

A stylized, dark-toned architectural drawing of a building with a prominent flag on a tall pole. The drawing is composed of various geometric shapes and lines, creating a complex, layered effect. The background is a dark, textured surface with a grid-like pattern.

POLICY BRIEF

POPULISM AND THE AUSTRALIAN DEMOCRATIC PROCESS: SAFEGUARDING THE POLITICAL DONATION SYSTEM

FEBRUARY 2019

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Executive Summary

In the wake of a series of recent scandals, the Australian Government must revise its laws regarding political donations in order to prevent an increase in corruption. The Australian government relies on the trust it has with the general public to ensure participation in the political process. However, this trust is at risk of being eroded due to the opaque nature of corporate funding.

In order to ensure the integrity of the political process, this policy brief puts forward two recommendations for the Australian Government.

Firstly, we advise that the levels of transparency regarding the sources of campaign funding for all political parties be increased by making this information readily accessible to the general public. If this occurred, there would be less ambiguity regarding the sources of funding. In turn, this will not only deter possible corporate manipulation of public policy, but also satisfy the citizenry's concerns regarding how exactly politicians are being funded.

Secondly, partial public financing is required to ensure the fairness of elections by encouraging smaller donations and deterring larger donations.

If these recommendations are implemented, the next federal elections will be defended from potentially nefarious corporate donations, thereby safeguarding the Australian people's trust in the electoral process.

Background

The underlying secrecy of the attainment and use of corporate donations has become a global issue. In the recent US presidential elections, being largely self-funded rather than relying on donations solicited through '[Super PACs](#)' was a key factor in President Trump's victory. The Clinton campaign outspent the Trump campaign by [over US \\$400 million](#) and Trump relied on fundraising committees and events than Super PACs. This enabled Trump to both [attack Clinton](#) and portray himself as being independent from corporate interests.

Trump's perceived independence appeared to resonate with those from low income groups. According to the [Washington Post](#), almost 70% of young Americans who earned an annual income of less than US\$50,000 – 37% of the total election voters – voted for Trump.

In the Australian context, [rising concerns](#) over political donations may well provoke a similar populist backlash. At the [federal level](#), donations only have to be disclosed if

they are above \$13,800. Even then, the source of donations is only revealed up to 18 months later, long after policy has potentially been influenced.

Following the 2011 federal elections, the Liberal Party was thrown into the spotlight for allegedly accepting [\\$600,000](#) from banned property development corporations. Out of sight from government surveillance and regulation, Liberal Party members funnelled illicit donations from property corporations through [slush funds](#) and the Free Enterprise Foundation.

Highlighting this issue, the [2018 Global Corruption Index](#) saw Australia drop down to number thirteen in the world. This fall in the rankings bolsters the case for revamping the current political donation system.

In July 2018, the Victorian parliament took steps in the right direction when they successfully passed [new regulations](#) capping domestic political donations at \$4000 per election cycle. The cap serves to dismantle existing corporate structures utilised by wealthy donors to funnel funding to political campaigns outside of existing government channels. This move was partly in response to Liberal Party fundraiser Barrie Macmillan's attempt to [funnel donations](#) into his Party through a mafia boss.

The Problem

How does corporate influence fuel populism?

Despite corporate funds making up a large share of political donations, there is often a disjuncture – both real and imagined – between the concerns of average citizens and corporations. Populism thrives where the perceived interests of the majority are ignored, and where the political system is seen to be impure and hijacked by elite interests.

In such an environment, self-proclaimed advocates of 'the people' portray themselves as seeking to 'take back' the policy system. In the Australian context, [Clive Palmer](#) and One Nation have [consistently painted](#) the existing political system as being corrupt and in need of repair.

Is a populist backlash against corporate influence warranted?

Funding to political campaigns is not necessarily undesirable as all campaigns need finance to operate. In the absence of proper campaign funding, campaigns will lack the resources to properly inform voters which is only to the detriment of democracy.

However, a political system saturated with corporate donations potentially prevents politicians from acting in the national interest. This has been exemplified by the downfall of the former Labor Senator Sam Dastyari, who resigned in the wake of his links to China. [Among other things](#), Dastyari was accused of allowing the Chinese businessman Huang Xiangmo – who has [Communist Party](#) links – to pay his legal bills .

Huang also donated over [\\$295,000 AUD](#) to various liberal party Federal Election Committees across Australia. The case of Huang's expensive involvement in the 2016 federal elections has led to questions regarding the perceived impartiality of Australian political parties and politicians, while also feeding [public distrust](#) in the political class.

Why should the government care about reducing corporate influence?

The fallout from political scandals like the downfall of senator Dastyari, has created [widespread disillusionment](#). If the Australian people cannot trust politicians to act within their interests, they may instead look toward populist figures, as illustrated by developments in the [US](#), the [UK](#) and [France](#).

Reforming the political donation system would help restore public faith in Australian politics. Given that Australia has been largely immune from the wave of populism sweeping Europe and the US, the Australian government has an opportunity to effectively pre-empt the rise of populism.

Recommendations

Any solution to the problems outlined in this brief must ensure that the following conditions are met:

1. Political campaigns are adequately funded to allow for essentials such as advertisements, campaigning events, and strategy development.
2. Politicians work – and are perceived to work – in the interests of all Australians
3. Voters are informed when political parties receive donations of over \$5000
4. All Australians have the opportunity to contribute to political campaigns in a meaningful way

We make the following recommendations in order to fulfil the above criteria:

1. Transparency

The Government should support legislation that forces political parties to advertise donors who donate \$5000 or over in real time – with particular emphasis on their top ten donors. We recognise the difficulty of passing such legislation but maintain that it would be [received well](#) by the Australian electorate.

Under such a framework, political parties would be incentivised to examine the political ramifications of accepting funds from wealthy donors pursuing corporate interests, thereby making corruption less likely.

2. Public funding of elections

With the above regulation in place, it will be more difficult for political parties to raise large donations. To ensure parties can still raise adequate funds and to shift the source of donations away from corporations towards the citizenry, we recommend that the

government supports legislation for partial funding of elections. Such legislation should allow government to match donations under \$100, three to one. For example, if someone gives \$50 to political party X, then the government should give X an additional \$150. This will:

1. Ensure the amount of money given to each political party better corresponds with their actual level of public support
2. Encourage non-wealthy Australians to make donations. Some voters do not contribute to campaigns because they think their donation [won't make a difference](#). But if they know their donation of \$50 is really a donation of \$150, they will be more likely to donate
3. Redirect the attention of politicians to all Australians. If politicians view everyday Australians as a lucrative source of donations, then they will be more likely to serve their interests
4. Reduce fears of corruption by lessening the need for politicians to court wealthy donors pursuing special interests

Conclusion

Australia's campaign financing laws must be revised in order to address the deep sense of disillusionment which pervades our political system. Fortunately, the Australian government can implement watertight rules regarding corporate financing which will help fend off any possible populist backlash.

Firstly, to rebuild public trust, this brief recommends that the Australian government ensures that there is greater transparency through creating publicly available lists revealing political donors.

Secondly, it is recommended that the Australian government revises the laws regarding the public financing of campaigns with the adoption of partial funding for elections to mitigate the risks of excessive corporate influence.

These recommendations, if implemented successfully, will allow the Australian government to rebuild public trust and safeguard Australian democracy against the rise of populism.

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