Transnational capital in Australia: “heavy marketing with no accountability”

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Transnational Capital in Australia?
'Heavy marketing with no accountability'

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Biography

Georgina Murray holds a PhD from the University of Auckland and currently teaches Political Economy at Griffith University, Nathan, Brisbane 4111, Australia.

Abstract

This article looks at the Australian capitalist class (ACC) and its fit into global capitalism; is it a special tyranny-of-distance case isolated from the European-US core? Or are Australian capitalists in the process of being consumed by the transnational capitalist class (TCC); or has the ACC settled for a subordinate but comfortable role with the hegemonic TCC as their local conduit to the Australian state? Data to test these hypotheses comes from annual financial reports and studies of top Australian interlocking directors and their major shareholders drawn from the 2007 Australian Stock Exchange plus author interviews with top company personnel 1992-2009. (100 words)

Key words:

Transnational class, networks, finance capital.

Introduction

Is Australia a special case because of the odium of distance from the corporate core – the European-US- board rooms? Do we, therefore, have a unique Australian Capitalist Class (ACC) created through our isolation from the core TransAtlantic networks (Carroll and Fennema 2002, p.393) making the ACC independent of Transnational Capital (TNC) (and subsequently the Transnational Capitalist class (TCC))? Or is Australia just another case of a national capitalist class in transition to being consumed by TNC and moving in the same direction as other countries into a 'new transnational phase of capitalism which is coming to supersede the nation state' (Robinson 2008a, p.4)? Or, a possible third option could be that the ACC has settled for a subordinate but comfortable role under the wing of the hegemonic TCC; as the TCC's conduit eyes, voice and ears to the Australian state?

Class, is understood here, primarily as an economic hierarchy of social groups in which an individual has a niche derived primarily from their access to resources such as occupation, education and wealth. The class niche that this article wants to further unpack is the ruling class; the Australian capitalist class the ACC and the global TCC; and the relationship between them. The TCC operate TNC within a capitalist system based upon 'transnational production, transnational capitalists and the transnational state'(Robinson 2004, p.xv).

Answers to the questions about the nature of the relationship between the ACC and the TCC are based upon the testing of data that confines itself to the 2007 Australian Stock Exchange (ASX) Annual Reports' illustrative comments from some of the ninety-eight top Australian company directors and managers interviewed by the author (1985-2009); and evidence of corporate *ownership* from records of major shareholdings found in the OSIRIS database.

The literature review, following, focuses on the transnational class literature.

2. The Literature

William K. Carroll's survey (Carroll 2009, pp.2-8) of the TCC literature suggests vigorous debate has taken place; ranging from a *structuralist perspective* - with the TCC representing transnational capital flows from the leading transnational corporations and private financial institutions (Robinson and Harris 2000) to an *agency-based instrumentalist* perspective that sees the TCC as social, political and economic fractions within sometimes overlapping roles as either globalizing corporate managers, bureaucrats, politicians, professionals or consumerist elites (Sklair 2001). And there is a middle ground where the TCC are embedded in an assortment of socio political relations (Carroll 2009).

Amongst the earliest of the structuralist theorists were Karl Marx and Fredrich Engels.

2.1 Structural theory on global class formation

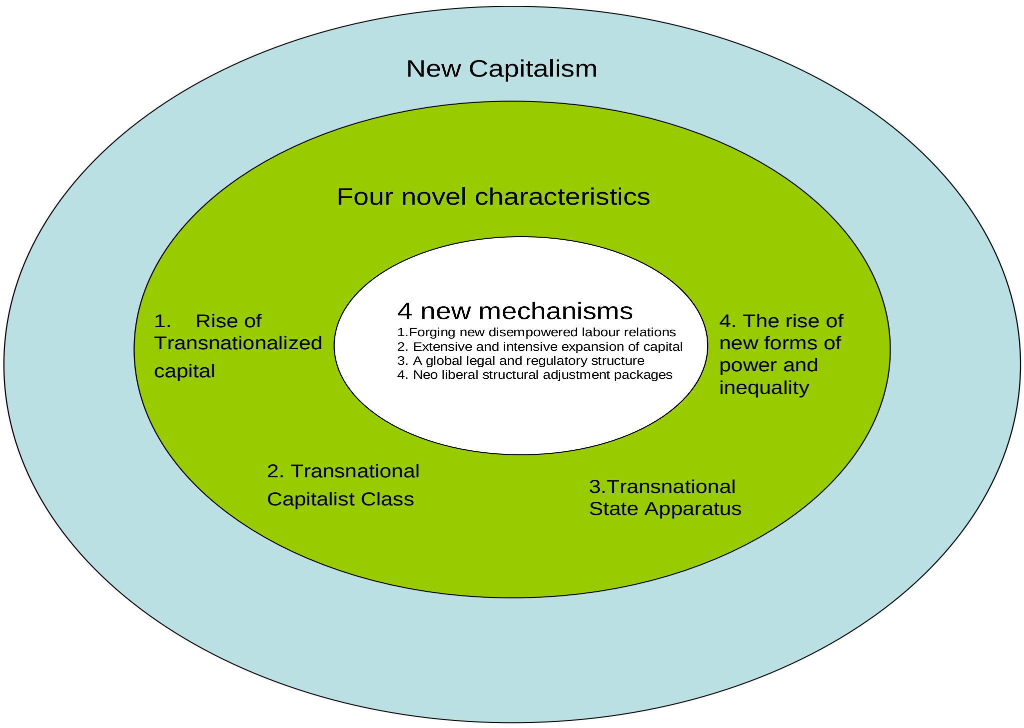
In the *Communist Manifesto* 1848, Marx and Engels wrote that 'modern industry has established the world-wide market … [that] cannot exist without constantly revolutionising the instruments of production.' Thus developing their expansionist dynamic of capital that Marx builds in *Capital* (Marx 1865, pp.31-125) when he takes his scalpel to lay bare competition as the motor of capital in the circuit of production. This is competition is for new markets (local, national or international); for the smartest technology and for the smartest exploiter of labour power.

Kees Van der Pijl (van der Pijl 1998; Van der Pijl 1984) and Meindert Fenemma (Fenemma 1982) stand out as early theorists focusing their work on TNC and the TCC. Their TCC are the Euro-North American core. In contrast, Dick Bryan's (Bryan 1995a; Bryan 1995b) work tries to identify the split between national and international forms of the fractions of capital, their typical modus operandi and their strategies of global and national 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.

Like Bryan, Jerry Harris and William I. Robinson use Marx's circuits of capital (Marx 1865, pp.31-125) to explain the underlying dynamic of internationalising capital. The TCC use global rather than national circuits of accumulation and thereby gain a global class existence that is spatially and politically over and above any local territories and polities. Robinson suggests that Marx's original circuit of production has now transnationalised and globally produced goods and services are marketed worldwide in increasingly transnational states (TNS) (Robinson 2007b, p. 131). Collectively, the TCC gained the upper hand over nationals through the 1980-1990s when they captured strategic parts of the national state apparatus and from that advantageous position were able to push a self interested economic liberal agenda of capital globalisation and global hegemony. Class realignment followed from the retreat of nation state intervention and the creation of 'macroeconomic equilibrium, the provision of property laws, infrastructure and of course social control and ideological reproduction' (Robinson 2007a, p.82). Nation states are captured by the TCC to serve their interests over local capitalist class interests; they employ a rising number of TNS apparatus (e.g. WTO, WB and IMF) and think tanks (for example the IPA, Sydney Institute…) to help them initiate and impose their economic liberal ideology now more difficult to market because of the financial crisis.

Robinson and Harris argue this is a new capitalism (Robinson and Harris 2000, pp. 11-54) emerging from the debris of nation-state capitalism (Robinson 2008a, p.4). New capitalism is made distinctive by four novel characteristics: the rise of transnationalised capital; the hegemony of a transnational capitalist class; the emergence of a transnational state apparatus and the appearance of new forms of power and inequality.

Figure 1.The Theories of the New Capitalism



Source; Robinson, W.I. (2008)

The mechanisms by which the new forms of capitalism have arisen are:

1 ‘the forging of new capital-labour relations’ (Robinson 2008a, p.4) found in the intensification of work; the feminisation of work, the lengthening and flexibility of hours and acceptance of worse conditions;

2 ‘the dramatic round of extensive and intensive expansion of capitalism itself’ (Robinson 2008a, p.4);

3 ‘the creation of global legal and regulatory structures to facilitate the emerging global circuits of accumulation’ (Robinson 2008a, p.4);

4 ‘the neo liberal structural adjustment packages’ (Robinson 2008a, p.4) and the appropriation of state funds through privatisation.

The first hypothesis *H1* arising from Robinson’s work (Robinson 2008a) is if TNC has been able to subordinate other capitals to itself then there is unlikely to remain evidence of the ACC.

World systems theory galvanised global political economy (see (Wallerstein 1976) and (Chase Dunn 2009a)) and today Chase Dunn notes that the world-system has 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’ (Chase Dunn 2009b, p.34). 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. He also notes that ‘there has always been a global capitalist class and it is differentially nationalist as the world economy and the world polity cycle [moves] between waves of national autarky versus globalization but it is more integrated now than ever before because the U.S. economy is such a large portion of the world economy and because institutions of coordination have gotten much stronger in the most recent wave of globalization. Evidence of this is the debt crisis of the 1980s in which the financial bubble did not collapse and even now it is not really collapsing' (Chase Dunn 2009b, pers. com).

Michael Buroway (Buroway 2008, pp.351-360) identifies three developing waves in which the fractions of capital operate; the first, identified by Marx as the commodification of labour, the second wave identified by Lenin as the commodification of money and the third and current wave is the commodification of nature. Begun in the mid 1970s, the third wave has seen the privatisation of natural resources (water, electricity, security and telecommunications), the 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' (Buroway 2008, p.353).

Hypothesis two *H2* arises from Buroway's work as if the third wave is toxic marketisation then we will see the results of this in corporate relations.

These theorists share an emphasis on the determining nature of global capitalism, its circuits, its waves and the emergence of the TCC with TNC. The next group of theorists place more emphasis on the status of the TCC as individual actors.

2.2 Agency-based global class formation theory

Leslie Sklair (Spraugue 2009, p.4) melds Marx's idea of the powerful capitalist, plus Max Weber's (Weber 2005) idea of the multiple faceted actor and the concept of mulit dimensional capital found in Pierre Bourdieu'w work (Bourdieu 1979, pp.71-112). He expands on the TCC's 'needing to be understood not only in terms of money capital but also in terms of other capital, for example political, intellectual and symbolic capital' (Spraugue 2009, p.4) Sklair in his 2002 article differentiates four fractions of the TCC as: 1. a *corporate fraction*; 'who own and/or control the major transnational corporations and their affiliates' 2. a *state fraction*; 'politicians and bureaucrats at all levels of administrative power and responsibility'', 3. a *technical fraction*: 'globalising professionals…from leading technicians centrally involved in structural features and services (including financial services)'; and 4. a *consumerist fraction*; Merchants and media...people responsible for the marketing and consumption…'(Sklair 2001, pp.487-488). Sklair argues that the TCC, with their direct or indirect political power spread economic liberalism, through their forums (e.g. GATT, WTO and IMF) which are profoundly undemocratic. 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' (Sklair 2002, p.59).

Hypothesis three *H3* from the work of Sklair is that if TCC actors are defined by their dominant control of money then this inadequately captures the full nature of their power.

2.3 Agency-plus-Capital on global class formation

William K. Carroll and Meindert Fenemma (Carroll and Fennema 2002, pp.393-419) take a middle stance in this theoretical spectrum, that is, there is a nascent TCC defined in part by the flows of capital but it also has operational agency in non material spheres. Their work iterates that business communities are organised along national lines (largely based on Fenemma's original 1970s study) but a burgeoning TCC exists evidenced by data crunched of global corporate interlocks (Carroll 2009; Carroll 2007b).

Carroll's work shows key TCC are located primarily in northern European cities - Paris, London, New York but also Brussels, Montreal, Frankfurt, The Hague and Zurich. These key European TCC interlockers have agency and power based on their dominant control of TNC and their expansive networks beyond nation-state-based-board rooms. Carroll identifies how the TCC are ideologically supported by eleven transnational policy boards that are dedicated to the spread of economic liberalism; these are five transnational business councils (e.g. European Round Table of Industrialists, EU-Japan Business Roundtable, Transatlantic Business Dialogue, North American Competitiveness Council) and seven global policy groups (e.g. International Chamber of Commerce, Bilderberg Conferences, Trilateral Commission, World Economic Forum, International Advisory Board of the Council of foreign Relations, World Business Council of Sustainable Development and the UN Global Compact) (Carroll 2009). Thus the TCC have a very effective and well funded system of disseminating their self justifying ideas which act to create the necessary conditions for their prosperous existence.

From this evidence Carroll recommends a slowly, slowly approach to this research. He suggests that inter-territorial complexity be acknowledged and cautions against 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' (Carroll 2009, p.22). He leans toward a Saskia Sassen (Sassen 2002) approach whereby 'the global partly inhabits and partly arises out of the national' and he heeds Alex Callinco's warning not to attribute individual or personalised characteristics to capital as a separate and distinct existence but rather 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' (Callinicos 2001, pp.137-138).

Hypothesis four *H4* follows Carroll's thinking that 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 support national capitalists.

Here is the methodology used to test the hypotheses.

3. Methodology

The methodology used to find the relationship between the TCC and the national ACC involves two tests; the first, to identify the organization of the ACC in relation to their interlocking directorates amongst the top thirty Australian companies (chosen by revenue) and the second, to see if there is any transnational links identifiable through major shareholdings amongst the top 300 company's major shareholders (chosen by market capitalization) and found on the OSIRIS data base. Interviews used are from a nonrandom sample of ninety-eight interviewees listed as a director listed of the top thirty ASX Australian companies or a manager if a director was unavailable (once). The Australian interviews were done between 1992 and 2009.

3.1 Interlocking directors

There are excellent summaries of the interlocking directorate literature (See (Carrington et al. 1995; Glasberg 1987; Mizruchi 2007; Scott 1995, 2000; Scott 1985) that explain its significance in the dismemberment of power. Rudolf Hilferding, who died at the hands of the Gestapo in 1941, was one of the first to use interlocks to show collusive bank behaviour in *Finance Capital* (1910). Based on Jeidel's (1905) study his tried to find why 'if you took possession of six large Berlin Banks [it] would mean taking possession of the most important spheres of large scale industry' (Hilferding 1981). Early Australian studies also found bank collusion. "Who has power in Australia?" asked J. N. Rawling, in his 1937 classic *Who Owns Australia?* His answer was in Australia there exists an oligarchy of bank monopoly control over the economy and subsequently some control over the state (Rawling 1937). These banks had 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' (Rawling 1937). Len Fox's *Monopoly* (1940), is another book, that according to Rick Kuhn, 'covers similar ground to Rawling and the later 1963 work of E. W. Campbell, *The Sixty Rich Families Who Own Australia*' (Kuhn 1996). Ted Wheelwright, Judith Miskelly (1967), R.W. Connell and Terry Irving (Connell 1977; Connell and Irving 1980) also contribute greatly to pioneering work on the ACC; finance capital and the role of the banks.

Michael Useem argues that US multiple interlockers, directors on more than one company board, act to socially and politically integrate their class (Useem 1984). To test this amongst the ACC we looked at whether interlocked centrality exists amongst the top thirty ASX listed corporations. The information is publicly available from the Australian Business Review Weekly (BRW) (Business Review Weekly 2007). Our 2007 BRW case study uses only directional interlocks involving the Chief Executive Officer (or managing director) and Chairpersons. Directionality assumes CEOs and Chairs have primary ties to a company and centrality analysis is used to find the direction that the power and information flows through these board nodes. *Centrality Analysis* was devised by Beth Mintz and Michael Schwartz (Mintz and Schwartz 1985) and is explained in detail in Murray (Murray 1990, 2006).

Hypothesis five *H5* from Useem's work asks if multiple interlockers act to socially and politically integrate their class then they will show the key class agents forming an inner circle.

Second, we have ninety-eight directors' interviews over the period from 1987 to 2009. These interviews numbered 144 male directors, 11 female directors and their voices are on audio tape; from thirty minutes to four hours. Research ethics require the interviewees and their company to remain anonymous and the interviewee is only identified by a number, and the company names are fictionalised.

The third source is OSIRIS database which is according to its own home page 'a fully integrated public company database ... [where] Financial information on 53,000 listed and major unlisted/delisted companies worldwide (42,000 are non-US companies) [is found]. The information includes: standardised and "as reported" financials (including restated reports), SEC filings, detailed earnings estimates including recommendations, ownership, stock data, news and ratings" (Bureau van Djik 2009). This database has been used to trace ownership of companies so we can compare the ACC interlock nodes and their depiction of power, information flow and hierarchy with which companies hold top share portfolios in Australia.

The hypotheses that come from the literature are as follows.

3.2 Hypotheses

H1 if transnational capital has been able to subordinate other capitals then there will no be evidence of the ACC.

H2 if the third global wave is toxic marketisation then we will see this toxicity in corporate relations.

H3 if TCC actors are defined by their dominant control of money then this is inadequate to capture the full nature of their power.

H4 if there is a TCC it should not be seen as a TCC–for-itself but rather as the TCC acting globally to partly inhabit and partly support national capitalists.

H5 If the multiple interlockers act to socially and politically integrate their class then they will be key class agents forming an inner national network circle.

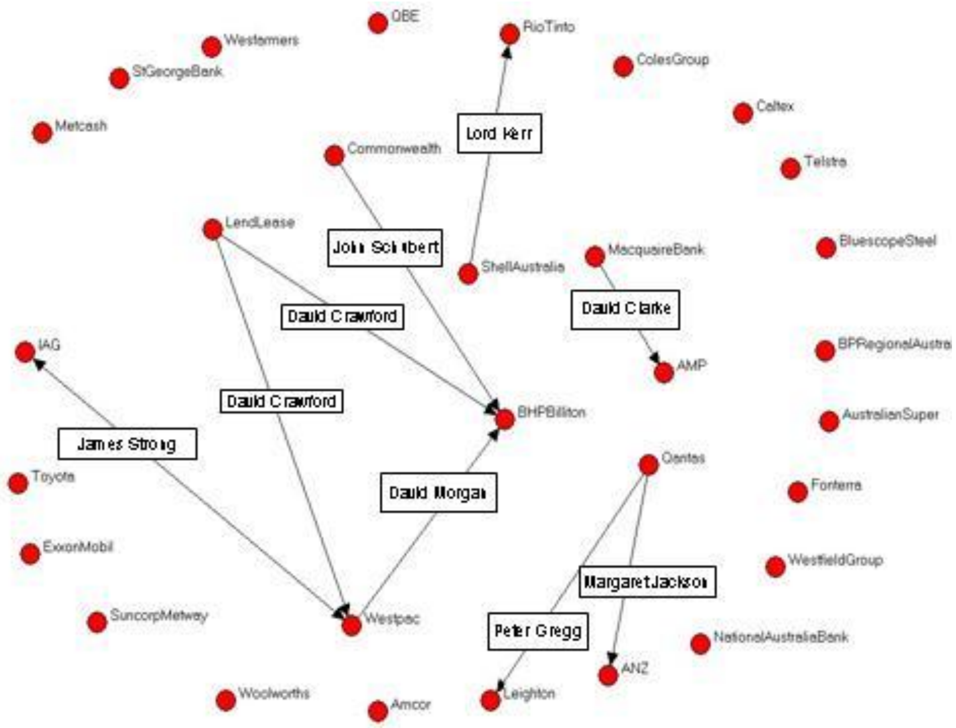
First, is the ACC multiple interlock data from 2007 that seeks to identify some of the characteristics of the national capitalist class, based on their dominant access to wealth and money.

4. The Australian Case Study 2007

The 2007 Australian case study is used to test whether there is an observable inner circle structures made discernable through multiple top board interlocks. This will show us something about the political organisation of the top business actors.

Australia is a rich country. It has ‘a per capita GDP on par with the four dominant West European economies’(Central Intelligence Association 2009) that has been enriched by China’s demand for minerals. On a United Nations index measuring Human Development Australia is ranked third (United Nations 2009). Therefore, when we measured the numbers of interlocks amongst the top thirty companies (ranked by revenue) in 2007 it was a period of peak of prosperity and social harmony. Reflecting this economic, social and political comfort the ACC interlocks are distinctly thin.

Figure 2: 2007 Directional Interlocks in the Top 30 Companies



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

Lend Lease 'an international property group with broad skills across the property value chain'(Lend Lease 2007) is the most centrally interlocked company of 2007. They are originally from, and headquartered in, Australia. Qantas the national airline carrier is the other directionally powerful interlocked company.

This paucity of interlocks is unlike earlier periods (Murray 2006). Michael Schwartz (Schwartz 2008) suggests this hollowing out of interlocks is due to the overt lack of finance capital amongst the interlockers. As a consequence of the sum of seventeen years of continuous prosperity bank interlocks are not noticeably in vogue – top companies are not defensive. The relative thinness of Australia's top corporate interlocks parallels that found in Canada (Carroll 2007a). Carroll suggests that Canadian boards became dominated by 'exit strategies' (Hirschman 1970). Exit strategies are, to paraphrase Hirschman, the choice of stakeholders to *exit*, by withdrawing their support from the organisation or voice their concerns in an attempt to redress the decline in the company. The predominance of exit strategies, in Carroll's opinion, is because corporate boards lost their 1990s function of disciplining, lobbying and spreading economic liberal strategy. The need for intensive networking, in a period of optimal growth where economic liberalism is now the perceived common sense, is gone. This released board members to focus on building their companies for everyone was 'singing from the same page in the songbook' (Regan 2005, p.1).

Two key interlockers were John Schubert (chair of the board of Commonwealth Bank and past President of the Business Council of Australia (2001-2003)) and the most interlocked director David Crawford (Lend Lease). David Crawford went to the elite Scotch College; he belongs to the top clubs including the MCC (Melbourne Cricket Club), Ormond Ski, the Australian, the Carbine, the Melbourne, Barwon Heads Golf (Vic.), the Kingston Heath Golf and has the right type of recreational activities fly fishing, hiking, skiing, tennis, golf, music, and reading. (Crawford David 2008) These elite recreational interests reflect common interests amongst top directors (Donaldson and Poynting 2004; Murray 2006).

A new development amongst the 2007 interlocked director *actors* is the appearance of a TCC amongst the ACC. They have not been common amongst the ACC for the last 20 years (see Murray (Murray 2006)). The TCC *actor* is Lord Kerr of Kinlochard or Sir John Olav Kerr (Rio Tinto Annual Report; Shell Annual Report 2009). Kerr is 67 years old, a former diplomat, the Deputy Chairman of Royal Dutch Shell and a member of the House of Lords. He became a Director of Shell Transport and Trading in 2002, and he has been a director of Rio Tinto plc since 2003. He also holds prestigious posts as the Vice President of the European Policy Centre; a Council member of Business for New Europe and Chairperson of the Centre for European Reform. He received his CMG in 1987, a KCMG in 1991, and the GCMG 2001 (Rio Tinto Annual 2009). The only current interlocked BCA member is John Schubert though all the top companies will have a BCA CEO member (Business Council of Australia 2008). The political inner circle is no longer exclusively ACC.

The Business Council of Australia (BCA)

The BCA, the lobby group of all top company CEOs, was formed in 1983. This followed a need for the disparate business groups to speak with one voice against the unified single voice of the union - the ACTU. Two of the top business groups

(Australian Industry Development Association and the Australian Business Roundtable) amalgamated and formed the BCA working 'to provide a forum for Australian business leadership to contribute directly to public policy debates'(Business Council of Australia 2009). According to John Shields after the election of the Howard government in 1996 the BCA enjoyed 'unparalleled access to the corridors of power and past and serving members of the BCA board have been among the most outspoken critics of the 'over-regulation' of Australia's economy and labour markets (Shields 2006, p.1). The strong influence BCA had on the Howard government materialised also in much greater individual profits for themselves and their companies: 'Over the last 16 years, the reported average annual cash earnings of ASX listed companies currently led by BCA CEOs has risen from just over half a million dollars to over $3.4 million' (Shields 2006, p.1). The average fulltime adult wage raised $24,800 to $54,000pa (see Stilwell and Jordans 2007). These 100 top CEO's represent 'the self proclaimed elite of Australian business leadership'(Shields 2006). Their job is to influence government and popular thought to the extent that their interests are our interests, and the Australian states interests.

Are the ACC integrated into the global economy?

The ACC became increasingly integrated into the global economy after the Federal Labour government deregulated the economy and most particularly the banking industry, in 1983. This brought TNC into Australia and with it the new TCC who operated it. A finance capital director told the author in the mid 1990s that:

> 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 (Murray 1993-1997a).

Another interviewee, a woman bank manager, told us that her TNCbank also experienced this rapid change. TNCbank had at the time of entry to Australia in 1983 privileged entry into Australia by obtaining a bank license without having to have an Australian partner: ‘TNCbank made an undertaking to actually have a retail bank presence [for] the mums and dads of the world, rather than just bringing in another institutional bank that was only interested in big commercial clients’ (Murray and Peetz 2009). TNCbank therefore grudgingly set up retail branches (our respondent said they ‘were using a manual banking system because we had no computers’(Murray and Peetz 2009)) and they hired Australians who knew nothing about banking but did ‘know about marketing. Even the national manager in charge of retail banking in Australia had no banking experience’ (Murray and Peetz 2009). Further, an employee was ‘actually asked to write a manual on banking by the then national manager of banking because he personally did not know anything about banking’ (Murray and Peetz 2009). Inevitably, despite their licensing commitments, ‘they actually tried to reduce their number of branches so that they only had a couple of key branches in the key locations, obviously for cost, and started to set up sort of agency arrangements with post offices and newsagents ...’ (Murray and Peetz 2009). Instead the clients were: were ‘high net worth individuals because TNCbank was targeting people preferably with $50,000 and above to go into their bank accounts (Murray and Peetz 2009).

A lot of these high-roller-type customers were not Australian but Asian. They were familiar with TNCbank services in Singapore. They were large cash clients who would withdraw: ‘tens of thousands of dollars at a time and very demanding clients; they couldn't comprehend, for example, that you just didn't have $50,000 in your cash draw to give them that day (Murray and Peetz 2009). The manager had a suspicion that one of the big roller clients may have used the bank to launder money. This client had ‘lost three-quarters of a million dollars at a Townsville Casino in one day’ (Murray and Peetz 2009).

Interviewees spoke of bank culture changing from service to selling new package deals with foreign financial instruments. Australian clients who they sold these products to did not necessarily understand them nor want them as they were intended for ‘institutional clients, you know million dollar clients, whereas TNCBank, was packaging them up and…selling these quite complex products to a retail market of people with maybe $50,000 rather than a million’ (Murray and Peetz 2009). The crux of the new TCC 2000s ethos was – Sell! Sell! Sell! No matter how much, to whom or to what!

To paraphrase Burowoy, marketisation with rampant greed and unsustainable social practices, was running amuck (Buroway 2008). The manager called it ‘crazy stuff’ for as soon as the salespeople:

> were writing business we were closing it, almost as quickly, down in the bank branch. And yet the sales people were the lorded ones and remember I had six sales people reporting to me … they were just reacting to how they were being remunerated and just went out and flogged business. No long term sustainability at all and no accountability or responsibility for how those loans then came down (Murray and Peetz 2009).

The style of this TNCbank was New York and Singapore driven: speedy communications and snappy decisions coming from a highly centralised management structure. A structure that had 'little understanding, I think, of the Australian banking system or the Australian client' (Murray and Peetz 2009). Profit motivated them 'they were so changeable, incredibly changeable… they were very, very quick and light on their feet because they could afford to be so because they didn't have these great big investments in capital in buildings and all the Australian banks did… (Murray and Peetz 2009). This meant that there was no consistency of practice for either client or staff. TNCBank had a 'Rah! Rah! American-style business culture' that 'wouldn't listen to dissent' (Murray and Peetz 2009). When we asked her what this approach had meant in practice she said:

> I see that culture as a serious problem. If they weren't going to listen to non consenting views and consider, and wisely consider, consenting views then the powers that be, who I've already said in Australia didn't have any banking experience, was just a set up for disaster (Murray and Peetz 2009).

TNCBank was, according to this respondent, infrastructure poor, occupationally inept, run by arrogant marketers cum bankers, (the New York CEO was described as "a bastard. He had this big hissy fit because he had butter on his bread one day, I couldn't believe it" (Murray and Peetz 2009)), and insatiable salesmen and women who made loans to people, regardless of their ability to pay them back, to sustain their high income. And in consequence people were being sold packages of things that they neither asked for nor knew what to do with. 'I actually spoke to some clients [who] kept their mortgage but closed their bank accounts saying, "well I didn't ever want it in the first place but I was told it was part of the package and that I had to take it'. The manager saw her TNCbank as a microcosm of the causes of the 2008 financial meltdown and the on-going financial crisis where there was a lack of expertise creating ‘a failure to understand the consequences of actions, especially the heavy marketing with no accountability’ (Murray and Peetz 2009).

Other non financiers, commonly ACC industrialists, remarked on the changing times and their need to adapt their companies to be able to integrate into the new world economy to ensure that their businesses grew but they expressed their fears as:

> 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 (Murray 1993-1997b).

From the interviews the ACC showed them-selves to be distinct from the TCC and expressed their concern about the TCC, and their Rah, Rah, American-style business culture that will not listen to dissent. Are the ACC’s fears that their ultimate economic power is slipping away - justified? We address this next looking at the nature of ownership of top Australian business.

1. **Ownership of the top three hundred Australian top companies**

Who owns or at least are amongst the top twenty major shareholders of the top three hundred companies? The answer can be found in the Bureau van Dijk Electronic data base - OSIRIS. This database is a currently updated weekly as ‘an integrated public company database with financial data on 53,000 listed and major unlisted/delisted companies worldwide (42,000 are non-US companies)’ (Bureau van Dyjk 2009).

One of the striking features of the OSIRIS data below (table one), is that, between six top finance capitalist companies (three Australian nationals and three foreign TNCs) they own (through their trustee companies) 34 per cent of Australia's top three hundred company shareholding. This ownership exercised by six companies is huge.

Table 1 : 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 of top 300	rank avg.	Cumulative % owned	total shareholding
JP Morgan (incl. Chase Manhattan)	7%	251	**8%**	1	9	120,776,208,366
National Australia Trustees Limited	6%	260	**8%**	3	16	111,602,145,122
HSBC (incl. HKBA)	7%	366	**7%**	2	23	103,071,090,535
Citicorp	4.%	506	**5%**	4	28	72,795,722,074
ANZ	4%	275	**4%**	5	32	56,648,051,507
Westpac	2%	102	**3%**	7	34	38,527,906,861
Top 3 local (ACC)	**13%**	**637**	**14..0%**			**208,778,103,490**
Top 3 foreign (TCC)	**18%**	**1,123**	**20.1%**			**296,643,020,975**

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

The second striking feature of the data in table 1 is the large amount of foreign ownership (these three foreign TNCs own 18 per cent of Australia's top companies nominee shares). The TNC's hold a higher amount of market capitalisation of the top three hundred companies (20 per cent TNC) than the ACC (14 per cent).

The third striking thing about the data (below see table 2) is the different TCC and ACC strategies it reveals. For example, HSBC ranking second operates as number one major shareholder in number one companies (in fifty-seven ASX companies). Whereas JP Morgan, ranked first is number one major shareholder holding number two shareholdings (in fifty-three ASX firms).

Table 2: The shareholding and ranking of shareholders and shareholding amongst the top 300 Australian firms

Name of company	average size of individual shareholding in firms where it holds shares	no of firms in which it is no 1 shareholder	no of firms in which it is no 2 shareholder	**%of holding which are n.1**	% of holdings which are n.1 or n.2
JP Morgan (incl. Chase Manhattan)	481,180,113	39	**53**	**16**	37
National Australia Trustees Limited	429,239, 020	18	**43**	**7**	23
HSBC (incl. HKBA)	281,615,001	57	**34**	**16**	25
Citicorp	143,865,063	7	**10**	**1**	3
ANZ	205,992,915	14	**16**	**5**	11
Westpac	377,724,577	7	**14**	**7**	7

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

Table two shows that Citcorp has an altogether different strategy from HSBC or JP Morgan, it does not purse a number 1 or number 2 top shareholding status in top firms it is widely disbursed not just in the top companies and its shareholding is the fourth largest in Australia (72,795,722,074 shares). This strategy is more like the ACCs Westpac and ANZ. NAB is ranked third and is the largest ACC major shareholder with a strategy of holding 23 percent of its holdings as either number one or two in the top ASX companies.

This shows that H1 is partly right – the TCC control the dominant financial relationship in Australia - ownership. We know from studies elsewhere (Carroll and Fennema 2002; Davis and Mizruchi 1999) that these top three TNCs in Australia – Citibank, JP Morgan and HSBC - are powerfully integrated into the world economy.

2. What does the Australian data mean?

So what do we know? We know from the Australian interlocking evidence shown here that interlocks reflect an economic change; the top ASX corporate interlocks in 2007 were sparse and contrarily not dominated by finance capitalists although we know that total ownership of the top 300 companies by six finance capitalists is 31 per cent with 18 per cent being solely owned by foreign TNCs. This is concentrated and centralised finance capital ownership. Only when major shareholdings (ownership) and interlocks (politics) are put together do we get a holistic picture of corporate power in Australia. For although financial capital does not appear to control business through any centrality exercised through interlocking directorates this is smoke and mirrors for the real corporate power lies in major shareholdings.

H1 is therefore supported, in that, the large financial capitalist represented by TNCs such as Citibank, JP Morgan and HSBC are economically subsuming the ACC.

The TCCs as described by the top business interviewees practice toxic marketisation; not just through the dissemination of economic liberalism through the BCA, but primarily through practices of intensification of labour and their hard sell rather than service. As the TNCbank manager said understatedly “I think that sometimes these sales people in their enthusiasm to sell a product probably sold it too well and it probably didn't live up to expectations’ (Murray and Peetz 2009).

H2 is therefore supported for TNCs did bring with them sales and relations products that carried a toxic third wave marketisation (Buroway 2008).

For in this environment salesmen created bank financial instruments that no one knew, (and even if they did they were not saying), what the final outcomes would be until they were knee-deep in financial crisis. These were amongst factors that helped destabilise Australia to the extent that Australian exposure to financials in their equity market was at 40 per cent, whereas in the US it was only 17 per cent (Australian Financial Review 2008).

Evidence, as shown here, points to ownership as being the key economic resource defining the TCC and the ACC. This renders the need to be bureaucrats, or politician or anything else as secondary; for through their financial power finance capitalists can buy and manipulate the services and people they need. This is not Australia 1850-1899 where 28 per cent of the wealthiest Australians were politicians (Murray 2006, 40). None of Australia's most wealthy major shareholders are politicians in 2007-2009. If they have to deal with the state TCCs can act directly or indirectly through local business lobby groups (such as the BCA) but mostly no action is necessary, and this is a plaudit to their history of successful lobbying, for their ideology is the dominant one that is read popularly as *common sense*. And at the company level, it is as John Scott, points out that major shareholders can use their collective control over available funds, to 'determine the broad conditions under which enterprises must determine corporate strategies'(Scott 1997).

Therefore *H3* is wrong economic power through ownership not political, intellectual, or social status is the way to find who has ultimate power in Australia

The TCC is a class-for-themselves who acts globally to partly inhibit and partly support national capitalists such as the ACC. The ownership data suggests that by 2007 the foreign TCCs have built themselves into a dominant major ownership position that effortlessly out competes the Australian natives. The Australians still, however, have very high ownership nominee share stakes (National Australia

Trustees Limited 7 per cent), ANZ (4 per cent) and Westpac (3 percent) in the top 300 ASX companies.

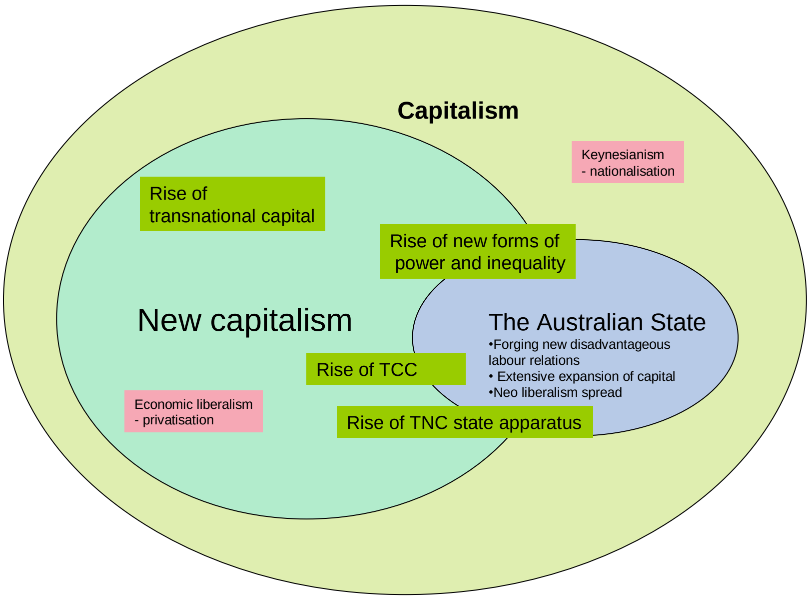
H4 is right the TCC is a class-for-themselves who acts globally to partly inhibit and partly support national capitalists such as the ACC.

There has been continuity between BCA presidents and key interlockers (e.g. John Ralph, John Schubert and Hugh Morgan) (Murray 2006, pp.108-116) suggesting support for Useem's inner circle hypothesis. But interestingly what the 2007 data also shows is that the political inner circle is now no longer exclusively ACC broken by the interlocked entry of TCC member Lord Kerr even though he cannot be in the BCA as a non CEO. Therefore in 2007 there is movement toward a political interlocked inner circle that includes the TCC.

H5 is right in that the most interlocked individuals have acted as class agents to integrate, educate and carrel the class vis-à-vis their close connection to the BCA they formed an inner circle ring. What is new about the 2007 is that this political inner circle network, sparse as it is, holds both ACC members and a TCC member.

Sociological lessons to be learnt

The sociological lessons to be learnt here are that we have the basis of a changing core of relations of production within fractions of the capitalist class; the local ACC who formerly owned the bulk of the top companies are becoming subordinate to the TCC who now own more nominee shares in the top three hundred ASX companies than they do and maybe moving onto the political inner circle through their multiple interlocks and indirect connection to the BCA. Taking the original Robinson paradigm (see figure one) showing the dominance of the new capitalism our findings downgrade the idea of the new capitalism, to an emerging subset within the old capitalism and tie it to the apron strings of the Australian nation state whose infrastructural creating capacities it relies on (as below figure 3).



Source: Modified W. I Robinson, 2008.

Protectionist regulation politics, not Australia's distance from the capitalist European core, kept major finance capital investment away from the top 300 companies in Australia. Since deregulation in 1983, the TCC have remerged to now own 20 per cent of the top 300 companies in Australia. This is huge when we consider that 5 per cent is a 'strategic' holding in most sizable companies (O'Lincoln 1996, p.6).

The TCC's huge ownership base is being widened by the emerging political presence of 'inner circle' key multiple interlocker - Lord Kerr - on the board of Rio Tinto (Rio Tinto Annual 2009). Although he is not a CEO so he is not personally on the BCA.

Robinson writes about new capitalism ‘dismantling’ national economies, reorganizing and reconstituting ‘element or segments’ so that they more seamlessly fit into a global accumulation system (Robinson 2008b). Plus we have TNC businesses operating according to new global corporate cultural practices (mentioned as Rah! Rah! Americanism (Murray and Peetz 2009) or as toxic marketisation (Buroway 2008)) But this does not mean that the old capitalism will disappear or that the TCC would want it to because the Australian state enforces the conditions under which labour must work, it provides the apparatus to punish workers through the courts and its education systems socialize workers into its acceptance, its rightness and they pay for it.

Conclusion

In conclusion the answer to the opening question as to whether Australia is a special case because of the tyranny of distance from the European core (Spraugue 2009, p.4) is both right and wrong. First, it is wrong because TNC goes on its continuous way concentrating and centralising capital and workers irrespective of its distance from the core (Marx and Engels 1956). Second, it is wrong because finance capital is highly concentrated in the ownership of the top 300 companies on the ASX. This is happening in Australia as elsewhere; therefore the investment is large but not special. And third, it is not special that the TCC in Australia have enjoyed the benefits of the work of the ACC, through the dissemination of economic liberalism by their lobby group the BCA, ironically maybe more than the ACC themselves (for example, in their drive for free trade). But Australia is a special case in that there is only now developing a multiple-interlocker-TCC board presence in the form of Lord

Kerr, deputy chairperson of Dutch Shell Oil. This is a new pattern (Murray 2006). Therefore the TCC may be gradually subsuming the ACC politically and economically.

William Carroll's option is therefore most clearly right in that the ACC would seem to exist in a symbiotic relationship as a subordinate but politically nurtured part of the capitalist class under the hegemonic TCC (Carroll 2009).

Where does future research go? This work needs to be replicated in other countries using the same original data base OSIRIS (if possible but it is very expensive) to gauge the transnational ownership of top business in national countries; and then reflect on this finding in relation to the role of national interlocking directorships in the top three hundred companies. This could be done with all 193 nation states recognised by the United Nations. This is a lot of work for the information is continually changing but this sort of concrete information forms a solid basis for looking at where power in a capitalist state.

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