Economic Wealth and Political Power in Australia, 1788-2010

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Although Australia is sometimes regarded as an egalitarian society, evidence shows that inequalities in the distribution of wealth are pronounced. We note in the historiography of this economic inequality that it has featured so little in Australian social history. Our argument is that economic historians should detail the relationship between economic wealth and political power within Australia to tease out the implications of inequality over the ability of the Australian state to govern from the beginning of European settlement. Drawing on various sources of data, we examine who the wealthy are and how they generate, accumulate and maintain their wealth to provide an insight into the political power associated with economic wealth.

Australian Bureau of Statistics data shows that in 2009/10 the wealthiest 20 percent of Australian households owned 62 percent of total household wealth whereas the poorest 20 percent owned just one percent total household wealth.¹ The average wealth of those in the lowest quintile (the poorest 20 percent) was just under \$32,000 and the average wealth of those in the highest quintile (the wealthiest 20 percent) was \$2.2 million.² One reason for examining levels of wealth inequality is that the wealthy are able to convert their economic power into political power, allowing them to influence governments to pursue policies which allow them to maintain their wealth.³

This examination of the wealth of the wealthiest individuals within Australia since the beginning of European settlement shows that the fortunes of the wealthiest Australians mirror the wealth of the nation more generally. In the earliest period before 1850, 28 percent of the colony's wealthiest individuals were former convicts. During the second period, 1850-99, the wealthy were predominantly squatters – free settlers on large tracts of crown land. Between 1900 and 1974, the wealthy were most often industrialists operating in a protected economy. In the later period, 1975 to 2010, the wealthiest Australians held diverse interests, predominantly in the media, property development and mining.

Why write historically about the wealthy and powerful? Because the wealthy and the powerful have either paid for or created the ideological infrastructure in which historiography or history gets written.⁴ We want to be part of the reverse trend – to continue writing with a social history bent but not as an act of 'grovelling apology or act of self-abasement and self-laceration'⁵ rather in the tradition of social history⁶ with an important difference. This difference is found in our argument that economic historians need to feed information to the poor from the rich not the other way around. Therefore we continue to write within the small but rich Australian tradition of political economic history.⁷

From the outset, wealth creation has been tied to the developing colonial, and subsequently, Australian state. Initially, the wealthy were those who bought, sold and controlled goods, services and labour on behalf of investors in the European

core – the comprador capitalists.⁸ More recently, wealth creation has been tied to developing Australia's vast reserves of mineral resources and property development. In this paper, we examine the sources of wealth of the wealthiest Australians; the relationship between source of wealth and Gross Domestic Product (GDP); and the relationship between wealth and power in the Australian state. We define wealth as the value of marketable assets less the value of debts. We convert the value of the wealth holdings of individuals to 2010 values using the Consumer Price Indexes supplied by the Australian Bureau of Statistics (ABS).⁹

Data

Data on the wealth holdings of Australians have not been collected on a regular basis, therefore, we draw on data from a number of sources:¹⁰

- *All-Time Australian 200 Rich List: From Samuel Terry 'The Convict Rothschild' to Kerry Packer* written by William Rubinstein in 2004 in conjunction with *Business Review Weekly* (BRW). Rubenstein estimated the wealth of individuals in both contemporary values and in 2003 dollar values.¹¹
- *Business Review Weekly* (BRW) Rich 200 lists published annually.
- *Australian Dictionary of Biography* which uses material from the Research School of the Social Sciences at the Australian National University, Canberra.

Using these secondary sources of data we examine the inter-relationship between wealth, power and the state in four key periods:

Period 1, 1788-1849: Early Colonialism. During this period, the Australian colonies were ruled by British Governors and the economies were reliant on exports of agricultural and marine products to Britain. Even though Australia began as penal colony it was, by some, wrongly regarded as a paradise for workers.¹²

Period 2, 1850-99: Late Colonialism. During this period, the pastoral industry continued to dominate the economy despite industrialisation and the increasing importance of manufacturing. This meant moving toward becoming and remaining a 'client state' to core European capital.¹³

Period 3, 1900-74: Protected Capitalism leading to the Keynesian Compromise. Becoming a client state After Federation, protectionism was the dominant strategy used to insulate the economy from the ravages of international capital. Ultimately, protectionism failed and after two World Wars and the Great Depression a less radical form of capitalism, the Keynesian Compromise¹⁴ was embraced. John Maynard Keynes developed his theory of capital crisis aversion to correct the tendency of capitalist economies to lapse into depression. He advocated increased government regulation with the state setting prices and creating limits and controls on both commodity and labour markets. During this period, manufacturing became increasingly important.

Period 4, 1975-2010: Neoliberalism. After the recession in the mid-1970s, Australian governments embraced Neoliberal policies leading to a concentration and centralisation of capital. The deregulation of the banking sector increased the power of financial markets. As William Robinson argues 'Keynesianism was replaced by monetarist policies, deregulation and a "supply side" approach that included regressive taxation and new incentives for capital'.¹⁵ Since 1975, the economy has

restructured with manufacturing becoming less important but services (mainly financial services) and mining becoming increasingly important. Another feature of this period is the de-unionisation of the workforce and the increasing flexibility of labour creating new tensions in the capital-labour relationship.

In each of these four periods, we examine who the super-wealthy are and the sources of their wealth, before discussing the links between wealth, power and the state, that is, how the wealthy exert pressure on the state to ensure the preservation of their wealth. Since Federation, the role of the Australian state has been to prevent, as Engels would say, conflicting economic class interests consuming 'themselves and society in fruitless struggle'.¹⁶

Pre-1850 Early Colonialism: Economic Wealth

Until the 1850s, the colonies relied on their agricultural exports, primarily wool, to generate wealth. Other products exported to feed the industrial revolution taking place in England and Scotland included coal, wood, salt, fish, seals and whale products. During this period, 'economic life depended heavily on the government Commissariat as a supplier of goods, money and foreign exchange'.¹⁷ For example, the richest man of this period was former convict Samuel Terry who built an extensive property portfolio through his close connection with Governor Lachlan Macquarie.¹⁸ He built up his fortune as a supplier to the state. By 1820, he owned what is now Martin Place, in Sydney's central business district, plus a considerable amount of agricultural land and livestock. His total net worth of around £200,000 was equal to approximately 3.4 percent of GDP. The current value of his wealth would be around \$29.6 billion in 2010 dollars.¹⁹

Between 1800 and 1850, the agricultural sectors, pastoral and non-pastoral, dominated the colonial economies. Convicts were the mainstay of the colonies' agricultural industries, providing pastoralists with a ready supply of cheap labour.²⁰ Agriculture was built on the basis of 'land grants to senior officials and emancipated convicts, and limited freedoms were allowed to convicts to supply a range of goods and services'.²¹ Agricultural industries provided 40 percent of GDP in 1800; over 60 percent in 1810; 53 percent in 1820; 43 percent in 1830; 45 percent in 1840 and 35 percent in 1850. Figure 1 shows the proportion of GDP derived from each industrial grouping between 1800 and 1850.

Pre-1850 Early Colonialism: Wealth and Power

In the colonial period, the pastoralist squatters and the British home office benefited from the colonies being plantation states. It served their best interests for the colonies to supply raw materials such as wool, support their imperialist ambitions and simultaneously provide a military bulwark against the French and other imperialist powers in the South Pacific. However, as British control lessened over time, the local wealthy elite were able to exert more influence over the state. The urban comprador capitalists, emancipists and labour did not see much of a future in a plantation economy and wanted to develop a capitalist society of free men working cooperatively in a market-based economy with minimal intervention from the colonial state and old capital.²³

Figure 1: GDP by Industry in Australia 1800-50

Source: Collated from N. Butlin, 'Australian National Accounts'.²²

An early example of this was the Rum Rebellion (1806 to 1810) which resulted in the only successful army led *coup d'état* in Australian history. When Governor Bligh was appointed, he was advised by the British Home Office to 'prevent free importation, to preserve the trade under his entire control, to enforce all penalties against illegal import, and to establish regulations at his discretion for the sale of spirits'.²⁴ This led to a rebellion by the NSW Officer corps who refused to take his directions. According to Bligh, Captain John Macarthur and Nicholas Bayley 'seduced the men of the New South Wales Corp from their duty and into open rebellion'.²⁵ Macarthur was not only a military officer, he was also a very wealthy pastoralist and merchant worth £40,000 which would be equivalent to around \$9.2 billion in 2010 dollars. When he tried to arrest Macarthur, Governor Bligh was arrested and recalled to London. The new Governor, Macquarie, sent Macarthur back to England and British control over the colony of New South Wales was restored.

1850-99 Late Colonialism: Economic Wealth

Between 1850 and 1899, the colonies experienced a period of immense growth with land under cultivation almost doubling from four and a half million acres to eight and three quarter million acres.²⁶ The colonies became increasingly dependent on the sale of wool to Europe for export earnings. Manufacturing earnings increased quite sharply over this period and earnings from mining and distribution (retail and wholesale industries) and 'other' services grew after 1890. Mining became increasingly important after the discoveries of alluvial gold.

During this period, wealth reflected the increasing diversification of the colonial economies, with agricultural wealth often being combined with commercial,

industrial and/or financial capital. The fortune of William John Turner Clarke, the richest Australian of the 1850-99 period, is one example of the diversified nature of wealth holdings. Clarke migrated to Australia in 1829, subsequently acquiring 80,000 acres in Van Diemen’s Land and renting a further 50,000 acres, making him a substantial pastoralist. When provincial Victoria opened up he purchased pastoral licences there and became a member of the Victorian Parliament. Clarke moved into money lending, business investment and acquiring large tracts of property throughout Australasia. He was a director on multiple boards and held a substantial shareholding in the Colonial Bank. When he died in 1874, Clarke left an estate with approximately 215,000 acres (87,008 ha) of freehold land.²⁷ When converted to current values, his estate would be worth \$13 billion in 2010 dollars.

Financial capital investment by core industrialised European countries increased slowly until the financial crisis of the 1890s. Industries and infrastructure developments such as transportation by rail, road and sea flourished due to the large injection of British capital.²⁸ Figure 2 shows the proportion of GDP derived from each industrial grouping between 1861 and 1900. The pastoral industry contributed almost 16 percent of GDP in 1880 but this had halved to eight percent by 1900. The share of GDP contributed by manufacturing increased from around four percent in 1861 to just over 12 percent in 1900.

Figure 2: GDP by Industry in Australia 1861-1900

Source: Collated from N. Butlin, 'Australian National Accounts'

1850-99 Late Colonialism: Wealth and Power

During the latter half of the nineteenth century, a sizeable proportion of the ruling class were active in local or federal government (see connections to the state later). The class background of these very wealthy men had improved with the influx of free settlers. A number of the very rich had been professionals (22 percent), tradespeople (15 percent) or clerks (7 percent). Land was a major source of power with pastoralism the major contributor to GDP²⁹ and source of individual wealth (with 78 percent of the wealthy having agriculture as one of the sources of their wealth).³⁰

One of the richest individuals at this time was a Henry Dangar (1796-1861),³¹ a free settler who immigrated to New South Wales in 1821.³² His original occupation was an assistant surveyor for the Survey Department under John Oxley. In 1821, Governor Thomas Brisbane appointed him to survey the Hunter Valley as an area for free settlers and to set up a settlement, Kings Town, that later became Newcastle. In 1824, Dangar returned a completed map of the area marking out villages with housing, churches and reserves. In 1825, when commissioned to open new lands for settlement, he gave himself and his brother William a large parcel of land that Peter McIntyre (another state official) believed he had a prior claim too. An inquiry held that Dangar had used his public position to acquire personal gain and he was dismissed. He unsuccessfully appealed this decision at the Court of Appeal in London. He returned home to survey further vast areas for settlement and agriculture – 400,000 acres around the Manning River and the Liverpool plains. He retired to farming his own 300,000 acres at St Neot. He also established meat works, tinning works and a steam flourmill. He became a magistrate and politician in the elected Legislative Council of 1843. Whilst in parliament he supported the return of transportation and the introduction of 'coolie' labour.

1900-74 Protected Capitalism Leading to the Keynesian Compromise: Economic Wealth

After Federation, economic wealth was nurtured by protectionist policies strongly advocated by the key political leaders Prime Ministers Edmund Barton and Alfred Deakin. These men successively led Protectionist governments.³³ These policies raised domestic revenue and protected local producers from overseas competition through the erection of sizable tariff barriers and/or through restrictive quotas.

During this period, the dominance of wool-growing pastoralism further declined being replaced by manufacturing, distribution and services. The source of billionaires' wealth again illuminates changes in the economy. For example, Hugh Victor McKay, with his brother John and father, Nathaniel, assembled a stripper-harvester that was a copy of a prototype Californian combination harvester which had been described in a publication by Melbourne journalist J.L. Dow.³⁴ The McKay's built their stripper-harvester, secured a patent and exhibited it at the National Agricultural Society Show in 1885. McKay claimed his family model was the 'first successful stripper-harvester on the market'.³⁵ By 1911, McKay had established the Sunshine Harvester Plant and manufactured agricultural machinery. On his death, McKay's wealth of over two million pounds was equal to 0.272 percent of GDP.³⁶ In 2010 dollars, McKay would have been worth \$2.4 billion.³⁷

The wealthy elite in this period, like McKay, derived their wealth from their interests in multiple sectors including agricultural, industrial and commercial. Other

members of the wealthy elite derived their fortunes from finance, real estate and the media. The decline in the importance of primary industries including agricultural and pastoral interests as generators of wealth is shown in Figure 3. The percentage of GDP contributed by the pastoral industry (primarily sheep) declined from around 17 percent in 1910 to 11 percent in 1920. Manufacturing provided an increasing proportion of GDP up from 12 percent in 1920 to around 18 percent in 1939.

Figure 3: GDP by Industry in Australia 1910-39

Source: Collated from N. Butlin, 'Australian National Accounts'

After World War II, import restrictions and import replacement strategies were applied rigorously to boost the domestic market allowing the manufacturing sector to grow rapidly. After the mid-1950s coal mining and other raw minerals were exported to Japan opening up a non-British dominated export market. This economic repositioning was further rendered necessary by the British joining the EEC in 1973,³⁸ ending Australia's special trade concessions with the 'motherland'. In 1974, the long post-war boom ended as the Australian economy contracted and dipped into recession shedding thousands of jobs. The Australian economy was afflicted with both high inflation and negative growth, that is, stagflation, which some argued was exacerbated by high levels of tariff protection allowing the manufacturing sector to remain uncompetitive and simply pass on their increased costs to consumers and other sectors.³⁹

1900-74 Protected Capitalism Leading to the Keynesian Compromise: Wealth and Power

With the protectionists in power, the relationship between wealth, power and the state flourished during the early years of Federation. One clear example of the power of the wealthy is the influence that Hugh McKay was able to exert on the government to enact legislation to protect his manufacturing interests. In 1905, rumours circulated that rival companies in North America were preparing to dump their excess farm machinery onto the Australian market and undercut local manufacturers. McKay stimulated nationalistic sentiments and pressured Prime Minister Deakin to protect Australian industry by increasing tariff protection. Deakin agreed to the protection of domestic industry but, sensitive to the increased voting capacity of the newly enfranchised working class voters, he tied the excise exemption to the manufacturer's willingness to pay a fair and reasonable wage. The newly established Conciliation and Arbitration Commission, under the dominance of Justice Bourne Higgins,⁴⁰ was subsequently to determine a fair and reasonable basic wage in what became known as the *Harvester Judgment*. Although the *Excise Tariff (Agricultural Machinery) Act 1906* was subsequently overturned by the High Court, the basic wage concept remained in place and formed the centrepiece of wage fixing for six decades.⁴¹

From 1915 onwards the ruling class continued to systematically use the state to contain class struggle. Class conflict was largely resolved through parliamentary political parties, representing labour and capital. During the long economic boom that followed World War II the development of the seemingly 'neutral' state using legal forms of coercion and persuasion through a 'layer of professional mediators' gave indirect power to the ruling class, enabling them to operate from a small and relatively weak social base.⁴²

1975-2010 Neoliberalism: Economic Wealth

By the late 1970s, the high growth industries of the nineteenth and early twentieth centuries were in sharp decline. Agriculture, the largest individual industry in 1900/01, declined to account for only two percent of GDP in 2010. Manufacturing fell dramatically from 16 percent of GDP in 1975 to nine percent in 2010, less than the 12 percent it contributed in 1900/01. Mining increased from seven percent in 1975 to nine percent in 2010, having been as high as 10 percent of GDP in 1900. Although the contribution of the construction industry to GDP fluctuated slightly between 1975 and 2010, by the end of the period its share of just over seven percent was marginally higher than its 1975 contribution (just under seven percent). The percentage of GDP contributed by the financial services industry almost doubled: up from six percent in 1975 to 10 percent in 2010.⁴³ Figure 4 graphs the changes in the relative shares of GDP of agriculture, manufacturing, mining, construction and financial services between 1975 and 2010 and shows the steady decline in the importance of manufacturing and the increasing importance of financial services.

Figure 4: Industry by GDP 1975-2010

Source: Australian Bureau of Statistics, 5204.0, *Australian System of National Accounts*, 2010

During this period, the wealthiest Australians were those who owned and controlled the media or property development. Kerry Packer is one the best examples. Packer inherited some wealth from his father Frank, but went on to expand his interests building a media empire incorporating the Nine Network, Consolidated Press, and Publishing and Broadcasting. Packer also held investments in casinos, property, cattle stations and entertainment. He was described in an obituary as ‘the most powerful man in Australia’ and ‘his decisions and leanings would decide elections ... he could make kings and destroy those he disliked in an instant’.⁴⁴ When he died, Kerry Packer’s fortune of \$6.9 billion, equivalent to \$8 billion in 2010 dollars, was passed to his son, James.

Although Kerry Packer was Australia’s richest man between 1998 and 2005, property developers were also well represented amongst the billionaires. Frank Lowy, Harry Triguboff, John Gandel, Stan Perron, Lang Walker, Bob Oatley and Bob Ell entered the ranks of the wealthiest Australians generating wealth from property development. In 2006, Gina Rinehart joined the ranks of the billionaires. She was joined by fellow miners Andrew (Twiggy) Forrest, Clive Palmer, Angela Bennett and Michael Wright in 2007. Rinehart, Bennett and Wright inherited their wealth from their fathers, Lang Hancock and Peter Wright who formed a partnership in the 1950s to develop the vast iron ore reserves in the Pilbara region of Western Australia. After inheriting her father’s company, Hancock Prospecting, and his mining royalties in 1992,⁴⁵ Rinehart built a mining empire with iron ore and manganese interests in Western Australia and coal deposits in Queensland.⁴⁶ In 2010, Rinehart’s net worth

was \$4.75 billion. More recently, she was ranked the 29th richest person in the world by *Forbes Magazine* with an estimated wealth of \$US18 billion.⁴⁷

1975-2010 Neoliberalism: Wealth and Power

In the 1970s, before making his company, News Corporation, transnational, Australian Rupert Murdoch demonstrated the extent of his power over the state. Before the 1972 federal election, Murdoch openly supported the Labor Party and its leader, Gough Whitlam.⁴⁸ His media empire put its weight behind the Labor Party and after its election in 1972, Murdoch let his ambition to be Australian High Commissioner in London known to Gough Whitlam.⁴⁹ Whitlam refused to appoint him and Murdoch then used his influence to discredit the Whitlam government.⁵⁰ Later, during the 1990s and 2000s, Kerry Packer and Prime Minister John Howard developed a close relationship. When Packer died, he was given a state memorial service in which Howard orated on their relationship.⁵¹ As a media mogul Packer was 'mindful of the impact that government decisions could have on their business interests'⁵² and worked to ensure that he had close relationships with those in power. Governments allocate and control the use of licenses for the media and casinos, two key components of the Packer Empire.⁵³

The ability and the willingness of the wealthy to exercise their power during this period is illustrated by the mining tax controversy. In May 2010, the then Prime Minister, Kevin Rudd, announced that the super profits of mining companies would be subject to a 40 percent tax, the Resources Super Profits Tax (RSPT). Claiming that they had not been involved in consultations prior to the announcement of the new tax, mining company executives launched an orchestrated media campaign to undermine the tax and the reasoning underpinning the tax. Led by three prominent billionaires, Gina Rinehart, Andrew (Twiggy) Forrest and Clive Palmer, the media campaign set out to convince the Australian people that taxing the super profits of mining companies would cripple the economy, affect national wealth, increase unemployment and have a detrimental effect on the well-being of every man, woman and child. According to Rinehart,

Australian politicians need to appreciate that the RSPT would not just hurt big mining companies but also related industries and companies who depend on the Australian mining industry, shareholders, superannuation beneficiaries, electricity users, farmers and those who want job opportunities now and for years ahead.⁵⁴

In an effort to diffuse the situation the Labor Party 'sacked' Kevin Rudd and replaced him with his deputy Julia Gillard. Palmer was quoted as saying that 'this is the first time in Australia's history that a Prime Minister has been defeated by a civil campaign of anger'.⁵⁵ Gillard promptly called an end to the advertising blitz and consulted with executives from the three largest mining companies (BHP Billiton, Rio Tinto and Xstrata) about the future of the tax. In the end the super profits tax was replaced by the 30 percent Minerals Resource Rent Tax.

The success of the media campaign against the mining tax highlights the depth of influence that the media has over politics in Australia and it is therefore no surprise that two of Australia's wealthiest people involved in the anti-RSPT campaign promptly invested in media companies. In October 2010, James Packer bought a

19 percent stake in Channel 10 and in November, Rinehart bought a 10 percent stake in Channel 10.⁵⁶ In January 2011, Rinehart also acquired four percent of Fairfax Media, the publishers of *The Sydney Morning Herald*, *The Age* and *The Australian Financial Review*. According to a statement released by Hancock Prospecting, the company was ‘interested in making an investment towards the media business given its importance to the nation’s future’.⁵⁷ More recently, Rinehart has increased her stake in Fairfax to 13 percent.⁵⁸

Summing up, it is clear that, as Figure 5 shows, over time the type of wealth held by the wealthiest Australians diversified. During the period 1788-1849, one third of the wealthiest Australians derived their wealth from agricultural activities; almost one quarter derived their wealth from commercial activities, and almost one-fifth from industrial activities. During the period from 1850-99, agricultural activities were again the most common source of wealth: 41 percent. The proportion of the super wealthy that derived their wealth from commercial and industrial activities declined slightly to 19 percent and 15 percent respectively. In the third period (1900-74), only 17 percent of the wealthiest Australians derived their wealth from agricultural activities whereas almost 30 percent were involved in industrial activities and over 25 percent were involved in financial activities. During the final period (1975-2010), almost 30 percent of the wealthiest Australians derived their wealth from commercial activities, 20 percent derived their wealth from real estate and not one of them derived their wealth from agricultural activities. One in eight derived their wealth from media ownership.

Figure 5: Type of Wealth of the Billionaires 1788-2001

Source: Collated from W. Rubinstein, *The All-Time Australian 200 Rich List*, Allen & Unwin, Crows Nest, 2004

Discussion

As capitalism became entrenched in Europe, the search for new materials, new markets and new sources of labour underpinned the colonisation of the rest of the world. The colonies that were to become Australia in 1901 were an integral part of the British Empire providing gaols for unwanted people, raw materials for industries and markets for manufactured goods. In the colonies, the links between wealth, power and the state were close and overt. For example, the extensive wealth of Samuel Terry was built through his close connection with Governor Macquarie during the early colonial period when land was 'granted' by the Governor. William Clarke is an example of how individual wealth was built from land acquisition during the late colonial era. Clarke's fortune was more diversified than most though; he also had investments in banking. When the colonies gained self-governance, the wealthy sought election to parliament and were well represented amongst the members of parliament in the colonies.

After Federation, the Australian economy became increasingly diverse, as did the wealth holdings of the wealthiest Australians. For example, one of Australia's wealthiest men in the early years of the twentieth century, Hugh McKay was both a pastoralist and an industrialist. But it was as an industrialist that he was able to clearly show how the concentrated power of the capitalist class is able to resist and overthrow even the most minimal of workers' conditions. From 1907 into the 1920s he continued to 'resist wage increases and unionisation'⁵⁹ at his Sunshine plant. In the fledgling Australian economy, the connections between wealth, power and the state became increasing covert. Rather than becoming members of the federal parliament, the wealthy focused on their business interests and exercised their power by lobbying the government to enact legislation that would benefit their investments. The *Excise Tariff (Agricultural Machinery) Act 1906* is one example of this. To protect his manufacturing business, Hugh McKay successfully lobbied the Prime Minister, Alfred Deakin, to increase tariff protection.

Towards the end of the twentieth century, the wealthiest Australians derived their fortunes from diverse sources including ownership of the media and property development. For example, during the Neoliberalism period, Kerry Packer built an extensive media empire and held investments in casinos, property and cattle. Another of the media moguls, Rupert Murdoch, is reported to have used his media empire to influence the 1972 federal election and bring Gough Whitlam to the Lodge. Exercising power through ownership of the media has become a common feature of Australian society as the recent media campaign against the Resources Super Profit Tax shows. In the early years of the twenty-first century, the wealthiest Australians built their wealth principally from natural resources particularly coal and iron ore. When the Labor Government announced plans to tax the super profits derived from iron ore and coal, the wealthiest Australians united against the Government drawing on the power of the media to convince the Government that the electorate did not support the tax. One of the ringleaders of the campaign against the tax, Gina Rinehart, is currently increasing her investments in media companies and sits on the board of Channel Ten.

The mining magnates' success in watering down the Mineral Resources Tax (MRT) is the latest example of the ability of the wealthy to strongly influence the power of the state. Where the mining lobby is prominent amongst the state's

opponents (for example over the MRT) the government has to show 'some spine'.⁶⁰ From the Rum Rebellion in the early 1800s onward to the Resources Super Profit Tax campaign in the early 2000s, the wealthiest Australians have traditionally exercised their power to maintain and improve their wealth manipulating various systems of governance to ensure that their voices are heard and their needs are met.

Conclusion

From the beginning of European settlement, Australia has generated both considerable wealth and a wealthy elite. Membership of this wealthy elite has, however, been somewhat transitory, reflecting changes in the political and economic structure of our society. During the colonial period, the wealthy were well-connected landowners utilising their social networks to acquire large holdings of land. The length to which the wealthy were prepared to go to protect their wealth is exemplified by the Rum Rebellion. After Federation, the wealthy were industrialists benefitting from the protectionist policies, the diminution of labour power and conditions supported to some extent by the Australian state and its courts at the behest of industrialists such as Hugh McKay.⁶¹ More recently, the wealthy derived their wealth from property development, media ownership and mining and have successfully used their influence over the media to campaign against decisions of the elected government that posed a threat to their wealth.

This study of the inter-relationships between wealth, power and the state shows that, although there has always a powerful capitalist ruling class, the composition of the ruling class and the nature of its power changes within different political and economic cycles. Each time the economy restructured, a new elite emerged ensuring that the gap between those with wealth and power and those with little else than their labour has endured, despite the claims of egalitarianism and the myth of the 'classless' society.

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Endnotes

- * The authors would like to thank the two anonymous referees of *Labour History* for their comments and suggestions.
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