



Restoring Democracy – Curbing the corrupting influence of wealth

September 2023

Throughout the stories in the Gospels, we see Jesus questioning self-serving leaders and those in positions of power, as well as giving voice to people who were outcasts in society.

Canon Dr Angus Ritchie from Oxford University says, "At the heart of the Christian faith is the conviction that God himself is a communion of love and that our material, physical lives – not least the way wealth and power are shared or hoarded – can help us either to enter into that communion or to estrange ourselves from it." Before the exile of the Israelites to Babylon in the biblical text, the prophets condemned what they saw as the religious, economic, legal and social deterioration of Israel. The prophets called for those in positions of power and authority to behave in accordance with God's law and not oppress the poor and defenceless.¹ They condemned bribes being taken by those in authority as money was corrupting both political rulers and religious leaders (Amos 5:12, Mic 3:11, Isa 5:23, Ezek 22:29). They called upon both individuals and rulers to be righteous and uphold justice.²

Representative democracy is built on the concept that all citizens have an equal right to have a say in how we are governed and what laws and policies will shape our society. The idea is that each person gets an equal vote regardless of their background or circumstances. The reality is that currently, the system allows the wealthy to skew our laws and policies towards their preferences. Private political donations give power to those with money as they can buy access to and influence over political processes. When policy-making is captured by a handful of powerful interests, rules may be bent to favour only a few in society. The consequence is the adoption of policies that run counter to the public interest.

Buying access and influence

The buying of access and influence over government policy is a key reason so many countries restrict political donations.

Former Clubs NSW chief executive, Mark Fitzgibbon, told the media that Clubs NSW was able to use political donations to buy government access, which it used to influence policy. He stated, "We did support political party fundraising, which was a legitimate activity, and it certainly assisted us in gaining access. I have no doubt it had some influence".

Mark Nixon, EY Government and Public Sector Consulting Leader, was refreshingly honest at a hearing before the Senate Finance and Public Administration Committee on 18 July 2023. When asked why consultancy giant EY makes donations to political parties, his answer was all about securing their profits.

A game for the wealthy

French economist Julia Cage points out that the wealthy disproportionately make private political donations to skew laws and public policies to their interests. Using French data as an example, she found that only 0.8% of households in France made political donations. However, of those that made political donations:

- 2.7% of the richest 10% of households made political donations;
- 3.8% of the richest 1% of households made political donations;
- 5% of the richest 0.1% of households made political donations; and
- 10% of the richest 0.01% of households made political donations.

France limits how much people can donate. By contrast, Australia allows the wealthy to make unlimited donations meaning the bias towards the rich is likely much higher in Australia.

It is impossible to do the above analysis in Australia, as the ATO does not collect data on people making political donations. However, we do know that in election years the top 20% of donors to politicians in Australia make up 80% of all donations. The average donation size is well beyond what anyone on a low or middle income could contemplate at \$155,000. So the evidence points to the wealthiest Australians dominating private contributions to our political system to skew outcomes to their interests.

¹ Léon Epzstein, *Social Justice in the Ancient Near East and the People of the Bible* (London: SCM Press Ltd, 1986) 69.

² Moshe Weinfeld, *Social Justice in Ancient Israel and the Ancient Near East* (Minneapolis: Fortress Press, 1995) 7-8, 17-18.



Increasing the ability of lower-income people to participate

The median income in Australia was \$65,000 a year in 2022 for people who have paid employment. That means that 50% of Australians in paid employment earn less than \$65,000. The number of those below that income will be even greater when people who are not in paid work, such as pensioners, are included. Many of these people cannot afford to make political donations. Further, when the system is so skewed towards the interests of the wealthy, they are not motivated to make political donations while struggling with the costs of living.

There is a false political economy put forward in Australia. By not fully funding elections with government revenue, ordinary people end up worse off through the laws and policies favouring the wealthy and corporations who make large donations.

One idea to reduce the bias towards the wealthy in a system that allows for political donations is a scheme that will enable people on lower incomes to donate with government-provided funds. The system has been implemented in the US city of Seattle. Each resident of Seattle gets four US\$25 (\$39) publicly funded democracy vouchers that can be donated to the candidate of their choice in local council elections. The vouchers are paid for through a property tax. The system has been used in elections in 2017, 2019 and 2021. The result has been that Seattle now has the largest and most diverse donor pool in the US. In 2021, 7.6% of voters in Seattle used their democracy vouchers. More candidates now run in council elections, with an 86% increase in candidates in 2019 compared to previous elections. However, the system's benefits have been muted by a failure to prevent unlimited donations from corporations and the wealthy seeking to control the Seattle city council. For example, the multinational corporation Amazon poured US\$1 million into the Seattle local council elections in 2019 to try and tilt the results to their interests.

What you can do

Write polite and respectful letters to:

Senator The Hon Don Farrell

Special Minister of State
PO Box 6100
Senate
Parliament House
Canberra ACT 2600

The Hon Anthony Albanese MP

Prime Minister
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Salutation: Dear Minister

Salutation: Dear Prime Minister

Points to make in your letter:

- Express concern that unlimited private political donations can allow policy-making to be captured by a handful of powerful interests, meaning that rules may be bent to favour only a few in society. The consequences are likely to be the adoption of policies that are counter to the majority public interest.
- Ask that the Government:
 - Place limits on private political donations to reduce the influence of the wealthy over our democracy.
 - Place limits on how much candidates can spend in elections to reduce the chasing of wealthy donors.
 - Put in place a mechanism that allows people below the median income in Australia to make a small publicly funded donation to the party or candidate of their choice through their tax return. Point out that people on the median income can rarely afford to participate in the political system with a donation of their own.
 - Place limits on how much corporations and wealthy individuals can spend trying to influence an election's outcomes through advertising activities.
 - Implement a ban on businesses that have made political donations from being able to gain Commonwealth Government contracts.
 - Implement a ban on donations from entities where it is impossible to know who the actual people making the donation are, such as trusts and nominee companies.
 - Require that all political donations over \$2,500 should be publicly declared in real-time.