

ACTION ALERT AA 22-2: STATE CAPTURE – CORRUPTING DEMOCRACY

As Quakers we seek a world without war. We seek a sustainable and just community. We have a vision of an Australia that upholds human rights and builds peace internationally, with particular focus on our region. In our approach to government, we will promote the importance of dialogue, of listening and of seeking that of God in every person. We aim to work for justice and to take away the occasion for war.

February 2022

This Alert outlines the emerging concern about the undermining of our democracy by corrupt influence on government, and summarises relevant reports.

According to Transparency International, “**state capture is a situation where powerful individuals, institutions, companies or groups within our outside a country use corruption to shape a nation’s policies, legal environment and economy to benefit their own private interests**”.

Features of state capture include (a) disproportionate influence on decision-making processes, (b) illicit contributions to political parties, (c) parliamentary vote-buying, (d) revolving door appointments, and (e) illegitimate lobbying.

The extent of state capture in Australia has been measured recently by the newly-formed Australian Democracy Network, in a book called ‘*Confronting State Capture*’. One of the authors is Scott Ludlam, former Greens Senator for WA. In a webinar on 16 February 2022, he spoke of private interests taking over many of our democratic institutions to the point where, regardless of who is elected at the next election, those interests will remain very influential. The report identifies the following features of state capture in Australia:

- Financial Interventions in politics – political donations and dark money funnelled to political parties without being identified.
- Lobbying and personal influence – both formal and informal contact between industry and policymakers.
- Revolving doors and personal exchange – former public officials and ministers move into the private sector bringing extensive knowledge of how to influence government.
- Institutional repurposing – the hollowing out of regulatory institutions through revolving appointments and a gradual shift from their purpose.

- Research and policymaking – through the generating of submissions and legislative amendments from industry funded think tanks.
- Public influence campaigns – through traditional and social media, and sponsorship of cultural and sporting events.

A case study used in the report is the arms industry. See the appendix below for an outline of why it has been chosen in this study.

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Recommendations from the report are:

- 1. Recognise state capture as a systemic threat to Australian democracy.**
- 2. All parties and candidates must commit to legislating reforms under the Framework for a Fair Democracy.**
- 3. Create political, economic and social consequences for the corporate powers and the political decision makers who participate in the tactics of state capture.**
- 4. Protect vibrant, diverse civic participation at the heart of our healthy democracy.**

The full report can be seen at www.australiandemocracy.org.au/statecapture

An interview with Phillip Adams by two of the authors can be found at www.abc.net.au/radionational/programs/latenightlive/ under the heading “Undue Influence: How industry is undermining our democracy”. This interview gives a helpful overview of the ways in which Australian democracy is being manipulated by the powerful few at the expense of the majority. It shows how companies influence the way government decisions are made, through a series of interlocking and inter-connected relationships and the use of money to facilitate influence.

The Human Rights Law Centre has published a report under the title ‘*Selling Out: How powerful industries corrupt our democracy*’. The report outlines how current laws and regulations allow corporations to put their profits ahead of the wellbeing of our communities. Australian laws permit big industry to contribute millions to the major political parties’ election campaigns. These donations act as an insurance policy against strong regulation.

As well as favourable treatment, corporate donations buy access to politicians that ordinary people would never get. To increase their access to power, corporations hire ex-politicians and advisors. When these methods fail to secure the desired outcome, these industries use their vast wealth to fund punishing multi-million-dollar attack campaigns.

The political control wielded by these industries is holding back stronger regulation to protect us from their harmful practises. This report details the human cost of this form of legalised corruption, from lives destroyed by addiction to whole communities

lost to climate-change induced natural disasters, and provides clear solutions to stop the cycle of corporate influence in our politics.

The full report can be found at www.hrlc.org.au/reports

Response

There is a need for greater awareness of the trends in public life that are undermining our democratic institutions and values. Friends are encouraged to

- **Read these reports and encourage others to do so.**
- **Discuss in Meetings the issues raised and how relevant they are.**
- **Seek ways of working with others to raise questions, especially of candidates during the coming federal election campaign.**

Canberra, February 2022

Appendix: Case Study: The Arms Industry

A major change in Australian defence policy in the 2016 Defence White Paper brought the arms industry into the heart of defence policy by designating it a “fundamental input to capability”.⁵⁹ One flow-on effect can be seen in Australia’s arms export policy, with the loosening of restrictions on selling arms into violent hotspots, such as the Middle East and Africa. Australia now actively seeks increased arms sales with nations known for grievous human rights abuses, including Saudi Arabia, the United Arab Emirates, Indonesia and several African nations.

Being designated a “fundamental input to capability” created an environment in which the national interest was conflated with arms industry interests. It is a small step to use the industry’s economic viability to justify relaxing strict controls, including arms deals with dubious regimes. In Australia, we have seen an expansion in the number of arms sales to violent hotspots under the overarching policy of building up the economic viability of a ‘sovereign’ defence industry.

Arms corporations in Australia do not need to cultivate influence and a positive image with the public because their main customer is the government. Instead, they make extensive use of the revolving door, backroom lobbying, manipulation of research and policymaking, and supplying information to ‘expert’ commentators who can be relied upon to talk up tensions, arms races and possible war.

However, as the focus on building a ‘sovereign defence industry’ in Australia has sharpened, accompanied by the immense rise in funding, arms companies are increasingly cultivating a positive image to secure a ‘talent pipeline’ of future employees. Companies have partnered with universities for this purpose, and their influence is also extending to school-age children.