

# **A Transnational Capitalist Class: Does Corporate Australia have one?**

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## **Abstract**

This paper looks at the apparent contradiction of a transnational capitalist class (TCC) within the Australian nation state and asks if they do exist what is their relationship to the Australian Capitalist Class (ACC)? Is their relationship comfy, cooperative or conflictual or are the ACC in a relationship of commensalism where they benefit and the TCC is not significantly harmed or rewarded, much like the shark with its remora or sucker fish? The ACC sucker fish attached for food and global transportation upon the rapacious TCC shark; forming a unit of military precision, mobility and efficacy. The test for these likely scenarios is material that comes from a longitudinal study of interlocking directors and major shareholders (drawn from the top 30 companies listed on the Australian Stock Exchange (ASX) 1992-2007 and 300 top Australian companies listed on the Huntley's 2007 shareholder database) plus interviews with top thirty company directors over a 15 year period 1992-2007.

## **Introduction**

Logically a *transnational capitalist class* (TCC) cannot wholly exist in Australia though there maybe traces of its disembodied parts. This paper seeks to find evidence of these TCC traces in Australia and then to find clues as to the sort of relationship (cooperative, competitive or conflictual) that exists between a native ruling class, in this case, the Australian Capitalist Class (the ACC) and the TCC. There are necessarily two literatures involved in deconstructing these two classes. The first is the very small TCC literature which ranges<sup>1</sup> from a structuralist through to an agency-based instrumentalist perspective.<sup>2</sup> The second larger literature focuses on the ACC<sup>3</sup> but also includes other nation-centric network studies. Hypotheses from both these literatures are used to test the empirical Australian corporate data described in Part 4 – The Australian interlock case studies 1992-2007. The study confines itself to these longitudinal data sources, evidence from interlocking board directors of the top thirty Australian Companies and the top company's major shareholders (1992-2007). The data comes from the Australian Stock Exchange (ASX) Annual Reports of the top thirty companies and is illustrated

with the author's interviews of top thirty company directors (1985-1997). To help measure corporate *ownership* an Owner Penetration Index (OPI) study ranking major shareholding is included.

This paper aims to find where power lies behind the shareholding and network traces: 'We really only see networks after the fact in the traces they leave ... you know they are powerful, you just don't know precisely how.'<sup>4</sup>

First, I consider the relevant literature strands.

## **2. The Two Literatures**

The first, is the TCC literature which ranges<sup>5</sup> from a structuralist perspective; with the TCC representing transnational capital flows from the leading transnational corporations and private financial institutions,<sup>6</sup> to an agency-based instrumentalist perspective that sees the TCC as social, political as well as economic fractions with sometimes overlapping, roles as globalizing corporate managers, bureaucrats, politicians, professionals, and consumerist elites.<sup>7</sup> And there is a middle ground in which the TCC and 'their advisors are embedded in a panoply of socio-political relations.'<sup>8</sup>

### **2.1 The Transnational Literature**

In William K. Carroll's survey of the TCC literature<sup>9</sup> he suggests a vigorous debate has taken place amongst a few TCC theorists covering a wide spectrum of thought. Amongst the earliest of these theorists from a fraction-of-capital transnationalist perspective is Karl Marx.

#### **2.1.a Fractions-of-Capital-Transnationalists**

From these words written in the *Communist Manifesto* in 1848 'modern industry has established the world-wide market... the leaders of the industrial armies the modern bourgeoisie... cannot exist without constantly revolutionising the instruments of production,' Marx develops an expansionist theme of capital. In volume two of *Capital* (1865 or 1867)<sup>10</sup> he systematically sets out the dynamic, competitive and expanding motor of capital beginning with money (M) inherited or gained from a finance capitalists and taken by an industrial capitalist to set up commodity production (C-P). This commodity production needs labour power (LP) to make a value added new product (C') that then becomes a commodity primed. When the commodity is sold, profit can be realised (M') as money primed. The equation that expresses this whole circuit of production is  $M-C-P+LP-C'-M'$ .<sup>11</sup> The underlying dynamic of the circuit is bourgeois competition; competition for new markets; local, national or international; competition for the smartest technology and competition for the smartest exploitation of labour power.

The early 1980s work of Kees Van der Pijl<sup>12</sup> and Meindert Fenemma<sup>13</sup> stands out as the beginning of an identification of a TCC forming around a Euro-North American network.<sup>14</sup> But a general point is made by Dick Bryan<sup>15</sup> that Marxists scholars have paid insufficient attention to the international movement of capital. And in his own

book *Chase across the Globe*<sup>16</sup> he moves offshore to describe the fractions of capital, their typical modus operandi and their strategies of global accumulation. He focuses on the underlying contradictions between the internationality of value and the necessary role of the national state in the disciplining of labour and the general regulation of accumulation.

Jerry Harris and William I. Robinson in 2000 use Marx's circuits to argue that the TCC use global rather than national circuits of accumulation and that this gives the TCC a basis for an objective global class existence that is spatially and politically over and above any local territories and polities. However, under their arms they carry "Third Way" economic liberal ideology.<sup>17</sup> Robinson<sup>18</sup> identifies the TCC as being within a global class structure in which they own and/or control transnational capital and production; they have no national identity and are in competition with locally or nationally based capitals with a 'set of class relations distinct from local and national capitalists.'<sup>19</sup>

*Hypothesis H1* If there is a TCC that are identifiable within a global class structure by their ownership and or control of transnational capital then they are likely to be competitive with the ACC.

Robinson<sup>20</sup> suggests that the original circuit of production identified by Marx has now transnationalised whereby P (productive capital) is increasingly decentralising and where globally produced goods and services are marketed worldwide in increasingly transnational states (TNS) which are 'loose network comprised of supernational political and economic institutions with national state apparatus that have been penetrated and transformed by transnational forces.'<sup>21</sup> This is a qualitatively different form of international financial flows from earlier periods and features a newly emerged TCC from these TNCs. Collectively, the TCC and their TNCs, gained the upper hand over nationals in the 1980-1990s when they captured strategic parts of the national state apparatus and from that advantageous position were able to push for a self interested economic liberal agenda of capital globalisation and global hegemony. This also led to cross nation class allegiances within countries, regions, cities and communities. These strategic international networks were followed by the decentralisation of production and capital and the retreat of nation state intervention. But importantly the nation state is still significant for its generation of local economic policies that are instrumental in creating 'macroeconomic equilibrium, the provision of property laws, infrastructure and of course social control and ideological reproduction.'<sup>22</sup> Nation states are captured by the TCC to serve them over local interests; they employ a rising number of TNS apparatus (e.g. WTO, WB and IMF) and think tanks (IPA, Sydney Institute) to help them initiate and impose their self interested ideology – now economic liberalism. From the mid 1970s a global structuralist perspective on the world system and the capitalist class's position within this has come from Immanuel Wallerstein<sup>23</sup> and

Christopher Chase Dunn.<sup>24</sup> Chase Dunn<sup>25</sup> notes that the world-system reached a point where ‘both the old interstate system based on separate national capitalist interests, and new institutions representing the global interests of capitalists exist and are powerful simultaneously.’ A parallel existence between a national and a transnational capitalist class arises with each nation state having a ruling class fraction allied with the TCC.

Michael Buroway<sup>26</sup> identifies the changing conditions in which the TCC operate. Using Marx, he writes of the development of three waves; the first, identified by Marx as the commodification of labour, the second by Lenin as the commodification of money and the current wave the commodification of nature. Begun in the mid 1970s, the third wave has seen the privatisation of natural resources (water, electricity, security and telecommunications), a retreat of trade unionism and a rise of liberal ‘democracy’ that has displaced colonialism and communism but ‘hides its collusion with and promotion of a third wave marketisation that is destroying human society across the planet.’<sup>27</sup>

### **2.1.b Agency-Focused-Transnationalists**

Following a Weberian stratification thread by locating the importance of status within the distribution of resources Leslie Sklair’s 2002 article conceptualizes ‘the systemic organization of politics for global capitalism in terms of a transnational capitalist class (TCC).’<sup>28</sup> The TCC organisation is considered to be a mix of systemic control and opportunism so although they have a material basis in the corporations they own and/or control they also have access to groups that will perform different but distinct functions for them and they are able to move seamlessly between these groups. Sklair’s four fractions of the TCC are: 1. a *corporate fraction*; ‘who own and/or control the major transnational corporations and their affiliates’<sup>29</sup>, 2. a *state fraction*; ‘politicians and bureaucrats at all levels of administrative power and responsibility’<sup>30</sup>, 3. a *technical fraction*: ‘globalising professionals...from leading technicians centrally involved in structural features and services (including financial services)’<sup>31</sup> and 4. a *consumerist fraction*; Merchants and media...people responsible for the marketing and consumption...’<sup>32</sup>

*Hypothesis H2* if actors are corporate actors only then they are unlikely to be TCC.

And Sklair<sup>33</sup> also argues that it is profoundly undemocratic to have a TCC with their direct or indirect political power being used to spread economic liberalism, in through their forums such as GATT, WTO and IMF; where they spell out the ‘route to prosperity for all...is through international competitiveness decided by the “free” market and “free” trade, institutions and processes that they largely control themselves or through their friends and allies in local and national governments and international organizations.’<sup>34</sup>

### **2.1.c Agency-plus-Capital Transnationalists**

Carroll and Fenemma<sup>35</sup> take a middle stance in this theory spectrum; that a nascent TCC is in part defined by the flows of capital but also has agency in non material spheres. Their work finds that whilst business communities are organised along national lines (largely based on Fenemma's original 1970s study) there is evidence of nascent TCC development<sup>36</sup> and this evidence comes from Carroll's<sup>37</sup> lateral data crunching of global corporate interlocks. The findings are that the key interlockers are located primarily in northern European cities - Paris, London, New York but also Brussels, Montreal, Frankfurt, The Hague and Zurich. These key interlockers have agency and power beyond borders and nation state based board rooms. Carroll recommends a slowly, slowly approach to TCC research whereby inter-territorial complexity is acknowledged and warns caution in making 'abstract, polarized characterizations – as in *either* national *or* transnational capitalist class; *either* an American hegemon bent on world domination *or* a Washington that acts at the behest of the transnational capitalist class; *either* inter-imperialist rivalry *or* the united rule of global capital [even though it may be] certainly the case that capitalism's globalization creates an objective basis for capitalist class unity.'<sup>38</sup> He leans toward a Saskia Sassen<sup>39</sup> approach whereby 'the global partly inhabits and partly arises out of the national' and he heeds Alex Callinco's<sup>40</sup> warning not to attribute individual or personalised characteristics to capital as a separate and distinct existence but rather more usefully to 'analyse the concrete forms of competition and cooperation among 'many capitals' at both the national and international level and how these articulate with the processes of geopolitical competition constitutive of the interstate system.'

*Hypothesis H3* if there is a TCC it should not be seen as a TCC-for-itself but rather as acting globally to partly inhabit and partly arise from the national.

The second part of this literature review is from a numerically larger network literature base.

## **2.2 The Nationally based Network Literature**

The network literature on the capitalist class is well documented<sup>41</sup> and largely falls into four groups 1. Agency, actors and control, 2. Corporate collusion and monopolisation, 3. Credit discretion, and 4. Social embeddedness.

### **2.2a Agency, Actors and Control**

The first, group emphasizing managerial *control* is Weberian, that is, it again draws from the work of Max Weber<sup>42</sup>, and aims to provide independent motives for the actions of interlocking directors who control but do not own companies; managers have control and agency in the boardroom but do not own the company.<sup>43</sup> Companies, in which managers and directors control but do not own, are therefore more likely to be answerable to a wide community of diverse shareholders.

Corporate power is diverse<sup>44</sup> because it resides with many shareholders; typically ‘mum and dad’ (that is, low-asset) shareholders through to major shareholders. Therefore managers and directors are disinterested shareholder representatives rather than self serving owners.

*Hypothesis H4* If there is a disinterested national ACC who are not the owners of the top companies then there is more likelihood that they will act in a civilly responsible manner as citizens motivated by interests other than the corporations.

## **2.2b Collusive interlocks**

The second theoretical thread is structural Marxist. This looks at the dynamic of capital (generically) by focusing on the *collusion* practised by banks to dominate industry.<sup>45</sup> Monopolistic forces were seen to be aided by interlocking directorates between board members that resulted in business cartels or monopolies.<sup>46</sup> Rudolf Hilferding, in his original identification of *Finance Capital* 1910,<sup>47</sup> saw bank interlocks as the vital dynamic within this system of collusion where bank put their directors on others boards to further their interests and control.<sup>48</sup> According to Hilferding, finance capital gave rise to ‘a desire to establish a permanent supervision of company affairs, which is best done by securing representation on the boards of directors’.<sup>49</sup> On the same line of thought Paul Sweezy argued that in the USA it was possible to discern eight leading ‘interest groups’ consisting of industrial and financial alliances and the dominant interests were investment banks J.P. Morgan and First National Bank, where his father Everett B. Sweezy, was the vice president at the time.<sup>50</sup>

In 1937 an Australian writer J. N. Rawling also used this collusive thesis in *Who Owns Australia?* Rawling’s empirical study of the concentration of Australian industry, interlocking directorships, share holdings and corporate subsidies identified an Australian business oligarchy that paralleled the German dominance found by Hilferding.<sup>51</sup> These banks held at their mercy ‘manufacturer and retailer, who are not big enough to be in the inner circle, the farmer, and the small business man — many of whom are worse off than the employed worker and the small trader’.<sup>52</sup> Len Fox’s *Monopoly* 1940<sup>53</sup> was another Australian text which according to Kuhn, ‘covers similar ground to Rawling and the later 1963 work of E. W. Campbell, *The Sixty Rich Families Who Own Australia*’.<sup>54</sup>

*Hypothesis H5* if controllers of top capital collude then they are likely to create national monopolies of finance capital.

## **2.2c Discretion**

This *discretionary model* is bank-centred too. This model focuses on finance capital’s discretion to make decisions as to what direction, how much and to whom, credit might go. The theory associated with the work of Beth Mintz and Michael Schwartz, in *The Power Structure of American Business* 1985. They argue that

‘interlocking directorates are not a source of hegemony<sup>55</sup> but a method for managing discretion. Banks could not be the source of hegemony because they give access to the apparatus of discretionary decision-making and only indirectly offer the possibility of altering structural constraint ... bank centrality in this context reflects the dominant position of financial institutions in capital-flow decision making.’<sup>56</sup> In their estimation fewer than fifteen of the largest banks make the most strategic decisions about the directions of capital flow in the US economy. In contrast to the collusive model the discretionary model is a ‘hands off’ discretionary strategy that locates bank power at the decision-making level of who is going to be loaned what, for what and for how much. This model gives dominant power to finance capitalist which also fits with John Scott’s finding in<sup>57</sup> *Corporations, Classes and Capitalism* where he suggests that ultimate corporate power increasingly rests with major shareholders and impersonal systems of finance capital. Michael Useem brings a paradox to this discretionary mix. His interviews of top corporate players showed the dominance of the major shareholder who was a player directors and management needed to continually satisfy but whose power over them and the organisation they appeared to want to thwart.<sup>58</sup>

#### **2.2.d Social Embeddedness.**

*Social embeddedness* vacillates loosely between a materialist Marxist and a Weberian actor, agency and social stratification stand point. Interlocks are seen as a mechanism for capitalist class reproduction (‘jobs for the boys’) and class cohesion (‘don’t rock the boat; employ your own’). Marc Granovetter suggests that interlocks between companies can influence a wide range of organisational behaviour, such as strategies, structures and performances.<sup>59</sup> Australian writers Mike Donaldson and Scott Poynting use a methodology called *found life history*, whereby life-history methods are linked with information systematically gathered from ‘autobiographies and biographies’ to gain insights into these ‘distant and unavailable men’.<sup>60</sup> Using this secondary evidence, they argue that for top Australian businessmen ‘at dinner parties or in the boardroom, relations with their peers are instrumental. Close friendships are rare ... spurred by a keen sense of their superiority and ceaseless acquisitiveness reinforced by their feelings of deservedness ... it involves the habitual exercise of power expressed in hierarchy, bullying, manipulation and determination to win. They are detached from, and ruthless towards, almost everyone’.<sup>61</sup>

Reinforcing this perspective is Useem’s earlier work depicting an inner circle of Chief Executive Officers (CEOs) who belong to top lobby groups that seek to influence the state with one voice.<sup>62</sup> Gerald Davis’s theory belongs here too when he suggests that central interlockers are the key class agents<sup>63</sup> of social capital.<sup>64</sup> The most heavily interlocked individuals are forming a vanguard of the corporate elite and, are by implication, its most effective transmitters and its most likely lateral innovators. These political processes in play impact on business networks and ruling

class ideology, fashions and culture and reflect in a collective corporate behaviour.<sup>65</sup> Carroll and Fennema see interlocking directorates to be ‘devices of consensus and class formation... [that] serve to spread information that is relevant to the business community, they serve to hammer out notions of the general interest... create trust within the international business system and are therefore crucial in the formation of the business community’...<sup>66</sup> Scott sees interlocks as primarily communication nodes.<sup>67</sup>

*Hypothesis H6* The social embeddedness perspective suggests that if the most interlocked individuals act to socially and politically integrate their class then they will be key class agents forming an inner national network circle.

## **Hypotheses**

*Hypothesis H1* If there is a TCC that are identifiable within a global class structure by their ownership and or control of transnational capital then they are likely to be competitive with the ACC.

*Hypothesis H2* If actors are just corporate actors then they are unlikely to be TCC.

*Hypothesis H3* If there is a TCC it should not be seen as a TCC-for-itself but rather as globally acting to partly inhabit and partly arising from the national.

*Hypothesis H4* If there is a national ACC who are not the owners of the top companies but their managers and directors; their daily controllers, then there is more likelihood that these ACC will act in a civilly responsible manner as citizens motivated by interests other than the corporations.

*Hypothesis H5* If controllers of top capital collude then they are likely to create national monopolies of finance capital.

*Hypothesis H6* If the most interlocked individuals act to socially and politically integrate their class then they will be key class agents forming an inner national network circle.

These hypotheses form tests from the literature that will be applied in the following methodology.

## **3. Methodology**

What we want to find with this methodology is whether there is a transnational as distinct from a national capitalist class and if there is, then what is the likely nature of their relationship to each other. So there will be two tests, the first to identify the organization of the ACC in relation to their interlocking directorates amongst the top thirty Australian companies and the second is to see if there is any transnational links identifiable through major shareholdings amongst the top 300 company’s major shareholders.

### **3.1a Interlocking directors**

We identify the ACC and whether they have an inner circle by looking at the interlocked centrality of the top 30 Australian Stock Exchange (ASX) listed corporations. This first source of information is available to any researcher in the

Australian *Business Review Weekly (BRW)* annually.<sup>68</sup> The Australian BRW case studies used are longitudinal, from 1992, 1998, 2004 and 2007. This 15-year time period allows some sense of the changes occurring in the interlocking directorate network patterns and the directional centrality method (where the strength of relation from CEOs and Chairpersons) is measured and shown.

Directors' were interviewed by the author in the period from 1987 to 1998. These interviews numbered 144 male directors and 11 female directors' voices on audio tape from 30 minutes to four hours. Research ethics require the interviewees and their company to remain anonymous and the interviewee is only identified by number, and the company names have been fictionalised. There were also fourteen follow-up interviews that took place a number of years later.<sup>69</sup>

The third source of data was an analysis of two other publicly available secondary sources: the *Who's Who in Business in Australia* and the Australian *Who's Who*. These sources give the directors' own view of who they are and what is important to them in their publicly projected self-image.

The material from these secondary sources identifies the directors' boards. These boards are then treated to a centrality analysis to find out where company clusters lie; who the core leader is; who the outlying directors are and which company leads; in what direction multiple interlock power flows between boards; and how these patterns of density differ at different times.

The Measure used on the interlocks is *Centrality Analysis*. This replicated a method first found in the work of Mintz and Schwartz<sup>70</sup> and used and explained in detail in Murray 1990, 2006.<sup>71</sup> This centrality analysis shows us the number of firms that are interlocked, the number of interlocks a firm maintains with each of the firms it is interlocked with and how centered that firm is in relation to other firms. Most importantly, it allows us to trace the directionality (from the most powerful to least powerful) of these interlocks. For centrality analysis traces the directional flow<sup>72</sup> that goes from one board to another. The flow follows the actor who in this case is either a CEO or a chairperson. These two roles were held to give the actor sufficient directional interest to indicate where a flow of interest would lie.

Another very rich source of top business information is company annual reports, giving descriptions of the performance of the companies and short business biographies of the directors. Most importantly, the annual company reports declare the top 20 shareholders and the amount of their shareholdings. These are the data used as measures of the major shareholdings described in the Owner Penetration Index.

### **3.1.b The measure of major shareholdings - the Owner Penetration Index: OPI**

This measure shows share ownership changes over time from 1992-2007. The amount, and changes, of major shareholdings is measured by the Owner Penetration Index, the OPI has been applied four times over a period of 15 years: in the years 1992, 1998, 2004 and 2007 to help us examine what was happening at the

subterranean level of ownership. The OPI is based on information about the top five shareholders in each of the 30 largest listed companies where the information is available from the Annual Reports. To calculate the OPI for each shareholding company, the shareholdings in each of the top 30 companies have been averaged. The OPI is a proxy for actual ownership, as a shareholding company's holding in a top 30 company does not contribute towards the OPI if it is not a top five shareholder, and because it weights each top 30 company equally. However, this is a reasonable and practical exclusion to make as the influence of shareholders who are not in the top five shareholders in the company are unlikely to exert much influence. These amounts of major share ownership by finance capital are particularly significant because, as we have already discussed 5 per cent is considered enough to give dominant control of a company.<sup>73</sup> The OPI for each shareholding company takes a value within the theoretical range from zero (where a shareholding company is not a top five shareholder in any top 30 company) to 100 (where a shareholder owns 100 per cent of all top ten companies).

First, is the Australian multiple interlock material covering the fifteen years from 1992 to 2007.

#### **4. The Australian Interlock Case Studies 1992–2007**

The Australian interlock case studies, from 1992 to 2007, are used to look at the organisation of top national business through their interlocks on top boards. The fifteen -year period of interlocks begins with the heavily interlocked corporate board environment of the recession period of the early 1990s. This next uses centrality analysis to break down the data into discrete periods to identify the central ACC players, the meaning of the board structure and the questions of ownership, control and power that all the data opens up.

##### **Case Study 1- the 1992 Australian Interlock Data**

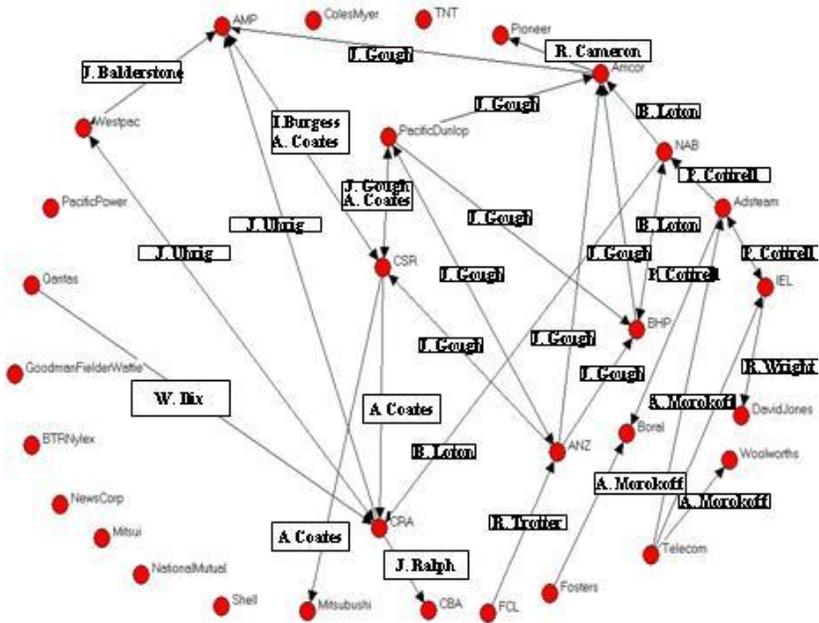
The interlocks in 1992 were busy (see Figure 1.1). This heavily interlocked period of recession and rapid economic regrouping was arguably exacerbated by the turbulence of an economically liberal regime (ironically led by Labor Prime Minister Bob Hawke, and his Treasurer (later Prime minister) Paul Keating) that had deregulated the economy in the 1980s. Finance capital was then able to assume a power it had not formerly held, making industrialists like this nervous interviewee:

It's wrong to treat money as a commodity....There shouldn't be money traders. Money is a medium of exchange. Money traders are trading a commodity called money. They shouldn't exist. They are bastardising what money was set up to do. It isn't what it was set up to do. Maybe legislation is needed. This is great for guys who want to trade in money but hopeless for guys who want to make fixed capital investment. ... It makes the decision to invest particularly for export with changing international values that much more difficult.<sup>74</sup>

This was a business community with directors' heads constantly swivelling like owls

to maintain an accurate corporate scan on a fast changing recessed business environment.

**Figure 1.1: 1992 Directional Interlocks in the Top 30 Companies**



**Key:**  
 → = the direction of the director's power base  
 ↔ = the director has a power base in two companies  
 At the bottom left are the non-interlocked companies e.g. TNT

Source: *Business Review Weekly 1000*, 1992, 23 October, p.76.

A high 56 per cent of the top 30 companies were interlocked here. Those with highest centrality were Pacific Dunlop (industrial) and Telstra (communications) (see Figure 1.1). The other high interlocks were IEL (industrial), BHP (mining), NAB (banking) Adsteam (industrial marine), CRA (mining), CSR (industrial), FCL (industrial), AMP (insurance) and Qantas (travel). Banks were interlocked throughout with the highest bank centrality going to ANZ (10), then NAB (9), Westpac (7) and not least in the unidirectional interlocked newly privatised Commonwealth bank of Australia – the CBA. An indicator of crisis here is the high amount of depth interlocking.<sup>75</sup>(For example, major finance capital ANZ is interlocked with BHP->NAB->CRA->WESTPAC->AMP->CSR->Pacific Dunlop->Amcor->Pioneer, that is, nine other companies.) The year 1992 shows a defensive corporate environment reconstructing after the disasters of the 1987 share market crash and trying to stave off hostile takeovers in an unstable wider economic environment.

The major interlockers here — such as John Gough — came from productive capital as CEOs but moved on to many other boards, including a significant financial company, in this case one of the top domestic four, the ANZ.

These central interlocked figures become the political leaders binding their class. As one director commented, they had:

Social skill [that] comes with exposure and success. People who become successful often become more relaxed as a consequence and that can make their personalities seem more open, less fearful. But it is true that the people I have most to do with are pleasant personalities. Confidence is critical<sup>76</sup>

Critical too, apparently, are large egos:

Cankers Srust has a culture of Napoleonic egos. Once when I discovered to my dismay that I had no card to leave business acquaintances, my wife said, "It's because your ego is so big you think that everyone will know you".<sup>77</sup>

Social embeddedness *Hypothesis H6* is proved when Figure 1.1 clearly identifies an ACC inner circle.<sup>78</sup> Well known to their peers, this 1992 business inner circle included Alan Coates (CSR, Brambles and Mitsubishi), John Uhrig (AMP, Westpac, and CRA) and Alex Morokoff (Woolworths, Telecom, IEL, and Adsteam). The key player or central interlocker is John Gough (see above) a past president of the Business Council of Australia (BCA). Although well known their peers these inner circle members have low community profile. A top director describes it this way:

Most of the business people who were going on running their companies didn't attract much attention either way. They built their companies into stronger organizations competitively and financially and managerially. There are strong individual company leaders Stan Wallis with Amcor, John Gough and Phillip Brass running Pacific Dunlop. Just go through the list of top companies - Boral, CSR, Esso etc. - and look for them.<sup>79</sup>

Contrary to the collusive the 1992 Australian data shows a dominance of industrials-with-industrials interlocks, rather than financials-with-industrials interlocks indicating little support for direct control of finance capital over industrial capital. That is little support for the directly collusive hypothesis *H5*.

## **Case Study 2 - The 1998 Australian Interlock Data**

In cyclical terms, this late 90s period was one of rising economic profit.<sup>80</sup> There was healthy GDP growth of over 4 per cent, largely from property and commodity sales, with only small pockets of profit slump.<sup>81</sup> Perhaps as a consequence, there was relatively little interlocking taking place, in 1998. Figure 1.2 shows that there were ten of the top 30 companies with multiple interlocking directors — that is 33 per cent of the total 1998 sample, which is a lower percentage than in 1992. The rising business confidence was reflected in the interviewee's expectations of overseas opportunity:

We had options about whether we were going to stay in this country but there is

a lot of pressure and competition to go elsewhere. Competition is really international not just domestic. For young managers increasingly *their world isn't ours for they are prepared to travel the world* sometimes on behalf of the company or sometimes for themselves. They always remain loyal to Australia and become a resource, because they understand what is needed through understanding the competition elsewhere. So this has meant that we have had an *increasing number of the business community people being exposed to international competition*. I do question whether change has been too fast because I do not think there is full understanding of the challenges that we face as a tiny part of the international community. The point is that we are a very small community.<sup>82</sup>

This quote reflects a concern over rapid change occurring amongst the ACC, with younger members more adeptly repositioning themselves physically and psychologically, in relation to international forces. And again there is some support for *H6* for central figures in the network act can be identified as an inner ACC circle. In 1998 the most interlocked director, who was also a leading advocate of economic liberal strategy effectively espoused from his role as President of the BCA, was John Ralph.<sup>83</sup> He was described by his peers as:

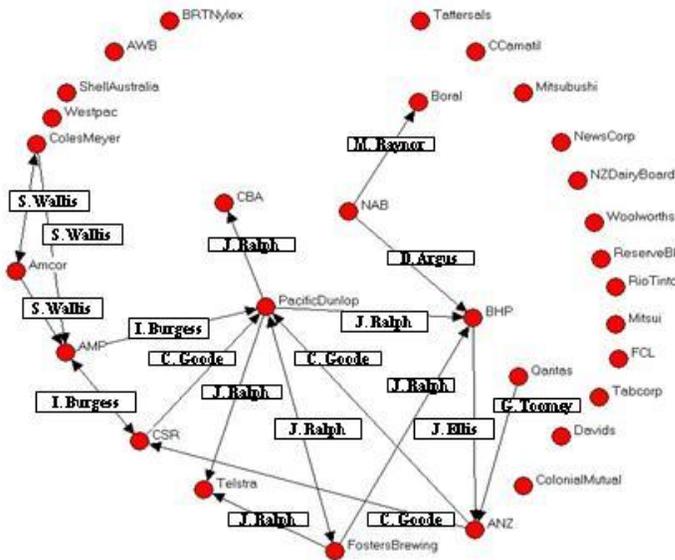
Popular, very easy going ... Yes, they cannot be driving all the time. You want someone that you know can take a reflective position. But they do want to drive, that I can assure you.<sup>84</sup>

Figure 1.2 shows John Ralph at the political centre of the top business network. (Not shown is the fact that Ralph also had many corporate shares — in 1998 he had 160,000 shares in Pacific Dunlop, 14,134 shares in Telstra, 10,602 shares in CBA and 38,500 in Fosters. Substantial as this may seem it does not make Ralph anywhere near being a major shareholder.) Ralph had political, not economic, power in his community. He was described as ‘close to the Byzantine workings of government ... a former BCA President ... worked as a link man between the Federal government and the alliance of business groups, the Business Coalition for Tax Reforms’.<sup>85</sup> Ralph was also the person who helped put the concept of ‘enterprise bargaining’ into the lexicon, and into practice, as the Managing Director at CRA. In an interview, a director put his achievement in this way:<sup>86</sup>

There was a study commission set up by the BCA that worked through a period of about five years [from 1983], from which time it developed the ideas of enterprise bargaining. Enterprise bargaining was, I won't say our greatest success, but it is a really good example. Enterprise bargaining was an anathema when the stake was put in the ground. Now the words are used commonly sometimes to mean something quite different but at least it's in most agendas and things have moved.

Ralph was able to act for his class as both an innovator of new concepts and an exponent of key Economic Liberal ideas, and was a conduit to government in his strategic role as chair of key lobby groups and state committees.

**Figure 1.2: 1998 Interlocking Companies and Their Directors**



Source: BRW 1000 by Revenue November 16 1998, p. 120.

These 1998 centrality figures shown in Figure 1.2 indicate relatively low bank centrality (NAB 8 and ANZ 6). Again contrary to the collusive and discretionary hypothesis highest centrality is found among retail, travel and some industrials (Coles (retail), Qantas (travel), Pacific Dunlop (industrial), AMP (insurance), Fosters (industrial) and CSR (industrial)). By the late 1990s Australian banks did not get involved in interlocking because they did not have to. Money flowed easily. Bank practice was dignified, benign and hands off. There was no need for bank directors to involve themselves on the boards of industrials:

They don't get involved. If they don't think a company is being run well, in an extreme case they'll tell the chairman or the managing director. But normally they'll express their displeasure by selling out the company and investing somewhere else.<sup>87</sup>

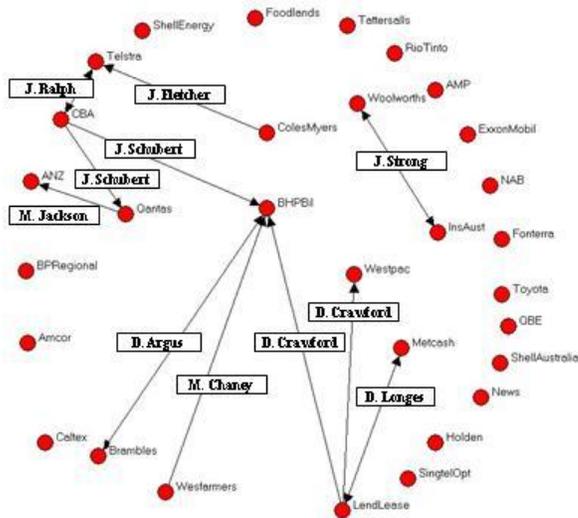
Bankers were able to continue to practise relative autonomy, which helped their legitimacy by enhancing the popular conception of themselves as independent, or at least over and above the concerns of individual companies and the public.

### Case Study 3 - 2004 Australian Interlock Data

In 2004, Australia had continued to enjoy economic growth with an increasingly profitable and vibrant economy.<sup>88</sup> According to the ABS the GDP was 4 per cent. Industry was generally making positive contributions to the economy in 2004 to

2005<sup>89</sup> and banks reported ‘very low levels of corporate and personal defaults’ with very positive ‘performance of the funds management and insurance businesses.’<sup>90</sup> This benign and relaxed business environment meant less interlocking amongst relatively trusting top 30 Australian company board members (see Figure 1.3).

**Figure 1.3: 2004 Directional Interlocks in the Top 30 Companies**



Source: BRW 1000 by Revenue November 11-17 November, 2004, p. 88.

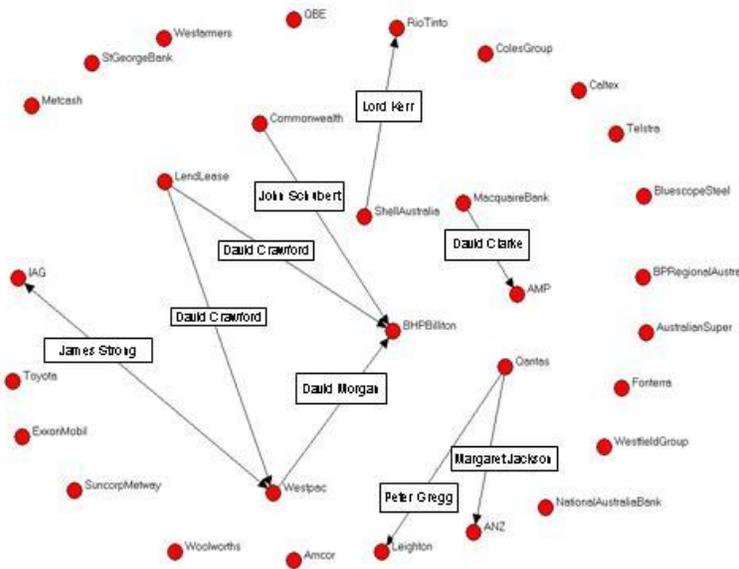
Only eleven of the top 30 companies were interlocked, which is a low 36 per cent of the sample. Those with most centrality (but still a low 4) were Lend Lease (industrial), Coles Myer (retail) and CBA (bank).

At the political heart of the 2004 inner circle was John Schubert (CBA, Qantas, BHP and Telstra) and a past BCA president. This signalled a change of the guard from John Ralph to John Schubert. Schubert, of whom one of his colleagues said, ‘You’d have to say he can be a bit boring.’<sup>91</sup> Schubert’s views ‘chant the mainstream corporate catechism of the need for cutting taxes, for efficiency and flexibility and productivity. He complains about the dead hand of regulation and opposes centralised union power, saying organisations need to free workers to be able to contribute more.’<sup>92</sup> It is critical in this time of intense ACC lobbying on the Australian state that all of these men were BCA leaders and were all Economic Liberal evangelists. These men are the national political cadre of their class and their class’s link to the state.

#### Case Study 4 - 2007 Australian Interlock Data

By 2007 the ACC interlocks are distinctly thin in number.

**Figure 1.4: 2007 Directional Interlocks in the Top 30 Companies**



Source: BRW 1000 by Revenue November 22-December 12 2007, p. 62.

Michael Swartz<sup>93</sup> suggests the hollowing out over the years of the interlocks maybe due to the overt lack of finance capital amongst the interlockers. This thinness of interlocks is paralleled in other places. Carroll's<sup>94</sup> Canadian based work suggests that by the 2000s the Canadian boards were dominated by exit strategies.<sup>95</sup> Having lost their 1990s function of disciplining, lobbying and economic liberal consensus building by 2000 board members wanted to focus on building a business community. This economic liberal success might explain the most multiply interlocked director, David Crawford, breaking with the traditional leadership of the BCA. This Lend Lease's chairperson is not a President of the BCA. But he has the right social embeddedness qualifications<sup>96</sup> for he went to elite Scotch College and he belongs to the top clubs including the MCC (Melbourne Cricket Club), Ormond Ski, the Australian, the Carbine, the Melbourne, Barwon Heads Golf (Vic.) and the Kingston Heath Golf and has the right type of recreational activities fly fishing, hiking, skiing, tennis, golf, music, reading.<sup>97</sup>

The 1992-2007 ACC are shown through their top thirty interlocks to be happy to network largely within Australian nation state borders. They are using their network to build a top business community whose political voice is articulated through their lobby group the Business Council of Australia. For example, I asked a BCA member what was the thinking behind a strategy paper they had written called the *Globalization Report -The Year 2010?* He replied:

We said "Let us sit down and take the trouble to layout a program that we think the government should focus on...Let's take the year 2010. Let's

decide on an objective in the year 2010 that will take us back within the top ten nations in world by wealth."<sup>98</sup>

With their status secure in Australia how keen are the ACC to go off shore?

## 5. What do the ACC think about being integrated into the global economy?

*HI* suggests that the ACC are likely to be competitive with the nascent TCC. This is expressed by the interviewees as nervousness about encroaching global finance, as this financier said:

The problem for a financier is that people are continually creating new instruments because there is an opportunity that they can see. There is an opportunity and they are playing on a market. The entrepreneurs are creating new ideas that create new values. Ten years ago in Australia there were rigid rules and regulations. The moment that you pull down the fences you create a new environment. We used to have rigid control on credit by the reserve bank. With deregulation this is no longer there.<sup>99</sup>

ACC members are remarking on their changing role and the need for them to integrate into the world economy to ensure that their businesses continue to accumulate more money but they fear the unknown:

We cannot cope with too much new business. Opening offices in new countries is hard. It is a people resource question. It is not just money and it's not just growth. It is also a question of making sure that you don't get ripped off. You can loose so much money in other countries.<sup>100</sup>

This is a *miner's* assessment of the globalising processes the mines face:

The liquidity of the world wide system and the ability to move capital rapidly, the fact that countries have less and less control over their exchange rates and their national economies, the great growth in derivatives, options and futures, there are people who argue that that puts additional risk into the world's financial structure. I am not inclined to agree with that. I think that there is a danger that individual transactions within that arena can be imprudent and not necessarily backed by appropriate credit on one side or another of the transactions that can lead to failures and crack-ups which individual corporations or individuals did not expect. But I believe in the long run the development of great liquidity and the ability of capital to move rapidly from one area of the world to the other is going to impose more discipline on the governments. It is going to make governments more financially responsible. It will only undermine them if they still subscribe to parochial objectives.<sup>101</sup>

More financially responsible government disciplined by the 'free market' is their ideological objective. A finance capital director noted the increasing role of the finance capital:

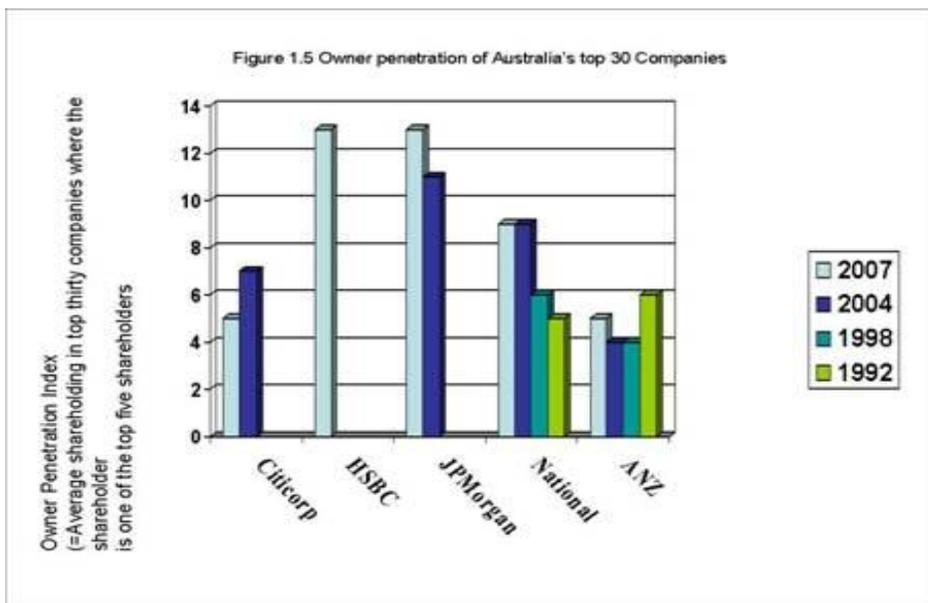
The finance sector is growing as a proportion of GDP and increasing its importance in terms of large companies that are international in scope but they are also international in their financing. One of the things that are happening is that increasingly larger companies with good credit ratings can go direct to the market and bypass banks. This is a major change that has been happening for some period of time. There is a changing environment for the banks. Lot of the banks are getting leaner and stronger and changing their ways. [It is] an increasingly competitive world. Those that innovate more quickly and more soundly are those that are going to be the winners.<sup>102</sup>

Corporate winners are the flexible, the mobile and the quick in a competitive market.

We can confirm Carroll's earlier point<sup>103</sup> in that the ACC appear to be building an Australian business community around their corporate interlocks and their BCA. The ACC are distinct from the TCC. So where are the TCC to be found in Australia?

### **Major Share Holders and the Owner Penetration Index**

The TCC are the global operating major shareholders in the top companies. Figure 1.5, following, shows the Owner Penetration Index (OPI) representing only the top five shareholders of the top 30 companies through 1992–2007 and it highlights the importance of deregulation of Australian banking since December 1983. It shows the movement into Australia of US and then UK (but originally Asian) capital and it for the first time identifies the TCC.



Note:

1. 2007 there were 23 (from 30) companies with top 20 investment information in their Annual Reports
2. 2004 there were 23 (from 30) companies (as above)
3. 1998 there were 21 (from 30) companies (as above)
4. 1992 there were 20 (from 30) companies (as above)

Figure 1.5 shows most notably the demise of the ‘natives; the only indigenous capital survivors are the National Australia Bank (National Nominees with 1992 5.4 per cent average over all top thirty companies; 1998 at 5.7 per cent, 2004 at 9.3 per cent and 2007 at 9.4 per cent) and the ANZ (ANZ Nominees with 1992 at 5.6, 1998 at 4.2. 2004 at 4.0, 2007 at 4.6 percent of ownership of the top thirty companies). They have stayed the 16 year distance. It was not until 2004 that domestic finance capital was seriously being challenged by transnational capital as becomes noticeable on the OPI. While many foreign banks operating in Australia initially focused their activities on the provision of banking services to the Australian clients of their overseas parent bank, most had diversified their operations by 2004. (See figure 1.6 following).

When we look for further evidence to substantiate the established presence of TCCs we expanded our sample from the top 5 shareholders to look at all 20 major shareholders (where listed) of the top 300 companies, we use original data from Huntley’s Investment Information Pty. Database. From this data base we found that HSBC holds 7.56 per cent of the total Australian market capitalisation. HSBC seems to have a strategy of focusing on being number one investor in number one companies (see table 1.6 where they are number one shareholder in 57 Australian

companies). Whereas JP Morgan, although still ranked top overall with 8.16 per cent of the total top 300s market capitalisation, is not first amongst the competitors as the top shareholder (i.e. this is HSBC) or does it hold the top number of total shareholdings (i.e. this is Citicorp). This indicates diverse shareholding strategies: HSBC's holds the top number of shares in the top companies.

Table 1.6 : The shareholding and ranking of shareholdings amongst the top 300 Australian firms

Name of company	average shareholding	no of shareholdings	proportion of total market capitalisation owned	rank avg.	rank tot	total shareholding	no of firms in which is no 1 sharehold
JP Morgan (incl. Chase Manhattan)	6.78%	251	8.19%	1	1	120,776,208,366	39
National Australia Trustees Limited	6.28%	260	7.56%	3	2	111,602,145,122	18
HSBC (incl. HKBA)	6.69%	366	6.99%	2	3	103,071,090,535	57
Citicorp	4.36%	506	4.93%	4	4	72,795,722,074	7
ANZ	4.24%	275	3.84%	5	5	56,648,051,507	14
Westpac	2.23%	102	2.61%	7	6	38,527,906,861	7

Source: David Peetz, from Murray, G. and Peetz, D. 2008, 'Who owns the world?: transnational integration at the top corporate major shareholding evidence' (forthcoming).

Whatever strategy used by these top finance companies, or banks, Table 1.6 (above) shows that there is a great deal of monies that they have control over, indeed they have 34.12 per cent of the market capitalisation of the top 300 companies in 2007. This is proof that H1 is partially right – the ACC and TCC are financially competitive rather than commensural. TCC has the dominant relationship and is moving to replace the ACC with takeovers but they are happy for the ACC to remain the political face of Australian business; creating conducive conditions for business through their state lobby group the BCA.

J.P. Morgan Chase now ousts the four major Australian banks in its bid to establish control over Australasian corporate ownership (J.P. Morgan Chase in 2004 has 11.0 going up to 12.7 in 2007) and Citicorp/bank (2004 is 7.4 per cent and 5.2 per cent in 2007).

Here is some back ground to the three TCC finance capitalists inter-connected competively with the ACC:

**J.P. Morgan Chase**<sup>104</sup> sells financial products and services and is the third-largest bank in the United States. They have assets of \$1.4 trillion and operate in more than 50 countries.<sup>105</sup> In 2006, the company's profits rose by an amazing 65 percent to a record \$13.65 billion. They have a history of concentrating competing enterprises with layering mergers upon mergers: JP Morgan is built from nearly 1,000 previous companies. Aaron Burr founded the *Bank of the Manhattan Company* in 1799 and merged with John Pierpont Morgan who had set up one of the world's most powerful investment banks Drexel Morgan & Co. in 1871. Chase Manhattan merged with J.P.

Morgan in 2000, and Bank One joined them with a \$58 billion deal in 2004. James S. Dimon is the CEO and Chairperson of the 11 person board. He took over as chief executive in 2006 and has a fearsome reputation as an aggressive cost cutter ('notoriously slashing funds for company gyms and fresh flowers').<sup>106</sup> The other major US capital is *Citigroup* a global financial service holding company; providing a range of financial services to consumer and corporate customers.<sup>107</sup> Citigroup are head quartered in New York with a new CEO - Vikram S. Pandit who sits on a 14 person board chaired by Sir Winfried F. W. Bischoff. Chuck Prince, the departing CEO, was given a \$10 million bonus after the massive mess he made in the sub-prime-mortgage market.<sup>108</sup> Currently Citigroup has a market capitalization of \$118.25 billion, a gross operating profit of \$25.86 billion and a total net income \$5.01 billion but the bank is staggering 'under its own weight, suffering from high costs, a lack of coordination among operations, and underinvestment in technology and businesses.'<sup>109</sup> Citigroup is trying to revive its fortunes without breaking up the company and Vikram Pandit will 'square off with investors calling for a breakup of Citigroup'<sup>110</sup> by cutting an additional 9,000 jobs (4,000 have already been cut in 2008).

*H4* that suggests share ownership is now based diversely is in doubt; US ownership, in the form of finance capital's nominee investment is both dominant and global. Paul Sweezy had been prescient when he noted in 1939 that only there were only eight significant finance capital groups in the US.<sup>111</sup>

In the 2007 data (figure 1.5) there appears for the first time a new and quite different major shareholder- HSBC - a new player on the TCC block. HSBC, although virtually unknown to Australians, is 'one of the largest banking and financial services organizations in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.'<sup>112</sup> The Hong Kong Bank was founded, by British Sir Thomas Sutherland in 1865. Sutherland used HSBC and others he opened in Shanghai, London and San Francisco to finance 'much of the lucrative opium trade.'<sup>113</sup> He was a member of the British parliament from 1884-1891 and controlled the P&O shipping line until 1914. In 1991, HSBC Holdings was established to act as the parent company to The Hong Kong and Shanghai Banking Corporation. The bank is the fourth largest corporation in the world in assets (as of December 31, 2007 equaling \$1.861 trillion). In 2000 HSBC's size was rated globally as the third largest by Forbes. Nearly 22 per cent of its earnings come from Hong Kong, where it was headquartered until 1993. Today its Head Office is at London Canary Wharf.<sup>114</sup>

For Carroll and Fenemma HSBC is a core player in the transnational network; identifiable as such by their central board interlocks.<sup>115</sup> We have now identified three major shareholders - Citibank, JP Morgan Chase and HSBC - as transnational finance capitalists and major shareholders of Australian top companies.

## 5 What does the Australian data mean?

Australian Interlocking evidence, as revealed here, shows that in of itself interlocks do not show the underlying power structures of companies and until major shareholdings (ownership) and interlocks (politics) are put together as a whole picture of corporate power in Australia. Interlocks alone do ‘not [place] enough emphasis on the growth of the financial sector.’<sup>116</sup> The most significant point about this evidence is that, although financial capital does not appear to control business through any centrality exercised through interlocking directorates, this is smoke and mirrors, for its real power lies in major shareholdings. For *H1* is right, in that, the TCC are intensely competitive and likely to subsume the ACC at the economic rather than the political level. Therefore *H2* is wrong the TCC are the major corporate shareholders and although they maybe executives or managers of top companies, they alone have controlling economic power over large amounts of capital and through their ACC colleagues their interests are realised through the political power of the ACC lobby group the BCA. Bureaucrats, politicians, professionals or consumerist elites are a second order of power not dealt with here but of relative insignificance economically.

*H3* is partially right in that the TCC are a class-for-themselves who globally out compete the Australian natives; with JP Morgan (8 per cent control/ownership of the top 300 company’s market capitalisation), HSBC (7 per cent), Citicorp (5 per cent) against the ‘native’ players but in Australia the natives have very high stakes still (National Australia Trustees Limited 7 per cent), ANZ (4 per cent) and Westpac (3 percent).

*H5* suggesting collusive control through director interventions on banks is wrong. Large finance capitalists are able to maintain their distance, invisibility and contingently their dominance indirectly as this banker told the author:

A good banker will feed information to a company all the time, particularly if it is lending money to the company. It will see it as their duty to help that company to be successful without prejudicing its other portfolios of customers. Because the more successful that company is then the bank is much more assured of getting the money back.<sup>117</sup>

This has facilitated major share holdings penetration into a wide variety of Australian top business and the even more recent arrival of Asian post-colonial capital. Leo Panitch and Sam Gindin<sup>118</sup> work suggests that this influx of US finance capital – JP Morgan Chase and Citicorp – is part of the US *informal empire*; that is, since the post world war two when economic reparations were sought and succeeded, the US has rebuilt ‘seamless accumulation’ internationally or what Michael Buroway refers to as third wave marketisation.<sup>119</sup> Support for this is the evidence of Australian exposure to financials in their Equity Market at 40 per cent, whereas in the US, it is only 17 per cent.<sup>120</sup>

The arrival in Australia of the even older post colonial British HSBC Bank is a puzzle only in that it has taken so long to get here.

The social embeddedness hypothesis *H6* that the most interlocked individuals will

integrate the class and be the innovators and class cadre, is also supported into an inner circle. The national political cadre are John Gough (1992), John Ralph (1998), John Schubert (2004) and David Crawford (2007). They are all interlocked on both industrial and finance capital boards. Ralph, Schubert and Gough were all Presidents of the Business Council of Australia (the top business state-lobby group), and are all strongly committed to economic liberal thinking — support for individual contracting, low tariffs, low corporate tax rates, privatisation and ideas that are compatible with competitive advantages generally.<sup>121</sup> Panitch and Gindin's suggestion that the US informal empire restructuring options encapsulated in Economic liberalism and given to national elites were such that they were able to identify with the dominant accumulation strategy and strategists as acting within their own interests also plays out in Australia. Even though paradoxically Economic liberalism opens them (the national elite) to restructuring through economic competition, the free movement of capital, privatisations and the general deepening of capitalist relations.<sup>122</sup> They take the theory and use the measures to justify further disciplining of labour, to get more productivity and in return to give workers insecurity of tenure, lower real wages and poorer working conditions.<sup>123</sup> The evidence here is the acceptance and, pushing of economic liberalism and the key political ACC interlocking participation in this group, by the BCA lobby group even though the deregulation of tariffs, for example, may not be in their best interests.

*H4*, the hypothesis that an ACC with management and boards divorced from ownership, in particular that of the TCC, might be more socially responsive is naïve. The major shareholders have the distributive power through their collective control over available funds, as pointed out by John Scott, to 'determine the broad conditions under which enterprises must determine corporate strategies.'<sup>124</sup> Corporate collusion is unnecessary here for finance capital is dominant but not through interlocks but through major shareholdings and through board decisions as to who was to be given credit. When a director was asked if it meant that banks control through credit, he answered, 'Yes, they control credit. Yes, they do all that and so indirectly they can have some influence on ... [decisions made]'.<sup>125</sup>

As the work of Higley et al. suggests, the nature of the national interlocks runs parallel to fractional power in the lobby groups; specifically the BCA. These central political interlockers - Crawford, Schubert, Ralph and Gough - are not of a globally, networked transnational capitalist class, as identified by Robinson and Carroll.<sup>126</sup> This nascent transnational capitalist class would (it would be surmised) be recruited from the major shareholders HSBC Bank, Citibank and JB Morgan Banks rather than from these domestic players.

*H6* is correct, in that, the most interlocked individuals act to socially and politically integrate the class and reassure its members of the value of the innovations they propose, and they therefore form a key 'inner circle' network leadership clusters. This inner circle is economically based and organized and forms the political core of business and the ACC.

## Conclusion

The major empirical difference between the situations in 1992 and 2007 was the creeping internationalization of finance capital from a high national input to the top being dominated by US and UK finance capital. But as Harris points out these companies are TCC capital, not US or UK because they are owned by a large and nationally diverse shareholder base too.<sup>127</sup> So whilst the top 30 companies and their CEOs was are Australian ASX listed, and the directors largely Australian domiciled their major shareholding was not. The OPI allows us to measure and then point to the growing significance of the TCC's JP Morgan, Citibank and HSBC. But also notes the continued presence of former ACCs (now moving toward TCC status?) NAB, ANZ and Westpac.<sup>128</sup> The nation states natures and protects the emerging TCC.

Still, the degree of international finance capital penetration into Australia continues to remain smaller than the bulk of capital investment by Australian capitalists in Australia.<sup>129</sup> What the data has shown is that finance capitalists (both global and national) remain happy to see industrial capital's directors running industrial boards. Financiers are particularly relaxed in periods of boom when there is a surfeit for all business and financial capital, whilst only a part of the circuit of capitalist production, is currently a dominant.

Globalising forces, such as the high degree of penetration by JP Morgan, Citigroup and HSBC, are becoming more integrated and powerful in the local economy. And whilst Carroll's words 'tendencies toward TCC formation coexist and intersect with counter-tendencies, limiting the prospects of a TCC-for-itself. Conscious efforts to create such a class should not be confused with its arrival',<sup>130</sup> are wise words; however, with further penetration of global capital further flux is inevitable.

The last word should go to a top industrialist interviewee who said:

Most governments that I have spoken to have no understanding of private capitalism. Now I have heard people say that you should feel privileged to be committed to invest in Australia. Really! The whole world is our oyster so what is so special about here? New Zealand is the same! Their attitude is we are permitting you to invest. So what! The whole world is on offer to us so what is so good about you? They think that they are the pearls in the oyster of the world. Australians in Canberra are remote from the real world. They don't understand why you invest. It isn't something that they have ever been involved in and they say, 'We have improved the conditions — so now you do your bit'. What do they mean — my turn? We don't have turns; we put our money out when we think that it's good for us.<sup>131</sup>

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