FREE AND FAIR – HOW AUSTRALIA'S LOW-TAX EGALITARIANISM CONFOUNDS THE WORLD

David Alexander argues that Australia has found a politically viable way of keeping the state relatively small

> Prosperity or egalitarianism—you have to choose. I favor freedom—you never achieve real equality anyway, you simply sacrifice prosperity for an illusion.[1]
> — Nobel laureate Mario Vargas Llosa

> Our social cohesion, flowing directly from a unique form of egalitarianism, is arguably the crowning achievement of the Australian experience over the past century. Yet this cohesion will be tested if wealth and opportunity can't be fairly and broadly distributed across society as in the past.
> — Former Prime Minister John Howard

Australia is a confounding country for many observers. It has a habit of throwing up anomalies that challenge existing ways of thinking. Educated opinion in Europe once had it that mammals delivered their babies live in contrast to reptiles that reproduced through eggs. Then along came the egg-laying mammalian platypus in Australia, which shocked the scientific establishment and forced a redefinition of the textbooks.

A similarly naïve binarism exists in classifying the world's political economies. On the one hand you can be a small government, inequality-tolerant country like the United States; on the other you can be a high taxing, egalitarian state like the Scandinavian countries, and all countries fit somewhere on this spectrum from right to left.

What is not appreciated, but has been demonstrated by recent research, is that Australia offers a genuine alternative to these models—a unique form of low-taxing egalitarianism—that is both more successful and more sustainable than other models. This combination of freedom and fairness in Australia has provided an environment conducive to economic reform and can continue to do so in the future.

Freedom

Australia is one of the most economically free countries in the world, and has for some time

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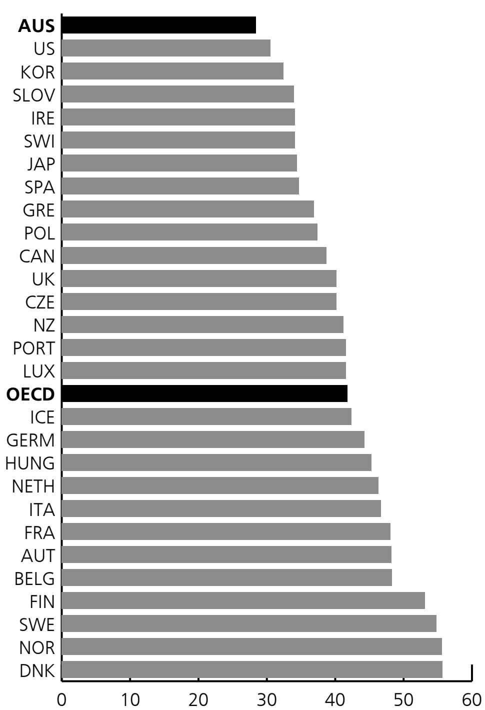
been among the smallest governments in the developed world, with low levels of tax and spending.

Last year, according to the OECD's latest *Economic Outlook*, Australia was the Thatcherite's number one performer, with not only the lowest level of government spending of all developed countries but also the lowest level of taxes of all developed countries (equal with South Korea).[2]

Although it is easy to find waste in Australian governments, it is still a lean and small state when compared with other developed countries.[3] In fact, Australia's relative position in Chart 1 is likely to be enhanced through its very low levels of public debt—the high levels of debt across most OECD countries imply higher future tax levels to repair severely impaired balance sheets.

The important point of this measure, though, is not a particular level and ranking in any one year but the general level, which shows Australia as a very low tax country among peers.

Chart 1: Size of government



General government total tax and non-tax receipts as percentage of GDP, all levels of govt (**Source:** OECD, 2010)

Even when other indicators of economic freedom are included, Australia performs extremely well. The US-based Heritage Foundation think tank compiles an annual Index of Economic Freedom, which measures each country over a broad range of economic freedom indicators, including tax levels, business freedom, trade restrictions, property rights and labour market flexibility, among others.

The latest Index (2010) places Australia as the highest ranking developed country for economic freedom (ranking third overall after the city-states of Hong Kong and Singapore).[4]

The smaller size of government in Australia is a key contributor to the dynamism and strong economic performance the nation has demonstrated over recent history. Treasury official David Parker is correct when he says pinning down a precise optimal size of government is difficult, but:

> [both] theory and empirical research by the OECD lend support to the notion that government expenditure, and the taxes required to finance it, can have negative effects on efficiency as governments become larger. Similarly, it appears that a larger government is associated with slow growth. So, it is reasonable to think that Australia has been well served by having a general government sector that is relatively small and stable compared with other OECD countries.[5]

Obviously, there is a limit to how small a government can be without encountering significant drawbacks. Where that point is will be a matter of infinite debate, suffice to say that it is below Australia's current level.

As it is, Australia is a highly successful economy with one of the highest economic growth rates in the OECD over the last 20 years. It has very low government debt, it avoided the Asian Financial Crisis in the 1990s, and it was the only major developed country to have avoided a recession during the recent global financial crisis. It also has one of the highest standards of living of any country in the world.

Fairness

Fairness is an inherently subjective concept; nonetheless, it is critical to successful governance. In this article, economic fairness is used in the sense described by former Prime Minister John Howard above, that is, the avoidance of levels of inequality that impede cohesion and opportunity.

Some classical liberals, such as Milton Friedman and Friedrich Hayek, believe that the only criterion of fairness is adherence to proper procedural norms, and that measures of income and wealth distribution are irrelevant. Peter Saunders (formerly of the CIS), describes this view of fairness:

> the liberal conception of fairness denies the relevance of any distributional principle, whether egalitarian or meritocratic. Fairness simply requires an open system governed by the rule of law; it is judged by procedures, not outcomes ... Provided these rules are followed, the result is 'fair.'[6]

While this view correctly values rules-based procedures, ignoring the distribution of resources in society would be deeply unwise for policymakers.

To begin with, high inequality can impair social cohesion and lead to civil unrest and riots. History shows us that *in extremis*, wide income disparities have contributed to countless violent revolutions. Indeed, the University of Chicago has published research estimating the increased likelihood of revolution resulting from measured increases in inequality.[7]

On a more mundane level, income inequality is a key source of populist economic policy. American libertarian judge and author Richard Posner has lamented some of the serious policy problems in the United States caused by a damaging level of inequality:

> [It] can produce dire economic consequences by increasing the demand for trade protection, for restrictions on immigration, for union protections, for other anticompetitive measures, and for government subsidies; it can also create class resentment, and thus lead to inefficient regulatory policies, as we may be seeing with proposals to 'rein in' the 'greedy' banks.[8]

Resource distribution patterns are also important in determining economic efficiency. In highly unequal societies, the artificial head start to those with financial resources (and attendant education, milieu and contacts), and the corresponding artificial penalty to those without those resources, results in a sub-optimal allocation of resources in labour (and other) markets.

There is of course, a contrary view, that is, that higher inequality can be beneficial to an economy. Having a greater gap between the rich and poor creates a greater incentive to work, and the greater the inequality the greater the incentive. What one can say is that

The higher degree of social harmony that comes with lesser inequality minimises the chances of populist policies.

economic growth follows an inverted U curve regarding inequality. Extreme inequality is disastrous for growth; extreme equality, such as communism, is equally disastrous. Somewhere in between lies optimum growth.

From where Australia sits on this curve (a long way from communism), avoiding high inequality should be a broad positive aim for policymakers. The higher degree of social harmony that comes with lesser inequality minimises the chances of populist policies and allows policymakers more latitude for difficult reforms; the greater labour market openness allows productivity gains and enhances opportunities for genuine competition.

Of course, whether one can avoid high inequality without economic cost is a critical question, more on which later.

Australia's egalitarian-ness

Australia *feels* egalitarian, and many outsiders have also commented on the egalitarian nature of Australian society. In his book *Down Under*, the American-British travel writer Bill Bryson joined a long list of observers in describing Australians as 'instinctively egalitarian.' Apart from this strong sentiment (which is important in itself), it is also interesting to consider a range of economic data released in recent years that shed new light on the extent to which our notions of egalitarianism translate into practice.

The data below looks at how Australia compares in terms of wealth inequality and income inequality, and shows the extent to which the government policies have contributed to those levels.

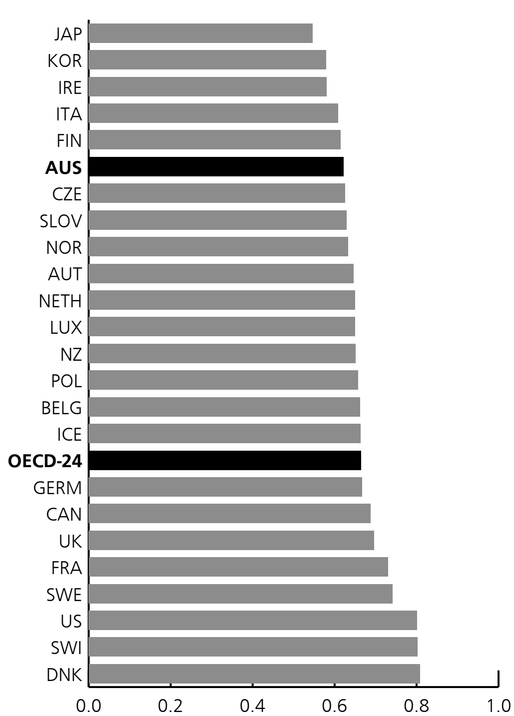
The indicators chosen are the most recent available indicators from reputable sources that contain readily comparable data. The measure used to assess inequality, the Gini coefficient, is the most commonly used indicator of inequality and is used by the OECD, the World Bank, and other reputable institutions. A higher Gini represents higher inequality, a lower Gini lower inequality.

Wealth inequality

All countries of the world have very large disparities of wealth; developed countries also have significant resource differences between rich and poor. What is interesting is that among developed countries, the level of wealth inequality in Australia is relatively low.

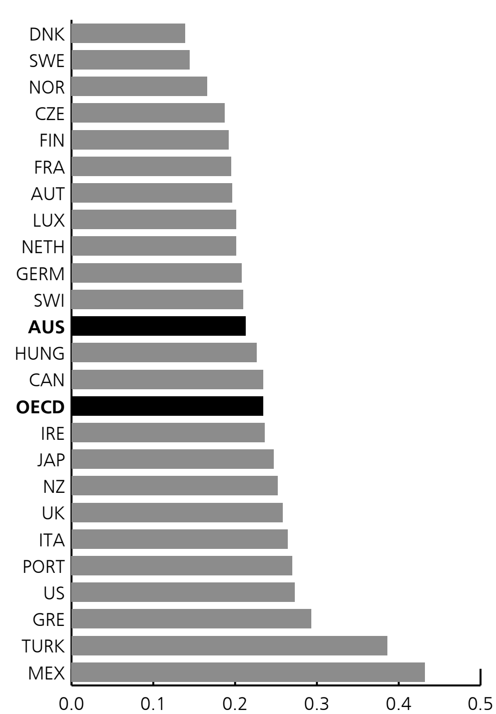
Recent research from the National Bureau of Economic Research (NBER), the premier economic research body in the United States, estimated wealth inequality across countries

Chart 2: Wealth inequality



Gini coefficient of wealth inequality (Source: NBER, 2009)

Chart 3: Income inequality



Gini coefficient of income inequality (Source: Warren, 2008)

and found only Japan, Korea, Ireland, Italy and Finland have lower levels of wealth inequality than Australia, as we can see in Chart 2.[9]

High inequalities of wealth are sometimes regarded as of greater concern than inequalities of income due to the lower correlation of reward for effort and productivity; the two measures are of course related in various ways, and it is important to look at all inequality measures in context.[10]

Recent data from the Reserve Bank suggest that up until 2006 (the latest period after the data in Chart 2 from around 2000), the level of wealth inequality in Australia has declined.[11] There is no comparable data available for other OECD countries.

Income inequality

The OECD recently recognised the shortcomings of the usual methodology used to assess income inequality as it does not take into account two significant factors—first, the level of in-kind services provided to individuals, and second, the impact of consumption taxes on people's effective incomes. In its recent major report on inequality, *Growing Unequal*, the OECD says that conventional measures of income inequality 'bias the assessment' of distribution.[12]

What this means is that with a low level of consumption tax and a relatively high level of in-kind services, previous Gini coefficient estimates for income inequality in Australia have been artificially high relative to other countries.

Incorporated in the OECD report are estimates of the impact of each of these factors for different countries, and chart 3, produced for the OECD by the Australian tax expert Neil Warren, indicates that Australia is considerably more equal in income distribution than previously thought, now being distinctly below the OECD average level of inequality.[13] (Note that these Gini estimates are appropriate for assessing each country relative to Australia rather than measuring specific Gini levels for each country.)

When one looks at these measures of both wealth inequality and income inequality for all the developed countries, only Finland ranks higher than Australia in both.

Australia's ranking on the revised measure of income inequality probably still underestimates the actual position. Recent research at the University of Melbourne has revealed the way that inequality measurements to date attribute an artificially low income equality to Australia deriving from its very high level of home ownership and an artificially high income equality to European countries associated with low homeownership.

In short, the low levels of home ownership in European countries necessitate high levels of government payments to low income retirees to pay for housing, and these higher payments tally into a reduced measure of income inequality; by contrast, in high proportion home-owning countries like Australia, a large proportion of low-income retirees live rent-free in existing homes, but the lower government payments translate into a higher reading of inequality. Correcting for this methodological flaw, according to researchers at the university, gives Australia a significantly higher level of measured income equality versus European countries.[14]

> Previous estimates for income inequality in Australia have been artificially high relative to other countries.

Australia's position as an egalitarian country is all the more notable considering its high degree of ethnic heterogeneity. As a general rule, countries with a high degree of ethnic homogeneity such as the Scandinavian countries, Japan and South Korea, will have a more equal distribution of resources due to higher levels of intergroup trust.[15] With its diverse population composition Australia is unlikely to ever display Scandinavian levels of income distribution, but amongst countries of comparable ethnic diversity Australia ranks as economically egalitarian in wealth and income distribution.

There has been a trend amongst developed countries including Australia towards higher income inequality in recent decades. However, in its most recent comparison period from the mid-1990s to the mid-2000s, the OECD reports that Australia exhibited a decline in income inequality, which is against the trend.[16] More recent data from the Australian Bureau of Statistics (ABS) suggests an uptick in inequality again, but no comparable data for other countries is available.

The egalitarian-ness of government

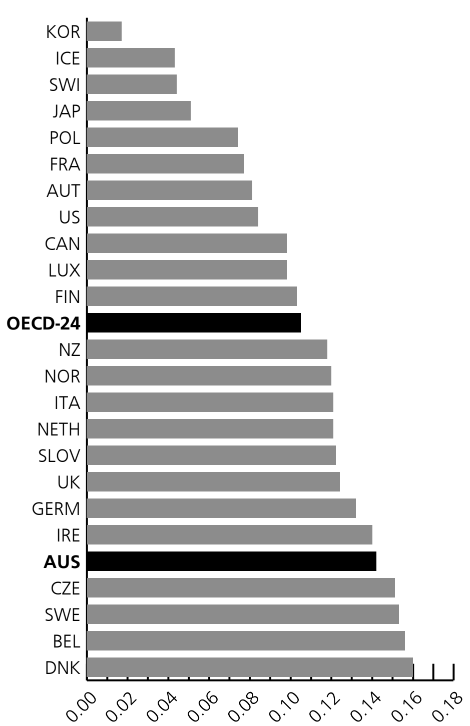
An interesting aspect of the egalitarian-ness of countries is the extent to which government policies might have contributed to the final outcomes. There has been no such cross-country analysis attempted on the impact of government policy on wealth inequality, but there has been significant recent work on how government policies affect income inequality in different countries.

This analysis has been undertaken recently for the OECD by Peter Whiteford of the University of NSW, who was also commissioned by the Henry Tax Review to conduct a comprehensive analysis of Australia's tax and transfer system in comparison to other countries.[17]

Chart 4 estimates the change in inequality (Gini level) that tax and transfer policies make to final income inequality levels, and it shows that Australia has one of the most egalitarian governments in the developed world, altering the outcomes of income distribution at a level comparable with Scandinavian countries such as Sweden and Denmark.

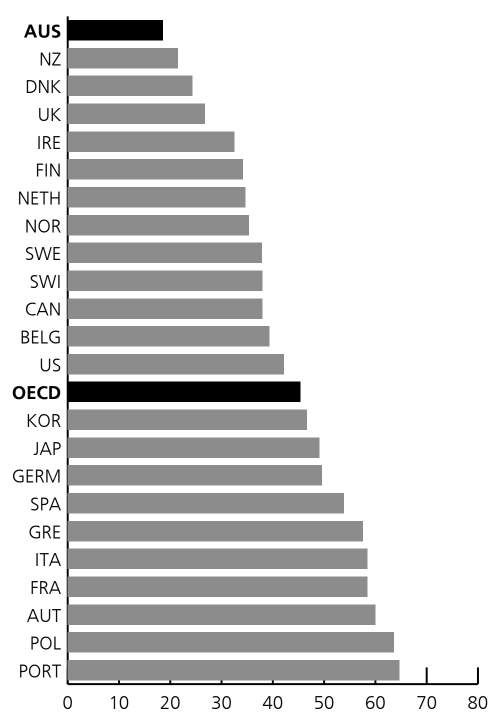
When comparing the efficiency of reducing inequality, that is, how much inequality is reduced for the size of the welfare bill and tax levels, Australia ranks as the most efficient country.[18] The highly egalitarian result for

Chart 4: Egalitarian-ness of government



Point reduction in inequality achieved by household taxes and government transfers (Source: OECD, 2008)

Chart 5: Government payments to better off



Share of transfers to wealthiest half of population (Source: Henry Review, from Whiteford, 2009)

Chart 6: Wealth inequality and size of goverment

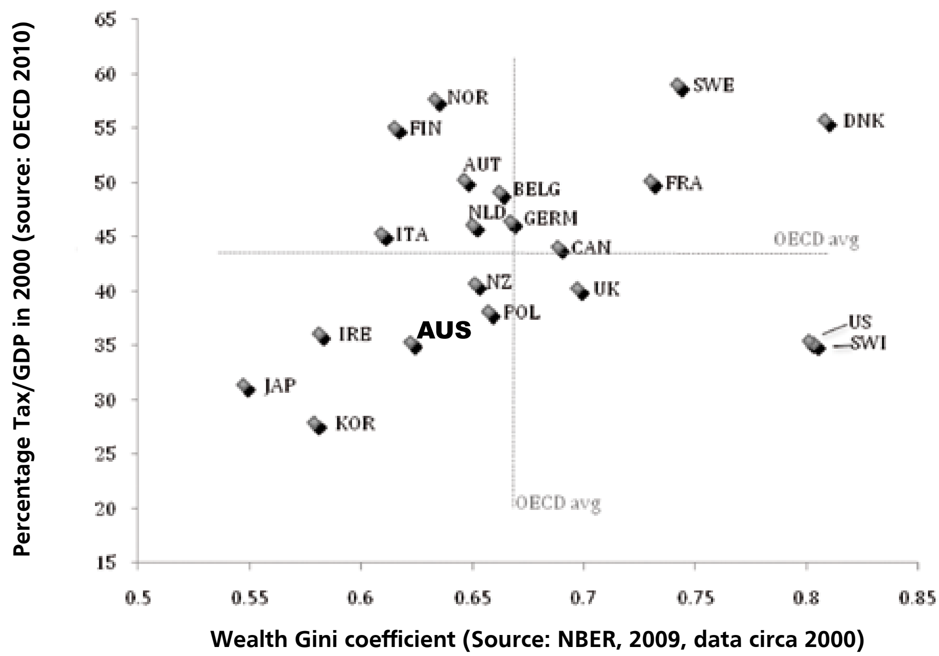
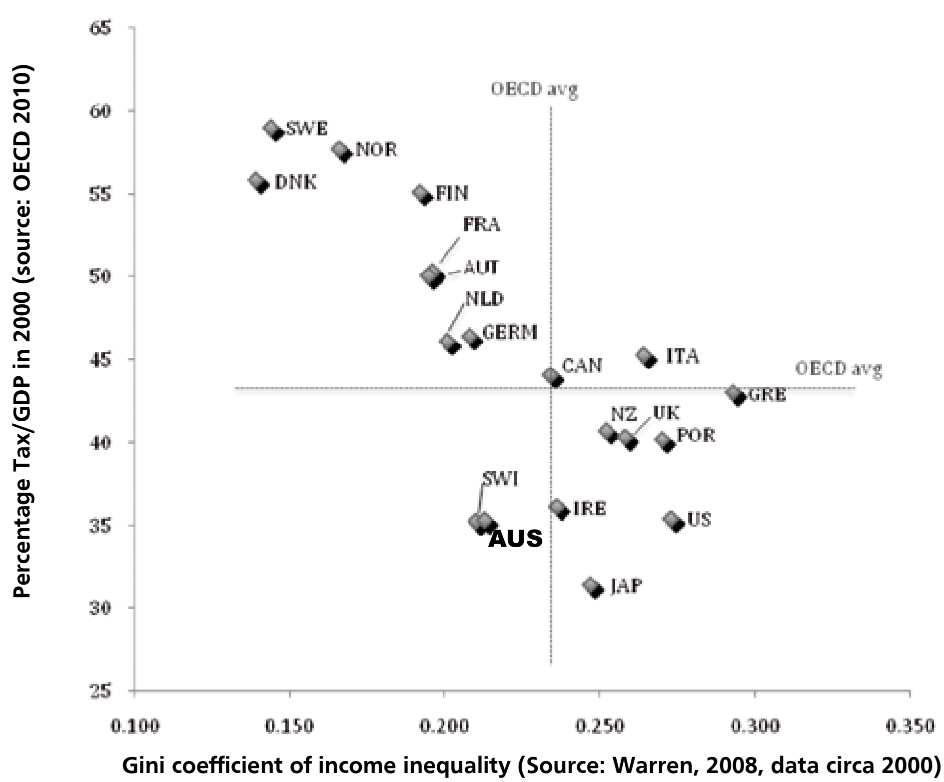


Chart 7: Income inequality and size of goverment



Australia is achieved through the most progressive transfer system in the developed world, coupled with one of the most progressive tax systems in the OECD.[19] We have very little government money going to higher income people and low levels of tax on lower income people.

Chart 5 (page 8) illustrates this tight level of targeting, showing Australia as the means testing capital of the world, with the lowest percentage of government transfers going to the wealthiest half of the population of any developed country.

The tight targeting of government spending also means that Australia has the second lowest level of 'churning' among developed countries after South Korea (churning is the simultaneous payment of taxes and receival of benefits by households).[20]

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Mapping the freest *and* fairest

It is helpful to conceptualise the previous measures of size of government and inequality by placing them on charts (6 to 8), which we can call the freedom and fairness maps. (Note the year of tax levels has been selected to match the year of the inequality data, and some minor countries have been omitted to reduce clutter.)

The most desirable sector for a country to inhabit in a freedom and fairness map is the south-west quadrant. Economic liberty combined with egalitarian distribution shows us the freest and fairest countries, and the countries that best combine those two attributes will possess both domestic harmony and economic strength.

I call this combined quality of Thatcherite low tax government and relative equality of resources an egali*tory*an quality (of course, some might consider this a bit cheeky when one considers the historic associations of Toryism).

The north-east quadrant—high taxing inequality—is the least desirable position to inhabit, and countries in this sector will exhibit social conflict and poor economic performance. The other two quadrants contain outcome tradeoffs.

Socialists, blithely unconcerned by high tax levels, would obviously prefer the northwest quadrant, while some libertarians might prefer the south-east corner of high inequality and small government.

Classical liberals, according to the earlier definition, will have no preference for south-east or south-west, as long as it is south (and would similarly have no view on whether north-west is superior to north-east).

So who is the freest and fairest of them all?

Australia is the only large developed country that occupies the south-west quadrant in both charts.[21] (South Korea would possibly occupy the same region, but Warren did not assess Korean income inequality under the more appropriate methodology.)

Other countries that share the southwest sector in one respect fail in the other. Low-tax Switzerland is quite even on income distribution but has one of the worst wealth inequalities in the developed world. Low tax Ireland, whatever its positions on the charts at the time of measurement, has an economic crisis and all indicators lurching to the negative.

Both graphs make a reasonable case for Australia as the standout egalitoryan country. In cricketing terms, we are an excellent batsman, a first-class bowler, and possibly the best all-rounder in the world. Certainly among the most relevant and comparable (high immigration, heterogeneous, Anglosphere) cultures, Australia stands out for its combination of small government and lower inequality.

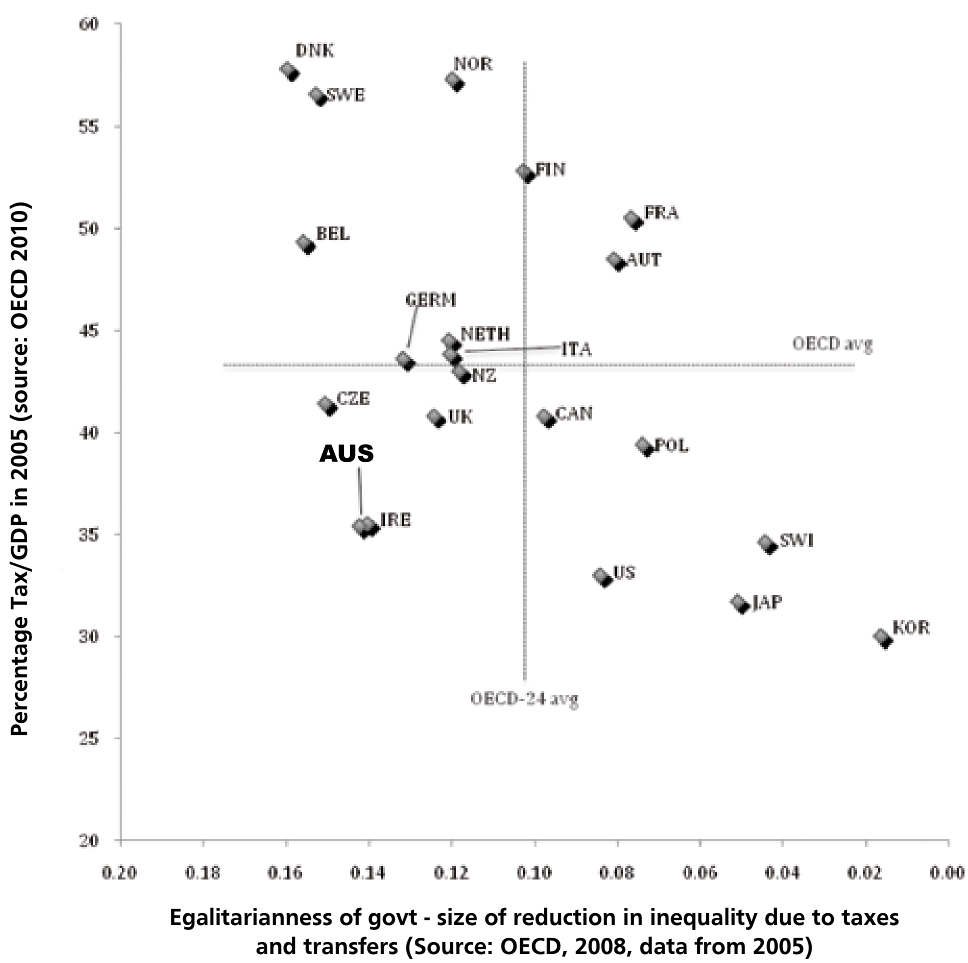
In fact, Australia's position of relatively low inequality is probably even better than it looks on these charts because of its very low level of government debt. Most other OECD countries are likely to engage in regressive measures in coming years to repair their serious financial positions. In the United Kingdom, for example, the tax rises and spending cuts planned to repair the deficit have been assessed by the Institute for Fiscal Studies as significantly regressive, and that is not even looking at significant debt reduction.[22] The final chart illustrates the uniqueness of the settings of the Australian state versus other governments.

Chart 8 shows that while most other governments fit along a broad north-west to south-east line, Australia is an outlier, the only sizeable developed country with very low taxes that also makes a large effort at egalitarianism. (The crisis-hit Irish are currently exiting the quadrant.) Australian government policies do broadly reflect the Australian sense of egalitarianism (which is not to endorse every particular policy used to achieve it). Other research indicates that this government egalitarianism has been significant for a period stretching back to at least World War II.[23]

An important point to note when looking at these charts is that while one may view being in a particular position or quadrant as attractive, that this needs to be kept in perspective—focusing policies too narrowly on specific criteria can be a recipe for wider government failure.

There are also many other policies apart from taxes and transfers that affect levels of inequality—education, health, welfare, industrial relations, retirement incomes, etc—and these will help determine a country's position. A number of these other policies, not the focus of this article, have contributed to Australia's position of small government with relatively equal resource outcomes.

Chart 8: Egalitarian-ness of goverment and tax/GDP



Also, government policies only operate within the broader cross-currents influencing inequality, such as globalisation, technological change, the information revolution, mass production of cheaper consumer goods, increasing rewards for skills, shifting demographics, feminisation of the workforce, immigration, and changing cultural and economic values.

Happy people help reform

Australia is a happy nation, statistically. Analysis of the World Values Survey, the largest cross-national survey that measures happiness and life satisfaction, has found that Australia ranks highly on both measures.[24]

Australia also has one of the lowest levels of dissatisfaction with the rich-poor gap in the developed world—the fourth lowest.[25] (This does not mean that the gap is happily accepted in Australia—dissatisfaction sits at around 70%). This relative contentment is not only a partial product of the relative freedom and fairness that we enjoy in Australia but it has also been vital to the successful entrenchment of difficult economic reforms over recent decades.

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The OECD has praised Australia as 'a model for other OECD countries' because of the 'tenacity and thoroughness with which deep structural reforms were proposed, discussed, legislated, implemented, and followed-up in virtually all markets.'[26] A more disgruntled population would more likely have resulted in more populist policy directions to assuage public anger.

The most interesting aspect of the success of the Australian model is the knowledge that a country can achieve a significant degree of egalitarianism without sacrificing economic freedom. The fact that it is not *a priori* impossible to achieve a low tax state with a lower level of inequality through policy design is highly significant; the existence of a subset of policies that can achieve both goals will be of interest to policymakers in all countries.

Within Australia, it is useful to understand the architecture while considering the range of reform challenges that lie ahead. It is not necessary that every future policy in Australia need satisfy both broad goals—that would be madness—but on a long reform journey, the compass points of freedom and fairness should always be borne in mind.

When looking at the major reform challenges facing Australia, there are policy options that synchronise with those broad goals. For example, one of the key areas for reform on the national agenda is addressing the high effective marginal tax rates faced at the lower end of the income scale which inhibit people moving from welfare to work.

Reducing the taxes paid by low income earners can help address this issue, but the successful prosecution of such reforms also improves the likelihood of addressing other difficult areas such as consumption tax reform, reducing welfare levels, and liberalising the labour market. Indeed, another area of promising reform (first suggested by the Five Economists' Plan) is reducing taxes on the lower paid to enhance the acceptability of greater flexibility in the labour market, including the minimum wage.[27]

Of course, the Australian model is not a panacea for all ills; tight targeting of government payments and lower taxes on the lower paid carry their own issues. For example, whenever benefits are limited rather than universal, there will be 'penalties' for earning more. This is an issue, but it is a lesser issue than the more expensive option of providing benefits universally. The robust principle should be to only raise taxes sufficient to cover those who require it.

Nobel Laureate and flat tax advocate James M. Buchanan objects to means-testing programs because it 'violates the classical liberal presupposition of equality' and creates 'parasite' groups resented by other taxpayers.[28] There is an element of truth in the potential stigmas, but again, this is secondary to the massive costs of extending benefits without restriction and the inefficiency of raising taxes to give benefits to people of adequate means.

Lower taxes on the lower paid also change incentive patterns—while it is more attractive to enter the labour market it becomes less attractive at the margin to earn more up the scale. It is sometimes argued that that these 'penalties' in progressive structures create poverty traps absent in flat tax regimes. Treasury recently estimated that introducing a revenue-neutral flat income tax in Australia would require an across-the-board rate of 24%, a level representing a large tax increase for lower income earners and a significant disincentive for working.[29] It would seem that while the progressive tax penalises low earners for doing better, the flat tax penalises low earners for doing at all.

In any case, while Australia has issues arising from the progressive tax and transfer mechanisms, these need to be kept in perspective. Whiteford, for example, finds that in Australia, 'the effective marginal tax rates on low-income households are among the lowest in the OECD.'[30] A generally low level of taxes helps contain the problems.

Hayek's mistake

For many years, a belief has persisted that progressive taxation is the enemy of people fighting for smaller government. Friedrich Hayek was a highly influential exponent of this view:

> The illusion that by some means of progressive taxation the burden can be shifted substantially onto the shoulders of the wealthy has been the chief reason why taxation has increased as fast as it has done and that, under the influence of this illusion, the masses have come to accept a much heavier load than they would have done otherwise.[31]

But the Australian model shows that Hayek was wrong. Far from being an enemy of small government, a progressive tax (and spending) structure is a useful catalyst of sustainable smaller government.

Let me illustrate why.

If Australia introduced a flat income tax, almost 80% of Australian taxpayers would pay more tax, according to Treasury.[32] Which party is more likely to be elected to government—the small government party proposing to introduce a flat tax or the conventional small government party supporting a progressive regime?[33]

A government that did introduce a flat tax would face immediate challenge from other parties promising to revert to the progressive scale. The conventional small government party has the most likelihood of successfully reducing the size of the state because it has the more politically attractive means of reaching it.

The political disadvantage of the flat tax is not just that it has more 'losers' than a progressive tax but that the impact of these losses on people's sense of well-being is greater. A dollar has more value to a low income earner than a high income earner, meaning that, as the Henry Tax Review says, 'reductions in income caused by taxation reduce the well-being of low income earners more than high income earners.'[34]

A progressive tax (and spending) structure is a useful catalyst of sustainable smaller government.

The error of Hayek was not in saying that progressivity can lead to bigger government—it can. The error of Hayek was in not recognising that progressivity is also conducive to smaller government. The reason is the same—progressivity is more politically appealing than flat taxes. Progressivity can soothe the political pain associated with either higher taxing governments or smaller spending governments.

Recent OECD research illustrates the compatibility of progressive tax systems with small government. The OECD's *Growing Unequal* report calculates the progressivity of different countries tax systems and finds the six most progressive countries to be Ireland, the United States, Australia, United Kingdom, Canada and Korea (all lower tax countries), with (higher tax) European and Scandinavian countries tending have the least progressive systems.[35]

The Scandinavian countries demonstrate the limits of progressive taxes in funding bigger government—if a country chooses very high spending levels, the revenue needed requires the state to go beyond high earners and levy high levels of tax at the lower end of the scale.

Apart from progressive tax, the steep progressivity of spending in Australia is also conducive to smaller government. The very low 'middle class welfare' levels mean lower tax levels to finance government. It is quite telling that the Fabian Society of the United Kingdom opposes means-testing benefits on the basis that it undermines 'social solidarity' and diminishes middle-class support for higher taxes.

A final point: just because progressivity is conducive to smaller government doesn't mean that countries should automatically adopt more progressive systems. There are always other factors to consider, there are limits to progressivity, and sometimes there are compelling arguments for flatter regimes. But as a broad rule, if small government is the aim then progressivity through lower taxes on the lower paid and lower spending on upper income earners is more likely to achieve that goal than flatter tax and spending structures.

The steep progressivity of spending in Australia is also conducive to smaller government.

Conclusion

A number of authors in recent years have tried to define the characteristics of the Australian model that distinguish it from the rest of the world. Respected commentator Paul Kelly suggests:

> Free trade, competitiveness in world markets, a surplus budget, an independent central bank, an enterprise based industrial culture, an immigrant culture tied to an inclusive culture, retention of the egalitarian ethic, an Australian made synthesis of a decent society and strong economy, the search for reconciliation with indigenous peoples, and entrenchment of a national interest strategy.[36]

While these characteristics are quite true of Australia, most are far from unique. A more useful and apt description of the Australian model is that of small government egalitarianism, a unique combination economic liberalism and egalitarian policy structures that contrasts with both European models of welfarism and the American model of inequality acceptance. Northern hemisphere thinking on the left and the right equates egalitarianism with higher levels of welfare and higher taxes; the Australian model wrong-foots this analysis by producing egalitarianism through lower taxes on lower income earners and reduced government spending on higher income earners.

In Australia, we benefit from the dynamism and freedom that comes with smaller government, but we have done it in a way that reflects our values about egalitarianism and the fair go. Our arrangements are the end-product of our culture and history—a strong egalitarian ethos grafted onto a deep underlying British love of liberty. Our pioneers' strong sense of camaraderie and the bushman's talent for running things on the smell of an oily rag has translated into lean but fair-minded government.

The emergence of this Australian model—this platypus model—may confound the old northern hemisphere thinking that small government and egalitarianism are mutually incompatible. But it presents a sustainable model for successfully addressing the two eternal challenges of statecraft—maintaining internal harmony while possessing external strength.

Endnotes

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2 OECD, *2010 Economic Outlook*.
3 The lean state results come despite the overspending of the Rudd government, and the very low debt level relative to other countries is also despite the large deficit spending of recent years.
4 Heritage Foundation, *2010 Index of Economic Freedom*. Like all meta-comparisons it has its flaws, but it remains the most comprehensive comparison of economic liberalism.
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7 Robert MacCulloch, 'Income Inequality and the Taste for Revolution,' *Journal of Law and Economics* (University of Chicago, 2005). I'm dubious about the exactitude of this sort of research, but the principle is unexceptional. For the record, the author finds that 'a 1-standard-deviation increase in the GINI coefficient explains up to 38 percent of the standard deviation in revolutionary support.'
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10 For example, the high inequality of wealth in Denmark and Sweden creates a strong imperative for policies to reduce the inequality of income, but it is also partly a result of policies of high welfare provision that lessen the need for low income earners to own assets.
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19 As above, 49.
20 As above, 37.
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