

## PART NINE US AND THEM



### Bogans and hipsters: we're talking the living language of class

Christopher Scanlon

“This is bullshit,” the student muttered under her breath. The tutorial topic assigned for that week was class. I’d kicked things off by asking whether class existed in modern Australia, or whether it was a relic of 19th-century Europe.

Struck by the student’s response, I asked her to elaborate. She did:

Look, I went to a private school and my Dad’s a CEO and most of his friends are business people. So I guess that’s supposed to make me upper class? But class has nothing to do with it. Going to a private school was my parents’ decision. And my Dad’s friends are just his friends.

I suggested that the choice of school — not to mention the capacity to afford the fees — and her father’s friendship network might have been shaped heavily by their class position. That wasn’t to say there was anything wrong with it, but it did show how our lives are shaped by larger social and economic forces we don’t control.

The student was having none of it. It was clear that she’d encountered the notion of class before and found it singularly

unconvincing. In her world, everything was simply a matter of individual choice — choices that were unconstrained.

She didn't say it, but class seemed to be an excuse for people who made the wrong choices in life. Alternatively, it was a way to unfairly label people like her and her family who'd worked hard for their success, presenting their achievements as little more than the luck of being born into the right family.

Her response isn't surprising. Many Australians share her view. Part of the reason for this is that class is less visible than it once was.

Ready access to cheap credit has blurred class distinctions. When most people can afford the latest smart phones, wear Prada, get about in four-wheel drives and take overseas holidays, class seems like an irrelevance.

About the only time we hear the word "class" in public debate any more is when someone questions the wisdom of rewarding CEOs with multi-million-dollar salary packages. In a culture that has internalised the mantra of "You Can Do Anything", this apparently constitutes the first salvo in a class war.

The only time we're happy to discuss class openly is when it can be viewed from the safe distance of the past or another country, as in shows like *Downton Abbey*. Class in this world is a simple matter of upstairs/downstairs.

### **It's about much more than money**

But class has always been more complex than this view would suggest. As the late French sociologist Pierre Bourdieu argued in his book *Distinction*, class — and the reproduction of class — has as much to do with your tastes, the way you speak and comport yourself as it has to do with income levels.

Taking this broader view, class is as prevalent as it ever was. It's just that when we talk about class, we don't use the "C word". Instead, we use other less threatening terms — "bogan", for instance.

One definition of a bogan is someone who fails to conform to middle-class standards of taste, dietary habits, leisure activities, styles of dress and ways of speaking. You don't have to have read sociology or understand the political economy to notice such distinctions.

When, for example, Channel Ten launched the 2014 season of *The Biggest Loser*, which centres on the town of Ararat in Victoria's south-west, a theme running through the audience reaction on Twitter centred on class. Some of the uglier tweets included:

That's the entertaining thing about #biggestloserau  
We're laughing at them cos they're bogans.

FunFact My cousin used to own a \$2 shop in Ararat he  
did a roaring trade, couldn't keep up with track suit &  
thong orders.

Hahahaha no money for your poor town unless you  
lose weight. No pressure. #biggestloserau

The crime of the contestants — and by extension Ararat — is that the show features people who don't conform to middle-class standards of health and wellbeing. Like the worst stereotypes of the working class that have been around since Karl Marx was a boy, they are assumed to be slovenly, poor and poorly educated, and lacking in taste and refinement.

Looking through the biographies of the contestants, you begin to notice that most are working class or lower-middle class. Along with a couple of students, the contestants are supermarket managers, a baker, nurses and what former US Secretary of Labor Robert Reich refers to as "in-person service providers". The few professionals who are on the show tend to be ones that, relative to other professions, are on the lower end of the income scale, such as nursing or teaching.

Of course, the class hatred expressed on Twitter at *The Biggest Loser* contestants is nothing new. But it's now wrapped up in messages about health and exercise. Income, occupation, residence and eating and activity habits are all part of what defines people's class.

At the other end of the spectrum to bogan is the hipster. Whereas bogans fail to conform to the lifestyle norms, values and tastes of the middle classes, a hipster cleaves to them closely to the point that they end up a parody of them. Hipsters trade on authenticity, individuality and a rejection of the mainstream. Sometimes this parody is ironic, while in other cases it is unconscious.

I have no doubt that these arguments wouldn't find much traction with my former student. Imbued with a heightened sense of choice, she would probably regard all this as people just being funny on Twitter about a TV show or, in the case of the hipster, simply a personal matter of style and taste rather than pointing to any deeper social reality.

### **Popular culture makes no sense without class**

The problem with this kind of response is that if class truly does not exist in modern Australia, or has no bearing on shaping — not determining, mind, but shaping — one's behaviour and life chances, then large swathes of contemporary Australian culture appear completely random and utterly baffling.

Everything from plays (and movies based on the plays) like David Williamson's *Don's Party* and *Emerald City*, to novels like Helen Garner's *Monkey Grip* and Christos Tsiolkas' *Loaded* and *The Slap*, to comedies such as *Upper Middle Bogan*, *The Castle*, *Kath & Kim* and *Ja'mie: Private School Girl* are premised on the social realities of class.

All of these presume their audiences have some experience of social class. Ja'mie's behaviour is appalling, in large part, because she's oblivious to the privileged bubble in which she lives. The slap in Tsiolkas' book of the same name is based on differences in working- and middle-class attitudes to parenting and what constitutes appropriate discipline.

If class were not a lived part of people's everyday experience, these productions simply would not resonate with audiences in the way they do. They would just appear surreal, completely disconnected from Australian culture.

For those whose choices are more constrained, this is self-evident — a point that was underscored for me by another student in a different tutorial. Unlike the first group, the students in this tutorial had lower ATARs and lived in suburbs with lower incomes.

Once again, I kicked off the tutorial by asking if they thought class existed in modern Australia. They looked at me as if the answer were obvious: of course it did.

I asked one student why he was so certain. He replied simply: “I live in Frankston and work at Woolworths.”



## Lorde vs Miley — where young feminism meets old class bias

Rosemary Overall

Earlier this week, New Zealand singer Ella Yelich-O'Connor — AKA Lorde — won two Grammys, including best song for the sleeper hit Royals and — almost — topped Triple J's Hottest 100 (her song Royals came in at number two, Tennis Court at number 12 and Team at 15).

Amid the breathless celebration of the 17-year-old's music lies an implicit positioning of Lorde as a positive alternative to the “raunchy” sexuality of other young female pop stars, such as Miley Cyrus.

The press around Lorde regularly highlights her “self-proclaimed feminist” status, whereas the overwhelming media image of Miley remains the twerking “ratchet” girl who drew the ire of many feminist pundits after the 2013 Video Music Awards.

Why Lorde's feminism is taken more seriously, I believe, is due mostly to something which no-one wants to talk about: class. Not in terms of the size of one's bank account, but class as disposition

linked more to education than cashflow. We need only think of “cashed-up bogans” to realise wealth does not automatically dovetail with the “good taste” associated with the middle class.

Emerging from the discussion around Lorde is the assumption that she, via her music, is tasteful, “classy” and worthy. Implicit — if not sometimes explicit — in this discourse is the implication that pop singers such as Miley are less classy, more brash and tasteless.

Lorde, like Miley, is a pop singer. But Lorde sits in the “indie pop” segment of the music industry. She writes her own songs, appears to have an “unfiltered” social media presence and her fashion sense has been repeatedly framed as original and unique. That’s a far cry from the discussion around Miley, whose music is — apart from being formally different to Lorde’s — written by others and whose style and, in fact, entire image is critiqued as derivative at best and a racist cultural appropriation of African-American culture at worst.

Key to high standing in indie-pop music is an aura of authenticity. Indie musicians are, of course, just as “produced” as starlets such as Miley. Lorde, for her part, was signed to Universal when she was 12 and no doubt the incredible clout of her association with a “major” led to her significant media presence, particularly in the US.

In Lorde’s press we hear of her love of modern American fiction (on Vonnegut: “he’s way sassy, but I love that”) and collecting first-edition books; her lyrics are described as “acerbic” and “literate”.

We know her mother has an MA (Lorde proofread it!) and that she comes from a middle-class suburb of Auckland. She is acceptably, inoffensively tasteful and middle-class.

Praise for Royals in the US focused on Lorde’s apparent critique of the “Cristal, Maybach, diamonds” culture attributed to mainstream pop. A *New York Times* article went as far to say that Lorde is “calmly insubordinate” in her critique of “conspicuous

consumption”. This, the author claimed, is far better than the “clichés” that characterise Miley’s work.

For all this hyping of Lorde’s apparent critique of capitalist consumer culture, we see the same old class positions rehearsed. Lorde is indie — original and authentic. Miley and her ilk are not. Middle classness remains the status quo.

In *GQ* we are told Lorde is a “far cry from those … standard Disney-groomed teenage[rs]” — a clear reference to Miley. Further, she is cool — “deep” and wearing a Cramps t-shirt on the cover of *Rolling Stone*. Compare this with Miley’s caricatured *Rolling Stone* cover appearance — topless, tattooed, tongue lolling. *GQ* tell us that Lorde is not a “guilty pleasure” for middle-class adults — presumably unlike the “nostalgia for the mud” one might expect from playing *Bangerz*.

Lorde herself maintains these distinctions in numerous statements explicitly criticising other female pop stars. On Miley, she expressed a concern — following the now infamous VMA performance — that music events will eventually culminate “in two people fucking on stage at the Grammys”.

She also weighed in on Selena Gomez, suggesting that the song *Come And Get It* was detrimental to women’s rights. Of course, in both statements, Lorde declares her position as “a feminist”. She similarly self-positions in an interview with the writer and performer Tavi Gevison (herself the subject of hyperbolic commentary such as being labelled “the most prominent feminist of [our] generation”) where Lorde is articulate on the nuances of post-feminist discourse.

Miley, on the other hand, is more blunt in her articulation of feminism: “I’m a feminist for sure”.

The issue here is not whether one pop singer is a “better” feminist than the other — but how the discussion around Lorde and Miley’s positions as young female pop stars rehearses a particularly insidious class-based discrimination.

Along with the new, it seems, we have a continuation of the same old tune.



## Income and wealth inequality: how is Australia faring?

Peter Whiteford

Australians like to think of themselves as egalitarian, and for much of our history we believed our income and wealth was spread around evenly. For many years, the world also shared that view. As early as the 1880s, visitors remarked on Australia's relatively equal distribution of wealth, the lack of visible poverty, the country's generally comfortable incomes and its relatively few millionaires.

As late as 1967, prime minister Harold Holt could say that he knew of no other free country where "what is produced by the community is more fairly and evenly distributed among the community" than it was in Australia.

From the 1980s onwards, however, this view of Australia came under scrutiny. As historian John Hirst wrote:

‘Egalitarianism — see under myths’: so runs the index entry in a standard sociological text on Australian society.

The most common measure of inequality is the Gini coefficient, which varies between zero and one. If everyone had exactly the same income then it would be zero (perfect equality). If one household had all the income then it would be one (complete inequality).

The most recent figures for OECD countries, from around 2010, show that Australia is the 11th most unequal of the 34 OECD members. Australia has only ever briefly been below the OECD average Gini coefficient: just as the mining boom started in 2003.

So, was Australia actually never particularly equal? Or have we become more unequal more rapidly than other countries?

## Trends in income inequality

Working out what has happened to inequality in Australia over the long term is complex. While there is disagreement about overall trends, according to economists Andrew Leigh and Tony Atkinson, inequality declined between the 1950s and the late 1970s, with Peter Saunders identifying an increase in the 1980s.

These long-run estimates are usually based either on wage trends or income tax data, which means that findings apply to individuals rather than households. Household incomes after benefits and taxes, however, are generally regarded as a better measure of economic resources.

Since the early 1980s, the Australian Bureau of Statistics (ABS) has conducted regular high-quality surveys of household incomes. The most recent survey covers the 2011–12 year.

Research by economists David Johnson and Roger Wilkins found that the Gini coefficient increased from around 0.27 in 1981–82 to around 0.30 in 1997–98. Subsequently, the official ABS income statistics show that the Gini coefficient increased to 0.34 just before the global financial crisis in 2008, then fell to 0.32 in 2011–12.

The ABS points out that changes from year to year are sometimes not large enough to be statistically significant. Yet the cumulative picture is of an upward trend, punctuated with periods in which inequality has fallen. Whether the most recent fall continues or is reversed remains to be seen.

## Trends in wealth inequality

For many years, statistics on the distribution of wealth were even sparser than comprehensive statistics on the distribution of income. The improvements in income statistics achieved by the ABS were more recently matched by the collection of information on wealth — or more precisely on “net worth” (assets minus liabilities).

According to the ABS, the wealthiest 20% of Australian households, with an average net worth of A\$2.2 million per household in 2011–12, accounted for 61% of total household net worth. The poorest 20% of households accounted for 1% of total household net worth, and had an average net worth of \$31,000 per household.

This means that the wealthiest 20% of Australian households had net worth that was 68 times as high as the least wealthy 20%. In contrast, the 20% of Australian households with the highest disposable income were about five times better off than the poorest 20%.

So, it seems pretty clear that wealth is much more unequally distributed in Australia than income. Or is it? This depends on how you look at it.

The most recent Credit Suisse Global Wealth Report, prepared by Anthony Shorrocks, one of the most highly respected world experts on wealth distribution, estimates that the distribution of wealth in Australia is the second least unequal (after Japan) of 27 major countries and the 12th least unequal of 174 countries.

It is also notable that the Credit Suisse report finds that Australia has the second-highest average level of wealth in the world and the highest median wealth.

The ABS survey — used by Credit Suisse — also presents two ways of looking at the distribution of wealth: first, by ranking households simply by the amount of wealth they have; second, by ranking households by how much income they have.

When the ABS ranks households by their incomes, the 20% with the lowest incomes have an average net worth of around \$437,000, while the 20% with the highest incomes have about \$1.3 million in net worth. This means that the poorest one-fifth of households, measured by income, hold 12% of net wealth, while the richest one-fifth hold 36%, a ratio of about 3 to 1.

These figures suggest that wealth is actually more equally distributed than income when the joint distribution of income

and wealth is used — which is a more comprehensive measure of total household resources.

These two approaches yield remarkably different pictures of wealth distribution. This reflects the fact that people accumulate wealth over the course of their life. Young people starting off in their first job generally don't have much in the way of wealth, but as they grow older they will purchase homes — which have been the great wealth "equaliser" in Australia — and accumulate superannuation and other savings.

As a result, older people have much higher average wealth than younger people, but older people generally have lower incomes than younger people.

So, why did we think that income was equally shared in Australia if it wasn't? The answer is that most of the earlier studies were based on a limited income measure: usually wages before tax and usually full-time wages for men.

In the past, Australia's wage-fixing system compressed the wage distribution. As late as 1999, Australia had the highest minimum wage relative to the median in the OECD.

If you are a full-time employed male wage earner in Australia, then you have a lower level of income inequality than in Denmark, otherwise one of the lowest inequality countries. The most important source of inequality in Australia is whether you have a job or not.

So the pillars of egalitarianism in Australia were high wages, high home ownership and low unemployment. If we want to regain this position, we need to ensure that unemployment remains low and that low-income earners are able to buy into affordable housing.



## The Great Gatsby days of inequality and social polarisation

Fabrizio Carmignani

In the popular novel of F. Scott Fitzgerald, James “Jimmy” Gatz (The Great Gatsby) climbs from his poor, rural North Dakotan origins to New York’s high society. His parties are as glamorous as they get and his guests do not seem to mind his shady business connections, which in the end are just a means to an end: the American dream.

Gatsby’s time, the roaring 1920s, is one of sharp disparities in the distribution of income. Still, this does not prevent him from moving up the ladder, reaching a socioeconomic status that would be just unthinkable for his parents.

If this were always the case — that is, if in spite of inequality people were not denied social mobility — then inequality would likely be less of a concern.

Unfortunately, the evidence tells us a different story: higher inequality is associated with lower social mobility. This relationship, known as the “Great Gatsby curve”, means that when distinctions between socioeconomic groups are more marked, moving from a lower to a higher group becomes less likely.

The implication is that growing income inequality will lead to a self-fulfilling spiral of social polarisation and as a result set the stage for new, more frequent crises.

Several economists already blame inequality for the global financial crisis, as the pressure to achieve a higher social status led households to intensify leverage while the influence of the rich on policymaking favoured speculative bubbles.

The prospect of living in such a world is not appealing, hence we worry about inequality, or at least most of us do.

## Fighting divergence

The question of how to tackle inequality is multifaceted. The obvious way to take care of the problem is to redistribute wealth. In its basic form, redistribution involves taxing the rich to pay subsidies to the poor.

This of course raises a number of fundamental questions: what type of wealth should be taxed (labour income, capital gains and profits, bequests, or consumption) and at what rate?

Should the poor be subsidised with cash transfers that they can then use as they wish? Or should instead the government use revenues from taxes to supply public education and health, pursuing some form of equality of opportunities (rather than equality of outcomes)?

Answering these questions has proved challenging for the economics profession.

Probably, the most critical challenge is the “efficiency-equity trade-off”. In a nutshell, the rich tend to own capital, while the poor supply labour. Therefore, the redistributive mechanism should hinge on higher taxes on capital and profit.

However, as taxes on capital increase, the rich tend to send their capital abroad (if they can) or invest less. In both cases, the risk is a slowdown in the pace of physical capital accumulation and hence in the rate of economic growth.

Luckily, the efficiency-equity trade-off is not inescapable. When taxes are progressive and revenues are used to supply public goods and to support productive expenditure, then dynamic efficiency is likely to be preserved, in the sense that inequality can be reduced without this resulting in lower growth.

Politics, obviously, might get in the way. Even in a democracy, the rich are much better equipped than the poor to influence decision-making.

This in turn reduces the extent of redistribution, essentially because the rich oppose any type of progressive taxation that heavily penalises the top percentiles of income distribution.

And when the government misunderstands its role and/or the terms of the equity-efficiency trade-off, the likely policy outcome is a mix of low taxation and low expenditure that fails to deliver any meaningful redistribution, without necessarily delivering faster growth.

### Gatsby in Australia?

In his new book *Capital in the Twenty-First Century*, economist Tomas Piketty, a leading scholar on inequality and redistribution, uses the term “patrimonial society” to indicate a society where a small group of wealthy rentiers lives lavishly on the fruits of its inherited wealth, and the rest struggle to keep up.

This, in the view of Piketty, might be the ironic destiny of the United States if the current trends of rising inequality and polarisation are not stopped.

And what about Australia? Well, the picture is more comforting here than on the other side of the Pacific. The income of the bottom 10% of the population is growing faster than in most other OECD countries and, in absolute level, inequality is quite a fair bit lower than in the US.

Nevertheless, inequality is increasing and it is doing so at a faster pace than the OECD average. This is a call for action, to which someone might respond by arguing in favour of re-introducing death duties.

The logic would seem to be simple enough: if the problem is that inequality can lead to a situation where a child’s prospects are heavily (if not almost exclusively) determined by their parents’ income, then we should take a chunk of the wealth transferred from rich parents to their child and give it to the child of poor parents.

However, in Australia, the elasticity of children’s wages with respect to their parents’ wages is about 50% lower than in the US. This means that intergenerational mobility in Australia is still relatively high, which in turn makes inheritance or estate taxes redundant.

On the other hand, there are other policies that combine efficiency and equity and that might be more relevant in the case of Australia. Two in particular are worth a mention.

First, reducing inequality requires an education system where access to learning opportunities is open and independent of a family's income. This means using tax revenues to strengthen public schools and to prevent a situation where better schools are systematically accessible only by rich families.

Second, in a recession, individuals in the bottom percentiles of income distribution suffer disproportionately more than the others. To alleviate their suffering and ensure that recessions do not worsen income disparities, fiscal policy ought to be used counter-cyclically as a tool of stabilisation.



## Failing union of capitalism and democracy fuels rise in inequality

Wolfgang Merkel

Recent weeks have been all about elections and broken promises: from early April to mid-May, half-a-billion Indians went to the polls in what many described an astonishing display of democratic prowess. Later, millions of European citizens elected their representatives to the often-criticised and never much-loved European Union parliament.

Meanwhile, Australian Prime Minister Tony Abbott decided to break many of his 2013 election promises in his first budget. Many have rightly seen in that document an open assault on the economic welfare of low-income households, and more than a courteous nod to the rich. If the budget is approved, the divide between rich and poor in Australia will most likely increase.

Once more, voters will be left wondering: what is the point of elections if they cannot even solve the problem of socioeconomic inequality?

It would be easy to answer: the problem is that Abbott's party is Liberal. But the truth is unfortunately more problematic: inequality has become in the recent past the Achilles' heel of democracy. A left-leaning party in government would unlikely make any difference.

### **Uneasy marriage of democracy and capitalism**

Democracy and capitalism are two highly contested models. On paper, throughout the past two centuries, they have proven the most successful systems of economic and political order. Following the demise of Soviet-style socialism and the transformation of China's economy, capitalism has become predominant across the world.

Democracy has followed a similar path. Compared to capitalism, however, its success is much less complete. Today, about 120 countries can be called "electoral democracies", but only around 60 can be classified as functioning democracies based on rule of law.

More importantly, if on the one hand the popularity of democracy seems on the rise, on the other, established democratic systems have entered a phase of chronic decline. Scholars increasingly speak of "post-democracies" (Colin Crouch) or "façade democracy" (Wolfgang Streeck). Most critics seem to agree that capitalism is to be blamed for this late development.

### **Break-up of the peaceful co-existence**

During the past 40 years the relationship between democracy and capitalism has radically changed. What Karl Polanyi called socially "embedded capitalism" became "neoliberalism", "deregulation", "globalisation" and "financialisation".

The increasing "denationalisation" of the economy and of political decision-making has progressively weakened the power of

democratic elected parliaments in favour of governments and deregulated globalised markets.

MPs play second fiddle to powerful financial CEOs and more often than not to only scarcely legitimised and monitored supranational bodies such as the World Trade Organisation, the International Monetary Fund and the European Central Bank. This power shift accelerated the increase of socioeconomic inequalities within OECD countries.

### **The absent voters**

Alongside this trend, established democracies have witnessed a steady worrying decline of electoral participation. In the US, on average, less than 50% of voters turn out on election day. Only countries with obligatory voting — such as Australia — have proven to be more resilient against this trend.

The problem, however, is not so much low turnout, but the social selectivity that it implies. The lower the turnout is, the higher the social exclusion. Evidences show that the voters at the lower economic end of the social spectrum are the ones deserting the polls.

In the US, people with a disposable annual household income of more than US\$100,000 are more likely to vote than those with an income of US\$15,000 or less. The proportions who vote are 80% versus 30%.

At a closer look, the American system shows strong resemblance to an electoral apartheid, where the lower half of society is excluded from political participation. The long-term consequences cannot be underestimated. The US might well represent the shape of things to come for other democracies around the world.

### **The ineffectiveness of elections**

In an ideal democratic system, the antidote to inequality should be voting. It could be argued that members of low-income households should reasonably vote for political parties that fight for

economic redistribution. Data tell us a different story: low-income households, much more so than those of middle and upper classes, tend to abstain from going to the polls altogether.

The platforms of social-democratic and other left-wing catch-all parties still claim to represent the interests of low-income classes. This is, however, more a public relations device to keep alive the parties' anachronistic image as defenders of "social justice" than a real get-out-the-vote effort aimed at those chronically absent voters. On the other hand, conservative, liberal and right-wing parties do not have an interest in active top-down redistribution, for both ideological and electoral reasons.

When in office, however, left-wing parties face a paradoxical dilemma: to effectively support redistributive policies such as minimum wages, maintenance of the welfare state and taxation of higher incomes would likely harm their historical constituency, low-income households. Such policies would result in threats by investors to move capital and investments abroad.

That, in turn, would cost jobs in the national market and result in less economic growth, less public revenue, less social investment and, eventually, fewer votes.

The problem lies in the relationship between capitalism and democracy: the survival of governments depends on the confidence of their voters. But to maintain such confidence they also depend on the performance of their real economies and, increasingly, on the confidence of financial markets. It is hence less risky for rational centre-left parties to mobilise the middle class than the voters at the lower end of the economic scale.

### **From paper stones to paper tigers**

The rationale of economic voting is only a partial explanation why elections fail to stem the increase of social inequality. Socioeconomic conflicts are cross-cutting the lines of cultural conflicts. The latter can be religious or ethnic in nature, but it can also be seen through the prism of the left-libertarian versus right-authoritarian political divide (Herbert P. Kitschelt).

Particularly the lower and lower middle classes (mainly men) are more receptive to authoritarian and ethnocentric policies. Many examples of this trend can be found in the increasingly successful electoral campaigns of the right-wing populist parties of Scandinavia, Austria, France and Switzerland, and more recently in the United Kingdom.

In these countries, a sizable part of the low-income electorate opts for authoritarian, xenophobic and neoliberal parties. The recent exploits of the UK Independence Party in the European elections is the latest evidence of this growing trend.

For most of the 20th century, the right to vote was the “paper stones” of the lower classes (Adam Przeworski). They were used to tame and socially entrench capitalism by electing left-wing (mostly reformist social democratic) parties to establish worker’s rights, a redistributive tax system and expand the welfare state. This long period of social expansion witnessed a top-down redistribution in most of the industrially advanced countries, especially after 1945.

This trend was turned around in the 1970s. The paper stones lost their effectiveness and transformed into what the Chinese would call “paper tigers”. Democratic elections have turned into powerless challengers of social inequality. The opposite has become the norm: in democratic countries, the rich become richer, while the poor are hopelessly stuck in a never-changing state of chronic poverty.

The Abbott government seems to follow this line quite religiously. Its first budget is another nail in the coffin

### **Left takes a cultural turn**

Another major issue has been the cultural turn within the Left. Since the late 1970s, protest movements began to focus more on cultural than on economic issues.

The importance of trade unions steadily declined. In countries like France or Spain, once home of powerful unions, less than 10% of the workforce is unionised.

New political NGOs emerged, from environmental organisations to Amnesty International or Transparency International. Their importance notwithstanding, these organisations' main goals are far removed from economic redistribution. The core of their members and supporters comes from the middle and upper classes.

The days of representative democracy are numbered if we are unable to devise an effective antidote to socioeconomic and political inequality. Political tools such as referenda, deliberative assemblies and monitoring institutions may help save the whales and other endangered species; they may also be useful in limiting corruption and human rights violations. They have little relevance for the re-regulation of markets, for restoring social welfare and stopping the rise of inequality.

The cultural turn of progressive democratic politics has undoubtedly had many merits, but unfortunately one major drawback: we have sacrificed the problem of economic redistribution on the altar of capitalist progress. Now we find ourselves with no reliable cure for democracy's most obvious disease: social, economic and political inequality.

*An earlier version of this text was presented during the first Conversation on Democracy lecture series organised by the Sydney Democracy Network at the University of Sydney.*

# Who wins from ‘Big Gambling’ in Australia?



Francis Markham



Martin Young

Francis Markham  
and Martin Young

The growth of “Big Gambling” in Australia is an ongoing class project. It is one that has transferred, with industrial efficiency, billions of dollars from the pay packets of the working classes to the bank accounts of a super-rich elite.

In 1970s Australia, gambling opportunities were limited. The most popular form of gambling was horse-race betting. Aside from on-course bookmakers, governments, via TABs, controlled this activity.

Lotteries were similarly government-owned in all states bar Victoria. Sports betting was illegal.

Pokies were clunky, mechanical, single-line affairs. The machines accepted only smaller-denomination coins and were restricted to clubs in NSW and the ACT. Pokies were prohibited even in the four British-styled casinos in the Northern Territory and Tasmania.

Fast forward to 2014 and Big Gambling is ascendant. Pokies have become ubiquitous in pubs and clubs across Australia (except in Western Australia).

Compared to their mechanical predecessors, electronic poker machines are more profitable for the gambling industry and more dangerous to gamblers. Australian company Aristocrat Leisure pioneered the development of linked jackpots and multiline

games. These machines encourage gamblers to stake higher amounts and give the misleading impression of frequent wins and near-misses, encouraging gamblers to continue playing for longer periods.

Casinos have been legalised in every state and territory. Despite their rhetoric about targeting “high-rollers”, Australian casinos continue to earn most of their income from the local “grind” market. Casino development is accelerating. Four new casinos are planned for NSW and Queensland in the coming years.

Lotteries have been privatised in every state and territory. Betting, once confined to the trackside and government-owned TABs, has been privatised and deregulated. Odds are available on more sports than ever before and “exotic” bets have transformed even the most banal moment in a sporting match into a money-making bonanza for corporate bookmakers.

The legalisation of internet wagering has made gambling accessible 24 hours a day, wherever a smartphone can be connected. And the final frontier of gambling liberalisation, online casino-style gambling, was recommended for staged liberalisation by the Productivity Commission in its 2010 review.

With such unprecedented opportunities to gamble, Australia has been dubbed the gambling capital of the world. Australians lose more money gambling per person than any other nation. According to the latest official statistics, Australians lost over A\$20 billion gambling in 2011–12, a figure that excludes losses on overseas websites. And gambling is rapidly becoming part of how we define ourselves as consumers.

But for an estimated 80,000 to 160,000 Australians, gambling leads to financial, family and psychological problems, and sometimes crime and suicide. As a group, these so-called “problem gamblers” lose a disproportionate amount of money gambling. They contribute a staggering 40% of the total money lost on poker machines.

Given this, it is difficult to imagine a viable gambling industry without “problem gamblers”.

It is similarly difficult to imagine a viable gambling industry without rampant exploitation of the Australian working classes. Both gambling venues and gambling problems are concentrated among the poorest social groups in Australia.

We’ve mapped the distribution of poker machine gambling expenditure and class in NSW and Victoria for this article. The maps demonstrate that poker machines and the gambling losses they create are overwhelming located in poorer suburbs, as measured by the Australian Bureau of Statistics’ Index of Economic Resources. They also show that NSW, which has licensed many more pokies per person than Victoria, has generally higher levels of expenditure.

In the western Sydney local government area of Fairfield, for example, which is among the poorest 12% of local government areas in Australia, each adult resident lost an average of A\$2,340 on the pokies in 2010–11. Across the harbour in Ku-ring-gai and Willoughby, whose residents are among the richest 6% in Australia, poker machine losses were just \$270 per adult.

Our own research in the Northern Territory confirmed these class associations. The study found 2.9% of working-class respondents and 5.0% of unemployed respondents were classified as problem gamblers, compared to just 1.3% of middle-class and 1.6% of self-employed people.

The money lost on gambling by Australia’s working classes flows directly to state and territory treasuries and the gambling industry’s pockets. While around a quarter of gambling losses (\$5.5 billion in 2011–12) ends up in state coffers, the remaining \$15 billion a year ends up in the hands of “not-for-profit” clubs and private sector companies.

Only a small fraction of club sector poker machine profits, often justified on the basis of community benefit, are returned by clubs to the community. For example, in 2010–11, clubs in NSW,

Victoria, Queensland and the ACT spent respectively 1.3%, 2.4%, 2.3% and 6.6% of poker machine losses on community benefits.

The remaining pokie profits are, according to data from Clubs NSW, mostly spent subsidising “other” activities such as “donations, cash grants, abnormal and extraordinary and other expenses”. In the ACT, for example, gamblers lost over \$16 million in 2012–13 playing the 271 pokies at the Canberra Labor Group’s network of clubs. Of these takings, \$4.2 million was promptly transferred to the ACT Labor Party.

Commercial gambling has also minted a new class of super-rich individuals. Australia’s second-richest person, James Packer, has poured his considerable inheritance into casinos and profited massively. His majority-owned Crown Limited made a \$490 million profit last year, bringing his personal wealth to \$7.7 billion.

While Packer’s wealth was partly inherited, Len Ainsworth made his entire fortune from pioneering the “Australian” multiline poker machines. Casino owners around the world favour these machines because of their ability to maximise profits.

After founding both Aristocrat Leisure and Ainsworth Game Technology (AGT), the Ainsworth family wealth is estimated to exceed \$1.5 billion. Aristocrat and AGT combined sold over \$300 million worth of new pokies in Australia alone in 2012–13.

Hotel owners have likewise shared the spoils, especially Woolworths and its joint-venture partners. Bruce Mathieson, partner in Australian Leisure and Hospitality Group, has amassed \$1.2 billion, while Arthur Laundy, Woolworths’ partner in the Laundy Hotel Group, owns pub assets worth \$310 million.

Other businessmen to profit from gambling liberalisation include Cyril Maloney (\$360 million, pub magnate), John Singleton (\$355 million, also pubs), the Kafataris family (\$110 million, Centrebet founders) and Matthew Tripp (\$115 million, former Sportsbet owner).

Underpinning the gambling industry’s massive transfer of wealth from poor to rich lies a sophisticated (and sometimes not

so sophisticated) propaganda that positions gambling as a form of desirable entertainment on the one hand, and a supposed source of economic prosperity on the other.

The current arguments about GDP and employment growth, better entertainment facilities and increased revenue for public spending are largely unchanged since the Victorian government introduced pokies in 1992.

The claim that Big Gambling is a source of economic prosperity is dubious. Gambling industries do not create “new jobs”. They simply divert employment from other sectors that are actually more labour-intensive.

Gambling does not create new wealth. It merely transfers wealth from poor to rich and may in fact reduce economic activity due to diverting gamblers from productive labour.

The argument that the transformation of pubs and clubs into a network of nationally linked mini-casinos has provided more entertainment is equally suspect. Public attitude surveys have consistently suggested that pokies destroy entertainment possibilities. As far back as 1999, 54.6% of the adult population disagreed with the statement that:

Gambling has provided more opportunities for recreational enjoyment.

Pokies, especially in pubs, have been associated with the decline of the live music industry. And the new casinos, such as at Barangaroo in Sydney, simply don't fund entertainment for the general public. According to Crown, the casino is required to cross-subsidise the new “six star” hotel, the hospitality of which will inevitably be limited to a rich elite.

In terms of public revenues, gambling does swell the state's purse. But this revenue is highly regressive in that it is generated through the exploitation of working-class suburbs and relies heavily on gambling addicts' losses.

This level of class-based exploitation is only possible because the gambling super-rich are willing to use their money and influ-

ence to reinforce their class position. Political power is used to block reform. For example, there was a concerted and ultimately successful effort to sabotage the Wilkie pokie reforms, despite their overwhelming public popularity.

At the same time, donations to the major political parties (mainly the Liberal and National parties) from Clubs NSW and the Australian Hotels Association peaked at a total of \$1.3 million in the final quarter of 2010.

Political power is also used proactively to further deregulation. Clubs in NSW gained further tax concessions and the entitlement to offer new “electronic table games”. More outrageously, the so-called “unsolicited proposal” for the new Sydney casino by James Packer avoided a competitive tender process and selected its own tax rate.

This is after Packer’s late father, Kerry, lost a competitive tender process for the first Sydney casino in the 1990s, despite allegedly threatening a former NSW government with political death should the bid be unsuccessful.

The liberalisation of gambling, especially pokies, has enabled the dramatic redistribution of resources from Australia’s working classes to the country’s wealthy elite. Members of this group use their enormous power and influence to directly sway politicians and policymakers.

These changes have not occurred because of liberated consumers who have chosen, and demanded, that 200,000 poker machines be installed across the country. It has been an exercise in class warfare from above, based on the calculated, industrial-scale exploitation of Australia’s working classes by a super-rich elite.

# Revisiting Milgram's shocking obedience experiments



Nick Haslam



Gina Perry

Nick Haslam  
and Gina Perry

Chances are you've heard of Stanley Milgram's obedience experiments. In 1961, Milgram recruited pairs of volunteers to take part in a "memory test". One volunteer was given the job of teacher, the other, learner.

Each time the learner gave a wrong answer on a memory test the teacher was instructed to give the learner an electric shock and to increase the voltage with every error. What the teacher didn't learn until later was that the learner and experimenter were actors and the machine was a prop.

In his first publication about the research, Milgram reported that a clear majority of participants inflicted what they were led to believe were painful if not lethal electric shocks to the learner. Most of us, he concluded, can be induced to torture someone else at the behest of an authority figure.

Milgram's work appeared to say something profound about human nature. But there is no general agreement among psychologists about the meaning or implications of the research.

Did it, as Milgram argued, illuminate the Holocaust, whose executioners claimed they were merely following orders?

Did it reveal the capacity for evil lurking in our hearts?

Or did it simply demonstrate Milgram's own blind-spots?

We decided to take a closer look at the statistical claims of Milgram's research by revisiting his papers and data related to the obedience experiments in the archives at Yale University.

Milgram's headline-grabbing conclusion that 62.5% of people obeyed instructions appeared to show most of us can be led to kill at an authority's bidding. But this statistic came from his second, and most widely reported experiment, which involved just 40 people.

In fact, Milgram conducted 23 different kinds of experiments, each with a different scenario, script and actors. This patchwork of experimental conditions, each conducted with a sample of only 20 or 40 participants, yielded rates of obedience that varied from 0% to 92.5%, with an average of 43%. Contrary to received opinion, a majority of Milgram's participants disobeyed.

In some conditions, the experimenter told the teacher to stop instead of continue. Others had two experimenters give conflicting orders. There were conditions with female teachers, or groups of teachers (using confederates again) who pressured the participant to obey or disobey.

In some conditions, the learner drew attention to a heart condition, in another he made no verbal responses at all, and in another he only agreed to take part if he could pull out when he wanted.

In several conditions the experimenter was physically distant from the teacher. In others, the teacher was seated next to the learner in the same room. In one little-known condition, the learner was a friend or relative of the teacher.

Finally, Milgram varied the setting in which the experiment took place. One condition took place in industrial town of Bridgeport, far from the ivied halls of Yale, the study's home base.

Making systematic sense of those variations did not interest Milgram himself, but we have published a first attempt today in the journal *PLOS ONE*. Using his original data and backed up by

research at Yale University's archives, we synthesised data from 21 of his experimental conditions, involving 740 participants in all.

We classified the 21 conditions in terms of differing roles of the experimenter, teacher, learner and the relationships between the three.

Setting aside the broader problems with the experiment's internal validity, evidence of participant scepticism, and the lack of standardised procedures, we aimed to tease out which of the many features of his different variations accounted for whether or not teachers went to the maximum voltage on the shock machine.

According to our analysis, the most powerful factor was whether or not the experimenter directed the teacher to administer the constantly rising shock levels. In conditions where the teacher was free to choose the shock levels, very few proceeded to the maximum voltage.

Obedience levels were significantly lower when there was dissent between the experimenters, when there was support for disobedience among the teachers, and when the experimenter was absent from the room.

Interestingly, it was no higher when the experimenter was a more legitimate authority figure, or when the experiment was conducted in a more prestigious institutional setting.

By implication, obedience is strongest when authority figures give concrete directives, present a united front and maintain close contact with subordinates. It is also strongest when subordinates lack collective support for resistance.

We found that the relationship between the learner and the teacher was equally important. Teachers were more likely to refuse to continue when the learner was physically close, when the learner was an intimate of the teacher, and when the teacher had a direct link to the learner.

Obedience — in the Milgram paradigm at least — is not only a matter of the subordinate's relationship to the authority figure. This is where most Milgram scholarship focuses, but it is only part

of the story. Social relationships with people other than an authority figure are a powerful influence.

Ironically, because they were isolated in an experimental laboratory, Milgram's subjects lacked the advantage available to others in the world outside when they are being coerced and pressured to obey. In the face of bullying, the best strategy is to find allies, form alliances, and stick together.



## Born this way? An evolutionary view of “gay genes”

Jenny Graves

The claim that homosexual men share a “gay gene” created a furore in the 1990s. But new research two decades on supports this claim — and adds another candidate gene.

To an evolutionary geneticist, the idea that a person’s genetic makeup affects their mating preference is unsurprising. We see it in the animal world all the time. There are probably many genes that affect human sexual orientation.

But rather than thinking of them as “gay genes”, perhaps we should consider them “male-loving genes”. They may be common because these variant genes, in a female, predispose her to mate earlier and more often, and to have more children.

Likewise, it would be surprising if there were not “female-loving genes” in lesbian women that, in a male, predispose him to mate earlier and have more children.

### Evidence for “gay genes”

We can detect genetic variants that produce differences between people by tracking traits in families that display differences.

Patterns of inheritance reveal variants of genes (called “alleles”) that affect normal differences such as hair colour, or disease states such as sickle cell anaemia.

Quantitative traits, such as height, are affected by many different genes, as well as environmental factors.

It’s hard to use these techniques to detect genetic variants associated with male homosexuality, because many gay men prefer not to be open about their sexuality. It is even harder because twin studies show that shared genes are only part of the story; hormones, birth order and environment play roles too.

In 1993, American geneticist Dean Hamer found families with several gay males on the mother’s side, suggesting a gene on the X chromosome. He showed that pairs of brothers who were openly gay shared a small region at the tip of the X, and proposed that it contained a gene that predisposes a male to homosexuality.

Hamer’s conclusions were extremely controversial. He was challenged at every turn by people unwilling to accept that homosexuality is at least partly genetic, rather than a “lifestyle choice”.

Gay men were divided: it vindicated the oft-repeated claims that “I was born this way” but also opened frightening new possibilities for detection and discrimination.

Similar studies gave contradictory results. A later search found associations with genes on three other chromosomes.

This year, a larger study of gay brothers, using the many genetic markers now available through the Human Genome Project, confirmed the original finding, and also detected another “gay gene” on chromosome 8. This has unleashed a new flurry of comment.

But why such a furore when we know of gay gene variants in species from flies to mammals? Homosexuality is quite common throughout the animal kingdom. For instance, there are variants that influence mating preference in mice and a mutation in the fruit fly makes males court other males instead of females.

## Is the “gay gene” really a “male-loving allele”?

The puzzle is not whether “gay genes” exist in humans, but why they are so common (estimates from 5–15%). We know that gay men have fewer children on average, so shouldn’t these gene variants disappear?

There are several theories that account for the high frequency of homosexuality. A decade ago I wondered if gay gene variants have another effect that boosts the chances of leaving offspring (“evolutionary fitness”), and passing the gay allele on.

This is a well-known situation (called “balanced polymorphism”) in which an allele is advantageous in one situation and not in another. The classic case is the blood disease sickle cell anaemia, which leads to disease and death if you have two alleles, but to malaria resistance if you have only one, making it common in malarial regions.

A special category is “sexually antagonistic genes” that increase genetic fitness in one sex, but not in the other; some are even lethal. We have many examples across many species. Maybe the gay allele is just another of these.

Perhaps “male-loving” alleles in a female predispose her to mate earlier and have more children. If their sisters, mother and aunts have more kids who share some of their genes, it would make up for the fewer children of gay males.

And they do. Lots more children. An Italian group showed that the female relatives of gay men have 1.3 times as many children as the female relatives of straight men. This is a huge selective advantage that a male-loving allele confers on women, and offsets the selective disadvantage that it confers on men.

I am surprised that this work is not better known, and its explanatory power is neglected in the whole debate about the “normality” of homosexual behaviour.

## How “normal” are gay alleles?

We have no idea whether these genetic studies identified “gay alleles” of the same or different genes.

It is interesting that Hamer detected the original “gay gene” on the X, because this chromosome has more than its fair share of genes that affect reproduction, but I would expect that there are genes all over the genome that contribute to mate choice in humans (female-loving as well as male-loving).

If there are male-loving and female-loving alleles of tens or hundreds of genes battling it out in the population, everyone will inherit a mixture of different variants. Combined with environmental influences, it will be hard to detect individual genes.

It’s a bit like height, which is influenced by variants in thousands of genes, as well as the environment, and produces a “continuous distribution” of people of different heights. At the two extremes are the very tall and the very short.

In the same way, at each end of a continuous distribution of human mating preference, we would expect the “very male-loving” and the “very female-loving” in both sexes.

Gay men and lesbian women may simply be the two ends of the same distribution.

## Global law and decency: our double standards on MH17 and asylum seekers



Suvendrini Perera



Joseph Pugliese

Suvendrini Perera  
and Joseph Pugliese

Following the shocking news of the destruction of flight MH17, foreign minister Julie Bishop wasted no time in boarding a plane for the United Nations in New York. Australian diplomats engaged in intense late-night negotiations over a form of words that would secure unanimous assent for the Security Council resolution calling for an international investigation.

Prime Minister Tony Abbott appeared on domestic media channels, insisting on the imperatives of accountability and international cooperation, and reiterating his determination “to get justice for Australia”:

The only way we will get justice for the dead and closure for the living is if there is a full, comprehensive, impartial, international investigation starting more or less immediately.

The unanimous passing of the resolution will be seen, rightly, as a success for diplomacy and international cooperation. It was a call, as Opposition Leader Bill Shorten put it, for the states involved to pass the “test of decency”. Yet, do we ourselves, as a nation, pass the test of decency in terms of meeting our international responsibilities?

Australia's call to the authority of international institutions to investigate the "atrocity", as Bishop described it, of the downing of MH17 has deservedly received an immediate response from the Security Council. Australia's own responses to calls for international accountability and cooperation, in contrast, have been decidedly selective and tardy in recent years.

Australia declined to co-sponsor or support the UN Human Rights Council resolution seeking an international investigation into atrocities at the end of the war in Sri Lanka. This was despite the strong support the resolution received from key allies such as the US and UK.

Here, Bishop gave little consideration to the need for justice for tens of thousands of hapless civilians killed in that war zone, instead lauding the Sri Lankan government's economic achievements.

The Human Rights Law Centre, among others, condemned Australia's stance:

Australia's short-term, one-eyed interest in stopping boats, and its perceived need to keep Sri Lanka close in order to do that, has led to these outrageous results where we don't support accountability for war crimes in our region.

### **Fair-weather friend of the UN**

In recent years Australia has also ignored or downplayed calls for accountability for its own international obligations. When its own conduct is under scrutiny, the government has rejected the UN's criticism and authority.

Polices such as offshore detention, including the detention of children and exposure of people under Australian care to violence and abuse (the murder of an asylum seeker on Manus Island is yet to be independently investigated), have been compounded by the recent instances in which the Australian Navy intercepted asylum seekers in international waters.

One group was returned to Sri Lanka after a highly dubious “screening” process and were all put under arrest. Another boatload of 157 people remains confined at sea.

It was in the context of these events that hundreds of academics have called for Abbott to:

... affirm a vision of the nation that is committed to non-negotiable ethical principles that override the mere fulfilment of election slogans such as ‘stop the boats’.

### **Law and morality demand consistency**

As we write this, the bodies from MH17 are on a refrigerated train travelling through the war-ravaged terrain of the Ukraine. Meanwhile, just outside the ocean borders that surround our own peaceful and lucky country, a boatload of Tamil families, many certified refugees from a terrible conflict, are being held in limbo, in windowless cabins, by our own navy, on orders from our government.

Some will balk at the juxtaposition of two very different stories. We are not positing an equivalence between these events, but seeking to focus attention on the principle of accountability to international institutions, and on the very different responses elicited from the Australian government.

In our view, membership of the international community cannot be selective. We either respect the authority of international institutions, or we do not. As a nation, we believe in the principle of accountability for atrocity or we do not.

The atrocity of MH17 bears out that no state can isolate itself from the international community. Innocence is no defence against arbitrary violence, destruction and war, just as geographical distance is no guarantor of safety.

No-one is an island. No island is insulated from the flow of global currents. Lines of connection link us across borders; they ensnare us in unexpected, random ways, by air and sea, regardless of the papers we may or may not carry.

What fragile protection we have from the uncertain forces of war and terror resides in the (albeit partial) authority of international law and the moral force of community. We squander these protections for passing political gain at our peril.



## The boats may have stopped, but at what cost to Australia?

Alex Reilly

In opposition, Tony Abbott and his alternative government set itself a three-word performance indicator for success in its refugee policy if and when it took office: stop the boats.

With one recent exception, the last boat to make it to Australian waters was on 19 December 2013. In June, Abbott and Immigration Minister Scott Morrison held a press conference to mark the six-month anniversary of the last boat arrival. They noted that “almost 200 boats with 13,000 people” had reached Australia in the corresponding period the year before.

In answer to the obvious follow-up question of how many boats had attempted to reach Australia but not made it, Abbott was less forthcoming. He said he did not want to “compromise the effectiveness of our operation”. He indicated that “... a full account of all of this will one day be given, but not yet”.

The secrecy surrounding the military-led Operation Sovereign Borders remains a significant obstacle to properly assessing the government’s policy.

The one exception to stopping the boats is noteworthy in this regard. In July 2014, 157 Tamils were intercepted on a boat that had set sail from India. They were detained at sea on an Australian

Customs vessel for many weeks, with little information about their circumstances.

What followed was a messy incident that revealed the darker side of the government's turn-back policy. The government attempted to have the asylum seekers returned to India without having their claims properly assessed. That sparked a legal challenge (which remains ongoing) to its power to do so.

Despite doubts raised by this incident, it is reasonable to surmise that the number of boats attempting to reach Australia has fallen dramatically in the Abbott government's first year.

There was never any question that a developed nation like Australia, with an expensive and powerful navy, could stop a trickle of unseaworthy fishing boats from reaching Australia if the resolve was there. The Howard government had established the blueprint for getting the job done in 2001. The Gillard and Rudd governments had adopted much of this blueprint in the year before the 2013 election, leading to a sharp decline in boat arrivals from the middle of the year.

However, a proper assessment of the government's policy must move beyond the simple metric of boat arrivals. It needs to account for the broader costs and benefits of stopping the boats in light of the reasons Australia signed up to the Refugee Convention in the first place.

The government has been able to sustain a clear narrative of the benefits. Stopping the boats undermines the industry that had developed around securing unauthorised entry to Australia by boat; it prevents loss of life at sea; and it prevents an unknowable number of asylum seekers reaching Australia, leaving Australia to contribute to the world refugee phenomenon through its resettlement program.

The government has had to ride a wave of criticism of the collateral costs. It has managed to do so because the costs are either borne by others, or will be felt in the future.

First, there is a cost to the asylum seekers to whom Australia has denied entry. People are left with no resolution to their claim for protection.

Those who have been intercepted and pushed back remain in limbo in Indonesia, a transit country, with no government assistance, no means to earn a living and no legal rights. Some asylum seekers in Indonesia reportedly beg to be detained so they can receive a meal and not starve.

Other asylum seekers intercepted under Operation Sovereign Borders are in detention on Christmas Island, Nauru or Manus Island. Investigations by the Australian Human Rights Commission, the UN High Commissioner for Refugees and Amnesty International have declared conditions of detention to be grossly inadequate. Mothers are on suicide watch and there are grave concerns for the mental health of children.

Despite a government promise to introduce a fast-track process for determining claims, processing has remained painfully slow.

Asylum seekers face the prospect of indefinite detention in barely humane conditions, uncertain whether they will ever receive a resolution to their claim. Iranian asylum seeker Reza Barati was killed in a riot on Manus Island in February, and there are thousands of incidents of self-harm — most of which do not reach the press.

Second, there is a cost to Australia's international reputation. Australia is uniquely hardline in its response to asylum seekers arriving by boat. No other country has employed as aggressive an interception and tow-back policy as Australia, using navy vessels to turn back boats in international waters, or transferring asylum seekers to disposable lifeboats and teaching them to steer themselves. No other country has utilised connections with small developing nations to shoulder the burden of its asylum seeker issue.

Australia's immigration detention network, both onshore and offshore, remains harsh in terms of both the length of and conditions in detention. Current policy settings mean Australia is in breach of many of its obligations under the Refugee Convention. These facts are known to countries around the world. This will affect Australia's reputation as a country that upholds human rights norms — but perhaps enhance it among countries with a strong sense of national self-interest.

Australia's relationship with Indonesia, already shaky as a result of the spying revelations last November, has been damaged as a result of Australia's unilateral approach to pushing back boats and incursions of the Australian Navy into Indonesian territory. The presence of Australian-branded disposable lifeboats stranded on the Javanese coast was a bad look.

Indonesia rejected the Australian government's plan to buy back Indonesian fishing boats and this was abandoned after bilateral meetings. Many have pointed to a lost opportunity to manufacture a mutually beneficial resolution to the asylum seeker issue, and thus use it as a means to improve relations between the two countries.

Finally, there is a cost to Australian democracy. The government has shrouded its asylum seeker policy in secrecy. It has constructed it as a military operation to withhold almost all information of an operational nature, including the number of boat intercepts, progress in the processing of claims and conditions in detention.

Secrecy has never been used so extensively in Australia during peacetime to shield the government from accountability for implementation of policy. It is a dangerous precedent and comes at a cost to Australia's democratic system of government.

Refugee policy is always fraught. When Abbott next declares the government's overwhelming success at "stopping the boats", we would do well to remember these costs.