

australia

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Why Australian Needs Social Democracy

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Why Australian Needs Social Democracy

Australia has embraced economic liberalization from the 1980s to the present, which has negatively impacted social justice in the state. Neoliberalism comes with the Labor government by Hawke-Keating, which reigned between 1983 and 1996. Later, Australia became a more liberal political economy under the Howard Liberal-National Coalition between 1996 and 2007. Neoliberal Australia is characterized by reduced trade protection, banking competition, floated currency, reduced income, deregulated labor markets, market products, and privatization of state assets. However, Australia's reforms have resulted in economic disparity where only a small population of people benefit from the economy while the majority struggle with abject poverty. There is inequality in the distribution of resources and, social justice is a huge concern. This paper supports Mendes' argument that for Australians to achieve social justice for the betterment of their lives, there is a need to embrace welfare through social democracy but not through neoliberalism. The neoliberalism approach paralyzes welfare and the welfare state and promotes social inequality.

The Australian government should embrace welfare governance, i.e., the state government should ensure citizens' protection and promotion of their social and economic well-being. However, the government cannot do that under the present neoliberal approach to governance (Redden, 2019). Neoliberalism is an enemy to forming functional welfare states since it does not promote equality in terms of economic opportunities, and distribution of resources. Social democracy theory serves to reform political institution drastically without coercion (Dahm et al. 2012). The main aim of the systematic reformation of political government is to ensure government protects and promotes its citizens' social well-being. It is given the mandate to regulate wealth by ensuring equal distribution of state resources. Social democracy

and neoliberalism theory view welfare and welfare states differently. The theories were formed to promote the social and economic well-being of people but in distinctive approaches.

The proponent and supporters of the social democratic theory were from central Europe, especially Germany (Sandbrook et al. 2007). The theory arose in the 19th century when the society in central Europe was unjust and characterized by a small group of rich industrialists that treated their workers with brutality. The supporters of the theory wanted to form a society where equality prevailed, and all people stand the same chance to advance socially and economically. Political theorists like Ferdinand Lassalle, John Stuart Mill, Karl Marx, and Edward Bernstein contributed a lot to its success. It suffices to hold that majority supporters during the first days of the social-democratic theory were socialist that did not clearly distinguish themselves as social democrats, democratic socialists, or communists. Later, following the heated political debate, some distinctions resulted in individual political movement (Sandbrook et al. 2007). Therefore, social democracy became a political movement and began to gain popularity, especially after World War I. The social democracy theory was different from those of other political movements in that it believed in political reform as the basis for the creation of democratic states.

Social democracy theory reflects that people can only embrace equality if they form welfare, and the formation of welfare is unrealizable without democracy. The term democracy implies that people in welfare or welfare state enjoy the same rights, freedoms and stand the same chance to participate in political, social, and economic aspects of life (Ramia, 2020). In welfare, people experience the same respect and dignity. Aristotle opposed the idea that all people are free. According to Aristotle, some people are slaves naturally. For instance, women do not equal to men, and therefore, they cannot enjoy political rights as men do. Countries such

as Germany and Switzerland never allowed women to vote until 1919, and 1971 respectively (Ramia, 2020). Therefore, it implies that society embraced disparity based on gender until the recent past when human rights movements fought for equality. Therefore, political equality, which is expressed in social democracy theory, is a recent development. Notably, democracy is facilitated by equality, which promotes respect, self-determination, and dignity among people. Another factor that nurtures democracy is material provision. When citizens in a welfare state have shelter and sufficient food, they develop self-determination and esteem and embrace formal democracy and freedom (Ramia, 2020). Apart from the material provision, social democracy theory advocates for equality in providing training and information. Lastly, welfare states protect their citizens against poverty and ensure the facilitation of education for all people. However, genuine democracy can only be realized when there are solidarity and adherence to social policy. Thus, the welfare state is instrumental in ensuring the equal distribution of resources and conformity to policies.

Neo-liberalists do not support the idea of equal sharing of state resources and opportunities. According to Redden (2019), neoliberalism is a political, economic theory that withholds the idea that people's social and economic well-being can be advanced through individual economic skills and freedoms with a state. Three major elements that form a neoliberal economy are individual free market, personal property rights, and free trade (Redden, 2019). The approach brings about unhealthy competition, leading to disparity in the distribution of resources and other social injustice forms. With the neoliberalism approach, the government decentralizes economic rights; hence, it does little to ensure social and economic justice whenever there are inequalities among its citizens. It suffices to hold that neoliberalism does not facilitate the formation of a welfare state. Liberalists view welfare states negatively. While social

democracy theory advances political reform to facilitate a democratic welfare state, Neoliberalism advocates for violent revolution, which can overcome oppressive political systems. The liberalists strive to achieve personal property rights and overturn the constitution to attain social and economic change. Still, social democrats are reformists that want to develop both the society and constitution through democratic reforms. Social democrats ensure that workers are protected and strongly represented by trade unions, and the welfare states benefit from social policy achieved through parliamentary democracy.

Another difference between the two approaches is that social democrats highly value the welfare state as a system through which waged employment is complemented and ensure people outside the workforce live useful lives (Mendes, 2017). The standardization of citizens living conditions is achieved through government intervention programs. The government redistributes resources equally and is guided by such values as collectivism, social justice, egalitarianism, equity of resources, respect and dignity, and social justice. On the contrary, neoliberalism regard work as a “safety net” for welfare. Therefore, the approach aims at promoting work to facilitate people’s provision for their welfare. Neoliberalism does not embrace welfare assistance to all people but focuses on particular groups such as people living with a disability. The approach strictly targets work outcomes, and payment does not exceed levels that cause disincentive. Neoliberalism thrives under meritocracy from market forces, personal responsibilities, political and civil rights, and state resources inequality.

Neoliberalism, also referred to as workfare, is the dominant political ideology in Australia since the mid-1980s. The ideology has influenced policies and decisions of successive government. In 1983, the Hawke-Keating Labor government ruled and introduced neoliberal governance until 1996 (Redden, 2019). Then, the successive government, the Howard Liberal

Coalition government advanced the ideologies which the previous regime advocated. The reforms implemented by the Labor government have a lot of influence on the policies and decisions of the current coalition government. The primary disadvantage of liberals' political influence is that it discourages welfare and favors workfare, promoting social injustice in Australia.

In Australia, Neoliberal reform has contributed to the increase in social inequality in several ways. First, the reform in taxation and welfare facilitated a lack of transparency in the tax systems. Therefore, there is inequality in post-tax income distribution. Another economic issue caused by a lack of equality in tax systems is increased unhealthy competition among workers. Mendes defines social justice as the fair distribution of opportunities, resources, income, responsibilities, and rights (Mendes, 2017). Therefore, the income insecurity and lack of employee rights witnessed in Australia constitute social injustice. The country is faced with never-ending competitive tendering, which reduces workers' employment security, regardless of whether they work in the public sector or profitable enterprises. Most significantly, the Australian job market's insecurity has been influenced by the power neoliberalism gives to employers, enabling them to hire or fire employees any time. There are two ways in which the neoliberal reforms have caused inequality in the labor market. First, the reforms give managers power and favor highly-skilled employees.

On the contrary, the reforms do not provide any government interventions to protect less-skilled employees. Thus, employers pay high wages to highly-skilled employees and give meager wages to less-skilled workers. By doing so, the labor market perpetuates greater inequality (Redden, 2019). Neoliberal reforms focus on workfare and do not promote welfare

groups such as trade unions. For that reason, the less-skilled workers suffer less pay, loss of a job, and other economic constraints without help from any welfare.

Equally importantly, increased employment insecurity increases the importance of income determination. Initially, white-collar employees had a clear career path associated with ever-increasing income until a person retired (Redden, 2019). However, with neoliberal reforms, the labor market becomes flexible, facilitating the chance for highly-skilled workers to be promoted to highly-paid senior management positions. Still, there are greater risks for losing the job through redundancy or dismissal. No employment security could protect workers from any uncertainty in the job market. Therefore, skilled-personnel could experience unemployment for a long time or accept little pay. According to Morley et al. (2017), social justice refers to an ethical norm that enables society to fight poverty and all extremes of inequality. It shows that for society to attain social justice, there must be policies to facilitate equity, access, participation, and citizens' rights to state resources. Mavrozacharakis & Tzagkarakis (2018) support the argument about social justice by asserting that it requires people's commitment to equally and fairly distribute social resources. Another social injustice presented by neoliberal reforms in Australia is the lack of fairness in the job market (Redden, 2019). As a result of job and income insecurity, employees stand a chance to pay two or more people working in the same job position differently. There is no standardization of salaries; thus, people within the same occupation and with the same education and experience could receive different incomes (Mendes, 2017). The issue of payment is Australia's experiences due to inequality in the job market, and unhealthy competition as industrialists use their power to maximize profits.

Supporters of neoliberalism in Australia argue that although the state experience is increasing inequality, Australians will, in the long run, benefit from neoliberal reforms that favor

freer global trade. During the early days of neoliberalism in Australia, industries that were formerly protected were on the verge of suffering short-term dislocation (Redden, 2019). However, neo-liberalists promised that such industries could be adjusted to favor their course. Neoliberalism in Australia widens ² the gap between the rich and the poor. Therefore, it should be replaced with a social democratic approach to protect workers, enhance equal distribution of resources, and fight extreme social injustice such as poverty and unhealthy competition. Justice is of paramount importance in attaining equity among citizens in Australia. By definition, justice refers to a criterion in which a person's behavior towards another person or group of persons is described or evaluated. However, with the social-democratic approach favoring the welfare state, the act of justice is the society or the state. What matters is the criteria the state or society will use to attain social justice. A social democratic state will ensure the redistribution of resources and opportunities to all citizens (Morley et al. 2017). It will be easier for the state to evaluate how its citizens benefit from social justice. The social justices will either be need-based, equality-based, performance-based, or opportunity-based justice. Therefore, a socially democratic state may embrace one or a variety of social justice principles, hence improving citizens' lives.

In conclusion, the social democratic approach to welfare state governance will facilitate equality and social justice among Australian citizens. Both highly-skilled and less-skilled workers will have income security; hence, improvement of their living standards. Equality will help fight unemployment and poverty among old, disabled, and other vulnerable groups of people. Suffice it to hold that social justice will be realized through gender and intergenerational distribution of resources and opportunities. Both men and women, and young and old, will

experience social, political, and economic equality. For that reason, Australia needs to refrain from neoliberalism and adopt a social democratic approach.

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