

# Australian politician jailed in bid to restore “confidence” in political establishment

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A former key Australian Labor Party factional powerbroker, Eddie Obeid, was sentenced to five years’ jail on Thursday on charges of “wilful misconduct in public office.” His jailing is an explicit attempt to shore up the country’s increasingly discredited parliamentary establishment.

Obeid, now 73, was given a non-parole period of three years after being found guilty in June of abusing his position as a member of the New South Wales (NSW) state parliament. He was convicted of concealing his family’s business interest in two Sydney harbourside cafés when lobbying a senior government official for the renewal of the lucrative café leases.

The NSW Independent Commission Against Corruption (ICAC) had evidence that the two restaurants were given extended leases in 2006 at reduced rents, a benefit that was worth up to \$1 million for each restaurant. As is the norm in wealthy circles, Obeid had disguised his family’s ownership through several family trusts.

“The essence of the case is that he has intentionally abused the public trust,” NSW Supreme Court Justice Robert Beech-Jones said in explaining his heavy sentence. “The overwhelming majority of parliamentarians are not motivated by an intention to enrich themselves or their families,” he insisted.

“All the work of parliamentarians can be destroyed by the wilful misconduct of only some of their members,” the judge added. “Corruption by elected representatives consumes democracies. It destroys public confidence in democratic institutions.”

Media commentators, editorials and politicians quickly echoed the judge’s words. Acting NSW Labor leader Michael Daley said: “Confidence in public life has been weakened terribly on both sides of politics in the last few years, and so we hope this judgment today

goes some way in restoring confidence in the parliament and in our profession.”

Former NSW Premier and federal Foreign Affairs Minister Bob Carr, who appointed and kept Obeid as state mineral resources and fisheries minister from 1999 to 2003 despite previous corruption allegations, said the sentence would be “warmly welcomed by all residents of NSW, not least by Labor people furious with Obeid for letting their side down.”

Such attempts to depict Obeid as a “bad apple” in an otherwise healthy political system defy the documented record. Obeid was a political kingmaker for decades, a wealthy businessman whose network of patronage ensured his influence not only with Carr but over subsequent Labor governments.

Obeid, who operated a right-wing Labor Party sub-faction known as the “Terrigals,” effectively installed three successive NSW premiers, Morris Iemma (2005), Nathan Rees (2008) and Kristina Keneally (2009), following Carr’s departure from that post in 2005.

By the time that Obeid himself decided to quit parliament in 2011, Labor was thrown out of office in a landslide at that year’s state election. It was despised throughout the working class for imposing pro-business policies, including the privatisation of electricity and other state assets, and for its notorious relationships with property developers and mining companies.

Obeid’s influence was not confined to NSW. As well as largely controlling the state branch, his faction played a key role federally for years. In fact, two Labor prime ministers, Kevin Rudd and Julia Gillard, mostly owed their elevations into the party leadership in 2006 to Obeid’s faction.

These connections extended to Labor’s supposed “left” factions. Anthony Albanese, who later became deputy prime minister, defended Obeid’s party pre-

selection for parliament when it was under threat.

Moreover, Obeid's café leases were small beer compared to the largesse and payoffs that leading figures in both the Labor and Liberal-National parties have rested upon for decades—via preferment for jobs and promotions, lucrative business deals and career paths into corporate boardrooms and consultancies.

Over the past decade, as economic conditions have worsened, the traditional ruling parties have been rocked by corruption revelations involving, for example, mining leases and illegal donations from property companies. In NSW alone, ICAC inquiries have resulted in multiple resignations of cabinet ministers and members of parliament from both parties, and further corruption charges are still pending.

The stench of corruption has risen sharply over the past few decades because of the collapse of the memberships of these parties, which has made them more financially dependent on soliciting donations from corporate interests, including developers, in return for political favours.

In particular, years of attacks on the jobs, social conditions and basic rights of working people by federal and state Labor governments on behalf of big business have reduced the Labor Party to a bureaucratic shell. It is dominated by factional kingpins and trade union apparatchiks, all faithfully 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 extinct, parliamentary pre-selections are determined by nominally “right” and “left” faction and sub-faction bosses, either via local branch membership-stacking or state or national executive votes controlled by party and union machines.

Rather than an exception, Obeid epitomises this rot and decay. A prominent property developer, he was originally handed a seat in the NSW parliament in 1991 by Graham Richardson—a senior minister in the Hawke and Keating federal Labor governments of the 1980s and 1990s—because he was a “successful businessman.”

Like its social democratic counterparts internationally, the Labor Party has become an overt party of big business over the past several decades. Under the Hawke and Keating governments, Labor and the unions, working closely together, responded to the globalisation of capitalist production by jettisoning

their previous program of national economic regulation and limited social reforms in favour of pro-market economic “restructuring,” privatisation, job slashing and erosion of social services.

That is the underlying reason for the loss of “public confidence” in the parliamentary elite. While the media commentary surrounding Obeid's jailing has focussed narrowly on “misconduct” and corruption, the public disaffection and political instability go far deeper.

Notably, Obeid's sentence was handed down amid ongoing political turmoil in the wake of the July 2 federal election, which the current government barely survived, and with record numbers of votes going to right-wing populists. These formations, such as the anti-immigrant Pauline Hanson's One Nation, have been the initial beneficiaries of the discontent, which they have sought to channel in reactionary and nationalist directions.

The financial markets and corporate elite have increasingly lost confidence in Prime Minister Malcolm Turnbull's Liberal-National government to impose on the population their agenda of drastic social spending cuts, lower company taxes, and a further assault on workers' wages and conditions.

This nervousness has been intensified by the election of the nationalist demagogue Donald Trump to be the next US president, with his threats of protectionism and trade wars that could have devastating consequences for export-dependent Australian capitalism.

By making an example of Obeid, the ruling class is desperately seeking to shore up the credibility of its parliamentary servants as it prepares for economic, social and political convulsions.



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