

Australian Taxation, Ethics and Social Capital

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Introduction

Australia's taxation policies appear to have had a profound influence on community ethics and the levels of trust and social capital. This paper firstly makes the case for the comprehensive taxation of income and wealth. Secondly, the paper reviews the departures in Australian taxation laws from this tax base and examines the impact on community ethics and social capital. The paper finds that the greater the departures from the comprehensive taxation of income and wealth the greater the damage to community ethics and social capital.¹

Optimal Taxation Policy

It is clear that taxation² plays a central role in providing a setting for an ethical society funding the institutions that enable a high level of trust and social capital. As stated by Isaacs:

It is one of the empirical certainties of history that no structural society has ever arisen without taxation. However, the power of taxation is one which is particularly liable to abuse, either in the hands of an individual autocrat or of a sectional oligarchy such as may wield the sceptre of authority even under the forms of a modern Parliamentary system; but without that power no

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