

Australian corruption findings highlight Labor Party's decay

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10 August 2013

In a further damning exposure of the putrid, corporate-dominated character of the Australian Labor Party, corruption findings have been issued against millionaire businessman Eddie Obeid, the former head of the ALP's dominant right-wing machine in the state of New South Wales, and ex-state Resources Minister Ian Macdonald.

Three detailed reports by the NSW government's Independent Commission Against Corruption (ICAC) were released last month. They provide a glimpse into the intimate relations between ALP leaders and wealthy business entrepreneurs.

ICAC Commissioner David Ipp declared that Obeid and his son Moses acted corruptly in obtaining and selling a mining exploration licence on their property. Ipp also found Macdonald rigged a 2008 tender process to grant a coal licence over land owned by the Obeid family, enabling it to make \$30 million.

ICAC said Macdonald could be charged with "conspiracy to defraud" or "misconduct in public office" for agreeing with the Obeids to act contrary to his duty as a minister. Ipp also recommended that criminal charges be considered against Obeid and his son, together with five powerful business figures who stood to gain from the deal.

These five—mining magnate Travers Duncan, former RAMS Home Loans founder John Kinghorn, merchant banker Richard Poole and two corporate lawyers, John McGuigan and John Atkinson—were part of a consortium of investors in Cascade Coal, which won the right to explore for coal at Mount Penny, in mid-western NSW, where the Obeids had bought up land by exploiting inside knowledge, courtesy of Macdonald.

ICAC found that Macdonald re-opened a coal exploration tender to enable Cascade Coal to put in a successful bid. The Obeids had negotiated a quarter ownership of Cascade Coal, hiding their stake through a complicated series of trusts and companies run by associates.

Commissioner Ipp also referred Macdonald to the Director of Public Prosecutions (DPP) over allegations that he accepted the services of a prostitute in exchange for using

his ministerial influence to set up meetings for a Sydney businessman.

Eric Roozendaal, the ALP state secretary from 1999 to 2004, and NSW treasurer from 2008 to 2011, escaped without penalty, despite accepting a \$10,800 discount on a Honda CR-V arranged for him by Moses Obeid.

Another ICAC report will soon be released—on Macdonald and his coal project dealings with former mining union national secretary John Maitland. ICAC is also investigating cafe leases granted to Obeid's family at Sydney's Circular Quay and decisions benefiting a company, Australian Water Services, in which his family had a secret interest

Prime Minister Kevin Rudd cynically sought to distance his government from the adverse findings, while exploiting the ICAC reports to meet the demands of the corporate elite for a restructuring of the Labor Party. "Anyone who is responsible for corruption, for illegal behaviour, should face the full force of the law," he declared. Rudd claimed that his intervention in the ALP's NSW branch, which is temporarily under the control of the party's national executive, showed his resolve to end corruption.

This is a fraud on many levels. In the first place, Labor's leadership is connected by a thousand strings to the milieu on which Obeid and the ALP as a whole has rested for decades—via political patronage, preferment for jobs and promotions, lucrative business deals and career paths into corporate boardrooms and consultancies.

In fact, Rudd owed his initial elevation as federal Labor leader in 2006 to Obeid's faction, which largely controlled the party in NSW, and played a key role federally, for years. Foreign Minister Bob Carr, as NSW premier from 1995 to 2005, appointed Obeid as a minister and politically protected him during previous corruption allegations.

These connections extended to Labor's nominal "left" factions. Deputy Prime Minister Anthony Albanese defended Obeid's pre-selection when it was under threat. Likewise, parliamentary secretary Doug Cameron intervened to save Macdonald from being stripped of his seat.

Obeid, who operated a right-wing sub-faction known as

the “Terrigals,” became so powerful that he effectively installed three successive NSW premiers, Morris Iemma (2005), Nathan Rees (2008) and Kristina Keneally (2009), following Carr’s departure in 2005.

Ultimately, Labor was thrown out of office in a landslide at the 2011 state election, despised throughout the working class for imposing pro-business policies, including the privatisation of state assets, and for its notorious relationships with property developers.

Obeid and his allies are not aberrations—corrupt “bad apples” in an otherwise healthy political formation. They epitomise the ALP itself. It has long been dominated by factional bosses, who have feathered their own nests. But Obeid and co came to exert their unprecedented control in the 1980s, as the party lost its base in the working class and the factional bosses could proceed without concern for any rank-and-file opposition.

Years of unrelenting attacks on the jobs, social conditions and basic rights of working people by Labor governments at the state and federal level on behalf of big business have reduced the ALP to a hollowed-out shell. It is dominated by factional powerbrokers and union apparatchiks, all dedicated to servicing the needs of the corporate elite, as well as furthering their own careers and business interests.

With party branches and active union members virtually non-existent, parliamentary pre-selections are the playthings of nominally “right” and “left” faction and sub-faction bosses, either via branch membership-stacking or ALP executive votes controlled by union machines.

Obeid himself, a prominent property developer in the Lebanese community, was handed a seat in the NSW parliament in 1991 by Graham Richardson—ALP state secretary from 1976 to 1983 and a senior minister in the Hawke and Keating governments of the 1980s and 1990s. Richardson, now a Murdoch media commentator, wrote in a recent column that he “sponsored” Obeid into parliament because Obeid was a “successful businessman.”

Obeid’s rise was part of a wider process. Like its labour and social democratic counterparts around the world, the ALP has become a direct party of big business over the past three decades. Under the 1983–1996 Hawke-Keating governments, Labor and the unions responded to the globalisation of capitalist production by abandoning their previous program of national economic regulation and limited social reform in favour of pro-market economic “restructuring,” privatisation, job slashing and erosion of social services.

Rudd’s response to the ICAC findings is doubly cynical because he has seized upon them to refashion the ALP into an even more pliable tool for the corporate establishment. In the name of combatting the influence of faction bosses,

Rudd has moved to give the ALP’s leadership a freer hand in enforcing unpopular austerity measures as the global economic breakdown deepens and intensifies its impact on Australia.

Rudd first unveiled ALP “reform” measures in NSW, designed to strengthen the hand of the party and parliamentary leadership. These include the expulsion of anyone declared to be corrupt, a ban on property developers standing as Labor candidates, and a requirement that half the state branch’s administrative committee consists of so-called “rank and file members,” rather than union nominees.

In part, these changes seek to lessen the influence of the unions, which despite ruthlessly enforcing pro-market restructuring over the past three decades, are now regarded in key business quarters as an unnecessary overhead.

Rudd next announced federal ALP rule changes. A leadership ballot aimed at ousting a Labor prime minister can now only take place if 75 percent of parliamentary caucus members sign a petition. This makes a Labor PM effectively irremovable, regardless of the intensity of popular opposition to Labor’s agenda.

Far from seeking to “clean up” or “democratise” the ALP, Rudd is moving to meet the increasingly strident corporate demands for the creation of a political instrument able to impose drastic austerity measures with complete disregard for public opposition. In Rudd’s own words, the country must have a leader who is not “looking over his shoulder” at public opinion.



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