



Foreign Capital Inc.

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Decisions by international corporations to invest in Australian economic sectors, such as agriculture, housing, and energy no doubt affect employment and more importantly, the lifestyles and wellbeing of Australians to different degrees. You don't have to look far to see the reactions by unions and other groups towards change and foreign ownership—which in a way reflects the psyche of Australians and their attitudes towards foreign investment. So, is foreign ownership beneficial? It can be according to David Uren.

Uren makes the case in *Takeover: Foreign Investment and the Australian Psyche* that foreign investment into Australia is fundamental for Australians' wellbeing and prosperity. We have a small population relative to our large country that dictates the need for foreign capital into different sections of the economy. Australia's economy is and has been reliant on foreign capital for investment and funding, and will need to do so in the future to advance national interests.

David Uren provides an insightful narrative of the history of foreign capital into Australia and the impact it creates on Australians. Clearly, Australian businesses and politicians have different



competing (and sometimes overlapping) interests over the future direction of Australia's economic orientation.

This is a well-timed book considering current issues, such as foreign real estate ownership, Free Trade Agreements (FTA) and Regional Trade Agreements (RTA), the downfall of the automotive industry in Australia, agriculture production and taxation policies shaping government debate.

The growing middle-class in Asia, along with China's shift from an export-orientated economy to a consumer-based economy, will no doubt create renewed debate over how future Australian state and federal governments and businesses should orientate themselves to benefit most out of future foreign investment. What is clear from this analysis is that the direction of the Australian economy is not always set by policymakers in Canberra, but by other major world economies and organisations. This has tended to create an Australian psyche that is often nationalistic, self-interested and sometimes rigid.

For Uren, national interests are about policy goals and power, yet he identifies that there is no precise definition of what the national interest precisely encompasses.

He makes an attempt to highlight that in Australia's case, there is too much authority centralised in the treasurer who determines and rubber stamps acquisitions and takeovers. These decisions must advance the national interest according to Uren. It raises questions such as; who benefits most from foreign investment? And, are the national interests orientated to meet the economic challenges of the 21st and 22nd centuries in Australia?

Nevertheless, foreign capital by international corporations and state owned enterprises has provided a catalyst for debate and sometimes congruence between the left, centre and right in Australian politics.

There is a clear rationale for foreign investment into Australia because in this globalised economy, countries are mutually interdependent on others for prosperity. No country has succeeded in isolation.

The movements of people across borders create new connections and as Australia's population continues to become more intercultural, we are likely to see an increase in interest by overseas investors because of our stable society. Our history is a testament to that and our strong democratic process is also. Foreign capital into Australia is contextualised by Uren to provide a justification of its significance and importance to the wellbeing of Australians.

Foreign capital into Australia has been received with mixed emotions by political leaders and groups. Past political parties from the beginning of Federation such as the Protectionist Party and Free Traders have been responsible for shaping Australia's reaction to foreign investment. Today, Uren classifies the left—who believe large corporations are out to exploit their position in Australia—as maximising their profits with no regard for the national interest, while the protectionist right fear foreign businesses will claim market share from local firms.

He also highlights some common ground that exists between the Greens and Nationals' respective approaches towards foreign ownership—such as ownership and land rights over agriculture land. Earlier in July 2015, Barnaby Joyce made explicit his disappointment for former Prime Minister Tony Abbott's approval of the Shenhua coal mine, while former Greens leader, Christine Milne, has also made comments in the past that could be misconstrued for those of a National MP. What we do know is that MPs' attitudes and psyches are dictated by a fear of dispossession, leading readers to ask themselves in response: has this attitude translated into policy outcomes by politicians?

For Uren, the impact of foreign capital is not the entire story; it is the reactions by Australians that are the point in contention.

Australia relies on foreign capital for infrastructure and developing businesses, but tariffs and corporate taxes throughout Australia's history influence and provide hindrances to foreign investors. Uren takes a critical approach towards the Foreign Investment Review Board (FIRB), which is tasked with regulating and imposing thresholds on Australian acquisitions by foreign entities. His criticism of the FIRB is judged against standards set by the Organisation for Economic Cooperation and Development (OECD). Essentially, there is an element of unpredictability and vague policies within the FIRB that can potentially upset Australia's involvement in the internationalisation of world finance.

It's important to add that Australian attitudes towards foreign investment have been shaped by a number of historical turning points. They include both World Wars, the rise of Japan, and the neoliberal economic reforms between the Hawke and Howard years that exposed Australia to the international market. The bottom line is that foreign investment overall is needed for Australia to grow its economy. It's questions as to how foreign investment should be regulated, and what should be prioritised that leads to debate. Uren leaves the reader with the impression that red tape hinders investor confidence and to meet the challenges of the 21st century, Australia needs to be more connected with international markets to gain access.

Uren takes a look at foreign acquisitions and investments of Australian industries within the context of trade agreements, such as bilateral FTA and regional FTA, including the Trans-Pacific Partnership. However, he avoids any mention of the Asian Infrastructure Investment Bank that is likely to impact on a number of Australian industries. Instead, his focus on the causes and consequences of Australia's bilateral economic historical relationships with the USA and Japan helps to provide a framework to assess the growing economic relationship with China. Our relationship with China cannot be seen in isolation. We must draw lessons from the 20th century and ask ourselves; will China suffer a similar fate to Japan in the late 1980s?

Overall, this book is written at a ripe time considering the unfolding events and economic direction influencing Australians. Uren makes a valuable contribution to the debate of foreign capital into Australia and manages to create a sense of reassurance that acquisitions are not necessarily a hindrance to Australia's overall national economic interests. After all, Australia has relied on foreign capital throughout its entire history. Uren goes one step further and analyses that an



Australian psyche of nationalism from both sides of politics cannot be allowed to hinder foreign investment. Therefore, to prepare for the economic challenges and opportunities for the 21st century, Australian investors and recipients of foreign capital need to be malleable in their approach. Australia was built on foreign capital and it will continue to build with foreign investment in the future.