GONE TOMORROW
AUSTRALIA IN THE 80s

Humphrey McQueen

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associated with the Seven Sisters of the oil world, and for much the same reasons: the bargaining room inside a cartel is not very broad. Because the same firms mine, refine and smelt, they have endless opportunities to shift prices in order to buy cheaply, sell dearly, maximise profits and avoid taxes. The cartel's tasks become much simpler when dealing with anxiously compliant governments like most of those in Australia since the 1960s. The federal system allows the cartel to play one State off against another, while high rates of unemployment make it electorally difficult for even a reasonably well-advised Premier to negotiate from the strength that NSW's resources and infrastructures would otherwise make possible. Though totally different in his personal and political manner from the Premiers of Western Australia and Queensland, Wran emerged as a leader who was as determined as Charles Court to attract large-scale developments to his State. What Wran shared with all the Premiers was the fact that Australia was a buyer's market because of the competition between the States.

Australia's economy is fundamentally weak because we lack the political capacity to benefit from our mineral and human riches.

A Commonwealth government survey in 1979 pointed out that "the aluminium refining and smelting industry is not a large employer of labour", providing no more than 8000 jobs early in 1979. Eight new smelters and two refineries will need about 13,000 construction workers, followed by 7000 permanent employees. Another 20,000 positions will be created to support this permanent workforce. Thus, if and when the expansion is completed, total direct and indirect employment resulting from all mining, refining and smelting would be no more than 60,000 across Australia.

The Hunter Valley smelters will require a permanent workforce of 1900; flow-ons will result in a further 6000 or so positions, though these will use additional investment. In all, a total of about 8000 jobs will be created, but not all of these will be in the Hunter region. Such jobs as do become available in the Hunter will not abolish the region's unemployment problems since most vacancies will be for skilled workers. Unlike most of Australia, Newcastle did have some unemployed skilled workers in 1979 and many more who were working below their trade levels. This situation had resulted from the closure of the State dockyard in 1976 and the general downturn in the iron and steel industry after 1974, although the smelter building programme and coal developments soon restored employment levels at the BHP iron and steel works. Hence, the import of some skilled labour is inevitable, given the current condition of apprenticeship training in Australia. Once the construction phase is over by 1985, these migrants would either add to the unemployed; finds jobs that the unemployed could be trained to do; or they could be sent home again.

The aluminium expansion could also destroy existing work in agriculture and tourism through pollution and will stifle job creation in other areas by devouring so much energy and capital. For example, two Hunter smelters will cost $1035m, which is $575,000 for each job.

Because aluminium competes against steel for use in beer cans, building materials and car parts, expansion of the aluminium industry could reduce steel and automobile employment. In 1969, a beer can was a steel product, a tinny. Ten years later, more than half of Australia's 400m drink cans were made from aluminium, which is lighter than steel, will not corrode, leak or leave any aftertaste, and is more likely to be recycled because it takes only one-twentieth of the energy input needed in smelting the original ore. There will be a slight expansion in Alcan's fabrication plant in Sydney to meet local demand but most of the aluminium will be exported unworked, which is like Australia having an iron furnace but no steel mills.

Aluminium's combination of lightness and strength encouraged its use in automobiles because of its fuel saving advantages. The average weight of aluminium in passenger cars grew from 32 kilograms in 1965 to 39 kilograms in 1976; Alcoa expected that this figure would more than double in the early 1980s. The engine of GM-H's 'world car' will have 17 kilograms of aluminium compared with six kilograms in present models. BHP's initial response to these challenges was to develop Xtraform steel with a higher mass/strength ratio. More recently, it joined the competition against its own iron and steel works.

V

In 1979, Australian-owned companies got about $800m from the export of bauxite and alumina. If all these materials had been processed into aluminium, the export earnings could have been five times as large, adding some three billion dollars to the credit side of Australia's balance of payments. Such an increase would have equalled the combined wool and coal cheques. Surely such an increase in export earnings must be good for Australia?

The means by which growth in one sector of our economy could lead to a decline in other sectors became known as the 'Gregory Thesis'. Bob Gregory was an academic economist working in Canberra; in August 1976 he published a highly technical paper on "Some Implications of the Growth of the Mineral Sector", in the *Australian Journal of Agricultural Economics*. In this widely discussed article, Gregory measured the impact of mineral exports on the competitiveness of Australia's rural and manufacturing sectors from 1964-65 to 1974-75 when overseas earnings from the sale of minerals helped to increase the value of the Australian dollar. By definition, a strong dollar buys more imports; thus, imported goods became cheaper with the result that Australian firms faced fiercer competition and jobs were lost in the manufacturing sector.

An economist working for CRA complained about a 'Gregory Chant'[6] issuing from an out-of-tune choir of Gregory's self-appointed disciples who misrepresented his work into an argument for restricting the growth of the mineral sector. A line does need to be drawn between Gregory's article and the 'Gregory Chant'. Gregory did not discover that various sectors of an economy could develop in ways which have adverse effects on each other; that connection had been known since at least the 18th century.

What Gregory did was to measure similar effects in the particular circumstances of Australia from 1964 to 1974. He found that "mineral discoveries have had a much greater effect on these sectors [manufacturing and rural] than the recent [1973] across the board 25 per cent general reduction of tariffs". For rural exporters, the mining boom had the same impact on their production costs as a doubling of the tariff would have had; this change meant that they were much less competitive when trying to sell overseas. For manufacturers, mineral export earnings had the effect of abolishing tariffs altogether plus giving a subsidy to importers to compete against local producers.

Defenders of the mining industry could not deny that the various sectors of an economy behave as Gregory showed. His critics instead challenged a few of his details while stressing that the problem was temporary; the implication being that since the bad effects which mining had on farms and factories were hard to measure and would not last, they were really not worth worrying about. Nonetheless, Dr Susan Bambrick, once the leading academic defender of the mining industry, described Gregory's article as the pivot in a shift of Australian attitudes away from the uncritical belief that if mining was good for us then more and more mining would be bloody marvellous.

What had begun as an exercise in mathematical economics soon became fuel for political argument; as another of his critics said, Gregory "captured the attention of the economics profession and the financial press". Following this lead, a few Labor politicians argued that the growth of mining was "against Australia's economic interests".[7] The starkest formulation of the 'Gregory Chant' came in a 20-page booklet called *Australia Up-Rooted*, 60,000 copies of which were distributed by the Metal Workers' Union (AMWSU) whose members are the core of Australia's industrial workforce. The message they got was that minerals undermined manufacturing.

An otherwise discordant choir took up the 'Gregory Chant' in opposition to the mining companies. The ready acceptance of Gregory's

complicated calculations was made possible by the urgency of a number of practical problems existing throughout the later 1970s. Faced with the loss of 190,000 factory jobs between 1973-74 and 1977-78, unionists in the manufacturing sector related the growth of unemployment to transnational corporations 'ripping off' Australia. Aborigines and environmentalists got an economic argument to use against mining companies poised to destroy sacred sites and to invade national parks.

The news spread outback and the Cattlemen's Union briefly opposed uranium mining because they feared that the earnings from its export would revive upward pressures on the dollar and thus make their beef harder to sell overseas. The 'Gregory Chant' did not take off in the countryside. This failure was only partly due to the bind in which the National Country Party found itself because of the ways it used its rural electoral base to promote the interests of the mining companies. Equally influential was the fact that, by 1977, the value of wool and meat exports was on the increase, mineral earnings were stable, and the value of the Australian dollar had declined so that rural producers got relief from the pressures which Gregory had measured.

Enthusiasms for the 'Gregory Thesis' afflicted people who should have criticised its assumptions and omissions. Instead, the 'Gregory Chant' tended to reduce the problem to a simple minerals-versus-manufacturing diagnosis. In so doing, they neglected attempts by the state to manage intersectoral conflict through currency movements, borrowings and restructurings; and they bypassed the foreign domination of our economy, which means that any boost to earnings obtained from mineral sales has to be weighed against the drain which interest and dividends have on our balance of payments.

Above all, it is necessary to ask why mining came to be in a position to affect manufacturing and agriculture as it did? Here we need to recognise that so-called intersectoral conflict is another aspect of the ceaseless flight of capital towards high earning areas. In the 1960s capital had moved into the mining sector; among the unanticipated consequences of that movement of capital was a certain undermining of manufacturing. In the 1980s, capital shifted to the highly profitable aluminium cycle in ways that will expand the manufacturing sector of the Australian economy. The balance between the sectors is being altered once more.

Without venturing too far down the yellow brick road, it is important to realise that the 'Gregory Thesis' deserves much deeper consideration than it has received so far from many economists. Just as it would be wrong to project the 'Gregory Thesis' onwards and upwards until exports razed all factories, so too it would be a mistake to suppose that the process ended in 1975 when the world recession checked Australia's earnings from iron and coking coal exports.

The principles underlying the 'Gregory Thesis' apply to any export, and not just to minerals. A vast upsurge in earnings from the export of manufactured goods could undermine the mining companies. A nice combination of these possibilities arises with the export of aluminium in place of bauxite, alumina and coal. What had been exports from the mining sector will become an export from the manufacturing sector. And aluminium should bring in much more in foreign earnings than did bauxite and alumina because the relative prices of bauxite to alumina to aluminium are somewhere in the order of 1:8:80 — the cartel willing.

Government and private analysts argue that in the 1980s the price which Australia will get for its coal will be proportional to the price we will have to pay for oil imports, since the more OPEC and the Seven Sisters charge for their oil the more we should be able to ask for our coal. Given the pricing powers of the cartels and of the state-backed Japanese corporations, these hopes will need to be backed by widespread popular struggles if they are to become realities. Contrary to the much quoted assertions by Mr John Stone, Secretary to the Treasury, there is no pre-determined reason why either imports or exports must leap so far ahead of the other as to make a critical difference to the value of the Australian dollar; either is possible, neither is inevitable. The prices and the volumes of minerals and energy are subject to too many forces for a reliable prediction to be made in 1980 about the situation in 1986 — remember the fate of 1973 predictions by 1979?

Certainly, there is no reason to anticipate an energy export boom by dismantling our manufacturing sector as Stone and his chorus have demanded. Rather, if we have to host the aluminium cycle, we should use the absolute advantages offered by our raw materials to make sure that more of the fourth stage of the aluminium cycle — fabrication — is located in Australia since it is in this stage that the largest number of jobs become available. If left to the cartel's market forces, the primary aluminium industry will speed up de-labourisation throughout Australia's new and expanding manufacturing sector.

VI

After 1978, the most impressive sight in Newcastle's harbour became the floating dock whose walls cut up and away from their tired surroundings. These walls were gravestones for more than Newcastle's shipbuilding industry which died in 1976. The floating dock came as an afterthought, as a way of keeping the government dockyards from total collapse. The dock itself was built in Japan and named in memory of the Aboriginal word for Newcastle — Muloobinda, the place of the sea fern. Newcastle's dockyard survived with only 500 to 800 workers compared with the 1500 employed there in 1976. Instead of building oceangoing vessels, it became a repair and engineering operation, constructing portable classrooms, though retaining the ability to build the occasional Manly ferry or tug. The death of Newcastle's shipbuilding drove home lessons about freedom which the locals had been absorbing since 1804 when the leg irons were first removed. During 1976, plans for a new dry dock were scrapped and the Commonwealth allowed all four new ships for the Australian National Line to be built overseas after the workers rejected a 'no strikes' and 'no wage increases' agreement. The policy of either exporting production to Asia or lowering Australian real wages was seen as just the latest twist in the ceaseless battle between wage labourers and profit takers in the Hunter.

Testing their freedoms, the Newcastle Moratorium Committee organised a number of protest marches against the war in Vietnam. In 1971, the march stopped outside the post office in Hunter Street to lay a wreath on the war memorial which had been donated in 1916 in memory of all those "who gave their lives to uphold the honour of the British Empire". The wreath was to be laid by an old miner. As a young lad, he told us, he had gone to the Great War like a fool to fight for British imperialism. He was proud that his son had fought in the anti-fascist war of 1941-45. Now a grandson was being conscripted to fight for US imperialism. He put down the flowers and stepped back into the ranks of 2000 wharfies, seamen, iron workers, clothing makers and miners.

Some of this fighting spirit died after the 1940s. Some of it became useless for the 1970s. Some of it, most obviously its sexism, remains to divide. Yet much of the tradition lived on in unity and through struggles. The Star caught up several of these aspects, the good with the bad. Its significance cannot be found by stressing either the discipline displayed in rescuing people from the police, or the drunkenness. The night was a fault bursting through the crust of a valley shifting towards total transformation. To the people of Newcastle and on through the Hunter Valley, their environment is not so much a landscape as it is their way of life, patterns of work, the feel of community. It is these connections that they want to conserve. It is from these bonds that their share of success is coming.

5. Downhill All the Way

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reserves. Local processing was his greatest wish and his biggest defeat. While Hancock chased his mine, Court pursued a steel industry with equal lack of success.

If Western Australia were to benefit substantially from its much published mineral resources, it needed processing plants that would provide far greater employment and overseas earnings than would flow from the export of ores, gas or coal. Every company that came for iron ore enthused over industrial complexes as part of their acceptance of Court's 'total concept' and included in their contracts to export promises to build iron and steel plants by 1991, 2001 or 31 years after the first exports. Only the first arrival, BHP, met any of its commitments. As part of a 1952 agreement to secure mineral leases at Yampi Sound, in the far north-east of West Australia, BHP built a fencepost plant and a merchant bar mill at Kwinana, just south of Perth. In 1960 and again in 1964, in return for tenure over iron ore deposits at Koolyanobbing (west of Kalgoorlie) and at Deepdale in the Pilbara, BHP agreed to establish an integrated iron and steel works at Kwinana by the end of 1978; the date was later extended to 1980. In part fulfilment of this promise a blast furnace with 900,000 tonnes annual capacity was completed in May 1968. Far from building its 10m-tonne finished steel plant, BHP announced plans to shut down its Kwinana blast furnace before the middle of 1982.

Such developments as did occur were mostly tied to extraction. Heavy-duty, standard gauge railways were laid to carry iron ore from Mount Newman, Goldsworthy and Shays Gap to Port Hedland; from Paraburdoo and Tom Price to Dampier; and from Robe River to Cape Lambert. Pilbara trains were often a kilometre and a half long and in 1975 the privately-owned Hamersley track alone carried more freight than the combined Victorian and New South Wales government rail system. Each Hamersley ore train carried enough ore to make 13,000 Toyotas. Rail got the ore to the coast where ports were vastly expanded to take the bulk carriers which had made possible the Japan-Australia mineral trade. By 1972, Port Hedland was one of the world's 20 busiest ports in terms of tonnage of cargo handled.

Consortia continued to promise Sir Charles Court that they would provide the jumbo steel works of his dreams. Apart from BHP at Kwinana, the closest that Court came to seeing an industrial complex rise on the mineral base were several treatment plants which were increasingly automated and thus offered fewer of those benefits which he wanted a responsible mining industry to bring to Western Australia. Instead, two Pilbara pellet plants shut down in March 1980 when the cost of importing 250,000 tonnes of fuel oil and diesel reached $80m a year, or one dollar a tonne of iron ore sold. A power grid is being introduced for the region by the middle of the decade by which time about 2m cubic metres of natural gas a day might be available from the north-west shelf fields. Undaunted by

al failures or by fresh difficulties, Sir Charles Court announced three months after the closure of the pellet plants that BHP and certain European firms would join with the Japanese in building his jumbo steel mills "when the time is right".[8]

The severest blow came late in 1980 when the Japanese put off signing the contracts needed to open a fifth iron ore mine. Hamersley's chairman, Russel Madigan, said there would be no new mine in the Pilbara till the end of the 1980s. The reason for the hold-up was simple: Japan's contracts for 1980 provided for 34 per cent more iron ore than its steel industry used. The world recession combined with the shift towards greater use of aluminium to hold back the opening of another mine in the Pilbara.

III

When Court spoke of Freedoms and Responsibilities for the mining sector, he was looking over his shoulder to Labor's sometime Minister for Minerals and Energy, Rex Connor, and more particularly to a *Report* on *The Contribution of the Mineral Industry to Australian Welfare* presented to Connor in April 1974 by T. M. Fitzgerald.

Fitzgerald's *Report* arrived in the middle of the mining industry's war against Connor, whose nationalism they mistook for socialism. Connor became the scapegoat for the mining industry's self-inflicted injuries. If Connor's policies had been implemented from 1960 onwards they would have cushioned the companies from many of the troubles which their reckless signing of contracts at any price brought down on them once Japan's demand for minerals stopped growing. Connor called the miners "hillbillies" for having agreed to payment in US dollars and Hamersley later acknowledged that its contracts were not only underpriced but also unenforceable. "In practice," Rod Carnegie confessed, "one doesn't sue buyers with whom one will be in partnership for the next century. They cannot eat iron ore."[9]

Tom Fitzgerald had been financial editor of the *Sydney Morning Herald* from 1952 to 1970. In 1973 he helped to draft the *Report* of the Senate Committee which penetrated the mining share boom and bust of 1969-71 and to which he had been called earlier as an "eminent" and "distinguished" witness.

Too much of the reponse to Fitzgerald's *Report* was taken up with the less important but more quotable of his findings which dealt with taxation. The media had no difficulty in reporting, or distorting, the fact that, "on balance the Australian government has finished in the red from its relations with the nation's most profitable and heavily foreign-owned industrial sector".

In the six years from 1967-68 to 1972-73, Fitzgerald calculated that the Australian government took $286m in taxes and royalties but gave $341m in assistance and foregone revenues to record a $55m loss on the interchange:

> The government relationship with the industry has been a two-way relationship: as receiver of tax revenues on one hand and provider of assistance and services on the other. Comparing items of both sides, it has been found that over the six years ending on 30 June 1973, when the declared pre-tax profits of the principal mineral enterprises aggregated some $2070m, the Australian government did not manage to break even in the budgetary give-and-take with the mineral sector as a whole, let alone derive a significant net return from the industry's prosperity.

Various special concessions to miners reduced their tax payments to about one third of the standard rate of company income tax.[10]

The companies reacted by concentrating their fire on the credibility of Fitzgerald's account of the give-and-take between industry and government. Their attack on the accuracy of his estimates came to nought; indeed, after the Australian Mining Industry Council's official reply had criticised Fitzgerald for failing "to check his facts from within the industry"[11] it went on to use his totals for the amounts of tax paid by its own members. The Industries Assistance Commission later used its research resources to work through to its own set of estimates which added some items, on both sides of the ledger, omitted by Fitzgerald. According to the IAC, the Australian government still "finished in the red", but by only $5m, and not $55m.[12]

A more sustained criticism of Fitzgerald was that he had ignored "all costs and benefits to governments at all levels".[13] By adding up all of its spending on dams, towns and railways, the Australian Mining Industry Council claimed that its contribution to Australian welfare in terms of government revenues and in kind was at least $700m — and not the $55m loss which Fitzgerald had identified in the Commonwealth sphere. The IAC rejected the AMIC's gambit since the value to the "general community" of railways between Paraburdoo and Dampier is not obvious. The emphasis which the mining industry's defenders placed on its contributions to government revenues was essential if its privileged position were to be maintained at a time when the general downturn in the world economy was already cutting into mineral sales and prices.

Queensland's Premier provided the strongest confirmation that Fitzgerald's preliminary exploration had struck paydirt. Six months after Fitzgerald's *Report* Queensland altered its royalty formula so that the mining companies henceforth paid four times as much into State revenues. Non-Labor governments in Victoria and New South Wales, as well as the Taxation Commissioner, were alerted and a number of charges increased and loopholes closed. Working without research assistance, Fitzgerald demonstrated what the vast resources of academe and the Treasury had failed even to notice. In 1974, the Labor government removed many of the concessions which had allowed the miners to pay so little taxation.

Most of these concessions were restored by Fraser in 1976, and some were extended in 1978 before being cut back again in the 1981 budget.

After 1974, some of the miners paid more taxes, partly because of the tightening up which Fitzgerald's *Report* provoked, but largely because the slump in world demand ended the expansion which allowed the mining companies to reduce their tax payments by claiming investment allowances. Notwithstanding these changes, Alcoa still had not paid any tax at all by 1980, a year in which Hamersley received a tax credit of $38m. In addition, gold mines are exempt from tax. The whole arrangement is miniaturised in the Pilbara itself where the iron exporters place enormous strains on the Roebourne Shire but pay no rates on their production facilities.

Worried that government spending on the 'resources boom' in the 1980s will lead to larger budget deficits and hence to more inflation, the Commonwealth Treasury favours a resources tax on the super-profits of mining companies. Without such measures, the current expansion in non-ferrous minerals will repeat the zero contribution to Australian welfare identified by Fitzgerald. Even a hefty resources tax would not go far towards directing the benefits from mining to Australia's working people. Only by altering the whole pattern of ownership will it be possible to ensure that Australia's natural resources contribute to our welfare.

Because of the attention that was given to taxation, the major point of the Fitzgerald *Report* was lost. The taxation concessions, while important in themselves, had allowed something far more significant to take place. The nub of Fitzgerald's case became ownership, not tax avoidance. Fitzgerald was accused of taking too narrow a view of Australian 'welfare'. In fact, his perspective was too broad for most commentators to comprehend.

Australian ownership is a matter of rational economic necessity if Australian welfare is the goal. This need is particularly acute in the mining sector since every mine is a non-renewable asset which, by being worked, declines in value. In the long run, all mines are dead. Therefore, Australia's future prosperity requires that we use some of the mineral earnings to prepare for the days when the mines can no longer operate. Fitzgerald showed that Australia was being left not only with a hole in its tax pocket and a lot of holes in the earth, but also with a massive hole in our capacity to control our economic future. He suggested that our economy had become so sophisticated that we had a less precise view of our real economic interests than that held by the islanders of Nauru or the Arabs in the desert. The Nauruans knew that when the phosphate ran out there would be no more income for them and so they pushed up their royalty charges and used some of the money to build an office tower in Melbourne, the rents from which would flow back as foreign exchange. The Arabs realised that their oil would run out and so they invested some of their revenues in other countries so that foreign exchange would keep coming and they developed farms and factories so that they would be economically strong when the oil is all gone. Of course, Nauruans and Arabs cannot grasp the sophisticated economics that led Australia to subsidise foreign companies to take away our birdshit and leave us with no source of foreign earnings as well as with a depleted manufacturing industry.

Much of the information which Fitzgerald needed was not available because most foreign companies provided no public information about their financial operations in Australia. Everyone from the Prime Minister down was kept in ignorance. An important exception to this process of concealment was Hamersley Holdings which was listed on the Australian stock exchange. From Hamersley's annual reports, Fitzgerald computed that in the seven years to 31 December 1973, that company paid $572,000 in tax but made some $400m on profits before "deferred" tax of $111m and before depreciation totalling $147m. The smallness of Hamersley's tax payments allowed something more significant to take place: the Australian people financed the foreign takeover of our non-renewable resources. A similar situation applied to the economy as a whole where the mining sector's combination of high profits and low taxes brought it a disproportionately large share of available capital funds. This advantage was gained at the expense of the manufacturing sector. If we add Fitzgerald's *Report* to the 'Gregory Thesis', then the alleged inefficiency of our manufacturing sector acquires new meaning since many of the problems in manufacturing were imposed on it by the initially unrecognised advantages enjoyed by the mining companies.

Of special significance in calculating Australian welfare was the give-and-take relationship between manufacturing and the Australian government. Through the payments which manufacturers made in taxes and through the tariffs which they received by way of support, manufacturing unintentionally achieved a substantial redistribution of Australia's wealth towards the working people by providing governmental services and job opportunities. Such redistribution was neither particularly egalitarian nor remotely socialist but it did help to keep many Australians in frugal comfort. As manufacturing industry was dismantled or de-labourised, this mechanism for redistribution declined in effectiveness. Redistribution still took place but it moved wealth in the direction of the foreign-owned mining companies. Since the 1960s, profits, factories and jobs have all been shifting outside Australia. In 1980 the Fraser government finally accepted that there were dangers in unlimited foreign

ownership and it began to enforce its rule that 50 per cent of mining projects be locally owned.

Despite and because of its great appetite for capital investment, the mining industry brought comparatively few new jobs to Australia. Between 1960 and 1980, the number of people employed in mining grew from 17,642 to 71,650. By contrast, mining's share of (non-housing) private investment increased 30 times faster than the employment it generated. Non-coal mining employment peaked early in 1975 at 58,400 but fell to just over 45,000 in 1979-80. In the 1980s, new bauxite and energy projects will add some new jobs, especially during the construction stages, but the already heavily mechanised mining methods are being further de-labourised so that mining will absorb more capital and use less labour than ever before. Sir Charles Court had glimpsed something of this when he called for the "highest practicable degree of local ownership and local processing" since "these increase the benefits to Australia from mineral operations". Australia's federal system of government helped to ensure that the greatest benefits stayed with the transnational corporations who found that they could play one State off against another as well as against the Commonwealth so that 'States' Rights' stood in for the miners' rights to Explore, Mine, Market and Profit.

Foreign control of mining meant that Australia's economic future was marketed along with our iron, coal and bauxite. Despite Lang Hancock's reactionary attitudes, Australia's working people would have been better served if he, and not foreign investors, had owned the Pilbara mines since his profits could be recycled through Australia thereby creating jobs; and even if he invested all of his mining profits in Asian factories which then took jobs away from Australians, our balance of payments could benefit from these repatriated profits instead of suffering from dividends passing out of the country. Governments might even have found a way to extract some taxes from Hancock. To talk in terms of the benefits that could flow from giving all the mines to Hancock is another way of saying how bad things are now because of foreign control. Such talk also suggests how much better it would be if the mines were owned collectively by all of Australia's working people.

At another level, this discussion shows that the exploitation of working people cannot be explained merely by looking at what happens at their workplace — at the point of production. On the contrary, the process of exploitation is completed through international trade and finance which is why it does make a difference if the mining firms are Australian owned, like BHP, or almost completely foreign owned, like Utah. Hours of work and wages are very important but they are only parts of the cycle which has to be seen in its entirety if exploitation is to be understood and overcome.

4. Pre-eminent Victorian

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