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*WEEK ON THE DRY SIDE

Wealth

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If the Roman Catholic Bishops did not know it already, their *Inquiry into the Distribution of Wealth in Australia* will show them that Australians serve mammon as assiduously as they denounce those more wealthy than themselves.

Envy is the least attractive of the seven deadly sins and the mere existence of wealthy people is not a sufficient reason to redistribute wealth. Greed is also a deadly sin and cannot justify redistribution. Before we take other people's wealth, we need a better motive than envy and greed, and we know it. So we claim that we are simply helping the poor. Did the pen therefore slip, when the middle class started helping themselves?

Moreover, a good motive for redistribution is not enough. Before we take that which belongs to others, we must show that the enforced transfer is in some manner "equitable". Equity is a notoriously difficult concept, but examples show that it matters. Most people think it inequitable for rewards to be taken away from those who have earned them, or for unexpected government imposts radically to change anticipated outcomes. We would not refuse a winning team its trophy on the grounds that it was more skilful or that it trained harder; nor would we announce after the Melbourne Cup that half the winnings were to be paid to losing punters.

Finally, it is common sense that we should not kill off the geese that are laying the golden eggs or so weaken the economic system that the costs of redistribution outweigh the benefits.

These are fundamental matters. The Bishops will be reminded of them many times.

AIPP's submission to the Bishops, written by John Nurick, also raised the question of power. It had been raised before, by the authors of *Changing Australia*, published by the Australian Council of Churches in 1983. *Changing Australia* claimed that "Those with most wealth also have most power and those with most power have most wealth. Each promotes and enables the other". If by "power" it meant power over people and if the claim were true, the dangers associated with concentrated power might be a reason for cutting the wealthy down to size. The claim is, however, almost totally false and, to the extent that it is true, it is only so because the political system confers power on the wealthy.

The most powerful Australians are Cabinet Ministers, departmental heads and union leaders. They are not particularly wealthy or, if they are, it is not from their wealth that they derive their power.

Neither are most businessmen personally wealthy, but some (particularly the heads of statutory monopolies) have some power. However, businessmens' power is limited by employees' ability to quit and by customers' ability to buy elsewhere--- by choice in employment and purchase. Thus monopolies, cartels and fixed prices (including minimum wages) inevitably give some people power to control the actions of others.

Obviously wealth can be used to buy power from those who have it legitimately but, in Australia, the people who hold power legitimately more often trade economic privileges for votes than for money. John Nurick argues that inequality of access to state power, is more offensive in a democratic society than inequality of wealth. His point is important, because some people, whether from envy or from more noble motives, want to control wealth by extending the use of government power.

If there is no good case for cutting the wealthy down to size, then we should concentrate on the living standards of the poor instead of those of the rich.

Unemployment is a major cause of poverty. So, as John Nurick points out, a way out of poverty is remunerative, productive work. An important task is to change the environment of the labour market in a way that encourages employers to take on more workers. Why, then, don't social workers, who benefit by an award that some people think is generous, recommend lowering award wages generally? Might even they be as selfish as the rest of us?

If Mr Keating wants the maximum revenues to distribute to the poor, or for any other purpose, he is right to want to reduce high personal tax rates. Maximum rates, above a point somewhere between 30 and 50 percent, actually reduce the tax collected from those liable for the highest rates. What is more, since economies grow fastest when least distorted by taxation, tomorrow's poorest people will benefit from low taxation today.

Most of us, when pressed, say we believe there is a moral obligation to care for the poor. Surely there is a parallel obligation not to create poor people needlessly. Yet we connive in misuse of state power to deny people jobs and restrict competition. Misuse of state power loses productivity gains which could have financed a more generous welfare system. To maintain living standards we borrowed monies abroad, leaving our children to repay the debt. We poke our own wealthy snouts into the welfare trough churning the taxes, rather than redistributing them.

To the extent that we understand what we are doing, our behaviour raises moral issues. The Bishops are well qualified to speak on them, but they are not qualified to design economic systems---there is no more a Catholic economics than there is a Catholic arithmetic or Catholic welding. When the Bishops report, they must, therefore, distinguish between the moral questions, on which they are experts, and the technical, on which they are not.

Finally, a moral point: surely the Christian's charitable obligation is not fulfilled by taxation. Professor Geoffry Brennan asked in the CIS publication, *The Christian and the State*, "Will it, I wonder, be any response to Christ's charge to visit prisoners, or feed the hungry, to respond: 'Well, no Lord, I didn't. But I did pay my taxes, and I did vote for prison reform and food stamps'? Will it be adequate to respond: 'Well, no. But I made those other guys do it'?"

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