

# Accelerating concentration of wealth in Australia

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29 January 2018

Social inequality in Australia, which is already higher than in many other developed countries, worsened markedly in 2016–17, according to data presented by the charity Oxfam last week.

In particular, the statistics compiled by Oxfam in its latest Australian factsheet, titled “Growing gulf between work and wealth,” show an accelerating concentration of wealth in the hands of billionaires at the expense of workers.

The number of Australian billionaires more than doubled over the past decade, from 14 in 2008 to 33 in 2017, with a corresponding rise in their total fortunes of almost 140 percent to \$115.4 billion.

This vast transfer of wealth has intensified since the global financial crisis of 2008. Of the 19 new billionaires created over the decade, eight were added in the past year alone.

Based on the *Forbes* global billionaires list, Oxfam reported: “Last year saw the largest annual increase in the number of Australian billionaires and billionaire wealth since the start of this century—with an extra eight Australian billionaires and an increase in total billionaire wealth in Australia of about \$38 billion.”

Oxfam calculated that this single year’s increase in wealth was enough to pay for more than half of Australia’s annual federal public health spending of \$71 billion in 2016–17. This comparison provides only a limited picture of the ongoing underlying redistribution of wealth, gouged out of the destruction of the jobs, wages, conditions and basic services of the working class.

The growth of social polarisation is a global phenomenon. Oxfam’s latest annual world report on inequality showed the largest increase in the number of billionaire’s internationally in history. The number of dollar billionaires rose to 2,043, with a new billionaire

created every two days. Nearly all global wealth growth in 2017—82 percent—went to the top 1 percent, while the bottom half of the world’s population, some 3.8 billion people, saw nothing at all.

According to Credit Suisse data cited by Oxfam, the share of wealth concentrated in the hands of Australia’s top 1 percent grew to 22.9 percent in 2017—up from 22 percent in 2016. As was the case in 2016, the richest 1 percent continued to own more wealth than the poorest 70 percent of Australian residents combined.

Oxfam stated: “Wealth inequality in Australia has been on the rise over the past two decades, with the gulf between the amount of wealth held by the top 1 percent and the bottom 50 percent now the greatest at any time over this period.” The wealth proportion held by the top 1 percent rose from around 20 percent in 2000 to near 23 percent in 2017, while the share held by the poorest 50 percent fell from almost 12 percent to 8.5 percent.

The poorest 40 percent of society—nearly 10 million people—now has only 4.4 percent of the wealth. They confront daily battles to make ends meet, with levels of personal debt soaring to unprecedented heights. The ratio of household debt to income more than doubled between 1995 and 2015, going from 104 percent to 212 percent, according to the Organisation for Economic Co-operation and Development (OECD) statistics released in 2015. Most of this is mortgage and credit card debt.

At the top, the wealth figures are almost certainly an underestimate because of the many difficulties in tracking the true scale of the fortunes assembled by the financial elite. Not least is the camouflaging of assets for tax evasion purposes, highlighted by the “Panama” and “Paradise” papers of 2016 and 2017, which located thousands of billions of dollars secreted away in tax havens.

Oxfam reported that income inequality in Australia

had also climbed, to be higher than at any time before the 2008 breakdown. Australia's income inequality compared poorly to other OECD member countries. The latest OECD data showed that Australia's Gini coefficient was 0.33 in 2014, ranking the 13th most unequal out of the 35 OECD countries. (The Gini coefficient is an internationally recognised measure of income inequality, where zero indicates perfect equality and 1 indicates total inequality in which one person acquires all the income.)

Over the past six years, under successive Labor and Liberal-National governments, Australian wage levels and average living standards have fallen in real terms, compared to inflation. In effect, the billionaires have profited from the systemic suppression of working class struggles.

Oxfam's Australian wealth distribution data also points to another social fracture—a growing divide between the richest 1 percent and the rest of the top 10 percent. Of the 52.3 percent of total wealth held by the most affluent 10 percent, 22.9 percent was owned by the top 1 percent, leaving 29.4 percent for the remaining 9 percent.

This divergence exceeds that noted in a groundbreaking 2016 report, which found that the wealthiest 1 percent had amassed 20 percent of total wealth, leaving 33 percent for the following 9 percent. On average, those in the top 1 percent enjoyed wealth nearly 6 times greater than those in the next 9 percent. That differential has now blown out to 9 times.

So, while the top 10 percent have access to wealth, property, privilege and political power that place them in a totally different realm to the vast majority of the Australian population, the highest 1 percent have fortunes and lifestyles that most of the rest of the top 10 percent can only dream of and aspire to.

The data assembled by Oxfam reveals a third social fault line. The redistribution of wealth up the social ladder has squeezed the “middle” strata between the top 10 percent and bottom 40 percent. Many in those layers, which generally were better-off during the post-World War II period, are also living in financial stress, as reflected in rising household debts levels.

In its report, Oxfam noted that the social polarisation is part of global divide. It said a CEO in a top fashion company in Australia could earn up to \$2,500 per hour, while a garment worker in Bangladesh, where many

fashion items are made, earned as little as \$0.39 per hour. Garment workers earning the minimum wage in Bangladesh would have to work more than 10,000 years to make the same amount as the CEO took home in one year.

Oxfam's fact sheet concluded that “a broken economic system” was “concentrating ever more wealth into the hands of the rich and powerful, while ordinary working people are not always able to scrape by.” However, it appealed to governments and corporations—the very same ones that have driven the process—to “tackle the key drivers of inequality.”

In reality, the ever-increasing transfer of wealth into so few hands to the detriment of the billions who toil every day to generate that wealth demonstrates the need to abolish capitalism, not to issue futile appeals to fix the “broken economic system.”



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