they see themselves as somehow different, as part of a 'middle class'. Recent Sydney Morning Herald surveys have found that 47 percent of Australians term themselves 'middle class' and a further 9 percent 'lower middle class'.[34]

Such reactions are understandable when comparisons of wealthholdings either on a personal or statistical nature are not possible. As a result, the significant differences between the proletariat and the rulers remain blurred because the manifestation of those differences — excessive wealth and power — remain hidden from public scrutiny.

Moreover, it is important to realise the divisions within the ruling class. These manifest themselves in differential wealth and power — the uppermost 0.1 percent of adults have 6.5 percent of wealth; the top 5 percent of shareholders hold about 55 percent shares.[35] A wealth tax may serve to politically fragment the ruling class.

A wealth tax directs attention to the true dimensions of individual poverty and also to its true causes. To an ideology that has stressed the expanse of material wealth of working people in post-war years the reality of the distribution as presented above, with its massive inequality, could prove particularly damaging. Moreover, such a net worth tax is an important first step in the struggle to challenge the ruling-class's 'right' to private property. As James Weinstein put it: "Radicalism is based on an awareness of one's own oppression".[36]

As the crisis in the economy deepens, we are certain to see more pressure on the worker's material standards and as a likely consequence, an increase in working class militancy. Fraser has attempted to forestall this latter eventuality by withdrawing the taxes on wealth thus making it unnecessary to collect or make available any information on personal wealthholdings and so directing attention to worker against worker, unionist against unionist. We should ask, why should Australia alone have no direct tax other than on income?

The data presented in this paper reveal the falsity of the classlessness myth in Australia. The social manifestations of class may not be as apparent as in Britain, but the economic inequalities are. Concerted efforts are required to resist the present attack on property tax which seeks to conceal the inequality in the distribution of wealth. As Marx noted: "The demand to abandon illusions about our condition is a demand to abandon a condition which requires illusions".

KURING-GAI COLLEGE OF ADVANCED EDUCATION
NEW SOUTH WALES

Notes

[1]Transcript of speech to National Press Club, as reported in The Australian, December 8, 1977.

[2]With the exception of the period 1915-1923.

[3]P. Groenewegen, "Funding Government: The Size of the Public Sector and Taxation in Australia", Current Affairs Bulletin, Vol. 54, No. 6 (November 1977).

[4]As reported in Daily Telegraph, November 22, 1977.

[5]Daily Telegraph, November 22, 1977.

[6]As quoted in The Sun, November 22, 1977.

[7]This section drawn from Paul Lafargue's work, The Evolution of Property edition, published by New Park Publications, 1975, and from Charles Bettleheim, Economic Calculation and Forms of Property, Routledge and Kegan Paul, 1976.

[8]See Report of Committee of Inquiry into Poverty (Henderson Report).

[9]Rev. H. Berkeley Jones, "Adventures in Australia in 1852 and 1853", London, 1853. Extract reprinted in Noel Ebbels, The Australian Labor Movement, 1850-1907, Australasian Book Society, 1976, p. 37.

[10]John Askew, "A Voyage to Australia and New Zealand", London, 1857, p. 156, extract reprinted in Ebbels, ibid.

[11]R.W. Askin, Sydney Morning Herald, November 22, 1967, cited in J. Playford and D. Kirsner (eds.), Australian Capitalism: Towards a Socialist Critique, Penguin, 1972, p. 115.

[12]Australian Bureau of Statistics, 1971 Census results.

[13]"An Enquiry into the Principles of Representation", a reprint of several letters and leading articles from the Argus newspaper with an introduction by Edward Wilson, Melbourne, 1857, pp. 21-22, extract reprinted in Ebbels, op. cit., p. 39.

[14]H.E. Holt, The Australian, September 30, 1967, cited in Playford and Kirsner, op. cit., p. 115.

[15]In all that follows, dollar values refer to 1970 values.

[16]This exemption level was raised to $20,000 in 1972.

[17]For full details on procedures and assumptions, the reader is directed to P. Raskall, The Distribution of Wealth in Australia, 1967-1972, Planning Research Centre, 1977.

[18]Note that this excludes wealth owned by overseas residents and transnationals in Australia.

[19]These results were derived by 'blowing-up' estate duty statistics by each age-group and relating the resultant upper portion of the distribution to an estimate of the total wealthholdings of each age cohort. This estimate was derived from the percentage of total adult population in the cohort weighted by average wealth-holdings of those in the age-group within the overall uppermost decile, compared to respective average wealthholdings of all adults in that 10 percent, and related to total personal wealth.

[20]This figure may be a slight overestimate since a primary producer estate is also one in which "...the assets consist mainly of rural property, that is, land used for farming and other specified assets associated with primary production". Consequently, it may also include 'Pitt and Collins Street' farmers, and those wishing to plan their estates to avoid duty.

[21]OECD, Social Indicators Development Programme, Common Development Effort, No. 7, "Housing Conditions", Document No. SME/SI/CDE7/77.34, Paris, 1977, pp. 30-33,

cited by Dr. Frederick Hill, Australian Urban Trends and Indicators paper presented at 48th ANZAAS Congress, Melbourne, September 2, 1977.

[22]A.B. Atkinson, Unequal Shares: Wealth in Britain, Penguin, 1974.

[23]R.J. Lampman, The Share of Top Wealth-Holders in National Wealth, 1922-1956, A study by the National Bureau of Economic Research, Princeton University Press, 1962.

[24]L. Soltow, "The Censuses of Wealth of Men in Australia in 1915 and in the United States in 1860 and 1870", Australian Economic History Review, Vol. 12, No. 2 (1972).

[25]N. Podder and N.C. Kakwani, Distribution of Wealth in Australia, mimeographed, University of New South Wales, 1973.

[26]The reader is referred to M. Cannon, Land Boom and Bust, Heritage Publications, 1972, for a fascinating historical study of how some of the 'more prominent' families obtained their wealth.

[27]C.B.C.S., Year Book of the Commonwealth of Australia, Vol. 58 (1972).

[28]P. Bentley, N. Drane and D. Collins, "The Incidence of Australian Taxation", Economic Record, December 1974.

[29]Whilst changes in the tax system have occurred since 1966, it is unlikely such would have altered the general trend revealed by the Bentley, Drane and Collins study.

[30]It is claimed that Fraser is the wealthiest prime minister Australia has had.

[31]Report of Taxation Review Committee, Canberra, 1970.

[32]Net Wealth Taxes, Treasury Taxation Paper, No. 12, AGPS, December 1974.

[33]Estate Duty and Gift Duty, Treasury Taxation Paper, No. 11, AGPS, December 1974, p. 3.

[34]As reported in the Sydney Morning Herald, December 26, 1977.

[35]From studies by E.L. Wheelwright, cited in F.J.B. Stilwell, Sharing the Economic Cake: Inequality in Income and Wealth in Australia, in T. van Dugteren (ed.), "Who Gets What?", Proceedings of the 42nd Summer School, AIPS, Hodder and Stoughton, 1976.

[36]James Weinstein, Socialist Revolution, No. 10 (July 1972).