

AUSTRALIAN CAPITALISTS THROW A TANTRUM AFTER RIO TINTO BOSSES GET CAUGHT OUT

CHINA IS CRACKING DOWN ON CORPORATE GREED & CORRUPTION - WHEN WILL THAT START TO HAPPEN HERE?

April 15 - On January 31, a Rio Tinto subsidiary, US Borax and Chemical Corp. locked the gates on 560 US miners in order to try and make the workers accept a really substandard employment contract. Rio's outrageous action against the workers in Boron, California, came on the eve of the company announcing a \$US4.872 billion dollar profit. As we go to press, the miners remain locked out of their workplace. However, the miners, members of the International Longshore and Warehouse Union (ILWU), are getting enthusiastic support from workers across the globe who know all too well the merciless greed and savagery of the Rio Tinto bosses. A joint statement by the Maritime Union of Australia (MUA) and the CFMEU (Mining) declared:

Our solidarity goes to ILWU Boron miners and their families in particular who have suffered these attacks on the morning of January 31 for defending workers' rights and refusing to capitulate to the bullying tactics of Rio whose agenda is to break the union in order to slash wages and conditions.

Rio Tinto hired vanloads of security guards to storm the mine while helicopters flew overhead only last October.

- MUA website, 16 February posting

The statement went on to note that Rio Tinto was notorious for "abuses of human rights, indigenous land rights, workers' rights and damage to the environment and local communities in Australia, Africa, Bougainville, Indonesia and Iceland." And that is putting it mildly! Let us here briefly examine some of the history of Rio Tinto. Let us look at the ruthlessness of the Australian and British capitalists who run this company.

In the late 1950s, a subsidiary of Rio Tinto's Australian arm (then called CRA) wanted to mine the bauxite deposits in Queensland's Cape York. However, the company owners and executives did not want to spend even a small portion of their profits on giving any compensation to the Aboriginal people that lived in the area. And the greedy bosses as sure as hell weren't going to share the expected mining wealth with the Aboriginal people whose land they were trampling on. So the Australian state institutions, which serve the likes of the Rio bosses, moved to simply drive off the people living in the Mapoon Aboriginal Reserve and the Weipa Aboriginal Reserve. When the Aboriginal community stood firm, the Department of Native Affairs intercepted welfare payments and then warned residents that their children would be removed due to "neglect" if they did not leave the area. Finally on November 15, 1963, armed police arrested the entire Mapoon community! **The police then burnt down the Aboriginal residents' homes, school, stores and shops.**

Even more extreme violence was used to enforce the interests of CRA in Bougainville, an island under the control of Papua New Guinea (PNG). When copper was discovered in Panguna, Bougainville in the 1960s, PNG was still a direct Australian colony. And it was with the open racist contempt typical of the colonial era that the company and its Australian government enforcers "related" to the Bougainville people. After local people started to oppose the way they were being treated by the Australian company, the Australian Federal Minister for External Territories popped in to the island in January 1966 to tell disgruntled villagers that the mine was not for their benefit and that they would get no special benefits from it at all! Three years later, Bougainville people would find that the Australian legal system was just as biased in favour of the rich corporate owners. In August 1969, the Australian High Court dismissed a case by Bougainville villagers against CRA's (Rio Tinto's) mining lease. For the next two decades, CRA continued on their merry way. Having driven out hundreds of people to establish the mine, they then made little effort to protect the island and its people from the effects of mining. They simply dumped over a billion tonnes of poisonous tailings waste into Bougainville's Jaba river, literally turning the river bright blue, destroying vital fishing stocks and ruining the surrounding area. Despite the Panguna mine, one of the world's biggest open cut mines, raking in spectacular billion dollar profits for CRA's (Rio Tinto's) owners, the company gave an insulting pittance in compensation. However, by 1988 Bougainville's people had had enough. They cranked up the militancy of their anti-CRA struggle. In 1988, villagers managed to briefly shut down the mine through sit-ins and roadblocks and later through daring sabotage actions. Under direction from the Hawke Labor government in Canberra, PNG responded by sending in first riot police and then the military. To direct PNG's war, Australian military

“advisers” were directly stationed in Bougainville and Australian pilots flew the Iroquois helicopter gunships that terrorised the local people.

Yet despite the firepower arrayed against them, the Bougainville resistance which had coalesced into the Bougainville Revolutionary Army (BRA) managed to force the mine to shut down indefinitely in May 1989. Australia/PNG responded by escalating the war. They used terrifyingly brutal methods. Herding the people of Bougainville into “care centres” (a Vietnam War-euphemism for concentration camps), many suspected of having sympathies for the rebels were killed or beaten. Still unable to defeat the BRA and reopen the mine for CRA (Rio Tinto), Canberra told the PNG puppet government to impose a naval blockade on the entire island and provided the Port Moresby regime with the aircraft, helicopters and Pacific Class speedboats needed to enforce the blockade. As a result, the island’s people started dying from starvation and more commonly from a lack of medicines. Alongside the hundreds upon hundreds killed by gunfire, 14,000-15,000 Bougainville people ended up dying as a result of the genocidal eight-year blockade. In all the PNG state authorities and their Australian imperialist masters killed off some 10% of the island’s entire population. All this to try and help CRA/Rio Tinto to resume their plunder in Panguna.

Australian workers have also found that when it comes to a clash between their interests and those of the Rio Tinto bosses, the Australian state institutions are inevitably on the side of the latter. And there have been plenty of conflicts between Rio Tinto and its workers for the Australian state to intervene into. Rio Tinto bosses are notorious for their aggressive, anti-union stance. In the late 1980s and 1990s, CRA/Rio Tinto, working together with free-market fundamentalists known as the New Right, spearheaded a campaign that greatly weakened trade union presence in the once heavily unionised mining industry. They began this union-busting offensive in the iron ore mines in Western Australia’s Pilbara and then spread it to the coal mining sector. Rio Tinto developed a carefully planned strategy. First they would refuse to negotiate with the workers union and offer pay increases only to workers who signed individual contracts or other agreements “negotiated” without union involvement. Of course, once the union was undercut, then the company would slash back the pay of the workers who went with the individual contracts. Many workers, however, knew that this is what Rio was planning and so refused to be bribed. So the next phase that Rio Tinto would go into was to use intimidation against individual workers and their families to get workers to sign the non-union “agreements.” To help do this, Rio Tinto would announce big job cuts. Those who went on to the individual contracts would be saved from being fired while union activists were put on a blacklist to be sacked. To further coerce union-proud workers to submit, Rio Tinto would transfer these workers from their regular tasks to meaningless “duties” meant to symbolise that their presence was redundant and the falling of the axe was imminent. At the Blair Athol coal mine, Rio once had pro-union workers transferred from mining operations to ... painting rocks and old tyres with small paint brushes! Meanwhile, to stop retrenched union workers from trying to campaign for a return of their jobs, Rio employed private security guards to spy on the sacked mineworkers and their families.

Despite all these vicious methods, Australia’s Arbitration Commission effectively legitimised Rio’s tactics in a September 1999 ruling on a years-long dispute at the Hunter Valley No. 1 Coal Mine. Noting that there was an industrial war going on at the mine, the court said of Rio’s tactics that, “all is fair in love and war.” Yet to Australian state institutions, it was only “fair” when the war was being fought by the corporate bosses! When workers tried to fight they were met by injunctions, litigation and violent repression. This was starkly seen during the class war at Rio Tinto’s Gordonstone (now called Kestrel) coal mine in Central Queensland. At Gordonstone, Rio had worked with the previous owner of the mine ARCO in an elaborate union-busting operation. On 1 October 1997, ARCO sacked its workforce of 312 mineworkers in order to hire a new non-union workforce on individual contracts. Unionists, however, picketed the mine and ARCO was unable to reopen it with a new workforce. So they sold the mine to Rio Tinto who secretly recruited a non-union scab workforce. In February 1999, Rio sought to reopen the mine with an initial workforce of 22 scabs. However, trade unionists flocked to the picket line. Both acting for Rio Tinto’s interests, police mobilised to shepherd the scab workers through the pickets while the courts agreed to Rio’s injunctions against workers who joined the picket line. On the first day that scabs went to work, police arrested 23 of the 250 or so unionists who had gathered at the picket. Several days later as workers from throughout Queensland swelled the pickets, police arrested another 53 protesters. In the end **over 250 trade unionists and their supporters were arrested** on the Gordonstone mine pickets. Australia’s “democratic” so-called “justice system” serves and protects the Rio Tinto bosses very well indeed!

All of the above highlights two things. Firstly, it shows that Rio Tinto executives will do absolutely anything they can get away with to maximise profits for themselves and Rio’s mega-rich owners. And it is, by the way, the filthy rich who own most of Rio Tinto – the mythical middle-class “mums-and-dads” shareholders own just a tiny minority of the company. If

one looks at Rio Tinto's 2008 Annual Report, one finds that 97.8% of the shareholders – which include the upper-middle class “mums and dads” - own only 7.5% of the group. By contrast, just 258 accounts on the Australian Stock Exchange and 338 in London own a whopping three-quarters of the company's \$42 billion stock – an average of \$70 million of shares each. Just who these tycoons are is somewhat opaque since among Rio's biggest shareholders are bank nominee companies through which ultra-rich individuals and the businesses that they control can conceal their ownership. It has certainly been well documented over the years that the Queen of England and associates of the British Royal family have a very big stake in Rio Tinto. However, the current exact value of their holdings is unknown.

A group of Rio's big shareholders that a bit more is known about is the company's executives. According to the company's 2009 Annual Report, a cool \$9.9 million of the wealth produced by Rio's mineworkers and other employees was snatched as remuneration last year by CEO Tom Albanese! For his part, Australian Sam Walsh, Rio Tinto's Chief Executive of Iron Ore and Chairman of Rio Tinto China, took nearly \$6.8 million. Then we should not forget the Rio Tinto-associated leaches who receive billions in royalties from the company. Gina Reinhart who with a total wealth of \$3.47 billion is Australia's fourth richest person acquired most of her money from royalties from Rio's Pilbara iron ore operations while Michael Wright and Angela Bennett have also become billionaires through royalties from the same mines.

The greed and extreme wealth of Rio's bosses (and associated parasites) is well known. However, what the events in Weipa, Bougainville and Gordonstone illustrate is not only the greed of Rio's bosses but the fact that their maniacal drive for profits is almost always backed up by state institutions. This is the case whether Rio is operating in its home bases in Britain and Australia or in “Third World” countries like PNG and Indonesia. So the Rio Tinto tycoons must have got an awful shock when four of the company's most senior executives in China were detained last July by the Shanghai State Security Bureau on serious corruption charges. The four included Australian citizen Stern Hu, the multimillionaire boss of Rio Tinto's Shanghai office. The four executives' three day trial beginning on March 22 received enormous media coverage in Australia. On March 29, the Shanghai No. 1 Intermediate People's Court delivered its verdict: each of the Rio executives were guilty of both receiving huge bribes from privately-owned Chinese steel mills and of using illegal means to obtain the commercial secrets of state-owned Chinese steel companies. The Rio Tinto high fliers were appropriately given robust sentences from seven years upwards as well as fines and confiscations of their wealth. Stern Hu as the top boss of Rio Tinto Shanghai was given a ten year sentence while Wang Yong who took the biggest bribes received a fourteen year jail term.

RIO TINTO EXECUTIVES & RIO TINTO HEAD OFFICE: BOTH GUILTY AS HELL

Despite the best efforts of the Australian media to present the China trial as “murky,” the evidence proving the charges was specific and very conclusive. Let us examine separately each of the two distinct sets of convictions that was delivered to a packed Shanghai courtroom by Judge Liu Xin.

Firstly, let us look at the bribery charges. Each of the executives received large bribes. The bribes were taken by the Rio bosses from small and medium sized Chinese private steel bosses who wanted to get Rio Tinto to supply their mills with iron ore rather than selling its ore to China's big state-owned steel producers. The biggest bribe was taken by Wang Yong, who received \$US9 million (\$A9.8 million) from the former head of Rizhao Steel, Du Shuanghua. Du who at the time was China's second richest person confessed to the court that he paid the bribe. Meanwhile, Stern Hu was found to have taken two separate bribes between December 2008 and January 2009 totalling 6.4624 million yuan (\$A1.04 million). The first bribe was taken from Hebei Jingye Steel company and the second larger bribe of \$US798,600 (5.46 million yuan) was received on 14 January 2009 from Tangshan Guofeng Steel company. Stern Hu's wife confirmed he had stashed away the bribes in their family safe. The verdict read that “Zhu Xiaoli (Stern Hu's wife also known as Jolie) testified that Hu Shitai (Stern Hu's Chinese name) took home 1 million yuan cash and put it in the safe.” It continued that Mrs Hu told police: “this money is not Hu's salary.” She also testified that Hu took home \$US300,000 and that money too was not his salary. The verdict stated that on August 26 last year police confiscated amounts of \$US300,000 and 1 million yuan from Hu's home.

The details of the bribery were further confirmed by the private sector bosses paying them. Zhang Zhen, general manager of Tangshan Guofeng, testified about the bribes paid to Hu:

“He received this money under the name of ‘consultancy’ from Hong Kong Guofeng Company, which is an affiliate of Gaofeng company in Tangshan City, Hebei province, which is a private steel mill.

“In 2008, Tangshan Guofeng company signed an iron ore supply agreement with Rio Tinto Singapore. During this process, Hu

Shitai put forth that 30 per cent of the iron ore Tangshan Guofeng buys should be a 'commission' or kickback. Tangshan Guofeng company wanted long-term and stable iron ore supply. They understood that in order to obtain this, they must have good relations with Hu. They also understood that only by giving benefits to Hu would a long-term relationship with Rio Tinto be possible."

-- *The Australian*, 1 April 2010

From the evidence it seems that not only did Stern Hu take the bribes but he actively **solicited** them. As a result even Australian Foreign Minister Stephen Smith who was doing everything he could get away with to criticise China's prosecution of the Rio bosses had to admit after the trial that, "there was, according to Australian officials, evidence, indeed if not substantial evidence, that bribery acts had occurred.... And the advice I have is that in addition to Stern Hu's own admissions, there was other evidence which drew Australian officials to the conclusion that acts of bribery had occurred."

In the first charge of receiving bribes, the Rio bosses undertook illegal activities to gain dirty money for themselves. However, the second charge is even more explosive. For in the second set of crimes the executives were engaging in corrupt actions for the sake of Rio Tinto - and as the verdict strongly suggests with Rio Tinto's Australian head office's direct encouragement. In this second charge, the Rio bosses were found to have lured the heads of Chinese state-owned enterprises with promises/bribes, or through other illegal means, to obtain the Chinese steel companies' commercial secrets. The charge stated that these actions were done in order "to seek profit **for others** (emphasis added)." Again the convictions on this charge were based on detailed facts. The strong evidence presented to the court included admissions of particular acts by the Rio executives themselves, confessions by those Chinese bosses that they had bribed/induced, testimony by others who witnessed the illegal acts and emails seized from Rio Tinto computers after the arrests which confirmed the transfer of the stolen secrets.

The Rio bosses were found to have stolen eight separate business secrets on eight separate occasions over a period from April 2005 to June 2009. These include the highly confidential minutes of the China Iron and Steel Association (CISA), the body that negotiates iron ore prices with Rio Tinto. To extract this information, Rio took advantage of the fact that it had a monopolistic hold on the iron ore market and Chinese state-owned steel producers were desperately short of reliable supply. For example, on the evening of 8 June 2009, the day of a crucial meeting of CISA to discuss the next steps in fraught iron ore negotiations with Rio Tinto and co., Stern Hu met Tan Tixin, general manager of an affiliate of Shougang Steel. They made an arrangement, i.e. fixed a bribe. Tan Yixin would divulge the contents of the CISA meeting and Rio in return would ensure that a ship of Rio's badly required iron ore spots would be delivered to Shougang.

The crime of those Chinese state enterprise managers that succumbed to Rio's inducements is that they sold out the entire, mostly socially-owned, steel industry for the sake of their particular firm. The motivation for state-owned managers to commit such betrayals is not as great as for private sector bosses as, after all, their enterprises ultimately share the same owner, that is the Chinese state. Some temptation, however, must still arise because Chinese state enterprise managers do receive bonuses if their particular firm achieves high profits not to mention the prestige of running a successful company.

For Rio Tinto the iron ore-for-secrets corruption worked wonders until they got caught. Knowing in advance the negotiating strategy and target prices of CISA, Rio could devise countermeasures and always stay one step ahead. As judge Liu Xin found, the Rio executives' actions "put the Chinese steel industry in a powerless position" to negotiate iron ore prices. Crucially, the stolen information allowed Rio Tinto to calculate in mid-2009 that it could get higher profits by abruptly suspending the annual price negotiations and forcing the Chinese enterprises to instead buy ore at inflated prices on the spot market. The verdict stated that the losses for the Chinese steel industry of these actions was about 1.018 billion yuan.

The eight rigorously proven cases of stealing commercial secrets appear to be just the tip of the iceberg. When the Rio Tinto Shanghai computers and laptops were seized following the arrests last July, highly confidential information that could only have been obtained illegally was found on them dating back **six years!**

The methods used by Rio Tinto in China are accurately described by the word "bribery" but they can also be described by the word "intimidation." Rio effectively hit Chinese state enterprise managers with the following threat: You better rat on the rest of the Chinese steel industry or else your steel mills won't get any iron ore. Such a combination of intimidation and bribery has long been part of Rio's arsenal which they have especially used against their own workers. "If you quit the union, you will get better pay [in the short term until we drive out the union] but if you defy us and stay in the union we will find a way to sack you."

Whatever words best describe Rio's corrupt practices in China, the result of them is clear: they helped to ensure yet higher prices for Rio's ore which in turn allowed Rio Tinto's filthy rich executives, big shareholders and royalty-receiving parasites to gain even more wealth while enterprises collectively owned by the still relatively poor people of China had their income gouged. In other words, the rich capitalists from a Western country robbed the poor masses of a developing country. A very familiar scenario? You bet! Familiar outcome? Not this time!

When the four Rio executives were first arrested by PRC authorities, their fellow top Rio Tinto bosses rushed to their defence. They made statements implying that the four were completely innocent. An 11 August 2009 Rio Tinto Press Release stated that "the company remained surprised and concerned over the detention" of its executives and that, "we are still not aware of any evidence that would support their detention." However, as it became clear just how much evidence the Chinese authorities had against Rio, the company moved to distance itself from the four. Once the verdict was released, Rio Tinto with panicked haste sacked the four convicted executives. Australian head of Rio's Iron Ore Division, Sam Walsh, described the four executives' receipt of bribes as follows:

"We have been informed of the clear evidence presented in court that showed beyond doubt that the four convicted employees had accepted bribes.

"By doing this they engaged in deplorable behavior that is totally at odds with our strong ethical culture."

The four executives did indeed engage in "deplorable behaviour." But as to Rio Tinto having a "strong ethical culture"? Sure...and pigs can fly! **The Rio Tinto heads' sacking and condemnation of their fellow executives was simply a deceitful attempt to mask their own deep involvement in the corruption.** It is telling that while denouncing the four executives for accepting bribes, Rio with unparalleled cynicism insisted that it could not comment on the charge of illegally obtaining commercial secrets as it had not had the opportunity to consider the evidence. Oh yeah? More like because that charge seriously implicated Rio Tinto!

Rio Tinto's cover-up-job has been slavishly assisted by the Australian media. Rupert Murdoch's *The Australian* newspaper ran a front page story on March 24 titled, "Secret Rio Tinto probe cleared company but left Stern Hu in doubt." The article retails the notion that a supposed "independent audit" of their China operations after the arrest of the four was correct in "clearing" Rio of any wrongdoing. But the whole idea behind the audit, **paid for by Rio Tinto no less**, was precisely to find the company "innocent."

The Labor government and right-wing opposition sang the same tune as Mr Murdoch's scribes. When asked to respond to calls for Australia's corporate regulator, ASIC, to investigate Rio Stephen Smith incredibly declared that while it was up to ASIC to decide whether it wanted to investigate Rio Tinto, "I've seen nothing come across my desk which would cause me to contemplate such a matter in any event" (ABC News Online, 30 March.) Well maybe someone should shove the 70-page verdict from the Shanghai trial on to the Foreign Minister's desk – then he'll have to spin another line! For although the Chinese courts (unfortunately) for the sake of preserving diplomatic relations with Canberra somewhat downplayed Rio Tinto's culpability in the case, the court's verdict still does expose the company's role. The verdict refers umpteen times to Stern Hu emailing the stolen secrets on to his superiors (in Singapore and Australia.) Most notably, the verdict notes how on 17 June 2009 an email from higher up Rio executives (the Australian Rio office) **instructed** Stern Hu to obtain what they could only have known was a strictly confidential secret: details of ongoing iron ore price negotiations between China's CISA and Rio's Brazilian rival Vale. When Stern Hu and his colleague Wang Yong extracted and passed on that information that same day, head office **emailed back asking Stern Hu and Wang to double check the [illegally obtained] data.** In other words, the Australian office headed by Rio iron ore chief Sam Walsh was encouraging, if not ordering Stern Hu and Co, to corruptly acquire confidential PRC company secrets. Indeed, during his trial Stern Hu's very defence on the stealing secrets charge was that he was simply acting as a go-between passing information up the corporate food chain to Rio's iron ore chief Sam Walsh (*The Australian*, 7 April.) In fact, all four executives independently admitted that a big part of the very **job description** of Rio Tinto's Shanghai office was to obtain the **internal** information of China's steel industry including the contents of its internal meetings. Stern Hu's colleagues testified how in order to carry out this brief, Hu would sometimes call office meetings to motivate his underlings to go out and get the information. Thankfully, Rio Tinto isn't involved in any mining operations in China. That is, as long as one doesn't count their patently very lucrative *mining of secrets*.

You can bet that any bribes/promises offered to Chinese steel bosses to get the confidential information would have had to be known by Rio Tinto's Australian headquarters. The Shanghai office would not have had the authority to lower the price of ore sold to China's major state-owned customers or to suddenly transfer a ship of ore to a particular customer without the approval or at least knowledge of head office. Indeed, even in its frontpage March 24 article "exonerating" Rio

Tinto, *The Australian* newspaper had to admit that:

Rio Tinto China effectively runs its payments and receipts through the iron ore head office in Perth. In particular, it cannot make substantial payments without external approval and all material receipts have to be accounted for.

Now, Rio Tinto does not appear to be directly implicated in the first charge of receiving bribes. Yet even here the conduct of the four executives has been shaped by Rio Tinto's culture of extreme greed. After all they are not just four ordinary employees who were proven to be receiving bribes. We are talking about the four top executives in Rio Tinto's biggest market! The fact is that bribery, manipulation and espionage are all part of the array of methods Rio Tinto uses to maximise its profits. The company is especially notorious for using such methods in the "Third World" where they are usually able to *strongarm* whoever needs to be *strongarmed* to get away with using such tactics. However, the socialistic PRC is one developing country where such methods might backfire! Having no actual production operations in China – just a big trade relationship – Rio Tinto and its bosses did not get the opportunity to learn just how risky such behaviour could be in the PRC. But now they are learning!

The culpability of Rio's Australian-based bosses in the corruption does not mean that one should feel much sympathy for the Shanghai four. Far from it. Stern Hu and the other three were not just victims of Rio Tinto's greed ... they were victims of their own greed. Firstly, they solicited huge bribes for their own benefit. Secondly, although when they lured Chinese steel managers to hand over secret information they were doing so at the behest of Rio Tinto, they were hardly reluctant players in it all. They knew that the result of Rio Tinto gaining the secret data and thus being able to charge still more exorbitant prices would be higher bonuses and dividends for themselves.

Even leaving out the illegal acts, Stern Hu and Co. were very much part of that class of executives and big shareholders that divides among itself the loot that Rio Tinto exploits out of its workers and rips out from the hands of local and "Third World" peoples. Such plunder is all too legal in most parts of the world but from the standpoint of the toiling masses it is just as criminal as bribery and corruption. Stern Hu was on a salary package in excess of \$2.5 million per year. Especially by Chinese standards this was extremely high – his salary was many, many times greater than that paid to the top executives of China's biggest state-owned enterprises. This "legal" salary combined with his receipt of bribes allowed him to live a spectacular lifestyle. An investigative report by leading Hong Kong newspaper, *Wen Wei Po*, found that Hu owned at least three luxury villas each worth more than 100 million yuan (\$17 million)! Stern Hu and his underlings got what they deserved. It's just that Rio Tinto's Australian-based top bosses need to also now be brought to justice.

A GREAT TIME TO STICK THE BOOT INTO THE RIO TINTO BOSSES

Despite Rio Tinto's best efforts to wash their hands of this scandal they have been considerably tainted by it. The PRC's exposure of the corruption of four of Rio's top China-based executives and the Shanghai court verdict's implication of the Australian headquarters' role has highlighted the immoral greed of Rio Tinto and its ilk. For example, soon after the Rio Shanghai bosses were formally arrested, China's official *Xinhua* news agency published an article attacking multinational companies' lack of ethical responsibility. The article (13 August 2009) detailed other cases where Western corporations (including German conglomerate Siemens, U.S.-based label maker Avery Dennison and a subsidiary of French company Alcatel-Lucent) have been found to have bribed Chinese officials or Chinese state-owned company managers - often through "gifts" and paid sightseeing vacations disguised as business trips. Interestingly, the *Xinhua* report highlighted the ongoing struggle of the Bougainville people to seek damages from Rio Tinto for crimes against humanity and racial discrimination stemming from its actions over the Panguna mine.

However, Rio's reputation has been tarnished far beyond China too. Indeed, after the four executives were convicted public pressure was building for the US Securities and Exchange Commission and Britain's Serious Fraud Office to investigate the corporation. In Australia demands for Australia's corporate regulator ASIC to investigate Rio have come from a surprising corner – The Greens party parliamentarians. Throughout this drama, Bob Brown and his Greens have acted as poodles for Rio Tinto and its corrupt bosses. Inciting Australian nationalism and appealing to anti-communism, the Greens feverishly denounced the PRC's efforts to bring the Rio bosses to justice. Immediately after the verdict was announced, Bob Brown ranted that the trial had been "manifestly unfair" and that "Australians should be concerned ... the legal system there is corrupt." With touching devotion to the corporate exploiters, Brown declared the reason for his great concern at the verdict: "This has to be seen as a message to the corporate world to go easy in China or else" (*Sydney Morning Herald* website, 29 March.) However, some Greens supporters are not all that fond of corporate thugs like the Rio bosses. No doubt this was a big factor in why Bob Brown changed his tune the very next day. Although he failed to

retreat from his disgusting China-bashing stance, Brown now stated:

“Australian authorities should investigate Rio Tinto to find out where that money has gone and who else was involved.

“The Australian Federal Police may also want to investigate Rio Tinto’s part in allegations of bribery and use of commercial secrets as Australia is a signatory to the UN Convention Against Corruption.

“Rio Tinto is reported to have received multi-billion dollar advantages from the activities of Hu and his fellow accused.”

- Greens Press Release, 30 March

The trouble is that one can have no confidence in the ability of either ASIC or the Australian Federal Police to further expose Rio Tinto corruption. Why? Because these agencies form part of a capitalist state whose very purpose is to enforce the interests of the big business owners. That is after all the reason why Rio Tinto has never been brought to task in Australia – despite often acting in an *above the law*, mafia-like manner. There is, however, one force that can investigate Rio Tinto and that is the trade unions. **The union movement should demand that it be allowed to investigate all of Rio Tinto’s books.** To motivate this demand our unions would emphasise that as mass organisations of workers who are exploited by the likes of the Rio bosses, the unions have more capacity to resist being swayed, induced or bribed by Rio than the likes of ASIC do.

Now in carrying out inspections of Rio Tinto accounts, our trade unions should not be too concerned if Rio cheats fellow capitalist companies as that would mainly just mean one lot of leaching multi-millionaire big shareholders and executives stealing from a rival lot. However, when Rio Tinto rips off socialistic state-owned Chinese firms like Baosteel or Anshan Iron and Steel Group, it is ripping off firms that are collectively owned by all the Chinese people. It is effectively stealing from one in five of the world’s people!

Trade union inspectors would not only be looking at Rio Tinto’s machinations against companies but would be mainly examining if the same methods that were so spectacularly blown out of the water in China are being tried by Rio against workers and communities. We know that Rio in the 1990s openly bribed workers to keep them out of the unions – are they still doing that but covertly? Any bribing - whether direct or indirect - of community leaders and organisations in order to quell resistance to the way they have undertaken mining projects must also be exposed. Furthermore, are Rio in Australia replicating their espionage against state-owned Chinese firms by spying on union activists as they did in the past. How much are they paying private security firms, private investigators and scab-herding “troubleshooters” for anti-union and anti-community tasks? What amount of Rio’s revenue goes into paying image consultancy firms and lobbyists? How much do they influence state institutions by funding political parties and semi-political organisations like “rights” groups, social activist networks, foundations and community organisations? To find all this out, union inspectors will need to see more than just the account books since outlays in these areas can easily be disguised under ledger columns with titles like “Community Assistance,” “Consultancy” etc. Therefore, **trade unions should also demand the right to inspect all of Rio Tinto’s internal and external management correspondence.**

With corporate corruption very much in the news following the Rio Tinto trial in the PRC, this is a great time for the union movement to demand the right to inspect the books of other corporate giants too including BHP, Xstrata, Qantas, Lend Lease etc. In particular, **the workers movement must insist that the restrictions on union rights to inspect company documents contained in Rudd and Gillard’s Fair Work Act be abolished.**

Any exposure of the corrupt and devious methods used by Rio and their ilk can only help to popularise the need to oppose their attacks on workers’ rights, unions and jobs. It has been notable that despite the unanimously hostile coverage of the China Rio Tinto prosecutions by the Australian media and the denunciations of the trial verdict by Labor, Liberals and the Greens alike, a significant minority of people in Australia have welcomed the convictions. A poll conducted by the right-wing *Australian* newspaper found that 28.5% of respondents considered that the jail sentence handed to Stern Hu was fair and a further 7.5% felt it too lenient. The fact is that working class people, the more so after the Global Financial Crisis, see the corporate executives as greedy leeches who do much harm to people’s interests. The high-level corruption at Rio Tinto exposed by China will only add to such justified resentment.

Now that we have seen that a serious force – namely, the PRC state - has struck a blow against the Rio Tinto bigwigs, it is time to take up the offensive here against the anti-worker attacks and unrestrained greed of all the big corporate bullies. Among the points that the Australian union movement should raise in connection with China’s arrest of the Rio Tinto executives include the following:

- **Rio Tinto and other private corporations' greedy acts should be challenged not only in China but in Australia** and elsewhere. We know that Rio Tinto has been ripping off the Chinese people for years. Yet it is only Rio's rich owners, executives and royalty-receiving parasites that benefit from this – not its workers. So despite paying out lavish executive salaries and over \$2.6 billion in profits to shareholders for 2008 dividends, Rio announced in December 2008 that it would slash its workforce by 14,000. It cut hundreds of jobs from its Alcan alumina refinery in Gladstone, Queensland, its Weipa bauxite mine and its coal operations in Queensland and NSW. We must not allow companies making such huge profits to slash jobs. We must fight for the demand that all companies able to grant their owners a dividend or who pay any executive more than a \$300,000 annual remuneration be banned from laying off any workers.
- Rio Tinto must massively increase its payment to the Ngarluma Aboriginal people in Western Australia for letting the company expand its Pilbara ore traffic through their land. The community are angry that the company has been trying to cheat on its initial agreement by retrofitting all sorts of additional demands into the deal.
- For Rio Tinto to pay out the compensation justly being demanded by Bougainville people in a current U.S. court case. The compensation is for crimes against humanity and racial discrimination in connection with Rio's actions over the Panguna mine.
- Smash Rio Tinto's refusal to accept union agreements with workers in key areas! Defeat Rio Tinto's attempts to resist bargaining with unions in its Pilbara iron ore operations!
- Smash Rio Tinto's union-busting actions in Boron, California! Victory to the Boron mine workers!
- Extradite to China the Australian-based Rio bosses like Sam Walsh. Walsh's office was proven to be responsible both for receiving the secrets stolen by Stern Hu and for further encouraging or, indeed, even instigating his corrupt activities.
- Thank you Peoples Republic of China for standing up to the Rio Tinto corporate thugs. But go further - Expose more fully the role of Australian-based Rio Tinto executives in the corruption!

To fight for these demands a rally has been called for Thursday, May 20 in Sydney city under the slogans, "China is Cracking Down on Private Sector Corporate Greed and Corruption – It's About Time that Starts to Happen Here! Stop Rio Tinto's Plundering and Union Busting!" The demonstration will commence at 5pm outside the Sydney headquarters of Rio Tinto at 19-29 Martin Place. Proud trade unionists, supporters of Aboriginal rights and opponents of the exploitation of the "Third World" should join the action.

Of course, the ability to fight for this agenda will be assisted by any further exposure of Rio's behaviour by PRC authorities. The Shanghai Court verdict of the Rio Tinto trial has stated that those who paid or received bribes from the Rio Tinto executives or handed over secret information will face a separate trial. This presents a vehicle for more details of Rio's corruption to be brought out – in particular the role of the Australian-based hierarchy. Strongly anti-capitalist elements within the PRC establishment will be pushing for such an exposure while more right-wing sections of the Chinese bureaucracy will resist such an outcome. However, the outcome of these factional disputes will in part be shaped by events abroad, especially in this case in Australia. If PRC authorities see only uniform hostility from Australian society to the Rio Tinto verdict, the pressure will be on for them to tone down any revelations about Rio Tinto's Australian-based bosses. On the other hand, a strong showing at the May 20 rally, an event that has already gained much publicity within China, will encourage anti-capitalist elements within the PRC state that want to fully expose the crimes of the likes of Rio Tinto.

AUSTRALIAN MEDIA CONDEMNS PRC ANTI-CORRUPTION MEASURES AS "OUTRAGEOUS ACTIONS"

When the Rio Tinto bosses were arrested in Shanghai last July, the rich classes in Australia and indeed throughout the Western world responded with hysterical fury. How dare the Peoples Republic of China (PRC) do this! Sure, an ex-corporate high flier on extremely rare occasions can get nabbed in a Western country too but to jail serving top executives from an absolute giant like Rio Tinto (the third biggest mining company in the capitalist world) when those executives were acting to increase profits for the company's owners ... that is sacrilege as far as the capitalist class is concerned! After all, when was the last time that a serving top boss of a corporate behemoth - like Rio Tinto, BHP or Murdoch's News

Corporation - was imprisoned in Australia for an economic crime?

In Australia the Rupert Murdoch-owned media outlets led the anti-PRC tirade that followed Stern Hu's initial detention. In a 13 July 2009 article the foreign affairs editor of *The Australian* screamed of China's supposedly "outrageous actions" and of a "grotesque injustice done to Hu." Meanwhile, Australia's Foreign Minister, Stephen Smith, tried to interfere in China's judicial process by rejecting outright the espionage allegations against Stern Hu while Kevin Rudd warned Beijing that it risked its international commercial reputation in the matter. However, the response of the Australian Labor government was not enough for the Liberal/National opposition. The Liberal-National Coalition which is quite brazenly the voice of the capitalists demanded an even more pugnacious response against China.

Yet, despite all this pressure, on August 10 last year China's National Administration for the Protection of State Secrets released a report detailing the seriousness of Rio Tinto's crimes. They said Rio Tinto's commercial spying involved "winning over and buying off, prying out intelligence, routing one by one, and gaining things by deceit" over six years. This prompted a worried Murdoch journalist to write in the financial pages of *The Australian* (11 August 2009) that:

The risible allegations published on a reasonably official Chinese website over the weekend doubtless reflect ingrained antagonism towards Western capitalism and its corporations.

Most notably, *The Sydney Morning Herald* (10 August 2009) reported that, "Rio executives were shadowed and intimidated during a recent visit to Shanghai." A later report (22 March) revealed that one of the three Rio executives trailed by plain-clothes Chinese state security officers was none other than the 9.9 million dollar man, Rio CEO Tom Albanese. In reading such reports, union activists who have worked in Rio Tinto operations would be completely justified in thinking to themselves: those scumbags are finally getting some of their own medicine! During industrial disputes many trade unionists have experienced being spied on and threatened by Rio Tinto-hired security guards. Now finally someone is able to dish out the same to the callous Rio Tinto bosses. Awesome!

It is probable that some elements within the PRC state at that time considered arresting Tom Albanese. That would have been spectacular! This arrest, however, did not take place. This was not because of any innocence on the part of Albanese but because the PRC wrongly recoiled from such an arrest to avoid the diplomatic assault they would have copped from Canberra and other imperialist governments over such a move against the overseas-based CEO of a Western-owned corporate giant.

Also out of such diplomatic considerations, PRC prosecutors downgraded the initial characterisation of the second charge of "stealing state secrets" to a slightly lesser charge of "stealing commercial secrets." In the meantime, by a couple of months after Stern Hu's initial arrest, Australian politicians started to slightly moderate their denunciations of the Shanghai arrests. From their own research and briefings and from conversations between Stern Hu and Australian consular officials in China, the Australian government realised that the Rio Tinto four - and indeed Rio Tinto itself - was guilty. That put them in a weak position to attack the PRC over the issue. Consequently, even hard right-wing opposition politicians like Barnaby Joyce toned down their initially rabid rhetoric. No doubt Joyce and Co. were briefed on the facts too.

However, as the trial approached the issue heated up again. The prospect that top bosses from an Australian corporate giant would actually go down was too much for the Australian ruling class. When the guilty verdict and sturdy sentences came through, Liberal, Labor and Greens politicians alike vented their anger at the ruling. The big business lobby, the Australian Chamber of Commerce and Industry, denounced a supposed "lack of transparency" in the trial and demanded "clarity" on what is considered a commercial secret in China. The mainstream media were, if anything, even more hard line with report after report attacking the PRC legal system. Talkback radio hosts did their best to whip up anti-communist, anti-PRC sentiments, devoting whole hour-long programs to the issue.

Yet in China itself the prosecution of the Rio executives was very popular. One reason for this is simply that the egalitarian-minded Chinese masses simply don't like capitalist bosses. Secondly, foreign-owned companies in China have a reputation for ill-treating locals and exploiting Chinese workers. Although Rio Tinto does not have production operations within China, the devious methods it used to rip off socially-owned Chinese firms stunk of the greed typical of Western-owned manufacturing companies operating in China. The fact that the Australian government tried to sway the trial in favour of Rio only made Chinese working people and leftist youth more determined to see the executives brought to justice. Such behaviour by Canberra just caused Chinese people to recall the humiliation of the pre-revolutionary days when in whole industrial regions (known as "concessions") within key Chinese cities a system of "extraterritoriality"

reigned whereby various Western imperial countries exercised direct legal power and their corporations and personnel were exempt from Chinese law.

Most significantly, when Rio Tinto rips off state-owned Chinese companies it is ripping off firms that are jointly owned by the 1.3 billion Chinese people. Furthermore, when Stern Hu and Co. solicited bribes to favour private Chinese steel companies in ore supply they were buttressing firms owned by capitalist exploiters at the expense of the nationally-owned enterprises. Consequently, staunch communists inside China rightly saw Rio's actions as undermining China's socialist sector enterprises.

RIO PROSECUTIONS: PART OF CHINA'S BROADER WAR AGAINST CORPORATE CORRUPTION

The Australian mainstream media and politicians have tried to claim that the arrests of the Rio Tinto executives are a way of China improving its bargaining position in iron ore negotiations. Further, they speculated that China is punishing Rio Tinto for tearing up an agreement for state-owned Chinese company Chinalco to take an 18% stake in Rio. At the most extreme end of "commentary", hard right-wing Foreign Editor of *The Australian*, Greg Sheridan, screeched that "Beijing's aim is to intimidate Australia, our government, our corporations and the broader civil society" (23 July 2009.)

A rational look at the issue would find such claims highly flawed. For starters it has now been revealed in the fine print of the media that "the Chinese government investigation, which led to the arrests, dates back to about a year earlier" (*The Australian*, March 31.) Crucially that is well **before** the unravelling of the Chinalco-Rio deal. So much for the "Revenge for the failed Chinalco bid" theory!

Furthermore, those arrested in the scandal include not only the four Rio Tinto executives but executives of Chinese steel companies that buy iron ore from Rio Tinto. Wang Hongjiu of the Laigang group and Tan Yixin of the Shougang Group have been arrested. The latter has already been tried on charges of being lured by Stern Hu to hand over strictly confidential information about the negotiating strategy and price plans of Chinese state-owned steel companies.

For a while the Australian media made much of a claim that the Chinese private steel bosses who confessed to paying bribes to Rio Tinto executives were not themselves arrested. Yet this line of attack has also been demolished. The verdict on the trial of the four Rio executives states very clearly that all executives named in the proceedings as having paid bribes or been lured to divulge trade secrets will be dealt with in a separate case. That includes at least 19 Chinese nationals including billionaire Du Shuanghua (*The Australian*, 3 April.)

Indeed, contrary to claims that PRC authorities were picking on Rio Tinto, the PRC has prosecuted many Chinese company bosses for economic crimes that not only have no connection to the Rio scandal but have no connection to dealings with foreign companies at all. So on August 7 last year Li Peiying, former chief of the Capital Airports Holding Company (CAH), was executed after being convicted of accepting bribes. The previous month Chen Tonghai, the head of China's biggest oil refiner - *i.e. the Chinese equivalent of the head of an Exxon-Mobil or Shell* - was given a suspended death sentence (essentially life imprisonment.) And to top it off just days after Stern Hu and the other Rio Tinto executives were formally charged China's (now ex-) richest person, retailing magnate Huang Guangyu, was formally charged with bribery and illegal business dealings (see below.) So, sorry Mr Greg Sheridan, we all know that as a poodle of Rupert Murdoch you just adore the bosses of capitalist corporations. But don't try to portray the Rio arrests as a specific attack on Australian people – no, it is instead part of the PRC's offensive against corporate crooks whatever their origins. A war that is indeed very popular amongst the Chinese masses.

ANTI-COMMUNIST CONSPIRACY THEORIES BLOWN TO SMITHEREENS

All of the Australian media's theories that the Rio Tinto four had been framed up received a sensational blow on the very first day of their trial when all four of the executives admitted to taking bribes. Their disappointment over this development was etched all over the faces of the media commentators that evening on national television. They knew that their best laid Communist China-bashing plans had just been drenched by a big bucket of cold water.

In desperation the media tried to rescue the situation with some laughable arguments. For one, they claimed that in China the receipt of bribes is a grey area because the country has a culture of gift giving. Indeed, such a culture does exist. However, that is for gifts like sweets, pens, small amounts of money, concert tickets, watches etc to friends and family **not** "gifts" of \$US798,600 or \$US9 million to business associates! What is more, when people who have nothing to

hide receive huge sums of money they receive them through money orders, wire transfers etc – they don't receive huge amounts of cash stuffed into brown paper bags and cardboard boxes as the Rio executives did!

As to the second set of charges of illegally obtaining commercial secrets, the media again spoke of a “grey area in China” as to what a commercial secret is and what properly belongs in the public domain. Yet the information illegally obtained by the Rio bosses was so obviously *not public*. This is why it was confined to internal minutes of the China Iron & Steel Association: minutes that even most managers within the member companies – let alone the other side in negotiations – were not privy to. Stern Hu and his sidekicks of course **knew** that this information was confidential which is precisely why they had to use promises/bribes to lure Chinese executives to hand it over! To see just how conscious the Rio bosses were that they were illegally obtaining commercial secrets, consider the manner in which they got hold of the sensitive No.66 document of CISA, a document containing China's iron ore price negotiating strategies. Firstly, Stern Hu on 27 April 2009 sent a letter to his underling Liu Caikui inquiring whether Liu had gotten relevant internal documents belonging to the CISA. Tellingly, Stern Hu suggests that the names of the recipient of any CISA document obtained by Liu be deleted on any copy sent to him (i.e. in case the transfer of the illegal information is exposed). Liu replies the next day, explaining to Stern Hu that he could get the information but [it would not be easy because] CISA requires all of the recipients of their documents to keep the documents **in confidence and destroy them after reading**. These conversations between Stern Hu and Liu are recorded in the Rio Tinto emails seized by PRC authorities following the arrest of the four executives. Furthermore, Liu admitted that when he met Wang Hongjiu, a manager with steel maker Laigang, to get the No. 66 minutes, Wang tried to cover himself by tearing off the fax header (showing his identity) from the document. Meanwhile, the document itself was marked with the words “confidential document.” Doesn't sound like too much grey area around here!

As the *facts* turned against Rio Tinto, Australian capitalist politicians and media commentators shifted their focus to the *process* of the Shanghai trial. Insinuating that the trial would not be fair, Kevin Rudd arrogantly declared to China that “the world will be watching how this particular court case will be conducted.” Meanwhile, the media cried that the defence had been kept in the dark about the charges. No doubt they were hoping that no one would have remembered the fine print in their own reports from the previous month which informed that Chinese courts had handed over to the Rio bosses' defence team thousands of pages of documents and evidence that reportedly stacked up over a metre high!

If the details of the charges against the executives had been kept away from the Australian public until the verdict then that is mainly the fault of the Australian government and its consular officials. They knew all the details and were in contact in the lead up to the trial with Stern Hu, his family and his legal team and with Rio Tinto. Yet they did not reveal these details **because they knew that Stern Hu was guilty**. This was especially apparent after the first part of the trial on receipt of bribes where Australian consular officials were allowed to witness the proceedings. Yet coming out of the court room, Australian consulate general Tom Connor would only tell the media that Hu was accused of receiving two bribery amounts and that he “did acknowledge the truth of some of those bribery amounts.” Other than the amounts of the bribes, the consulate general provided no further details. On the one hand this served to mask the full colour of the crimes conducted and on the other hand helped to play into the myth of a trial conducted “in the shadows.” The Australian bourgeois media then built the myth further by refusing to grill the Australian government for more details. The media never condemned Australian authorities for hiding the details – no it was only the “Communist Chinese authorities” that were “keeping everyone in the dark.”

Australian politicians and media then made much of the fact that the second portion of the trial was held behind closed doors. Yet in Australia many cases are also held in secret. This was pointed out in a rare, perhaps even unique, (somewhat) dissenting voice in the Australian media about the Stern Hu trial by legal affairs reporter Joel Gibson (*Sydney Morning Herald*, March 27.) Among the cases that have been held in secret here include cases involving trade secrets and tax matters. Gibson's article refers to a case in 2002 where a Rio Tinto subsidiary succeeded in having parts of a Victorian Supreme Court hearing about its compulsory acquisition of small shareholdings in a diamond trust held in secret. As a result, the Rio Tinto subsidiary was able to acquire the shares without the small holders being able to be part of the legal proceedings about whether they were getting a fair price. Gibson reported the response of one of those former small shareholders, Bob Catto, to the recent Shanghai trial:

“Bob Catto's ears were burning this week....”

“He said it was ‘absolutely hypocritical’ for Rio or Australian politicians to point the finger at Chinese courts.”

Other matters in Australia where secret justice is meted out, in part or in full, include serious terrorism cases and cases

where Australians are refused passports – of which there have been forty in the last nine years. Recently it was announced that Iranian-born Sydney cleric Mansour Leghaei was being deported despite getting a rave review from none other than the now federal Attorney General, Robert McClelland. Yet no one, not even the cleric himself, knows why he is being deported because secrecy provisions in Australian laws have kept the goings-on in courts behind closed doors. At least Stern Hu and his lawyers were able to attend their entire trial and contest the charges!

Now it is quite understandable that PRC authorities wanted to keep Western media out of the Rio Tinto trial. In a world where, currently, capitalists hold sway over most of the globe (i.e. outside of China, Cuba, Vietnam, North Korea and Laos), the moguls who own the Western media have enormous power to shape international public opinion. And feeling an upper class solidarity to the arrested Rio bosses and an equally upper class hostility to China's socialistic state structures, the people who run the Western media have been pushing an intensely partisan line against China's prosecution of the Rio executives. It is thus reasonable for the PRC to be worried that this powerful media could either influence the trial or affect the way the verdict is received. Australian pro-capitalist politicians call that "a lack of openness." Yet if every "opening" is smothered with a blanket of biased pro-capitalist media coverage such that no other rays of political light can be seen, that is hardly "openness."

“COMMUNIST PEOPLES REPUBLIC OF CHINA” OFFENDS “FREE-MARKET” SENSIBILITIES

From the time that the Rio Tinto bosses were first arrested it has been evident that underlying the tensions between Canberra and Beijing over the issue are the differences between the Australian and PRC social/political systems. Thus one of the aspects of the arrests that infuriated Australia's political elite the most was China's initial classification of the matter as a national security issue. To Australia's ruling class the idea that an alleged infringement on Chinese corporations could be considered an attack on the Chinese state proved that Chinese corporations were in fact not "independent" but part of, and subordinate to, the PRC state. The Australian political establishment were seeing RED ... communist red! National Party senate leader Barnaby Joyce repeatedly thundered that the whole issue proved that "state owned enterprises of the communist People's Republic of China are at one in their purpose and organisation with the Government of China" (ABC 7.30 Report, 9 July 2009.) In this part of their analysis, Barnaby Joyce and his ilk are, in fact, in large part correct. China's economy does not function like capitalist economies - where the corporations and therefore the small number of very rich people who own them basically operate independently of state control and indeed independently of the the control of the vast majority of the population. In China's as indeed in Cuba's socialistic system the most important corporations are instead state-owned. Notwithstanding the distorting effects of China's corruption and bureaucracy, these corporations are ultimately controlled by the socialistic state to serve the overall interests of the ordinary people. Thus if major state-owned corporations in a "communist peoples republic" are being attacked, like the steel companies that Rio Tinto stole information from, then this really is an attack on the whole society's "economic security" – and in China's case an attack on the economic well being of 1.3 billion people. This is completely different to Rio Tinto ripping off Bluescope Steel here, ie one bunch of the very rich ripping off another bunch of the very rich.

Western politicians that represent the interests of wealthy classes, like Barnaby Joyce, of course see the social system in China and Cuba as abhorrent. However, for China's working class people the system of state-ownership of key economic sectors has meant a big improvement in their living standards over the last 60 years. Before China was pulled on to a socialistic path in 1949 it was a country mired in feudal backwardness and crushed under the boot of Western colonial powers. Now, not only is China making good progress towards catching up with the countries of its former imperialist oppressors but in some areas like public education and public transport it is moving ahead of them. Most importantly, unlike the growth that has occurred in capitalist "emerging economies" like India, China's development has truly brought improvements to the lives of the masses. So, while the number of people in dire poverty continues to increase in many parts of the world, even the Western-dominated World Bank's figures show that the **Peoples Republic of China accounts for nearly all of the world's net poverty reduction that has been achieved since 1981.**

It is important to understand that the state-owned enterprises in China play a very different role to the state corporations that exist in capitalist countries like Australia, Pakistan, Papua New Guinea, Britain and the Philippines. In the capitalist countries state industry is typically only present in those sectors – like utilities - which are relied on by the overall economy to provide affordable services but which are themselves not necessarily such profitable enterprises when operating in this manner. In other words, these state firms mainly exist to provide services at a price that will allow their private sector customers the chance to make big profits. Often, the state corporations themselves are loss-making operations subsidised by the tax payer. And as soon as private capitalists see a way to make big profits from their

operations, governments dutifully try to privatise these state corporations – as the NSW state government is now trying to do with electricity generation. In contrast, in the PRC, state-owned companies dominate all the key sectors including the most profitable ones like banking, insurance, telecommunications, etc. According to 2005 official figures, 95.5% of revenue from China's most profitable industry – petroleum and natural gas extraction – went to state-owned firms (see Bank of Finland, 2007 report, *The Chinese government's new approach to ownership and financial control of strategic state-owned enterprises*.) This is definitely not what happens in Australia – where the rich owners of BHP, Woodside, Chevron, Shell etc reap the profits of the oil and gas industry – or in India (where the two Ambani brothers control the oil/gas sector allowing them to possess a combined wealth equal to 5% of India's entire GDP!) Furthermore, China's level of state ownership of this key oil and gas industry is even much more than that which occurs in countries ruled by left-nationalist governments - like Hugo Chavez's Venezuela.

Since the Beijing government introduced pro-market reforms thirty years ago, the Chinese state-owned companies have to a degree operated under the profit motive. Nevertheless, they are still constrained by the PRC state to serve first and foremost overall social goals – such as women's rights and development of poorer and ethnic minority regions. This is especially the case in difficult times. So, during the global recession, it was China's state sector that pulled its economy through the crisis and boosted employment to make up for job losses in the private sector. To do this, the state-owned enterprises had to defy the normal market principle that lower profits should mean reduced investment and employment. At the height of the crisis in January 2009 as their counterparts in the capitalist world – and in China's own private sector – slashed investment, China's state-owned giants went on a spending splurge to upgrade equipment and build new infrastructure. They took some 90% of the record 1.6 trillion yuan (\$334 billion) in new loans that China's banks lent out in that month (*The Weekend Australian Financial Review*, 9-13 April 2009.) Such investment during a global recession is completely irrational if your primary goal is making profits for your owners. But if your aim is to promote the welfare of working-class people it makes perfect sense since it means workers' jobs are protected in difficult economic times. Similarly, when East Star Airlines, one of China's small private airlines, went bust last August, China's state-owned national carrier Air China made a point of immediately recruiting 600 of the 1,000 staff laid off by the bankrupt private airline – even though the state-owned airline had itself suffered a big loss in 2008. Compare this act by socialistic Air China with that of capitalist-owned Qantas. Here, Qantas is not only **not** soaking up jobs lost elsewhere but is itself cutting its workforce – and that after having made a \$479 million after tax profit in 2008.

To be sure, China's state-owned companies are not without problems. They are yet to reach the level of operating in a truly socialist way. Although workers congresses within the company give workers some influence over company direction, for the most part workers do not have channels to participate in the direct administration of the firms. Hence, although all the people collectively own these state enterprises, decision-making is done in a bureaucratic way by the management. This, on the one hand, can lead to inefficiencies in the administration of the firm and, on the other hand, to the suppression of initiative from workers and technical personnel. It was partly to overcome such problems that the Beijing leadership under Deng Xiaoping turned to market reforms in the late 1970s. The idea was that to a degree the market would be used as a "whip" – that is, the prospect of higher incomes for some and the threat of lower incomes for others – to spur people to produce more. Each state enterprise would now keep to itself more of the fruits of its own production as would each region of the country. This was different to earlier decades when the wealth was more evenly spread. Private and foreign investors were now invited to take minority stakes in state enterprises and foreign capitalists were allowed to set up their own manufacturing plants sometimes in joint ventures with state firms. In the absence of genuine workers' administration of society that could really motivate the masses to drive the economy forward, the introduction of such market measures did to a degree whip people into increasing production. However, this should not be exaggerated. It is not the market reforms but rather the continuing state ownership of pillar industries and the socialistic state's control over the economy that has underpinned China's rapid growth.

Furthermore, the market reforms have created a host of problems. As the post-1978 reforms were rolled out, the newly rich private business owners and the managers working for foreign-owned corporations got a taste of capitalism and pushed for more. Hence, in the late 1990s-early 2000s many smaller state-owned enterprises were privatised. All these pro-market measures have led to much greater inequality within China – between rich and poor, between urban areas and rural areas and between wealthier coastal provinces and poorer Western regions. It has also spawned a great deal of corruption. Often this has involved state enterprise managers selling off state assets or part holdings of state companies to themselves or to their friends and relatives. At other times, wealthy private bosses have bribed government officials to ignore workplace safety concerns or to win development contracts.

Nevertheless, despite all this corruption and weakening of the state sector, the socialistic public sector still to this day dominates the key planks of the Chinese economy. So if you look at the Chinese equivalents – in terms of areas of operation and level of market dominance - of BHP, Rio Tinto, Fortescue Metals, Bluescope Steel, OneSteel, Qantas, Virgin Blue, AMP, QBE Insurance, Woodside, BP Australia, Shell Australia, EDI Rail, United Group, Telstra, Optus, Asciano Limited (Patrick's Stevedoring), DP World, Ford, GM/Holden, Toyota, News Corporation, Fairfax Ltd, Commonwealth Bank, Westpac, ANZ Bank and National Australia Bank you will find that **each and every one** of the equivalents of these Australian businesses in the Peoples Republic of China are *state-owned*. Furthermore, even China's biggest nominally private corporations often have significant state ownership with sometimes the state even holding control of the board. Take, for instance, China's largest "privately"-owned company, computer maker Lenovo. Despite Lenovo's status as a "private company" it is 42.3% owned by its parent Legend Holdings which is in turn controlled and 36% owned by the state-owned Chinese Academy of Sciences Holdings (as well as being 35% owned by its employees.)

THE CHINESE STATE'S VIBRANT TUNE: "UPHOLD THE BASIC ECONOMIC SYSTEM WITH PUBLIC OWNERSHIP PLAYING THE DOMINANT ROLE ..."

Despite the dominance of state-owned firms, the existence in China of a layer of private business bosses and a larger stratum of privileged upper-middle class people presents a formidable danger to the socialistic foundations of the PRC. Although in percentage terms these layers form just a small part of the Chinese population, they have much power due to their wealth. Moreover, they are politically nurtured by their counterparts in the West, Taiwan, Hong Kong and Singapore - all of whom are eager for capitalist restoration in China. What has to date stopped the pro-capitalist strata from seizing political power in China is the fact that the state institutions there – including the Peoples Liberation Army (PLA), Chinese police, peoples courts, state planning bodies etc – at this point remain wedded to the socialistic order. These state organs were formed in the course of fighting and winning the Chinese Civil War that culminated in the 1949 revolution. The Civil War was a fierce struggle that saw hundreds of thousands of fighters in the PLA and other revolutionary organisations give their lives to ensure the victory of impoverished tenant farmers and workers over the landlord/capitalist exploiters. Thus the PRC state institutions were imbued at birth with a sense of mission that they exist to serve the poor masses and this tradition has been passed on from one generation of institutions to the next.

This character of the PRC's state organs naturally also shapes the way that its state-owned enterprises are run. Although since the market reforms state corporations have been given more autonomy to set their own policies, their boards are ultimately still subject to supervision by the organisations of the Communist Party within the enterprise – the same Communist Party that led the anti-capitalist 1949 Revolution. To get a sense of what this means, consider what it would be like if BHP, Rio Tinto and all the banks in Australia are not only nationalised but are put under the control of committees made up of the most militant union delegates and the left-wing activists involved in, say, the 2007 anti-APEC protests. Then you can understand why anti-union right wingers like Barnaby Joyce are hopping mad at the prospect of PRC state enterprises acquiring companies in Australia!

To be sure, both cynicism bred by corruption and the march of time have weakened the revolutionary character of the PRC's state organs. However, the basic character of these state institutions has not been decisively altered. It was notable that during the lead up to the recent 60th Anniversary of the PRC, PLA soldiers were chanting slogans such as "Uphold the basic economic system with public ownership playing the dominant role ..." and "Build a socialist harmonious society and promote social equity and justice." Compare that with the oath/affirmation that all personnel recruited into the capitalist Australian military are required to take: "That I will well and truly serve Her Majesty Queen Elizabeth the Second, Her Heirs and Successors according to law ... so that I will resist her enemies and faithfully discharge my duty according to the law." Can there be a more glaring contrast! The capitalist military seeps its personnel in allegiance to that starkest of symbols of elitism and inequality – the hereditary monarchy - while the socialistic military is trained to uphold social equity and the dominance of collective ownership of the means of production.

With the PRC remaining a workers state even those – all too many – partial inroads that capitalists have made into the Chinese economy are reversible. This was apparent in a worried report in the Business pages of The Australian newspaper about the renationalisation of thousands of mines in China's main coal producing region, Shanxi Province. The article, angrily titled "What's Yours is Mine at the Coalface in China," notes how wealthy private coal mine owners are being forced to sell their mines to the state at only about 30% of their real value (*The Australian*, 25 January 2010.) This amounts to *nationalisations without compensation* of 70% of these mines. The pro-capitalist journalist concludes his article by complaining that China is "a country with no private property rights."

Indeed, the lack of a guaranteed “right” in China to the fruits of capitalist exploitation “oppresses” even the wealthiest of tycoons. Take, for instance, filthy rich capitalist Du Shuanghua, the until recently owner of China’s biggest privately-owned steel works, Rizhao Iron & Steel. In the first half of last year, the firm made a \$300 million profit. However, in a *Sydney Morning Herald* China “horror” story (August 31) it was reported that a state-owned steel company is now using evidence of claimed irregularities in Rizhao’s operating licenses to force Du Shuanhua to sell his company at a price *less than a third* of what its share value would imply. That plan amounts to the *nationalisation without compensation* of two-thirds of the main company owned by China’s second richest person. The following month the **forced** nationalisation of Rizhao indeed went ahead. Over two thirds of the company was taken over by state-owned Shandong Steel, reportedly at just a fraction of the market price (now to compound things for Mr Du he his likely to end up in jail for a long time after having been sprung for paying bribes to Rio Tinto executives.)

Could you imagine a similar thing happening under Australia’s current political system? Could you, for instance, envisage over two-thirds of the Westfield property group owned by Australia’s second richest person, Frank Lowy, getting forcibly nationalised for a “compensation” level much less than the market price? No way!

In Australia the Lowys, Richard Pratt’s heirs, James Packer, Gina Reinhart and , are all free to ride high with their billions. However back in China, Du Shuanghua and the private coal mine owners are finding out the hard way what many other capitalists have already learnt: that while the PRC’s “market reforms” may have allowed them to extract or the chance to extract big profits, the “right” to capitalist exploitation is far from guaranteed in the “Communist Peoples Republic of China.” As one Chinese blogger put it in responding to a much commented article in a Beijing journal about tycoons and corruption: “Remember that any enterprise that is big will, eventually, become the government’s property” (*The Economist*, 5 September.) Although, unfortunately, such mandatory expropriation of big capitalist operations does not yet always occur, the blogger’s comment does capture a healthy aspect of reality in the PRC.

Nevertheless, the presence of capitalists within China has, of course, affected the PRC state institutions. This occurs not only through capitalists bribing officials but through all sorts of business and personal contacts between the new capitalists and the bureaucracy. If this were the only factor at play it would have by now led to the rollback of the PRC as a workers state and the restoration of capitalism in China. However, what has maintained the pro-socialist character of the PRC is the strong egalitarianism of the Chinese masses and the determination of decisive sections of the Chinese working class to maintain the social ownership of key industry. This was seen spectacularly in two recent workers struggles that **successfully reversed** privatisations of state-owned steel enterprises. In the first struggle on 24 July 2009 at the Tonghua plant in China’s northeastern Jilin province, workers’ victory came after thousands of them seized control of the newly privatised factory and kidnapped the greedy boss appointed by the private firm (eventually this boss died of injuries sustained from being beaten by the enraged workers.) Notable was the outlook of the workers participating in the action. Typical was the comment of a worker quoted in *Xinhua* news agency (5 August 2009):

“We prefer working for the state-owned company. It makes us feel more secure.”

Workers’ feelings on this issue are shaped by an understanding that in the PRC state-owned property belongs to them. As an economist at the prestigious Tsinghua University, Liang Xiaomin, put it: workers did not like the “transformation in identity in working for a private enterprise.” A professor at the Jilin Business and Technology Colleges, Liu Qingbo, explained that: Workers in state-owned enterprises usually reject overtures from private companies which are regarded as pursuing overwhelmingly business interests but neglecting social responsibilities (*Xinhua*, 5 August 2009.)

This same sentiment was seen the following month when thousands of steel workers at the Linzhou Steel Corporation in Henan Province successfully stopped the privatisation of their plant after occupying the factory and seizing hostage a government official sent to oversee the sell-off. As *China Daily* reported: Most of the workers see the privatisation as a move to marginalise and “sell them out” to fill the pockets of the rich and powerful. Striking was a banner unfurled by workers during the five-day Lizhou occupation:

“Learn from the Tonghua Steel workers! Defend collective wealth!”

Such pro-socialist sentiments of workers gets transmitted through to the PRC’s state bodies. For example, Chinese provincial governments responded to the Tonghua and Linzhou steel workers’ struggles by asserting that any restructuring of a company must have prior approval of a workers congress of its employees. Furthermore, even after the Tonghua private would-be boss was beaten to death some PRC police publicly showed sympathy for the workers involved in the action and for the workers’ fears of job losses from the, now aborted, privatisation. The state-owned *China Daily* outlet

quoted one police officer stressing that: “The workers were infuriated by an announcement made by the [new private company’s] manager Chen that the total number of 30,000 employees in the factory will be reduced to 5,000 after the merger.” You see, you just can’t beat 25,000 angry, determined workers, not in China anyway. Meanwhile, the PRC government-owned media have also taken a sympathetic attitude to the Tonghua and Linzhou struggles. For example, a postscript on the Tonghua incident in *Xinhua* (5 August 2009) is titled “Steel Company Executive’s Death Reflects Workers’ Insecurities.” The article goes on to focus on workers’ anxieties at the, now-aborted, privatisation rather than on the plight of the killed capitalist boss and his family. The article legitimised workers’ rage at the killed executive by highlighting the fact that the boss was receiving an exorbitant salary while planning to slash jobs and wages. It is worth contemplating the difference between this media coverage and the slant of Australia’s mainstream media. Can you imagine how the media here would react if a workers struggle like the one at Tonghua occurred in Australia? Here the media even goes ballistic if a union official enters a building site to have a few stern words with an unscrupulous boss!

THE PEOPLES REPUBLIC OF CHINA & THE CURSE OF FORBES

The identification with a collectively-owned economy seen in the Tonghua and Linzhou struggles is especially strong amongst workers in the PRC’s state-owned enterprises. What is even more broadly felt amongst the Chinese masses is a simple, deeply held egalitarianism – a hatred of inequality that has been passed on down from the 1949 Revolution. As a result, once Chinese tycoons appear on either the *Forbes* or *Hurun* (a rival rich list to *Forbes*) rich lists, there is intense public pressure for the government to crack down on them. Beijing often obliges, particularly since the greedy billionaires often turn out to have first got a leg up through an “original sin” act of corruption. Not long after the 2008 *Hurun* rich list appeared the person who topped the list, Gome Electrical Appliances owner Huang Guangyu, was detained for economic crimes. Hundreds, possibly up to a thousand government officials involved in protecting Huang have also been rounded up. Last June the mayor of Shenzhen, the huge city near Hong Kong, was detained over the affair. And two top police officials including a former deputy minister of public security and a former Shanghai deputy police chief have also been detained on suspicion of bribery in connection with the case. Huang, himself, has remained in custody since his arrest.

Indeed, so many tycoons have been jailed or investigated that the *Hurun* and *Forbes* rich lists are widely known in China as “pig-killing” lists to refer to the fate the authorities are thought to have in mind for those who appear on them (*The Economist*, September 5.) This year a widely commented on article has appeared in China (in magazine and even novel form) appropriately titled *The Curse of Forbes* - i.e. the curse of appearing on the rich list!

It is worth comparing this reality of the PRC justice system with that of capitalist countries. In the PRC, the rate of imprisonment per head of the population is lower than Australia’s and **less than one-sixth** of the rate of imprisonment in the U.S. Those given the toughest sentences in the PRC are often rich tycoons, corrupt government officials, owners of unsafe coal mines etc. In contrast, in the capitalist U.S. and Australia it is racial minorities and the poor - and in Australia especially Aboriginal people - who are given the harshest treatment. So when Kevin Rudd jibed at the start of the Stern Hu trial that, “China has a different legal system to Australia, China has a different legal system to the rest of the world,” he was actually right. Just not in the way that his comment was meant to be read!

AUSTRALIAN STATE: HUMAN RIGHTS FOR THE RICH, REPRESSION FOR THE POOR

Australian media commentators and politicians have been quick to seize on the Stern Hu detention to claim that Communist China’s legal system lacks the rights and safeguards that exist in “democratic” Australia. In a key piece, Barnaby Joyce claims that:

The detention of Australian citizen Stern Hu is exceptional to our expectations in Australia because the ethos, so central to our democracy, has led us to a naive belief, that our judicial principle, tilted towards the right of the individual to live in a quiet enjoyment in their own expression of thoughts, movements and pursuit of their own personal aspirations, is universal.

-*The Punch* (27 July)

However, this “judicial principle” does not seem to apply in Australia to anyone who seeks to challenge big business’ exploitation of labour. So, currently, South Australian construction worker Ark Tribe is facing jail for simply refusing to answer questions about his fellow CFMEU union members to the union-busting federal agency, the Australian Building and Construction Commission (ABCC.) Ark Tribe and his fellow workers at the Flinders University construction site had been summoned by the ABCC to answer questions about their organising efforts to get union representatives to enter the site to inspect potentially fatal safety dangers. Even though they were not being charged with any illegal action, the workers had no right to remain silent or to refuse the ABCC interview. For construction workers who stand up for their

rights it hardly sounds like they are able to “live in quiet enjoyment in their own expression of thoughts.” Scores of other CFMEU unionists have also been persecuted and spied on by the Gestapo-like ABCC.

Youth living in Australia’s working-class suburbs also find little protection in Barnaby Joyce’s mythical “ethos.” The “ethos” they are more used to experiencing is bullying by police. This is especially true of non-white ethnic youth. Just recall the incident on September 8 last year when police raided, without a search warrant, the house of a Muslim family in the Western Sydney suburb of Auburn. Claiming they were looking for drugs, police, acting with obvious racial prejudice, used excessive force against women and youth. In particular, the 46 year old mother residing in the house was brutally set upon by the cops in front of her son, requiring her to get hospital treatment for cuts and bruises. Although police found no drugs or large sums of money in the house, they managed to charge the mother’s son with assaulting a policeman when he dutifully acted to defend his embattled mother. No wonder 150 outraged Auburn youth mobilised to face off heavily armed police for hours that night. The Auburn mayor, Irene Simms, responded to the incident by publicly calling for the deportation of “these people” ... even if they were born in Australia. So much about the right of the individual to live in enjoyment of their own movements!

For most Aboriginal people the idea that their “individual rights” are protected by this country’s “justice” system is a sick joke. A study released by the Australian Institute of Criminology on September 28 confirmed what most people already know: that police across Australia are far more likely to arrest young Aboriginal people and see that they go to court than non-indigenous juveniles who are much more likely to be let off with a caution. For instance, in NSW 48% of indigenous 10 to 17 year-olds were transferred to court compared to 21% of non-indigenous youth in the same category. And who could claim that any “ethos” of human rights applied to Ngaanyatjarra Aboriginal elder Mr Ward. After being arrested for allegedly drink driving, he was on 27 January 2008 thrown like an animal into the back of a Corrective Services van with no working air conditioner and transported over four hours through the hot desert from Laverton to Kalgoorlie for a court appearance. From the extreme heat in the back of the van Mr Ward literally cooked to death. Yet as we go to press, no one from the Security firm responsible has been even charged over this gruesome crime.

Of course, the further up the scale of wealth that you sit in Australia, the more you are protected by certain rights. For the big business bosses who dominate this country it is more than a case of simply having the “right of the individual to live in a quiet enjoyment” No, it is more like the right to do almost anything they please and get away with it! The bribery and spying that Rio Tinto were engaged in inside China occurs, as we have shown, a great deal here too. It is just that *here* the state structure is so geared towards the wealthy that the corporate bosses almost always get away with such activities. To be sure, the Australian state enforces the interests of the capitalist class as a whole rather than that of each individual corporate boss – so particular individual corporate corruption cases can be on rare occasions prosecuted. Recently the bribery of former Queensland Labor government minister Gordon Nuttall by mining boss Ken Talbot and other businessmen was exposed. Yet the biggest of the corporate tycoons rarely get exposed and even when they do they usually somehow manage to wriggle out of it.

Take the case of the recently departed Richard Pratt who was one of Australia’s richest men. Pratt made a fortune from his Visy packaging business through shady dealings and a heavy-handed approach against the trade unions that sought to protect Visy workers’ rights. On November 2007, the Federal Court found that Pratt and his senior executives had knowingly formed a cartel with “rival” Amcor to fix prices. They had cheated customers - which in the end are ordinary people buying toothpaste, soap, pet foods, soft drinks, baked beans etc - out of **\$700 million** by illegally keeping packaging prices high. To set up the scheme, the executives deliberately used pre-paid mobile phones that could not be traced and held secret meetings in private homes, hotel rooms and suburban parks. After over a year of denials, Pratt finally conceded just prior to the Federal Court ruling that he had knowingly broken the law to fix the prices. Yet the system was such that he only received a fine and was not jailed. It was only seven months later that Pratt was finally hit with criminal charges of giving false evidence to the ACCC (Australian Consumer and Competition Commission) about his knowledge of the price-fixing scandal. Yet by then Pratt’s wealth and connections were working to lionise him in the public eye and stymie efforts to prosecute him. Just six months before the original Federal Court ruling, even as public legal proceedings exposing him were in full swing, Pratt was awarded the Woodrow Wilson Medal for Corporate Citizenship, given to executives who “... by their examples and their business practices, have shown a deep concern for the common good beyond the bottom line”! Then powerful political figures threw their weight behind him. John Howard rushed to declare:

"I have found Mr Pratt to be a generous Australian. He has been very successful in business and my own dealings with him have always been very positive and I like him."

- *The Sydney Morning Herald*, 13 October 2007

Meanwhile, Victorian Premier John Brumby chimed in, "I would be very happy to have Richard Pratt around for dinner." Pratt established a spin team to flood the media with positive images and send letters and Powerpoint presentations to influential figures. The well-funded strategy worked. Just weeks before the original Federal Court ruling, Murdoch's *The Australian Magazine* allowed Pratt a "tell-all" interview that served to lionise this crook. Meanwhile, Pratt called in favours with powerful figures in government, business and the bureaucracy.

As Pratt grew ill from terminal prostate cancer simultaneously with his case coming to court in April last year, prime minister Kevin Rudd, Victorian premier John Brumby, former PM Bob Hawke and a whole lot of other influential figures made very public visits to see him. Eventually the judge obliged by making an explosive ruling that Pratt's admission of guilt in a statement of agreed facts in the earlier Federal Court matter could not be admitted as evidence. Then the prosecutor caved in to the high-level support for Pratt and dropped the case on the grounds of Pratt's ill-health.

Certainly, even a ruthless corporate criminal should be dealt with a bit sensitively in his dying days. However, would a poor Aboriginal man facing charges have been afforded the same mercy? Let us recall that Mr Ward, whose alleged crime of drink driving involved no robbery from anyone or no intention to cause anyone any injury, was thrown into custody and then treated worse than an animal by being locked up to cook to death. Richard Pratt, however, who **consciously robbed ordinary people of hundreds of millions of dollars** not because he was a poor man trying to get rich but because he was a greedy billionaire seeking even more billions, not only never spent a day in jail for his crimes but died with all his wealth in tact – from his many mansions to his private jet. He was able to pass on this ill-gotten wealth to his children - his son Anthony Pratt became Australia's richest person. And he passed away in a dignified manner in his Melbourne mansion knowing that the most influential political, business, sporting and artistic figures were singing his praises – not left to die alone in the back of a prison van in scorching heat. After Pratt's death, politicians continued to fall over each other to heap praise on him. Rudd stated that "Richard Pratt will be deeply missed by many Australians from all walks of life" and he and Brumby sickeningly hailed Pratt's "generosity" (if one has ripped off hundreds of millions of dollars from the community then one is indeed able to make oneself look good and buy influence by handing a small percentage of it back as "philanthropy"). Immediately after Pratt's death, Victorian Premier Brumby rushed to offer the family a state-sponsored memorial service ... as if they needed financial help for anything!

All this puts in perspective the unanimous denunciations of the China Rio Tinto sentences as "very harsh" by ALP, Liberal Party and Greens politicians alike. The sentences were branded "very harsh" only because they were being meted out to filthy rich executives of a capitalist behemoth and not to the usual victims of harsh justice in this country: union activists, poor ethnic youth and Aboriginal people. It is worth noting that at the very same time that Rudd, Stephen Smith and Bob Brown were screaming their heads off about the "harsh" sentences in Shanghai, people stuck in Australia's own police cells and prisons were in the midst of a horrifying six-week period (from February 20 to April 4) when four of them died in custody in Queensland and another two in Western Australia. Among those who died in jail was 18-year-old Aboriginal youth Sheldon Currie. In the days leading up to his death, Currie, in agonising pain, repeatedly pleaded for medical assistance. But prison authorities denied him proper medical treatment and, instead, just gave him some panadol! It was only when he was found semi-conscious in his cell that he was finally taken to hospital but his condition had by then deteriorated too far to save him.

The way that Sheldon Currie was treated was not just "very harsh" - it was racist and downright criminal! The other three deaths in custody in Queensland were also of people too young to suddenly drop dead: a 27 year-old man and a 42 year-old man in Brisbane prisons and a 41 year-old man in a Rockhampton police lock up. All were "found dead" in their cells or in the case of the Rockhampton man unconscious and not breathing. The complete lack of detail provided to the public about the deaths makes one suspicious that one or more of the cases could have yet again been caused by violent police/prison guards – just like the November 2004 murder of Aboriginal man, Mulrunji Doomadgee, by a racist policeman on Queensland's Palm Island.

Yet while obsessed with defending the corrupt Rio Tinto executives, neither Kevin Rudd nor Tony Abbott nor Bob Brown had anything to say about the horrific death of Sheldon Currie nor about the other recent deaths in custody. Nor did Rudd publicly comment on the tragic workplace death of Port Kembla wharfie Nick Fanos that occurred just a day before the verdict in the Rio Tinto trial was handed down. This despite the fact that Fanos' family had written an open letter to Rudd

pleading for the government to introduce a national stevedoring safety code – an urgent call especially given that Fanos' death was preceded four weeks earlier by the death of another waterfront worker in a workplace accident. Yet Rudd did not want to bother with a public response. You see, all the current parliamentary parties in the end are really only interested in looking after the big end of town.

The fact is that in a society where economic power is held by a tiny few, the formal existence of equal legal rights for all does not in any way equate to equal justice for all. The very rich are able to shape the whole legal/bureaucratic/political system. This is not only through corruption and bribery, although the influence of this shouldn't be underestimated: after all, a portion of the capitalist class is simply made up of big-time criminals who have turned to investing their loot in "legitimate" businesses. More decisive, however, are the legal and more subtle ways that wealthy business owners are able to mould the state structures. For instance, like many tycoons Richard Pratt was a big donor to both major political parties. He also gained political influence by hiring former but still well-connected political leaders as "advisors" – former PM Bob Hawke was once on a \$100,000 a year salary as a consultant to Visy on "Asian and government matters," Gough Whitlam was paid over \$27,000 for travel to the U.S. as Visy business adviser on overseas markets while former Liberal state premiers Nick Greiner and Rupert Hamer were also variously enlisted. Pratt's wealth also allowed him to gain some control over the academic/cultural agenda – he held posts such as foundation chancellor of Swinburne University and president of Victorian Arts Centre Trust. Similarly, the Rio Tinto bosses also have some direct grip over "independent" state institutions. So, the chair of the Rudd government's much-vaunted Infrastructure Australia – "the new national body tasked with developing a blueprint for unlocking infrastructure bottlenecks and modernising the nation's transport, water, energy and communications assets" – is none other than Rio Tinto executive Rod Eddington. In the end, the capitalist class has such a hold over the state institutions that Australia's "democracy" sees government figures answering not to the people who elected them but to the corporate elite and their entourage. When Rudd was in the U.S. last September for high-profile UN and G20 meetings, he took time out to have an intimate hours-long dinner discussing world affairs with (or more likely receiving directions on world affairs from) media mogul Rupert Murdoch at Australia's consul-general's residence.

Part of the power of the private business bosses is their ability to sway public opinion through various means. Firstly, they are able to fund political think-tanks which advocate policies that correspond to the interests of their class. Frank Lowy has, for example, formed the influential Lowy Institute which promotes pro-capitalist, pro-U.S. politics. Secondly, they are able to hire lobbyists to advocate their agenda. Then there is their well known ownership of – and thus control over – the mass media. Anecdotally, it is worth noting that Rio Tinto Iron Ore and China operations boss Sam Walsh is also a director of West Australian Newspapers. Its *West Australian* is that state's biggest circulating newspaper. And you were wondering why the *West Australian* had little hostile material against Rio Tinto! We hope you weren't holding your breath either on any of Murdoch's News Corporation outlets (including *The Australian* and *Daily Telegraph* newspapers and partly Foxtel) giving a sympathetic hearing to China's crack down on Rio Tinto corruption. Rio executive Rod Eddington is also a News Corporation exec!

The capitalist class' disproportionate means to swing public opinion inevitably gives them the clout to shape parliamentary elections. Thus, in practice the much-celebrated "one person, one vote" of Western "democracies" turns out to be more like "one dollar, one vote." In any case whoever is elected to government merely administers state institutions that have been created, nurtured and bought off to exclusively serve the rich corporate owners.

AUSTRALIAN WORKERS MOVEMENT:

UTILISE CHINA'S CRACKDOWN ON RIO TINTO CORRUPTION FOR YOUR BENEFIT!

Despite the power of the capitalist class, the working class in Australia is far from powerless to fightback. Since they do the labour that produces the bosses' wealth, workers can take on the ruling class through collective industrial action. It is through class struggle and other mass actions that the union movement and leftists have been able to win many gains including annual leave for workers, workplace safety standards, Medicare public health coverage etc. Yet as long as the wealthy elite hold state power any gains made are reversible. In recent decades working class people have lost many of the advances that earlier generations had won in struggle – like the broad right to strike and relatively free tertiary education. For the working class to secure real and lasting justice when the corporate class has all the political advantages that derive from its wealth, connections and better education than the working class needs, not a state that upholds a mythical "equal legal rights for all," but a state that is openly biased towards the working class and downtrodden. But how to create such a workers state? In fact, it will require a revolutionary shift in the power in society. Such an event cannot be

simply willed but will have to be built up towards through raising the masses' political awareness and through increasing their confidence in their own power in the course of struggles for immediate gains. This is no easy task. Yet the Australian workers movement has a crucial advantage and this is the fact that the country that happens to be holding up Australia's economy, China, is indeed already ruled by a workers state (albeit a bureaucratically deformed one.)

Thus far, however, this advantage has yet to be utilised. This is for two reasons. One reason is that the heads of the Chinese workers state do not have a perspective of building an alliance with the Australian working class against the Australian capitalists. The Communist Party of China leaders subscribe to a national-centred version of communism - they are only really interested in building socialism in their own country and are mostly content to allow the rest of the world to remain under capitalist rule. The second and more overriding reason is that the workers movement in Australia is largely dominated by pro-ALP politics – politics that are hostile to communism and that preach nationalist economic rivalry against Asian producers.

However, the PRC's crackdown on Rio Tinto's greed presents a perfect opportunity to forge an alliance between the Australian working class and the PRC workers state. The fact that Rio Tinto executives could be called to account in the company's biggest export market should be used to give Australian workers confidence that the bosses of this and other corporate giants are not invincible.

OPPONENTS OF PRIVATISATION HAVE REASON TO SUPPORT THE INVESTIGATION OF RIO'S CHINA OPERATIONS

Aside from its direct importance to their own struggles against the corporate bosses, Australian workers have another reason for defending China's exposure of Rio Tinto's corruption. That reason is that if Rio had gotten away with its corrupt behaviour it would have had the effect of undermining state-ownership of industry in China. In other words, Rio's schemes aided pro-privatisation forces within China. Many workers in Australia understand that privatisation is often associated with job cuts and attacks on workers' conditions as well as higher prices for consumers. In China the issue has added significance. Since in the PRC the state belongs to working class people, the privatisation of a company means its transfer from collective ownership by the people to ownership by a wealthy few.

So why has Rio's behaviour in China fostered privatisation. There are several reasons:

1. Rio's biggest Chinese customers – and thus the main victims of its corrupt methods of gaining exorbitant ore prices – are state-owned enterprises. Thus, the effect of Rio's corruption is to transfer wealth from the PRC state firms to the small number of wealthy private owners of Rio Tinto. The price paid by Chinese socially owned companies for Rio's iron ore has increased **more than four times** in the last seven years. This amounts to a redistribution, in effect a part-privatisation, of the assets of the state-owned steel firms.
2. Stern Hu and the other three jailed executives were, in exchange for bribes, diverting iron ore from Rio's usual, state-owned customers to the private mills. This, of course, undercut the socially-owned firms in favour of the capitalist-owned ones.
3. By playing off each state-owned steel company against the others, Rio encouraged disunity amongst the state-owned enterprises. Centrifugal tendencies within the state sector have been growing since the post-1978 introduction of "market reforms" in China. Such trends undermine one of the key advantages of the socialist system, the fact that it allows the activities of different units to be planned rather than being determined by the chaotic rush for profits of each economic entity. Furthermore, these tendencies are dangerous as they threaten to fling the state enterprises away from their subordination to people's overall needs. Fortunately, in the last five years Beijing has moved slightly to rein in these centrifugal tendencies, especially in the steel sector. Rio's divide and rule tactics undermined these efforts. Conversely, the crackdown on Rio's corruption, especially if deepened, could give new impetus to moves to place the state owned enterprises under greater central planning and control.
4. The more that PRC state-owned managers are corrupted by illegal dealings with capitalist firms like Rio Tinto, the more that these state executives want to be like their counterparts in the capitalist corporations. This makes these corrupted state managers turn into advocates for privatisation – very harmful ones since they are themselves internal to the state sector.

All this is understood in China by both the staunchly pro-communist elements who seek to buttress the PRC's public sector

and by the opposing pro-capitalistic forces pushing for privatisation. That is why there have been different responses within China to the crackdown on Rio Tinto's corruption. These differences are present even within official circles. So, on the one hand, a report posted on the website of China's National Administration for the Protection of State Secrets took a strong line against Rio's corruption. The report, authored by State Secrets official Jiang Ruqin, called for more strict control of contacts between state enterprise officials and foreign businesses (which are overwhelmingly capitalist.) However, a few days after the report was first posted it was removed from the website -although other official media articles quoting from the report did continue to be available. Furthermore, just after the arrests of the Rio Tinto executives were confirmed, the *China Daily* newspaper and private sector Chinese steel bosses acted to, in effect, downplay Rio's responsibility for the corrupt achievement of high iron ore prices by instead blaming the China Iron and Steel Association (CISA) for the high prices. They claimed that because the CISA had held out with the likes of Rio Tinto and BHP for cheaper prices, the lack of an agreement was causing steel makers to have to buy ore at higher spot market prices. Their unfair attacks on the CISA are a combination of a wish to diminish the significance of Rio's corruption and a reflection of the hostility of the private steel bosses to the fact that the CISA is dominated by state-owned steel companies.

The struggle between socialistic industry and private industry is indeed a bitter fight inside China. It is also a see-sawing contest. Certainly in recent years the pace of privatisations has been greatly reduced from the 1990s. Indeed, in many respects especially during the recent global economic crisis, the pendulum has swung back towards the state sector. Yet, while full privatisations of major state-owned enterprises are very rare these days, there continue to be sell-offs of minority stakes in state enterprises to private investors. For example, in sectors such as media, theatre and railways where capitalist involvement had previously been effectively barred some small levels of private investment are now being encouraged into the state-controlled operations. However, in other areas the trend is in the opposite direction. Last July, state-owned China National Oils, Foodstuffs and Cereal Corporation became the biggest shareholder in one of the PRC's most prominent private firms, China Mengniu Dairy Company. Furthermore, in the steel sector the restructuring of the industry has mainly seen big state-owned producers gobble up smaller capitalist-owned steel mills. In the few recent cases where privately-owned steel companies have tried to buy out state-owned steel enterprises, workers resistance has thwarted them as at Tonghua.

Indeed, the trend towards **renationalisation** in China has gained enough momentum for it to cause alarm amongst some in the Western finance press. For example, a 16 November 2009 article in the Business pages of *The Australian*, sneeringly titled "The Great Leap Backwards," notes that renationalisation is taking place not only in the steel sector but in coal, finance, real estate and other industries. The drive to renationalisation in coal mining is especially driven by the fact that those mines that are privately owned have an appalling safety record.

A strong blow against Rio's corrupt practices in China does much to aid the renationalisation push. Not least this is because the crackdown on Rio Tinto highlights the greed and immorality of even internationally famous capitalist-owned companies. Furthermore, a thorough exposure of Rio's corruption would demolish the devious claims of private-enterprise advocates that it is state firms that are responsible for corruption and that the "discipline of the market" acts to stop corruption in the private sector.

The solid sentences given to the Rio Tinto bosses also act to deter foreign investors from operating in China (especially those involved in questionable operations.) This point repeatedly made in the wake of the sentences is just about the one true point made by the Australian media about the case. But since foreign investors into China are almost entirely capitalist investors, any reticence on their part is a good thing for the Chinese masses. And if these investors feel concerned by a degree of unpredictability and arbitrariness in the way business rules are imposed on them in the PRC that too is a good thing because it will deter them further. Of course, it would be much better if Beijing more systematically restricted capitalist penetration. But given that capitalists have been allowed way too much leeway in the PRC, any uncertainty of when the axe of the workers state will fall upon them acts to, at least partially, deter the greediest of the capitalists and thus serves to protect the nationalised economic sector.

Australian workers and leftists who know the detrimental effects of privatisation must, therefore, do all they can to support the PRC's stance against the Rio bosses. Taking such a position is not only a matter of solidarity with Chinese workers' aspirations to defend their jobs and conditions - it is also in the very interests of the Australian working class. If privatisation was to advance in China it would throw more Chinese workers into sweatshop private sector employment which would drive down workers' conditions abroad too - including in Australia - in a "race to the bottom." Furthermore, a growth in the relative strength of the private sector leads inevitably to an increase in the political clout of the fledgling

Chinese capitalist class. If left unchecked this could put the capitalists in a position to seize back state power in China. If that were to happen it would lead to a massive deterioration in Chinese – and therefore international – workers' living standards. Moreover, it would mean that the executives of "multinational" corporations like Rio Tinto would be able to run roughshod in China like they do in the rest of the developing world. That would only make the corporate bosses pumped up to act more arrogantly in their base countries as well.

THE STATE OF AUSTRALIA-CHINA RELATIONS

Canberra's attempt to interfere with China's prosecution of the Rio bosses and Beijing's rebuke of this interference have highlighted the tensions in Australia-China relations. Although the two countries have nominally friendly ties and China is Australia's biggest trading partner, the Australian ruling class in some ways treats the PRC like a Cold War enemy. In the Rudd Government's Defence white paper released last May, China was portrayed as an emerging threat. Countering China in the future is also the main reason given for Australia's expensive program of military equipment upgrading which will be this country's biggest military buildup since World War 2.

Meanwhile, the Australian ruling class contributes to imperialist efforts to undermine the PRC's political system. In April 2008, not long after supporters of the Dalai Lama – the former slave-owning monarch of Tibet – murdered 19 people in right-wing riots in China's Tibetan Autonomous Region, Prime Minister Rudd while speaking to students at Peking University arrogantly attacked China over supposedly "significant human rights problems in Tibet." When arch anti-communist the Dalai Lama visited Sydney last December his rich backers here sponsored major billboard and bus advertisements including four huge 24 hour signs at prominent locations like Darling Harbour and Parramatta Road. Meanwhile, the Australian tycoon-owned media do all they can to tarnish the PRC's achievements and to undermine public support for the PRC.

So why all this hostility? Well, there is only one major reason. Like other capitalist classes around the world Australia's rulers have a hatred and fear of socialistic states. Yet there is also a factor underlying Canberra-Beijing relations that works in another direction. And that is the fact that Australian exports to China of liquified gas, iron ore, coal, bauxite and wool have been propping up the Australian economy for years. The only reason that the Australian economy has not fallen as far as those of other capitalist countries during the global recession is because exports sucked up by China's surging economy have held up the Australian economy. This puts the Australian ruling class in a dilemma. On the one hand, they oppose the Chinese workers state with the same class prejudice with which they oppose trade unions here. But, on the other hand, they need socialistic China's economy to hold up their faltering capitalist system. So what do they do? Well, they are not quite sure. Thus the Australian ruling class has been schizophrenically flipping from naked hostility to the PRC to apparently sincere friendship to sometimes both extremes at once. Different factions in the Australian ruling elite advocate different strategies. Some, more interested in a quick killing, say just take China's money and be happy. Highly ideological elements within the capitalist ruling class, however, emphasise the need to undermine China's socialistic order. Within this latter group itself there are differences. On the one hand there are those that insist that the best way to topple Chinese socialism is to increase anti-PRC military pressure and to fervently support counterrevolutionary forces like Falun Gong, the pro-Dalai Lama lot and Rebiya Kadeer's group. On the other hand are those that believe in "engaging" China in order to promote its private sector and to nurture pro-capitalist tendencies within its bureaucracy.

All these different viewpoints have been evident in the recent furore over Chinese proposals to invest in Australia's mining industry. These proposals have been met with a storm of hostility whipped up by right-wing politicians and media commentators who focussed on the fact that Chinalco was a state-owned company in a "communist peoples republic." As a result many deals have been scuttled.

WHO CAN NOW DOUBT THE SOCIALISTIC CHARACTER OF THE PRC?

What the furore over both the Chinese investment proposals and over the jailing of the Rio Tinto executives has highlighted is the fundamental difference between the political system in the PRC and that in capitalist countries. The PRC has been shown to be a country dominated by state-owned enterprises, enterprises whose actions are subordinate to the overall interests of the country. It has been shown to be a country where even the bosses of the most powerful multinational companies can be brought to heel. All this has tremendous significance. For a long time now the Western capitalist media have tried to sell their populations the lie that China has gone or is inevitably becoming capitalist. But the Western capitalists themselves did not really believe this. Rather, they saw it as a way of convincing their populations that "communism is dead" and moreover as a way of ensuring that socialism is not given the credit for China's spectacular

economic successes. Yet even some in the ruling class, feeling triumphant after the collapse of the USSR, convinced themselves that China was on a sure path back to capitalism. Now the arrest of the Rio Tinto executives has jolted these elements back to reality. In an article titled "Let's not appease Beijing" Labor parliamentarian Michael Danby, the chairman of parliament's foreign affairs subcommittee summed up the ruling class' renewed clarity about China being far from a "normal," i.e. capitalist country:

China is not a normal country....

The Communist Party rules every important facet of China's national life, including the police, the courts and the management of the economy. The party also rules business life, directly through state-owned enterprises and indirectly through a web of influence that extends into every supposedly privately owned company.

... The Communist Party sees business and trade only as necessary means of increasing China's wealth and power, and thus maintaining its grip on power. Chinese companies do business with foreigners not primarily to make a profit but to serve the interests of China as defined by the Communist Party.

Many of those who promote business with China like to imagine that they are negotiating with businessmen such as themselves. In fact they are dealing with the Communist Party directly or indirectly.

The Australian, 14 August 2009

Danby's anti-communist tirade not only confirms that China is far from being capitalist but (without meaning to) even shows some of the advantages that China's system has for working class people. So, Danby is outraged that business and trade in China is only seen as a necessary means of "increasing China's wealth" ... rather than being a noble venture to enrich a small number of capitalist tycoons as it is here. Danby is horrified that "Chinese companies do business with foreigners not primarily to make a profit but to serve the interests of China." Well, wouldn't it be good if Australian companies also conducted their business and trade not to produce many more billions in profit for the Lowys, the Pratt heirs, James Packer, Andrew Forrest, Clive Palmer, Gina Reinhart etc but to increase overall national wealth and to serve the overall interests of the country's people – including the more than 100,000 homeless people here?

Yet while the Australian capitalists and their political servants are clear that China is "not a normal country" many in the Australian socialist movement have convinced themselves that China is indeed just a "normal" capitalist country. Through this diametrically opposite analysis to the likes of Michael Danby, Tony Abbott and Barnaby Joyce socialist groups such as Solidarity, Revolutionary Socialist Party, Socialist Alternative and the Socialist Alliance come to exactly the same operational conclusion as the Australian ruling class: the conclusion that the PRC should be opposed. Hopefully, the evident hostility of the Australian capitalists to China's social system will give a few of those leftists who claim that China is "capitalist" some pause. Unfortunately, however, at this time the widespread hostility to the PRC whipped up by the ruling class pushes some leftists to continue to favour an "analysis" that will give them an excuse to avoid the tough job of standing up to anti-communist, anti-China prejudice.

Those socialist groups that claim that China is a "capitalist state" are, of course, forced to distort reality to justify their assertion. Take, for instance, the *Socialist Alternative* group and their coverage of China's arrest of the Rio Tinto executives in the August 2009 issue of their journal. Now the relevant Socialist Alternative article does make some useful points about the hypocrisy of the Australian rulers over their condemnations of Stern Hu's arrest. Yet in order to falsely portray China's actions against the Rio bosses as "part of the struggle between Chinese and American imperialism" they have to take the same tack as the Murdoch press in hiding the fact that Chinese authorities are engaged in a crackdown against corrupt executives and capitalists that actually goes much further than simply targeting Western corporations. So, Socialist Alternative keeps from their readers the truth that the overwhelming majority of corporate high fliers detained in China (including China's richest person) are neither working for Western companies nor are accused of crimes connected to foreign companies.

Furthermore, in order to fit the reality of right-wing anger at Stern Hu's arrest into their *China is capitalist* theory, Socialist Alternative had to misreport the actual politics behind the federal Opposition's demands that Rudd take a tougher line against China over the arrest. Socialist Alternative describes the Opposition's stance as being purely an "appeal to racism." Now, there is indeed plenty of racism involved in many of those gunning for China over the arrest. However, this is not the only or indeed even the main factor involved. What mainly drives the militant defenders of the arrested executives is, on the one hand, the class loyalty of capitalist politicians to capitalist executives and, on the other hand, the hatred that capitalist representatives have for socialistic states. If indeed it was only racism that was motivating the hardline backers of the arrested executives then why have ethnic-Chinese anti-communists also demanded a tougher line from Rudd against the PRC? For example, the *Epoch Times*, the paper of the Falun Gong group – a right-wing Chinese outfit posing as a religious organisation – published an article on 12 August 2009 headlined "Australia Needs to Stand Up

for Stern Hu.” Meanwhile, in attacking China’s arrest of the Rio Tinto bosses, Barnaby Joyce, Michael Danby, Malcolm Turnbull and the Murdoch press highlighted not the racial or cultural characteristics of the Chinese people but the reality that in the “communist Peoples Republic of China” the key industries are dominated by state-owned enterprises; and that these enterprises operate not according to the profit motive but are subordinate to the state that is run by communists. However, you won’t find any references to such statements by these people in the Socialist Alternative’s journal. For if their readers were to know the real reasons why the Australian capitalist class hates the PRC, it may make them question the group’s assertion that China is simply a capitalist state.

SEIZE THE MOMENT!

The question of the class nature of the PRC is a most crucial one for socialists to get right. The fact that the country with the world’s fastest growing economy is under socialistic rule (albeit with bureaucratic deformations) is of enormous significance to the global struggle for socialism. Potentially it could be a source of strength to the struggles of the exploited and oppressed in Australia and elsewhere.

To be sure, the fact that China’s cautious leaders do not have an agenda to support the international class struggle diminishes the support that the PRC could give to the toiling masses here. The current PRC leaders would rather build “peaceful coexistence” with Australia’s rulers than risk supporting anti-capitalist struggles here.

Nevertheless, if the Australian workers movement were to seek to build an alliance with the Chinese workers state, the benefits would be evident and this would in turn shape the PRC’s outlook towards the Western working classes. The PRC’s heavy crackdown against Rio Tinto corruption shows just what an impact a workers state can have on Australia when that workers state so happens to be Australia’s biggest trading partner. Every fighter against oppression and every Australian trade union activist worth his or her salt ought to be seizing on this setback and embarrassment for Rio to challenge, right here, the greedy actions of the likes of Rio Tinto, BHP, Xstrata etc. They should be saying to their base: China is cracking down hard on corporate greed and corruption - we need to start to do that here too. We are not anymore going to allow Rio Tinto to intimidate workers into not joining trade unions. And we will prevent such capitalist companies from slashing jobs for the sake of increased profits.

Crucially, if Australian workers start to build an alliance with the PRC workers state, they will begin to see the need to have a state here too that can crack down on corporate corruption and greed - not one that enforces the exploitation of the masses by the corporate tycoons. When such a workers state rules this country, socially owned enterprises will occupy the commanding heights of the economy. Then the fabulous profits extracted by the likes of Rio Tinto, BHP, Westfield and the banks - that currently go largely to a few very rich shareholders and executives (and sometimes also to a handful of royalty-receiving parasites) – can be put to the service of all the people. And we can then finally strike a decisive blow against the world’s most prevalent form of corruption – a type that is as yet perfectly legal in today’s “normal countries” – the theft of the fruit of workers’ labour by capitalist bosses.

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