THE SUPER RICH IN AUSTRALIA

Matthew Eaton and Frank Stilwell

There has been a tendency towards increased economic inequality in the last decade. This has been demonstrated in a number of research studies analysing information on the distribution of income (Lombard 1991, Raskall 1992, Gregory 1992). Our knowledge of changes in the distribution of wealth is comparatively sparse. Yet the distribution of wealth is of profound importance, reflecting and shaping the concentration of economic power in Australia.

Whereas income is a flow, wealth is a stock, comprising the various physical and financial assets held at a particular point in time. An individual's wealth holdings reflect past income and are the basis for future income.

Information on the distribution of wealth is notoriously deficient for two reasons. There are no wealth taxes in Australia (apart from some State land taxes and local government rates) nor any inheritance taxes, so information on wealth holdings is not collected as a by-product of the tax system, as is the case for income taxes. Also, Australian governments have declined to set up any equivalent to the Royal Commission which investigated wealth and poverty in the U.K., for example, despite repeated calls from the Labor Left to do so. Some pioneering estimates of Australian wealth distribution by Phil Raskall (1978) appeared in the second issue of this journal and up-dates have been done by Pigott (1987) and Dilnot (1990). However, none of these studies tell us what happened to wealth holdings over the last decade.

An alternative data source is the "Rich List" published annually since 1983 by the Business Review Weekly (BRW). This focuses just on the top end of the wealth distribution. The reliability of the precise figures is uncertain, bearing in mind the difficulty of extracting and aggregating information on different types of wealth, ranging from land and property to cars, yachts, antique furniture and art works, bank deposits and shareholdings[1]. The ability to estimate these wealth holdings with some degree of accuracy is problematic to say the least. The propensity to conceal wealth in family trusts and diverse company transactions is obvious enough, although having a contrary relationship with the propensity to flaunt it in "conspicuous consumption". What gives some degree of confidence in the data is that there is no obvious reason why these factors should vary dramatically from year to year, so there is no reason to expect systematic bias in a time series analysis of the degree of wealth concentration.

What does an analysis of the BRW data reveal? Table 1 shows the wealth of the richest ten and richest one hundred Australians for each year between 1983 and 1992. For this purpose, no distinction is made between individuals and families in the BRW list, and the information is provided in current dollar values. On this basis, the richest ten wealth-holders increased their wealth over ten-fold while the wealth of the richest one hundred increased over six-fold. Over the same period, the current value of Gross Domestic product (GDP) increased by 154%. The CPI increased by 70%. Obviously the top wealth-holders' economic situation improved dramatically, both in terms of the real value of their assets and relative to the growth in the economy as a whole. The increase in the prosperity of the wealthiest Australians during this period was truly spectacular.

1 An example of this can be found in the BRW's 1989 Rich List, which estimated Abe Goldberg's wealth at $250 million, based on a conventional formula to establish a gearing level. The 1990 List admitted that this was inaccurate, with a debt accumulation of $1.2 billion, which the BRW estimated resulted in a net asset deficiency of $425 million.

Table 1: Asset Values of the Super-Rich in Australia, 1983-92 ($ Million)

Year	Top 10	Top 100
1983	870	3472
1984	1732	5060
1985	2315	7126
1986	3135	8966
1987	5548	14788
1988	5095	14773
1989	7500	21188
1990	6410	16701
1991	7835	17853
1992	10135	21075

Equally interesting are the year-by-year patterns. The enormous surge in wealth-holdings in the mid 1980's followed the process of financial deregulation. Then came the stock market crash in October 1987 which corresponded with a significant reduction in the current value of assets of the top ten and a pause in the asset value growth of the top 100. Real estate values surged in the 1988-9 period, partly as a result of the switching of funds from financial assets, which appears to account for a further jump in the total value of top asset-holdings, before a significant hiccup in 1989-90. Then the rapid accumulation resumed. Perhaps surprisingly, the data shows no evidence of the 1991-92 recession adversely effecting the value of the top wealth-holdings.

Table 2 provides some information on the concentration of wealth-holdings among the super-rich themselves. As with the total value of wealth, there are some fluctuations from year to year, but a clear overall trend is discernible. Both the shares of the top 10 and the top 50 among the top 100 asset-holders have risen in the last decade. So the concentration of wealth among the super-rich has increased. Particular individuals play a key role in this process, skewing the distribution sharply at the top. The most obvious example is Australia's richest man, Kerry Packer, whose estimated wealth has grown from $100 million in 1983 to $2700 million in 1992. The Murdoch family is close behind with wealth up from $250 million in 1983 to $2300 million in 1992. These two are clearly head and shoulders ahead of the rest.

Table 2: Concentration of Assets Among the Super-Rich, 1983-92.

Year	Share of Top 10 Asset-Holders in the Top 100 (%)	Share of Top 50 Asset-Holders in the Top 100 (%)
1983	25	68
1984	34	76
1985	32	76
1986	35	78
1987	37	80
1988	35	78
1989	35	77
1990	38	79
1991	41	79
1992	48	84

It is also interesting to consider the sources of the wealth of the super-rich themselves. For individuals, the 1990 BRW List indicates that 22 of the top 200 have fortunes principally derived from manufacturing. This compares with the four times as many (89) who have fortunes largely derived from real estate. Property development and land speculation continue to be the most profitable (if least productive) areas of investment. The 1987 BRW List provided some international perspective on individual's sources of wealth, as summarised in Table 3.

Interestingly, Australia's ten richest people rival Japan's top ten for their reliance on Real Estate/ Property development as their principal source of wealth. More surprising is that Japan, usually perceived as an electronics giant, has only one individual in the top 10 whose wealth is derived from electronics, compared with two in the USA. Manufacturing (including pulp & paper, electronics, and industrial) as a source of wealth is only listed five times between the four countries. Apparently manufacturing is a relatively poor source of wealth generation for the super-rich. The 1987 BRW Rich List sums up the period quite nicely:

> You could say many of the new men were essentially traders, buying other people's assets rather than creating new ones....

Table 3: Ten Richest Individuals in Four Countries According to Their Principal Sources of Wealth.

USA	NEW ZEALAND	JAPAN	AUSTRALIA
Retailing	Pulp & Paper	Real Estate/Railways	Investment/Media
Media	Investment	Real Estate	Media/Rural Property/Investment
Electronics	Investment	Real Estate	Brewing/Property/Inv-estment
Electronics	Construction	Leisure Industry/Hotels	Investment Banking
Investment	Investment	Leisure Industry/Real Estate	Investment
Retailing	Brewing/Hotels	Hotels/Real Estate	Property
Confectionary	Property	Consumer Electronics	Poultry/Property
Inheritance/In-dustrial	Merchant Banking	Real Estate	Property/Investment
Inheritance	Car Dealing	Retailing	Packaging/Investment
Finance	Hotels/Liquor	Construction/Real Estate	Technology

In relation to sources of wealth, it is also worth considering inherited wealth. There is a common notion that individuals can achieve wealth from a poor background. This is backed up to some extent by the 1990 Rich List, which shows that only 55 of the top 200 wealth-holders inherited part or all of their wealth, inferring that nearly three quarters of the top 200 did not receive any significant inheritance. The 1990 Rich List also indicates that at least 72 of the top 200 are migrants, who presumably, though not necessarily, had little when they arrived in Australia. However, the picture looks very different when one examines the families listed in the top 200 in 1990. 51 of the 66 family fortunes listed were based partly or wholly on inheritance. This means that 77% of family fortunes in the Rich List are based on inherited wealth.

The gender based distribution of wealth provides a striking, although unsurprising, pattern. In 1990 only 8 women made their way into the top 200 Rich List. Evidently the old gender-biased distribution of wealth is still well entrenched. Still, this is an improvement on the 1987 figures which indicated only three women on the list.

Overall, the BRW data provides a striking picture of the private wealth amassed by corporate cowboys, paper entrepreneurs, wealthy families and the 'captains of industry' in the last decade. It is data which needs to be treated with caution, as illustrative of general patterns and trends rather than as a source of precise economic statistics (a rare enough commodity anyway!). As such, it shows the powerful tendency towards increased wealth concentration. It also illustrates some of the helter skelter characteristics of Australian capitalism in the last decade. Finally, it shows the limits of calling for "restraint with equity" as a basis for economic policy in a society with such an extreme concentration of wealth.

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