

After 16 years in the service of big business

Australian trade union leader resigns

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28 September 1999

Bill Kelty, the long-serving secretary of the Australian Council of Trade Unions (ACTU), the country's peak union body, recently announced his resignation, effective next February.

ACTU president Jennie George paid fulsome tribute, claiming Kelty "devoted his life to the interests of working people". On the contrary, the ACTU boss will be remembered by thousands of working people for presiding over the decline of their social position and the collapse of the unions as defensive organisations.

For the greater part of his 16 years in office, Kelty was a backroom operative, supervising the implementation of a series of Accords drawn up between the ACTU and the Hawke and Keating Labor governments between 1983 and 1996. The Accord agreements resulted in the reduction of wages, the wholesale destruction of working conditions and the elimination of thousands of full time jobs.

For workers, Kelty's departure would have passed virtually unnoticed, had it not been for the expressions of gratitude by the employers and the media. The *Australian* newspaper, Rupert Murdoch's flagship, noted Kelty's services under a front-page headline: "A Napoleon in the labor wars". The article declared: "Kelty's legacy is one of achievement. He had three great qualities—brains, courage and political skill. He used them to change the way the union movement thought and acted and helped to change Australia for the better."

Another article declared: "History will record that the ALP-ACTU Accord was the bridge Australia needed to travel from a closed to an open economy. Much of that journey is now complete. John Howard is in the Lodge; the ALP is in Opposition: the unions are weaker."

Kelty was born in 1948 in Brunswick, a Melbourne working class suburb. His mother was a single parent who worked as a cook. Her long, varied shifts meant that the young Kelty was virtually raised by one of his older sisters. On many future occasions Kelty, would invoke these origins to curry favour with a working class audience. But, in truth, he was far more comfortable in the plush company of the corporate elite, whose friendship he cultivated while in office.

Kelty was the arch-representative of what the capitalist media termed the "new look unionism". This referred to an increasing number of officials who rose to prominence from the mid-1970s following in the footsteps of the rightwing ACTU president Bob Hawke.

Unlike previous union bureaucrats, this new layer did not claw their way up through the ranks. They ascended along a well-laid path that skirted any direct relationship with the working class, normally progressing through white-collar unions, or directly from the university bench to a position of union research officer, the first rung on the career ladder.

The "old style" union bureaucrats were as treacherous as their newly-arrived counterparts, but relied to a certain degree on the support of a rank and file constituency. The new breed, free of such considerations, proved most suitable to trample underfoot many things once considered sacrosanct.

Kelty was a product of this new selection process. After attending

Rosanna High School, he won a scholarship to La Trobe University and graduated in 1969 with a Bachelor of Economics degree. Despite the political issues that were erupting on campuses around the country, there is no record that he participated in the anti-war movement or any other political activity. Instead, he established close relationships with a number of figures who later became prominent in the labour movement, including Garry Weaven, a future assistant secretary of the ACTU.

Armed with his economics degree, Kelty quickly found a position as an industrial officer in the federal office of the Federated Storemen and Packers Union, a rightwing conduit for budding young careerists.

Then, following a short stint in 1974 as a research officer for the Workers Education Association in South Australia, he was picked up by the ACTU talent scouts to work as its research officer and industrial advocate.

Under Hawke's patronage, Kelty rapidly advanced to become the ACTU's assistant secretary in 1977. He became its secretary in 1983 shortly after Hawke resigned and moved into federal politics. At no stage in his entire career was Kelty subject to a rank and file election. Instead, he gained his positions through carefully prepared votes within leading union bodies.

Kelty was brought forward to carry through a definite agenda demanded by powerful sections of corporate Australia. The recession of 1979-82 spurred a new offensive against the working class internationally, marked by the installation of the Thatcher and Reagan governments in 1979 and 1980.

In Australia, the Fraser Liberal government proved unable to control growing working class militancy. Sections of the ruling class decided to back the Labor Party and rely on its relations with the trade unions. Facing a stormy revolt by the workers over escalating unemployment and his government's "wages pause," Fraser was forced to call an election in 1983. The Liberals were overwhelmingly defeated, clearing the way for a Labor government led by Hawke.

Even before parliament met, Hawke convened a tripartite "summit" of government, union and employer leaders to establish a common front. It was based on the Prices and Incomes Accord struck between Hawke and Kelty prior to the elections.

Kelty summarised the role of the Accord in a 1983 paper. "We recognise that the current level of unemployment requires some sacrifice. We recognise that, in the current environment, wage and salary earners should be prepared to accept lower living standards than they are otherwise entitled to." He insisted that the employers could rely on the ACTU. "It (the Accord) can be enforceable because it is an agreement and the trade union movement has been able to demonstrate throughout its entire history that it has a capacity to enforce its own agreements."

Kelty was as good as his pledge. The ACTU waged a ruthless campaign, betraying every major workers' struggle over the next 13 years, starting with the isolation of the sacked SEQEB linesmen in Queensland in 1985-86, followed by the defeat of the Mudginberri meatworkers, the

Robe River strikers, the Dollar Sweets picketers and the Williamstown Naval Dockyard workers between 1986 and 1987.

Under Kelty's leadership the ACTU directly assisted the Labor government and the employers to bust a union and supported the use of the military to break a strike.

In 1986, the Hawke government and its state counterparts de-registered and smashed up the Builders Labourers Federation (BLF). The ACTU, with the "left-wing" building and metal unions in the lead, cut off all support for the BLF and organised a scabbing operation to break the union's pickets and to poach its members.

Then in 1989, the ACTU bureaucrats threw their weight behind Hawke's use of the airforce as part of an international scabbing operation to enable the airlines to crush a pilots' strike and destroy their union. Both Ted Harris, the chairman of Australian Airlines, and Sir Peter Abeles, the chief executive and part-owner of TNT transport and Ansett airlines, were close personal friends of Hawke and Kelty.

Hawke later defended his conduct. "The pilots, and some sections of the media, made much of these personal relations. Lacking any argument of substance as to the merits of the case, they attempted by innuendo to attribute improper motives to the continued collaboration between the four of us (Hawke, Kelty, Harris and Abeles) during the dispute." For Hawke and Kelty there was nothing "improper" in joining hands with the top executives of large companies against an embattled section of workers.

This tripartite partnership extended past the industrial arena to government policy and even government leadership. Kelty, along with Abeles, was invited to a secret meeting between Hawke and Keating at Kirribilli House, the prime minister's Sydney residence, in November 1988. This "meeting of friends" as Hawke billed it, was called to witness Hawke's pledge to stand down and make way for Keating after the 1990 federal election.

Kelty's services were not restricted to strike breaking. In 1995 he joined trucking magnate Lindsay Fox, another of Kelty's close corporate friends, on a tour through the state of Victoria to promote a Keating government cheap labour scheme. Their aim was to recruit 25,000 youth into the scheme, under which they would be paid a measly \$125 a week, only a fraction more than the dole. Kelty boasted that the plan would cost employers "no more than an extra \$1 an hour." Retail giant Coles Myer was one of the most enthusiastic champions of the scheme, using "trainees" to staff supermarket checkouts. The scheme was a major precursor of the "work for the dole" regime, introduced by the Howard Liberal government a few years later.

The overwhelming electoral defeat of Labor in 1996 signaled the end both of the Accord, and an entire era in which the unions literally sat in government alongside the Labor Party.

Well before the poll, it was clear that years of betrayal had taken their toll. The Labor Party and the unions had lost the allegiance of hundreds of thousands of workers. Union membership had plunged from 50 percent of the workforce in the 1980s to little more than 30 percent.

Under these conditions, major sections of big business concluded that the unions had exhausted their usefulness and that more direct methods had to be employed to enforce their needs. The Howard government was brought to office. It introduced a raft of repressive industrial laws to police individual work contracts, punish strikes and restrict union activity.

Anticipating Labor's defeat, Kelty issued a bellicose and militant threat of "industrial war" if the Liberal-National coalition was elected. This was designed to reestablish credibility among workers and to convince employers that the unions remained a force to be reckoned with. Then in 1997 he vowed to stage the "biggest picket that has ever been assembled in the history of this country" if the coalition government attacked the waterside workers. Neither threat was carried out.

Instead, in April 1998 when Patrick Stevedoring, in league with the Howard government, sacked its entire workforce and replaced it with scab

labour, Kelty worked behind the scenes to suppress all industrial action and to use the courts to end the dispute on conditions favourable to the employers. For example, when Australian Workers Union (AWU) site delegates in the chemical industry threatened to strike if Patrick went ahead with the sackings, the AWU officials were dragged before a special ACTU meeting and severely reprimanded by an "outraged" Kelty.

Throughout his time in office Kelty remained entirely indifferent to his members' needs. But he never failed to wade into the fray on behalf of his corporate friends. There were numerous examples.

In 1995 he sided with Coles Myer executive chairman Solomon Lew, as well as his trucking friend Lindsay Fox, against attempts by major finance houses such as AMP, Bankers Trust and the State Super Fund to remove the pair from the Coles Myer board of directors. The company had incurred heavy losses in deals set up by Fox and Lew from which the pair personally benefited.

Kelty immediately shot off letters to the AMP and the other finance houses reminding them that he was a leading "trustee on some superannuation boards" directing funds worth billions of dollars and suggesting that the campaign against Lew and Fox be dropped. He also persuaded Keating to launch a tirade in parliament against AMP, branding its managers as "donkeys". At this time, Lew had a personal fortune of \$530 million and Fox was worth more than \$500 million.

In 1997 Kelty came to the defence of yet another Coles Myer top executive, Brian Quinn. Even though Quinn had been found guilty of defrauding the company of \$4.3 million, Kelty gave him a character reference, telling the court that he considered Quinn "very honest and a person of the highest integrity."

Kelty's period in office produced lucrative pickings for the union bureaucracy. He pioneered the establishment of joint union-employer controlled superannuation funds. Instead of workers receiving pay increases, employers contributed to the super schemes.

Senior union officials, including Kelty, sat on superannuation boards and other union-related companies, administering multimillion dollar property and other investments. By 1995, according to one estimate, the unions controlled super funds worth nearly \$8 billion.

The "wage restraint" preached by the union leadership did not extend to their own incomes. Kelty received a base salary well in excess of \$70,000 a year. On top of this he enjoyed generous accommodation, meal, travel and entertainment allowances with the unlimited use of an ACTU car—not to mention the hefty fees he pocketed for sitting on the board of the Reserve Bank and other institutions.

The very fact that such a figure as Kelty could come to the head of the trade unions and remain there unchallenged for so long raises fundamental questions about the nature of these organisations and the state of the workers movement as a whole.

Kelty's tenure in office saw the logic of the politics of unionism openly demonstrated. The unions' nationalist and pro-capitalist perspective, which insists that the interests of the working class are bound-up with the continued existence of the profit system and the health of their "own" national employers—has been consummated in the transformation of these organisations into direct agencies for big business.



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