



**HIGH TIME TO CHALLENGE THE TYRANNY OF THE TYCOONS!**



**CAPITALIST AUSTRALIA:  
THE RICH GET RICHER  
AND THE POOR GET POORER!**

**DON'T VOTE FOR THE ALP, LIBERALS OR GREENS!**

**RELY ON MASS STRUGGLE AND TRADE UNION POWER TO :**

**DEFEAT ALL ANTI-UNION AND ANTI-STRIKE LAWS. ABOLISH THE ABCC.**

**WIN A MASSIVE INCREASE IN PUBLIC HOUSING.**

**ROLLBACK THE RACIST INTERVENTION INTO ABORIGINAL COMMUNITIES.**

**DEMAND ASYLUM FOR REFUGEES - STOP ALL THE DEPORATIONS!**

**OPEN UP ALL CORPORATE ACCOUNT BOOKS AND CORRESPONDENCE  
TO WORKERS INSPECTION.**

**DON'T LET THE BILLIONAIRES DECEIVE US OR CRY POOR!**

**BUILD A PARTY TO ORGANISE WORKERS STRUGGLE**

**PREPARE FOR THE FUTURE TRIUMPH OF SOCIALISM**



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**NO VOTE FOR ANY PARTY THAT THREATENS TO JAIL UNION ACTIVISTS  
UNLEASH UNION POWER TO SMASH THE ABCC!**



*Sydney, 30 October 2009: Demonstrators gather outside Trades Hall and prepare to unfurl their union flags for a march through Sydney's CBD in protest against the ABCC.*

11 June 2010 - For years they have been attacking picket lines, persecuting union organisers and fining union members. Now the Australian bosses and the courts and cops that serve them want to sink to even greater depths - back down to their lows of previous centuries. Once again they want to imprison workers. Right now, South Australian construction worker Ark Tribe is facing jail. His alleged "crime": refusing to attend a secret interrogation by the union-busting Australian Building and Construction Commission (ABCC.) Under laws introduced by Howard and maintained by Rudd's ALP, a worker can be jailed for six months for simply exercising their right to remain silent when the ABCC demands to interrogate them. Yet, in the face of this threat Ark Tribe stood firm. No way was he going to dob in his union comrades to the ABCC when it demanded he be interrogated about discussions at a CFMEU union meeting about workplace safety issues.

**For June 15, the day that Ark Tribe's trial will begin, the CFMEU and other unions have called protests across the country in defence of him. The Sydney rally will assemble at 12pm at the Corner of Bathurst and Dixon Streets in the city. Trotskyist Platform calls on all our readers to join this demonstration.**

Union leaders have vowed that if Ark Tribe is jailed they will call all out industrial action. However, we should not let it even get to the stage that a union comrade is jailed. What is more, we should not even allow the bosses' state to impose **any** conviction or fine on our union brother. That would allow them to intimidate workers from involvement in future union organizing activities. Moreover, if Ark Tribe is hit with a non-custodial sentence, the threat of the ABCC getting workers jailed in the future will still remain. That is why the time for strike action is **NOW! It is time to unleash the industrial power of the union movement to demand not only the dropping of all charges against Ark Tribe but to demand the complete abolition of the ABCC.**

Of course, whenever workers launch an industrial campaign we come up against all the institutions currently arrayed against Ark Tribe: from laws restricting strikes to rich people's courts. However, we should not think that these laws and institutions represent some sort of "democratic" will of the people that we are obliged to bow down to. No, in this society laws and elections are shaped by the bankers, developers, mine owners and factory bosses. Just look at the way the billionaire mining tycoons like Andrew Forrest are carrying on over the proposed Resources Super-Profits Tax. It is the ultra-rich who have the money to finance advertising, who own and control the media and who are able to threaten to close projects and sack workers just to get their way.

Furthermore, no matter who is in government, the actual administrative organs of power in Australia – including the police, army, courts and commissions – and their key personnel are tied by a thousand threads to the corporate elite. That is why the justice system is so biased. On the one hand, workers who stand up for their union face jail and Aboriginal people who fight for their rights are imprisoned (such as those jailed following the 2004 Redfern and Palm Island struggles against racist killings by police.) On the other hand, the billionaire crook Richard Pratt who made illegal deals to rip **\$700 million** from Australian consumers through higher prices was treated with kid gloves, had charges dropped against him and was even given a state funeral. Meanwhile, when China jailed four corrupt Rio Tinto executives, the entire Australian establishment went hysterical that China had the audacity to treat top executives from such a corporate giant with such firmness.

Indeed, for all the harmful inroads that the Beijing government has allowed capitalists to make into China's socialistic system, at least there the justice system is weighted against greedy tycoons (China's richest person, Huang Guangyu was last month jailed for 14 years for economic crimes) and corrupt politicians. Here it is the opposite. The capitalist elite is above the law while the harshest treatment is meted out to union activists, Aboriginal people and unemployed workers. That is why the working class has no obligation to be bound by the diktats and anti-strike laws of the Australian state. Instead, we should mobilise our industrial power in such a powerful and united way that the anti-worker state will not be able to stop us from winning justice.



**Sydney, 30 October 2009:** CFMEU union building workers and their supporters occupy ANZ Bank headquarters in Martin Place in opposition to the bank's refusal to pay workers entitlements for a failed construction project that it had taken over. Including a large contingent of Korean-speaking unionists and their supporters, a highlight of this action was the multiracial crowd being led through chants of "The Workers United Shall Never Be Defeated" in both English and Korean! Despite attempts by the NSW police, hands on gun holsters, to intimidate the crowd the protestors held their ground until ANZ bosses agreed to a meeting with union officials. The organised workers movement has the power to smash the ABCC and defeat all the 'Workchoices Lite' anti-strike laws. (Trotskyist Platform photo.)

## **WORKERS UNITY MEANS UNITING WITH MIGRANT & OVERSEAS WORKERS TOO**

To win our struggles, we need maximum unity. That means that we should not fall for the ruling class's attempts to whip up nationalism and racism to divide us. We should not let them shift the blame for unemployment and the lack of affordable housing onto refugees and other vulnerable people. Unfortunately, the leadership of the CFMEU's NSW branch has a policy on so-called "illegal" immigrant workers that falls into the bosses' divide-and-rule trap. That policy is to call in the Department of Immigration against these workers. This policy goes against all union principles of solidarity. What is more it flies in the face of the real solidarity work that the CFMEU does do: for example, in support of Colombian trade unionists and in defence of the oppressed Palestinian people.

Moreover, the practice of encouraging government raids against so-called “illegals” working on sites will not even achieve its stated aim which is to protect the jobs and conditions of local workers. This is simply because retrenchments and cuts in conditions are not caused by “illegal” or overseas workers, they are caused by the greed of the capitalists. To stop these corporate owners from cutting back on hiring we should demand, through real action, that they increase the size of their workforce at the expense of their bloated profits. However, to win such campaigns we precisely need strong unity between workers of different ethnicities. That means holding out a hand of solidarity to so-called “illegal” workers and at the same time preventing the bosses from misusing them to undercut wages. It means demanding that these workers get the same conditions as other workers, are organized into the union and are won the full rights of citizens so that they are better able to stand up for their own rights. If this is fought for, not only will these workers become the most determined fighters for the union but big chunks of their ethnic communities - who after all face racist discrimination from the same authorities who are targeting Ark Tribe - will also stand on the side of the union. So let us stop our unions from doing acts that would reduce our favourite chant – “The Workers United Will Never Be Defeated” – into empty words. Let us truly follow the spirit of that chant on the way to new victories for the united, multiracial working class.

### **WORKERS NEED A PARTY THAT WON'T RESPECT THE CAPITALISTS' "RIGHT" TO EXPLOIT WORKERS**

The persecution of construction workers under Rudd puts the coming election into clear light. Of course no class aware worker is going to vote for the openly pro-boss Liberals. But why should workers vote for the ALP either when the Rudd/Gillard regime has upheld laws that threaten to jail workers?

Although Labor may want to improve conditions for its working class base, it is incapable of doing so because it refuses to challenge the power of the corporate bosses who exploit workers. Take a look at the way the ALP is handling this Resource Tax. Potentially, the tax could allow a mild redistribution of income from the mining magnates to working people. Yet, desperate to win support from business owners, Rudd will instead direct most of the revenue from the tax into lowering company taxes and into infrastructure projects benefitting mining firms. Hence, the new tax will mostly redistribute wealth from the big miners to other capitalist exploiters - be they construction bosses or owners of smaller mines. The only amount that workers will get is from a small increase in Superannuation payments. However, since these increases will be on a percentage basis, managers and foremen will gain much more than workers. In the end any benefit to lower paid workers will be very small and that is offset by the threat that the ever-increasing reliance on Super will see pensions gradually abolished. Of course, the prospect of even the minutest transfer of their profits has the greedy mine owners up in arms. Yet in the face

of their threats to slash jobs, the ALP government has no plan to enact legislation to ban profitable companies from cutting their workforce. No, the Rudd gang accepts the “right” of the possessing class to own and control the corporations – even though it is workers who built them up out of their own toil. That is why the ALP dares not even mention the one measure that could both improve the certainty of mining jobs and at the same time allow a serious redistribution of resource wealth to the masses: and that’s nationalization without compensation of companies like BHP, Rio Tinto and Fortescue Metals.

Some say that as bad as Rudd is, Abbott will be worse. Yet, because their inability to deliver benefits for the masses breeds contempt for the “left”, the rule of social democratic parties like the ALP paves the way for hardcore right-wingers like Abbott. Furthermore, to insist that we should in any way support this current regime is telling workers that we are so powerless that we should support those who would kick us in the gut in order to save us from being kicked even harder by someone else in the head. However, the working class is far from powerless. It has, in fact, enormous power that comes from the fact that it is the working class that makes the wheels of industry and transport turn. The problem is that for too long this power has not been utilized – so much so that the bosses’ agents think they can get away with jailing unionists and sinister elements think they can car bomb the Sydney CFMEU office. If pro-ALP union officials and certain socialist groups stop telling workers that they have “no choice” but to “with gritted teeth” vote ALP then workers would have a better sense that they indeed **do have a choice**: the choice to unleash their own industrial power in order to defend their rights.

What the working class needs is a party committed to mobilizing such action. Such a perspective is not only very different to that of the ALP but also counterposed to the program of the Greens. For although they oppose the worst anti-union laws, the Greens push the middle-class pipedream of “industrial harmony” between workers and their exploiters presided over by arbitration courts. We need instead a party of struggle, a party that will understand that there can be no real “harmony” until the capitalists are finally swept from power.

It is the capitalist system itself that is the cause of the increasing repression faced by workers. This system cannot keep ticking over unless profits are continually sweated away from workers at an ever-increasing rate. That in turn means governments using ever more draconian means to stop workers’ resistance. And if it seems bad now, it will eventually get a lot worse. This country was somewhat cushioned from the worst of the Global Recession only because China’s booming state-owned enterprises sucked up Australian exports. However, China’s socialistic enterprises cannot hold up Australia’s capitalist economy forever. It is a matter of time before Australian workers are hit with the 20% unemployment rate faced by Spanish workers today and the severe cutbacks being imposed on the Greek masses. In the long run, the capitalist system threatens still

more severe crises and then horrific wars between bankrupt states trying to plunder their way out of trouble.

That is why workers need a party whose final goal is the replacement of the capitalist profit system with a socialist system of collective ownership and control of all the mines, banks, construction equipment, factories and big buildings. Such a party will include not only the best worker militants but the most committed fighters amongst other oppressed groups including Aboriginal people, working class women, gays, embattled “ethnic” minorities and unemployed youth. However, a revolutionary party will not be built simply through nice resolutions and articles, it will be constructed in the course of real battles in the interests of the masses. Today, a key battle we face is the struggle to mobilise working class power to smash the ABCC and all the Howard-Rudd anti-union and anti-strike laws.



**DON'T LOOK TO THE ALP, LIBERALS OR GREENS – RELY ON MASS STRUGGLE BACKED BY TRADE UNION POWER**

## **STOP THE RACIST “INTERVENTION” INTO ABORIGINAL COMMUNITIES**

The following leaflet was distributed at a July 6-9 gathering in Yirara College, Alice Springs against the federal government’s “Intervention” into Northern Territory Aboriginal communities. The “Intervention” has forcibly placed 50% of Aboriginal people’s income under government “Income Management”, further increased heavy handed policing of Aboriginal communities and taken away even the minimal Aboriginal control over their own communities that previously existed.

6 July 2010 - Warmest greetings to fellow participants at this gathering. This event takes place at a crucial time. A time when the fascistic police tyranny associated with the Intervention gets more vicious every day. A time when the WA prosecutor has outrageously deemed that no charges will be laid on the two security guards responsible for the barbaric death of Aboriginal elder Mr Ward – giving yet another green light for racist screws and cops to kill black people in custody.

Yet the fact that people from all over the country have converged here at this gathering shows just how much will there is to stand against all the racist laws and injustice. There is so much to learn at this gathering from listening to the grassroots accounts of the suffering caused by the Intervention. We in the communist group, Trotskyist Platform, would here like to humbly outline some of our ideas as a contribution to the discussions about strategy that will take place.

When we look at the reasons why Howard and then Rudd/Gillard have been conducting this Intervention we see just how many people it is indirectly aimed against – and therefore how big the forces are that we can potentially mobilise against it. So why did they launch this Intervention? Firstly, their Intervention was **designed** to insult Aboriginal people. They wanted to spread the filthy lie that Aboriginal men are child molesters. They wanted to portray Aboriginal people as a people incapable of looking after their own affairs or even their own money. But why such insults? Because the ruling class of this country wants to justify its historic and continued dispossession of Aboriginal people and the denial of their rights. This racist propaganda is meant partly for overseas consumption. In Asia, Africa and elsewhere many people **know** about the oppression of Aboriginal people. So when the ambitious Australian rulers start attacking other countries under the guise of “human rights”, when they send their militaries to invade other lands under the pretext of bringing “freedom”, people overseas say “hang on what about what

you are doing to Aboriginal people in your own country.” The wealthy Australian elite, therefore, want to use strategies such as the Intervention to be able to respond with: “Look, we did commit some crimes in the past but as you see with the Intervention these people need to be controlled for their own good and that is what we always tried to do.” The blatant lies used to justify the Intervention are also tagged for use within Australia. For here too there are many people who know what has been perpetrated against Aboriginal people by the Australian state. Such people naturally then feel queasy about supporting the Australian state in its interventions abroad. The propaganda surrounding the NT Intervention is meant to make such people feel more “comfortable” about the White Australia capitalist state so that they will support its predatory agenda abroad. That is why the many people in this country who have been active in struggles against Australia’s invasions of Iraq and Afghanistan have a real interest in fighting against the Intervention.

Secondly, the Intervention aims to make it easier for mining bosses to plunder Aboriginal peoples lands while giving virtually nothing back in return. Yet as we have seen so clearly in the last few weeks, these billionaire mining tycoons like Andrew Forrest and Clive Palmer don’t want to share even a small fraction of their wealth with the rest of the population either! Working class people, both black and white, have an interest in standing together against the mining bosses. We need to eventually bring the whole mining industry into the collective hands of all the people so that mining is controlled to ensure that it does not end up destroying people’s lives and Aboriginal cultural treasures and so that the wealth it generates goes to ordinary people.

Thirdly, the government’s stigmatisation of Aboriginal people is aimed at diverting poorer white people from seeing who the real cause of their difficulties are – that is, the greedy ruling class. Such racist scapegoating is also whipped up against refugees. That the ruling class has no qualms about scapegoating this country’s first peoples shows not only how racist they are but also how worried they are about people’s anger over the lack of affordable housing and secure jobs.



**July 9, Alice Springs:** Over 200 Aboriginal people and young anti-racists from throughout Australia march against the federal government’s racist “Intervention” into NT Aboriginal communities.

Fourthly and most importantly, the measures first unleashed against Aboriginal people were always intended to be also used against all poor people as well. The greedy capitalist rulers used racism to first target Aboriginal

people with “Income Management” so that they could establish a precedent to introduce it everywhere. And that is what they are doing now. Non-Aboriginal poor people must join together with Aboriginal people in a common struggle to abolish both “Income Management” and the Intervention.



**Townsville, July 19:** Lex Wotton and his wife Cecilia on the day of his release from prison after serving 19 months of a 6 year jail sentence for the role he played in the heroic Palm Island resistance of November 2004. Draconian parole conditions have been imposed upon Lex in an attempt to gag him and restrict his role as a prominent leader of the Aboriginal community and as an inspiration to antiracists everywhere.

“Income Management” and other measures to make life unbearable for welfare recipients serves to make those lucky enough to have jobs even more fearful of getting sacked and therefore less likely to stand up to greedy bosses. That is why it is in the interests of the trade union movement to be involved in the struggle against the Intervention. Moreover, only if the union movement stands up to racism can it unite its own multiethnic members sufficiently enough to take on the bosses.

It is good that some unions like the CFMEU and the MUA have joined the campaign against the Intervention. This stance must be broadened and importantly turned into industrial action. When the profits of the ruling class are hit by strike action then finally they do take notice. The 7 November 2007 stopwork by the MUA Sydney Branch in defence of Palm Island’s Lex Wotton no doubt contributed to making the racist authorities realise that they could not give this resistance hero the severity of sentence that they had wanted to (of course he should never have spent even a day in jail.)

Right now the level of opposition from the workers movement and the left to the Intervention and to deaths in custody is nowhere near what it should be. Many Aboriginal people are standing strong but too many in the broader working class are under the sway of Laborite ideology which teaches workers to look in a very narrow way after only their own, **short-term** economic interests. It is the duty of the more politically aware elements to win these workers to the understanding that they can only have a decent future if they take a stand against racist tyranny. Yet these “educators” themselves must be clear on how to go forward.

Importantly, we must learn the lesson from what happened in the lead up to the last federal election. It was then that the unions, the anti-racist movement and most of the

left campaigned for the ALP and/or the Greens. But the ALP government has proved to be little different from the racist Liberals. Worse still, because many activists had been misled into thinking that we could pressure an ALP government into taking anti-racist and pro-working class positions, they became totally demoralised when this did not happen and dropped out of the resistance movement altogether.

Of course, Tony Abbott is a disgusting, right-wing racist that everyone here would hate to see as prime minister. However, we should not support the ALP either. If we tell people to vote Labor as a “lesser evil” that is telling people that we are so powerless that we have to endorse someone just because they may kick us in the guts instead of in the head. No, let us not demoralise people and sell ourselves so short. Aboriginal people, the non-Aboriginal poor and the union movement together actually have a lot of power to fight back.

Many people are now looking to the Greens. They see that the Greens are at least critical of the Intervention and have some progressive policies like opposing the worst anti-union laws. The problem with the Greens, however, is that they do not see mass struggle as the means to achieve justice and instead seek to work within the system. So much so that their official policy D6 on Aboriginal and Torres Strait Islander issues endorses the call for more policing: “[The Australian Greens will] ensure that there is effective policing in remote communities negotiated with community elders, including infrastructure to ensure a live-in police presence...” (Greens website) This would mean a greater presence for the very cops that terrorise black people and that would be used to suppress any staunch struggle and actions against injustice.

Many Greens may be sincere, middle-class do gooders but, nevertheless, we still should not tell people to vote for them. For that would be misleading people into believing that justice can be achieved by the Greens program of working harmoniously within the oppressor’s system. No, the best thing we can do is to clarify for all that any justice will be won in struggle **against** the oppressors and their system - a system that only serves the small layer of mining tycoons, bankers, big property developers and factory bosses who really call the shots in this country. The best thing we can do in the lead up to the federal elections is to tell people that they should not support any of the parties bidding to run this corrupt and racist capitalist order. The more working class and Aboriginal people that understand that they can only trust their own power, the better placed we will be to mobilise action to resist the attacks of whichever gang wins government.

Of course, the working class and Aboriginal people do indeed need a party. But this will be a party that will organise the mass struggle. A party that will unite Aboriginal people with the power of the union movement - and with non-white “ethnic” people who are also copping racism - in a common fight against racist tyranny and the oppression of the poor.



*A more and more common reality in Australia: a homeless person sleeps the streets*

22 October 2009: He had only one purpose. The 22 year-old only had one ambition when he walked up to a police station to throw a rock through the windscreen of a nearby patrol car. The man also had just this same singular thought on his mind when he immediately then strolled into the police station to turn himself in. His sole aim was ... to go to jail! To go to jail so that he could get out of the cold. To go to jail so that he could at least get some sort of meal. You see, the man was homeless with no job and no money. A story from the Great Depression? No, a story from four months ago! An incident in Calcutta? No, an incident right here in Sydney at the Glebe police station. The man, Lionel Kauone, became homeless after he had to leave the boarding house in Auburn that he was living in after he ran out of money. Kaoune had no prior criminal record and when the clean cut man appeared in the Parramatta Bail Court, his Legal Aid solicitor followed Kaoune’s directions by asking that his client be kept in custody.

How can something like this be happening in a country as rich as Australia? In a country where a small population combined with gigantic land and mineral resources has produced one of the highest average wealth levels in the entire world. Well, the reality is that this country’s capitalist system has created a society of haves and have-nots. This is a society where much of the wealth is grabbed by a small number of extremely rich tycoons who live in obscene luxury. For example, Australia’s fifth richest man Clive Palmer owns, among other luxuries, three luxury private jets, two helicopters, several personal homes and a few lavish boats. Earlier this year Palmer gifted his 15 year-



old daughter a 30m luxury yacht worth \$5.3 million! Meanwhile, this country's seventh richest man John Gandel lives in a three storey,35-room mansion in Melbourne's Toorak. Yet alongside such opulence, most working class people do it hard while those on the lowest income levels often lead a life of deprivation. Nowhere is this more striking than in the numbers of homeless people. At the time of the last census in 2006, nearly 105,000 people in this country were homeless. Of these people, over 34,000 were under the age of 18 and over 12,000 were children under the age of 12. Of the recorded homeless, 16,375 people were actually sleeping on the streets or in parks on census night. Others were in emergency accommodation of various types, many doing the rounds from government crisis housing to sleeping in cars or at friends' places to being cast out into the street and then back into emergency accommodation.

Kevin Rudd – just like John Howard before him – loves to lecture other countries about “human rights.”Yet it is the right to shelter, alongside the right to eat, which is the most basic of rights that should be accorded to every human being.This right does not exist in “democratic”Australia.

Often Australia's homeless are families whose breadwinners have lost their jobs. In some cases people become homeless because a physical disability or mental illness limits their chances of employment or social support. Many homeless people are women – often with their children - fleeing domestic violence. Indeed, all the groups in society who face discrimination are overly represented in homeless statistics. An Aboriginal person is almost four times as likely to be homeless as a non-indigenous person – indigenous people make up 9% of the homeless numbers despite being only 2.5% of the population.

In a just society,any improvement in overall national wealth would go first to the most needy. However, in Australia the opposite has happened during the recent mining boom. Thus, in the period from the census in 2001 to the one in 2006, the homeless population actually grew by nearly 5,000. Since then the situation has become even worse due to the global economic crisis. As business owners lay off workers and slash the number of hours they call up casuals for, more people simply can't afford to rent the units they had been staying in. It is true that due to the strength of China's socialistic public sector which has held up Australia's lucrative China-bound exports, unemployment levels here have not risen as fast as in other capitalist countries. Yet the official unemployment rate which counts a person as employed even if they work as little as one hour a week hides the true story. On top of the official unemployment rate of 5.8% is an additional 8.1% of the workforce who are working less hours than they want to (according to August 2009 Australian Bureau of Statistics figures.) This latter underemployment rate has ballooned out by 50% in just a year so that now 1.5 million people in this country either can't get any work or are working less hours than they want to. When you add to this figure the discouraged job seekers who are not counted in unemployment figures because



*Raheen: The Pratt family's spectacular \$40 million mansion in Melbourne. Meanwhile there are over 100,000 homeless people in Australia and 225,700 people on the official waiting list for social housing.*

they are not actively looking for work and include those who have involuntarily gone into full-time parental care or study because jobs are not available, the real unemployment/underemployment rate is about 20%. Of this one in five of the workforce who are in an employment crisis, a fair chunk has to battle to maintain a stable home to live in. And with people in such dire financial situations and affordable rental accommodation so scarce, the difference between being homeless and having a guaranteed roof over your head is frequently an event you don't even

have the slightest influence on. Like the landlord of the unit you were renting deciding to sell his property or move back into it. Or the owner defaulting on his mortgage. Or the place you were renting being in such a terrible condition that the building is condemned.

There are no overall statistics about the increase in homelessness since the 2006 census. However, charities have noted a huge rise in the number of people seeking emergency assistance. St Vincents de Paul has recorded a six-fold increase in homeless families looking for help, the biggest increase in 120 years (*The Daily Telegraph*, 25 May.) In some cases, people in desperate need find that welfare agencies are too overloaded to find emergency accommodation for them. After the humiliating experience of having to beg for a place to sleep, they get turned away on to the street or are at best given a tent to sleep in. This is just one of the kind of stories of human suffering resulting from the housing crisis. There are many others. At Sydney's Central Station, single mothers with their children lug around suitcases as they transit from one crisis accommodation in search of another. In Darwin, poor elderly people, dejected and frightened, live in sheds.

### **NO "FAIR GO"**

In this “fair go for all *only if you're rich*”-society, the state institutions see the poor not mainly as human beings in need but as a burden who should be monitored to stop them “cheating the system.” Thus, homeless people in temporary crisis accommodation have to go through a nerve-wracking weekly “assessment” to see if they are still eligible for such accommodation. Often, families are repeatedly moved from one caravan park,hostel or motel to another.With emergency accommodation in Sydney filled up,

many are being herded into the Blue Mountains. The constant moving makes it nearly impossible for children to attend school, for adults to attend job training or for families to build any meaningful social support network. A typical experience is that of Steve and Doris whose story was told on ABC Radio's *AM* program (9 July 2009) last winter:

Nighttime temperatures in Sydney's western suburbs are expected to drop to four degrees Celsius but Steve and Doris don't know where they and their three toddlers will be sleeping.

"Tomorrow we don't know where we're going to be. And you look at your kids and then they ask you where are we going? Where we going mum? Where we going to dad?" said Doris.

For the past week, the state's housing department has put the family up in a caravan park in western Sydney.

Steve says they have been homeless for about 10 months.

"Our house was sold from us, we were renting the house, and we moved in with family, and we couldn't stay with them, so we moved out and stayed in cars and so forth," he said.

"We were in cars sometimes three nights in a row, sometimes we were in there for longer. But there's times where, you know, through generosity of friends and so forth, they'd let us stay at their place for one night or two."

Doris says she tried to get into refuges but couldn't find anywhere that would take the whole family. "They turned around and said to us, 'We can take you in, only you and your children, but we won't take your husband'. That was really devastating," she said.

Every day for the past few months Doris and Steve have been applying for rental properties in Sydney's western suburbs but with no luck.

Although Steve recently lost his job, he says their rental history is excellent.

"Over the last three to four months we've put in well over 60 to 80 applications, and each application comes back the same response, which is declined, and most of the times they'll just tell us that it's due to landlord picking someone else instead of us," he said.

.... "This could happen to anybody else in Australia at any stage and people don't realise that."

For every person that is homeless there are many, many more working class people who are just one pay cheque away - or a single ruthless boardroom decision to slash jobs away - from the same fate. About 1.1 million households spend over 30% of their income on housing costs - the majority of whom are renters. About two in three low income renters fall into this category. And if you don't have much income and more than 30% of it is being taken in rent, then you do not have too much left for food, medical bills,

electricity and transport let alone any money for clothing and dental costs. Aboriginal people are the most ground down by this unfair housing "order," especially those living in urban areas. A quarter of city-based indigenous people, not on rent assistance, were spending **over half** of their income on rent or mortgage instalments.

The problem is not only the starkly unequal distribution of income in this country but also the terrible shortage of low-rent accommodation. Thus, many people going for low rent private accommodation find that there are 20, 30, 40 or even more people vying for the same dwelling. In such a situation, whether the landlord is an upper-middle class "mum and dad" property holder or a high-flying developer, he is going to give the tenancy to the most relatively affluent applicant. That only adds to the difficulty that poor people face in finding accommodation. With so many people competing for the few low-rent dwellings available, many landlords won't give people on social security benefits even a look in to a rental property. Single mothers, too, have found that once an estate agent hears that she relies on child support payments or single parenting payments to get by, she is thrown out of the running to claim a vacant tenancy.

To the extent that landlords will occasionally give low-income earners a tenancy it is because certain government welfare programs grant rent assistance to poorer people. These include Housing NSW's Rentstart program through which low-income earners are granted financial assistance to establish a private rental tenancy. Yet such assistance is usually inadequate and the programs are badly underfunded and shaped by the Scrooge-like attitudes of the institutions running them, agencies which are steeped in all the prejudice that talkback radio and the like whip up against welfare recipients. For example, one reader of *Trotskyist Platform*, a single mother in dire financial circumstances, told us of her experience with the Department of Housing and its Rentstart program. The Department had at first promised her that through Rentstart they would subsidise her rental bond and two weeks initial rent if she succeeded in gaining private rental accommodation. However, once she, after months of knock backs, finally secured a tenancy, the Department tried to deny her the promised Rentstart assistance on the basis that .... she had since received the government's stimulus cash "bonus"!

In a situation where landlords have the luxury of selecting from so many prospective tenants, any racial or other prejudice from the landlords will see people from oppressed groups regularly denied their tenancy applications. That is why Aboriginal people face such difficulty in securing private rental accommodation as often do Africans, Asians, people of Middle Eastern origin and international students. For a working class single mother seeking to exit an unpleasant relationship with a husband or de-facto, the difficulty in securing affordable accommodation can often force her to remain in an abusive relationship just so that she and her children can securely have a roof over their heads.

Those low and middle income people lucky enough to secure a tenancy still face a

situation where landlords can exploit the fact that there are so many people waiting in the queue for tenancies. For avaricious landlords this means an “if you don’t like it you can leave!” attitude to their tenants. What that spells for tenants is the landlord’s refusal to do, or tardiness in doing, urgent maintenance. It also means rents rising much faster than wages. Over the 12 months to June 2008, the average rent in Sydney rose by 15% for houses and 11% for units (*Australian Property Monitors Media Announcement*, 23 July 2008) while average wages only rose by around 4%. In June 2007, the average weekly rent for a 1-bedroom dwelling in Penrith was \$153 but by June 2009 it was \$175. It is true that this year rents have stabilized but this is only because the economic crisis has forced many adults to move back in with their parents and others to move into shared accommodation.

Those unsympathetic to the plight of low-income tenants always like to point to the “neutral umpires” in the form of the Consumer, Trade and Tenancy Tribunals that will supposedly ensure fairness in rental arrangements. Except that these “neutral umpires” are paid by a state that serves the interests of the propertied classes! Notably, too, the tribunal members adjudicating on hearings are all wealthy people – the current annual salary for a senior member of the NSW Consumer, Trade and Tenancy Tribunal is a whopping \$188, 805 (see *Information Package for Applicants Seeking Appointment as a Senior member of the Consumer, Trader and Tenancy Tribunal*, [www.cttt.nsw.gov.au/pdfs/About\\_us/Whats\\_new/Information\\_package\\_SM.pdf](http://www.cttt.nsw.gov.au/pdfs/About_us/Whats_new/Information_package_SM.pdf)). This makes the “neutral umpires” naturally see things more from the point of view of the affluent landlords than from the perspective of struggling tenants. Indeed, since they are earning such a high salary, the tribunal members are likely to own a few rental properties themselves. That is why low-income tenants who have had experience with these tribunals understand all too well that these “neutral umpires” are actually biased towards the landlords. Furthermore, landlords inevitably have more resources - including the backing of agents with lots of time to sit around at tribunal hearings – with which to fight disputes than the tenants. Finally, if you are a tenant whose eviction is upheld by the tribunal then those guardians of the unequal social order, the police, may well knock on your door to heavy you into leaving soon.

Thus, for especially the poorest tenants and other renters with few options, the reality is very different to the formal rights that they are supposed to have. Many are bullied by the growing number of slum landlords in this country. Such slumlords typically squeeze several low-income tenants into small dwellings with poor facilities. Among those who are exploited by such landlords are international students. There are many cases where dodgy landlords crowd students three or four to a room in three-bedroom apartments. Yet there are examples of even more shocking overcrowding. One house in Sunnybank, Brisbane was found to have 37 overseas students herded into it (*The Australian*, 23



*A luxurious 4-level (with lift access) home in the Sovereign Islands on the Gold Coast that was available for rent in July 2010 for a mere \$2,450 per week! The capitalist “free market” leads to an abundance of opulent dwellings that most cannot afford and to a huge shortage of affordable rental accommodation.*

September.) Then there are the boarding house operators who are notorious for taking advantage of desperate tenants and socking them with filthy, overcrowded amenities. In some boarding houses, a few of which are operated by ex-brothel owners, the owners are known for physically intimidating their vulnerable tenants. In NSW, boarders and lodgers do not even have any formal tenancy rights. They are explicitly excluded from the limited protection offered by the *Residential Tenancy Act 1987*.

### **THE “FREE MARKET” FAILS ... AGAIN**

At the same time as there is a drastic shortage of low rent dwellings, the opposite is the case for upmarket dwellings. So, according to the July figures published by property advisory firm SQM Research, there were 300 houses sitting empty in the swank suburb of Milsons Point and 152 untenanted on the other side of the harbour in Bellevue Hill. The suburbs with the highest vacancy rates were all wealthy suburbs like Gordon, Rhodes, Bellevue Hill, Milsons Point, Kirribilli, Rose Bay, Vaucluse and St Ives. In contrast, the suburbs that are the hardest to get rental accommodation in are all working-class suburbs in Sydney’s West and Southwest like Bonyrigg, Villawood, Landsdowne, S adleir, Busby, Ashcroft, Cabramatta, Cecil Park, Greenacre, Chullora, Yagoona, Sefton, Liverpool and Bankstown.

So why this big disparity? Well, the fact of the matter is that investors can make more money renting to rich people seeking luxury accommodation than they can renting out to people struggling to make ends meet. And since the sole consideration that investment decisions are based on in the capitalist “free market” is the \$, there are not enough low cost dwellings being built. For the propertied classes this arrangement presents no problem. Many upper middle class “mums and dads” have become rich from the skyrocketing sale prices of their rental properties, assisted in good part by the various tax concessions and government grants given to property investors. Meanwhile, sitting above the “mums and dads” are the big-time developers. And they have been raking in a

*killing.* Take a look at Australia's rich list and you will see that a good number of people in them have snared the majority of their wealth from property investment. Australia's third richest person, Harry Triguboff, has extracted a \$3.7 billion fortune largely through his Meriton Apartments. Meriton builds high-end dwellings and rent out 3200 apartments. Those apartments make no contribution whatsoever to helping low and middle income people find affordable rental accommodation – these luxury apartments all have rental rates of between \$150 to \$800 **per night!** Meanwhile, Australia's tenth richest man, arch union-buster Len Buckeridge, owns this country's biggest home builder, the Buckeridge Group of Companies (BGC.) The fact that this home building company is supporting a man with a \$1.95 billion fortune is hardly good news for tenants. The hundreds of millions going into the tycoon's bank accounts have to be paid for through higher home prices, which in turn spells higher rents for tenants of those dwellings that happen to be rented out.

Australia's housing system truly allows the wealthy to ride ever higher and higher. However, for low income households, the current system means a massive shortfall of 251,000 in the number of rental dwellings that are affordable and available to them. How can this shortfall be overcome? Well, the profit-driven private sector has thoroughly proven itself unwilling to and incapable of solving the problem. The only solution, then, is for the public sector to step in and provide a large amount of low rent accommodation. Yet, Australian governments have undermined public housing. Even as the population grew and the shortage of low rent accommodation ballooned out, the supply of public rental housing has been slashed from 372,134 in 1996 to about 338,000 in 2008. From 2001 until 2008, the proportion of people in public housing has dropped from 4.9% to under 4%. Yet even now some privatisation of public housing continues. Just 4 months ago, the NSW government started auctioning off 16 public housing properties at Sydney's Millers Point. **There urgently now needs to be built a mass working class-centred campaign to demand a big increase in public housing.**

Of course, more public housing places are not in themselves a panacea. Also important is the quality of the dwellings and the terms of the tenancy. During the Howard years not only did the quantity of public housing stock fall but the quality of dwellings deteriorated. This is because spending on public housing fell even faster than the number of dwellings – with federal funding for social housing falling by 30% in real terms. In the meantime, the amount that public housing tenants have to fork out has increased. Until a few years ago the standard rent for most public housing tenants was 20% of their income. But now it is 25% which if you are poor leaves you little for other necessities. Furthermore, in NSW, the Labor government has begun steeply increasing the rents of those people – youth and pensioners – who had previously been granted rents at rates lower than the standard 25%. Meanwhile, if low-income public housing tenants find work, their rents rise sharply to up to 30% of their new higher income. They will then be reassessed to

see if they still qualify for public housing and may even have their tenancy terminated.

As well as higher rents, an additional charge that is heaped on public housing residents is a water usage charge. These unpopular water usage charges are also utilised by housing authorities to terminate tenancies. In the last three months of last year alone, Housing NSW made **633** applications for orders terminating the tenancies of public housing residents for failure to pay water usage charges. *Trotskyist Platform* has been told by tenants that arrears of as low as \$11 could see a tenant hauled in to face the Tenancy Tribunal even if the tenant pays up the shortfall before the hearing date.

Although it is in the private rental sector where the most extreme bullying of tenants takes place, Australia's public housing authorities also treat their tenants in an arrogant and patronising manner. One public housing tenant, a reader of *Trotskyist Platform*, related his experience of trying to get Housing NSW to do urgent repairs to his toilet. After repeated requests they had after several days still failed to fix his toilet forcing him to pour urine down the bathroom toilet sink and have to go to pubs to defecate. Finally, after about four days he was able to get them to do the urgent repairs only after he threatened to piss in the corridors! He also related a story of how a mentally ill man was evicted from public housing for simply spitting once. The man now sleeps on the street. It is well known that it is far, far easier to get kicked out of public housing than it is to get into it. Furthermore, if a public housing tenancy ends in a bad way the former tenant has little chance of ever getting back into the public housing system.

**That is why alongside the struggle for more public housing must come demands for a better deal for public housing tenants. Stop the evictions! Abolish the water usage charges! Stop the rent increases faced by youth and pensioner public housing tenants!**

### **TWO STEPS FORWARD, TWO STEPS BACK ... AND ON A TREAD MILL HEADING BACKWARDS**

For all those who understand the need for more public and community housing the question then arises: how is this to be achieved? After the Howard government's neglect and privatisations of public housing, many hoped that electing a Labor government was the road to winning a significant boost in social housing. Indeed, to placate demands from its working class supporters, the new ALP government did with much fanfare announce in February a program to build 20,000 new social housing dwellings over four years as part of the stimulus plan. However, a closer look at this promise will find that it is but a very small proportion of what is needed.

For starters the 20,000 new social housing dwellings supposed to be built compares badly with an official social housing waiting list of 225,700 households. Furthermore, the waiting lists don't tell the full story of the shortfall. In good part because it is so



*People sit in their camp in Redcliffe, North of Brisbane (ABC: Emily Creswick). Desperate homeless people have gathered in this "tent city" in a shady corner of a park*

infamous how long people have to wait before they get any public housing – some people have been on the waiting list for 15 years – there are actually twice as many poor people eligible for public housing who have *not* bothered to get on the waiting list as there are people on the actual list. Moreover, the criteria for getting on the waiting list has been made so stringent in recent years (an annual income of less than \$22,880 is now required) that most low-paid full time workers cannot even make

it on to the list now.

It is actually questionable whether in four years the government's program will result in **any** reduction in the shortage of social housing. For although a relatively small number of social housing dwellings have been promised to be built, some other public and community housing is having to be knocked down due to their poor state while other units are outrageously still being sold off. This can be seen by looking at Housing NSW's own projections based on the NSW Labor government's 2009-2010 budget. Due in part to the privatization of 948 units, the stock of public and community *owned* housing in NSW will actually be 388 **less** in June 2010 than it was in June this year. Due to some leasing of dwellings there will end up being a measly 63 extra dwellings available for social housing in June 2010. This includes an increase in the amount of Aboriginal housing of just 13 dwellings – an insulting increase of just 0.2%. All this will not even come close to covering the extra demand for low rent accommodation due to population growth let alone the greatly increased need caused by higher unemployment and underemployment.

One of the reasons why the government has inadequate money in its housing budget for public housing is because it has to pay for its new scheme to encourage low rent private accommodation. Under this National Rental Affordability Scheme (NRAS), the government will grant a \$90,000 subsidy per dwelling over 10 years **not to poor tenants but to private landlords and developers** who agree to build low rent dwellings. There are of course other ways to increase the supply of affordable accommodation in the private rental market that do not involve subsidising the rich. In China in 2006, measures were introduced that made it mandatory for 70% of the dwellings in any residential

development to have a floor area of less than 90 square metres. Here, however, the government serves the rich and thus even in trying to reduce rents it chooses a scheme that will hand large swathes of cash to affluent landlords and rich developers. And that's money that could have been used directly for social housing!

To add insult to injury, on August 27 the Rudd government announced a savage \$750 million cut to the social housing component of its stimulus package. This will result in an estimated 800 fewer dwellings being built than had previously been announced. The government stated that the money was needed to make up for a shortfall in the school improvement package. There is indeed a need for a big increase in public education spending. This, however, should come not at the expense of public housing but from other sources. While the ALP government claimed that it did not have the money for the education package, the previous month it introduced tax cuts targeted towards the rich - tax cuts that granted those earning over \$180,000 per year an extra \$41.35 a week while those earning less than \$34,00 got absolutely nothing. Another area where greater funding for public education and public housing should come from is the current government funding for private schools. A fair chunk of Rudd's school stimulus program is actually going to wealthy private schools. So the first round of the National School Pride Program saw \$200,000 granted to Sydney's fabulously resourced King's School while another \$200,000 was doled out to the elitist Knox Grammar School for its already lavish sporting grounds. We say: **Slash all state funding to private schools -More funding for public schools and public housing!**

#### **KEVIN RUDD: JOHN HOWARD VERSION 07**

As well as failing to adequately rebuild public housing, the Rudd Labor government is undermining Aboriginal housing. Though in particular targeting Aboriginal housing in Alice Springs (that is serviced by Tangentyere Council) they are actually attacking Aboriginal housing throughout the whole country. Following through on the paternalist policies of John Howard, they are refusing to provide Aboriginal communities with the services that most other citizens take for granted as a right and are starving Aboriginal housing administrations of the funding needed to provide proper maintenance. Then with utter racist cynicism, they are promising to provide these services and maintenance only if the communities hand over total control of the housing to the government and thus relinquish even the most minimal Aboriginal self determination.

In summary, the overall housing policy of Rudd and his housing minister Tanya Plibersek can be said to reflect much of the essence of this Labor government. This essence of the Rudd government consists of the following characteristics: lots of spin about being better for "working families" than the Liberals, some minor concessions to its working class base in some areas but essentially the same anti-working class and racist program as its predecessor. So, over Industrial Relations, while scrapping the hated AWAs, Rudd/

Gillard have maintained common law individual contracts, have upheld the ABCC union-busting authority targeting the CFMEU construction union and have renewed the anti-strike laws present in Howard's *Workchoices*. Mainly, the ALP has merely repackaged the essence of *Workchoices* under the new name of *Fair Work Australia*. Much like how Howard's "Pacific Solution" for refugees has been replaced by Rudd's equally racist "Indonesian Solution." And in the meantime, the Labor government earnestly continues with Australia's participation in the murderous imperialist occupation of Afghanistan. The one major difference between the current government and the previous one is that the parties running the last regime were based on the upper and upper-middle classes while the current government is a government also serving the capitalist rich but ironically administered by a party based on workers.

So, given that the ALP government is not going to deliver for working class people, how will progressive change be facilitated, at least on the issue of affordable housing? Some concerned about the lack of affordable accommodation have become involved in various lobby groups like the "Tenants Union" and Shelter. As part of their work, these groups lobby for more public and community housing. They also broadcast valuable information about the crisis in low-end housing. Yet they have a fatal weakness. All these groups are largely government funded. The "Tenants Union" services are funded by the NSW government's Office of Fair Trading while the Commonwealth government funds the National Shelter group. In the 2007-08 Annual Report of Shelter NSW, Chairperson Andrew Meehan wrote:

The bulk of Shelter's funding comes from Housing NSW. My sincere gratitude goes to then Minister for Housing, the Hon. Matt Brown MP, and the Director-General of Housing NSW, Mike Allen, and Housing NSW staff for their support. It is heartening that we enjoy a positive and productive working relationship with both the minister and Housing NSW.

A similar working relationship is emerging with the new federal Minister for Housing, the Hon. Tanya Plibersek MP, who is also Shelter's local member. I thank the minister for her willingness to engage with the organization and look forward to building our already positive relationship.

Needless to say, an organisation that is government-funded cannot be a vehicle for mobilising effective political campaigns against the policies of the government. It is notable that when the Rudd government announced its social housing stimulus package, Shelter responded with overly exuberant praise. Shelter, meanwhile, is also pushing to bring in more private sector investment into community housing – a move that would necessarily force these operations to both be tougher on tenants and to displace lower income tenants with higher rent paying ones in order to produce a return for their private investors. Shelter also generally supports the government's landlord-friendly NRAS scheme. To be sure, groups like Shelter and the "Tenants Union" can still be critical of the

government as they were over its August cut to the social housing budget. Yet the minor irritation that such groups cause the ruling class is more than outweighed by the fact that they direct steaming community anger over government policy into tame channels like letter writing, behind-the-scenes discussion and lobbying – methods that pose no real challenge to the rulers' agenda. Simultaneously, these groups co-opt serious activists into their fold and thus neutralise the political threat to the ruling class' agenda that these ex-activists could have posed had they remained outside the government-funded circles.

### **FOR MASS ACTION TO WIN HOUSING FOR THE MASSES!**

To be able to effectively struggle for more public housing we need to clearly understand that the reason that Australian governments are neglecting social housing is not because they are poorly informed of the issues but because they serve the interests of the wealthy propertied classes. Thus the struggle to win housing for the poor involves not in educating the government but fighting **against** it to **force** it to make concessions to working class people. This in turn requires mass political action. That is why activist groups are building a rally on November 5 in Sydney to demand a massive increase in public and community housing places. This united front protest will bring together *in action* groups from a wide range of perspectives: from the EAST housing and community activist group to leftist groups like the Social Justice Network, the Sydney District Committee of the Communist Party of Australia and ourselves in Trotskyist Platform. The rally will start at 4pm outside the office of the Minister for Housing, Tanya Plibersek at 111-117 Devonshire Street (near the Elizabeth Street corner and just a short walk from Central Station.) All those in Sydney who support the interests of the working class, Aboriginal people, the poor and single mothers should join this action. The November 5 rally will mark the **start** of a crucial campaign.

Trotskyist Platform believes that to really put fear into the ruling class over the public housing issue we need the power of the union movement behind this campaign. The organised workers movement has a direct interest in fighting for public housing because it is working class people who form a disproportionate percentage of tenants. Those unions that organize lower paid workers like cleaners, process workers, hospital services employees, liquor and hospitality workers and warehouse and supermarket employees will be especially crucial to this campaign.

To achieve union support for a campaign such as this one is not simply a matter of proclaiming the wish for it. Much patient work involving endless hours of discussions with individual unionists will be required. Before any organized union support is won, several individual union activists may first have to be motivated and energised on the issue through, for example, being won to participating in protest demonstrations. These worker activists will then become the spearhead for winning organized union support for the campaign. If the campaign grows and union contingents participate in mass protests

the point may then be reached when industrial action to demand more public housing will actually be posed.

If the movement develops it would merge into struggles for other demands that are in the urgent interests of working class people: for free quality healthcare for all, for free childcare, for permanency for casual workers and for secure jobs for all. In response to all these demands, the capitalists will try to set the middle class against the working class by claiming that the demands can only be paid for if there are big tax increases on the middle class. We will respond that it is the capitalist exploiters who should pay. We could note, for example, that Australia's richest 200 people have a combined wealth of \$114.1 billion (see this year's *Rich 200* issue of the *BRW* magazine.) We would then explain that if these people's wealth was stripped down to just a comfortable \$2 million each, the funds gained would be enough to pay for the Rudd government's four-year social housing stimulus package **20 times over**. That would indeed be more than enough to solve the homelessness and low-end housing crisis!

However, the capitalist system depends on exploitation and so the greedy capitalists will do all in their power to resist such workers' demands. On the public housing issue, if after the mass movement has become powerful the ruling class still does not accede to its demands then the movement should turn to a more direct way to solve the low-rent accommodation crisis. This alternate method flows from the fact that there are 830,000 unused dwellings in Australia (National Housing Supply Council, *State of Supply Report 2008*) – a number that far exceeds the shortfall in low rent housing. These dwellings are unused for a number of reasons but quite a few of them are unused holiday homes of rich corporate owners and executives. Additionally, there are vacant rooms in extravagant mansions as well as much unused office space. **If the government refuses to adequately construct public housing then we should build mass, union-centred actions to seize unoccupied vacation homes and the like in order to house the homeless and to relieve the pressure of others living in overcrowded arrangements.** If such actions were pulled off they would electrify the whole working class. For the house seizures would show to all the downtrodden that their needs can indeed be met through struggle against the ultra-rich propertied class.

Of course, any such struggle that impedes on the property "rights" of the ruling class, just like picket lines and factory occupations do, will face repression from the various organs of the capitalist state – including the police, courts, ASIO etc. To protect themselves against this force, workers and their allies must build up effective and well disciplined self-defence systems. Ultimately, any gains made by working people in their struggles can only be secured when the capitalist state is defeated and the organs of the working class and poor assume state power.

Then the new political power based on elected councils of the most active masses will,



*Holiday home in the Gold Coast bought by Lang Walker for \$10 million plus sum in 2004. The property tycoon chose the mansion because it has a massive 30m pontoon to moor his superyacht. The house also has a 12-seat theatre, gymnasium, 12-car garage (including space for a limousine), tennis court and an outdoor cabana the size of a small house. If the government fails to adequately construct public housing, holiday mansions like the above should be seized by union-centred, mass actions in order to house the homeless and relieve the pressure faced by poor people living in overcrowded arrangements.*

that they wanted. Secondly, with the likes of Lend Lease, Mirvac, Meriton Apartments, BGC etc all nationalised, resources can finally be diverted away from building extravagant mansions – many of which will be unused – and into constructing quality, low cost housing for the masses.

Even in the existing workers states in the world – all of which are deformed in various ways by the hostile encirclement of world capitalism – we can see some of these advantages of a socially-owned economy. For example, in the Peoples Republic of China, for all its partial concessions to capitalism, the state has started building a total of 9.9 million low-rent public housing dwellings to be completed by 2011. Nearly ten million public housing dwellings! Now one can, of course, point to the fact that China's huge population makes every figure related to that country sound big. But even if we take into account that China's population is 65 times greater than Australia's, we still find that China's public housing program is proportionately equivalent to building an impressive 152,000 units in Australia. This, in three years, is almost **eight times** more than what the ALP government will be doing for social housing in four years! Furthermore, the public housing program of socialistic China is even more striking when you consider that China

instead of forcing the homeless to justify their residence in crisis accommodation each week, be immediately allocating to the homeless the unoccupied 2<sup>nd</sup>/3<sup>rd</sup>/4<sup>th</sup>/.....10<sup>th</sup> homes of tycoons or the spare rooms of especially gigantic occupied mansions. More centrally, the means of production itself – the factories, mines, land, banks and transport operations – will be taken into the collective hands of the masses so that the economy can be planned not for the profits of a few but for the needs of the people. For starters this would mean that every unemployed person would be granted a secure job and the necessary training. And underemployed workers would get the number of work hours

is per head of its population still six times poorer than Australia (China is still pulling herself up from the terrible poverty and colonial subjugation of her pre-1949 capitalist days.)

The reason that socialistic China is able to achieve such a public housing program is that the decisive sectors of its economy are under state ownership or state control. This includes not only its biggest home builder, China Vanke corporation but also the biggest steel and cement companies whose products would be used in housing construction. Due to the control of these enterprises by the working class people's state, these enterprises can be commanded to meet the ambitious public housing construction program even though building such low cost dwellings would not be the most financially profitable way for the various enterprises to use their resources.

If the working class in a rich imperialist country like Australia were to take power, it would be able to harness even more resources to develop housing and other social programs than the likes of Cuba and China currently can. Of course, when the working classes in the West finally seize state power one of their first duties would be to render assistance to the long embattled socialistic states in Cuba, Vietnam, China and North Korea.

### **BREAK ALL ILLUSIONS IN ALP SOCIAL DEMOCRACY!**

Currently, we are a fair way from a socialist revolution in Australia. But this is not because the masses are satisfied with their current lot. Far from it! Rather, it is because they have illusions that their lives can be improved if only a "better" government is elected to administer the existing "democratic" state. For most workers and leftists this "better government" will be a "true" ALP government whom they would hope to lobby to serve their interests. These illusions not only undermine the struggle for a socialist future but they harm even the most basic struggles that are posed today, including ones for public housing and for workers rights. That is why we believe it is worth reasserting here some of the points we made in the period leading up to the last federal election which explain why the ALP always betrays its working class supporters:

The fundamental cause of attacks on workers rights is the fact that industry, mines and transport systems are owned not by the masses who do the work but by a small rich class whose wealth **depends** on how much they can exploit their employees. Rudd and Gillard are totally committed to this system of ownership and haven't the slightest intention of challenging the "right" of capitalists to manage their enterprises solely in accordance with what makes them the most profit...

... Today, as it gets nearer to government, Rudd's ALP is falling over itself to assure the capitalists. After eleven years of Howard's union busting and racism, working class people rightly want to get rid of the Liberals. But the bitter truth is that no parliamentary party is worth supporting in the upcoming election.

**... if some of the most respected shopfloor workers are won to the understanding that no party bidding to be the capitalist government offers a way forward and that**

**toilers can only rely on their own power, then the working class is much better prepared to defend itself no matter which stripe of government is in office after the next election....** Socialists must patiently explain that whichever party runs parliament it is merely overseeing a state apparatus (including courts, police, commissions etc) that has been constructed to serve only the capitalists and that is tied to the corporate big wigs by a thousand threads.

*-Trotskyist Platform, Issue 8, Aug-Nov 2007*

These points have direct relevance to the current campaign over public housing. There must not be any hint that we should avoid attacking **head on** the federal government over its grossly inadequate social housing program just because it is a Labor government. Or else we run the risk of weakening people's commitment to the campaign. We must be clear that the Labor government is our **enemy** – it may be a government run by a workers-based party but it is a government that is running the capitalist state machine in the service of the capitalist exploiters.

### **WHAT TYPE OF ALTERNATIVE TO THE ALP DO WE NEED?**

Labor federal and state governments' failures to deliver on affordable housing and health care and their right-wing attacks on refugees and the right to strike have prompted some left groups to organise various electoral coalitions that seek to in some way be an independent left challenge to Labor. The Democratic Socialist Perspective (DSP), the then ISO (now Solidarity) and others formed the Socialist Alliance (although the DSP is the only group left in the Alliance) in 2001. Left-leaning and anti-racist migrants in Sydney's Southwest later formed the Social Justice Network. And more recently the Communist Party of Australia and several migrant communist party organizations are building a Communist Alliance to run in future elections.

Now, socialists can indeed usefully stand in elections as a tactic to win a wider hearing for their views. Whether this electoral work actually benefits the class struggle and the overall fight for socialism depends on whether the work meets several criteria. For starters, any socialist electoral formation must genuinely be independent of the ALP and its electoral ambitions. Otherwise it is not really a left alternative to the ALP but rather a *loyal* left critic of the ALP. Unfortunately, on this criteria itself, the Socialist Alliance bombs out. At the last election, Socialist Alliance in part acted as a vehicle to help Rudd get elected. This can be seen in an article by a DSP/Socialist Alliance leader immediately following the last federal election. Although the article is titled, "Howard overboard – but the struggle continues", the article candidly described Socialist Alliance's response to Rudd's victory and in part took credit for the election result:

The Socialist Alliance "Howard Overboard" election night party in Green Left Weekly's offices in Sydney spontaneously spilled into the streets when John Howard conceded defeat. Jubilant activists celebrated with chants, whistles and pots and pans in a lap



around the block which drew out people from their homes. A right-wing government that has plagued Australia since 1996 has been defeated and we have much to celebrate. Socialist Alliance national coordinator Dick Nichols told GLW that it was movement's against Howard's policies, in particular those against Work Choices and the pulp mill in Tasmania, that made sure the Howard government was smashed. 'The Socialist Alliance played a big role in building these movements, and did well in those seats where that work was most visible', he said.

-Green Left Weekly, 25 November 2007

The second criterion is that any left formation must understand that parliament is not the road to progressive change – it should be purely used as a tribune from which to address the masses. In particular, communist parties should not aim to capture government through parliamentary elections either by themselves or in coalition with other parties. No matter whether a party says it is “socialist,” “communist”, “Trotskyist” or some other –ist, if it administers the existing state it is administering the state that has been built up and perfected to serve the capitalists. Thus, it can do nothing but act against the interests of the working class and poor. Let us take the example of Chile today. In Chile there is currently in office a government headed by the Socialist Party's Michelle Bachelet. Bachelet was once a tortured political prisoner under the right wing military dictatorship of Augusto Pinochet as was her father who died in custody. Yet, as president, she continues the free-market anti-working class policies of the past, including privatisation. Meanwhile, in India, the Communist Party of India (M) is in office in three provinces. Yet the parliamentary governments that it heads are noted for their capitalist “neoliberal” economic policies. That is why the left parliamentary formations here must explicitly make clear that their perspective is not to similarly enter governments in capitalist parliaments. It does not matter whether this scenario is at present likely or not, the perspective must be absolutely clear from the start. Indeed, when a Marxist party stands in elections it must be extra careful to educate its supporters that so-called “democracy” under capitalism is only a democracy for the capitalists and that the road to socialism can only come through dismantling the existing capitalist state.

A third crucial criterion is that the left formation must base itself entirely on the methods of the class struggle. It would, of course, raise demands that crash up against the bounds of what is acceptable to the capitalist rulers – like, for instance, calling for a massive increase in public housing or for jobs for all. However, in raising these demands it should follow up by explaining that such demands cannot be realized by appealing to the good will of capitalist governments, courts or commissions. They can only be won through mass struggle. It is through the class struggle that the working class gets a sense of its own power and learns from its own experience that all the institutions of the capitalist state are its enemy.



*Public Housing in the People's Republic of China: Sunshine Home Residential Area in Lhasa, capital of China's Tibet Autonomous Region. In late 2008, socialistic China began constructing 9.9 million low rent public housing dwellings to be completed by 2011.*

Today, with the ALP regime shafting the homeless, knifing in the back restaurant employees working shifts and intensifying the oppression of Aboriginal people, workers and the downtrodden do more than ever need a party that will not kowtow to the exploiting class. A party that will understand that the enemy of working class people is not only the actual capitalists themselves but also the capitalist state that serves the interests of the rich. Such a party will be built in the course of struggles over urgent questions facing the masses. One of these questions is the struggle for public housing.

Socialists must be actively involved in organising and building the campaign to fight for more public and community housing. They must do so in order to help win some badly needed improvement in the lives of the poor. And they must in the course of participating in the campaign always advocate a strategy that teaches the masses to rely solely on their own collective power and unity. All struggles for immediate gains must contribute to preparing the toiling masses for the eventual future struggle for power. Today, the toiling masses will fight for more affordable housing. In the future they will fight to wrest control of the very machines used in construction. The working class masses will take control of the whole construction industry and indeed the whole economy and society. **Then we can finally proceed to build a fair, egalitarian and humane society - a society where every single individual is guaranteed the basic right to a decent home.**



Construction Forestry Mining & Energy Union  
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5 November 2009

Dear Supporters for an Increased Public Housing Program

I want to congratulate the organisers of today's rally.

During the 1950s-1960s and a good portion of the 1970s, Australia could be reasonably proud of its public housing program.

However, since the mid-1970s, successive Governments have failed to adequately deliver sufficient public housing for those in our society who need such shelter.

The Property Council of Australia (which is not a group that is generally supportive of positions adopted by the Construction Forestry Mining & Energy Union) states that *"Governments failure to ensure an adequate supply of Public Housing has increased housing prices by 9% since 2001. Insufficient building of public housing has also been a significant factor in increased rental costs"*.

There is also a "Developer Strike" on at present, with 33,000 NSW Housing Lots already zoned and serviced, but these remain undeveloped - because it is not profitable to do so.

Wages have failed to keep pace with housing costs. From 1986-2007 earnings doubled, but house prices went up by 5 times.

Deregulation of the Labour Market has put more low income earners into casual and part time work, and forced other workers into sham contracting arrangements which has increased the need for public housing.

Rental stress is set at 30% of income. However, many low income renters pay well over that figure.

The CFMEU will consistently call on all Governments to focus on this most urgent issue, and to ensure there is an adequate supply of Public Housing for those in need.

Adequate public housing will not be achieved without returning to the levels of Public Housing that were ensured during the 1950s, 1960s and first half of the 1970s.

Yours in Unity

PETER MCCLELLAND  
 State President

Secretary Andrew Ferguson • President Peter McClelland  
 Unions NSW Your Rights At Work – Get Active – [www.nswrightsatwork.com.au](http://www.nswrightsatwork.com.au)



Photo by Roy Garner

A determined group of protesters rallied on November 5 in Sydney to demand a massive increase in public housing. The demonstration took place outside the Sydney office of Federal Housing Minister, Tanya Plibersek. Among the placards carried by participants included: "Make it harder for landlords and agents to bully tenants and jack up rents. Increase supply of low-cost housing – More public housing now!" and "Kevin Rudd and Tanya Plibersek: Not much money for housing for the poor, lots of money to fund tax cuts for the rich, to seize and imprison desperate refugees, to give grants to rich private schools."

The rally was held during work hours so that it would take place while Plibersek's office was open. Over thirty people participated in the protest including trade unionists, leftists, homeless people, public housing tenants and single mothers. Importantly, the demonstration was addressed by a representative of the CFMEU trade union. Rally chair, Sarah Fitzenmeyer, introduced him by saying:

In fighting for more public housing we need the power of the union movement behind us. Because it is workers who do the work that makes the profits for the ruling class. It is workers who have the power to collectively take on the rulers and win. Because workers are assembled in large numbers together at the workplace, they can discuss their experiences and the experiences of other workers and organise to take action. It is easier to organise action from the workplace than it is, for example, for tenants who live separately at many locations. With workers organising actions at their workplace it possible to unite together many groups and truly struggle for a massive increase to public housing so that there need not be any homeless person.

The union representative read out a letter of solidarity from the NSW state president of the Construction & General Division of the CFMEU. The solidarity statement noted among other things that:

Wages have failed to keep pace with housing costs. From 1986-2007 earnings doubled, but house prices went up by 5 times.

“Deregulation of the labour market has put more low income earners into casual and part time work, and forced other workers into sham contracting arrangements which has increased the need for public housing.

The November 5 rally was a united-front action drawing together groups from a diverse range of politics who, however, all agreed on the need to fight for a huge increase in public housing. In addition to supporters and friends of Trotskyist Platform, the initiator of the protest, also participating in the demonstration were two members of the EAST housing and community activist group, two supporters of the Communist Party of Australia and the leader of the prisoner rights group, Justice Action. The speech of Justice Action leader Brett Collins was well received. He noted that instead of building affordable housing, governments were building prisons. Collins also attacked the state Labor government’s COSP scheme whereby resources intended for genuine public housing were being diverted into complexes where recently “freed” prisoners would be cruelly housed in semi prison-like facilities.

Also addressing the November 5 rally was Tahera, a single mother of South Asian origin. She spoke powerfully of the hardships and discrimination she faced in trying to get decent affordable housing for herself and her young children:

... they rejected my request for emergency public accommodation. They said the queue is too long and there are no available places.

“But when I tried to get private rental housing it was very difficult. Every time I would go for a place there would be so many others applying for the same house. The real estate agents and landlords would reject my application because I was a single mother. More than one real estate agent openly told me my application would not succeed because I relied on Centrelink and child support for my income.

“If there was much more public housing available and of good quality, single mothers and other poor people would not have to go through such agony and humiliation. Single mothers, women fleeing violence and others in need would be able to get emergency public accommodation. And if there was more low-cost public housing, then even in the private rental market there would be much less people applying for each rental house and the landlords and agents would not be able to have the choice of discriminating against single mothers or Aboriginal people or other people.

In publicizing the protest in working-class suburbs, Trotskyist Platform comrades received much feedback from people who told us of their own experiences. People bitterly spoke of the years upon years spent in public housing waiting lists. Some angrily



Photo by Roy Garner

noted how they or their relatives had after many years of waiting been taken off the list when their incomes temporarily rose. A common complaint was also about how mentally ill people were dumped into public housing complexes with little care. As a result they were not able to take the right medication and could end up on the street or in jail. Left helpless without access to proper treatment, these ill people could then sometimes make life difficult for other public housing tenants as well. Often, their neighbours would try to help but, lacking the proper knowledge and resources, their efforts would be to little avail.

The Trotskyist Platform placards carried at the rally included: “Stop the use of water charges arrears to evict public housing tenants! Abolish water charges for tenants! Stop the evictions!”, “Whichever government administers the capitalist state cannot deliver for working class people. Win more public housing through mass struggle and union industrial action!” and “Over 100,000 homeless while billionaires own multiple holiday homes. Acquire dwellings for the homeless – Seize unoccupied mansions through mass action!”

In addressing the demonstration the editor of the *Trotskyist Platform* newspaper, Yuri Gromov, emphasised the following points:

The ALP government does not want to take on this big end of town and so it answers to their demands on nearly all issues - including housing policy. ... its program for social housing development is completely inadequate. In fact because governments are still selling off publicly owned housing, even official Housing NSW projections show that there will actually be less publicly owned social housing in NSW in June 2010 than there was in June this year. Less! That's the gurgler that public housing is going down into after all the government's spin. We have to demand: Stop all privatisation of publicly owned housing!

Look at this Rudd government. It is neglecting the homeless, maintaining most of the anti-union measures within *Workchoices*, competing with the Liberals in cruelty towards refugees and upholding the murderous imperialist occupation of Afghanistan. The Rudd government is merely John Howard's government, Version 07. Unfortunately, however, Rudd is facing much less mass opposition than Howard did even though he is doing almost exactly what Howard is doing. This is because there are illusions in the ALP. That is why we must understand and help others to understand that this government is our enemy! And in there [*pointing into Tanya Plibersek's office*] is part of our enemy!

If we are clear on that then we will not hold back our struggle just to improve Labor's election chances. We will instead understand that the more powerfully we build our movements up now, the better we will be able to resist the attacks of whichever stripe of capitalist government that is in office.

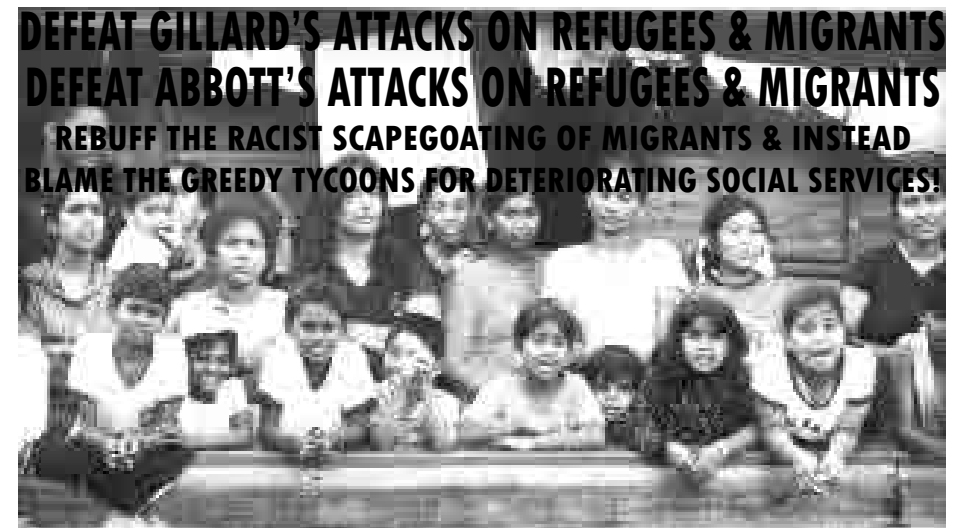
Summarizing the perspective that is needed going forward, rally chair Sarah Fitzenmeyer made the following concluding remarks:

To win our demands we will have to mobilise mass action. We need the power of the trade union movement behind this struggle. It was terrific that the CFMEU was here today. We have to unite our struggle for public housing with other struggles in the interests of the masses – with the struggles for free quality public education for all, for massively increased funding for public health care, for jobs for all and for the defeat of union-busting.

We have to rely on and trust only in our own power. Today is just the start of the campaign. I hope that everyone who came here to support the struggle will now work hard to deepen, broaden and intensify it. We have much hard work to do.

The rally ended with participants enthusiastically chanting: "More public housing! More public housing" and "Housing for the poor - Not mansions for the rich!"

In discussions after the rally and in the following days, many participants urged us to continue the campaign and step it up. It was suggested that the campaign is ready to go up a notch to having a march through city streets. The next action will likely be held during the daytime on a weekend so that more people will be able to attend. As well as demanding a big increase in public housing construction, it needs to emphasise opposition to the sell-off of existing public housing stock.



*The faces of some of the women and children onboard the Jaya Lestari 5 who, amongst a total of over 240 Tamil asylum seekers escaping persecution in Sri Lanka, were stranded for months in the Indonesian port of Merak after being intercepted just 45 nautical miles from Australia by the Indonesian navy under the Rudd/Gillard government's racist 'Indonesian Solution' arrangement with Jakarta.*

5 August 2010 - Julia Gillard and Tony Abbott have been throwing a lot of punches. Yet a lot of these blows have not been aimed at each other. Instead Gillard and Abbott have spent much of their time bashing refugees and immigrants.

Since seizing the prime ministership Gillard has flaunted a "toughening" of the ALP government's already cruel and racist stance against refugees. In a replica of John Howard's notorious "Pacific Solution" Gillard is promising to seize Australia-bound asylum seekers and dump them into a detention camp that she plans to pressure East Timor to build.

Already the Labor government has geared up to deport more and more Afghan and Tamil asylum seekers. There is a bitter irony to all this. In Afghanistan the Australian military has terrorised civilians and sprayed housing complexes with bullets just to help extend U.S imperialist influence in Central Asia. Australian troops went into Afghanistan bearing machine guns, helicopter gunships and rocket launchers. Yet when fleeing Afghan asylum seekers come to Australia bearing only their clothes and pleading for a safer life they are deported back to their U.S. and Australian-occupied country.

Meanwhile, in Sri Lanka Australian-owned corporations run sweatshops like the huge Ansell surgical gloves factory. These Australian capitalists back – and in the case of Ansell Ltd even directly fund – the murdering Sri Lankan military. Moreover, the Lankan regime's brutal scapegoating of ethnic Tamils has, in good part, been perpetrated in

order to stop the majority-Sinhalese and minority-Tamil workers from uniting against greedy Western-owned “multinational corporations” like Ansell. Yet when Tamil refugees flee the results of all this, they are persecuted by the very same Western governments that protect the greedy corporations who helped cause their suffering in the first place.

### **SUSTAINED PREJUDICE TRYING TO SAVE AN UNSUSTAINABLE SYSTEM**

The mainstream parties’ tit for tat appeals to White Australia prejudices has extended to the question of immigration more broadly. Gillard expresses sympathy for those who fear immigration and blames population growth in Western Sydney for causing infrastructure and housing problems. Simultaneously she brandishes the slogan of a “Sustainable Australia” which she counterposes to a “Big Australia.” The patently racist character of this agenda is proven by the fact that no one who is pushing it is talking about reducing the birth rate. Indeed, the previous Howard government actively pushed to increase the birth rate with then Treasurer Peter Costello famously urging families to have: “One baby for mum, one baby for dad and one for Australia.” Gillard’s “Sustainable Australia” push is nothing but an attempt to scapegoat immigrants for the serious social ills that exist in this country. Indeed, Welsh-born Gillard’s reference to herself and her parents as “good migrants” was deliberately designed to appeal to racists who would interpret her statement as meaning that other migrants – like those without white skin – are “bad migrants.” No wonder vile racist Pauline Hanson praised Julia Gillard’s stance on the immigration issue and declared her “total agreement” with Gillard’s call to sweep “political correctness” from the “debate” (*The Australian*, 6 July.)

Not to be outdone, the conservative Coalition has responded by promising to limit annual immigration numbers to 170,000. The Labor Party then replied by insisting that its policies would already bring migration numbers below the Coalition’s target within a couple of years.

What we are seeing is like a contest where whoever hits the refugee/migrant punching bag the hardest is declared the winner. Yet this ugly spectacle is more than simply cynical electioneering. All political parties that serve the interests of the rich capitalist class must necessarily scapegoat ethnic minorities in order to divert the masses from correctly blaming **the ruling class** for unemployment and poor social services. The pro-capitalist parties want to distract people from the fact that it is big business owners who lay off workers en masse whenever they face making a few less billions of dollars in profit than usual. These parties don’t want the public to realize that the reason for crumbling infrastructure is not too many migrants but the fact that so much of the country’s wealth is grabbed by the corporate bosses that there is little left over for hospitals, public housing and public transport.

**The more that mainstream politicians pander to the capitalist elite the more they scapegoat ethnic minorities. So consider the connection between refugee policy**

**and the fate of the Mining Superprofits Tax that was proposed earlier this year by the Rudd government. Although much of the revenue from the proposed tax was to go to non-mining sector business bosses in the form of lower company taxes there would also have been some tiny benefits for working class people. However, when the ALP government then capitulated to the concerted anti-tax campaign of the mining tycoons and booted out Rudd in order to better sell their gutless backdown, they ramped up even further their fear-mongering against refugees and migrants.**

Today, the ALP government and its Liberal/National rivals have moved so far to the right on the immigration/refugee question that even some in the capitalist class are starting to worry. For, although the ruling class absolutely needs to scapegoat refugees and migrants in order to deflect the anger of the masses whom they exploit, they also need migrants as a source of labour especially during times of economic growth. John Howard solved this contradiction by to a degree having it both ways during the latter years of his government. On the one hand he made shrill denunciations of refugees and whipped up a racist fear campaign against Muslim and Arab people and, on the other hand, he quietly increased immigration numbers. Today that section of the capitalists who are mostly interested in short-term profits and are based in boom industries are cautioning against the excesses of the anti-immigration hype. On the other hand, those sections of the capitalist class most concerned with preserving their long-term rule hand in hand with the capitalists’ media and political servants are focusing on intensifying the racist scapegoating of immigrants.

Regardless of the tactical debates within the ruling class, the thrust of the governing policy is clear. Thousands of refugees are imprisoned in hell hole detention centres within Australia, asylum seekers are being deported into life threatening situations and non-white ethnic people in this country face increasing prejudice in jobs, housing and at social venues. Meanwhile, the verbal attacks on refugees and immigration by the mainstream parties is inciting more racist violence on the streets. In one of a spate of attacks on Indian students in Brisbane in the last few months, two white men stabbed 23 year-old Sukdeb in the neck and chest and beat him with a tree branch at the Coopers Plain railway station. There is a danger, too, of igniting mass racist terror like the white supremacist riots at Cronulla Beach in December 2005 and at Manly Beach on “Australia Day” 2009.

All this is not only happening in Australia. Throughout the capitalist world, refugees and ethnic minorities have faced increased official discrimination as the ruling class seeks to blame them for the unemployment and decay caused by capitalism’s worldwide Great Recession. And from Hungary to Germany to Britain, from Russia to the United States this has spurred the growth of far-right racist groups.

## THE WORKERS STRUGGLE & THE ANTI-RACIST STRUGGLE MUST GO FORWARD TOGETHER

The worst thing about the capitalists' racist diversionary tactics is that they can work and at the moment in Australia they are working.



*Workers of many colours gathered in Sydney to protest against the ABCC on 30 October 2009. Racism is poison to the workers movement as maximum unity is needed in its fight against the bosses and their capitalist state, always ready to use 'divide & conquer' to turn worker against worker. (Trotskyist Platform photo.)*

the workers movement must take up the fight for refugee rights and must stand firmly against anti-immigrant measures. The trade unions should mobilise contingents to participate in refugee rights rallies and then rise up to take industrial action against racist policies. For example, those unions which organise airline workers, refuellers and airport ground staff should take action to halt flights that deport refugees and so-called "illegal" immigrants. More broadly, political stopwork action by unions should protest against the government's policy of deportations and demand the closure of all immigrant detention centres. The workers movement should also call for the full rights of citizenship to be granted to everyone who does make it here. The current draconian measure that

Those layers of the masses most prone to being influenced by the ruling elite's propaganda are white-skinned, self-employed people – small businessmen, contract tradesmen, owner-drivers, farmers etc. Working for themselves - and thus often isolated from comradely contact with "ethnic" people - and seeing everyone else in their industry as rivals, these layers of the middle class can be swayed by appeals to blame migrants for their ills. Such sentiments soaked up by economically insecure layers of the self-employed and small business classes eventually seep through to the working class as well – firstly to those workers employed in smaller workplaces and then even to workers in big, unionised sites.

Any acceptance of racist notions within the working class is poison to any struggle to defend workers' rights. For such struggles demand above all else the greatest unity amongst workers. That is why

prevents newly-arrived migrants from accessing social security and other benefits for two years must be abolished.

Fighting against racial oppression is not only a matter of challenging racist government policies. Discrimination and racist violence must be challenged everywhere it rears its ugly head. The fact that many non-white people have not felt safe to go to Cronulla Beach for the last few years and now even have reason to be nervous about going to Manly Beach is a travesty that must be fixed. For the upcoming fifth anniversary of the Cronulla riot this December, we call for trade unions, "ethnic" organisations and anti-racist groups to organise a huge anti-racist convoy beginning in Sydney's multicultural southwest to go to Cronulla and assert the right of people of all colours to safely use the beach.

Of course any struggle against racism in this country must take up the defence of this country's first peoples, the Aboriginal people, who continue to suffer the most hideous racist discrimination. The workers movement must demand an end to the "Intervention" against Northern Territory black communities and must mobilise their power to force the ruling class to restrain its cops and prison guards from murdering yet more Aboriginal people in state custody.

Just as struggles in the interests of working class people cannot be won without standing up to racism, the struggle against racism cannot be won without standing up for workers rights and for proper access to social services for low and middle income people. The ruling class needs to divert the masses with racism because the masses have anger that needs to be diverted. People are angry because there is a shortage of affordable housing, public transport is inadequate, public hospitals have unbearable queues and public schools are underfunded. Furthermore this country has an unemployment problem, a problem masked by official figures that neglect the large number of people working just a few hours a week when they want to work full time. Although exports to China's booming socialistic, public-sector enterprises restrained the Australian economy from nose diving like the rest of the capitalist economies, underemployment here has worsened since the global financial collapse. Meanwhile, many workers lucky enough to have full time jobs are nervous about being retrenched. It is high time for our unions to challenge the capitalist business owners' "right" to lay off workers at will. Attempts by bosses to slash jobs must be met by militant industrial action, including worker occupations of work sites. The union movement as a whole must redirect the focus of debates over unemployment by demanding that all profitable firms be banned from laying off workers. Meanwhile, we need to fight for a massive increase in public housing, for a huge boost in public hospital funding and for a major extension to public transport. This should all be financed from the pockets of the billionaire corporate bosses. In contrast to the ALP's limp, watered down mining tax we should demand a large scale diversion of the income

that is currently being grabbed by the mining tycoons into public housing, health and education. And if the likes of Andrew Forrest and Clive Palmer respond by threatening to put up prices and lay off workers then their mining companies should be confiscated and turned into public sector enterprises.

### **HOW TO START WINNING OVER THE UNION MOVEMENT TO THE REFUGEE RIGHTS STRUGGLE**

Many in the refugee rights movements have emphasized the importance of winning union support for the struggle. In particular, leading members of the Refugee Action Coalition (RAC) – who are often cadre of socialist groups – have expressed this perspective. That is a good thing. However, it is one thing to state the need to win union support for the campaign and another to be able to pull it off. In the way stands the fact that pro-ALP politics dominate the union movement and the fact that union members themselves may be influenced by the racist mainstream media, by the loaded anti-immigrant statements of Gillard and by the rantings of Alan Jones and other reactionary talkback hosts. To win over trade unionists against all this, we must appeal to the very interest that workers have as a class in the fight for refugee rights. In other words, **we must emphasise the point that only by standing against racist policies can the working class achieve the unity needed to fight against its exploiting bosses.** Yet while this point is made in some of the statements of the various left groups prominent in the RAC - Solidarity, Socialist Alternative and Socialist Alliance - these groups have failed to insist that this point be emphasised in RAC statements or **rally calls**. The reason for this stance is that these groups do not want to frighten away small-l liberal elements – who may be capitalists themselves or otherwise hostile to militant unionism. Yet if one restricts effective appeals to workers' class interests for the sake of an alliance with small-l liberal elements then that is hardly a serious union-centred perspective ... is it?

The small-l liberal middle class and “progressive” capitalists may bring mainstream media attention to the movement but their support is unreliable because in the end they accept the very capitalist system that promotes racism. It is the workers movement that has the power and genuine interest to really challenge the ruling class' racist measures. However, to genuinely orient to the working class means being prepared to break with those small-l liberal elements that would reject such a perspective.

An example of the type of work needed to win active working class support for the refugee rights struggle can be seen in the campaign to defend Aboriginal anti-racist leader Lex Wotton. Lex Wotton was prosecuted by Queensland authorities for involvement in the heroic November 2004 Palm Island uprising against the state whitewash of the racist police murder of Aboriginal man, Mulrunji Doomadgee. The campaign in Wotton's defence was built up over many years and eventually won the active support of the Sydney Branch of the Maritime Union of Australia (MUA.) This culminated in wharfies



*Horrific images from the Cronulla riot of December 2005. Now that both the ALP and the Coalition are openly pandering to Australia's racist underbelly there is a growing danger that such scenes will be repeated in the near future. Trotskyist Platform calls that for the upcoming fifth anniversary of the Cronulla riot this December trade unions, “ethnic” organisations and anti-racist groups organise a huge anti-racist convoy beginning in Sydney's multiracial southwest to go to Cronulla and assert the right of people of all colours to safely use the beach.*

across all Sydney ports taking stop work action in Wotton's support to coincide with a hundreds strong Free Lex Wotton rally that took place in Sydney on the day Wotton was sentenced (7 November 2008.) Although the political climate in the country did not allow the campaign to achieve the strength needed to win the dropping of charges against Wotton, it did make the authorities realize that they could not get away with imposing anything like the level of sentence that they intended to. Now, key to winning union support for this campaign, was the fact that demonstration leaflets explicitly appealed to workers' class interests. Thus the call for the 22 September 2007 “Drop the Charges against Lex Wotton!” rally in Redfern concluded with the insistence that: “Everyone who has an interest in opposing racist violence and in standing up to all forms of exploitation and oppression – Aboriginal people, working class people and anti-racists of all colours – must stand for the dropping of the charges against Lex Wotton.” Later, the leaflet that was building the Sydney contingent to the October 2008 Brisbane rallies that coincided with Wotton's trial, also emphasized that: “The subjugation of Aboriginal people is an extreme form of the repression that the authorities are also unleashing against trade unionists who stand up for workers' rights. The ABCC construction industry police are spying on and intimidating CFMEU construction union members and continue to initiate jail-carrying charges against individual union activists.” Today, Trotskyist Platform proposes that points like the following be raised in calls for refugee rights rallies: “Don't let the bosses' politicians divide workers with racism! Make our unions stronger – Build workers unity - Fight for refugee rights!” and “Don't let the ruling class get off the hook by blaming refugees for society's problems. Let us support refugees so that we can better focus people on who the real enemies are – the greedy corporate bosses who lay off workers at will and grab so much wealth that there is little left for social infrastructure.”

## ASSISTING THE WORKING CLASS TO BREAK WITH PRO-ALP POLITICS

Framing the refugee rights campaign in slogans that appeal to workers class interests is one aspect of building mass worker support for the struggle. The other crucial and related aspect is the fight to combat the influence of the pro-ALP politics that dominate the union movement and the officials that lead it. The refugee rights movement can assist this struggle by encouraging those workers joining the movement – which means that they are at least in part rejecting ALP politics – to fully break from Laborism. What does that entail in practice? For starters it means **not** telling these workers to vote or preference the ALP at the coming elections. For no matter what “lesser evil” excuse is given, that would only serve to drive these workers back into the arms of the ALP. Rather, workers (and indeed everyone else) joining refugee rights events should be encouraged to not vote for any of the parties bidding to run capitalism – whether it be Liberals, ALP or Greens – and instead to rely only on their own power in alliance with all the oppressed.

No matter how effectively the refugee rights movement promotes a pro-working class orientation, to win mass working class support for anti-racist campaigns will **also** take a **simultaneous** political campaign **within** the workers movement. It is in debates on the shopfloor and within unions and in the course of discussions on picket lines etc that masses of workers can be won over. To do this effectively the most politically astute unionists must organise themselves into a formation that can counterpose an internationalist, class struggle perspective to the White Australia nationalist politics of the ALP. Such anti-capitalist caucuses within our unions must necessarily be linked to the best activists in other progressive struggles - from refugee right struggles to Aboriginal rights campaigns to women’s emancipation movements.

This united formation is precisely what a revolutionary socialist party is. Such a party will lead the masses in struggles against the depredations of capitalism and eventually to finally vanquish capitalist rule itself. Only then, when capitalism is replaced with an egalitarian socialist system, can we finally get rid of the economic insecurities that breed racism. And only then can we consign to the history books the rule of that class, the capitalist class, that has been so cynically fostering racism in order to preserve its decaying rule.

However, for the toiling masses to reach that stage where they are able to take state power, they will need to school themselves in all manner of partial struggles. Today, such key battles facing the working class are the struggles to oppose all racist anti-immigrant measures and to win asylum for all refugees. **For trade union action to stop the racist deportations! Build workers unity across ethnic lines! Unleash struggle against the real creators of unemployment and shortages of social services – the capitalist exploiters!**

## TARGET THE U.S. & AUSTRALIAN RULERS THAT PROP UP THE ZIONIST TERRORISTS WORKERS MOVEMENT: TAKE ACTION AGAINST ISRAEL’S MASSACRES



31 May 2010 - The Israeli terror machine has once again shown its horrific brutality. Except today it was shooting not only at Palestinian people. Today, hundreds of activists from around the world - Turkish people, Malaysians, Europeans and even Australians - experienced what Israel perpetrates on a daily basis against Palestinians. After all, the three week long Israeli assault upon Gaza in late 2008 to early 2009 resulted in over 1400 Palestinian casualties, hundreds of whom were women and children. Today’s Zionist attack on the flotilla of ships containing pro-Palestinian activists has killed at least 19 civilians. Israeli commandos backed by helicopters and warships boarded the ships under the cover of darkness and just started opening fire.

Why did Israel massacre the Palestinian rights supporters? Simply because the activists sought to bring items like medical equipment, prefabricated homes, water filtration devices and wheelchairs to the Gaza strip. Israel imposes a crippling blockade of Gaza.

**Israel’s heinous crime must not go unpunished! There must be militant demonstrations around the world outside Israeli embassies and other state institutions. The power of the organised workers movements must be mobilised alongside Palestinian expatriates and all supporters of Palestinian rights. Jewish people who hate the cruelty of the Zionist regime must also join in. We must honour**



the heroic activists who sought to bring badly needed supplies to the people of Gaza as well as the many Palestinian fighters who have given their lives in the resistance against the Zionist occupation. **End the starvation blockade of Gaza now!**

There is already massive outrage around the world at this latest massacre. This outrage must be directed into demands that get to the heart of the problem. The senseless brutality of Israel's actions is a reflection of the fact that the whole Zionist project – the idea of building a racial-exclusivist state by driving out other people from their land – is not only irrational but doomed. **Israel: Get out of all the occupied territories now! Free all Palestinian political prisoners! For the unconditional right of return for all Palestinian people!**

Most of all protest actions around the world must target the capitalist powers that hold up Israel and its terror – especially the U.S. and its allies. The Australian imperialists back Israel no matter which party is in government. A year and a half ago, during Israel's genocidal assault on Gaza, the ALP government joined the U.S. rulers in both blaming Hamas for the “violence” and in excusing Israel's butchery as a “response.” Acting Prime Minister Julia Gillard stated: “We are calling on Hamas and other militants to cease shelling Southern Israel. Obviously, they have broken the ceasefire and engaged in an act of aggression against Israel. Israel has responded.” (*Sydney Morning Herald*, 29 December 2008.)

Outrageously, Britain's new Foreign Secretary, William Hague, has responded to today's Flotilla massacre by blaming the activists, stating that, “We have consistently advised against attempting to access Gaza in this way because of the risks involved” (*Haaretz*, 31 May.) Other Western allies will no doubt be slicker and express “deep concern” over “events”, feign anger at Netanyahu and then do everything possible to ensure that Israel gets little more than a slap on the wrist with perhaps the “requirement” to hold an “inquiry.”

Imperialist backing for Israel was cemented during the Cold War when Israel was a staunch ally of the capitalist powers in their anti-communist drive against the Soviet Union. Today, Israel remains a firm ally of the Western capitalists who use it to help back its agenda in the Middle East – in particular, its violent manoeuvres to maintain control over the world's oil supplies. Furthermore, the colonial powers cannot stand the thought of the Palestinian people winning genuine freedom for themselves. The idea that a defiant people would challenge one of their allies to liberate themselves terrifies the imperialist rulers – they fear that other downtrodden people would be encouraged to do the same.

Indeed, the capitalist world powers really do have a lot in common with Israel. The way they attack homes, wedding parties, motorists and villages in Iraq and Afghanistan and then pass it off as “battlefield accidents” would make the Zionist butchers proud. And



*Horror and stunned disbelief on the faces of those onboard the Mavi Marmara before the body of slain Turkish journalist Cevdet Kılıçlar. The 38-year-old Kılıçlar was filming with his camera to one eye when he was shot in the forehead at close range, the bullet ripping away the back of his skull. He leaves behind a grieving widow and two children. Though there were many cameras and journalists on board, this is a still from the only footage that was able to be smuggled out after the detention in Israel of all of the survivors of the deadly raid upon the Gaza aid flotilla. In an attempt to completely control media coverage of this event, the Israeli authorities attempted to confiscate all photographic evidence and equipment from those onboard and the Western capitalist-controlled media has, of course, been happy to play along like the monkey that it is with its hands in front of its eyes.*

while Israel blockades Gaza, the Australian regime blockades Aboriginal people in the NT from having access to their own income! Israel's imprisonment of 8,000 Palestinian people in its jails is rivalled by Australia's jailing of over 7,000 Aboriginal people here – even though the overall Aboriginal population is eight times less than the Palestinian population living under Israeli occupation.

That is why it is worse than useless for supporters of the Palestinian struggle to appeal to the capitalist powers to act in defence of the Palestinian people. The same goes for the U.N. which is dominated by the U.S. and the European imperialist states. Even when the imperialist countries (whether under U.N. guise or not) do intervene under some sought of pretence of protecting Palestinian people they will inevitably only pave the way for new massacres. Let us never forget how in 1982 French troops and U.S. marines in a “Multinational Force” supposedly “protecting” Palestinians effectively opened the way for the horrific massacre of over 3,000 Palestinian civilians living in the Shatila and Sabra refugee camps in Beirut. Moreover, since the capitalist powers are manifestly not going to support the Palestinian struggle, to appeal to them to do so only serves to demoralise Palestinian supporters who will inevitably realise that their appeals are so obviously

getting nowhere.

There is, however, one world power that does not back Israel's tyranny. Not coincidentally that happens to be the world's sole **non-capitalist** great power: China. As we go to press, it is notable that while the U.S. and the European Union have avoided a straight out condemnation of Israel, variously hiding behind expressions of "shock" and "regret for the loss of life and violence" and "demanding clarification," China has at least squarely **condemned** Israel and described Israel's actions as an "attack" rather than merely a "clash." "We were shocked by the Israeli attack which led to severe casualties and condemn it," said Peoples Republic of China (PRC) Foreign Ministry spokesman Ma Zhaoxu (*Xinhua*, 31 May.) However, the Chinese government is far too passive about its position. Beijing practices a failed strategy of seeking "coexistence" with the capitalist world and thus avoids doing anything to antagonise the imperialist powers unless the issue directly concerns itself. However, the content of Beijing's foreign policy is constantly being fought out within the PRC itself as part of a struggle between those who want to retain the PRC's socialistic system and those who want to capitulate more and more to the capitalists - both domestically and internationally. The Palestinian people are not least amongst the peoples of the world who have an interest in anti-capitalist forces winning out in the PRC. **China: Assert much more strongly your support for the Palestinian cause!**

### THE BARBARISM OF THE IMPERIALIST ORDER

That Israel opened fire on unarmed citizens of its own allies - in international waters to boot - shows just how arrogant the Netanyahu regime is. It is arrogant not only because of the direct backing it continues to get from Washington but because of broader imperialist intervention in the Middle East. The continued occupation of Iraq and Obama's troop surge in Afghanistan give the Zionists confidence. What is particularly making them feel the wind in their sails at this time is also the cranking up of imperialist moves against Iran - from sanctions, to political interference to thinly veiled threats of military attack. To be sure, Iran's theocratic regime administers a capitalist order that exploits working class people, deeply oppresses women and executes leftists. Yet U.S. and European imperialist interference in Iran, in whatever form, only serves to suppress the possibility of a genuine anti-capitalist opposition movement there while pumping up the Israeli rulers who strut around in the knowledge that they are Washington's advance-guard, attack dogs against Iran. **Imperialism, Israel: Hands off Iran! No to sanctions! All imperialist troops get out of Iraq right now! U.S., NATO and Australian troops get out of Afghanistan!**

It is up to the working classes, freed from all imperialist influence, to sweep away the Iranian fundamentalist regime and indeed all the, at least as equally oppressive, U.S.-allied regimes in the region - from the horribly male chauvinist Saudi monarchy to the



*Faces of the nine activists - eight Turkish nationals and one U.S. citizen - murdered by Israeli forces during the raid on the Gaza aid flotilla, some from multiple gunshots to the back of the head at point blank range.*

corrupt torturers ruling Egypt. And the most savage of all these regimes is of course the ruling class of "democratic" Israel.

Israel shows most starkly what the "nation-state" under capitalism is all about. Capitalists like to form states based on single nationalities with a common language for several reasons. Firstly, it gives them priority over a home market to sell their goods. Secondly, capitalists use the appeal of a common national/cultural identity to keep the masses that they exploit loyal to them. Thirdly, this nationalism is used to recruit and indoctrinate a military and police force to enforce the capitalists' predatory interests at home and abroad. The Israeli nation-state was, on the one hand, compacted from a people who suffered so horribly during the Nazi Holocaust - that is, the Jews - and, on the other hand, formed by brutal ethnic cleansing of another people - the Palestinians. Whether this is what has combined to give the State of Israel a fanaticism almost unparalleled in the world today or not, it is certainly a brutal and somewhat ironic reality.

### HOW CAN ISRAEL BE STOPPED?

So how can this deranged, nuclear-armed juggernaut be stopped - especially when it has the backing of the most powerful of the imperialist powers? One thing the most recent massacre proves yet again is that it will not be stopped by trying to shame it. Nor will Israel be stopped by appealing to the conscience of its Western backers. For the Zionist rulers feel no shame and its imperialist backers have no conscience - the only thing that drives them is ensuring profits for the corporate owners.

The only force that can really help to make a decisive difference is the organised working

class. It is workers who collectively have the power to shut down capitalist profit. In countries like the U.S., Britain and Australia workers action could really punish Israel's key backers. It is, of course, impossible to turn Washington, London and Canberra into supporters of the Palestinian struggle (that is, until the social system in these countries is itself overturned) but we can make them back off from their military and political backing for Israel. We can force them to break off the lifeline that nourishes the Zionist maniac!

During Israel's Gaza onslaught a year and a half ago, many proud union activists in Australia were indeed outraged by the invasion. This was indicated by the participation of left wing-led unions like the CFMEU construction union and the MUA maritime union in protest rallies. Yet broader union participation and the turning of protest into industrial action from sympathetic unions were stymied by the continued domination of the union movement by Laborite politics. Laborism teaches workers to, at best, fight for only their own, very narrow, short-term economic interests while politically remaining loyal to Australian imperialism. The urgent need to defend the Palestinian people is yet another reason why politically astute workers must strive to cleanse the poison of Laborism from the workers movement.

Workers organisations were originally formed to organise collective action to protect workers from injustice. If these organisations, however, let one of the most horrific injustices in the world – that is, the Israeli oppression of the Palestinian people - go by then their integrity as fighting organisations against injustice is compromised. On the other hand if the workers movement does rise to challenge Western imperialist backing for Israel then it is challenging one of the key features of the capitalist world order. An order that through the global recession *that it itself caused* has brought terrible unemployment to the masses in the capitalist world. An order that is imposing massive cut backs in wages and services to workers in Greece, Spain, Italy and elsewhere. An order that in Australia – even though it was spared the worst of the crisis by piggybacking on the socialistic Chinese economy – has reduced many workers to insecure casual jobs so that they struggle to pay rent and are constantly on the verge of having their electricity cut off. A capitalist “order” that brings bloodshed and chaos to Thailand, mass homelessness to India, the murder of trade unionists in the Philippines and threats to jail construction union members in Australia. Working class sisters and brothers it is time to take a stand against a key facet of this order and to stand with the Palestinian people who are being so viciously subjugated. **Punish the U.S., British and Australian rulers that back Israel's tyranny! Shake the imperialist branches that hold up the Zionist's nest – so that the nest will fall and the branches of capitalism will themselves be weakened! Take industrial action to oppose U.S., British and Australian support for Israel! Demand an end to the blockade of Gaza and an end to the occupation. Demand the unrestricted right of all Palestinians to return to all parts of their stolen homeland!**

## AUSTRALIAN CAPITALISTS THROW A TANTRUM AFTER RIO TINTO BOSSES GET CAUGHT OUT CHINA IS CRACKING DOWN ON CORPORATE GREED & CORRUPTION - WHEN WILL THAT START TO HAPPEN HERE?



*Another one bites the dust! October 26, 2009: Yet another greedy tycoon is escorted into court to face charges in China. Li Qiang was eventually jailed for 20 years for being the head of an organised crime syndicate.*

15 April 2010 - On January 31, a Rio Tinto subsidiary, US Borax and Chemical Corp. locked the gates on 560 US miners in order to try and make the workers accept a really substandard employment contract. Rio's outrageous action against the workers in Boron, California, came on the eve of the company announcing a \$US4.872 billion dollar profit. As we go to press, the miners remain locked out of their workplace. However, the miners, members of the International Longshore and Warehouse Union (ILWU), are getting enthusiastic support from workers across the globe who know all too well the merciless greed and savagery of the Rio Tinto bosses. A joint statement by the Maritime Union of Australia (MUA) and the CFMEU (Mining) declared:

Our solidarity goes to ILWU Boron miners and their families in particular who have suffered these attacks on the morning of January 31 for defending workers' rights and refusing to capitulate to the bullying tactics of Rio whose agenda is to break the union in order to slash wages and conditions.

Rio Tinto hired vanloads of security guards to storm the mine while helicopters flew overhead only last October.

- MUA website, 16 February posting



16 February 2010: Trade unionists rally outside Rio Tinto's Melbourne headquarters to protest the company locking out 560 union miners in the Western Californian town of Boron. (MUA website photo.)

The statement went on to note that Rio Tinto was notorious for “abuses of human rights, indigenous land rights, workers’ rights and damage to the environment and local communities in Australia, Africa, Bougainville, Indonesia and Iceland.” And that is putting it mildly! Let us here briefly examine some of the history of Rio Tinto. Let us look at the ruthlessness of the Australian and British capitalists who run this company.

In the late 1950s, a subsidiary of Rio Tinto's Australian arm (then called CRA) wanted to mine the bauxite deposits in Queensland's Cape York. However, the company owners and executives did

not want to spend even a small portion of their profits on giving any compensation to the Aboriginal people that lived in the area. And the greedy bosses as sure as hell weren't going to share the expected mining wealth with the Aboriginal people whose land they were trampling on. So the Australian state institutions, which serve the likes of the Rio bosses, moved to simply drive off the people living in the Mapoon Aboriginal Reserve and the Weipa Aboriginal Reserve. When the Aboriginal community stood firm, the Department of Native Affairs intercepted welfare payments and then warned residents that their children would be removed due to “neglect” if they did not leave the area. Finally on November 15, 1963, armed police arrested the entire Mapoon community! **The police then burnt down the Aboriginal residents' homes, school, stores and shops.**

Even more extreme violence was used to enforce the interests of CRA in Bougainville, an island under the control of Papua New Guinea (PNG). When copper was discovered in Panguna, Bougainville in the 1960s, PNG was still a direct Australian colony. And it was with the open racist contempt typical of the colonial era that the company and its Australian government enforcers “related” to the Bougainville people. After local people started to oppose the way they were being treated by the Australian company, the Australian Federal Minister for External Territories popped in to the island in January 1966 to tell disgruntled villagers that the mine was not for their benefit and that they would get no special benefits from it at all! Three years later, Bougainville people would find that the Australian legal system was just as biased in favour of the rich corporate owners. In August 1969, the Australian High Court dismissed a case by Bougainville

villagers against CRA's (Rio Tinto's) mining lease. For the next two decades, CRA continued on their merry way. Having driven out hundreds of people to establish the mine, they then made little effort to protect the island and its people from the effects of mining. They simply dumped over a billion tonnes of poisonous tailings waste into Bougainville's Jaba river, literally turning the river bright blue, destroying vital fishing stocks and ruining the surrounding area. Despite the Panguna mine, one of the world's biggest open cut mines, raking in spectacular billion dollar profits for CRA's (Rio Tinto's) owners, the company gave an insulting pittance in compensation. However, by 1988 Bougainville's people had had enough. They cranked up the militancy of their anti-CRA struggle. In 1988, villagers managed to briefly shut down the mine through sit-ins and roadblocks and later through daring sabotage actions. Under direction from the Hawke Labor government in Canberra, PNG responded by sending in first riot police and then the military. To direct PNG's war, Australian military “advisers” were directly stationed in Bougainville and Australian pilots flew the Iroquois helicopter gunships that terrorised the local people.



Taking a stand against Rio Tinto (whose Australian wing was then called CRA): Bougainville Revolutionary Army (BRA) freedom fighters in action. BRA rose up against CRA's failure to share revenue and provide proper compensation for its massive copper mine in the PNG island of Bougainville. Bougainville resistance forces shut down the mine in 1988.

Yet despite the firepower arrayed against them, the Bougainville resistance which had coalesced into the Bougainville Revolutionary Army (BRA) managed to force the mine to shut down indefinitely in May 1989. Australia/PNG responded by escalating the war. They used terrifyingly brutal methods. Herding the people of Bougainville into “care centres” (a Vietnam War-euphemism for concentration camps), many suspected of having sympathies for the rebels were killed or beaten. Still unable to defeat the BRA and reopen the mine for CRA (Rio Tinto), Canberra told the PNG puppet government to impose a naval blockade on the entire island and provided the Port Moresby regime with the aircraft, helicopters and Pacific Class speedboats needed to enforce the blockade. As a result, the island's people started dying from starvation and more commonly from

a lack of medicines. Alongside the hundreds upon hundreds killed by gunfire, 14,000-15,000 Bougainville people ended up dying as a result of the genocidal eight-year blockade. In all the PNG state authorities and their Australian imperialist masters killed off some 10% of the island's entire population. All this to try and help CRA/Rio Tinto to resume their plunder in Panguna.



*Bougainville people killed in years long Civil War from 1988. Australia's PNG puppet forces, Australian military "advisers" and mercenaries and PNG/Australia's starvation naval blockade killed 15,000 Bougainvilleans in the service of Rio Tinto.*

Australian workers have also found that when it comes to a clash between their interests and those of the Rio Tinto bosses, the Australian state institutions are inevitably on the side of the latter. And there have been plenty of conflicts between Rio Tinto and its workers for the Australian state to intervene into. Rio Tinto bosses are notorious for their aggressive, anti-union stance. In the late 1980s and 1990s, CRA/Rio Tinto, working together with free-market fundamentalists known as the New Right, spearheaded a campaign that greatly weakened trade union presence in the once heavily unionised mining industry. They began this union-busting offensive in the iron ore mines in Western Australia's Pilbara and then spread it to the coal mining sector. Rio Tinto developed a carefully planned strategy. First they would refuse to negotiate with the workers union and offer pay increases only to workers who signed individual contracts or other agreements "negotiated" without union involvement. Of course, once the union was undercut, then the company would slash back the pay of the workers who went with the individual contracts. Many workers, however, knew that this is what Rio was planning and so refused to be bribed. So the next phase that Rio Tinto would go into was to use intimidation against individual workers and their families to get workers to sign the non-union "agreements." To help do this, Rio Tinto would announce big job cuts. Those who went on to the individual contracts would be saved from being fired while union activists were put on a blacklist to be sacked. To further coerce union-proud workers to submit,

Rio Tinto would transfer these workers from their regular tasks to meaningless "duties" meant to symbolise that their presence was redundant and the falling of the axe was imminent. At the Blair Athol coal mine, Rio once had pro-union workers transferred from mining operations to ... painting rocks and old tyres with small paint brushes! Meanwhile, to stop retrenched union workers from trying to campaign for a return of their jobs, Rio employed private security guards to spy on the sacked mineworkers and their families.

Despite all these vicious methods, Australia's Arbitration Commission effectively legitimised Rio's tactics in a September 1999 ruling on a years-long dispute at the Hunter Valley No. 1 Coal Mine. Noting that there was an industrial war going on at the mine, the court said of Rio's tactics that, "all is fair in love and war." Yet to Australian state institutions, it was only "fair" when the war was being fought by the corporate bosses! When workers tried to fight they were met by injunctions, litigation and violent repression. This was starkly seen during the class war at Rio Tinto's Gordonstone (now called Kestrel) coal mine in Central Queensland. At Gordonstone, Rio had worked with the previous owner of the mine ARCO in an elaborate union-busting operation. On 1 October 1997, ARCO sacked its workforce of 312 mineworkers in order to hire a new non-union workforce on individual contracts. Unionists, however, picketed the mine and ARCO was unable to reopen it with a new workforce. So they sold the mine to Rio Tinto who secretly recruited a non-union scab workforce. In February 1999, Rio sought to reopen the mine with an initial workforce of 22 scabs. However, trade unionists flocked to the picket line. Both acting for Rio Tinto's interests, police mobilised to shepherd the scab workers through the pickets while the courts agreed to Rio's injunctions against workers who joined the picket line. On the first day that scabs went to work, police arrested 23 of the 250 or so unionists who had gathered at the picket. Several days later as workers from throughout Queensland swelled the pickets, police arrested another 53 protesters. In the end **over 250 trade unionists and their supporters were arrested** on the Gordonstone mine pickets. Australia's "democratic" so-called "justice system" serves and protects the Rio Tinto bosses very well indeed!

All of the above highlights two things. Firstly, it shows that Rio Tinto executives will do absolutely anything they can get away with to maximise profits for themselves and Rio's mega-rich owners. And it is, by the way, the filthy rich who own most of Rio Tinto – the mythical middle-class "mums-and-dads" shareholders own just a tiny minority of the company. If one looks at Rio Tinto's 2008 Annual Report, one finds that 97.8% of the shareholders – which include the upper-middle class "mums and dads" - own only 7.5% of the group. By contrast, just 258 accounts on the Australian Stock Exchange and 338 in London own a whopping three-quarters of the company's \$42 billion stock – an average of \$70 million of shares each. Just who these tycoons are is somewhat opaque since among Rio's biggest shareholders are bank nominee companies through which ultra-rich individuals and the businesses that they control can conceal their ownership. It has



*"Serving and protecting" ... Rio Tinto's interests! Queensland Police arrest hundreds of trade unionists outside Rio Tinto's Gordonstone (now called Kestrel) coal mine in February 1999. Pickets tried to stop non-union scabs secretly hired by Rio from entering mine after the entire union workforce had been retrenched when the mine was supposedly "closed."*

certainly been well documented over the years that the Queen of England and associates of the British Royal family have a very big stake in Rio Tinto. However, the current exact value of their holdings is unknown.

A group of Rio's big shareholders that a bit more is known about is the company's executives. According to the company's 2009 Annual Report, a cool \$9.9 million of the wealth produced by Rio's mineworkers and other employees was snatched as remuneration last year by CEO Tom Albanese! For his part, Australian Sam Walsh, Rio Tinto's Chief Executive of Iron Ore and Chairman of Rio Tinto China, took nearly \$6.8 million. Then we should not forget

the Rio Tinto-associated leaches who receive billions in royalties from the company. Gina Reinhart who with a total wealth of \$3.47 billion is Australia's fourth richest person acquired most of her money from royalties from Rio's Pilbara iron ore operations while Michael Wright and Angela Bennett have also become billionaires through royalties from the same mines.

The greed and extreme wealth of Rio's bosses (and associated parasites) is well known. However, what the events in Weipa, Bougainville and Gordonstone illustrate is not only the greed of Rio's bosses but the fact that their maniacal drive for profits is almost always backed up by state institutions. This is the case whether Rio is operating in its home bases in Britain and Australia or in "Third World" countries like PNG and Indonesia. So the Rio Tinto tycoons must have got an awful shock when four of the company's most senior executives in China were detained last July by the Shanghai State Security Bureau on serious corruption charges. The four included Australian citizen Stern Hu, the multimillionaire boss of Rio Tinto's Shanghai office. The four executives' three day trial beginning on March 22 received enormous media coverage in Australia. On March 29, the Shanghai No. 1 Intermediate People's Court delivered its verdict: each of the Rio executives were guilty of both receiving huge bribes from privately-owned Chinese steel mills and of using illegal means to obtain the commercial secrets of state-owned Chinese steel companies. The Rio Tinto high fliers were appropriately given robust sentences from seven years upwards as well as fines and confiscations of their wealth.

Stern Hu as the top boss of Rio Tinto Shanghai was given a ten year sentence while Wang Yong who took the biggest bribes received a fourteen year jail term.

### **RIO TINTO EXECUTIVES & RIO TINTO HEAD OFFICE: BOTH GUILTY AS HELL**

Despite the best efforts of the Australian media to present the China trial as "murky," the evidence proving the charges was specific and very conclusive. Let us examine separately each of the two distinct sets of convictions that was delivered to a packed Shanghai courtroom by Judge Liu Xin.

Firstly, let us look at the bribery charges. Each of the executives received large bribes. The bribes were taken by the Rio bosses from small and medium sized Chinese private steel bosses who wanted to get Rio Tinto to supply their mills with iron ore rather than selling its ore to China's big state-owned steel producers. The biggest bribe was taken by Wang Yong, who received \$US9 million (\$A9.8 million) from the former head of Rizhao Steel, Du Shuanghua. Du who at the time was China's second richest person confessed to the court that he paid the bribe. Meanwhile, Stern Hu was found to have taken two separate bribes between December 2008 and January 2009 totalling 6.4624 million yuan (\$A1.04 million). The first bribe was taken from Hebei Jingye Steel company and the second larger bribe of \$US798,600 (5.46 million yuan) was received on 14 January 2009 from Tangshan Guofeng Steel company. Stern Hu's wife confirmed he had stashed away the bribes in their family safe. The verdict read that "Zhu Xiaoli (Stern Hu's wife also known as Jolie) testified that Hu Shitai (Stern Hu's Chinese name) took home 1 million yuan cash and put it in the safe." It continued that Mrs Hu told police: "this money is not Hu's salary." She also testified that Hu took home \$US300,000 and that money too was not his salary. The verdict stated that on August 26 last year police confiscated amounts of \$US300,000 and 1 million yuan from Hu's home.

The details of the bribery were further confirmed by the private sector bosses paying them. Zhang Zhen, general manager of Tangshan Guofeng, testified about the bribes paid to Hu:

"He received this money under the name of 'consultancy' from Hong Kong Guofeng Company, which is an affiliate of Gaofeng company in Tangshan City, Hebei province, which is a private steel mill.

"In 2008, Tangshan Guofeng company signed an iron ore supply agreement with Rio Tinto Singapore. During this process, Hu Shitai put forth that 30 per cent of the iron ore Tangshan Guofeng buys should be a 'commission' or kickback. Tangshan Guofeng company wanted long-term and stable iron ore supply. They understood that in order to obtain this, they must have good relations with Hu. They also understood that only by giving benefits to Hu would a long-term relationship with Rio Tinto be possible."

*-The Australian, 1 April 2010*

From the evidence it seems that not only did Stern Hu take the bribes but he actively **solicited** them. As a result even Australian Foreign Minister Stephen Smith who was doing everything he could get away with to criticise China's prosecution of the Rio bosses had to admit after the trial that, "there was, according to Australian officials, evidence, indeed if not substantial evidence, that bribery acts had occurred.... And the advice I have is that in addition to Stern Hu's own admissions, there was other evidence which drew Australian officials to the conclusion that acts of bribery had occurred."

In the first charge of receiving bribes, the Rio bosses undertook illegal activities to gain dirty money for themselves. However, the second charge is even more explosive. For in the second set of crimes the executives were engaging in corrupt actions for the sake of Rio Tinto - and as the verdict strongly suggests with Rio Tinto's Australian head office's direct encouragement. In this second charge, the Rio bosses were found to have lured the heads of Chinese state-owned enterprises with promises/bribes, or through other illegal means, to obtain the Chinese steel companies' commercial secrets. The charge stated that these actions were done in order "to seek profit **for others** (emphasis added)." Again the convictions on this charge were based on detailed facts. The strong evidence presented to the court included admissions of particular acts by the Rio executives themselves, confessions by those Chinese bosses that they had bribed/induced, testimony by others who witnessed the illegal acts and emails seized from Rio Tinto computers after the arrests which confirmed the transfer of the stolen secrets.

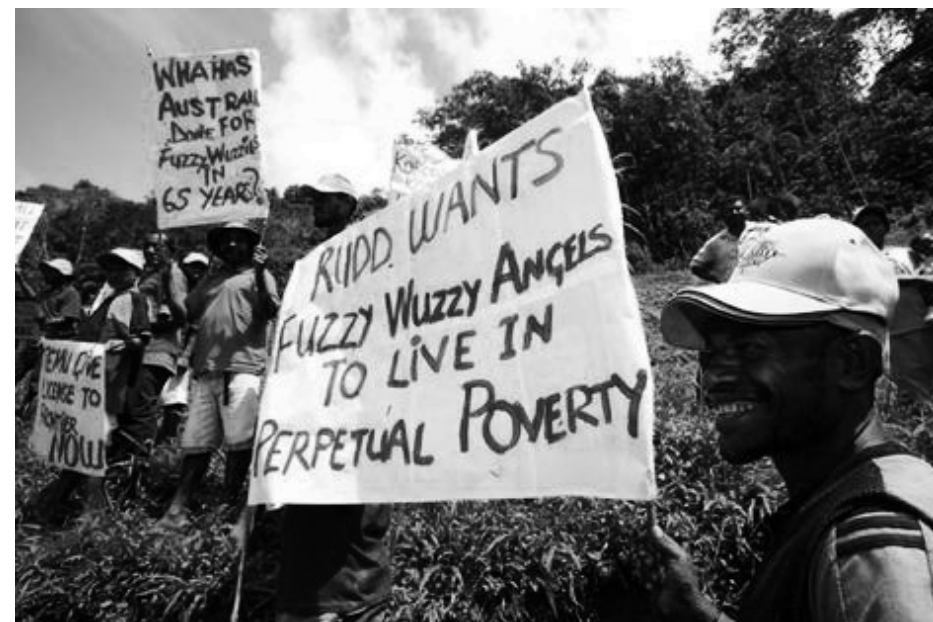
The Rio bosses were found to have stolen eight separate business secrets on eight separate occasions over a period from April 2005 to June 2009. These include the highly confidential minutes of the China Iron and Steel Association (CISA), the body that negotiates iron ore prices with Rio Tinto. To extract this information, Rio took advantage of the fact that it had a monopolistic hold on the iron ore market and Chinese state-owned steel producers were desperately short of reliable supply. For example, on the evening of 8 June 2009, the day of a crucial meeting of CISA to discuss the next steps in fraught iron ore negotiations with Rio Tinto and co., Stern Hu met Tan Tixin, general manager of an affiliate of Shougang Steel. They made an arrangement, i.e. fixed a bribe. Tan Yixin would divulge the contents of the CISA meeting and Rio in return would ensure that a ship of Rio's badly required iron ore spots would be delivered to Shougang.

The crime of those Chinese state enterprise managers that succumbed to Rio's inducements is that they sold out the entire, mostly socially-owned, steel industry for the sake of their particular firm. The motivation for state-owned managers to commit such betrayals is not as great as for private sector bosses as, after all, their enterprises ultimately share the same owner, that is the Chinese state. Some temptation, however, must still arise because Chinese state enterprise managers do receive bonuses if their particular firm achieves high profits not to mention the prestige of running a successful

company.

For Rio Tinto the iron ore-for-secrets corruption worked wonders until they got caught. Knowing in advance the negotiating strategy and target prices of CISA, Rio could devise countermeasures and always stay one step ahead. As judge Liu Xin found, the Rio executives' actions "put the Chinese steel industry in a powerless position" to negotiate iron ore prices. Crucially, the stolen information allowed Rio Tinto to calculate in mid-2009 that it could get higher profits by abruptly suspending the annual price negotiations and forcing the Chinese enterprises to instead buy ore at inflated prices on the spot market. The verdict stated that the losses for the Chinese steel industry of these actions was about 1.018 billion yuan.

The eight rigorously proven cases of stealing commercial secrets appear to be just the



**Feb 2008:** Local Koiari villagers (descendants of the so-called "Fuzzy Wuzzy Angels") close to tourists PNG's Kokoda track – known as a symbol of glorified Australian military history. The villagers were protesting the Australian government's moves to force PNG authorities to stop a mine that would dig up a small amount of the track. Even though the greedy Australian mining company involved, Frontier Resources, is only offering villagers a 5% share of revenue, the impoverished Koiari people support the copper/gold mine as it would bring them badly needed income. Although the Rudd government's wants to serve individual mining bosses, in this case, that aim is overridden by its desire to safeguard Australian imperialist militarism, which it knows is important to the interests of the capitalist exploiting class as a whole. Whether forcing unwanted mines upon peoples of this region or, in this case, arrogantly impeding their economic advancement, Australian state serves only the interests of the Australian capitalist class.

tip of the iceberg. When the Rio Tinto Shanghai computers and laptops were seized following the arrests last July, highly confidential information that could only have been obtained illegally was found on them dating back **six years!**

The methods used by Rio Tinto in China are accurately described by the word “bribery” but they can also be described by the word “intimidation.” Rio effectively hit Chinese state enterprise managers with the following threat: You better rat on the rest of the Chinese steel industry or else your steel mills won’t get any iron ore. Such a combination of intimidation and bribery has long been part of Rio’s arsenal which they have especially used against their own workers. “If you quit the union, you will get better pay [in the short term until we drive out the union] but if you defy us and stay in the union we will find a way to sack you.”

Whatever words best describe Rio’s corrupt practices in China, the result of them is clear: they helped to ensure yet higher prices for Rio’s ore which in turn allowed Rio Tinto’s filthy rich executives, big shareholders and royalty-receiving parasites to gain even more wealth while enterprises collectively owned by the still relatively poor people of China had their income gouged. In other words, the rich capitalists from a Western country robbed the poor masses of a developing country. A very familiar scenario? You bet! Familiar outcome? Not this time!

When the four Rio executives were first arrested by PRC authorities, their fellow top Rio Tinto bosses rushed to their defence. They made statements implying that the four were completely innocent. An 11 August 2009 Rio Tinto Press Release stated that “the company remained surprised and concerned over the detention” of its executives and that, “we are still not aware of any evidence that would support their detention.” However, as it became clear just how much evidence the Chinese authorities had against Rio, the company moved to distance itself from the four. Once the verdict was released, Rio Tinto with panicked haste sacked the four convicted executives. Australian head of Rio’s Iron Ore Division, Sam Walsh, described the four executives’ receipt of bribes as follows:

“We have been informed of the clear evidence presented in court that showed beyond doubt that the four convicted employees had accepted bribes.

“By doing this they engaged in deplorable behavior that is totally at odds with our strong ethical culture.”

The four executives did indeed engage in “deplorable behaviour.” But as to Rio Tinto having a “strong ethical culture”? Sure...and pigs can fly! **The Rio Tinto heads’ sacking and condemnation of their fellow executives was simply a deceitful attempt to mask their own deep involvement in the corruption.** It is telling that while denouncing the four executives for accepting bribes, Rio with unparalleled cynicism insisted that it could not comment on the charge of illegally obtaining commercial secrets as it had not

had the opportunity to consider the evidence. Oh yeah? More like because that charge seriously implicated Rio Tinto!

Rio Tinto’s cover-up-job has been slavishly assisted by the Australian media. Rupert Murdoch’s *The Australian* newspaper ran a front page story on March 24 titled, “Secret Rio Tinto probe cleared company but left Stern Hu in doubt.” The article retails the notion that a supposed “independent audit” of their China operations after the arrest of the four was correct in “clearing” Rio of any wrongdoing. But the whole idea behind the audit, **paid for by Rio Tinto no less**, was precisely to find the company “innocent.”

The Labor government and right-wing opposition sang the same tune as Mr Murdoch’s scribes. When asked to respond to calls for Australia’s corporate regulator, ASIC, to investigate Rio Stephen Smith incredibly declared that while it was up to ASIC to decide whether it wanted to investigate Rio Tinto, “I’ve seen nothing come across my desk which would cause me to contemplate such a matter in any event” (ABC News Online, 30 March.) Well maybe someone should shove the 70-page verdict from the Shanghai trial on to the Foreign Minister’s desk – then he’ll have to spin another line! For although the Chinese courts (unfortunately) for the sake of preserving diplomatic relations with Canberra somewhat downplayed Rio Tinto’s culpability in the case, the court’s verdict still does expose the company’s role. The verdict refers umpteen times to Stern Hu emailing the stolen secrets on to his superiors (in Singapore and Australia.) Most notably, the verdict notes how on 17 June 2009 an email from higher up Rio executives (the Australian Rio office) **instructed** Stern Hu to obtain what they could only have known was a strictly confidential secret: details of ongoing iron ore price negotiations between China’s CISA and Rio’s Brazilian rival Vale. When Stern Hu and his colleague Wang Yong extracted and passed on that information that same day, head office **emailed back asking Stern Hu and Wang to double check the [illegally obtained] data.** In other words, the Australian office headed by Rio iron ore chief Sam Walsh was encouraging, if not ordering Stern Hu and Co, to corruptly acquire confidential PRC company secrets. Indeed, during his trial Stern Hu’s very defence on the stealing secrets charge was that he was simply acting as a go-between passing information up the corporate food chain to Rio’s iron ore chief Sam Walsh (*The Australian*, 7 April.) In fact, all four executives independently admitted that a big part of the very **job description** of Rio Tinto’s Shanghai office was to obtain the **internal** information of China’s steel industry including the contents of its internal meetings. Stern Hu’s colleagues testified how in order to carry out this brief, Hu would sometimes call office meetings to motivate his underlings to go out and get the information. Thankfully, Rio Tinto isn’t involved in any mining operations in China. That is, as long as one doesn’t count their patently very lucrative *mining of secrets.*

You can bet that any bribes/promises offered to Chinese steel bosses to get the





**Serving the people. Feb 7, 2009:** Several thousand of the Peoples Republic of China's police mobilise in Henan Province to help poor farmers combat the drought.

confidential information would have had to be known by Rio Tinto's Australian headquarters. The Shanghai office would not have had the authority to lower the price of ore sold to China's major state-owned customers or to suddenly transfer a ship of ore to a particular customer without the approval or at least knowledge of head office. Indeed, even in its frontpage March 24 article "exonerating" Rio Tinto, *The Australian* newspaper had to admit that:

Rio Tinto China effectively runs its payments and receipts through the iron ore head office in Perth. In particular, it cannot make substantial payments without external approval and all material receipts have to be accounted for.

Now, Rio Tinto does not appear to be directly implicated in the first charge of receiving bribes. Yet even here the conduct of the four executives has been shaped by Rio Tinto's culture of extreme greed. After all they are not just four ordinary employees who were proven to be receiving bribes. We are talking about the four top executives in Rio Tinto's biggest market! The fact is that bribery, manipulation and espionage are all part of the array of methods Rio Tinto uses to maximise its profits. The company is especially notorious for using such methods in the "Third World" where they are usually able to *strongarm* whoever needs to be *strongarmed* to get away with using such tactics. However, the socialistic PRC is one developing country where such methods might backfire! Having no actual production operations in China – just a big trade relationship – Rio Tinto and its bosses did not get the opportunity to learn just how risky such behaviour could be in the PRC. But now they are learning!

The culpability of Rio's Australian-based bosses in the corruption does not mean that one should feel much sympathy for the Shanghai four. Far from it. Stern Hu and the other three were not just victims of Rio Tinto's greed ... they were victims of their own greed. Firstly, they solicited huge bribes for their own benefit. Secondly, although when they lured Chinese steel managers to hand over secret information they were doing so at the

behest of Rio Tinto, they were hardly reluctant players in it all. They knew that the result of Rio Tinto gaining the secret data and thus being able to charge still more exorbitant prices would be higher bonuses and dividends for themselves.

Even leaving out the illegal acts, Stern Hu and Co. were very much part of that class of executives and big shareholders that divides among itself the loot that Rio Tinto exploits out of its workers and rips out from the hands of local and "Third World" peoples. Such plunder is all too legal in most parts of the world but from the standpoint of the toiling masses it is just as criminal as bribery and corruption. Stern Hu was on a salary package in excess of \$2.5 million per year. Especially by Chinese standards this was extremely high – his salary was many, many times greater than that paid to the top executives of China's biggest state-owned enterprises. This "legal" salary combined with his receipt of bribes allowed him to live a spectacular lifestyle. An investigative report by leading Hong Kong newspaper, *Wen Wei Po*, found that Hu owned at least three luxury villas each worth more than 100 million yuan (\$17 million)! Stern Hu and his underlings got what they deserved. It's just that Rio Tinto's Australian-based top bosses need to also now be brought to justice.

### **A GREAT TIME TO STICK THE BOOT INTO THE RIO TINTO BOSSES**

Despite Rio Tinto's best efforts to wash their hands of this scandal they have been considerably tainted by it. The PRC's exposure of the corruption of four of Rio's top China-based executives and the Shanghai court verdict's implication of the Australian



**Australian capitalist "democracy" at work:** Massive police mobilisation intimidated anti-war demonstrators protesting at the September 2007 APEC Summit in Sydney.

headquarters' role has highlighted the immoral greed of Rio Tinto and its ilk. For example, soon after the Rio Shanghai bosses were formally arrested, China's official *Xinhua* news agency published an article attacking multinational companies' lack of ethical responsibility. The article (13 August 2009) detailed other cases where Western corporations (including German conglomerate Siemens, U.S.-based label maker Avery Dennison and a subsidiary of French company Alcatel-Lucent) have been found to have bribed Chinese officials or Chinese state-owned company managers - often through "gifts" and paid sightseeing vacations disguised as business trips. Interestingly, the *Xinhua* report highlighted the ongoing struggle of the Bougainville people to seek damages from Rio Tinto for crimes against humanity and racial discrimination stemming from its actions over the Panguna mine.

However, Rio's reputation has been tarnished far beyond China too. Indeed, after the four executives were convicted public pressure was building for the US Securities and Exchange Commission and Britain's Serious Fraud Office to investigate the corporation. In Australia demands for Australia's corporate regulator ASIC to investigate Rio have come from a surprising corner - The Greens party parliamentarians. Throughout this drama, Bob Brown and his Greens have acted as poodles for Rio Tinto and its corrupt bosses. Inciting Australian nationalism and appealing to anti-communism, the Greens feverishly denounced the PRC's efforts to bring the Rio bosses to justice. Immediately after the verdict was announced, Bob Brown ranted that the trial had been "manifestly unfair" and that "Australians should be concerned ... the legal system there is corrupt." With touching devotion to the corporate exploiters, Brown declared the reason for his great concern at the verdict: "This has to be seen as a message to the corporate world to go easy in China or else" (*Sydney Morning Herald* website, 29 March.) However, some Greens supporters are not all that fond of corporate thugs like the Rio bosses. No doubt this was a big factor in why Bob Brown changed his tune the very next day. Although he failed to retreat from his disgusting China-bashing stance, Brown now stated:

"Australian authorities should investigate Rio Tinto to find out where that money has gone and who else was involved.

"The Australian Federal Police may also want to investigate Rio Tinto's part in allegations of bribery and use of commercial secrets as Australia is a signatory to the UN Convention Against Corruption.

"Rio Tinto is reported to have received multi-billion dollar advantages from the activities of Hu and his fellow accused."

- Greens Press Release, 30 March

The trouble is that one can have no confidence in the ability of either ASIC or the Australian Federal Police to further expose Rio Tinto corruption. Why? Because these agencies form part of a capitalist state whose very purpose is to enforce the interests

of the big business owners. That is after all the reason why Rio Tinto has never been brought to task in Australia - despite often acting in an *above the law*, mafia-like manner. There is, however, one force that can investigate Rio Tinto and that is the trade unions. **The union movement should demand that it be allowed to investigate all of Rio Tinto's books.** To motivate this demand our unions would emphasise that as mass organisations of workers who are exploited by the likes of the Rio bosses, the unions have more capacity to resist being swayed, induced or bribed by Rio than the likes of ASIC do.

Now in carrying out inspections of Rio Tinto accounts, our trade unions should not be too concerned if Rio cheats fellow capitalist companies as that would mainly just mean one lot of leaching multi-millionaire big shareholders and executives stealing from a rival lot. However, when Rio Tinto rips off socialistic state-owned Chinese firms like Baosteel or Anshan Iron and Steel Group, it is ripping off firms that are collectively owned by all the Chinese people. It is effectively stealing from one in five of the world's people!

Trade union inspectors would not only be looking at Rio Tinto's machinations against companies but would be mainly examining if the same methods that were so spectacularly blown out of the water in China are being tried by Rio against workers and communities. We know that Rio in the 1990s openly bribed workers to keep them out of the unions - are they still doing that but covertly? Any bribing - whether direct or indirect - of community leaders and organisations in order to quell resistance to the way they have undertaken mining projects must also be exposed. Furthermore, are Rio in Australia replicating their espionage against state-owned Chinese firms by spying on union activists as they did in the past. How much are they paying private security firms, private investigators and scab-herding "troubleshooters" for anti-union and anti-community tasks? What amount of Rio's revenue goes into paying image consultancy firms and lobbyists? How much do they influence state institutions by funding political parties and semi-political organisations like "rights" groups, social activist networks, foundations and community organisations? To find all this out, union inspectors will need to see more than just the account books since outlays in these areas can easily be disguised under ledger columns with titles like "Community Assistance," "Consultancy" etc. Therefore, **trade unions should also demand the right to inspect all of Rio Tinto's internal and external management correspondence.**

With corporate corruption very much in the news following the Rio Tinto trial in the PRC, this is a great time for the union movement to demand the right to inspect the books of other corporate giants too including BHP, Xstrata, Qantas, Lend Lease etc. In particular, **the workers movement must insist that the restrictions on union rights to inspect company documents contained in Rudd and Gillard's Fair Work Act be abolished.**

Any exposure of the corrupt and devious methods used by Rio and their ilk can only

help to popularise the need to oppose their attacks on workers' rights, unions and jobs. It has been notable that despite the unanimously hostile coverage of the China Rio Tinto prosecutions by the Australian media and the denunciations of the trial verdict by Labor, Liberals and the Greens alike, a significant minority of people in Australia have welcomed the convictions. A poll conducted by the right-wing *Australian* newspaper found that 28.5% of respondents considered that the jail sentence handed to Stern Hu was fair and a further 7.5% felt it too lenient. The fact is that working class people, the more so after the Global Financial Crisis, see the corporate executives as greedy leeches who do much harm to people's interests. The high-level corruption at Rio Tinto exposed by China will only add to such justified resentment.

Now that we have seen that a serious force – namely, the PRC state - has struck a blow against the Rio Tinto bigwigs, it is time to take up the offensive here against the anti-worker attacks and unrestrained greed of all the big corporate bullies. Among the points that the Australian union movement should raise in connection with China's arrest of the Rio Tinto executives include the following:

- **Rio Tinto and other private corporations' greedy acts should be challenged not only in China but in Australia** and elsewhere. We know that Rio Tinto has been ripping off the Chinese people for years. Yet it is only Rio's rich owners, executives and royalty-receiving parasites that benefit from this – not its workers. So despite paying out lavish executive salaries and over \$2.6 billion in profits to shareholders for 2008 dividends, Rio announced in December 2008 that it would slash its workforce by 14,000. It cut hundreds of jobs from its Alcan alumina refinery in Gladstone, Queensland, its Weipa bauxite mine and its coal operations in Queensland and NSW. We must not allow companies making such huge profits to slash jobs. We must fight for the demand that all companies able to grant their owners a dividend or who pay any executive more than a \$300,000 annual remuneration be banned from laying off any workers.
- Rio Tinto must massively increase its payment to the Ngarluma Aboriginal people in Western Australia for letting the company expand its Pilbara ore traffic through their land. The community are angry that the company has been trying to cheat on its initial agreement by retrofitting all sorts of additional demands into the deal.
- For Rio Tinto to pay out the compensation justly being demanded by Bougainville people in a current U.S. court case. The compensation is for crimes against humanity and racial discrimination in connection with Rio's actions over the Panguna mine.



**Showing whose side their on:** Australian Police attack BHP workers during the January 2000 strike at the Mt Newman mine in the Pilbara

- Smash Rio Tinto's refusal to accept union agreements with workers in key areas! Defeat Rio Tinto's attempts to resist bargaining with unions in its Pilbara iron ore operations!
- Smash Rio Tinto's union-busting actions in Boron, California! Victory to the Boron mine workers!
- Extradite to China the Australian-based Rio bosses like Sam Walsh. Walsh's office was proven to be responsible both for receiving the secrets stolen by Stern Hu and for further encouraging or, indeed, even instigating his corrupt activities.
- Thank you Peoples Republic of China for standing up to the Rio Tinto corporate thugs. But go further - Expose more fully the role of Australian-based Rio Tinto executives in the corruption!

To fight for these demands a rally has been called for Thursday, May 20 in Sydney city under the slogans, "China is Cracking Down on Private Sector Corporate Greed and Corruption – It's About Time that Starts to Happen Here! Stop Rio Tinto's Plundering and Union Busting!" The demonstration will commence at 5pm outside the Sydney headquarters of Rio Tinto at 19-29 Martin Place. Proud trade unionists, supporters of Aboriginal rights and opponents of the exploitation of the "Third World" should join the action.

Of course, the ability to fight for this agenda will be assisted by any further exposure of Rio's behaviour by PRC authorities. The Shanghai Court verdict of the Rio Tinto trial has stated that those who paid or received bribes from the Rio Tinto executives or handed over secret information will face a separate trial. This presents a vehicle for more details of Rio's corruption to be brought out – in particular the role of the Australian-based

hierarchy. Strongly anti-capitalist elements within the PRC establishment will be pushing for such an exposure while more right-wing sections of the Chinese bureaucracy will resist such an outcome. However, the outcome of these factional disputes will in part be shaped by events abroad, especially in this case in Australia. If PRC authorities see only uniform hostility from Australian society to the Rio Tinto verdict, the pressure will be on for them to tone down any revelations about Rio Tinto's Australian-based bosses. On the other hand, a strong showing at the May 20 rally, an event that has already gained much publicity within China, will encourage anti-capitalist elements within the PRC state that want to fully expose the crimes of the likes of Rio Tinto.

### **AUSTRALIAN MEDIA CONDEMNS PRC ANTI-CORRUPTION MEASURES AS “OUTRAGEOUS ACTIONS”**

When the Rio Tinto bosses were arrested in Shanghai last July, the rich classes in Australia and indeed throughout the Western world responded with hysterical fury. How dare the Peoples Republic of China (PRC) do this! Sure, an ex-corporate high flier on extremely rare occasions can get nabbed in a Western country too but to jail serving top executives from an absolute giant like Rio Tinto (the third biggest mining company in the capitalist world) when those executives were acting to increase profits for the company's owners ... that is sacrilege as far as the capitalist class is concerned! After all, when was the last time that a serving top boss of a corporate behemoth - like Rio Tinto, BHP or Murdoch's News Corporation - was imprisoned in Australia for an economic crime?

In Australia the Rupert Murdoch-owned media outlets led the anti-PRC tirade that followed Stern Hu's initial detention. In a 13 July 2009 article the foreign affairs editor of *The Australian* screamed of China's supposedly “outrageous actions” and of a “grotesque injustice done to Hu.” Meanwhile, Australia's Foreign Minister, Stephen Smith, tried to interfere in China's judicial process by rejecting outright the espionage allegations against Stern Hu while Kevin Rudd warned Beijing that it risked its international commercial reputation in the matter. However, the response of the Australian Labor government was not enough for the Liberal/National opposition. The Liberal-National Coalition which is quite brazenly the voice of the capitalists demanded an even more pugnacious response against China.

Yet, despite all this pressure, on August 10 last year China's National Administration for the Protection of State Secrets released a report detailing the seriousness of Rio Tinto's crimes. They said Rio Tinto's commercial spying involved “winning over and buying off, prying out intelligence, routing one by one, and gaining things by deceit” over six years. This prompted a worried Murdoch journalist to write in the financial pages of *The Australian* (11 August 2009) that:

The risible allegations published on a reasonably official Chinese website over the weekend doubtless reflect ingrained antagonism towards Western capitalism and its

corporations.

Most notably, *The Sydney Morning Herald* (10 August 2009) reported that, “Rio executives were shadowed and intimidated during a recent visit to Shanghai.” A later report (22 March) revealed that one of the three Rio executives trailed by plain-clothes Chinese state security officers was none other than the 9.9 million dollar man, Rio CEO Tom Albanese. In reading such reports, union activists who have worked in Rio Tinto operations would be completely justified in thinking to themselves: those scumbags are finally getting some of their own medicine! During industrial disputes many trade unionists have experienced being spied on and threatened by Rio Tinto-hired security guards. Now finally someone is able to dish out the same to the callous Rio Tinto bosses. Awesome!

It is probable that some elements within the PRC state at that time considered arresting Tom Albanese. That would have been spectacular! This arrest, however, did not take place. This was not because of any innocence on the part of Albanese but because the PRC wrongly recoiled from such an arrest to avoid the diplomatic assault they would have copped from Canberra and other imperialist governments over such a move against the overseas-based CEO of a Western-owned corporate giant.

Also out of such diplomatic considerations, PRC prosecutors downgraded the initial characterisation of the second charge of “stealing state secrets” to a slightly lesser charge of “stealing commercial secrets.” In the meantime, by a couple of months after Stern



Perth mansion until recently owned by mining heiress Angela Bennett. Last year she sold the home to fellow mining magnate Chris Ellison for \$57.5 million. Bennett became a billionaire through receiving royalties from Rio Tinto's Pilbara iron ore operations.

Hu's initial arrest, Australian politicians started to slightly moderate their denunciations of the Shanghai arrests. From their own research and briefings and from conversations between Stern Hu and Australian consular officials in China, the Australian government realised that the Rio Tinto four - and indeed Rio Tinto itself - was guilty. That put them in a weak position to attack the PRC over the issue. Consequently, even hard right-wing opposition politicians like Barnaby Joyce toned down their initially rabid rhetoric. No doubt Joyce and Co. were briefed on the facts too.

However, as the trial approached the issue heated up again. The prospect that top bosses from an Australian corporate giant would actually go down was too much for the Australian ruling class. When the guilty verdict and sturdy sentences came through, Liberal, Labor and Greens politicians alike vented their anger at the ruling. The big business lobby, the Australian Chamber of Commerce and Industry, denounced a supposed "lack of transparency" in the trial and demanded "clarity" on what is considered a commercial secret in China. The mainstream media were, if anything, even more hard line with report after report attacking the PRC legal system. Talkback radio hosts did their best to whip up anti-communist, anti-PRC sentiments, devoting whole hour-long programs to the issue.

Yet in China itself the prosecution of the Rio executives was very popular. One reason for this is simply that the egalitarian-minded Chinese masses simply don't like capitalist bosses. Secondly, foreign-owned companies in China have a reputation for ill-treating locals and exploiting Chinese workers. Although Rio Tinto does not have production operations within China, the devious methods it used to rip off socially-owned Chinese firms stunk of the greed typical of Western-owned manufacturing companies operating in China. The fact that the Australian government tried to sway the trial in favour of Rio only made Chinese working people and leftist youth more determined to see the executives brought to justice. Such behaviour by Canberra just caused Chinese people to recall the humiliation of the pre-revolutionary days when in whole industrial regions (known as "concessions") within key Chinese cities a system of "extraterritoriality" reigned whereby various Western imperial countries exercised direct legal power and their corporations and personnel were exempt from Chinese law.

Most significantly, when Rio Tinto rips off state-owned Chinese companies it is ripping off firms that are jointly owned by the 1.3 billion Chinese people. Furthermore, when Stern Hu and Co. solicited bribes to favour private Chinese steel companies in ore supply they were buttressing firms owned by capitalist exploiters at the expense of the nationally-owned enterprises. Consequently, staunch communists inside China rightly saw Rio's actions as undermining China's socialist sector enterprises.



**Position no immunity:** Former Shanghai chief and Communist Party of China Politburo Standing Committee member, Chen Liangyu at his April 2008 sentencing hearing. Chen was jailed for 18 years for allowing state assets to be illegally acquired by private bosses in exchange for bribes.

### **RIO PROSECUTIONS: PART OF CHINA'S BROADER WAR AGAINST CORPORATE CORRUPTION**

The Australian mainstream media and politicians have tried to claim that the arrests of the Rio Tinto executives are a way of China improving its bargaining position in iron ore negotiations. Further, they speculated that China is punishing Rio Tinto for tearing up an agreement for state-owned Chinese company Chinalco to take an 18% stake in Rio. At the most extreme end of "commentary", hard right-wing Foreign Editor of *The Australian*, Greg Sheridan, screeched that "Beijing's aim is to intimidate Australia, our government, our corporations and the broader civil society" (23 July 2009.)

A rational look at the issue would find such claims highly flawed. For starters it has now been revealed in the fine print of the media that "the Chinese government investigation, which led to the arrests, dates back to about a year earlier ...." (*The Australian*, March 31.) Crucially that is well **before** the unravelling of the Chinalco-Rio deal. So much for the "Revenge for the failed Chinalco bid" theory!

Furthermore, those arrested in the scandal include not only the four Rio Tinto executives but executives of Chinese steel companies that buy iron ore from Rio Tinto. Wang Hongjiu of the Laigang group and Tan Yixin of the Shougang Group have been arrested. The latter has already been tried on charges of being lured by Stern Hu to hand over strictly confidential information about the negotiating strategy and price plans of Chinese state-owned steel companies.

For a while the Australian media made much of a claim that the Chinese private steel

bosses who confessed to paying bribes to Rio Tinto executives were not themselves arrested. Yet this line of attack has also been demolished. The verdict on the trial of the four Rio executives states very clearly that all executives named in the proceedings as having paid bribes or been lured to divulge trade secrets will be dealt with in a separate case. That includes at least 19 Chinese nationals including billionaire Du Shuanghua (*The Australian*, 3 April.)

Indeed, contrary to claims that PRC authorities were picking on Rio Tinto, the PRC has prosecuted many Chinese company bosses for economic crimes that not only have no connection to the Rio scandal but have no connection to dealings with foreign companies at all. So on August 7 last year Li Peiying, former chief of the Capital Airports Holding Company (CAH), was executed after being convicted of accepting bribes. The previous month Chen Tonghai, the head of China's biggest oil refiner - *i.e. the Chinese equivalent of the head of an Exxon-Mobil or Shell* - was given a suspended death sentence (essentially life imprisonment.) And to top it off just days after Stern Hu and the other Rio Tinto executives were formally charged China's (now ex-) richest person, retailing magnate Huang Guangyu, was formally charged with bribery and illegal business dealings (see below.) So, sorry Mr Greg Sheridan, we all know that as a poodle of Rupert Murdoch you just adore the bosses of capitalist corporations. But don't try to portray the Rio arrests as a specific attack on Australian people – no, it is instead part of the PRC's offensive against corporate crooks whatever their origins. A war that is indeed very popular amongst the Chinese masses.

### **ANTI-COMMUNIST CONSPIRACY THEORIES BLOWN TO SMITHEREENS**

All of the Australian media's theories that the Rio Tinto four had been framed up received a sensational blow on the very first day of their trial when all four of the executives admitted to taking bribes. Their disappointment over this development was etched all over the faces of the media commentators that evening on national television. They knew that their best laid Communist China-bashing plans had just been drenched by a big bucket of cold water.

In desperation the media tried to rescue the situation with some laughable arguments. For one, they claimed that in China the receipt of bribes is a grey area because the country has a culture of gift giving. Indeed, such a culture does exist. However, that is for gifts like sweets, pens, small amounts of money, concert tickets, watches etc to friends and family *not* "gifts" of \$US798,600 or \$US9 million to business associates! What is more, when people who have nothing to hide receive huge sums of money they receive them through money orders, wire transfers etc – they don't receive huge amounts of cash stuffed into brown paper bags and cardboard boxes as the Rio executives did!

As to the second set of charges of illegally obtaining commercial secrets, the media again spoke of a "grey area in China" as to what a commercial secret is and what

properly belongs in the public domain. Yet the information illegally obtained by the Rio bosses was so obviously *not public*. This is why it was confined to internal minutes of the China Iron & Steel Association: minutes that even most managers within the member companies – let alone the other side in negotiations – were not privy to. Stern Hu and his sidekicks of course **knew** that this information was confidential which is precisely why they had to use promises/bribes to lure Chinese executives to hand it over! To see just how conscious the Rio bosses were that they were illegally obtaining commercial secrets, consider the manner in which they got hold of the sensitive No.66 document of CISA, a document containing China's iron ore price negotiating strategies. Firstly, Stern Hu on 27 April 2009 sent a letter to his underling Liu Caikui inquiring whether Liu had gotten relevant internal documents belonging to the CISA. Tellingly, Stern Hu suggests that the names of the recipient of any CISA document obtained by Liu be deleted on any copy sent to him (*i.e.* in case the transfer of the illegal information is exposed). Liu replies the next day, explaining to Stern Hu that he could get the information but [it would not be easy because] CISA requires all of the recipients of their documents to keep the documents **in confidence and destroy them after reading**. These conversations between Stern Hu and Liu are recorded in the Rio Tinto emails seized by PRC authorities following the arrest of the four executives. Furthermore, Liu admitted that when he met Wang Hongjiu, a manager with steel maker Laigang, to get the No. 66 minutes, Wang tried to cover himself by tearing off the fax header (showing his identity) from the document. Meanwhile, the document itself was marked with the words "confidential document." Doesn't sound like too much grey area around here!

As the *facts* turned against Rio Tinto, Australian capitalist politicians and media commentators shifted their focus to the *process* of the Shanghai trial. Insinuating that the trial would not be fair, Kevin Rudd arrogantly declared to China that "the world will be watching how this particular court case will be conducted." Meanwhile, the media cried that the defence had been kept in the dark about the charges. No doubt they were hoping that no one would have remembered the fine print in their own reports from the previous month which informed that Chinese courts had handed over to the Rio bosses' defence team thousands of pages of documents and evidence that reportedly stacked up over a metre high!

If the details of the charges against the executives had been kept away from the Australian public until the verdict then that is mainly the fault of the Australian government and its consular officials. They knew all the details and were in contact in the lead up to the trial with Stern Hu, his family and his legal team and with Rio Tinto. Yet they did not reveal these details **because they knew that Stern Hu was guilty**. This was especially apparent after the first part of the trial on receipt of bribes where Australian consular officials were allowed to witness the proceedings. Yet coming out of the court room, Australian consulate general Tom Connor would only tell the media that Hu was accused



Workers at a facility of the state-owned Baosteel Group – China's biggest iron and steel enterprise. In China the equivalents of BHP, Rio Tinto, Woodside, Xstrata, Bluescope Steel, One Steel etc are all state-owned.

of receiving two bribery amounts and that he “did acknowledge the truth of some of those bribery amounts.” Other than the amounts of the bribes, the consulate general provided no further details. On the one hand this served to mask the full colour of the crimes conducted and on the other hand helped to play into the myth of a trial conducted “in the shadows.” The Australian bourgeois media then built the myth further by refusing to grill the Australian government for more details. The media never condemned Australian

authorities for hiding the details – no it was only the “Communist Chinese authorities” that were “keeping everyone in the dark.”

Australian politicians and media then made much of the fact that the second portion of the trial was held behind closed doors. Yet in Australia many cases are also held in secret. This was pointed out in a rare, perhaps even unique, (somewhat) dissenting voice in the Australian media about the Stern Hu trial by legal affairs reporter Joel Gibson (*Sydney Morning Herald*, March 27.) Among the cases that have been held in secret here include cases involving trade secrets and tax matters. Gibson's article refers to a case in 2002 where a Rio Tinto subsidiary succeeded in having parts of a Victorian Supreme Court hearing about its compulsory acquisition of small shareholdings in a diamond trust held in secret. As a result, the Rio Tinto subsidiary was able to acquire the shares without the small holders being able to be part of the legal proceedings about whether they were getting a fair price. Gibson reported the response of one of those former small shareholders, Bob Catto, to the recent Shanghai trial:

“Bob Catto's ears were burning this week....”

“He said it was ‘absolutely hypocritical’ for Rio or Australian politicians to point the finger at Chinese courts.”

Other matters in Australia where secret justice is meted out, in part or in full, include serious terrorism cases and cases where Australians are refused passports – of which there have been forty in the last nine years. Recently it was announced that Iranian-born Sydney cleric Mansour Leghaei was being deported despite getting a rave review from none other than the now federal Attorney General, Robert McClelland. Yet no one, not even the cleric himself, knows why he is being deported because secrecy provisions in Australian laws have kept the goings-on in courts behind closed doors. At least Stern Hu and his lawyers were able to attend their entire trial and contest the charges!

Now it is quite understandable that PRC authorities wanted to keep Western media out

of the Rio Tinto trial. In a world where, currently, capitalists hold sway over most of the globe (i.e. outside of China, Cuba, Vietnam, North Korea and Laos), the moguls who own the Western media have enormous power to shape international public opinion. And feeling an upper class solidarity to the arrested Rio bosses and an equally upper class hostility to China's socialistic state structures, the people who run the Western media have been pushing an intensely partisan line against China's prosecution of the Rio executives. It is thus reasonable for the PRC to be worried that this powerful media could either influence the trial or affect the way the verdict is received. Australian pro-capitalist politicians call that “a lack of openness.” Yet if every “opening” is smothered with a blanket of biased pro-capitalist media coverage such that no other rays of political light can be seen, that is hardly “openness.”

### **“COMMUNIST PEOPLES REPUBLIC OF CHINA” OFFENDS “FREE-MARKET” SENSIBILITIES**

From the time that the Rio Tinto bosses were first arrested it has been evident that underlying the tensions between Canberra and Beijing over the issue are the differences between the Australian and PRC social/political systems. Thus one of the aspects of the arrests that infuriated Australia's political elite the most was China's initial classification of the matter as a national security issue. To Australia's ruling class the idea that an alleged infringement on Chinese corporations could be considered an attack on the Chinese state proved that Chinese corporations were in fact not “independent” but part of, and subordinate to, the PRC state. The Australian political establishment were seeing RED ... communist red! National Party senate leader Barnaby Joyce repeatedly thundered that the whole issue proved that “state owned enterprises of the communist People's Republic of China are at one in their purpose and organisation with the Government of China” (*ABC 7.30 Report*, 9 July 2009.) In this part of their analysis, Barnaby Joyce and his ilk are, in fact, in large part correct. China's economy does not function like capitalist economies - where the corporations and therefore the small number of very rich people who own them basically operate independently of state control and indeed independently of the the control of the vast majority of the population. In China's as indeed in Cuba's socialistic system the most important corporations are instead state-owned. Notwithstanding the distorting effects of China's corruption and bureaucracy, these corporations are ultimately controlled by the socialistic state to serve the overall interests of the ordinary people. Thus if major state-owned corporations in a “communist peoples republic” are being attacked, like the steel companies that Rio Tinto stole information from, then this really is an attack on the whole society's “economic security” – and in China's case an attack on the economic well being of 1.3 billion people. This is completely different to Rio Tinto ripping off Bluescope Steel here, ie one bunch of the very rich ripping off another bunch of the very rich.

Western politicians that represent the interests of wealthy classes, like Barnaby Joyce, of course see the social system in China and Cuba as abhorrent. However, for China's working class people the system of state-ownership of key economic sectors has meant a big improvement in their living standards over the last 60 years. Before China was pulled on to a socialistic path in 1949 it was a country mired in feudal backwardness and crushed under the boot of Western colonial powers. Now, not only is China making good progress towards catching up with the countries of its former imperialist oppressors but in some areas like public education and public transport it is moving ahead of them. Most importantly, unlike the growth that has occurred in capitalist "emerging economies" like India, China's development has truly brought improvements to the lives of the masses. So, while the number of people in dire poverty continues to increase in many parts of the world, even the Western-dominated World Bank's figures show that the **Peoples Republic of China accounts for nearly all of the world's net poverty reduction that has been achieved since 1981.**

It is important to understand that the state-owned enterprises in China play a very different role to the state corporations that exist in capitalist countries like Australia, Pakistan, Papua New Guinea, Britain and the Philippines. In the capitalist countries state industry is typically only present in those sectors – like utilities - which are relied on by the overall economy to provide affordable services but which are themselves not necessarily such profitable enterprises when operating in this manner. In other words, these state firms mainly exist to provide services at a price that will allow their private sector customers the chance to make big profits. Often, the state corporations themselves are loss-making operations subsidised by the tax payer. And as soon as private capitalists see a way to make big profits from their operations, governments dutifully try to privatise these state corporations – as the NSW state government is now trying to do with electricity generation. In contrast, in the PRC, state-owned companies dominate all the key sectors including the most profitable ones like banking, insurance, telecommunications, etc. According to 2005 official figures, 95.5% of revenue from China's most profitable industry – petroleum and natural gas extraction – went to state-owned firms (see Bank of Finland, 2007 report, *The Chinese government's new approach to ownership and financial control of strategic state-owned enterprises.*) This is definitely not what happens in Australia – where the rich owners of BHP, Woodside, Chevron, Shell etc reap the profits of the oil and gas industry – or in India (where the two Ambani brothers control the oil/gas sector allowing them to possess a combined wealth equal to 5% of India's entire GDP!) Furthermore, China's level of state ownership of this key oil and gas industry is even much more than that which occurs in countries ruled by left-nationalist governments - like Hugo Chavez's Venezuela.

Since the Beijing government introduced pro-market reforms thirty years ago, the Chinese state-owned companies have to a degree operated under the profit motive.

Nevertheless, they are still constrained by the PRC state to serve first and foremost overall social goals – such as women's rights and development of poorer and ethnic minority regions. This is especially the case in difficult times. So, during the global recession, it was China's state sector that pulled its economy through the crisis and boosted employment to make up for job losses in the private sector. To do this, the state-owned enterprises had to defy the normal market principle that lower profits should mean reduced investment and employment. At the height of the crisis in January 2009 as their counterparts in the capitalist world – and in China's own private sector – slashed investment, China's state-owned giants went on a spending splurge to upgrade equipment and build new infrastructure. They took some 90% of the record 1.6 trillion yuan (\$334 billion) in new loans that China's banks lent out in that month (*The Weekend Australian Financial Review*, 9-13 April 2009.) Such investment during a global recession is completely irrational if your primary goal is making profits for your owners. But if your aim is to promote the welfare of working-class people it makes perfect sense since it means workers' jobs are protected in difficult economic times. Similarly, when East Star Airlines, one of China's small private airlines, went bust last August, China's state-owned national carrier Air China made a point of immediately recruiting 600 of the 1,000 staff laid off by the bankrupt private airline – even though the state-owned airline had itself suffered a big loss in 2008. Compare this act by socialistic Air China with that of capitalist-owned Qantas. Here, Qantas is not only **not** soaking up jobs lost elsewhere but is itself cutting its workforce – and that after having made a \$479 million after tax profit in 2008.

To be sure, China's state-owned companies are not without problems. They are yet to reach the level of operating in a truly socialist way. Although workers congresses within the company give workers some influence over company direction, for the most part workers do not have channels to participate in the direct administration of the firms. Hence, although all the people collectively own these state enterprises, decision-making is done in a bureaucratic way by the management. This, on the one hand, can lead to inefficiencies in the administration of the firm and, on the other hand, to the suppression of initiative from workers and technical personnel. It was partly to overcome such problems that the Beijing leadership under Deng Xiaoping turned to market reforms in the late 1970s. The idea was that to a degree the market would be used as a "whip" – that is, the prospect of higher incomes for some and the threat of lower incomes for others – to spur people to produce more. Each state enterprise would now keep to itself more of the fruits of its own production as would each region of the country. This was different to earlier decades when the wealth was more evenly spread. Private and foreign investors were now invited to take minority stakes in state enterprises and foreign capitalists were allowed to set up their own manufacturing plants sometimes in joint ventures with state firms. In the absence of genuine workers' administration of society



that could really motivate the masses to drive the economy forward, the introduction of such market measures did to a degree whip people into increasing production. However, this should not be exaggerated. It is not the market reforms but rather the continuing state ownership of pillar industries and the socialistic state's control over the economy that has underpinned China's rapid growth.

Furthermore, the market reforms have created a host of problems. As the post-1978 reforms were rolled out, the newly rich private business owners and the managers working for foreign-owned corporations got a taste of capitalism and pushed for more. Hence, in the late 1990s-early 2000s many smaller state-owned enterprises were privatised. All these pro-market measures have led to much greater inequality within China – between rich and poor, between urban areas and rural areas and between wealthier coastal provinces and poorer Western regions. It has also spawned a great deal of corruption. Often this has involved state enterprise managers selling off state assets or part holdings of state companies to themselves or to their friends and relatives. At other times, wealthy private bosses have bribed government officials to ignore workplace safety concerns or to win development contracts.

Nevertheless, despite all this corruption and weakening of the state sector, the socialistic public sector still to this day dominates the key planks of the Chinese economy. So if you look at the Chinese equivalents – in terms of areas of operation and level of market dominance - of BHP, Rio Tinto, Fortescue Metals, Bluescope Steel, OneSteel, Qantas, Virgin Blue, AMP, QBE Insurance, Woodside, BP Australia, Shell Australia, EDI Rail, United Group, Telstra, Optus, Asciano Limited (Patricks Stevedoring), DP World, Ford, GM/Holden, Toyota, News Corporation, Fairfax Ltd, Commonwealth Bank, Westpac, ANZ Bank and National Australia Bank you will find that **each and every one** of the equivalents of these Australian businesses in the Peoples Republic of China are *state-owned*. Furthermore, even China's biggest nominally private corporations often have significant state ownership with sometimes the state even holding control of the board. Take, for instance, China's largest "privately"-owned company, computer maker Lenovo. Despite Lenovo's status as a "private company" it is 42.3% owned by its parent Legend Holdings which is in turn controlled and 36% owned by the state-owned Chinese Academy of Sciences Holdings (as well as being 35% owned by its employees.)

### **THE CHINESE STATE'S VIBRANT TUNE:**

#### **“UPHOLD THE BASIC ECONOMIC SYSTEM**

#### **WITH PUBLIC OWNERSHIP PLAYING THE DOMINANT ROLE ...”**

Despite the dominance of state-owned firms, the existence in China of a layer of private business bosses and a larger stratum of privileged upper-middle class people presents a formidable danger to the socialistic foundations of the PRC. Although in percentage terms these layers form just a small part of the Chinese population, they have much power due

to their wealth. Moreover, they are politically nurtured by their counterparts in the West, Taiwan, Hong Kong and Singapore - all of whom are eager for capitalist restoration in China. What has to date stopped the pro-capitalist strata from seizing political power in China is the fact that the state institutions there – including the Peoples Liberation Army (PLA), Chinese police, peoples courts, state planning bodies etc – at this point remain wedded to the socialistic order. These state organs were formed in the course of fighting and winning the Chinese Civil War that culminated in the 1949 revolution. The Civil War was a fierce struggle that saw hundreds of thousands of fighters in the PLA and other revolutionary organisations give their lives to ensure the victory of impoverished tenant farmers and workers over the landlord/capitalist exploiters. Thus the PRC state institutions were imbued at birth with a sense of mission that they exist to serve the poor masses and this tradition has been passed on from one generation of institutions to the next.

This character of the PRC's state organs naturally also shapes the way that its state-owned enterprises are run. Although since the market reforms state corporations have been given more autonomy to set their own policies, their boards are ultimately still subject to supervision by the organisations of the Communist Party within the enterprise – the same Communist Party that led the anti-capitalist 1949 Revolution. To get a sense of what this means, consider what it would be like if BHP, Rio Tinto and all the banks in Australia are not only nationalised but are put under the control of committees made up of the most militant union delegates and the left-wing activists involved in, say, the 2007 anti-APEC protests. Then you can understand why anti-union right wingers like Barnaby Joyce are hopping mad at the prospect of PRC state enterprises acquiring companies in Australia!

To be sure, both cynicism bred by corruption and the march of time have weakened the revolutionary character of the PRC's state organs. However, the basic character of these state institutions has not been decisively altered. It was notable that during the lead up to the recent 60<sup>th</sup> Anniversary of the PRC, PLA soldiers were chanting slogans such as “Uphold the basic economic system with public ownership playing the dominant



*Brought back to the people! Equipment belonging to Rizhao Iron and Steel which until recently was China's biggest privately owned steel maker. Rizhao was nationalised late last year after tycoon Du Shuanhua, formerly China's second richest person, was forced to sell the firm to a state-owned company at a low price.*

role ...” and “Build a socialist harmonious society and promote social equity and justice.” Compare that with the oath/affirmation that all personnel recruited into the capitalist Australian military are required to take: “That I will well and truly serve Her Majesty Queen Elizabeth the Second, Her Heirs and Successors according to law ... so that I will resist her enemies and faithfully discharge my duty according to the law.” Can there be a more glaring contrast! The capitalist military seeps its personnel in allegiance to that starkest of symbols of elitism and inequality – the hereditary monarchy - while the socialistic military is trained to uphold social equity and the dominance of collective ownership of the means of production.

With the PRC remaining a workers state even those – all too many – partial inroads that capitalists have made into the Chinese economy are reversible. This was apparent in a worried report in the Business pages of The Australian newspaper about the renationalisation of thousands of mines in China’s main coal producing region, Shanxi Province. The article, angrily titled “What’s Yours is Mine at the Coalface in China,” notes how wealthy private coal mine owners are being forced to sell their mines to the state at only about 30% of their real value (*The Australian*, 25 January 2010.) This amounts to *nationalisations without compensation* of 70% of these mines. The pro-capitalist journalist concludes his article by complaining that China is “a country with no private property rights.”

Indeed, the lack of a guaranteed “right” in China to the fruits of capitalist exploitation “oppresses” even the wealthiest of tycoons. Take, for instance, filthy rich capitalist Du Shuanghua, the until recently owner of China’s biggest privately-owned steel works, Rizhao Iron & Steel. In the first half of last year, the firm made a \$300 million profit. However, in a *Sydney Morning Herald* China “horror” story (August 31) it was reported that a state-owned steel company is now using evidence of claimed irregularities in Rizhao’s operating licenses to force Du Shuanhua to sell his company at a price *less than a third* of what its share value would imply. That plan amounts to the *nationalisation without compensation* of two-thirds of the main company owned by China’s second richest person. The following month the **forced** nationalisation of Rizhao indeed went ahead. Over two thirds of the company was taken over by state-owned Shandong Steel, reportedly at just a fraction of the market price (now to compound things for Mr Du he his likely to end up in jail for a long time after having been sprung for paying bribes to Rio Tinto executives.)

Could you imagine a similar thing happening under Australia’s current political system? Could you, for instance, envisage over two-thirds of the Westfield property group owned by Australia’s second richest person, Frank Lowy, getting forcibly nationalised for a “compensation” level much less than the market price? No way!

In Australia the Lowys, Richard Pratt’s heirs, James Packer and Gina Reinhart are all free

to ride high with their billions. However back in China, Du Shuanghua and the private coal mine owners are finding out the hard way what many other capitalists have already learnt: that while the PRC’s “market reforms” may have allowed them to extract or the chance to extract big profits, the “right” to capitalist exploitation is far from guaranteed in the “Communist Peoples Republic of China.” As one Chinese blogger put it in responding to a much commented article in a Beijing journal about tycoons and corruption: “Remember that any enterprise that is big will, eventually, become the government’s property” (*The Economist*, 5 September.) Although, unfortunately, such mandatory expropriation of big capitalist operations does not yet always occur, the blogger’s comment does capture a healthy aspect of reality in the PRC.



*Jilin Province, China, 24 July 2009: Militant street and factory occupation by thousands of steel workers. Workers action smashed attempt to privatise the state-owned Tonghua Iron and Steel Group.*

Nevertheless, the presence of capitalists within China has, of course, affected the PRC state institutions. This occurs not only through capitalists bribing officials but through all sorts of business and personal contacts between the new capitalists and the bureaucracy. If this were the only factor at play it would have by now led to the rollback of the PRC as a workers state and the restoration of capitalism in China. However, what has maintained the pro-socialist character of the PRC is the strong egalitarianism of the Chinese masses and the determination of decisive sections of the Chinese working class to maintain the social ownership of key industry. This was seen spectacularly in two recent workers struggles that **successfully reversed** privatisations of state-owned steel enterprises. In the first struggle on 24 July 2009 at the Tonghua plant in China’s northeastern Jilin province, workers’ victory came after thousands of them seized control of the newly privatised factory and kidnapped the greedy boss appointed by the private firm (eventually this boss died of injuries sustained from being beaten by the enraged workers.) Notable was the outlook of the workers participating in the action. Typical was the comment of a worker quoted in *Xinhua* news agency (5 August 2009):

“We prefer working for the state-owned company. It makes us feel more secure.”

Workers’ feelings on this issue are shaped by an understanding that in the PRC state-owned property belongs to them. As an economist at the prestigious Tsinghua University, Liang Xiaomin, put it: workers did not like the “transformation in identity in working for

a private enterprise.” A professor at the Jilin Business and Technology Colleges, Liu Qingbo, explained that: Workers in state-owned enterprises usually reject overtures from private companies which are regarded as pursuing overwhelmingly business interests but neglecting social responsibilities (*Xinhua*, 5 August 2009.)

This same sentiment was seen the following month when thousands of steel workers at the Linzhou Steel Corporation in Henan Province successfully stopped the privatisation of their plant after occupying the factory and seizing hostage a government official sent to oversee the sell-off. As *China Daily* reported: Most of the workers see the privatisation as a move to marginalise and “sell them out” to fill the pockets of the rich and powerful. Striking was a banner unfurled by workers during the five-day Lizhou occupation:

“Learn from the Tonghua Steel workers! Defend collective wealth!”

Such pro-socialist sentiments of workers gets transmitted through to the PRC’s state bodies. For example, Chinese provincial governments responded to the Tonghua and Linzhou steel workers’ struggles by asserting that any restructuring of a company must have prior approval of a workers congress of its employees. Furthermore, even after the Tonghua private would-be boss was beaten to death some PRC police publicly showed sympathy for the workers involved in the action and for the workers’ fears of job losses from the, now aborted, privatisation. The state-owned *China Daily* outlet quoted one police officer stressing that: “The workers were infuriated by an announcement made by the [new private company’s] manager Chen that the total number of 30,000 employees in the factory will be reduced to 5,000 after the merger.” You see, you just can’t beat 25,000 angry, determined workers, not in China anyway. Meanwhile, the PRC government-owned media have also taken a sympathetic attitude to the Tonghua and Linzhou struggles. For example, a postscript on the Tonghua incident in *Xinhua* (5 August 2009) is titled “Steel Company Executive’s Death Reflects Workers’ Insecurities.” The article goes on to focus on workers’ anxieties at the, now-aborted, privatisation rather than on the plight of the killed capitalist boss and his family. The article legitimised workers’ rage at the killed executive by highlighting the fact that the boss was receiving an exorbitant salary while planning to slash jobs and wages. It is worth contemplating the difference between this media coverage and the slant of Australia’s mainstream media. Can you imagine how the media here would react if a workers struggle like the one at Tonghua occurred in Australia? Here the media even goes ballistic if a union official enters a building site to have a few stern words with an unscrupulous boss!

### **THE PEOPLES REPUBLIC OF CHINA & THE CURSE OF FORBES**

The identification with a collectively-owned economy seen in the Tonghua and Linzhou struggles is especially strong amongst workers in the PRC’s state-owned enterprises. What is even more broadly felt amongst the Chinese masses is a simple, deeply held egalitarianism – a hatred of inequality that has been passed on down from the 1949



**No sympathy for rich exploiters:** Cartoon in a Chinese state-owned newspaper article (*China Daily*, 6 August 2009) about the Tonghua struggle mocks greedy executives keeping workers in the dark. The Tonghua Iron and Steel Group had been privatised but the privatisation was quashed after thousands of workers occupied the plant and fatally bashed the would-be private boss who had been planning mass layoffs. Can you imagine how the Australian mainstream media would react if the same thing happened here?

Revolution. As a result, once Chinese tycoons appear on either the *Forbes* or *Hurun* (a rival rich list to *Forbes*) rich lists, there is intense public pressure for the government to crack down on them. Beijing often obliges, particularly since the greedy billionaires often turn out to have first got a leg up through an “original sin” act of corruption. Not long after the 2008 *Hurun* rich list appeared the person who topped the list, Gome Electrical Appliances owner Huang Guangyu, was detained for economic crimes. Hundreds, possibly up to a thousand government officials involved in protecting Huang have also been rounded up. Last June the mayor of Shenzhen, the huge city near Hong Kong, was detained over the affair. And two top police officials including a former deputy minister of public security and a former Shanghai deputy police chief have also been detained on suspicion of bribery in connection with the case. Huang, himself, has remained in custody since his arrest.

Indeed, so many tycoons have been jailed or investigated that the *Hurun* and *Forbes* rich lists are widely known in China as “pig-killing” lists to refer to the fate the authorities are thought to have in mind for those who appear on them (*The Economist*, 5 September 2009.) This year a widely commented on article has appeared in China (in magazine and even novel form) appropriately titled *The Curse of Forbes* - i.e. the curse of appearing on the rich list!

It is worth comparing this reality of the PRC justice system with that of capitalist countries. In the PRC, the rate of imprisonment per head of the population is lower than Australia's and **less than one-sixth** of the rate of imprisonment in the U.S. Those given the toughest sentences in the PRC are often rich tycoons, corrupt government officials, owners of unsafe coal mines etc. In contrast, in the capitalist U.S. and Australia it is racial minorities and the poor - and in Australia especially Aboriginal people - who are given the harshest treatment. So when Kevin Rudd jibed at the start of the Stern Hu trial that, “China has a different legal system to Australia, China has a different legal system to the rest of the world,” he was actually right. Just not in the way that his comment was meant to be read!

### **AUSTRALIAN STATE: HUMAN RIGHTS FOR THE RICH, REPRESSION FOR THE POOR**

Australian media commentators and politicians have been quick to seize on the Stern Hu detention to claim that Communist China's legal system lacks the rights and safeguards that exist in “democratic” Australia. In a key piece, Barnaby Joyce claims that:

The detention of Australian citizen Stern Hu is exceptional to our expectations in Australia because the ethos, so central to our democracy, has led us to a naive belief, that our judicial principle, tilted towards the right of the individual to live in a quiet enjoyment in their own expression of thoughts, movements and pursuit of their own personal aspirations, is universal.

-*The Punch* (27 July 2009)

However, this “judicial principle” does not seem to apply in Australia to anyone who seeks to challenge big business' exploitation of labour. So, currently, South Australian construction worker Ark Tribe is facing jail for simply refusing to answer questions about his fellow CFMEU union members to the union-busting federal agency, the Australian Building and Construction Commission (ABCC.) Ark Tribe and his fellow workers at the Flinders University construction site had been summoned by the ABCC to answer questions about their organising efforts to get union representatives to enter the site to inspect potentially fatal safety dangers. Even though they were not being charged with any illegal action, the workers had no right to remain silent or to refuse the ABCC interview. For construction workers who stand up for their rights it hardly sounds like they are able to “live in quiet enjoyment in their own expression of thoughts.” Scores of other CFMEU unionists have also been persecuted and spied on by the Gestapo-like ABCC.



*Rigger and CFMEU union member Ark Tribe. He faces trial on June 15 and a possible jail sentence for merely refusing to attend an interview of the union-busting Australian Building and Construction Commission. Excuse me Mr Barnaby Joyce: is the present judicial principle in this country really “titled towards the right of the individual to live in a quiet enjoyment in their own expression of thoughts, movements and pursuit of their own personal aspirations”?*

Youth living in Australia's working-class suburbs also find little protection in Barnaby Joyce's mythical “ethos.” The “ethos” they are more used to experiencing is bullying by police. This is especially true of non-white ethnic youth. Just recall the incident on September 8 last year when police raided, without a search warrant, the house of a Muslim family in the Western Sydney suburb of Auburn. Claiming they were looking for drugs, police, acting with obvious racial prejudice, used excessive force against women and youth. In particular, the 46 year old mother residing in the house was brutally set upon by the cops in front of her son, requiring her to get hospital treatment for cuts and bruises. Although police found no drugs or large sums of money in the house, they managed to charge the mother's son with assaulting a policeman when he dutifully acted to defend his embattled mother. No wonder 150 outraged Auburn youth mobilised to face off heavily armed police for hours that night. The Auburn mayor, Irene Simms, responded to

the incident by publicly calling for the deportation of “these people” ... even if they were born in Australia. So much about the right of the individual to live in enjoyment of their own movements!

For most Aboriginal people the idea that their “individual rights” are protected by this country's “justice” system is a sick joke. A study released by the Australian Institute of Criminology on September 28 confirmed what most people already know: that police across Australia are far more likely to arrest young Aboriginal people and see that they go to court than non-indigenous juveniles who are much more likely to be let off with a caution. For instance, in NSW 48% of indigenous 10 to 17 year-olds were transferred to court compared to 21% of non-indigenous youth in the same category. And who could claim that any “ethos” of human rights applied to Ngaanyatjarra Aboriginal elder Mr Ward. After being arrested for allegedly drink driving, he was on 27 January 2008 thrown like an animal into the back of a Corrective Services van with no working air conditioner and transported over four hours through the hot desert from Laverton to Kalgoorlie for a

court appearance. From the extreme heat in the back of the van Mr Ward literally cooked to death. Yet as we go to press, no one from the Security firm responsible has been even charged over this gruesome crime.

Of course, the further up the scale of wealth that you sit in Australia, the more you are protected by certain rights. For the big business bosses who dominate this country it is more than a case of simply having the “right of the individual to live in a quiet enjoyment ....” No, it is more like the right to do almost anything they please and get away with it! The bribery and spying that Rio Tinto were engaged in inside China occurs, as we have shown, a great deal here too. It is just that *here* the state structure is so geared towards the wealthy that the corporate bosses almost always get away with such activities. To be sure, the Australian state enforces the interests of the capitalist class as a whole rather than that of each individual corporate boss – so particular individual corporate corruption cases can be on rare occasions prosecuted. Recently the bribery of former Queensland Labor government minister Gordon Nuttall by mining boss Ken Talbot and other businessmen was exposed. Yet the biggest of the corporate tycoons rarely get exposed and even when they do they usually somehow manage to wriggle out of it.

Take the case of the recently departed Richard Pratt who was one of Australia’s richest men. Pratt made a fortune from his Visy packaging business through shady dealings and a heavy-handed approach against the trade unions that sought to protect Visy workers’ rights. On November 2007, the Federal Court found that Pratt and his senior executives had knowingly formed a cartel with “rival” Amcor to fix prices. They had cheated customers - which in the end are ordinary people buying toothpaste, soap,

pet foods, soft drinks, baked beans etc - out of **\$700 million** by illegally keeping packaging prices high. To set up the scheme, the executives deliberately used pre-paid mobile phones that could not be traced and held secret meetings in private homes, hotel rooms and suburban parks. After over a year of denials, Pratt finally conceded just prior to the Federal Court ruling that he had knowingly broken the law to fix the prices. Yet the system was such that he only received a fine and was not jailed. It was only seven months later that Pratt was finally



April 24, 2009: Prime Minister Kevin Rudd leaves after visiting the mansion of ill tycoon Richard Pratt, then Australia’s richest man. Despite the billionaire being a swindler, whom was found to have taken \$700 million from the public through illegally conspiring with rivals to keep packaging prices high, Pratt was doted on by mainstream politicians to his dying day.

hit with criminal charges of giving false evidence to the ACCC (Australian Consumer and Competition Commission) about his knowledge of the price-fixing scandal. Yet by then Pratt’s wealth and connections were working to lionise him in the public eye and stymie efforts to prosecute him. Just six months before the original Federal Court ruling, even as public legal proceedings exposing him were in full swing, Pratt was awarded the Woodrow Wilson Medal for Corporate Citizenship, given to executives who “... by their examples and their business practices, have shown a deep concern for the common good beyond the bottom line”! Then powerful political figures threw their weight behind him. John Howard rushed to declare:

“I have found Mr Pratt to be a generous Australian. He has been very successful in business and my own dealings with him have always been very positive and I like him.”

- *The Sydney Morning Herald*, 13 October 2007

Meanwhile, Victorian Premier John Brumby chimed in, “I would be very happy to have Richard Pratt around for dinner.” Pratt established a spin team to flood the media with positive images and send letters and Powerpoint presentations to influential figures. The well-funded strategy worked. Just weeks before the original Federal Court ruling, Murdoch’s *The Australian Magazine* allowed Pratt a “tell-all” interview that served to lionise this crook. Meanwhile, Pratt called in favours with powerful figures in government, business and the bureaucracy.

As Pratt grew ill from terminal prostate cancer simultaneously with his case coming to court in April last year, prime minister Kevin Rudd, Victorian premier John Brumby, former PM Bob Hawke and a whole lot of other influential figures made very public visits to see him. Eventually the judge obliged by making an explosive ruling that Pratt’s admission of guilt in a statement of agreed facts in the earlier Federal Court matter could not be admitted as evidence. Then the prosecutor caved in to the high-level support for Pratt and dropped the case on the grounds of Pratt’s ill-health.

Certainly, even a ruthless corporate criminal should be dealt with a bit sensitively in his dying days. However, would a poor Aboriginal man facing charges have been afforded the same mercy? Let us recall that Mr Ward, whose alleged crime of drink driving involved no robbery from anyone or no intention to cause anyone any injury, was thrown into custody and then treated worse than an animal by being locked up to cook to death. Richard Pratt, however, who **consciously robbed ordinary people of hundreds of millions of dollars** not because he was a poor man trying to get rich but because he was a greedy billionaire seeking even more billions, not only never spent a day in jail for his crimes but died with all his wealth in tact – from his many mansions to his private jet. He was able to pass on this ill-gotten wealth to his children - his son Anthony Pratt became Australia’s richest person. And he passed away in a dignified manner in his Melbourne mansion knowing that the most influential political, business, sporting and

artistic figures were singing his praises – not left to die alone in the back of a prison van in scorching heat. After Pratt's death, politicians continued to fall over each other to heap praise on him. Rudd stated that "Richard Pratt will be deeply missed by many Australians from all walks of life" and he and Brumby sickeningly hailed Pratt's "generosity" (if one has ripped off hundreds of millions of dollars from the community then one is indeed able to make oneself look good and buy influence by handing a small percentage of it back as "philanthropy"). Immediately after Pratt's death, Victorian Premier Brumby rushed to offer the family a state-sponsored memorial service ... as if they needed financial help for anything!

All this puts in perspective the unanimous denunciations of the China Rio Tinto sentences as "very harsh" by ALP, Liberal Party and Greens politicians alike. The sentences were branded "very harsh" only because they were being meted out to filthy rich executives of a capitalist behemoth and not to the usual victims of harsh justice in this country: union activists, poor ethnic youth and Aboriginal people. It is worth noting that at the very same time that Rudd, Stephen Smith and Bob Brown were screaming their heads off about the "harsh" sentences in Shanghai, people stuck in Australia's own police cells and prisons were in the midst of a horrifying six-week period (from February 20 to April 4) when four of them died in custody in Queensland and another two in Western Australia. Among those who died in jail was 18-year-old Aboriginal youth Sheldon Currie. In the days leading up to his death, Currie, in agonising pain, repeatedly pleaded for medical assistance. But prison authorities denied him proper medical treatment and, instead, just gave him some panadol! It was only when he was found semi-conscious in his cell that he was finally taken to hospital but his condition had by then deteriorated too far to save him.

The way that Sheldon Currie was treated was not just "very harsh" - it was racist and downright criminal! The other three deaths in custody in Queensland were also of people too young to suddenly drop dead: a 27 year-old man and a 42 year-old man in Brisbane prisons and a 41 year-old man in a Rockhampton police lock up. All were "found dead" in their cells or in the case of the Rockhampton man unconscious and not breathing. The complete lack of detail provided to the public about the deaths makes one suspicious that one or more of the cases could have yet again been caused by violent police/prison guards – just like the November 2004 murder of Aboriginal man, Mulrunji Doomadgee, by a racist policeman on Queensland's Palm Island.

Yet while obsessed with defending the corrupt Rio Tinto executives, neither Kevin Rudd nor Tony Abbott nor Bob Brown had anything to say about the horrific death of Sheldon Currie nor about the other recent deaths in custody. Nor did Rudd publicly comment on the tragic workplace death of Port Kembla wharfie Nick Fanos that occurred just a day before the verdict in the Rio Tinto trial was handed down. This despite the fact



*June 2008: Police block Aboriginal people in the Northern Territory's MacArthur River Region from holding a ceremony at a sacred ceremonial site that was on the verge of being destroyed by the expansion of a zinc mine owned by mining giant Xstrata.*

that Fanos' family had written an open letter to Rudd pleading for the government to introduce a national stevedoring safety code – an urgent call especially given that Fanos' death was preceded four weeks earlier by the death of another waterfront worker in a workplace accident. Yet Rudd did not want to bother with a public response. You see, all the current parliamentary parties in the end are really only interested in looking after the big end of town.

The fact is that in a society where economic power is held by a tiny few, the formal existence of equal legal rights for all does not in any way equate to equal justice for all. The very rich are able to shape the whole legal/bureaucratic/political system. This is not only through corruption and bribery, although the influence of this shouldn't be underestimated: after all, a portion of the capitalist class is simply made up of big-time criminals who have turned to investing their loot in "legitimate" businesses. More decisive, however, are the legal and more subtle ways that wealthy business owners are able to mould the state structures. For instance, like many tycoons Richard Pratt was a big donor to both major political parties. He also gained political influence by hiring former but still well-connected political leaders as "advisors" – former PM Bob Hawke was once on a \$100,000 a year salary as a consultant to Visy on "Asian and government matters," Gough Whitlam was paid over \$27,000 for travel to the U.S. as Visy business

adviser on overseas markets while former Liberal state premiers Nick Greiner and Rupert Hamer were also variously enlisted. Pratt's wealth also allowed him to gain some control over the academic/cultural agenda – he held posts such as foundation chancellor of Swinburne University and president of Victorian Arts Centre Trust. Similarly, the Rio Tinto bosses also have some direct grip over “independent” state institutions. So, the chair of the Rudd government's much-vaunted Infrastructure Australia – “the new national body tasked with developing a blueprint for unlocking infrastructure bottlenecks and modernising the nation's transport, water, energy and communications assets” – is none other than Rio Tinto executive Rod Eddington. In the end, the capitalist class has such a hold over the state institutions that Australia's “democracy” sees government figures answering not to the people who elected them but to the corporate elite and their entourage. When Rudd was in the U.S. last September for high-profile UN and G20 meetings, he took time out to have an intimate hours-long dinner discussing world affairs with (or more likely receiving directions on world affairs from) media mogul Rupert Murdoch at Australia's consul-general's residence.

Part of the power of the private business bosses is their ability to sway public opinion through various means. Firstly, they are able to fund political think-tanks which advocate policies that correspond to the interests of their class. Frank Lowy has, for example, formed the influential Lowy Institute which promotes pro-capitalist, pro-U.S. politics. Secondly, they are able to hire lobbyists to advocate their agenda. Then there is their well known ownership of – and thus control over – the mass media. Anecdotally, it is worth noting that Rio Tinto Iron Ore and China operations boss Sam Walsh is also a director of West Australian Newspapers. Its *West Australian* is that state's biggest circulating newspaper. And you were wondering why the *West Australian* had little hostile material against Rio Tinto! We hope you weren't holding your breath either on any of Murdoch's News Corporation outlets (including *The Australian* and *Daily Telegraph* newspapers and partly Foxtel) giving a sympathetic hearing to China's crack down on Rio Tinto corruption. Rio executive Rod Eddington is also a News Corporation exec!

The capitalist class' disproportionate means to swing public opinion inevitably gives them the clout to shape parliamentary elections. Thus, in practice the much-celebrated “one person, one vote” of Western “democracies” turns out to be more like “one dollar, one vote.” In any case whoever is elected to government merely administers state institutions that have been created, nurtured and bought off to exclusively serve the rich corporate owners.

### **AUSTRALIAN WORKERS MOVEMENT: UTILISE CHINA'S CRACKDOWN ON RIO TINTO CORRUPTION FOR YOUR BENEFIT!**

Despite the power of the capitalist class, the working class in Australia is far from powerless to fightback. Since they do the labour that produces the bosses' wealth,



*Demonstrators gathered for the 20 May 2010 rally outside Rio Tinto's Sydney office that was built around the call: “China is Cracking Down on Private Sector Corporate Greed and Corruption – It's Time that Happens Here! Stop Rio Tinto's Plundering and Union Busting!”. Among those participating were a contingent of representatives of the Sydney Branch of the MUA (Maritime Union of Australia) – carrying the union's trademark red flag.*

workers can take on the ruling class through collective industrial action. It is through class struggle and other mass actions that the union movement and leftists have been able to win many gains including annual leave for workers, workplace safety standards, Medicare public health coverage etc. Yet as long as the wealthy elite hold state power any gains made are reversible. In recent decades working class people have lost many of the advances that earlier generations had won in struggle – like the broad right to strike and relatively free tertiary education. For the working class to secure real and lasting justice when the corporate class has all the political advantages that derive from its wealth, connections and better education than the working class needs, not a state that upholds a mythical “equal legal rights for all,” but a state that is openly biased towards the working class and downtrodden. But how to create such a workers state? In fact, it will require a revolutionary shift in the power in society. Such an event cannot be simply willed but will have to be built up towards through raising the masses' political awareness and through increasing their confidence in their own power in the course of struggles for immediate gains. This is no easy task. Yet the Australian workers movement has a crucial advantage and this is the fact that the country that happens to be holding up Australia's economy, China, is indeed already ruled by a workers state (albeit a bureaucratically deformed one.)

Thus far, however, this advantage has yet to be utilised. This is for two reasons. One reason is that the heads of the Chinese workers state do not have a perspective of building an alliance with the Australian working class against the Australian capitalists. The Communist Party of China leaders subscribe to a national-centred version of communism - they are only really interested in building socialism in their own country and are mostly content to allow the rest of the world to remain under capitalist rule. The second and more overriding reason is that the workers movement in Australia is largely dominated by pro-ALP politics – politics that are hostile to communism and that preach



20 May rally chair Sara Fitzenmeyer. After explaining how China exposed and punished the corruption of four high-ranking Rio Tinto executives, she stated that, "I'd like to thank the Peoples Republic of China for being the first state in the world to seriously stand up to the capitalist thugs, Rio Tinto." This brought enthusiastic cheers from the crowd. "This is a great time to stick the boot into Rio Tinto," the chair insisted.

another reason for defending China's exposure of Rio Tinto's corruption. That reason is that if Rio had gotten away with its corrupt behaviour it would have had the effect of undermining state-ownership of industry in China. In other words, Rio's schemes aided pro-privatisation forces within China. Many workers in Australia understand that privatisation is often associated with job cuts and attacks on workers' conditions as well as higher prices for consumers. In China the issue has added significance. Since in the PRC the state belongs to working class people, the privatisation of a company means its transfer from collective ownership by the people to ownership by a wealthy few.

So why has Rio's behaviour in China fostered privatisation. There are several reasons:

1. Rio's biggest Chinese customers – and thus the main victims of its corrupt methods of gaining exorbitant ore prices – are state-owned enterprises. Thus, the effect of Rio's corruption is to transfer wealth from the PRC state firms to the small number of wealthy private owners of Rio Tinto. The price paid by Chinese socially owned companies for Rio's iron ore has increased more than four times in the last seven years. This amounts to a redistribution, in effect a part-privatisation, of the assets of the state-owned steel firms.

nationalist economic rivalry against Asian producers.

However, the PRC's crackdown on Rio Tinto's greed presents a perfect opportunity to forge an alliance between the Australian working class and the PRC workers state. The fact that Rio Tinto executives could be called to account in the company's biggest export market should be used to give Australian workers confidence that the bosses of this and other corporate giants are not invincible.

### **OPPONENTS OF PRIVATISATION HAVE REASON TO SUPPORT THE INVESTIGATION OF RIO'S CHINA OPERATIONS**

Aside from its direct importance to their own struggles against the corporate bosses, Australian workers have

2. Stern Hu and the other three jailed executives were, in exchange for bribes, diverting iron ore from Rio's usual, state-owned customers to the private mills. This, of course, undercut the socially-owned firms in favour of the capitalist-owned ones.
3. By playing off each state-owned steel company against the others, Rio encouraged disunity amongst the state-owned enterprises. Centrifugal tendencies within the state sector have been growing since the post-1978 introduction of "market reforms" in China. Such trends undermine one of the key advantages of the socialist system, the fact that it allows the activities of different units to be planned rather than being determined by the chaotic rush for profits of each economic entity. Furthermore, these tendencies are dangerous as they threaten to fling the state enterprises away from their subordination to people's overall needs. Fortunately, in the last five years Beijing has moved slightly to rein in these centrifugal tendencies, especially in the steel sector. Rio's divide and rule tactics undermined these efforts. Conversely, the crackdown on Rio's corruption, especially if deepened, could give new impetus to moves to place the state owned enterprises under greater central planning and control.
4. The more that PRC state-owned managers are corrupted by illegal dealings with capitalist firms like Rio Tinto, the more that these state executives want to be like their counterparts in the capitalist corporations. This makes these corrupted state managers turn into advocates for privatisation – very harmful ones since they are themselves internal to the state sector.

All this is understood in China by both the staunchly pro-communist elements who seek to buttress the PRC's public sector and by the opposing pro-capitalistic forces pushing for privatisation. That is why there have been different responses within China to the crackdown on Rio Tinto's corruption. These differences are present even within official circles. So, on the one hand, a report posted on the website of China's National Administration for the Protection of State Secrets took a strong line against Rio's corruption. The report, authored by State Secrets official Jiang Ruqin, called for more strict control of contacts between state enterprise officials and foreign businesses (which are overwhelmingly capitalist.) However, a few days after the report was first posted it was removed from the website -although other official media articles quoting from the report did continue to be available. Furthermore, just after the arrests of the Rio Tinto executives were confirmed, the *China Daily* newspaper and private sector Chinese steel bosses acted to, in effect, downplay Rio's responsibility for the corrupt achievement of high iron ore prices by instead blaming the China Iron and Steel Association (CISA) for the high prices. They claimed that because the CISA had held out with the likes of Rio Tinto and BHP for cheaper prices, the lack of an agreement was causing steel makers



to have to buy ore at higher spot market prices. Their unfair attacks on the CISA are a combination of a wish to diminish the significance of Rio's corruption and a reflection of the hostility of the private steel bosses to the fact that the CISA is dominated by state-owned steel companies.

The struggle between socialistic industry and private industry is indeed a bitter fight inside China. It is also a see-sawing contest. Certainly in recent years the pace of privatisations has been greatly reduced from the 1990s. Indeed, in many respects especially during the recent global economic crisis, the pendulum has swung back towards the state sector. Yet, while full privatisations of major state-owned enterprises are very rare these days, there continue to be sell-offs of minority stakes in state enterprises to private investors. For example, in sectors such as media, theatre and railways where capitalist involvement had previously been effectively barred some small levels of private investment are now being encouraged into the state-controlled operations. However, in other areas the trend is in the opposite direction. Last July, state-owned China National Oils, Foodstuffs and Cereal Corporation became the biggest shareholder in one of the PRC's most prominent private firms, China Mengniu Dairy Company. Furthermore, in the steel sector the restructuring of the industry has mainly seen big state-owned producers gobble up smaller capitalist-owned steel mills. In the few recent cases where privately-owned steel companies have tried to buy out state-owned steel enterprises, workers resistance has thwarted them as at Tonghua.

Indeed, the trend towards **renationalisation** in China has gained enough momentum for it to cause alarm amongst some in the Western finance press. For example, a 16 November 2009 article in the Business pages of *The Australian*, sneeringly titled "The Great Leap Backwards," notes that renationalisation is taking place not only in the steel sector but in coal, finance, real estate and other industries. The drive to renationalisation in coal mining is especially driven by the fact that those mines that are privately owned have an appalling safety record.

A strong blow against Rio's corrupt practices in China does much to aid the renationalisation push. Not least this is because the crackdown on Rio Tinto highlights the greed and immorality of even internationally famous capitalist-owned companies. Furthermore, a thorough exposure of Rio's corruption would demolish the devious claims of private-enterprise advocates that it is state firms that are responsible for corruption and that the "discipline of the market" acts to stop corruption in the private sector.

The solid sentences given to the Rio Tinto bosses also act to deter foreign investors from operating in China (especially those involved in questionable operations.) This point repeatedly made in the wake of the sentences is just about the one true point made by the Australian media about the case. But since foreign investors into China are almost entirely capitalist investors, any reticence on their part is a good thing for the

Chinese masses. And if these investors feel concerned by a degree of unpredictability and arbitrariness in the way business rules are imposed on them in the PRC that too is a good thing because it will deter them further. Of course, it would be much better if Beijing more systematically restricted capitalist penetration. But given that capitalists have been allowed way too much leeway in the PRC, any uncertainty of when the axe of the workers state will fall upon them acts to, at least partially, deter the greediest of the



*Joanne Dateransi, President of the Bougainville/Mekamui Indigenous Women's Association addresses the 20 May rally. She was warmly applauded when she concluded her speech by "urging supporters of any groups in Australia to help us stop Rio Tinto from coming back to Bougainville." The Australian arm of Rio Tinto (then called CRA) had for decades operated its huge Panguna copper mine on the PNG controlled island of Bougainville without any regard to the local people. In the late 1980s when Bougainville people rose up to resist the terrible destruction to their livelihoods caused by the way that Rio was operating the mine, the PNG government and its masters in Canberra waged a brutal war and blockade against the Bougainville people. As a result up to 15,000 – 20,000 Bougainvilleans perished - all for the sake of Rio's profits.*

capitalists and thus serves to protect the nationalised economic sector.

Australian workers and leftists who know the detrimental effects of privatisation must, therefore, do all they can to support the PRC's stance against the Rio bosses. Taking such a position is not only a matter of solidarity with Chinese workers' aspirations to defend their jobs and conditions - it is also in the very interests of the Australian working class. If privatisation was to advance in China it would throw more Chinese workers into sweatshop private sector employment which would drive down workers' conditions abroad too - including in Australia - in a "race to the bottom." Furthermore, a growth in the relative strength of the private sector leads inevitably to an increase in the political clout of the fledgling Chinese capitalist class. If left unchecked this could put the capitalists in a position to seize back state power in China. If that were to happen it would lead to a massive deterioration in Chinese - and therefore international - workers' living standards. Moreover, it would mean that the executives of "multinational" corporations like Rio Tinto would be able to run roughshod in China like they do in the rest of the developing world. That would only make the corporate bosses pumped up to act more arrogantly in their base countries as well.

### THE STATE OF AUSTRALIA-CHINA RELATIONS

Canberra's attempt to interfere with China's prosecution of the Rio bosses and Beijing's rebuke of this interference have highlighted the tensions in Australia-China relations. Although the two countries have nominally friendly ties and China is Australia's biggest trading partner, the Australian ruling class in some ways treats the PRC like a Cold War enemy. In the Rudd Government's Defence white paper released last May, China was portrayed as an emerging threat. Countering China in the future is also the main reason given for Australia's expensive program of military equipment upgrading which will be this country's biggest military buildup since World War 2.

Meanwhile, the Australian ruling class contributes to imperialist efforts to undermine the PRC's political system. In April 2008, not long after supporters of the Dalai Lama - the former slave-owning monarch of Tibet - murdered 19 people in right-wing riots in China's Tibetan Autonomous Region, Prime Minister Rudd while speaking to students at Peking University arrogantly attacked China over supposedly "significant human rights problems in Tibet." When arch anti-communist the Dalai Lama visited Sydney last December his rich backers here sponsored major billboard and bus advertisements including four huge 24 hour signs at prominent locations like Darling Harbour and Parramatta Road. Meanwhile, the Australian tycoon-owned media do all they can to tarnish the PRC's achievements and to undermine public support for the PRC.

So why all this hostility? Well, there is only one major reason. Like other capitalist classes around the world Australia's rulers have a hatred and fear of socialistic states. Yet there is also a factor underlying Canberra-Beijing relations that works in another direction. And

that is the fact that Australian exports to China of liquified gas, iron ore, coal, bauxite and wool have been propping up the Australian economy for years. The only reason that the Australian economy has not fallen as far as those of other capitalist countries during the global recession is because exports sucked up by China's surging economy have held up the Australian economy. This puts the Australian ruling class in a dilemma. On the one hand, they oppose the Chinese

workers state with the same class prejudice with which they oppose trade unions here. But, on the other hand, they need socialistic China's economy to hold up their faltering capitalist system. So what do they do? Well, they are not quite sure. Thus the Australian ruling class has been schizophrenically flipping from naked hostility to the PRC to apparently sincere friendship to sometimes both extremes at once. Different factions in the Australian ruling elite advocate different strategies. Some, more interested in a quick killing, say just take China's money and be happy. Highly ideological elements within the capitalist ruling class, however, emphasise the need to undermine China's socialistic order. Within this latter group itself there are differences. On the one hand there are those that insist that the best way to topple Chinese socialism is to increase anti-PRC military pressure and to fervently support counterrevolutionary forces like Falun Gong, the pro-Dalai Lama lot and Rebiya Kadeer's group. On the other hand are those that believe in "engaging" China in order to promote its private sector and to nurture pro-capitalist tendencies within its bureaucracy.

All these different viewpoints have been evident in the recent furore over Chinese proposals to invest in Australia's mining industry. These proposals have been met with a storm of hostility whipped up by right-wing politicians and media commentators who focussed on the fact that Chinalco was a state-owned company in a "communist peoples republic." As a result many deals have been scuttled.

### WHO CAN NOW DOUBT THE SOCIALISTIC CHARACTER OF THE PRC?

What the furore over both the Chinese investment proposals and over the jailing of the Rio Tinto executives has highlighted is the fundamental difference between the political system in the PRC and that in capitalist countries. The PRC has been shown

### Right-Wing Slime Bags of the World Unite?



3 December 2009: A love in of two people who share a lot in common and both hate communism. Ultra-conservative leader of the Liberal Party, Tony Abbott meets deposed feudal monarch of Tibet the Dalai Lama.



**Beijing, 1 October 2009:** A giant portrait of Mao Tse Tung heads the official parade to mark the 60th anniversary of the founding of the Communist Party-led Peoples Republic of China.

to be a country dominated by state-owned enterprises, enterprises whose actions are subordinate to the overall interests of the country. It has been shown to be a country where even the bosses of the most powerful multinational companies can be brought to heel. All this has tremendous significance. For a long time now the Western capitalist media have tried to sell their populations the lie that China has gone or is inevitably becoming capitalist. But the Western capitalists themselves did not really believe this. Rather, they saw it as a way of convincing their populations that “communism is dead” and moreover as a way of ensuring that socialism is not given the credit for China’s spectacular economic successes. Yet even some in the ruling class, feeling triumphant after the collapse of the USSR, convinced themselves that China was on a sure path back to capitalism. Now the arrest of the Rio Tinto executives has jolted these elements back to reality. In an article titled “Let’s not appease Beijing” Labor parliamentarian Michael Danby, the chairman of parliament’s foreign affairs subcommittee summed up the ruling class’ renewed clarity about China being far from a “normal,” i.e. capitalist country:

China is not a normal country...

The Communist Party rules every important facet of China’s national life, including the police, the courts and the management of the economy. The party also rules business life, directly through state-owned enterprises and indirectly through a web of influence that extends into every supposedly privately owned company.

... The Communist Party sees business and trade only as necessary means of increasing China’s wealth and power, and thus maintaining its grip on

power. Chinese companies do business with foreigners not primarily to make a profit but to serve the interests of China as defined by the Communist Party. Many of those who promote business with China like to imagine that they are negotiating with businessmen such as themselves. In fact they are dealing with the Communist Party directly or indirectly.

*The Australian*, 14 August 2009

Danby’s anti-communist tirade not only confirms that China is far from being capitalist but (without meaning to) even shows some of the advantages that China’s system has for working class people. So, Danby is outraged that business and trade in China is only seen as a necessary means of “increasing China’s wealth” ... rather than being a noble venture to enrich a small number of capitalist tycoons as it is here. Danby is horrified that “Chinese companies do business with foreigners not primarily to make a profit but to serve the interests of China.” Well, wouldn’t it be good if Australian companies also conducted their business and trade not to produce many more billions in profit for the Lowys, the Pratt heirs, James Packer, Andrew Forrest, Clive Palmer, Gina Reinhart etc but to increase overall national wealth and to serve the overall interests of the country’s people – including the more than 100,000 homeless people here?

Yet while the Australian capitalists and their political servants are clear that China is “not a normal country” many in the Australian socialist movement have convinced themselves that China is indeed just a “normal” capitalist country. Through this diametrically opposite analysis to the likes of Michael Danby, Tony Abbott and Barnaby Joyce socialist groups such as Solidarity, Revolutionary Socialist Party, Socialist Alternative and the Socialist Alliance come to exactly the same operational conclusion as the Australian ruling class: the conclusion that the PRC should be opposed. Hopefully, the evident hostility of the Australian capitalists to China’s social system will give a few of those leftists who claim that China is “capitalist” some pause. Unfortunately, however, at this time the widespread hostility to the PRC whipped up by the ruling class pushes some leftists to continue to favour an “analysis” that will give them an excuse to avoid the tough job of standing up to anti-communist, anti-China prejudice.

Those socialist groups that claim



Construction workers involved in Woodside’s Pluto gas project strike over the failure of their bosses to grant them permanent accommodation. The strikes at the remote WA site involved 1,500 workers. Workers united have the industrial muscle to push back the corporate owners.



Yuri Gromov, Editor of Trotskyist Platform speaks at the May 20 rally. Coming off China's exposure of Rio Tinto corruption, Gromov said that "We must demand that all of Rio Tinto's account books and correspondence be open for inspection... Not just Rio Tinto, BHP, Qantas, Lend Lease, the banks and indeed all the capitalists must have their books and management correspondence open for workers inspection .... We have to link our demands to the power of union industrial action." In concluding his speech, Gromov said that "the workers movement must struggle with the aim of eventually seizing state power here ..." noting that "that is the only way we can get rid of corporate greed and corruption for good. Then we can get rid too of the most widespread but most legal form of corruption around – the exploitation of workers labour by capitalists."

that China is a "capitalist state" are, of course, forced to distort reality to justify their assertion. Take, for instance, the *Socialist Alternative* group and their coverage of China's arrest of the Rio Tinto executives in the August 2009 issue of their journal. Now the relevant Socialist Alternative article does make some useful points about the hypocrisy of the Australian rulers over their condemnations of Stern Hu's arrest. Yet in order to falsely portray China's actions against the Rio bosses as "part of the struggle between Chinese and American imperialism" they have to take the same tack as the Murdoch press in hiding the fact that Chinese authorities are engaged in a crackdown against corrupt executives and capitalists that actually goes much further than simply targeting Western corporations. So, Socialist Alternative keeps from their readers the truth that the overwhelming majority of corporate high fliers detained in China (including China's richest person) are neither working for Western companies nor are accused of crimes connected to foreign companies.

Furthermore, in order to fit the reality of right-wing anger at Stern Hu's arrest into their *China is capitalist* theory, Socialist Alternative had to misreport the actual politics behind the federal Opposition's demands that Rudd take a tougher line against China over the arrest. Socialist Alternative describes the Opposition's stance as being purely an "appeal to racism." Now, there is indeed plenty of racism involved in many of those gunning for China over the arrest. However,



Demonstrators taking a stand at the May 20 rally in Sydney.

this is not the only or indeed even the main factor involved. What mainly drives the militant defenders of the arrested executives is, on the one hand, the class loyalty of capitalist politicians to capitalist executives and, on the other hand, the hatred that capitalist representatives have for socialistic states. If indeed it was only racism that was motivating the hardline backers of the arrested executives then why have ethnic-Chinese anti-communists also demanded a tougher line from Rudd against the PRC? For example, the *Epoch Times*, the paper of the Falun Gong group – a right-wing Chinese outfit posing as a religious organisation – published an article on 12 August 2009 headlined "Australia Needs to Stand Up for Stern Hu." Meanwhile, in attacking China's arrest of the Rio Tinto bosses, Barnaby Joyce, Michael Danby, Malcolm Turnbull and the Murdoch press highlighted not the racial or cultural characteristics of the Chinese people but the reality that in the "communist Peoples Republic of China" the key industries are dominated by state-owned enterprises; and that these enterprises operate not according to the profit motive but are subordinate to the state that is run by communists. However, you won't find any references to such statements by these people in the Socialist Alternative's journal. For if

their readers were to know the real reasons why the Australian capitalist class hates the PRC, it may make them question the group's assertion that China is simply a capitalist state.

### SEIZE THE MOMENT!

The question of the class nature of the PRC is a most crucial one for socialists to get right. The fact that the country with the world's fastest growing economy is under socialistic rule (albeit with bureaucratic deformations) is of enormous significance to the global struggle for socialism. Potentially it could be a source of strength to the struggles of the exploited and oppressed in Australia and elsewhere.

To be sure, the fact that China's cautious leaders do not have an agenda to support



**February 1998:** *International solidarity of the working class and the oppressed against exploitation. Nyompe, spokesperson for people affected by Rio Tinto's Kelian mine in Indonesia meets with Australian mineworkers from Rio Tinto's Hunter Valley No. 1 mine.*

the international class struggle diminishes the support that the PRC could give to the toiling masses here. The current PRC leaders would rather build "peaceful coexistence" with Australia's rulers than risk supporting anti-capitalist struggles here.

Nevertheless, if the Australian workers movement were to seek to build an alliance with the Chinese workers state, the benefits would be evident and this would in turn shape the PRC's outlook towards the Western working classes. The PRC's heavy crackdown against

Rio Tinto corruption shows just what an impact a workers state can have on Australia when that workers state so happens to be Australia's biggest trading partner. Every fighter against oppression and every Australian trade union activist worth his or her salt ought to be seizing on this setback and embarrassment for Rio to challenge, right here, the greedy actions of the likes of Rio Tinto, BHP, Xstrata etc. They should be saying to their base: China is cracking down hard on corporate greed and corruption - we need to start to do that here too. We are not anymore going to allow Rio Tinto to intimidate workers into not joining trade unions. And we will prevent such capitalist companies from slashing jobs for the sake of increased profits.

Crucially, if Australian workers start to build an alliance with the PRC workers state, they will begin to see the need to have a state here too that can crack down on corporate corruption and greed - not one that enforces the exploitation of the masses by the corporate tycoons. When such a workers state rules this country, socially owned enterprises will occupy the commanding heights of the economy. Then the fabulous profits extracted by the likes of Rio Tinto, BHP, Westfield and the banks - that currently go largely to a few very rich shareholders and executives (and sometimes also to a handful of royalty-receiving parasites) - can be put to the service of all the people. And we can then finally strike a decisive blow against the world's most prevalent form of corruption - a type that is as yet perfectly legal in today's "normal countries" - the theft of the fruit of workers' labour by capitalist bosses.

## NSW GOVERNMENT SLASHES STATION ASSISTANT JOBS RAIL WORKERS FACE FORK IN THE TRACKS SWITCH TO STRIKE ACTION TO SAVE JOBS AND SERVICES

11 February 2010: It is high time for the union representing rail workers to switch course. At the moment the Rail, Bus and Tram Union (RBTU) is only meekly protesting while RailCorp has cut over 30% of station workers' jobs. But the RBTU has the power to reverse this. A big chunk of Sydney's industry and commerce depends on the labour of employees who use public transport to get to work. A solid strike by public transport workers could bring the big business bosses to their knees and force them to get their henchmen in state parliament to back off. However, if such action is not organized soon rail workers will be stuck on a track taking them down a dark tunnel of still deeper job losses.

Right now RailCorp is doing just about everything to make work unbearable for CityRail's customer service staff. They are transferring these workers to other roles for which they have no training while cutting the paid work hours of those remaining. Those that the bosses manage to thereby hound out are then not replaced - and neither are retirees. So no jobs for the next generation! Now, RailCorp executives are reportedly planning forced redundancies.

All these cuts are hurting public transport users too. Platforms are left unattended for longer periods of the day thus increasing the risk of accidents. The disabled and aged have to increasingly rely on luck if they need assistance. And with station staff around for less hours of the day, Indian students and other "ethnic" people facing racist assaults, as well as women, are ever more vulnerable to night time attacks around stations. Meanwhile, you wouldn't want to ever need to use a platform toilet at the wrong time of day - it may well be locked because there are no staff around!

Station assistants are furious that while all this is happening, RailCorp brochures are bragging about how they are improving service! You might think that the NSW government that owns RailCorp would refrain from undermining service quality in order to avoid annoying voters. Yet, whether it's the present bunch of ALP hacks or the openly anti-working class Coalition, whichever government runs this system answers ultimately not to the voters but to the big end of town that really calls the shots. Thus, while ALP leaders might wish that they could soothe their working class base by improving social services, they are actually not prepared to carry out the required taxation of the property developers, bankers and other billionaires which is essential to provide the money for rebuilding public transport and public hospitals.



**December 2009:** Postal workers at a picket line. Tens of thousands of Australia Post workers held a series of strikes in the lead up to Christmas.

To the extent that the government does plan to expand services it is to be financed, paradoxically enough, by slashing jobs and quality. Often this is done through privatization which enables governments to pass the “responsibility” for cuts onto private operators. RailCorp has already started privatising by contracting out jobs like cleaning and station maintenance. This has been a dirty affair with some RailCorp executives handing out the contracts to their private sector mates at inflated prices. The government then shamelessly seizes on the resulting losses to declare that further contracting out is needed ... in order to improve “efficiency”! Most cynically, Premier Keneally is claiming that the only way the government can finance rail network expansion is by carrying out its unpopular plan to sell-off electricity generation. We say: Don’t fall for such divide and rule tactics! Stop electricity privatization – Smash all contracting out of rail services! Demand that the long overdue expansion of the rail network be financed by grabbing a chunk of the wealth of filthy rich tycoons – wealth that is after all derived from the exploitation of their workers!

To see what is possible when the key industry, banks and infrastructure are publicly owned, just look at what is being achieved by China’s railways. Despite a harmful level of capitalism having been allowed to intrude, China’s socialistic public sector remains the dominant force in her economy. As a result, China was able to last year alone build over 5,000 kilometres of new rail lines! This includes high-speed lines that are now carrying the world’s fastest intercity trains – with *average* speeds of 350 km/hour being travelled on these trains built by state-owned companies. In the meantime, China has increased subsidies to suburban operations to allow ticket prices to be slashed. As a result you can

go from one end of Beijing to the other by train for the equivalent of just 34 Australian cents. But just the opposite is happening here!

### **A RAIL WORKERS STRIKE WOULD WIN MUCH SUPPORT**

NSW governments of either stripe may be prepared to allow rail services to deteriorate but much of the public definitely have other ideas. A rail strike to win back jobs and services would thus win broad support. Working-class sections of the rail-using community would in particular be sympathetic because they both value public transport and understand from their own experience the need to stand up to greedy bosses. Many CFMEU building workers whose union comrades are being persecuted by extreme anti-union laws would be glad to support fellow unionists taking a stand. So would other proud unionists.

That is why if the RBTU called a rail strike it could mobilise masses of people to join strikers in picket line rallies outside key stations and depots. This is vital not only to stop scabbing but to undermine the inevitable efforts of the big business-owned media to portray the strike as “unpopular.” To help build such strike-support rallies the union should raise slogans for expanded services. A call for every station platform to be staffed by at least two station assistants during all hours of operation would be very popular – especially amongst shift workers, pensioners and victimised ethnic minorities. The union should also call for more station assistants instead of Rail Security – Rail Security are disliked for bullying poor people and youth while providing no real service. Furthermore, the RBTU must demand a drastic cut in ticket prices so that the poor will not be priced out of access to transport. Public transport is a right - it should not “pay for itself” but should be heavily subsidized. That is the set up they have in China – and we want that here too!

Of course, the starting point for building action to defend jobs and services is within the RBTU itself. As a minimum any strike to smash attacks on customer service workers should be a shutdown of the whole rail network – including drivers, booking staff and maintenance workers. This will not be hard to build as all rail workers are facing attacks. Secondly, rail workers must reach out to their fellow RBTU members in the buses to build joint industrial action. Bus drivers are also itching to fight back. On December 18 bus drivers struck over the government’s insistence that they trade off conditions and accept casualisation of full-time jobs in order to get a pay rise. If rail and bus workers struck together it could really teach the rich ruling class that they had better not mess with public transport workers!

Yet RBTU leaders have done nothing to organize a rail strike. This has sadly but predictably led to workers becoming demoralized. Customer service employees report that the gloomy mood has even led to outbreaks of petty bickering amongst workers. Furthermore, some rail workers disgusted with the RBTU tops’ do-nothing stance have quit the union.

## Who needs privatisation!



The world's fastest train service the newly opened Wuhan to Guangzhou express is operated by state-owned China Railways using trains designed and built by state-owned Chinese manufacturer CNR -Tangshan Railway Vehicle Co. The average speed of the journey is 350 km/h.

Their anger is understandable but leaving the union is a very bad move. It only weakens the fighting potential of workers. What's more it only makes it easier for the sell outs to justify their stance. After all, the argument that union bureaucrats always raise for a do-nothing stance is that workers are not powerful or organised enough to triumph in an industrial campaign. Politically aware workers should therefore channel the anger of workers into agitation for a strike and should re-recruit workers into the union to make the needed industrial action more powerful. There is indeed nothing like a solid strike to unite workers together and raise their spirits.

But how to get to such a strike? Firstly, those workers who want to motivate an industrial campaign should talk among themselves and hone down their arguments. Then, together they should motivate a strike program amongst their

fellow workers. When ready, large delegations of workers should show up at the union offices and with fingers pointing should demand that the RBTU officials do their job and call an all-out rail strike to reverse job cuts.

Once a strike is called it's on for young and old. Such a struggle poses the need for a union leadership that is prepared to not only stand up to threats from RailCorp and the state government but to stand in defiance of federal anti-strike laws, anti-strike injunctions by the industrial courts, police attacks on picket lines and anti-union sentiment whipped up by rightwing talkback hosts. However, it is not in the make up of the current, pro-ALP RBTU leaders to do this. They have become all too comfortable sitting in negotiating rooms with the bosses or looking in vain for justice from the courts. Like the present ACTU heads, the current RBTU tops think that the way to get a better deal for workers is to elect a sympathetic government to run the system, which to them means the ALP.

Yet for the last 15 years, the NSW ALP government has been attacking social services the same way the Liberals would, while in Canberra, Rudd and Gillard have retained large chunks of Howard's hated *Workchoices*. The point is that no matter who is elected to administer the current system they are only overseeing a bureaucracy, judiciary and police force that have been created to serve the rich capitalist elite while running the very economic order that is controlled by this same capitalist class. Only when the working class gains the strength needed to create its own state, only then, can we rely on governments to serve the masses. We badly need union leadership that understands all this. That understands that until a workers state is built - and indeed in order to prepare workers for this future task – **the working class must rely on its own power to defend its rights**. RBTU activists must lay the groundwork for such a leadership by convincing fellow workers that if they choose to flex their industrial muscle and feel their own power and unity, workers will be in a better position to defend their conditions no matter which servant of the upper class gets elected at the upcoming state election. **Build an unlimited rail strike to win back lost jobs and protect services!**

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