

# China relations behind Australian defence minister's downfall

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A persistent campaign by unknown figures within the Defence Department, with possible assistance from within the armed forces itself, has forced the first ministerial resignation from the Rudd Labor government. While a great deal remains shrouded in secrecy, the chain of events leading to Defence Minister Joel Fitzgibbon's demise provides reasons to believe it is bound up with the reassertion, in the government's new Defence White Paper, of the primacy of Australia's military alliance with the US, amid concerns about the rising influence of China within the Asia-Pacific region.

Fitzgibbon was viewed by certain layers within the defence establishment as tainted by his longstanding friendship with Helen Liu, a wealthy ethnic Chinese Australian businesswoman who migrated from China and has alleged connections to both serving and former senior Chinese government officials.

Controversy engulfed Fitzgibbon in late March, when two newspapers reported that Defence sources had claimed that a wing of military intelligence had conducted a secret investigation into the minister's relations with Liu, on the grounds they represented a "possible security risk".

Officials allegedly provided documentary evidence to their superiors that Liu had made substantial donations to both the Labor Party's and Fitzgibbon's election campaigns, and that the minister had accepted gifts and rented a house from Liu in Canberra.

As is so often the case when the media suggests impropriety on the part of a bourgeois politician, evidence soon emerged to substantiate the claims. Within days, Fitzgibbon admitted he had neglected to disclose to the parliament that Liu had paid for trips he made to China in 2002 and 2005.

The conservative Liberal Party opposition demanded the minister's resignation for breaches of the ministerial code of conduct. More significantly, the opposition portrayed Fitzgibbon's ties with Liu as symptomatic of a questionable and even suspicious relationship that the Labor government

was developing with Beijing. Opposition leader Malcolm Turnbull labelled Prime Minister Kevin Rudd a "roving ambassador for the People's Republic of China", due to his suggestion that China should play a more prominent role in the International Monetary Fund.

In March, Rudd stood by his minister and rejected calls that he be dismissed. Fitzgibbon survived to unveil, on May 2, the government's Defence White Paper, which outlined a significant military expansion. The document was predicated on an assessment that there could be a "major war" in the Asia-Pacific in the next 20 years, involving Australian forces fighting alongside the US against potential enemies such as China. Far from indicating any shift away from the US alliance or turn toward closer relations with Beijing, the document was described by one military analyst as the "victory of the China hawks within defence". (See: "Australian government announces military build-up as strategic dilemma intensifies")

Nevertheless, the campaign against Fitzgibbon continued with renewed vigour. On May 30, unnamed "associates" of Helen Liu told the *Melbourne Age* that Chinese government agents had asked them to "cultivate a relationship" with Joel Fitzgibbon and his father—who was, at the time, a member of parliament—when the two men travelled to China in 1993. Liu's friendship with the Fitzgibbon family dates from that visit.

When these claims failed to gain political traction, another ministerial infraction came to light. On June 2, Fitzgibbon admitted in parliament that he had failed to disclose that a \$450 hotel bill had been paid on his behalf in June 2008 by NIB—the health insurance corporation that employs his brother, Mark Fitzgibbon, as a senior executive. Such admissions generally mean that the information has already been leaked to the opposition or the media, and is about to be exposed.

Fitzgibbon's relations with his brother ultimately provided the trigger for his downfall. Twice last year, Mark Fitzgibbon met with Major General Paul Alexander, commander of the military's health services, to lobby for defence contracts on behalf of NIB. Alan Griffin and Warren Snowden, the junior

ministers for Veterans Affairs and Defence Personnel respectively, also took part.

Fitzgibbon has claimed that he was aware of NIB's commercial interest in his department and that he had no input into considerations of his brother's company's bids. His staff, however, inexplicably organised for the discussions to take place in his offices and, according to Fitzgibbon, did not inform him of this fact. Fitzgibbon therefore told a lie when he asserted, on the public record, that his office had played no role in the meetings.

The manner in which this was made public was a transparent political setup aimed at forcing Fitzgibbon's resignation. On June 2, the day before a Senate estimates committee was scheduled to take testimony from General Alexander, an anonymous letter providing details of the NIB meetings in Fitzgibbon's office was delivered to the opposition's Shadow Minister of Defence, Senator David Johnston. According to journalist Mark Dodd of the *Australian*, parliamentary security staff described the individual who delivered the information as a "familiar face".

In the Senate hearing, Johnston asked leading questions of Alexander, who disclosed, under oath, that Fitzgibbon had not told the truth regarding his office's involvement in the meetings. The following day, Fitzgibbon received a visit from Labor factional heavyweight John Faulkner. One hour later, he handed to Prime Minister Kevin Rudd his resignation letter and the next day, on June 5, Faulkner was named the new defence minister.

Fitzgibbon has made a number of claims since his ousting. There were "two or three Judases in my midst and they had the drip on me," he declared, insisting that the accusations against him "could only have been developed by people working closely with me". He also alleged that it was possible "people working within Defence were collaborating with others as a means of bringing me down".

Fitzgibbon continues to refuse to name names, only threatening to take legal action against "individuals" and "media outlets". The clear implication is that figures within Defence and the military, abetted by the media, have consciously conspired to remove him.

Fitzgibbon has repeatedly suggested that the motive was his demand that the Defence department find \$1 billion a year in internal savings, in order to free up greater resources for hardware purchases and the financing of military deployments in Afghanistan and the South Pacific. This does not seem credible, as the cost-cutting is Rudd government policy and will continue to be implemented now that Faulkner heads the

ministry.

What is entirely credible is that a powerful layer of Defence Department bureaucrats and military commanders view themselves as self-appointed guardians of Australia's alignment with the United States and have decided that there will be no toleration of even the hint of Chinese influence over government decisions. For such elements, even a minor indiscretion can provide sufficient ammunition to remove a "suspect" politician from Defence.

The Australian media has, in the main, chosen to remain silent on the issues behind the Fitzgibbon saga—namely, conflicts within foreign policy circles over the implications of the decline of the US and the rise of Chinese geopolitical influence in Asia. The Australian ruling elite cannot escape the consequences of these strategic shifts. As tensions inevitably escalate between the US and China, it will be forced to choose between its historic postwar ally and its major trading and investment partner.

Only one leading commentator, the *Sydney Morning Herald*'s Peter Hartcher, has hinted that it is this underlying dilemma that lies at the heart of the affair. In a column on June 13, Hartcher posed the unanswered questions: "Had Fitzgibbon been compromised by the Chinese government"? Alternatively, Hartcher asked, "was Fitzgibbon the first victim of a new kind of McCarthyism where any official was immediately under suspicion if he had connections with ethnic Chinese people, Australian citizens or not"?

Whether either of these scenarios is the case, or a variant somewhere between, Fitzgibbon's resignation signals that opposed interests within the ruling elite are giving rise to ever sharper political conflicts over which foreign policy direction should ultimately be taken.



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