Economic Justice - the Equitable Distribution of Genuine Wealth

A discussion paper prepared by the Uniting Church in Australia's Assembly Social Responsibility and Justice Committee

The 1988 Assembly resolved

88.22.11	**(a) To commend the paper "Economic Justice – the Equitable Distribution of Genuine wealth" to all members of the Uniting Church for study**
	(b) To request Synods, Presbyteries and Parishes to offer responses to the Commission for Mission which would assist it in ongoing involvement in the debate about economic justice in Australia

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Preamble:

This Paper has several functions:

- Partial fulfilment of the undertaking given to the 1985 Assembly that the Assembly Social Responsibility and Justice Committee would take up some of the "nuts and bolts" issues of economic justice
- Originally, to provide background information for resolutions proposed by the Social Responsibility and Justice Committee to the 1988 Assembly.
- A contribution to the ongoing debate in Australian society about Australia's economy
- A step in the process of ongoing reflection and dialogue within the church on economic justice issues. Further steps in that process will include dialogue with government, business and the community, leading to the formulation of further policy and recommendations for action.

This paper is an attempt to broaden the framework in which issues are considered, to expose some of the inconsistencies of thought and action which cloud the debate and to provide a basis for current work by the church on particular issues.

Glossary

EPAC - Economic Planning Advisory Council

GDP - Gross Domestic Product. The total value of goods and service produced in a country for which a price is paid. It is generally considered the national income. It does not include goods or services which are not paid for (for example goods produced at home, volunteer services), or aspects of life which are not directly paid for. For example an increase in leisure may be more significant to people than an increase in wages, in terms of quality of life, but wages will show up in the GDP while increased leisure will not.

OECD - Organisation for European Cooperation and Development An organisation of the industrialised countries, including the. Western European nations, Australia, Aotearoa-New Zealand, Canada; the USA and Japan.

The paper begins from, and assumes, the viewpoint presented to the Assembly in 1985, in the paper on Poor People and the Gospel, which was referred by the Assembly to the church for study and action.

The 1985 document and resolutions were concerned to call the church's attention to the extent of poverty in Australia and the rest of the world, and the gospel imperative for us to both care for those in poverty and to put an end to such poverty.

Wealth in Australia

1. The distribution of income and financial assets in Australia is inequitable. A small proportion of the population has control over most of the income and assets, while the majority of the population has limited access to such

In Australia, over the past decade, there has been a 15% increase in real terms in the gross domestic product per head of population. If that were spread evenly, all Australians would be 15% better off in real terms. But more live in poverty now than a decade ago. The increase in gross domestic product has been disproportionately concentrated in the hands of the *wealthiest.*[1]

The following are some examples of this inequitable distribution of wealth.

- *Australia* has a high number of families with children who are in poverty as a result of inadequate family income. These families experience hunger, malnutrition, inadequate clothing, and crowded and run-down accommodation. They face difficulties in health and education which can have a permanent effect on the lives of the children.

The number of children living in poverty increased from 7.2% of all children in 1972-3 to 17.5 % in 1985-6. Figures suggest that Australia's level of child poverty has been much higher in this period than comparable countries.[2]

While the family assistance package announced in 1987 is planned to move families with children out of poverty, it is not sufficient to eliminate child poverty. It is estimated that only 100,000 of the 540,000 children in families on pensions and benefits.[3] will be moved above the poverty line by the package. The package also aims to raise the income of 200 000 low income families dependant on wages. By early April, only 120 000 of these families had applied.

- Children are not the only people who suffer poverty. Many young people, lacking a family structure which supports and protects them, are also in poverty because of inadequate social security payments. Parents as well as children suffer when families arc in poverty, and women often bear a disproportionate share of the burden of trying to cope with poverty.
- The restructuring of our economy means that several hundred thousand people are unemployed, and their families suffer as a result. The restructuring of industry is a decision over which they have no control, and is said to be in the national interest, yet they, rather than the whole nation, are expected to bear the cost through loss of work and loss of income.[4]
- In 1987 there were approximately 32,000 millionaires in Australia. Almost half the wealth of Australia (property, companies, cash, bonds, shares and other valuables) was owned by 5% of the population, and their wealth was growing.

In 1986-7, the worth of the 200 richest Australians increased by 60%, to $17.5 billion, equivalent to about 25% of the entire annual expenditure of the commonwealth Government. The increase in the wealth of two individuals was $2 billion. This was twice the amount needed to raise the incomes of every Australian family well above the poverty line.[5]

- Only about 9% of Australia's adult population own shares, i.e. about 1 million people. Of these, about half owned, in 1986, portfolios valued at less than $5000. Several studies have found that over 50% of shares are owned by the biggest 4 or 5% of shareholders, both individuals and companies.[6]

While the situation changed for some people with the stock market crash of October '87, the fact of high concentration of wealth did not change. Those most affected had used debt to fund investment in financial assets rather than in productive assets. Those least affected were cash rich and debt low.

- 90% of Australia's poorest electorates are rural. Median family income in these electorates ranges from $16,500 to $20,100. The average is 53% of the median in the wealthiest electorates (range $27,700 to $43,100), and compares to a national average family income of $24,500. In the past three years, the average incomes of the bottom 25% of farmers, some 42 500 families, were minus $1358, minus $2180, plus $2,300.

Yet between mining and agriculture, these electorates combined furnish 75% of Australia's export income.[7]

2. The arguments that government spending should be reduced are not substantiated by empirical evidence.

Australia has a large foreign debt which effects investment confidence, the value of the Australian dollar and the balance of trade. In April 1988, Australia's gross foreign debt stood at approximately $108 billion. (This figure does not take account of debts other countries have with Australia, which offset our debt).

The net foreign debt in 1986-7 was 33% of GDP, compared to say New Zealand's debt of 51%, or Brazil's debt of 39%.

The debt must be serviced from export earnings. The cost of servicing Australia's foreign debt in 1986-7 was 18% of export earnings, compared to 38% for Brazil and 10% for Sweden.[8,9]

The balance of payments deficit is the balance of trade deficit (value of imports less value of exports), plus the net transfers deficit (payment of interest and principal on overseas loans, and payment of dividends to overseas shareholders).

In 1986-7 the balance of trade deficit fell from $3.4 billion in the previous year to $1.9 billion. But the amount by which total outflows of capital exceeded total inflows increased from $6.5 billion to $ 10.1 billion. The private sector is responsible for most of this increase.10

Because of foreign debt, there is enormous pressure being exerted on the Federal Government to decrease rather than increase expenditure in social policy areas of the budget, to cut borrowing and to encourage exports.

(a) Is government spending responsible for the rapid rise in foreign debt?

The private sector is responsible for 70% of Australia's overseas debt. 70% of that private sector debt has been used for unproductive speculation such as takeovers; only 30% of private debt has been used for productive investment, compared to 80% of public sector debt.11

Public sector investment funded by debt includes the provision of the infrastructure required by private enterprise, for example: roads, transport, communications, education and training.

Total government spending in 1986-7 was $74 900 million. The overseas budget deficit for 1986-7 was $ 3 900 million, but added to a domestic surplus of $ 1 200 million this gave an overall deficit of $ 2 700million. This was financed mainly by domestic borrowing, with $ 700 million coming from overseas borrowing.[12] Less than 1% of the budget was financed by overseas borrowings.

(b) Are we spending above our means?

Public sector debt has increased from 5% to 15% of GDP between 1980 and 1987, while private sector debt, beginning at a similar level, has increased to 25% of GDP. Public sector debt has stabilised as proportion of GDP, while private sector debt is still increasing.[13]

Australia's interest burden on its public debt is quite small as a percentage of GDP, compared to many OECD countries.[14] In 1986-7 total net interest on Commonwealth State debt was 7,900 million. Overseas public sector debt interest payments totalled $1,300 million. Fifteen Public sector interest payments were expected to be $6,900 million in 1987-8.

Australia ranks low compared to other OECD countries in its public sector outlays, and in its level of deficit.[16]

The Federal budget can be divided into two parts - current expenditure, totalling $69,900 million in 1986-7 and capital expenditure, totalling $5,000 million.

Australia can be described as a "net saver", in that most of its public investment has been financed through taxation rather than borrowing.

The levels of public debt in 1987 were lower as a proportion of GDP than the levels of the mid-1960s, and lower than those of all Western countries except Finland.[17]

The House of Representatives Standing Committee on transport, communications and infrastructure points out

Budget deficit is defined in one well-known economic dictionary as "current expenditures in excess of current income" Defined in this way there has been no Commonwealth budget deficit in Australia since 1949-50.[18]

The report notes that several respected commentators argue that the present practice of confusing current and capital expenditure is misleading and unhelpful, and does not accord with conventional accounting practice.

It also points out that inclusion of borrowing by commercial public authorities in the Public Sector Borrowing Requirement is also misleading; it should be excluded because it makes little difference whether such borrowings are by the public or private sector.

In other words, assessments of government spending which claim it is too high usually lump together quite different types of spending in a way which is misleading.

(c) Does the size of the deficit or the public sector borrowing requirement (PSBR) affect interest rates?

J. Nevile in the report Constructing and Reconstructing Australia's Public Infrastructure points out there seems to be no correlation between either the Commonwealth deficit or total public sector borrowing requirements and interest rates.[19]

(d) Will smaller government result in better overall economic growth?

Evidence from EPAC and the ACTU indicate there is no evidence of correlation between the size of government and economic growth.[20]

3. Government spending has a positive role to play in Australia's economy; its main functions are: redistribution of wealth and access to Australia's resources, capital formation to provide the necessary infrastructure for the economy to function effectively and the fulfilling of social goals.

Social policy spending (spending on social security, health, education, housing and community services) has the following objectives:

- Alleviating poverty
- Providing equal access to key services
- Promoting equal opportunity
- Compensation for war service
- Redistribution of income to particular stages of the family life cycle

This **redistribution** can be described in three ways:

1. Vertical redistribution: from households with high incomes to households with low incomes.
2. Horizontal redistribution: between different types of households, eg. from households without children to those with children (it recognises that families with the same initial income have different income needs due to different family makeup)
3. Life cycle redistribution: within a single household over a life cycle through the combination of vertical and horizontal redistribution

Often all forms of payments by government are lumped together as "welfare," however, this is inappropriate. Forms of payments such as family allowance are tax transfers, which are payments made to families in recognition of their reduced ability to pay tax because of the costs of children in their care. Making an actual payment means all similar families benefit equally and that the cost to the community of the transfers is clear in the national accounts. The appropriateness of this is widely recognised. Such payments can be considered a form of tax cuts targeted to people with children. Recent means testing of family allowance has obscured its role in making the tax system more equitable.

Productive spending which can be considered investment includes:

- Education and training (essential for a productive workforce)
- Roads (subsiding road transport - buses, trucks through road building and repair)
- Communications - Telecom, Australia Post, AUSSAT (Australia's communications satellite)
- Transport - rail, air. port and harbour authorities
- Energy - electrical
- Capital provision - banks, especially those aimed at agriculture, development
- Industrial assistance and development
- Water, irrigation
- Forestry, agriculture, fisheries
- Scientific and technological research
- Trade and export support
- Business support
- Labour and employment
- Urban and regional development

Many other forms of government expenditure have **positive economic outcomes**, eg:

- Health services mean healthier, more productive workers
- Affordable housing means less pressure on wages
- Legislation, public order and safety mean a more stable environment for business
- Town planning
- Adequate family income means people have a chance to develop their potential and to contribute more effectively to society
- Community services enable families to cope and hence to be productive
- Defence and foreign affairs

Many of these services cannot be provided by the private market because their benefit is widespread and cost recovery not possible from individuals. Others are best provided by the public sector because of the need to ensure equitable access to them eg. a private telecommunications system with full cost recovery for each service would lead to exorbitant prices for rural consumers. Many services fulfil social and not merely economic goals.

4. Taxation is necessary if the public sector is to fulfill its responsibilities in provision of services ensuring that all people in the community have their basic needs met (a matter of human rights) correcting the inequitable distribution of income and access to goods, services and resources which results when distribution is left to the private sector and market mechanisms. Taxation in Australia is moderate compared to other OECD countries; our taxation system is biased away from business taxes, at the expense of individuals.

Taxation is necessary if the government is to provide the range of services and achieve the goals set out in section 3. It is the means by which people contribute, according to their means, to the well-being of the whole community, through redistribution and the provision of goods and services.

When people argue about taxation, they are actually arguing about the level of responsibility they should accept for the community.

The government has a responsibility to protect the human rights of all Australians. This includes their economic, political and social rights. This requires the horizontal and vertical redistribution of income which is only possible through taxation.

Australia's overall taxation burden is not high. In 1985-6 total public sector receipts were 37% of GDP.[21] Taxation as a proportion of GDP has consistently been lower than the OECD average. However, Australia relies more heavily on personal income taxes than other countries, and less on corporate income tax, special social security taxes, or general consumption tax.[22]

Australian taxation is already biased away from company tax, at the expense of those who pay personal tax. In 1983 corporate income tax was equal to the OECD average. Since then, company tax has fallen as a proportion of total tax. Australia ranks third lowest on corporate taxes, compared to 10th lowest for personal taxes (including social security contributions).[23] Many companies pay way below the nominal figure for corporate income tax (49%) - some less than 1%.[24]

There has already been a massive shift in the taxation burden towards wage earners (particularly family units) and away from corporations and people who are rich. For example between 1966 and 1979 the percentage of income tax paid by non-salary and wage earners dropped by 43%.[25]

Further reductions in corporate and upper level personnel taxation would need to be recovered through other forms of taxation, most of which are regressive, i.e. they take a greater percentage of the income of those who arc poor. Regressive taxes defeat one of the major purposes of taxation, i.e. redistribution.

There thus seems to be little justification for reducing levels of company tax, in terms of overall levels. Nor is there much justification to be found for the argument that high levels of business taxation are the cause of low productive investment by business. Two of the main reasons for low level productive investment by business are:

- Investment in the financial sector has been more profitable than investment in the primary or industrial areas
- Increased stock exchange activity, including takeovers, has resulted in companies paying out more in increased dividends to attract shareholders, and in higher interest repayments, than in productive investment.

These factors have led to low productive investment, at a time when the economic conditions are favourable to investment according to many indicators, for example, company profit levels are relatively high, industrial relations are stable, and real wages have been falling.

There is, however, need for reform of company taxes to overcome problems such as unequal treatment of different industries and of different firms within particular industries,29 favourable treatment of debt which encourages excessive borrowing, massive takeover activity and extensive speculation in share, financial and property markets, and increase in Australia's foreign debt.27 Tax concessions should be tightly targeted.

5. The main reasons for lack of competitiveness in Australian industry lie within the management of industry, rather than in factors such as government spending and regulations.

Most people who attack Australia's industrial competitiveness do so on the grounds of high government taxation, unnecessary government regulations, high wages, low worker productivity and high levels of industrial dispute.

In 1987 a joint government-business committee and working group in Victoria published the report Increasing Australia's Competitiveness,[28] which drew on extensive private enterprise experience and management research. On the basis of those studies it challenges many of the false myths which are frequently expressed in the economic debate.

The myths which are challenged include claims that the roots of the problem lie in high government taxation, unnecessary government regulations, high wages, low worker productivity (usually interpreted as meaning employees are lazy or engage in “feather bedding” practices), and high levels of industrial dispute.

The IAC report (as this Victorian report will be referred to in the rest of this section) points out that there is no simple relationship between costs and competitiveness, and goes on to argue two key positions:

1. *That Australia's cost performance is not markedly inferior to that of other OECD countries, and therefore costs are not a major impediment to our international competitiveness.*
2. *Costs are not unavoidable givens - firms have the scope to respond to them in a variety of ways.*[29]

The IAC examination of the effect of management on competitiveness concluded that the lack of investment in technology, research and development and staff training were among the most important factors reducing the competitiveness of Australian industry in the international market.30

Costs

- *Australian real wages and exchange rate-adjusted nominal wages have, over the 1970-84 period, increased by somewhat less than most of our competitors. This point is especially true if the comparison is with Japan or South Korea, both of which saw significant wage rises in the period.*[31]

IAC notes that since 1983 there has been a marked fall in **real unit labour costs**, and that **on costs** (costs beyond wages eg workers compensation, holiday leave loadings, payroll tax, superannuation) form a relatively small part of total labour costs. The rate of growth in these costs does not seem to have been significantly greater than in other OECD countries.[32]

IAC concluded that the real cost of capital in Australia does not seem to have increased at a greater rate than in the US.[33]

Their examination of government regulations led to several conclusions. On the one hand IAC recommends some changes to regulation administration and legislation to reduce unnecessary costs and improve effectiveness. On the other hand, they pointed out that the alleged costs of business compliance with government regulations must be offset with the advantages some regulations confer, and that costs are often improperly calculated by ignoring the cost to business and community if government regulations did not exist. For example, meat exporters would have to develop a system of meat inspection in the absence of a government system.

IAC also recognised the necessity for pollution regulations. *While there is room for debate on the efficacy of particular measures, the general need for environmental protection will only become more apparent and more urgent over time and there may be considerable benefits to be gained in addressing the problems sooner rather than later.*[34]

Business Management

According to IAC, work practices are of less significance in limiting productivity than poor management skills.[35] Some of the points which highlight this are:

- Business perception of State interference, and of industrial relations, in Australia seem to be much more pessimistic than available evidence appears to warrant.[36]
- Australia ranked 20121 in 1984-6 in an OECD survey of "outward orientation" for goods, services, investment or other forms of international exchange.[37]
- The same survey found that Australian managers did particularly poorly in their ability to compete, or in business orientation. This refers to the responsibility of business management at the "micro-level", something that individual firms must take responsibility for. It cannot be blamed on general economic conditions.
- Australia in 1985 ranked 6th in an OECD survey of productivity per worker (the value added to a product during manufacturing, per employee working in manufacturing)

Our improvement in productivity is lower, only 10th, but IAC point out that this is largely because of the amount and type of capital which is employed, and the level of education, vocational training and managerial education and training.[38] In other words workers are being limited in their productivity by outmoded equipment, inadequate training and inadequate management practices.

- Australia spends relatively little in Research and Development; business financed research and development is particularly low relative to comparable OECD countries.[39]
- They conclude from the work of CEDA (Committee for the Economic Development of Australia), that the key reason for the poor competitiveness of Australian firms in the Pack area lies in the area of skills, and the importance of this is underestimated by many Australian firms.[40]
- They also cite an EMF (European Management Forum) survey, which ranked Australia 18th out of 22 OECD countries on the item "managers' sense of drive, responsibility and entrepreneurship.[41]
- Studies have also shown that there is a sharp difference between the outlook of Japanese and Australian managers. In contrast to Australian managers, Japanese managers see investment in technology and training as crucial to their competitiveness. They also see creativity and job satisfaction of staff as important, whereas Australian managers seem more interested in control (of processes, products and people), which means that work is made monotonous, de-motivating works and leading to a high turnover of staff and poor quality products.[42]

Conclusion

Thus the call by business to improve Australia's competitiveness by reducing wages and Government expenditure still further cannot be justified.

It is utterly inappropriate that poor people in Australia are expected to contribute to Australia's competitiveness by accepting inadequate social security payments, inadequately funded government services, or low wages while there remain crucial problems within industry itself in the form of poor management and lack of investment in equipment, training, and research and development.

6. Public sector expenditure is important to all aspects of the Australian economy, including the efficient operation of the private sector. There is no evidence to suggest that privatisation will lead to more cost effective industries or a healthier economy.

The paper already described how Government spending has a positive role to play in Australia's economy and has pointed out that the public sector is important to the equitable distribution of resources and access to services.

The public and private sectors of the economy are, in practice, inextricably linked and interdependent.43 For example, the public sector is a market for private sector goods and services. The public sector provides the infrastructure which enables the private sector to operate effectively. Cuts in many areas of the public spending would lead to problems for the private sector in the short and long term - e.g. adequate education and training expenditure is necessary for a skilled workforce.

For many years, outlays on government recurrent expenditure have been well within income. The deficit has been caused by capital outlays for infrastructure, on which a long term return can be expected. Such investment is a prerequisite for a strong economy. Without public sector investment, industry in the long term will suffer from inadequate infrastructure, to the detriment of the whole economy.44

There is evidence from overseas and within Australia that many of the services provided by the public sector can be provided by it efficiently and effectively, provided there is an adequate capital base, and that private enterprise is unlikely to provide it more efficiently.45 While some public enterprises may need internal reorganisation and change, this is not in itself an argument for privatisation.

The private sector currently has high levels of borrowing which are used mainly for investment in financial assets rather than productive assets. Under these circumstances, no credence can be given to the claim that public sector borrowing is the cause of low investment by the private sector in productive investment (i.e. that public sector borrowing crowds out private sector borrowing).

The current high level of private investment in financial speculation uses borrowings in a way which does not increase industrial competitiveness, productivity or employment. Stagnation of the economy is much more likely to be the result of this unproductive private investment than the result of public spending on services and redistribution. Financial speculation leads to asset inflation. This artificial stimulation, as the October 1987 crash indicates, endangers Australia's and the world's economies, since there is inevitably a need for "correction".

Questions raised by the privatisation debate include:

- Is there any difference between public sector borrowing for an enterprise, and private borrowing for the same enterprise?
- What will be the effects of privatisation of services eg what will happen to workers pay and conditions? Can the private sector maintain lower costs over a significant period, without cutting worker conditions or level of service?
- Where public sector enterprises are profitable, why should they be sold, allowing a limited number of individuals to benefit rather than the whole population?
- When enterprises are privately owned, how can social goals, such as provision of telecommunications for all Australians at affordable prices, be achieved?
- Who should make the decisions about services which are essential to the well-being of society? To what extent should such decisions be determined by the overriding goal of profit?

7. For Christians, the question of economic justice is the question of how we respond to God's free gifts.

God has shown love for all people in three special events of revelation - the creation of the world, the exodus of Israel out of Egypt, and the life and death of Jesus Christ.

God created a world which was good, and which contained all that was necessary for life to be self-sustaining. God provided humankind with a world of richly diverse physical forms and climates, a world of fresh air, water, sunshine, a world of varied ecosystems and forms of life.

God continues to show love towards us by maintaining the world. Even with the high population level of 1988, there was enough food produced to feed the entire world's people, and enough resources to provide shelter and clothing.

The world is God's gracious gift to humankind, for sustenance and enjoyment, but also for stewardship and responsibility. Bringing forth the fruit of the land is a cooperative work of humankind and God.

Because the world is God's gift, not our creation, all people have an equal right to share in what it provides, and to contribute to its stewardship. While the size of the world's population means that stewardship and production both need to be organised, the test of that organisation is whether people all have an equitable share in what God provides. Any system which excludes some people from enjoying God's gift to all people is an inadequate and unjust system; indeed, from the viewpoint of a Christian theology of creation, it is a heretical and sinful system, denying both the Creator and the Creator's gift.

Christians need to be wary, therefore, of phrases such as "wealth creation". Humankind does not create the natural world, which is, in itself, wealth, nor the raw materials within it which are necessary for production of food and goods. Neither does the human race create its own intellect, creativity and ingenuity. We have the capacity to use the human abilities that God gives us, but we do not create those abilities, or the time given to us to use them.

God's love for all people is clearly shown in Jesus Christ. Christ died for all people - that is, God loves, forgives, and accepts all people without distinction. Christ died for us as sinners - all human beings are dependent on the grace of God, that is, the love and forgiveness which God gives freely to us, and which we cannot earn. Our lives are God's gift in Jesus Christ - not something we earn, or something God should reward us for.

In the Old Testament, God's great act of salvation was the Exodus - the rescue from Egypt, God's provision in the wilderness, and the granting of a place in the world to people who had no place. In response to that act of salvation the people of Israel ordered their life in particular ways which were based on their belief in the God of rescue, the God of grace. Similarly, in the New Testament, the early church sought to order itself in a way which reflected its understanding of God's grace shown to them in Jesus Christ

In both cases, the people of God believed that the life they lived could be different because of what God had done for them. What they had experienced of the grace of God elicited in them a response of grace in the way they organised the life of their community.

In drawing on these traditions, we recognise that we experience the same grace of the same God, and that we too are offered the opportunity to live in response to that grace.

Further, we believe that the Messiah, the Christ, has come. The new age of justice and peace to which the Old Testament points has begun, although it is not yet here in its fullness. We rejoice in the possibility of living by grace, justice and peace, and commit ourselves to discovering how to do that in our age and place, in the light of the Scriptural and theological traditions we have received.

8. Genuine wealth is not defined in monetary terms, but as those things which contribute to the well-being of humankind.

In order to discuss economic justice we need to think about the nature of wealth. It is unfortunate that the older meaning of the term, as that which brings wellbeing, has been replaced by the idea of wealth as financial assets, or wealth as the surplus above the average means of subsistence (affluence, valuable property, etc). Such narrow definitions mean that the wide variety of wealth which contributes to the wellbeing of people is ignored, with the result that the genuine wealth of the human race is placed at risk by the narrow focus of objectives to increase monetary wealth and financial control.

Genuine wealth takes the following forms:

1. **Material wealth** - the satisfaction of basic human needs - food, housing, sanitation, education, health care. (This is expanded in section 10)

2. **Technological/instrumental wealth**

   a. The knowledge and skills which enable material wealth to be provided - the expertise of agricultural knowledge, engineering, medicine, and the skills which translate that knowledge into practice

   b. Labour

   c. The physical machinery which comes from some of this knowledge and labour, and which is the means of providing goods and services (i.e. industrial plant, computer systems, transport vehicles etc).

3. **Resource wealth** - the raw materials which are used to provide material wealth -for example, land, sea, air, water, fossil fuels, ores, wood, sand, seed.

4. **Intellectual wealth** - the knowledge and wisdom which humankind has accumulated through the millennia, and has preserved and developed through such means as scholarly pursuit, communal discussion, literature, the arts, and community arts/stories . The wisdom by which a society and individuals are able to reflect on their life and values.

5. **Spiritual wealth** - personal and community spirituality, religions, and in some cases literature, the arts and community arts/stories etc. The ways in which human beings move beyond themselves to contact with the transcendent.

   Intellectual and spiritual wealth is often interconnected, since both involve awareness and reflection.

6. **Natural/ecological wealth** - the world as it is without human activity - its physical form, its plant and animal life, its ecosystems and gene pools. The world which we may modify, but which we did not create and cannot re-create. The world which is air, water, sunshine, land and life., the universe. This wealth is highly vulnerable to destruction when we reduce it to resources to be used, instead of seeing it as a gift in its own right, to be valued, to be understood as an integrated whole, and to be tended lovingly.

7. **Social wealth** - relationships (families, communities, races, nations, international relationships) customs, laws, human rights, language, traditions. Our relationships with people and the things which bind us together.

8. **Political wealth**, i.e. power - participation in decision-making on matters which affect any or all other forms of wealth. Our capacity and right to make decisions and to organise. This form of wealth is often accumulated by institutions in ways which deprive individuals of their person right to make decisions.

9. **Variety** - diversity of life in all its forms; diversity of human beings - individuals, cultures

10. **Creativity** - that which enables human beings to take the other forms of wealth and develop them in new ways.

11. **Time** (leisure and work) - the opportunity to utilise and enjoy the other forms of wealth.

    Some of these forms of wealth are obviously the gift of God - natural wealth, resources wealth, the human creativity, intellect and ingenuity which underlie technological wealth and intellectual wealth, and the time that we are given to participate in life. Social wealth, spiritual wealth, and political wealth, also stem from our being made in the image of God.

Some forms of wealth are best described as the result of human development of what God gives to us. We do not create, for example, our human intellect, but our intellectual wealth does come from what people have developed by scholarship and community reflection.

These forms of wealth are an outworking of God's creative activity in cooperation with human activity - in most cases communal activity. Individuals may make important contributions to these forms of wealth, but none operate in a vacuum, without drawing on the wealth of the community in order to make their contribution. Science and technology, for example, require that particular researchers build upon the ideas of those who have gone before or who work alongside them.

It is unfortunate that in recent times the meaning of "wealth" has been reduced from these genuine forms of wealth to "money". Money is not genuine wealth but a means of organising access to some forms of genuine wealth, in particular, to resources wealth, technical wealth, and material wealth, as well as to luxury goods and services. It is a means of organising ourselves which, at its best, takes account of the interdependence of people who may be distant from one another by providing a medium of exchange.

Money has no value in its own right. Countries with the highest GDP per capita are not necessarily those countries with the greatest amounts of genuine wealth, or the highest standard of living. Economic management needs to be evaluated in terms of efficiency in achieving proper social goals - the satisfaction of people's basic human needs with least destruction of those forms of wealth utilised in production of goods and services, and with maximum resources left for generation of other forms of genuine wealth - including intellectual, spiritual, social and political wealth.

9. There are a variety of ways in which people contribute to society. Production is a communal activity.

Goods and services depend primarily on those who do the actual work of growing crops, sewing clothes, building houses or furniture, laying pipes or roads and so on. These people are the ones who are crucial to society. This physical labour, skilled and unskilled, should therefore be highly valued.

In our society, and increasingly in the world as a whole, the production of goods and services depends on people to

- Design the product
- Design the machinery which helps produce the product
- Organise people to make the product, do the service etc.
- Distribute the product to points of sale
- Sell the product
- Provide product information
- Organise the capital to set up the production
- Supply the capital to set up the production
- Organise the interaction of all these tasks
- Help people develop the knowledge and skills they need to perform these tasks.

Thus people doing a wide variety of tasks contribute to the genuine material wealth of society. But none of these people can function alone. Designers need people to make what they design, and capital for the machinery. The person with capital needs all the other people for the enterprise to succeed. Since all are interdependent, all should be highly valued. It is an absurdity, a denial of interdependence, to accept that people who contribute to one part of the process should gain enormous rewards, while those who contribute to another part should gain only the bare necessities of life. Moreover, we seem to have little concept as a society of our joint stewardship/ ownership of the resources which are used in the production process, which means that the monetary benefits from using those materials should flow to all people, not just to those who control part of the utilisation process, such as arranging the finance and planning the venture.

On the other hand, those who contribute to the production of goods and services are not the only people who contribute to society's wealth, since the other forms of wealth are equally crucial to human life. Those who contribute to our intellectual, spiritual, or social wealth keep us human rather than animal. They equally deserve to share in the material wealth society produces.

In substituting monetary wealth for genuine wealth in our thinking money-making has become an end in itself, and a means of access to forms of wealth that should be kept quite separate from monetary considerations. For example, access to air, water and sunshine should not be controlled by money. Yet in many of our cities this is the case - for example, people with money can, by virtue of supplying the money to "develop" a building site, control the access of other people to sunshine and air. Those with money can control access of others to the goods and services necessary to satisfy even the most basic human needs, and in the name of profit deprive people of the right to fulfil those needs.

10. Genuine material wealth is neither money, nor luxurious goods and services. Humankind will be genuinely materially wealthy when everyone has access to the following goods and services at the level required to satisfy basic human needs.

- Enough food, of appropriate composition and quality for people to satisfy essential daily requirements of energy, protein, vitamins etc. (Excess food, leading to degenerative diseases, should be defined as destroying genuine wealth)
- Adequate housing appropriate to the household size, type and customary living style (i.e. lifestyles of different tribal and racial groups) and to the climate. It should provide the basic facilities needed for cooking, sleeping, maintaining proper relationships, and, where there are children, for studying and playing
- Sanitation and clean water within the immediate proximity of the house
- Education which enables one to:
  - a. become literate and numerate to a functional level, and to communicate effectively what one thinks or feels;
  - b. acquire the knowledge and skills necessary to function in daily commerce and society;
  - c. develop one's capacity to think, i.e. to evaluate facts and ideas, and to challenge false myths and propaganda;
  - d. develop one's creativity;
  - e. understand and participate in one's culture;
  - f. develop wisdom
- Basic health care:
  - a. Adequate diet appropriate to the physical needs of the person adequate sanitation, clean water;
  - b. Access to the medication and hospital care required to treat ordinary illnesses and injuries (mass-produced medicines, simple surgical

procedures, etc);

c. Preventative health programs - education; elimination of health threatening problems, e.g. trachoma.

d. Adequate work, leisure and recreation;

e. Dental care.

- Appropriate help with basic personal and household chores when elderly, sick or disabled.
- Appropriate care and protection while a child.
- The basic transport and communication resources necessary to participate in society and have access to the other requirements listed here.
- Work which contributes to the genuine wealth of society.

11. Access to genuine wealth cannot be restricted to a privileged section of society, for such wealth is a gift from God.

Australia has the capacity to satisfy the basic human needs of its entire people. In addition to that it is rich in other forms of wealth. However, there is an increasing tendency to substitute the quest for monetary wealth, as measured by the GDP and company profits, for developing genuine wealth. The quest for higher profits and higher growth is allowed to siphon off resources which should enable everyone better access to genuine wealth. We pretend that if we circulate more money through parts of the system such as the share market then we have somehow created wealth.

That this is the case is evident from the share market crash of October 1987. No genuine material wealth was destroyed - the resources, the labour, the technical know-how, the distribution net-works continued intact - yet huge amounts of "wealth" were said to have been wiped out. Natural wealth, intellectual wealth, social wealth, variety, creativity and time all continued to exist.

Access to genuine wealth cannot be justly restricted to a privileged section of society. Accumulation of money is not an appropriate criterion for the use of and access to God-given genuine wealth, nor does it appropriately entitle one to destroy any form of that wealth. Yet we allow people with money to destroy community wealth.

The only legitimate test which can be applied is that people should be willing to contribute, to the extent of their abilities, to society's genuine wealth. People who are unable to contribute are also entitled to share in society's wealth. Society has the reciprocal responsibility of providing people with the opportunity to contribute in some way to society's genuine wealth. People should have the opportunity to contribute to all forms of wealth, although there is a need to ensure that basic human needs are met and that all contribute to this task in some way.

There is a tendency to think that the provision of any goods and services is an absolute priority over contribution to other forms of wealth. Three are people who would reduce universities to teaching in technical and business-related areas, as if intellectual wealth through the humanities was less significant to the health, and wealth, of the nation. There are people who denigrate community workers, although it is these people who help to keep intact social wealth when it is under pressure, and at risk of being destroyed by the way our society functions because of its focus on monetary wealth. Many of our poets, writers, actors, dancers, musicians, who contribute to our intellectual and spiritual wealth, are little valued by society

Our society seems to penalise those who are unable to contribute economically. People with physical, intellectual or emotional disabilities are expected to live on low incomes, and are often denied access to the richness of life the rest of society is allowed to enjoy. Yet God's gifts are for them also.

Our society seems to value those who would destroy irreplaceable natural wealth over those who work hard to preserve it. The only justification for utilizing natural wealth/resources is in the meeting of basic human need. Decisions about such use belong to all people, not just to those who have money, since it is the wealth of the human race which is at stake.

12. If we compare the current situation with the principles which prevail in the Biblical tradition, our current practices are called into question.[46]

In the Torah, the basic teaching and legal traditions of the ancient Israelites, we find that they recognised that the land, which was the basis of their livelihood and the means of production, was a gift from God given to all their families. Once they had their land, it was, of course, up to them to work it, but the work went into generating their own family's wealth, ie providing for their family's need, not into enabling someone else to accumulate greater wealth.

The right to a share in the nation's wealth was the basic right of the Israelite. So important was it that the law protected future generations from unwise, lazy or unfortunate ancestors who might lose the land, by protecting the land from sale and only allowing a limited number of crops to be sold before the land was returned to the family.

This is what is called patterned distributive justice. That is, the idea of just distribution is defined by outcome rather than merely the initial procedure of distribution. Every family in every generation, with at worst a few years gap, is to have its share in the nation's land-wealth. This is the Biblical view of economic justice. It stands in stark contrast to the extremes of wealth and poverty outlined in section 1 of this paper.

The Israelites recognised that even such a just system would have its failings. So they included in their laws the rights of people in poverty. The poor were not to be dependent on the unpredictable charity of those with accumulated wealth. Israel was down to earth, and recognised the need to have clearly stated rights of the poor and responsibilities of the rich towards the poor.

Rights of the poor amounted to the right to food (gleanings, eating in the field, tithes), and to finance (food on credit, loans without pledge, if necessary, and without interest). They had the right to remission of debt and remission of slavery. The wage system took account of their economic realities, and there were certain working conditions specified. They had protection against unscrupulous merchants and equal access to the legal system.

These rights ensured a basic standard of living for the poor. That is, the laws regulated the economic system on behalf of the poor and the vulnerable. This came both from their understanding of who God is - the God of grace who rescues people - and from their realism - that if it was not included in the law then it would not happen. The Israelites knew they could be a stubborn and rebellious people, and that wealthy people are not automatically just or caring; they need to be told their responsibilities. The poor need legal backing if their rights are to be recognised.

Thus the role of good government was to ensure justice, including economic justice for all citizens, and to protect the rights of the poor, who are the most vulnerable to injustice.

These laws meant that the wealth of the nation was to be shared by the people. It could not be concentrated in the hands of a few people. The testimony of both the Pentateuch and the Book of Ruth is that the grace of God could be translated into the way a society ordered itself. Whether or not Israel ever fully lived up to its ideals, the people did recognise the alternative society and economy which is the most faithful response of people who live by grace.

The testimony of the prophets is that when distributive justice was rejected, exploitation, extreme poverty and the breakdown of society were the result. When some people became very rich, other people became very poor. The prophets called Israel back to the recognition that their wealth - land and fertility - came from God and was dependent on God. Israel never understood this to mean that human effort was unnecessary - it was rather a recognition that human effort alone did not create wealth, and that the pursuit of wealth by some could reduce other people to poverty.

In the New Testament, the ministry of Jesus is seen as the establishment of a community which seeks to live according to these principles. This is particularly clear in Luke and Acts.

Luke expresses his understanding of the ministry of Jesus in Mary's song, his version of the beatitudes, and the parables. The actual ministry is a series of acts which bring into being a new community, based on an alternative understanding of society to that which prevailed at the time. In this new community, those who were considered unclean, dangerous, sinful or irreligious and those who were poor, were able to satisfy their needs.

Jesus himself was one whose work was not recognised by society - indeed, it was such a threat to society that it led to crucifixion. He lived in dependence on others for his material needs. His dependence led others to share - whether it be the women who accompanied him and provided for him, or Zaccheus who gave half his wealth to the poor. The image of the kingdom he used was the feast at which all are welcome, where poverty or disability is no longer an excuse for exclusion.

In Acts, the early church is described as embodying the Old Testament vision and the renewed understanding of what it means to be the people of God . It became a community in which wealth was shared and the needs of all were met, without concepts of ownership, status or power deciding economic distribution. In the power of the Holy Spirit, the Christian community established an alternative socio-economic system. People were no longer rich or poor. Property was no longer for the owner's private use, but for the benefit of those in need. This was the power of the resurrection.

The church in Luke's day was small and had no power to change the socio-economic order of the world beyond itself. But what the early Christians could change, they did. Their way of life, their relationships and their use of money reflected the nature of the Kingdom of God which had drawn near in Jesus.

13. The Uniting Church has a role to play in the economic debate, in helping society reflect on the nature of genuine wealth, especially the gift of the world and the communal nature of so much of the wealth which enriches human life.

The Uniting Church is committed to listening to the biblical witness to God's love and grace, and responding in discipleship. We celebrate the wonder of the gift of this world and all that is in it, and the gift of the human race with all its potential. We recognise that our human, political and economic structures are different from those in Biblical times; and, that ancient practical solutions to problems of wealth distribution and the meeting of human need will not be practical solutions today. Nevertheless, our discipleship involves seeking practical ways in our own day of implementing our understanding of economic justice as patterned distributive justice, and challenging patterns of wealth and monetary distribution which restrict enjoyment of the genuine wealth which God has given or humankind has developed in community wealth and monetary distribution which restrict enjoyment of the genuine wealth which God has given or humankind has developed in community.

The church is entitled to contribute to the debate about the nature of society and how it should be organised. In doing so, we recognise that we do not live in a theocracy.47 In a democracy the church cannot and should not impose its interpretation of God's will on the nation. Nevertheless, we may remind society of the wealth which none of us has created, and that all of us, Christian or not, receive by gift. We may remind society of the communal nature of all human endeavour, including production. We may remind society of those forms of wealth on which we can place no economic value, because they are beyond price in enriching human life, and also remind society of the vulnerability of those forms of wealth when narrow economic goals become the guide to how life will be organised. Our understanding of these matters is illuminated by the Bible, but is an interpretation of reality which can also stand in its own right.

We have the right to challenge those people who claim their own contribution to society is worth so much more than that of other people, and those who would deprive the human race, or this nation, of its sense of equity and compassion.

Our right to be heard is not a divine right, but a human right - the right to contribute to decision making in a democracy. We oppose the notion that the shape of society and the distribution of wealth within it should be the province of a small group of "experts", whether public servants, economists, politicians, or controllers of large corporations.

Conclusion

This paper has:

- Looked at the inequitable distribution of wealth, and the way government spending functions to redistribute wealth and access to Australia's resources, increases the infra-structure necessary for the economy to function effectively and fulfils social goals.
- Challenged the view that Australia's level of overseas debt and industry's problem of export competitiveness are primarily the fault of the level of taxation and government spending
- Looked at the wealth which is given to the whole human race, and the way other forms of wealth are developed by people in cooperation;
- Seen production as a cooperative activity
- Looked at the Biblical material which suggests that for the Christian, economic justice is a matter of equity in the distribution of wealth, and that working for such a distribution is the Christian response to the work of Jesus Christ

In doing so, the Assembly Social Responsibility and Justice Committee has sought to contribute to the current economic debate in Australia, by arguing that the debate needs to look at questions of how to responsibly preserve, develop, utilise and distribute all forms of genuine wealth for the benefit of all.

Resolutions of the 1988 Assembly

88.22.11

a. To commend the paper Economic Justice - the equitable distribution of genuine wealth to all members of the Uniting Church for study.

b. To request Synods, Presbyteries and Parishes to offer responses to the Commission for Mission which would assist it in ongoing involvement in the debate about economic justice in Australia.

88.22.12

To call upon all members of the Uniting Church to work together for the elimination of poverty through a more equitable distribution of wealth, including access to services and resources.

88.22.13

To request Australian Government and state governments to adopt social justice policies and strategies which

a. Ensure the protection, development and equitable distribution of Australia's true wealth, giving serious consideration to the issues raised in the report Economic Justice - the equitable distribution of genuine wealth;

b. Discourage business development and government programs which maximise profits at the expense of such wealth;

c. Recognise that privatisation is not simply a matter of current budgetary decisions, but an issue of government responsibility for ensuring accessible services and equitable distribution of and access to wealth, and involving serious questions about the role of government in influencing the shape of Australian society.

d. Reform the taxation system in ways which ensure that taxation becomes a means of redistributing income and wealth so that all people gain a more equitable share, and so that those on lower incomes do not bear a disproportionate percentage of the taxation burden.

Notes

1. Mark Lyons, director of ACOSS at the Fair Share public meeting in Bendigo, 19/9/87. See also Phil Raskall "Wealth: Who's got it? Who needs it?" in Australian Society May 1987.
2. Australian Council of Social Services and Administrative Clerical Officers Association, et al Privatisation: How it affects you. 1988, using figures from Smeeding, T., Tony B. and Rein M. Patterns of income and poverty: the economic status of the young and old in eight countries. Sloan Foundation Conference on Aged and Children in the United States. 1987.
3. Peter Saunders and Peter Whiteford, Social Welfare Research Centre, cited by Lynne Holroyd The Age 8/4/88
4. Bettina Cass Issues Paper 4: Income support for the Unemployed Social security Review 1988
5. Mark Lyons Director of ACOSS. Speech at Bendigo 19,9/87. Figures provided in Australian Society May 1987 taken from Business Review Weekly, indicate that in 1986 the wealth of the top 118 people increased by 250%, while overall wealth increased by 20%.
6. Bob Connell, Professor of Sociology, Macquarie University, in Sydney Morning Herald 15/1/87
7. Figures cited in this section come from Julian Cribb, The Australian 12/4/88. Figures for median income of electors come from the 1986 Commonwealth Census. Figures for income over the last throe years from the Bureau of Agricultural and Resource Economics.
8. Figures for net foreign debt and cost of servicing as percentage of exports come from Indecs Economics: State of Play 5, Allen and Unwin, Sydney 1988
9. Comparative figures in this and previous paragraph come from Sydney Morning Herald 8/8/87
10. ACOSS, ACOA et al, Privatisation: how it affects you; Sydney
1988
11. J Nevile in House of Reps Standing Committee on Transport Communications and Infrastructure. He also points out: Even if public sector borrowing did crowd out private borrowing completely, which it does not, the net effect of substituting public borrowing for private borrowing would be to increase capital formation in Australia. p 219
12. The figures have been rounded to the nearest 100 million, based on figures in: Minister for Finance, Press Release : Commonwealth Budget Outcome 1986-7.31/7/1987. The budget deficit was approximately half that of 1985-6, and the overseas borrowing to finance the deficit was about 57% of the 1985-6 figure.
13. ACOSS, ACOA et al Privatisation: how it affects you. 1988 Figure 3: Australia's external debt as a percentage of GDP 1980-7 (Source: Treasury Roundup). House of Representatives Standing Committee on Transport, Communications and Infrastructure, Constructing and Restructuring Australia's public infrastructure, AGPS 1987. Figure 5.2 "Taxation and public spending in selected OECD countries. (Source: OECD Economic Studies 4/1985)
14. ACOSS, ACOA et al Privatisation: how it affects you. 1988 Figure 4: Interest on public sector debt as per cent of GDP 1984. (Source: J Nevile 1987).
15. Minister of Finance, Press release: Commonwealth Budget Outcome 1986-7; 31/7/87 Attachment B,A.
16. ACOSS, ACOA Figure 5 Expenditure, Revenue and deficit as percentage of gross domestic produce, (Source OECD Economic Studies 4/1985)
17. House of Representatives Standing committee on Transport Communication and Infrastructure. op cit page 78,87 and John Nevile's paper in the report. See especially Figure 6.1 page 81.
18. Ibid p 88
19. J, Nevile in House of Representatives Standing Committee on Transport, Communications and Infrastructure: Constructing and Restructuring Australia's Public Infrastructure AGPS 1987
(Table 3.)
20. EPAC "Size of Government and Economic Performance, cited in Dept of Industry, Technology and Resources Increasing Australia's Competitiveness Victoria 1987
Figure 18: "Missing Link" in Shane Tregillis and Andrea Shaw: The role of the public sector in Australia's economy and society Summary report ACTU 1987
21. Shane Tregillis and Andrea Shaw. The role of the public sector in Australia's economy and society. Summary report. ACTU 1987 Table 4 page 17.
22. Tregillis and Shaw, (figure 15)
23. Department of Industry, Technology and Resources, Increasing Australia's competitiveness: Victoria 1987. Subsequent footnotes will refer to this report as IAC it is worth noting that this report was prepared by a joint Government - Business Steering Committee, assisted by a working group, and that the membership of the committee included a number of business people such as JD Elliot (Elders IXL), IN Ferres (National Mutual Life), HM Morgan (Western Mining), and CR Ward Ambler (McPhersuns),
24. Colleen Ryan "Why we desperately need the Govt's tax review" in Sydney Morning Herald, 31/10/87.
25. Russell Matthews, leading Australian tax expert. Sydney Morning Herald
26. IAC page 53
27. Us Fell: "Tax Reform: ACOSS takes the running" in Austra¬lian Society, February 1988
28. See footnote 3
29. IAC page 43
30. LAC Chapter 6
31. IAC page 48
32. IAC pages 48,49,51.
33. IAC p 52
34. IAC page 61
35 IAC page 81
36 IAC page 35
37. IAC page 35
38. IAC page 49
39. IAC Pages 72ff, See especially Figure 6.1 and Table 6.1
40. IAC page 70
41. IAC page 71
42. IAC pages 76,77
43. Hugh Stretton Political Essays, Georgian House Melbourne, 1987.
J. Nevile "The macro-economic effects of public investment" in House of Representatives Standing Committee an Transport, Communications and Infrastructure, Constructing and restructuring Australia's Public Infrastructure, AGPS 1987
44. J. Nevile in House of Representatives, op cit.
45. Hans Englebert, Public Servants International speech at conference: The Public Sector, privatisation and Social Justice
46. The following material is a summary of material in Ann Wansbrough Give us this day our daily bread, a discussion booklet on the statement on economic justice, poor people and the Gospel received by the 1985 Assembly. Assembly Social Responsibility and Justice Committee, Sydney 1986.
47. The nation of Israel in both the Old Testament and the New Testament period considered itself ruled by God, rather than by human heads of state. In the period when Israel had kings, the kings were understood to be representatives of God the King. Hence the idea of the "Kingdom of God".

Published by: Assembly Social Responsibility and Justice Committee
Uniting Church in Australia,
PO Box E266, St. James, NSW 2000

ISBN 0 9588946 5 5