

Thomson scandal exposes decay of Australian “labour movement”

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The Australian press has been sensationalising the sordid corruption scandal surrounding former Health Services Union (HSU) official and Labor parliamentarian Craig Thomson for months. The opposition Coalition is pressing the case to further destabilise the minority Labor government of Prime Minister Julia Gillard and its tenuous hold on power. Sections of business and the media, which are baying for ever more “labour market deregulation”, are exploiting the affair as a means of warning both the unions and the Gillard Labor government that they either deliver on the global agenda of austerity and pro-market restructuring or face the same treatment.

The entire Labor and union apparatus is in damage control, desperate to ensure that the potential loss of Thomson’s parliamentary vote does not bring down the Gillard government. More fundamentally, however, there is distinct nervousness that the Thomson affair has publicly exposed the deep-going decay of the so-called official labour movement. Speaker after speaker at this week’s Australian Council of Trade Unions (ACTU) congress sought to distance the Australian Labor Party (ALP) and the unions from the stench surrounding the HSU.

Prime Minister Gillard expressed her “dismay” and “distress” that “the very poor conduct of some parts of one union risks tarnishing the great reputation” of the union movement, and has let union members down “very badly.” Australian Workers Union national secretary Paul Howes warned that the HSU saga meant “the very legitimacy of trade unions has been called into question” and any repetition “could be the thing that wipes us off the map.”

As everyone at the ACTU Congress is well aware, the revelations that have surfaced about Thomson, which involve the alleged misuse of up to \$500,000 in HSU funds, some of them for his 2007 election campaign, are just the tip of the iceberg. Profligate spending on expensive dinners, hotel, travel and escort services is hardly unknown throughout the political, media and corporate establishment. More significant than the specific allegations of corruption, however, is what the scandal has revealed about the inner workings of the Labor and union bureaucracy—a fetid world of high-paid careerists scrambling for positions and power in the union apparatus, parliament and corporate boardrooms, divorced from and utterly contemptuous of the working class.

All the main actors—Thomson, suspended HSU national president Michael Williamson and their bitter rival, HSU national secretary Kathy Jackson—enjoyed six-figure salaries as union officials and commensurate lifestyles. Williamson is still drawing his \$350,000 annual salary as HSU national president, despite allegations that he milked hundreds of thousands of dollars a year through shady printing deals and other unsavoury practices. Up until recently, he remained a trustee of First State Super Fund and on the board of directors of the SGE Credit Union and

NSW State Water.

While the majority of HSU members are struggling to make ends meet on salaries of \$30,000 to \$50,000 a year, Jackson, who has provided evidence on Thomson and Williamson to the media and police and postures as a fighter for members’ rights, draws an annual salary of \$275,000 plus expenses. She also sits on various company boards, including as a director of the Health Employees Superannuation Trust of Australia, the country’s sixth largest industry fund.

The HSU is now the subject of two police inquiries and a massive 1,100-page report by the Gillard government’s Fair Work Australian (FWA) industrial tribunal, which details Thomson’s alleged abuse of union funds. Thomson has denied all allegations and is due to respond to the FWA report in parliament next week. As yet, no charges have been laid against him. He maintained last week that he was the victim of an elaborate set-up by his factional rivals and accused the FWA of bias by failing to call witnesses corroborating his claims. The Australian Electoral Commission found this week that most of the HSU funds used on Thomson’s election campaign—over \$260,000—had been appropriately disclosed.

While the media has dismissed Thomson’s claims, nothing can be discounted in the vicious factional warfare rampant inside the labour apparatus. Indeed, the genesis of the Thomson scandal lies in the no-holds barred factional brawls that broke out in 2008-2009 within the HSU and Labor Right faction in the state of Victoria. No questions of principle were at stake. Those involved were solely focussed on beefing up the size of their respective internal support bases, in order to guarantee themselves positions on various union and Labor bodies, including national and state executives and Labor pre-selection committees that decide on election candidates.

A protracted fight by Jackson and her ex-husband Jeff Jackson, a former HSU Victorian state secretary, against state president Pauline Fegan for control of the Victorian branch fused with a split in the ALP’s Victorian Right faction over pre-selection for the state seat of Kororoit. The Jacksons lined up with Labor’s factional warlord Senator David Feeney against rival factional strongmen federal Labor ministers Bill Shorten and Stephen Conroy, who were aligned with Fegan.

As described in an article last year on *Crikey.com*, Thomson, who was in the ALP Right faction in the state of New South Wales, became collateral damage as the Jacksons declared war on Fegan and her supporters in the “Shortcon” faction. “The leaked letters started flying—one written by Kathy Jackson implicating Thomson, following in quick succession by a statement from Fegan of ‘a union issued credit card issued by Jeff Jackson’ featuring charges tagged to ‘Keywed Pty Ltd,’

which collects money for the Sydney Outcalls brothel.”

The terms “right” and “left” no longer have any political meaning in the sordid world of Labor’s factions. None of the factions makes any appeal to the party’s greatly depleted membership let alone to the working class. The political affiliation of party branches, insofar as they still exist, is principally determined by “branch stacking”—i.e., the signing up of paper members by party hacks in order to boost the numbers of their particular faction. In the bust-up in the Victorian Right, the Shortcon faction reached a “stability” deal with the Left faction that sidelined Feeney and his cronies. The Jacksons turned to Williamson of the NSW Right to form a huge amalgamated branch—HSU East—including the HSU branches in NSW, Victoria and Tasmania to consolidate their position against Fegan.

As part of these vicious intrigues, the factional bosses had no compunction in taking their grievances to the capitalist state, in the form of the courts and police. In 2009, the Victorian HSU branch was placed into administration by the Federal Court. In 2011, a dispute between the rival Right factions in Victoria over pre-selection for the state seat of Broadmeadows was fought out in the Supreme Court. Following a falling-out last year over control of HSU East, Jackson fed damaging information to the media and police about Williamson and his protégé Thomson. Shorten, who now holds the powerful post of Workplace Relations Minister, last month took legal action to place HSU East in administration. Not to be outdone, Jackson backed moves by the NSW Liberal government to do likewise, while at the same time turning to the notorious, extreme right-wing H.R. Nicholls Society.

Throughout these Byzantine machinations, the various bitter rivals have been united on one issue: their determination to keep union members and the working class as a whole completely in the dark. Not a single mass meeting of HSU members has been called by any faction to debate the matters raised in the dispute, because to do so would expose the fact that these issues have nothing to do with the interests of the membership. Moreover, such meetings could open the door for hospital workers to begin to canvas the critical questions that *they* face, such as why their wages are so low, and their jobs so insecure, what responsibility the union has had in collaborating with employers to create and perpetuate this situation, and the stark contrast between the wages and conditions of the membership and those of the union tops.

The entire sordid spectacle is not the product of a few unsavoury individuals but of the vast transformation of the trade unions and Labor Party over the past three decades. From the outset, Labor was based on a reformist program of national economic regulation. It never challenged the profit system and subordinated the working class to the interests of capital by claiming that workers could achieve incremental improvements by pressuring the capitalist class through parliament and through union militancy.

However, the globalisation of production since the 1980s has shattered the basis for nationally regulated economies. The Labor Party and the unions have become the enforcers of the new corporate agenda: the never-ending demand for increased productivity to boost the “international competitiveness” of Australian companies at the expense of the jobs, wages and basic rights of workers. The Gillard government, aided by the unions, is now accelerating this process, amid the worsening global economic crisis, as the corporate elite demand the abolition of all obstacles to profits and productivity.

In a speech to the ACTU congress on Wednesday, former ACTU secretary Bill Kelty pontificated on the so-called glory days of the Hawke-

Keating Labor governments and appealed for a renewal of “hope and trust” to reverse the catastrophic collapse of support for the Labor. It was, however, precisely during the Hawke and Keating years between 1983 and 1996 that the working class lost “trust” in the Labor Party as it implemented the pro-market agenda of finance capital and presided over the greatest redistribution of wealth to the rich in history.

The ACTU, with Kelty at the forefront, was responsible for sabotaging and betraying every struggle by workers to defend jobs, conditions and basic rights, and effectively destroying any mechanism for rank-and-file democracy in the unions. As union membership plunged from around half of the workforce to just 18 percent today, the unions increasingly relied on other sources of income derived from superannuation schemes and investments. The union leaders who sit on corporate boards, government-union-business committees and institutions like the Reserve Bank, have nothing in common with the workers they falsely claim to serve.

If there is one lesson that workers must draw from the Thomson saga, it is the necessity for a political rebellion against the union apparatuses and the Labor Party. These decayed and moribund bodies cannot be reformed or reconstructed to prosecute the interests of workers. New organisations starting with rank-and-file committees in workplaces must be built to fight for the independent mobilisation of the working class for a workers’ government and socialist policies.

Above all, what is necessary is a fundamental political break from the bankrupt nationalist program of Laborism and trade union politics, which subordinates workers to the requirements of the Australian corporate elite. Workers can only begin to defend their rights by turning to their class brothers and sisters around the world in a joint struggle to abolish the profit system and establish a world-planned socialist economy. That requires the building of the Socialist Equality Party as part of the world Trotskyist movement, which alone fights for this revolutionary perspective.



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