

Australian Politics in a Global Context

Week 1 – Australian Democracy and Inequality

Lecture 1

Equality and Australian Democracy

- Europeans had come to Australia to seek fortune and a new life
- The sparse population and private capital which led to a reliance in the colonial government to build infrastructure and solve issues
- Democratic reformers;
 - o Charis: working class who were disenfranchised in England as can be seen by the *Land Reform Act 1832*
 - o Radical: educated, middle class who established the conservative nature into Australian politics
- All voting had counted, discrete with coercion
- Absence of an upper-class hierarchy in Australia – influx of radicals in Australia due to the failed revolutions of 1840 and the goldfields in 1850
- From 1859 there were six Australian colonies
- South Australia had not convicts neither did New Zealand, first place to use proportional representation was South Australia
- The first colony wide election where in New South Wales in 1843 than in other states in 1851 for the election of the Legislative Council.
 - o 2/3 of the Legislative Council was elected 1/3 of the Legislative Council were appointed
- In 1856 the states split the Legislative Council to a bicameral government split between the Legislative Council and Legislative Assembly
- Queensland had separate from New South Wales in 1850 most white men over the age of 21 and were British subjects could vote
- Votes were based on property and income that a white male had owned and earned. Du
- The electoral roll (list of registered voters) has information on the qualifications and the address of qualifications of voters
- The Legislative Council was an undemocratic representative body comprised of radicals
- The ex-convicts (emancipists) were not allowed to vote due to fear of exclusivists (freemen) being outnumbered by the emancipists
- Melbourne devised in 1856 a voting plan that would provide the candidate names on the voting paper
- New Zealand and South Australia were more enlightened on Indigenous voting in elections and were also the first colonies to grant women the right to vote in 1890, South Australia granted woman the right to stand parliament
- The Federal Parliament under the *Electoral Act 1902* (Cth) allowed women to stand for Federal Parliament; but none did until 1943

Plural Voting on Political Equality

- Influence of property was protected by pluralistic voting from property owners
- All jurisdictions except South Australia had retained plural voting as it was antithetical to male suffrage
 - o People who do not own properties generally had no votes
- In New South Wales and in Victoria they had electoral disqualification; charitable assistance lasted until the 1920's
- Giving voting power (more) to the remote and rural areas designed to continue conservative government due to the conservative stream values
 - o Abolished by the Labor government → (rural weighting) – principle of 'one vote, one value' however was not introduced for the states until the Labor governments had held government
- Responsible government immediately brought in adult male suffrage for lower houses
- Australia bicameralism allowed both houses the same power of approval, amending and rejecting bills
 - o Previously only propertied elites held power

- Upper house elections designed to ensure continuing conservatism
 - o Done by allowing the upper house only property voting qualifications
- 'One man one' vote scared conservatives as an illiterate and uneducated people could vote
 - o They made city seats more populous than city seats so landowners have a greater say
- Democratic lowerhouse – blockaded by the elitist upper class
 - o They ejected important bill such as compensation, unemployment relief (in Victoria until full adult suffrage was legal in the 1950s)
 - o Labor (WA) created worker's compensation bill, created the Court of Industrial Arbitration, the conservatives rejected the abolition of the death penalty, free-run government hospitals, rejected sections of the income tax bill and against the government proposed *Land Act*
 - o Labor (NSW) the constitution provide that any bill to abolish council should be took to a referendum, Jack Lang had been dismissed of premiership during the depression as he would not hand over interest to foreign bondholders
 - o Labor (SA) they fought a council that rejected bills on compulsory repurchases, land valuations, taxation and racial discrimination
 - o Upper houses; only became more democratic with the introduction of universal adult suffrage

Federation

- In the 20th century white males had relatively high wages with an egalitarian ethos on immigration restriction to support equal pay and rights for workers
- Equality was enforced by the Court of Conciliation and Arbitration 1904, deal with industrial disputes- determining wages and conditions of employment
- Women earned a fraction of a male's wage
- Fiscal equalisation – constituent's different levels of resources, some form of redistribution of revenue between jurisdiction → equality of access (*Commonwealth Grants Commission*)
- Australian Constitution – no plural voting 'for federal (section 8 and 30) – still occurred in State electorates
 - o *Franchise Act* (1902) – vote for all white men and women
 - 96% of adults registered due to compulsory election and compulsory electoral registration which arrived in 1911 and compulsory voting in 1924
- Australian Constitution (s 48) pay members of Parliament to ensure transparency that male member could sit for parliament
- Non-Europeans kept out of electoral franchise
- White Australia: due to non-Europeans allowed into country, would work hard and drive wages down and could deny the existence of an egalitarian society.

Citizenship

- Being a British subject brought rights with it and responsibilities
- Australian nationality existed in 1949 under the *Nationality and Citizenship Act* 1949 (Cth) – before Australian nationality was recognised as British
- Some subjects of the Commonwealth were giving more rights than others as under the *Franchise Act* 1902 (NSW) as 'no aboriginal or native of Australia, Asia, Africa, Islands of the Pacific except New Zealanders'
- There was an abundance of a class-system;
 1. British Subjects (European)
 2. Aliens of European Origin
 3. Non-Europeans
 4. Aboriginals
- The White Australia policy was dismantled in 1966; racial categories were abolished by immigration in 1970
- Unequal citizenship: that male citizens were expected to defend their country in the time of war and serve the jury in time of peace – these rights were not granted to women
- A women of British nationality who married a man of non-British nationality had in the eyes of the law forfeited her status as a British subject

Political Equality

- 2010 – Australia had equal voting rights; however, there were two exceptions:
 - o Unequal electoral distributions
 - o Property votes were only recognised in local elections

Equality in the Voting System

- Electoral systems – where people votes had translated to representation
- Proportional representation – legislature reflects share of votes – allows minority parties and in the Senate
- Single-member electorate system – need a majority through a preferential list for a lower house majority to form government
 - o Two-party system – the government decides by majority in the lower house – works against equality as winner takes all

Registration of Electors

- Compulsory enrolment put onus on electors to keep voter detail up-to-date, non-voters without a good reason are fined
- Aboriginals in 1962 given voting rights uniformly

Compulsory Voting

- The introduction in 1924 of compulsory voting which provided a landmark of reform for more accessible voting centres and systems in regards to location, disability and homelessness
- Young and mobile voters are either struck off from the roll or are never enrolled
- Informal votes due to English language barriers of certain voters who wither come from a low socioeconomic background or are migrants

Property votes in Local Councils

- Allowed only property owners to vote due to paying council rates – therefore allowing them to elect a local council
- Local council provides roads, rubbish collection and other public work
- Voting rights are also extended to foreigners who own properties in Australia due to their vested interests in property rights in Australia

Political Funding

- Power of private money is powerful in elections as they have no limits, to expenditures or restrictions on electronic advertising and somewhat lackadaisical approach to disclosure.
- Candidates can communicate more effectively with large donations as they are allowed bigger broadcast and create unequal opportunity
- Small donations are encouraged but large donations create an apolitical integrity and disrupts public confidence due to the unrestricted powers or vested interest
- Campaign laws were relaxed in 1980 as public funding was allocated to political funding by providing \$2.31 for every vote a party gets to use in the next election
- Electronic advertising was restricted between 1991 to 1992 – but was struck down by the High Court
- Donors get large donations by setting expensive prices for political dinners for donors
- The *Election Funding and Disclosures Amendment Act 2010* (NSW) had introduced a cap on all political donations;
 - o These caps were \$5000 to a party a year
 - o These caps were \$2000 to individual candidates

Lecture 1

- Rising power of vested interest (Wayne Swan) as the voice of the majority is drowned by the interests by a well-funded individual such as Gina Rinehart and the mining lobby launch a systematic media campaign against Labor Mining Tax and ETS (led to Rudd demise) which was replaced by Gillard as she replaced it with a water-down version

- This led to the Abbott Coalition running government
- Negative gearing: Labor released restrictions on this policy but gained opposition from businesses and the LNP
- In its broader sense, politics concerns all of those human activities, endeavors and relationships that involve the exercise of power, in both the public and private sphere
 - Real Estate Institute of Australia: against abolishing negative gearing – believe it is volatile to rentals and the housing market, limiting negative gearing would reduce investments erode housing affordability and add more to rent.
 - Turnbull: believes it would lead to a fall in housing and rental prices
- Politics concerned with all human activities and endeavours
- Agency-centred: individual leaders or politicians have power to determine issues
- Structured-centred accounts: individuals and agents operate within constraints

Power is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests	Authority Legitimate command and domination which are obeyed because they are viewed by those who are subject to it as legitimate power
Coercion Threat or force used to realise particular ends. People don't see this power as legitimate	Consent Those subject to power modifying behaviour they view source of power being legitimate

- Hard power: is the use of military and economic means to influence the behaviour or interests of other political bodies.
 - This form of political power is often aggressive (coercion), and is most effective when imposed by one political body upon another of lesser military and/or economic power.
- Soft power: cultural, mythological and ideological persuasion which together legitimise power
- Hegemony: political leadership based on consent, backed by coercion
- Sovereignty (de jure): absolute indivisible authority with the right of no external influences which is different from;
 - Sovereignty (de facto): actual capacity of a sovereign to gain absolute authority

State and Government

- State: institution or a cluster of institutions claiming sovereignty and claiming a monopoly on the use of force (police and army) – legitimise
- Government: branch of state that legislate law and make a political decision (legislature and executive)
- Cabinet (executive): ministers head of the ministries, they shape the laws in Australia

Globalisation

- Erodes sovereignty and constrains national states and governments
- Democratic deficit between sources of political decision making and those subjects to the effect of those decisions

Democracy and Sovereignty

- Participatory democracy: like Athens a city-state (polis) and people (demos) had to give judgements and hold office, particularly in public affairs. The problems with participatory democracy
 - Only achievable small community
 - Unjust, intolerable and unstable
- Representative democracy: provide broad representation and thus legitimacy and balancing coercion with individual liberty by providing periodic elections so more legitimate
- American and French revolution brought representative constitutional government (will of the people)
 - Who was recognised as a person was different to today's definition as this definition has been expanded, including people of different races and socioeconomic backgrounds

Australia Settlement to Globalisation

- Paul Keating: Australia needed to become more economically competitive compare in order not to become a 'banana republic'
 - o The Australian government removed itself from economic sectors to allow entrepreneurship and allow investment
 - Increase labour productivity for investors
 - Run government agencies similar to corporate sector
 - A low import barrier so firms can get better access to the global marketplace
 - o Keating rallied for internationalisation
 - White Australia
 - Industry protection
 - Wage arbitration
 - State paternalism
 - Imperial benevolence

1980

- Australian manufacturers were unproductive and could not compete internationally
- High taxes and wages had scared investors
- High level of state spending had fuelled inflation and thus created high interest rates
- Bob Hawke and Paul Keating had transformed Australia with a breadth of reform
 - o Deregulation: less restrictions for investment from vested interest and pro-protectionist policies
 - o Floating Australian Dollar: which exposed Australia to the financial market
 - o Decentralisation: labour market not highly centralised
 - o Corporationised: government agencies on a more commercial footing
 - o Privatisation: free-enterprise more efficient, proceed sale used to retire debt
 - o Taxation: reform to introduce new indirect taxes and government standard tax

Reading 2

- Minimum wage and unemployment benefits fail in Australia to keep pace with average weekly earning
- Senior executive pay is now one hundred fifty times greater than the average weekly earnings
- The top twenty percent of Australians earn five times more income than bottom twenty percent
- Abbott government – inequality is not just unavoidable but also beneficial
- Successive government done little to reduce income inequality and not reform welfare or tax
- Income inequality is a result of politics, economics, social and legal frameworks help shape inequality from education system, healthcare, taxation law, bankruptcy law, corporate governance, financial system and anti- trust systems help enrich the top at the expense of the rest
- Economist view on income and tax: Economist believe income is an individual's contribution to societal output and taxation distribute income from highest to least
 - o Proposed change for income equality gunned by Abbott
- Welfare system: government ensure that welfare payments grow slower than wages
- Australians believe income distribution more equal than it actually is
 - o Belief about income in Australia reflects the circumstances people are in
- Australia Bureau of Statistics state – average income \$918 per week or \$47,736 per annum
 - Median income \$790 or \$41,080 per annum
- Real earnings increased past decade – earning inequality is increasing
- Growth in average outstrip growth in minimum wage – low income earners slipping behind
 - o Addressing this gap would require a 12% increase in the minimum wage
 - o Unemployment benefit has failed to keep up with the minimum wage
- Kevin Rudd – executive pay outrageous packages paid to financial company executives who have contributed to the problems of the global economy
 - o The one percent
- Productivity commission

- The top 20 CEOs in Australia average pay 150 times more than the average weekly earnings
- Executives set their through power on the board due to self-interest
- Rudd and Gillard reforms that shareholders can vote to spill a board → force elections → no votes of 25% at two consecutive annual general meetings
- The top income quintile has just over five times of the bottom quintile – the top wealth quintile is 71 times larger than the bottom quintile
- The accumulation of income inherited wealth that drives much of inequality
- The bottom quintile – 1.73 million households – less wealth than the 10 wealthiest families
- **Wealth: is all assets and income**
- **Income: salary per annum**
- ATO for income account wages, benefits, pension and capital income
- That, for low-income groups, payments from the government are an important source of taxable income
- Income after the tax and transfer system for redistribution improve the earnings of individuals who do not meet the tax-free threshold whilst reap the earnings of high-income earners
 - Top marginal personal income tax and on addition the medicare levy has led to a tax rate of 49%
- Australian support the provision of a wide range of income support – pay the taxes necessary to fund such services – majority of Australian supporters increasing the tax paid by high income (81%)
- Low socioeconomic background who earn low incomes become disengaged meaning that they can be politically persuaded to vote for economic conservative parties
 - The lower socioeconomic favour redistribution from rich to lower-income but manipulated against estate tax
- Greater inequality (income) people are less satisfied with the way democracy – less trusting of their politician – so unions try to counterbalance inequality
- Higher income inequality associated with right-wing policies

Gender Inequality

- Women overrepresented in low-income earners → benefit from redistribution policies but fare poorly when government cut – taxes and benefits
- Australian Taxation Office: women comprise of 45% of all tax-payers
- Top percentile (21.17% are women), 58.5% are in the income range of \$31,060
 - Women earn 17% less than men

Low income Earners by Electorate

- Earners not disperse evenly across the continent; concentrated in some regions
- Low income employees – electoral divisions vote primarily 'national'

Income Support

- People relying on unemployment benefit are amongst poorer in Australia
- Bob Hawke; increase in income support and family payments significantly increased incomes
 - 1987: payment 10% below poverty
 - 1990: at poverty
 - 1992: 25% above poverty line
 - 1992+ lowering
 - 2012: 20% below poverty line
 - Due to liberal cuts to welfare – payments continue to fall further behind community standards
- Pension surpass newstart, pension just above the minimum wage