

Credit card affair threatens survival of Australian government

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Over the past two weeks, media outlets have brought forward a constant drip-feed of credit-card related accusations against one of the Gillard government's members of parliament, former trade union official Craig Thomson. After being kept on the backburner since 2009, when the allegations were first published by the Fairfax media, details of Thomson's former union credit card and mobile phone records—dating back to 2005—are being featured on newspaper front pages.

In assessing such scandals, it is always essential to examine their timing and the political agenda being pursued.

Thomson, who was national secretary of the Health Services Union (HSU) from 2002 to 2007, has since 2009 denied that he misused his union-issued card for personal purposes. Nevertheless, the allegations, and accusations that he has lied in denying them, have now been revived and become a direct threat to the government's survival.

If Thomson were forced to resign, the minority Labor government—which depends on the votes of three Independents and a Green—would lose its one-seat majority in parliament. With Labor's opinion poll ratings at record lows, below 30 percent, including in Thomson's New South Wales (NSW) electorate of Dobell, it is almost certain that Labor would lose any by-election caused by Thomson's departure.

Questioned in parliament last week, Prime Minister Julia Gillard repeatedly affirmed her "complete confidence" in Thomson. She claimed he was doing a "fine job representing the people of his constituency" and she looked forward to him continuing that role for "a very long, long, long time to come."

The allegations against Thomson—as yet unproven—first surfaced as part of a dirty faction fight within the trade union and Labor Party apparatus. A product of Labor's NSW right-wing machine, Thomson, now 47, had clawed his way up the union hierarchy and was rewarded with nomination for a "safe" working class seat for the 2007 federal election campaign. His successor as the HSU national secretary, Kathy Jackson, leaked a letter to the media in the midst of a battle for control of the

union.

Among the published accusations against Thomson is that he used his HSU credit card to pay for escort agency services, personal expenses and election campaign funds. In 2009, Thomson initiated legal action against Fairfax, the publisher of the *Sydney Morning Herald*, the *Melbourne Age* and *Australian Financial Review*, for defamation over the allegations, and succeeded in holding onto Labor pre-selection for his seat, which he retained in the August 2010 federal election.

Earlier this year, Thomson dropped his law suit against Fairfax, leaving him with a large legal bill. Last week, the Murdoch media reported that the NSW Labor Party had secretly provided him with more than \$90,000 as well as a loan for his legal costs in the Fairfax case. Reportedly, Labor's bosses feared that he would go bankrupt, which would automatically disqualify him from sitting in parliament. Belatedly, Thomson last week declared the financial assistance on the parliamentary pecuniary interests register.

Further allegations, said to be derived from credit card, mobile phone and other records from 2005, 2007 and 2008, have surfaced this week in both the Murdoch and Fairfax media. On Tuesday, the government confirmed that Thomson would step down from his high-profile role as chairman of parliament's economics committee. Earlier in the day, the NSW police force had announced it was assessing material sent to it by the Liberal-National opposition, and was considering an investigation into whether Thomson had committed a criminal offence. Fair Work Australia, the Gillard government's industrial relations tribunal, is already conducting a probe into the HSU's financial affairs. Yesterday, the HSU called on the police to investigate the allegations against Thomson of fraudulent misuse of union funds.

The ratcheting up of the campaign against Thomson is bound up with mounting impatience in the corporate establishment with the Gillard government, amid a rapidly deepening economic crisis, both internationally and within Australia. The Thomson affair has become another means of putting the Labor

government on notice that it could be ousted at any time if it fails to carry out the policies now being demanded by the financial markets. These include the rewriting of Labor's Fair Work Australia industrial laws in order to remove entitlements to penalty rates and all other impediments to labour "flexibility."

The increasing ferocity of the agitation by the ruling elite was underscored in Tuesday's front-page comment by the *Australian's* economics correspondent Michael Stutchbury. He demanded to know if the elimination of 1,300 jobs by BlueScope Steel—on top of the major job losses announced last week by Qantas, OneSteel and Westpac—would be the "banana republic" moment that revived "our stalled productivity agenda." In 1986, Labor Treasurer Paul Keating declared that Australia was in danger of becoming a "banana republic" and used the scare to drive down wages and conditions.

Stutchbury insisted that a new "structural adjustment" was inevitable. He warned that the Chinese-driven mining boom, which was "crunching" parts of the national economy via elevated commodity prices and a high Australian dollar, could not last forever. Stutchbury castigated the government for not having already restored a budget surplus and for failing to "free up" the labour market.

On the same day, the newspaper's political editor Dennis Shanahan declared that the Gillard government was "not governing, but drowning." He noted that Labor's support had plunged to 27 percent, according to the *Australian's* Newspoll. It was besieged by a "growing sense of crisis management" compounded by "global financial jitters" and "the NSW Labor sleaze factor" of the allegations against Thomson.

For now, there has been no call for the bringing down of the Gillard government. An editorial in last Saturday's *Australian* said it was fair, thus far, to give Thomson "the benefit of the doubt." It advised the Liberal-National Coalition that "caution is appropriate at this stage." To date, opposition leader Tony Abbott has heeded the advice, several times refusing in a radio interview last week to call for Thomson's sacking as a Labor MP.

This caution in ruling circles is motivated by several concerns. One is that the dumping of Thomson could trigger wider revelations of parliamentary misconduct that would further discredit the entire political establishment. As Abbott explained in his radio interview, "the one thing I don't want to do is set myself up as a moral paragon as you never know what tests you might face." Far from being the exception, Thomson's behaviour is simply par for the course in upper political circles. Fairfax political editor Michelle Grattan last week reported that Labor had "dirt" on an unnamed Coalition

MP.

A more fundamental concern is that the Coalition, headed by Abbott, is incapable of imposing on working people the savage measures now necessary to make Australian capitalism "competitive." In his column yesterday, Stutchbury condemned a "populist conservative opposition that can smell blood in the water." Far from demanding that the government pursue the demands of big business for austerity and higher productivity, Abbott is waging a populist campaign against the impact of the government's proposed carbon tax on living standards.

It should be noted that Thomson's alleged indiscretions hardly mattered, as far as the corporate media was concerned, until last year's backroom coup that ousted Prime Minister Kevin Rudd, at the behest of big business and Washington. Gillard immediately pledged her readiness to renegotiate a proposed mining super-tax, implement austerity measures and unequivocally support the US militarily and diplomatically. When she called an election last August, however, Labor suffered massive electoral losses. The result was a hung parliament for the first time since World War II, and a minority Labor government clinging precariously to a one-seat margin.

The Thomson affair underscores the highly unstable and fragile state of official Australian politics, with a government hanging by a thread, both major parties widely reviled, and a new stage of the global financial crisis erupting. While it is not yet clear how the scandal will play out, it is another indication—like the Rudd coup itself—of the decayed state of the parliamentary system and the accelerating assault on social and living conditions that cannot be imposed democratically.



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