

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

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THE NEW PLUTOCRACY AND EDUCATION

In the last forty years, since the end of the Keynesian redistribution of income and wealth post World War , the elites, with their new/old ‘market’ ideology have tilted our Western mixed economies into a plutocracy. This, in large part, is the socio-economic underpinning of our current crisis in inequality in educational provision.

In Australia political economists like Andrew Leigh have been asking the question : *What drives inequality in Australia?* in a series of academic articles¹ and in his 2013 *Battler and Billionaires*.²

For ten years, Jacob Hacker, the Yale political scientist and Paul Pierson, the Berkley political scientists have been tracking exploding economic inequality in the United States.

In America they have written a new book entitled [Let them Eat Tweets](#) that explains the full-blown triumph of plutocracy. Trump is the culmination, not the cause. Wealth and power are now concentrated, more than ever, in the hands of a small minority, and Trump has persuaded his followers that plutocracy works for them! Jan Resseger, a reviewer, has this to say:

¹ A.B. Atkinson and Andrew Leigh, *The Distribution of Top Incomes in Australia*, 2006 at <http://andrewleigh.org/pdf/TopIncomesAustralia%20%28old%29.pdf>; Clark, Gregory & Leigh, Andrew & Pottenger, Mike, 2020. "[Frontiers of mobility: Was Australia 1870–2017 a more socially mobile society than England?](#)", *Explorations in Economic History*, Elsevier, vol. 76(C) ; Gregory Clark & Andrew Leigh & Mike Pottenger, 2017. "[Immobile Australia: Surnames show Strong Status Persistence, 1870-2017](#)", *CEH Discussion Papers* 07, Centre for Economic History, Research School of Economics, Australian National University. A B Atkinson & Andrew Leigh, 2010. "[The Distribution of Top Incomes in Five Anglo-Saxon Countries over the Twentieth Century](#)", *CEPR Discussion Papers* 640, 2010, Centre for Economic Policy Research, Research School of Economics, Australian National University; Andrew Leigh, *How can we Reduce Inequality?* ANU Crawford School of Public Policy, April 20 2017 at <https://crawford.anu.edu.au/newsevents/podcasts/audio/9857/how-can-we-reduce-inequality-dr-andrew-leigh> ; Andrews Dan & Jencks Christopher & Leigh Andrew, 2011. "[Do Rising Top Incomes Lift All Boats?](#)", *The B.E. Journal of Economic Analysis & Policy*, De Gruyter, vol. 11(1), pages 1-45, January. Accessed 27.08.2020

² Andrew Leigh, *Battlers and Billionaires: The Story of Inequality in Australia*, Redback, 2013 was Professor of Economics at the Australian National University from 2004 to 2010. Principal Adviser at the Australian Treasury from 2008 to 2009. Elected to the House of Representatives for Fraser, Australian Capital Territory, 2010. Re-elected 2013. Elected to the House of Representatives for Fenner, Australian Capital Territory, 2016, following electoral redistribution. Re-elected 2019, p. 84. A 2020 article

In this summer's book, *Let Them Eat Tweets*, Hacker and Pierson explicitly identify our government as a plutocracy. And they track how politicians (with the help of right-wing media) shape a populist, racist, gun-toting, religious fundamentalist story line to distract the public from a government that exclusively serves the wealthy. In a new article published in the Columbia Journalism Review, *Journalism's Gates Keepers*, Tim Schwab examines our plutocracy from a different point of view: How is the mainstream media, the institution most of us look to for objective news, shaped increasingly by philanthropists stepping in to fill the funding gaps as newspapers go broke and news organizations consolidate?.....

In their new **Let Them Eat Tweets**, Hacker and Piersonnow call America a full blown plutocracy: "This is not a book about Donald Trump. Instead, it is about an immense shift that preceded Trump's rise, has profoundly shaped his political party and its priorities, and poses a threat to our democracy that is certain to outlast his presidency. That shift is the rise of plutocracy—government of, by, and for the rich. Runaway inequality has remade American politics, reorienting power and policy toward corporations and the super-rich (particularly the most conservative among them)... The rise of plutocracy is the story of post-1980 American politics. Over the last forty years, the wealthiest Americans and the biggest financial and corporate interests have amassed wealth on a scale unimaginable to prior generations and without parallel in other western democracies. The richest 0.1 percent of Americans now have roughly as much wealth as the bottom 90 percent combined. They have used that wealth—and the connections and influence that come with it—to construct a set of political organizations that are also distinctive in historical and cross-national perspective. What makes them distinctive is not just the scope of their influence, especially on the right and far right. It is also the degree to which the plutocrats, the biggest winners in our winner-take-all economy, pursue aims at odds with the broader interests of American society." (*Let Them Eat Tweets*, pp. 1-2)...

But there is another hidden element of the power of plutocrats. Philanthropies led by the wealthy make charitable gifts which subtly shape news reporting itself. And the subject here is not merely Fox and Breitbart and the other right-wing outlets. Tim Schwab's important report from the Columbia Journalism Review is about one of America's powerful plutocrats, Bill Gates. Schwab explores, "a larger trend—and ethical issue—with billionaire philanthropists' bankrolling the news. The Broad Foundation, whose philanthropic agenda includes promoting charter schools, at one point funded part of the LA Times' reporting on education. Charles Koch has made charitable donations to journalistic institutions such as the Poynter Institute, as well as to news outlets such as the Daily Caller, that support his conservative politics. And the Rockefeller Foundation funds Vox's Future Perfect, a reporting project that examines the world 'through the lens of effective altruism'—often looking at philanthropy. As philanthropists increasingly fill in the funding gaps at news organizations—a role that is almost certain to expand in the media downturn following the coronavirus pandemic—an unexamined worry is how this will affect the ways newsrooms report on their benefactors."

Those of us who have been following public education policy over two decades know that the Bill and Melinda Gates Foundation has invested in policy itself—funding think tanks like the Center on Reinventing Public Education—which brought us "portfolio school reform" charter school expansion—which led to Chicago's Renaissance 2010— which led to Arne Duncan's bringing that strategy into federal policy in *Race to the Top*. We know that the Gates Foundation funded what ended up as an expensive and failed small high schools initiative, and, after that failed—an experiment with evaluating teachers by their students' standardized test scores—and later experimenting with incentive bonuses for teachers who quickly "produce" higher student scores. We remember that the Gates Foundation brought us the now

fading Common Core. And we remember that Arne Duncan filled his department with staff hired directly from the Gates Foundation.

HOW IS ALL THIS RELEVANT FOR AUSTRALIA?

Although the Australian plutocracy has not yet reached the levels the elites enjoy in America, they are well on the way. In Australia, wealth inequality and income inequality are growing larger and more damaging by the day. And this is affecting our next generation - our children in disadvantaged schools. As in America, there has been a vast transfer of wealth from the bottom 90% to the top 10% since 1980, when the post war Keynesian redistribution of wealth changed to the neoliberal privatisation, market 'hypercapitalism' orthodoxy. Consider the following graph from the World Inequality Database and the OECD Inequality website.

<https://wid.world/country/australia/> and <https://wid.world/country/usa/> and <https://data.oecd.org/inequality/income-inequality.htm>

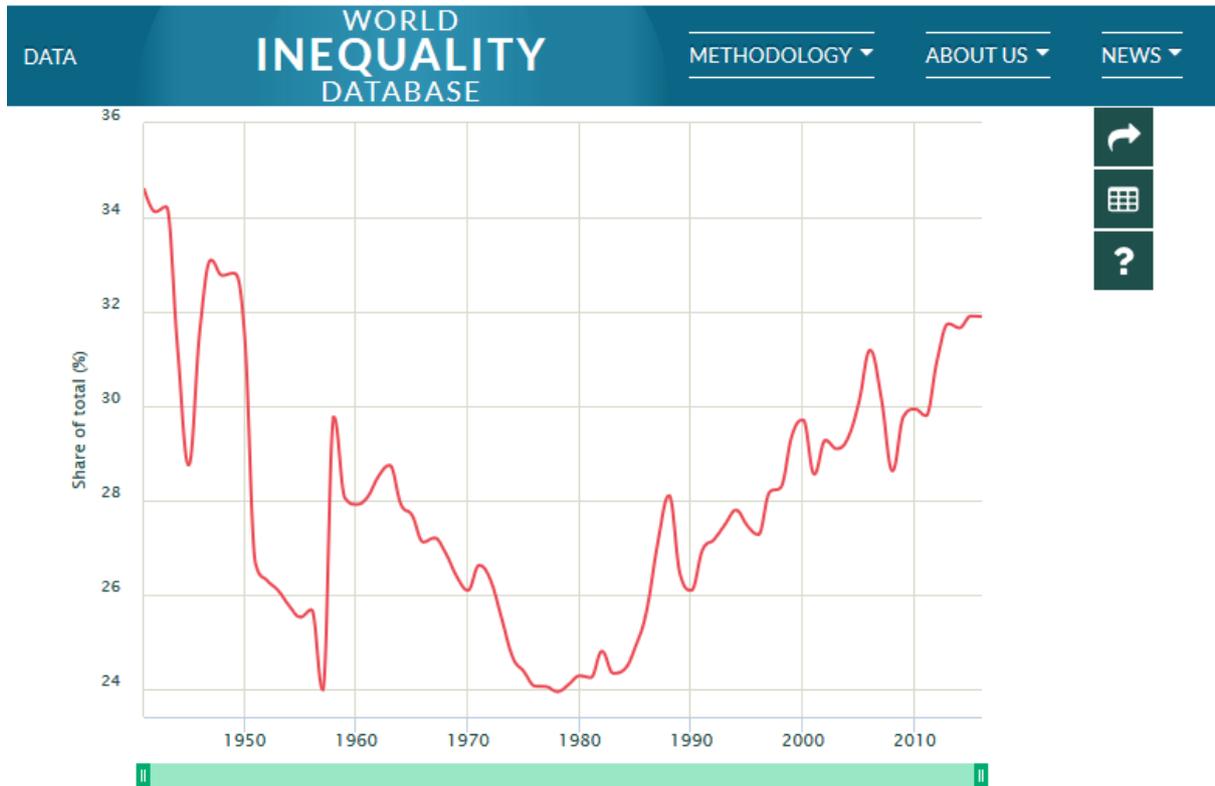
The top 10% of the Australian population enjoy 32% of the national income share in 2016. This had increased from approximately 24% in 1980. In America these figures are 35% in 1980 and 47% in 2019.

Australia is not as unequal as the USA –but, given the separation of our children into schools for the upper 10% wealthy and the rest, we are well on the way. Australia is less equal than 21 other countries in the OECD, including Portugal, Canada, Greece and the Scandinavian countries. (See the graphs below)

And we should be very careful of philanthropists like Gonski, bearing gifts. Education is not a charity. Nor is it the privilege of the upper 10% of parents. It is the right of the children themselves.

Only a well resourced public system of education open to all children can fulfil our obligations to this generation of Australian children.

Top 10% national income share, Australia, 1941-2016



Income inequality, USA, 1913-2019

Share (%) ▾

Share (%) ▾

More options



- Pre-tax national income | Bottom 50% | share | ADULTS | EQUAL SPLIT × ★★★★★ surveys and tax microdata ?
- Pre-tax national income | Top 1% | share | ADULTS | EQUAL SPLIT × ★★★★★ surveys and tax microdata ?
- Pre-tax national income | Top 10% | share | ADULTS | EQUAL SPLIT × ★★★★★ surveys and tax microdata ?



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