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FOREIGN INVESTMENT IN AUSTRALIA AND RECENT TRADE UNION RESPONSES

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There is considerable public concern about aspects of foreign investment in Australia[1]. Part of this no doubt relates to the more general concern about the merger or acquisition of "Australian icons" such as Ansett Airlines, Kraft Food, Arnott's and, most recently BHP, by foreign companies. Similarly, the apparent success of Dick Smith's Australian-owned food manufacturer, *Dick Smith Foods* (Light, 2000; Pritchard, 2001: 23, 24), and the Howard Government's uncharacteristic rejection in April 2001 of Royal Dutch Shell's bid for takeover of the Australian-owned Woodside Petroleum, reflect broader community sentiment in relation to foreign ownership.

Australian trade unions have often been key contributors to debate on such issues. For example, the ACTU's response to the Multilateral Agreement on Investment (MAI), a wide-ranging treaty aimed ostensibly

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1 According to a 1996 Newspoll, 56 percent of voters believe foreign investment levels in Australia are too high (*The Weekend Australian*, 27-28 January 1996). A 1997 Morgan poll recorded 89 percent agreement with the statement that an improvement in the economy and the creation of more jobs would be gained from "introducing stronger regulations for foreign investors to make sure they create more jobs for Australians rather than reducing jobs to increase profits". The same poll found that only 51 percent agreed that "Encouraging more foreign investment in Australia" would improve the economy and create jobs ("Overwhelming Majority Believe Politicians Should Come Up With Better Economic Policies". Morgan Poll Finding No. 3022, *http://www.roymorgan.com/polls/1997/3022/index.html*).

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at reducing government regulation of foreign-owned companies, was expressed with reference to the threat posed by foreign investors to Australian "sovereignty" (Ranald, 2000). Similarly, union opposition to the BHP merger with UK-headquartered mining company Billiton was largely on the grounds that an overseas-controlled BHP would be less considerate of "Australian" interests. In the case of the 1997 dispute at the Gordonstone coal-mine, then-owned by US TNC Arco, the Construction, Forestry, Mining and Energy Union (CFMEU) attributed the company's tactics in sacking its workers and re-employing non-union labour to its US origins.

Adopting a Marxist perspective, this paper argues that the labour movement would derive little benefit from greater restrictions on foreign investment in Australia because Australian investors are no more considerate of the interests of the "Australian community" or of Australian workers than are their foreign counterparts. Nor is there evidence to support union claims about the relation between foreign ownership and particular styles of industrial relations. The source of some foreign investors' actions that have been the subject of trade union concern lies not in their non-Australian origins but in the competitive pressures on all corporations to accumulate capital, at whatever social cost, in the global marketplace. Unionists should not be partial towards one nationality of employer vis-à-vis another. Rather, the labour movement should adopt an internationalist approach and employ the methods of direct action that have recently been most successful in achieving gains, and which have the potential to address the problems to which restrictions on foreign investment are often a response. Finally, it should seek links with the anti-capitalist movement that has emerged since the World Trade Organisation protests in Seattle in 1999, a movement that targets many issues of direct concern to the labour movement.

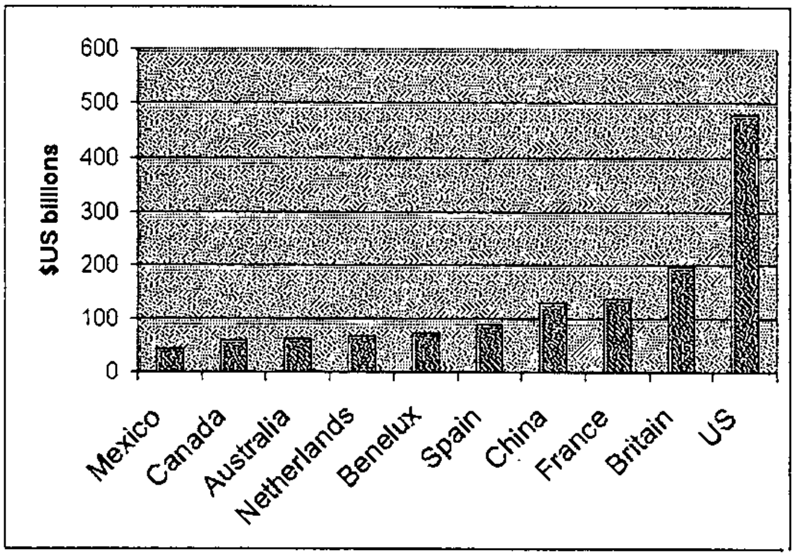
The paper briefly examines levels of foreign investment and ownership in Australia in recent years. Although Australia has experienced rising levels of foreign investment, it is found that the corporate sector in Australia still is predominantly Australian-owned. On the available evidence, it cannot be argued that foreign corporations control the Australian economy. It must be recognised that, although levels of foreign ownership and investment have been high in Australia in recent years, this is part of a global trend that has seen nearly all advanced countries experience rising levels of foreign investment. Has Australia "sold off the farm"?

The belief that foreign corporations and investors dominate the Australian economy holds considerable sway across the political spectrum. For example, Pauline Hanson argued that 90 percent of corporate Australia was controlled by foreigners (cited in van Leeuwen, 1998: 5). Similarly, conservative radio talkshow host Alan Jones maintained that foreigners controlled 60 percent of the economy yet paid only 1-2% tax (Channel Nine's *The Today Show*, 11 December 1998). Then-Australian Democrats leader Meg Lees opposed the MAI partly on the basis that the removal of controls on financial markets and foreign investment had already led to "the trebling of the percentage of the Australia economy [sic] owned by foreigners" (1998: 18).

To determine more accurately the level of foreign control, it is necessary to distinguish between the two main types of foreign investment -direct and portfolio. The OECD defines Foreign Direct Investment (FDI) as "capital invested for the purpose of acquiring a lasting interest in an enterprise, and exerting a degree of influence on that enterprise's operations". It includes the purchase of assets that collectively confer on the buyer control of more than 10 per cent of an enterprise. Portfolio investment, by contrast, "involves purchasing assets *without acquiring any control of the institution* or establishing a lasting presence therein" (OECD, 1992: 11; emphasis added). A key distinction between the two types of investment is thus the degree of control exercised by the investor.

In addition, genuine FDI must be distinguished from foreign investment *per se*. In recent years FDI levels in Australia have been comparatively high. Between 1985-1995 Australia was the world's eighth biggest recipient of FDI (Table 1). The 1998 United Nations (UN) Human Development Report rated Australia fourth largest among 15 countries ranked by their FDI levels proportionate to Gross National Product, and as one of the few net investees (countries whose FDI inflows exceed their FDI outflows) among these (cited in Oderberg, 1998: 19). According to the World Investment Report 2001, Australia ranked 7th out of 23 developed countries on an index of transnationality[2] (UNCTAD, 2001a: 6).

Table 1: Top Ten Recipients of Foreign Direct Investment 1985-95



Source: *New Internationalist*, January-February 1997, p. 7.

However, the high rates of FDI in Australia must be seen in the context of the significant acceleration of FDI levels globally since the early 1980s (Tables 2 & 3).

2 The average of the four shares: FDI inflows as a percentage of gross fixed capital formation for the past three years (1995-1997); FDI inward stocks as a percentage of GDP in 1997; value added of foreign affiliates as a percentage of GDP in 1997; and employment of foreign affiliates as a percentage of total employment in 1997 (UNCTAD, 2001a: 6).

Table 2: World FDI Flows (current prices in $USbillions)

Year	1982	1990	2000
FDI Inflows	57	202	1271
FDI Outflows	37	235	1150
FDI Inward Stock	719	1889	6314
FDI Outward Stock	568	1717	5976
Cross border M&As^	N/A	151	1144

Source: UNCTAD, 2001b: 2

Table 3: World FDI Annual Growth Rate (per cent)

Years	1986-90	1991-95	1996-99	1998	1999	2000
FDI Inflows	23.0	20.8	40.8	44.9	55.2	18.2
FDI Outflows	26.2	16.3	37.0	52.8	41.3	14.3
FDI Inward Stock	16.2	9.3	16.9	19.8	22.3	21.5
FDI Outward Stock	20.5	10.8	16.4	20.9	19.5	19.4
Cross-border M&As^	26.4*	23.3	50.0	74.4	44.1	49.3

Notes: *1987-1990 only
^Mergers and Acquisitions
Source: UNCTAD, 2001b: 2

Furthermore, Australia has not only played host to high levels of FDI but has increasingly been a source of it. Between 1980 and 1992 Australian firms increased their investment overseas at an average annual rate of 16 per cent -the highest rate among industrialised countries for that period (Clark, 1998: 136). In fact, during the 1980s investment overseas by Australian companies grew at a faster rate than inward FDI (Dyster & Meredith, 1990: 289), albeit from a much lower base. In the five years to 1994, the number of Australian firms operating in the Asia-Pacific region rose from 460 to 680, investing $14 billion in some 1,470 multinational subsidiaries (Roberts, 1999: 26). Most, if not all, of the 50 largest companies of Australian origin, as defined by market capitalisation, now operate internationally (Craig, 1999: 19). These developments, and the recent high levels of FDI in Australia, are more than likely both part of the same process which has seen the number of transnational corporations (TNCs)[3] rise from 7,000 in the late 1980s to approximately 60,000 in 2001 (Ranald, 2000: 21; UNCTAD, 2001b: 1).

Foreign Ownership of Australian Equity

In percentage terms, foreign ownership appears to have remained relatively stable in recent years[4]. The level of foreign ownership of "Corporate Trading Enterprises" (CTEs)[5] fell slightly from 32 percent in 1995-96 to 30 percent in June 1999 (ABS, 1999: 14).

However, this is a rather misleading statistic as it combines both direct and portfolio investment, thereby not differentiating between ownership and control. After separating the two types of investment it is found that FDI comprised approximately 60 percent of the total equity held in CTEs by non-residents ($A219.8 billion) as of June 1999 (ABS, 1999: 16). This means that, of the total CTE equity held by both Australian and non-Australian investors ($A723.2 billion), only $A132.6 billion is FDI (ABS, 1999: 16). Thus, in the OECD's words, non-residents as at June

3 The use of the term TNC has somewhat superseded the use of the term multinational corporation (MNC) to describe firms that operate in several countries. Mourdoukoutas (1999:1) describes a TNC as "a stateless corporation, a corporation that is doing business around the globe, in all continents, while the terms international and *multinational* refer to corporations that are doing business in two or more nations." In reality most modern corporations continue to base their operations and assets in one or two major countries (Harman, 1996). Few of the 60,000 TNCs identified by UNCTAD would be genuinely "stateless". However, for the sake of simplicity the term TNC is throughout this paper to refer to large corporations with international operations.

4 This analysis is based on statistics of foreign ownership of Australian equity provided by the Australian Bureau of Statistics (ABS). The ABS includes in its definition of equity such items as listed and unlisted shares and units in trusts, and also non-resident ownership of property and of Australian branches of foreign companies. A non-resident is defined as "any individual, enterprise or other organisation ordinarily domiciled in a country other than Australia" (ABS, 1999: 10).

5 This category includes all private sector companies, publicly listed or otherwise, as well as publicly listed partly-Government owned corporations such as Telstra. Admittedly, this analysis does not distinguish between foreign ownership levels in individual sectors, where it may be more concentrated than in others.

1999 had a "lasting interest" in and a "degree of influence" over around 18 percent of CTE equity in Australia.

Even less is the proportion of equity held as majority foreign ownership. The ABS separates FDI into categories that involve 10 to 50 per cent and greater than 50 per cent (majority) ownership. As of June 1999, the proportion of FDI involving majority ownership was around 90 per cent ($A117.7 billion). As a percentage of all equity issued from CTEs ($A723.2 billion), majority foreign ownership equity amounted to just 16 per cent, meaning non-residents have majority ownership of less than one-fifth of the Australian private sector (ABS, 1999: 16). This is somewhat contradicted by the most recent Business Review Weekly survey of Australia's 1000 largest corporations, which found that 32.2 percent (or 322 of the 1000 firms) were foreign-owned. However, BRW hastened to add that they represent "only 23% of the list's total revenue and 12% of profits" (Ruthven, 2000: 105).

In sum, the bulk of industry in Australia is not owned or controlled by foreigners.

Union Oppostion to Foreign Investment

Much of union opposition to the Organisation for Economic Cooperation and Development's (OECD)'s efforts to secure agreement (unsuccessfully) among member nations (including Australia) to the implementation of the MAI[6] was on the basis that it undermined "Australian sovereignty". The ACTU argued that it was against the "national interest" in that it would "severely limit the ability of national and State governments to legislate and to regulate proposals for foreign investment in Australia in the public interest" (2000: 132). In relation to the possibility that under the MAI there would be less national control over ownership of real estate, the ACTU said: "The notion that over time

6 The original MAI treaty was defeated by a combination of Non-Government Organisations (NGOs), in both non-OECD and OECD countries, and other political opposition, and the inability of governments to agree on the terms of the treaty (Ranald, 2000; Goodman, 2000). Responsibility for negotiating the treaty has now been transferred to the World Trade Organisation (WTO).

we could be tenants in our own land is repugnant and unacceptable" (ACTU, 2000: 144). Former Victorian Trades Hall secretary John Halfpenny had previously made a similar argument about foreign investment: "the national government...also the people of Australia, forego control over the destiny of the economy" (cited in Broomhill, 1991: 48).

However, the suggestion that a government, by reducing foreign investment, could significantly improve its capacity to exercise "control over the destiny of the economy" implies a significant overestimation of any state's capacity to determine events within its own national borders. Defenders of "national sovereignty" overlook the fact that, in the global economy, variables such as employment, interest rates, prices and economic growth are only partially subject to government manipulation, being much more the cumulative results of the decisions taken collectively, but not in concert, in the boardrooms of the world's largest TNCs.

Furthermore, this loss of decision-making power is portrayed in a rather one-sided fashion: governments under duress reluctantly yield their autonomy to business. More often, as Burchill pointed out in the case of strong OECD member government support for the MAI, "national economic sovereignty has not so much been lost as enthusiastically given away" (1999: 19). In other words, the reduction of state control is often premeditated government policy.

More fundamentally, the sovereignty argument gives little recognition to the class divisions within Australian society[7]. The majority of decisions about investment, production and distribution under capitalism are made

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7 The definition of class used here is that provided by Ste Croix (cited in Callinicos, 1989: 51): "A class (a particular class) is a group of persons in a community identified by their position in the whole system of social production, defined above all according to their relationship (primarily in terms of the degree of ownership or control) to the conditions of production (that is to say, the means and labour of production) and to other classes... The individuals constituting a given class may or may not be wholly or partly conscious of their own identity and common interests as a class, and they may or may not feel antagonism towards members of other classes as such." Accordingly, white-collar workers are considered members of the working class, thus making it the largest of classes in Australia (Fieldes, 1996).

by a minority of non-elected corporate leaders whose nationality is arguably irrelevant: whether it is Kerry Packer or Bill Gates to whom the majority of Australians are required to sell their labour is of marginal significance. Burchill's (1999: 19) argument that under globalisation "key decisions affecting their [citizens] lives are now made by foreigners who cannot be brought to account for their actions", ignores the fact that, in the absence of foreign investment, these key decisions would still be made by people who are largely unaccountable, just of a different nationality. Liberal democracies, of whatever national variant, offer little scope for participation by the majority of citizens in political and economic events of major import (Callinicos, 1991: 106-118).

The ACTU's argument for opposing any measure that would allow (as under the proposed MAI) "executives, managers and members of boards of directors, [to] be individuals of any particular nationality" illustrates the problems inherent in the sovereignty argument:

> In terms of general investments, the board and senior management could be foreign nationals with no commitment to the values and laws of Australia, and be simply committed to achieving the highest possible repatriation of profit to the parent company (ACTU, 2000: 148).

Some evidence suggests that foreign companies do not repatriate all, or even most of, their profits (DFAT, 1999a: xiv; DFAT, 1999b: 37). If this is true, the above ACTU quote, minus the word "foreign", could easily apply to the board and senior management of an Australian company. Furthermore, there is little evidence that Australian dominance of board and senior management positions leads to superior outcomes for workers. For example, BHP recently replicated the actions of one of its foreign competitors Rio Tinto by attempting to abolish union organisation in its West Australian iron-ore division in favour of individual contracts (Finlayson, 2000). This was interpreted by CFMEU (Mining and Energy) General President Tony Maher as BHP abandoning "its usual approach to industrial relations in favour of an all out American-style offensive against its employees" (Maher, 2000). However, it was arguably less the influence of "American-style" industrial relations than the twin-market pressures of competition from its foreign rival and the Big Australian's well-known financial problems that underlay BHP's shift in approach from a "corporatist" approach to a more adversarial one.

The ACTU viewed the MAI from a nationalist rather than a class perspective. This led it to overlook the fact that, far from all Australians being disadvantaged by the treaty, some Australian corporations stood to gain significantly. The ACTU identified the main threat to Australian workers from the treaty as residing outside Australia's borders.

A similar, pro-sovereignty approach to the MAI was adopted by the National Tertiary Education Union (NTEU), which welcomed the Government's commitment to not becoming a signatory to the agreement "unless it is satisfied that it is in the national interest to do so" (2000: 159). The NTEU further claimed that the MAI constitued "a number of potential threats to the continued quality, viability and essential characteristics of Australia's system of higher education" (NTEU, 2000: 161). Yet it could be argued that the Federal Government's own policies of significantly reduced public funding and encouragement of commercialisation and corporate sponsorship pose bigger threats to the sector.

The opposition to the MAI on the basis of its negative implications for the Australian nation's sovereignty had the effect of blurring the difference between the arguments advanced against foreign investment by the labour movement and right-wing politicians such as Pauline Hanson. It also overlooked the fact that some Australianbig business saw it as being in its "national interest" to support the treaty. BHP representatives, for example, sat on the board of the pro-MAI US Council for International Business, alongside representatives of foreign TNCs such as Ford, Nabisco, American Express and BP (Rintoul, 1998: 6). As the *Australian* Financial Review (1998: 14) explained, the best thing for Australian business would be to have the MAI "extended throughout the Asia-Pacific so as to allow Australian multinationals to better share in the region's growth". Australia's two main business representative organisations, the Business Council of Australia (BCA) and the Australian Chamber of Commerce and Industry (ACCI), both wholeheartedly supported the MAI, and the ACCI opposed the inclusion of any culture, environment, labour or social clauses in the agreement (cited in Goodman, 2000: 37). Business was, of course, not wholly uncritical of the MAI. The Australian Industry Group (AIG), representing some 11 500 Australian companies, complained that it had been insufficiently consulted by the Government. However, it supported the "broad objectives" of the MAI, the core concept of which was the commitment by governments "to treat foreign investors and their investments no less favourably than they treat their own investors" (2000: 82).

The unions should have opposed the MAI not on the grounds that it was against the "national interest", but that it was biased in general towards the rights of TNCs (both Australian and foreign-owned). This was clearly demonstrated in the case of the agreement's "investment protection" provisions. These were similar to those incorporated in the North American Free Trade Agreement (NAFTA), which enabled a US-based TNC to sue the Canadian Government for banning its products on environmental grounds (Ranald, 2000: 28). Had the agreement been successfully negotiated, it would have placed non-OECD countries at a significant disadvantage in terms of attracting investment, thereby putting further pressure on these countries to weaken existing forms of regulation (Goodman, 2000: 34). More generally, unions could plausibly have opposed the MAI on the basis that it would "strengthen current pressures to reduce labour rights around the world" (Ranald, 2000: 28). That the MAI was an example of what James Goodman (2000: 35) called "globalised neo-liberalism" was reason enough for the labour movement to argue against the MAI. In practice, however, opposition from unions was most often expressed in terms of "the national interest" or its implications for "national sovereignty". This could only have the effect of sowing illusions amongst workers about who their allies are in the fight to protect their wages and conditions.

Foreign Ownership and Industrial Relations

Another theme in debate about foreign investment has been the belief, often expressed by labour movement members and supporters, that overseas investment has significant implications for workplace relations. For instance, Edwards & Bowers (1984) argued that US corporations sought to have collective bargaining adopted as the main method of wage negotiation in Australia in the 1970s because it was practiced in the home country to the advantage of the corporations: "This has led to an undermining of traditional [Australian] institutions, rules and procedures" (1984: 6). The authors cited the case of the 1974-75 Utah dispute in which managers, allegedly acting under orders from Utah's headquarters in the US, had responded to strike action by the workers by suspending shifts and sending threatening letters to the workers' homes: "Such punitive actions by employers are *common practice in America, but are not so in Australia*" (Edwards & Bowers, 1984: 7; emphasis added).

More recently, the argument that foreign companies adopt a more antagonistic approach to industrial relations was evident in the reaction to the Gordonstone coal-mine dispute in 1997. Throughout the Gordonstone dispute, the workers' union, the Construction, Forestry, Mining and Energy Union (CFMEU), argued that the company's methods in hiring guards and carrying out surveillance on the workers were US-style tactics. An article in the union's journal *Common Cause* claimed that in the US "private security companies have long been used to either protect collieries against locked-out or striking workers or, more often, to protect scab labour from the burning rage of dumped miners..." (Freehill, 1997). Some of the sacked Gordonstone workers were seen in the media carrying placards which declared, "Americans ruining communities of Australia" and "Australian coal for Australians" (cited in Scott, 1997: 25). According to the CFMEU's (Mining and Energy) District Vice-President Jim Lambley:

> In America, it does get violent. Miners go in and get shotguns and start wrecking all the gear and blowing up the mine... But in the history of this union, never have I heard of a member reacting in such a way. It's un-Australian (cited in Fynes-Clinton: 1997: 30).

Yet as Marris (1997: 25) pointed out: "Rough-house in industrial relations...is not new. Nor is employers hiring security guards." Neither are violent confrontation and "punitive actions by employers" so far removed from Australian industrial relations, still less those in the mining industry. In what was described as the "bloodiest clash" in the union's history, a miner was killed at Rothbury in 1929 when shot in the stomach by police during a dispute in which 10 000 unionists were locked out for refusing to take a 12.5 percent wage cut following a steep decline in the price of coal (Comerford, cited in Common Cause, 1998). And, of course, there was the Chifley Labor Government's infamous use of the armed forces to break the 1949 coal strike.

During the 1998 waterfront dispute, it was Australian-owned Patrick stevedoring company which, using security guards and dogs, sacked its workers and replaced them with non-union workers. The British multinational P&O, on the other hand, advocated a more conciliatory approach, probably fearing that Patrick's tactics would backfire and lead to a national port shutdown. After recounting two other recent violent incidents, Cahill (2001) concluded that "thuggery and violence are part of [the] Australian industrial relations landscape -but it's the bosses who do most of the bashing."

There is little evidence that overseas-based employers approach industrial relations in a manner qualitatively different to that of their Australian counterparts. It is unlikely that any trend Edwards and Bowers (1984) observed towards collective bargaining derived from the importation of industrial methods. Then-ACTU President Bob Hawke, for example, indicated in early 1970 the union movement's desire to experiment with alternative forms of wage negotiation to arbitration (*The Australian*, 1970: 1). Edwards and Bowers themselves conceded that the unions which had opted for collective bargaining had been "very willing to bypass the traditional system" because they saw it as "a means of gaining better wages and conditions than would be possible under the centralised system" (1984: 11).

Similarly, Arco's tactics in Gordonstone in 1997 are unlikely to be traceable to its US origins. One could argue that domestic factors - namely, implementation by the Howard Government of its anti-union Workplace Relations Act (WRA) (1996), with its preference for individual negotiation vis-à-vis collective bargaining (Orsag & Glanz, 1999) -impacted more heavily on Arco's approach than did its nationality. Indeed, as Marris (1997: 25) argued: "Part of the reason [for more "US style" disputes] is the shift during the past five years to enterprise bargaining, which puts more emphasis on making deals at the company level."

Wright (1981) provided an alternative aspect of the argument about foreign corporations' approach to industrial relations, focussing on the additional economic and organisational resources -reflected in their international integration -at their disposal to undermine trade union opposition. In the most recent issue of this journal, Jones (2001) and Pritchard (2001) made related arguments. Jones (2001: 16) suggested that "TNCs can shift or relocate their operations relatively quickly should...militant labour unions press for a greater share of their income streams." CFMEU National Secretary John Maitland (1998) compared the Maritime Union of Australia's (MUA) battle with Australian owned Patrick Stevedores to the CFMEU's confrontation with Rio Tinto. He nominated Patrick's considerably lesser financial clout *vis-à-vis* Rio Tinto as a key factor in the MUA's greater success:

The CFMEU's and the Australian union movement's problems in confronting Rio Tinto demonstrate the limits of traditional militant workplace struggle in challenging global capital. Whilst an ability to recruit and organise is central to the effectiveness of any trade union, it is no longer sufficient to ensure reasonable bargaining power in dealing with multinational corporations and, by extension, the competitive pressures they bring to bear (Maitland, 1998; emphasis added).

Maitland elsewhere invoked these apparent limits in canvassing alternatives to industrial action, in particular "a shareholder campaign, a proxy battle over workers' rights and corporate governance" (Lewis, 2001). Whatever doubt the experience of such a campaign against the BHP-Billiton merger might cast on their overall efficacy, this emphasis on the greater economic and organisational resources at the disposal of a TNC is perhaps too one-sided. What is often overlooked is the fact that employees of these companies also are arguably more powerful as a consequence of the corporation's greater international integration. Harman cited as examples of this the strikes by Ford workers in Britain in the late 1980s, which "brought the whole of Ford Europe to a halt within three or four days", and the 1996 General Motors strikes that shut down all of the corporation's North American operations (1996: 27).

Thus Maitland's argument that "traditional militant workplace struggle" has been rendered less effective by the growth of TNCs is open to serious question. A factor at least as important in constraining Australian union efforts to resist corporations in recent years has been the WRA – provided, that is, unions are not prepared to challenge the law (Orsag & Glanz, 1999). For example, Gordonstone occurred in the context of several other industrial disputes in which the CFMEU was involved, including one in the Hunter Valley with Rio Tinto over its attempts to put its workers on individual contracts, and another at the Curragh mine in Queensland over related issues (Lavelle, 2001: 13). Ordinarily, for the CFMEU this would have been an opportune moment to wage a militant industrial campaign. However, as a result of the WRA "the CFMEU...pulled back from organising solidarity industrial action with its members at Hunter Valley No.1 and Gordonstone" (Orsag & Glanz, 1999: 1). Thus, factors associated with the greater organisational and economic resources possessed by an TNC were subordinate in importance to domestic factors, namely industrial relations law.

Another reason why one might opt to favour locally-owned businesses over TNCs might be the latter's capacity to avoid paying taxes to host nation-states via methods of transfer pricing, thereby depriving citizens of funds for spending on welfare, health and education (Pritchard, 2001). However, one must recognise the prevalence of tax avoidance amongst Australian corporations. Kerry Packer's Consolidated Press Holdings Ltd, for example, made over $A1.6 billion in profits in the 1997-98 and 1998-99 financial years, yet paid no tax because of accumulated deductions and losses (Collins, 1999: 1). Even if foreign TNCs are the main culprits in this regard, there are systemic conclusions to be drawn from this. As Pritchard suggests:

> From the standpoint of emancipatory politics, inabilities to collect taxation revenue from obviously rich individuals and companies may well highlight the inherent impotence of the state in regulating global capitalism, and give sustenance to calls to develop an alternative global economic order (2000: 42).

The BHP-Billiton Merger

Anti-foreign ownership sentiment again featured strongly in union opposition to the Billiton-BHP merger approved in May 2001. The merger was opposed by six unions representing BHP workers: the Association of Professional Engineers, Scientists and Managers Australia, the Australian Manufacturing Workers' Union (AMWU), the AWU, the Communications, Electoral and Plumbing Union of Australia, the CFMEU and the MUA, which together released a statement saying: "Workers built the company and are entitled to know that any merger decisions are soundly based, in our interests and that of the nation as a whole..." (cited in *Workers Online*, 2001a). Approximately 5000 workers, from as far as central Queensland, Port Pirie, Pilbara and Port Kembla, rallied outside the Extraordinary General Meeting in Melbourne at which the decision to merge was approved (*Workers Online*, 2001a).

A consistent theme in the unions' criticism was the perception that BHP had been hard done by in the merger. For example, they argued that its assets had been undervalued, and questioned why BHP Chief Executive Paul Anderson was vacating his position to Billiton Chief Executive Brian Gilbertson a year before the expiry of his contract (*Workers Online*, 2001a). CFMEU (Mining and Energy) General President Tony Maher argued that it "is such a one-sided deal for Billiton that you would expect 100% endorsement [by Billiton shareholders]", and that the deal "is not only a dud for BHP shareholders, it is a bad deal for Australia, for BHP employees and all stakeholders in the company" (CFMEU, 2001a).

The geographical location of the new company's headquarters -likely, according to the unions, to be in London -also was strongly emphasised. For example, ACTU Secretary Greg Combet argued: "Managers in London are not going to have any interest in workers and families in communities in Port Kembla or Pilbara" (Workers Online, 2001a). Tony Maher argued that it was only a "matter of a short time before BHP/Billiton deserts Australia and becomes London-based..." (CFMEU, 2001b).

However, even if predictions that BHP would actually remain in Melbourne (Bartholomeusz, 2001: 48) prove incorrect, it has to be asked whether the former BHP ever expressed through its actions "any interest in workers and families in communities in Port Kembla or Pilbara". According to one BHP worker, the answer is clear:

After BHP made its big mistakes in the 1980s and early 1990s, the Australian workforce copped it in the neck... More than 30 per cent of the workforce became retrenched, with others forced to work 12 hour shifts. And the fundamental reason was that BHP management needed to squeeze more out of us to make up for their lousy commercial decisions (cited in *Workers Online*, 2001a; emphasis added).

It was also evident from comments by CFMEU National Secretary John Maitland that BHP had not previously considered the interests of the "Australian community": "BHP has essentially squandered the goodwill of workers by forcing individual contracts in WA, squandered the goodwill of the community by closing down steel operations and now it has squandered the goodwill of shareholders" (cited in Workers Online, 2001a). In light of BHP's recent efforts to de-unionise its workers in the Pilbara (Finlayson, 2000), Greg Combet's claim that the new company would not consider the needs of workers in that region is unlikely to raise much interest. Amid his claim that BHP/Billiton would walk away from Australia, Tony Maher conceded that BHP had already "walked away from the communities of Broken Hill, Newcastle and Moura" (CFMEU, 2001b).

The unions may have been correct to argue that the deal was strongly weighted in Billiton's favour. But, by claiming that the deal "is not only a dud for BHP shareholders, it is a bad deal for Australia, for BHP employees and all stakeholders in the company", the CFMEU ignored BHP's anti-worker history, and effectively called for BHP workers to line up with their company against Billiton. This overlooked the support for the deal by BHP management and shareholders[8], and it promoted strategies for protecting jobs and conditions that were not based on mobilising the power of workers at the point of production.

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8 Just 11 percent of BHP shareholders opposed the merger. *Workers' Online* reported: "Two days before the extraordinary general meeting the majority of shareholders had reluctantly rubber stamped the deal. The big backers had already caste their vote by proxy" (2001a). BHP executives threatened to resign in the absence of an endorsement of the merger, and BHP Chief Executive Paul Anderson stood to gain from the merger a $3.2 million retirement golden handshake and $13.6 million worth of free shares and options (*Workers Online*, 2001a).

The unions were neglecting a critical point, made in another context by Crowe (2000: 5): "Foreign takeover is often linked with downsizing and asset stripping but the truth is our companies do this too... Telstra has been shedding staff as quickly as foreign-owned CW Optus can employ them." A class perspective on the merger would hold that, given the primacy of accumulation requisite upon any corporation, Australian or otherwise, and given BHP's past neglect of the interests of Australian workers and the "Australian community", the regime change would not lead to any fundamental shift in management policy. Australian corporations are no more considerate of the interests of Australian workers, the Australian community, or anything other than the corporation's profitability, than are foreign corporations. Thus on the eve of the Sydney "inaugural Corporate Scumbags Tour" in March 2001, *Workers Online* featured exposes of, in addition to foreign TNCs such as Rio Tinto, Daewoo and Nike, Australian TNCs the Commonwealth Bank, BHP ("The Big Polluter"), and Qantas. *Workers Online* accused the Commonwealth Bank of: the closure of 438 branches in the five years to March 2001; the sacking of over 10 000 workers over the same period; misleading and intimidating workers into signing individual contracts in an attempt to break the union, according to the Federal Court; appallingly high stress levels among staff in Commonwealth Bank branches; and profiteering from fee hikes.

Explaining Corporate Priorities

The similarity of corporate behaviour across national boundaries is a product of the competitive nature of capitalism, which generates intense, unavoidable pressures on any corporate enterprise, and which if resisted would lead to market failure. Marx (1976: 739) famously described these systemic pressures as the underlying determinants of the extreme single-mindedness with which the business owner accumulated wealth:

> [The capitalist] shares with the miser an absolute drive towards self-enrichment. But what appears in the miser as the mania of an individual is in the capitalist the effect of a social mechanism in which he is merely a cog. Moreover, the development of capitalist production makes it necessary constantly to increase the amount of capital laid out in a given industrial undertaking, and

> competition subordinates every individual capitalist to the immanent laws of capitalist production, as external and coercive laws. It compels him to keep extending his capital, so as to preserve it, and he can only extend it by means of progressive accumulation.

This often was at great cost to society as a whole, as Engels demonstrated in the case of the Spanish planters in Cuba whose concern only for the profits reaped from the sale of coffee trees resulted in environmental hazards such as soil erosion (cited in Albrecht, 1992).

The board of a modern joint stock company operates under the same pressure as did the single owner in the 19th century. As McQueen (2001: viii) writes, "even the most powerful executives retain their power only when their decisions coincide with the logic of capital growth. That condition overrides any good intent." Thus, in the eyes of the corporation, labour standards, environmental conservation and human rights concerns are always subordinate to the drive to maximise shareholder return. Australian firms must prioritise the accumulation of capital in the same way as their foreign competitors, lest they lose market share and competitiveness. Edwards and Bowers are thus mistaken when they contend that the foreign corporation's prime motivation for action, "the state of the corporation", is different to that of the domestic-based corporation, which can be "the public policy of the Government, and the economic state of the nation" (1984: 12).

Trade Unions and Foreign Ownership and Investment

Most trade union leaders are "reformist" in the sense that they tend to accept the dominant political and economic structures and seek to improve the conditions of their members through incremental reform via the election of a Labor government, rather than through a revolutionary transformation of society based on working class insurrection. At different times, direct action by rank-and-file members can be emphasised as a means by which to achieve gains. Nonetheless, union leaders most of the time continue to look to legislative reform by the state to effect wider political and economic change.

The implications of this are, as Bramble (1996: 48, 49) puts it, that the "labour bureaucracy therefore accepts the existence of classes, but generally plays down or denies the need for class conflict, preferring to argue that workers and employers have common interests." Nationalism has been a central element of the philosophy of the ALP almost since its formation (McQueen,1972), as well as of the labour movement at large (Kuhn, 1981: 26). The labour leaders' commitment to reformist change and the nation-state as its vehicle is thus an important underlying factor explaining the unions' historical defence of Australian ownership of major companies[9]. Although not all anti-foreign ownership sentiment in the labour movement has been expressed by union leaders wedded to the ALP[10], this most likely remains the major reason for its continued prevalence in the union movement.

However, the continued acceptance of nationalism in the labour movement is not a foregone conclusion. Rival political ideologies and movements can at times challenge its hegemony. Recently, there have been faint signs of such a rival developing in the form of the nascent anti-capitalist movement that has emerged across the world since the major protests against the World Trade Organisation in Seattle in November/December 1999. The rapacious nature of modern corporations -their quest for profit maximisation at the expense of human rights, the environment and labour standards -is a central theme of the large and militant demonstrations that have since occurred outside economic and political summit meetings (Klein, 2000; Harman, 2000; Bello, 2001). According to Callinicos (2001), this "anti-capitalist" movement has had four important effects. First, it has generated a cycle

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9 This explains why at root on this question they have an identical attitude to that of John Howard, who argued that "if all things are equal, it's far better that something be Australian-owned than foreign-owned" (cited in AIA, 2001).

10 For example, the Amalgamated Metal Workers Union (AMWU), partly led by the Communist Party of Australia (CPA), published in the late 1970s Australia *Uprooted* and *Australia Ripped Off*, according to which the central problem in the Australian economy was the unrestrained actions and influence of foreign MNCs. While initially the CPA had counter-posed an internationalist approach to that of the ALP, from the 1930s it moved in a nationalist direction as its Russian counterpart, led by Stalin, sought to shore up its power base by forming alliances with Western Governments, which *ipso facto* meant for the Communist Parties in those countries the abandonment of revolutionary politics (Kuhn, 1986: 1; Hallas, 1985: Chs 6, 7).

of protest, with demonstrations occurring in cities as varied as Washington, Millau, Melbourne, Prague, Seoul, Nice, Gothenburg, and Genoa. Second, it has helped to develop an "anti-capitalist mood", in that it has crystallised in the advanced countries "a politically active minority that sees global capitalism as the source of the world's ills". Third, it has led to the formation of new political milieux, such as the anti-financial speculation mass French organisation, ATTAC (Association for the Taxation of financial Transaction to Aid Citizens), and the active support for Ralph Nader's Greens in the US 2000 presidential election. Fourth, it has seen the re-emergence of influential critiques of capitalism by intellectuals such as Walden Bello, the late Pierre Bourdieu, Susan George, Naomi Klein and George Monbiot.

In Australia this "anti-capitalist mood" has been reflected in the protest against the World Economic Forum at Crown Casino in Melbourne 11-13 September 2000 (the "S11" protest), and the blockades of Stock Exchanges and other corporate targets on 1 May 2001 (the "M1" protests) in the major cities. As one observer of the latter wrote: "The movement against corporate power is growing at a rate that is catching everyone off guard" (Davey, 2001). Although this movement is "composite...confused...contradictory" (Monbiot, cited in Callincos, 2001: 8), it distinguishes itself from the official trade union movement in its ideological orientation and activism by being concerned less about foreign corporations than about corporations per se, and by its preference for methods of direct action over traditional reformist methods of change. The labour movement in Australia would do well to learn from the anti-capitalist movement's less narrow, nationalistic ideology (Nineham, 2001: 23), to see "global capitalism as the source of the world's ills", and from its emphasis on direct action. It needs to engage with it, something that is being recognised by at least some of its representatives (*Socialist Worker*, 2000; Davey, 2001), and which to some extent is occurring in practice (Deer, 2001). Likewise, the creativity and enthusiasm of the anti-capitalist movement will bear fruit only if it can relate to the day-to-day concerns of workers, who alone possess the economic power to challenge the domination of transnational capitalism (Tietze, 2000).

Conclusion

Foreign ownership and investment in Australia has been a perennial concern of the labour movement. Such concern also exists in the wider community, not eased by misinformed statements from jingoistic politicians and opportunistic entrepreneurs. In practice, foreign ownership and investment levels in aggregate do not equate to foreign control of the Australian economy, and Australian corporations still predominate to a considerable degree.

The concern with foreign ownership will not be removed by empirical analysis or argument alone, for it reflects the general angst about increasing income inequality, job insecurity, privatisation and unemployment. In this sense, Kuhn's (1981: 26) argument that left-wing nationalists find an audience for their ideas because "they are addressing real problems that workers face every day -redundancies, lower wages, cuts in social services and attacks from the Government", is still relevant.

The above analysis suggests that such ideas are incapable of providing adequate solutions to these problems precisely because they locate the source of them as being external (foreign corporations and investors) when they are often internal (domestic corporations and governments). Further, they fail to understand that job cuts and attacks on unions, when they are initiated by foreign corporations, do not derive from their foreign origins but from the competitive pressures upon the corporations' managers and directors to accumulate capital, an argument supported when similar actions are taken by domestic corporations.

Major problems face the labour movement – declining unionisation, casualisation of the workforce, increasing job insecurity and stress, cuts to public funding of health and education, and environmental degradation. Reductions in levels of foreign investment and ownership in the Australian economy are ineffectual in this context. At worst, calling for such measures can play into the hands of racist politicians such as Pauline Hanson, who has sought to channel anger at economic rationalism in the direction of immigrants and "privileged" Aborigines rather than towards politicians and corporations[11].

Recent successes on the industrial front point to an alterative way forward for the labour movement. Victorian nurses used industrial action in 1997 to force the anti-union Kennett government to concede a deal including an 11 per cent pay-rise over three years, extra jobs and no trade-offs. The Federal Coalition Government's back-down on paying the $6.3 million in entitlements owed to the retrenched Oakdale workers in 1999 came after a 24-hour illegal strike by 20,000 miners. Victorian construction workers achieved a 36-hour week on many job sites in early 2000 after a campaign involving pickets and industrial action. It was mass pickets and the preparedness to disobey court orders that defeated attempts to destroy the Maritime Union, along with solidarity by workers from afar as Los Angeles, Tokyo and London (Lavelle, 2001: 19). The use of the labour movement's industrial power, combined with the energy and diversity of the nascent anti-capitalist movement, can begin to provide long term solutions to the problems that opponents of foreign investment attempt to, but cannot, resolve.

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11 For example, in 1998 the Ghana-owned Ashanti Gold closed its Cobar copper mine in NSW, putting 260 workers out of a job. The emphasis by unions and the media on the company's foreign origins no doubt contributed to a majority of the retrenched workers' declaring their intention to vote One Nation at the forthcoming election (cited in Hope, 1998: 4).

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