

Kerry Packer (1937-2005)

Why the endless eulogies for Australia's richest man?

Rick Kelly
5 January 2006

The Australian ruling elite has spent much of the holiday season eulogising the late Kerry Packer, who died December 26. Packer was Australia's wealthiest individual, with a personal fortune estimated at \$7 billion (US\$5.1 billion) at the time of his death. His Publishing & Broadcasting Limited company has a range of interests spread across television, magazines, and casinos and gambling.

Prime Minister John Howard called a special news conference on December 27 to declare his sadness for the demise of a man he described as a "friend". Packer's death, Howard insisted, represented "a very big loss for Australia because he was a passionate believer in this country". The government has announced that it is holding a state memorial service for the billionaire, to be held next month. Labor leader Kim Beazley said that he would miss his conversations with Packer, whose views "were underpinned with a profound patriotism and a nationalist approach".

The media joined the effusive praise for Packer. The *Sydney Morning Herald's* December 28 edition, headlined "Death of a Giant", devoted no less than seven full pages to various aspects of his life and death. In the days since, coverage of his funeral, his son and heir Jamie, and various other aspects of Packer's life has been no less exhaustive.

What accounts for this extraordinary spectacle?

Packer himself was a particularly philistine and boorish individual. He was poorly educated, and despised books and the arts. ("The ultimate purgatory would be to go to the Opera House and hear Joan Sutherland sing," he once said.) He had a vicious and cruel sense of humour, enjoyed bullying his employees and federal politicians alike, and esteemed nothing beyond his own wealth and power. As Packer's unofficial biographer Paul Barry commented, "Despite his vast wealth, he was a man with no obvious sense of civic duty. His god was money and he worshipped devoutly."

That such an individual has been so fulsomely praised casts a sharp light upon the nature of social relations in contemporary Australia. Contrary to the long-standing myths about Australia being an "egalitarian" society, for the ruling elite there is but one relevant measure for assessing the value of an individual's life—namely, just how much money that person has amassed. Everything else is secondary.

The fact that Kerry Packer's business empire was ultimately based on two factors—politically-influenced state regulation and systematic tax avoidance—has deterred none of his admirers. On the contrary, one senses that much of the establishment's high praise is driven by envy for the billionaire's ability to amass a fortune through largely parasitic and non-productive enterprises.

The Australian ruling class, after all, has little to parade beyond its money and possessions. The nation-state was founded as an outpost of the British Empire, with the wealth of the elite largely derived from the pastoral and mining exploitation of a land violently seized from the

indigenous population. The ruling class can point to no noble historical episodes of political sacrifice and revolutionary struggle, and has always been characterised by parasitism and backwardness.

Packer can only be understood as both a product and representative of the Australian ruling class as a whole. Its commemorations have thus taken the form of an open celebration of itself.

The origins of Packer's enormous wealth can be traced back to Kerry Packer's grandfather, Robert Clyde (R.C.) Packer. The son of a colonial customs official in Tasmania, R.C. Packer moved to Sydney in 1900, one year before the federated Australian nation-state was founded. After first working as a journalist, R.C. helped found the popular *Smith's Weekly* newspaper in 1919, which was followed by the *Daily Guardian* in 1923.

While both newspapers featured populist editorials and muckraking investigations of political corruption, Packer always had stridently right-wing sympathies. His newspapers distinguished themselves during the Depression by accusing New South Wales Labor Premier Jack Lang of being a communist, and by publishing favourable reports of public meetings held by the New Guard fascist movement. According to a military intelligence report from the period, R.C. Packer was himself a New Guard member.

In 1932, R.C.'s son Frank launched his own publishing career when he went into business with "Red Ted" Theodore, former trade union militant and Labor federal treasurer. Theodore and Packer took over the Australian Workers' Union (AWU) newspaper, the *World*, after promising to increase its circulation, restore profitability, and maintain the paper's staff. The two men then cut a secret deal with the publishers of the major Sydney daily the *Sun* to shut down the *World*. According to the terms of the arrangement—negotiated for the *Sun* by none other than R.C. Packer—Frank Packer and Ted Theodore received 86,500 pounds to liquidate the *World*. The AWU received just 100 pounds of this money, which did not cover even a fraction of the redundancy payouts the union had to pay the *World's* sacked employees.

Packer maintained his lease over the AWU's printing presses, which he then used to launch the *Australian Women's Weekly*. The magazine featured advice on fashion, cooking, and child care and was a great success, providing the springboard for Packer to expand his interests across the newspaper and magazine industry. His publishing interests gave him enormous political influence, particularly in New South Wales through the leading Sydney daily newspaper, the *Daily Telegraph*, which he owned from 1936 to 1972.

The publisher was notorious for using his media interests to air his reactionary views. In one infamous *Telegraph* editorial, Frank Packer ruminated on the 1967 urban violence in the US. "If every time Negro revolutionaries decided to burn and kill, those maintaining the law killed 500 Negroes, the Negroes might decide to stop burning and killing," he

wrote.

Kerry Packer, born in 1937, received a brutal upbringing from his tyrannical father. He was packed off to a boarding school, which happened to be a few hundred metres down the road from the family home, when he was just five years old. His academic performance was always poor; his father called him “Boofhead”, while his mother often referred to him as “Dummy”. After leaving school, Packer went to work for his father, and for a period was forced to work as a cleaner on the *Daily Telegraph*’s printing presses.

It was only in 1972, when Kerry’s elder brother Clyde broke relations with his father and quit the Packer dynasty, that Frank Packer recognised Kerry as his heir. Two years later the millionaire patriarch died, bequeathing Kerry a \$100 million company, Consolidated Press Holdings, which owned Channel 9 in Sydney and Melbourne, and a range of popular magazines.

While Frank Packer had always focussed on developing his publishing interests, Kerry recognised the growing importance of television. The son imported a series of programs from the US to boost Channel 9’s ratings, and placed particular emphasis on developing the network’s coverage of popular sporting events.

In 1977, the Australian Cricket Board refused to accede to Kerry Packer’s demand that his network be granted exclusive broadcast rights. (“There’s a little bit of the whore in all of us,” Packer claimed to have told the Board. “Gentlemen, name your price.”) He then signed up 50 international cricketers and formed his own competition, rivalling the established world game. Packer’s initiative, however, faced massive losses as his cricketers were denied access to the major stadiums, and poor crowds resulted in inadequate advertising revenue.

But Packer’s fortunes were soon to turn. The state Labor government led by Neville Wran stepped in to pass legislation that allowed it to sack the 13 members of the Sydney Cricket Ground (SCG) Trust who had banned Packer from using the venue. The government later announced that floodlights would be installed at the ground; two-thirds of the \$1.3 million expense would be borne by SCG members, one-third by NSW taxpayers. Packer incurred none of the costs, but reaped the enduring rewards, as the enhanced ground helped launch his highly successful day-night cricket matches.

Much of the media coverage following Packer’s death has celebrated his involvement in world cricket. Various commentators have praised the billionaire for boosting the players’ pay, enhancing television coverage, and promoting the sport around the world. The Australian cricket team even donned black armbands in Packer’s honour at the traditional Boxing Day test match. All of this coverage overlooked the fact that Packer’s intervention into cricket was driven by one sole concern—making a profit.

The Wran government’s role in saving World Series Cricket marked a turning point for the Packer empire. Frank Packer had always been a staunch supporter of the Liberal Party, and ran frequent editorials condemning alleged communist influence in the trade union movement and the Labor Party. In 1972, Channel 9’s influential “A Current Affair” television program described Labor leader Gough Whitlam’s agenda as “the marijuana dreams of a Utopian Disneyland”.

By the time Kerry Packer took over, however, the Labor Party had abandoned the old social reformist program that had so incensed his father. After the governor-general sacked the Whitlam government in 1975, senior Labor figures concluded that they could no longer afford to antagonise big business and its media mouthpieces by campaigning on a platform of government spending on social infrastructure and concessions to the working class. In its place a pro-business and “free market” program was advanced. This lurch to the right was bound up with profound economic shifts—principally Australia’s deepening integration into the international capitalist market and the end of the post-war boom.

The end result was that Kerry Packer came to recognise that he could do

business with the Laborites. He backed Labor in the 1978 New South Wales state election, with all his suburban newspapers editorialising on behalf of the party. Wran’s 30-minute election speech was broadcast by Channel 9 in primetime, while the Liberals’ speech was not shown in full at all.

Following the Wran government’s re-election, a consortium headed by Packer and his fellow media magnate Rupert Murdoch won the contract to run the new state lottery. The highly lucrative deal was awarded in highly dubious circumstances, amid rumours of corruption and bribery, and came to symbolise the state Labor government’s cosy relationship with Packer.

The entrepreneur also cultivated his connections with federal Labor figures. Most of these contacts were initially developed through John Ducker, who was NSW Labor Party president and secretary of the NSW Labor Council, as well as being a member of the Channel 9 Board. Ducker recommended Packer to his colleagues as a man “prepared to do business”.

In the years leading up to the election of the federal Labor government led by Bob Hawke in 1983, Packer became close with Hawke and other senior figures, including soon-to-be treasurer and prime minister Paul Keating and Labor powerbroker Graham Richardson. Within the Hawke and Keating governments, Richardson became known as the “minister for Channel 9” due to his strident advocacy on behalf of Packer.

These Labor contacts proved invaluable in 1984, when the media magnate was accused of an extraordinary series of crimes, including involvement in drug trafficking, pornography, fraud, money laundering, and tax evasion. The allegations emerged during the Costigan Royal Commission into corruption in the Painters and Dockers Union, and were published in the *National Times*, which codenamed Packer “The Goanna”.

While Packer strenuously denied all the charges, he was unable to explain why enormous sums of his cash had circulated through a number of criminal figures. “Packer was anxious to deny that moneys were used for drugs, as were the others,” Costigan wrote. “Their problem was the reluctance to disclose the real purpose of the cash payments, for fear that on exposure they would be prosecuted: thus the half-truth, not the whole... Those who purvey half-truths have only themselves to blame for the consequences.”

According to Paul Barry, all of the charges, with the exception of tax evasion, were false. Whatever the truth of the matter, it is testament to Packer’s general character that the allegations were so widely believed—including by many who worked immediately under him.

The Hawke government ensured that the Royal Commission was not given time to fully investigate all the accusations. In March 1987 Lionel Bowen, the attorney-general, under strong pressure from the prime minister, issued a highly unusual statement to parliament which cleared Packer of all charges.

The same year, the billionaire told ABC Radio that Hawke had done great things for business and that he would be voting Labor at the next election. In return, the prime minister heaped fulsome praise on Packer at a 1987 Businessman of the Year ceremony, describing him as “a close personal friend” and a “very great Australian”. Packer was later heard telling a friend that he wished Hawke would not be quite so deferential in public.

The Costigan investigation shed light on some of Packer’s methods for avoiding paying tax, which saw him under investigation by the Australian Tax Office for most of the 1980s. As the entrepreneur forthrightly declared to the Australian parliament in 1991, he felt no obligation to pay any tax at all if he could help it. During the 1980s, Packer employed what were known as “bottom of the harbour” tax schemes, which featured complex arrangements involving the concealment of companies within subcompanies within foreign subsidiaries—all to hide company profits from the taxman. Millions of dollars in untraceable cash was moved around between different companies and individuals—including a number

of convicted fraudsters and con-men.

Despite numerous investigations, Packer was never prosecuted for tax evasion. His tax lawyers defended the legality of their client's manoeuvres, and always found new ways of fully exploiting the system. Financial deregulation introduced by Labor in the 1980s permitted Packer's Consolidated Press company to slash its effective tax rate from 39 percent in 1984 to just 14 percent in 1986. A 1987 tax system reform also introduced by the Hawke government allowed Packer to reduce his personal income tax to 9 percent. Today, much of PBL is run through a holding company in the Bahamas, an established tax haven, and the business is understood to pay less than 10 percent in tax.

In recent days, Packer's admirers in the media and in Canberra have rhapsodised over his supposed generosity and philanthropy. Almost every day a new story of the "big man's" selflessness has been promoted—from his one-off sponsorship of a group of disabled children's trip to Disneyland, to the annual donation of his old shoes to the Salvation Army. If only Packer had paid the same rate of tax as do ordinary working Australians, however, many, many more hundreds of millions would have been available to the socially and economically disadvantaged in the form of public funds for health, education, and other social services.

Packer's media interests in Australia have always been dependent on media concentration and ownership laws, which regulate everything from the number of television networks permitted, the level of foreign ownership of media outlets, and the possible ownership of both newspapers and television stations. The Hawke government—like the Keating and Howard governments following it—formulated these regulations, not on the basis of the real interests of the Australian people, but first and foremost with the interests of Packer and his ilk in mind.

In 1986, the Labor government issued a series of new cross media ownership laws that became known as "Packer's package". Part of the new legislation permitted Packer's Sydney and Melbourne Channel 9 stations to become one national network, which vastly increased its value. In a particularly famous deal, Alan Bond purchased the national Channel 9 network for \$1.025 billion. Packer then bought the network back from a bankrupted Bond three years later for about \$200 million.

Packer was notorious for his cruel and malicious treatment of those who worked under him. He was fond of abusing people in front of their colleagues, before telling them, "You're f—— stupid. Now tell me you're stupid and why you're stupid." In private, Packer treated politicians likewise. He was accustomed to summoning politicians at will whenever he wished to issue a new demand. "If Packer rang Hawke and said he wanted to see me," one minister said, "then I'd be on the plane to see him." There are many accounts of a displeased Packer towering over government ministers and unleashing obscenity-filled tirades.

Packer's famous appearance before a parliamentary media enquiry in 1991 provided a rare insight into the real relationship between Australia's ultra-wealthy and the elected members of parliament. The billionaire contemptuously lambasted the parliamentarians who had dared to challenge his interest in taking over Fairfax, publisher of the *Sydney Morning Herald* and the *Age*. Packer denounced the inquiry as an "intellectual wank", "crap", and "claptrap". Politicians from all the established parties cowered before him. Their abject subservience was best summed up when Packer angrily dismissed a question asked by Labor "left" Jeannette McHugh. "I'm sorry, Mr. Packer," McHugh quickly replied.

The entire affair left no one in any doubt as to who was really in charge. In a particularly crude and unapologetic manner, Packer's performance provided a graphic demonstration of the reality of Australia's "democracy". The parliamentary set-up relies on the popular illusion that ordinary citizens periodically elect politicians who represent them and rule in their interests. But for all the elaborate trappings of elections and parliamentary tradition, the reality is that wealth equals power, and

parliament and its members are, in the final analysis, nothing more than servants of capital.

Reference: Paul Barry, *The Rise and Rise of Kerry Packer* (Sydney, Bantam, 1993)



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact