



Forward and Leftward

CAFCA AGM, 7 SEPTEMBER 2009
BILL ROSENBERG

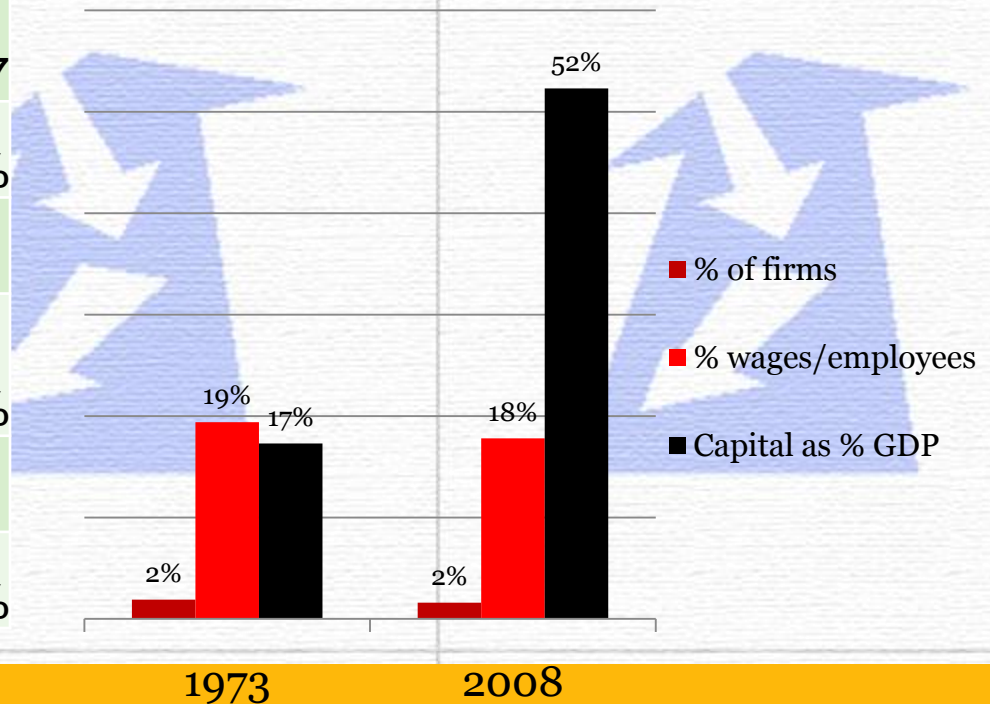
In the beginning...

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- CAFCA founded in 1974 (as CAFCINZ)
- Overseas investment in New Zealand, 1973 and now:

Year to March	1973	2008
Number of firms	1,388	7,577
% of all firms	2%	2%
% all company income	30%	
% wages (1973) or employees (2008)	19%	18%
% all company capital	23%	
Capital as % GDP	17%	52%

Overseas companies in New Zealand - 1973 and 2008



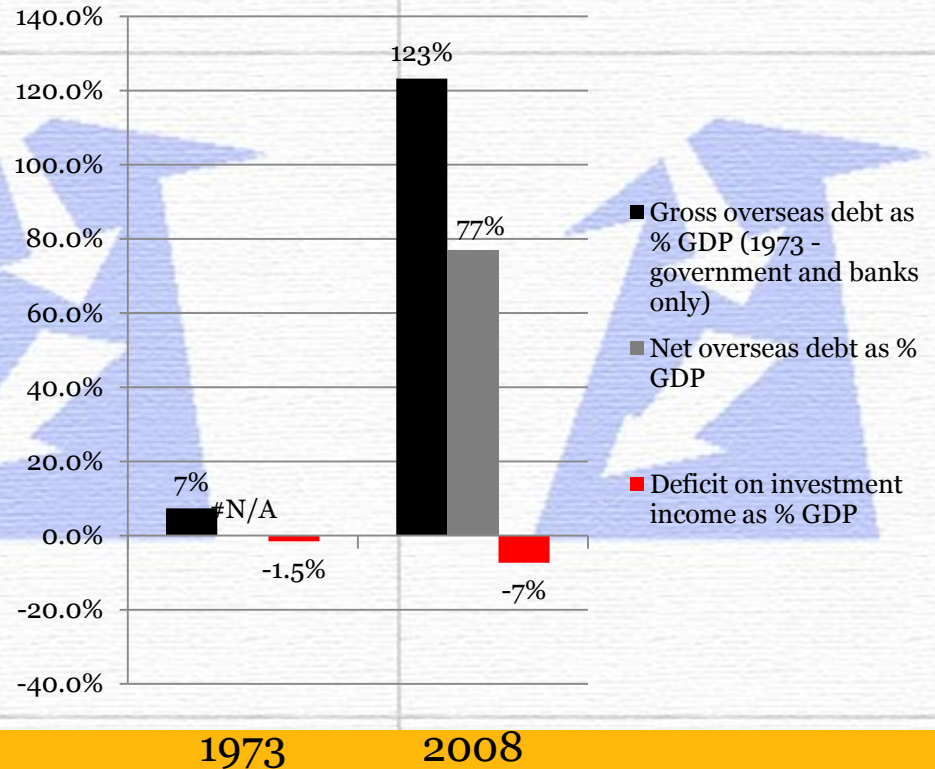
In the beginning...

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- And then there was debt

Year to March	1973	2008
Overseas debt (1973 - government and banks only)		
Gross (\$ million)	598	219,463
Gross (% GDP)	7%	123%
Net (\$ million)		137,228
Net (% GDP)		77%
Deficit on investment income		
\$ million	125	13,031
% GDP	1.5%	7%

Overseas debt and investment income - 1973 and 2008



Are we “the most unsuccessful campaign in New Zealand history” (Owen Wilkes)?

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- Not the most successful!
- But kept the issue alive
- Treasury advised when advocating the opening of the economy in 1984 that such indebtedness and the consequent large current account deficit

“would not be a cause for concern, and would merely be reflecting individuals’ choices between current and future consumption.”

Are we “the most unsuccessful campaign in New Zealand history” (Owen Wilkes)?

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- Recognition!

June 5, 2009 / The National Business Review

Destructive protest groups

Companies count the cost of

Save Happy Valley

The National Business Review / June 5, 2009

Niko Kloeten

Business reporter from ...

radical action

People's Moratorium Enforcement Agency

Nothing gets New Zealand environmentalists more fired up than genetic engineering and when New Zealand's moratorium on field testing for GE crops took it upon some anti-GE groups took it upon themselves to prevent any field trials going ahead. One of these groups, the People's Moratorium Enforcement Agency, even conducted a "direct action" to a variety of activists. ... there has been a variety of GE testing sites forced expensive security upgrades for GE testing sites, costing the economy millions. Anti-GE protesters also played a part in the departure of leading AgResearch scientist Phil Huilster, who was led up with his ... Huilster also had his home and ...

Campaign Against Foreign Control of Aotearoa

They don't tie themselves to trees or vandalise property but anti-foreign ownership groups such as CAFTA (Campaign Against Foreign Control of Aotearoa) have played a more insidious part in destroying both shareholder and taxpayer wealth. CAFTA has been around since the mid 1970s and is perhaps best known for its annual presentation of the "Roger Award," named after former Finance Minister Sir Roger Douglas and awarded to the worst transnational corporation in New Zealand. Past winners have included Telecom, Progressive Enterprises, Monsanto and Tranz Rail, the first inductee into the Roger Award "Hall of Shame."

While foreign ownership is no longer a dirty concept under National, the previous Labour government put some of CAFTA's ideals into action, blocking a Canadian pension fund bid for Auckland Airport, bailing out Air New Zealand (costing taxpayers almost \$900 million) and buying back the railways and creating KiwiRail, showing that governments can damage economies more than "transnational corporations" ever could.



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- And from the SIS

A Union view from Wellington

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- Many union activists aware of CAFCA
- Respected, if quirky
- Opposed privatisation, and sell-off
- Roger Award well known, useful resources
- But Christchurch thing
- And marginal in most people's lives
- Ambivalence towards overseas owned firms

Where to from here?

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- Generalised opposition to foreign ownership of companies in New Zealand a lost cause unless fighting to overthrow capitalism internationally
- What we can productively do is
 - ensure the transnationals behave themselves
 - control their entry into New Zealand
 - defeat international agreements that constrain our ability to attain these and other socially desirable outcomes
 - regulate financial capital: both
 - ✦ the financial system, locally and internationally
 - ✦ the movements of capital into and out of New Zealand

Ensure the transnationals behave themselves

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- Bread and butter
- Use examples
- Roger Award
- International networks



Control their entry into New Zealand

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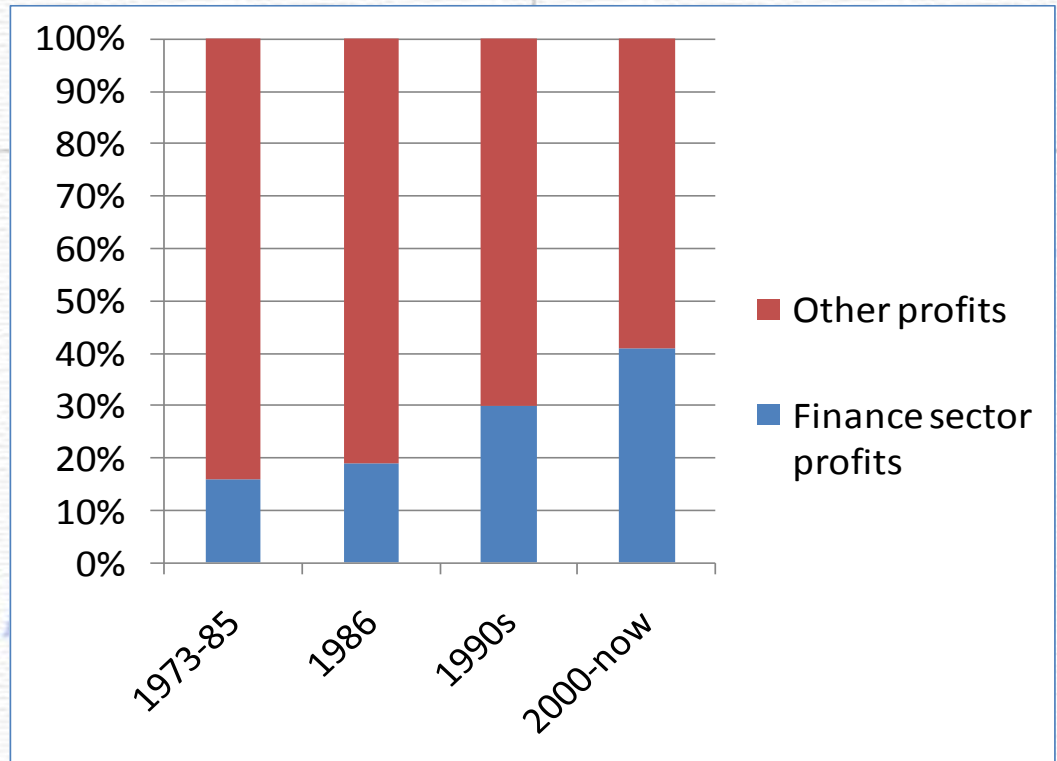
- Constantly under threat both domestically and from the international trade and investment agreements
- Current review
- Investment protocol with Australia raising threshold to \$477 million (and what else?)
- Negotiations with Korea, Hong Kong, Gulf States, US/Transpacific, India, Thailand,...
- Financial Services an area for particular thought
 - Dependence on Australia
 - Control of forms of risky financial behaviour ruled out

Regulate financial capital

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1. The financial system, locally and internationally

- Rethinking internationally as result of crisis
- Size beyond its economic usefulness, excessive risk
- US corporate profits: the “Quiet Coup” –
Samuel Johnson, former IMF Chief Economist

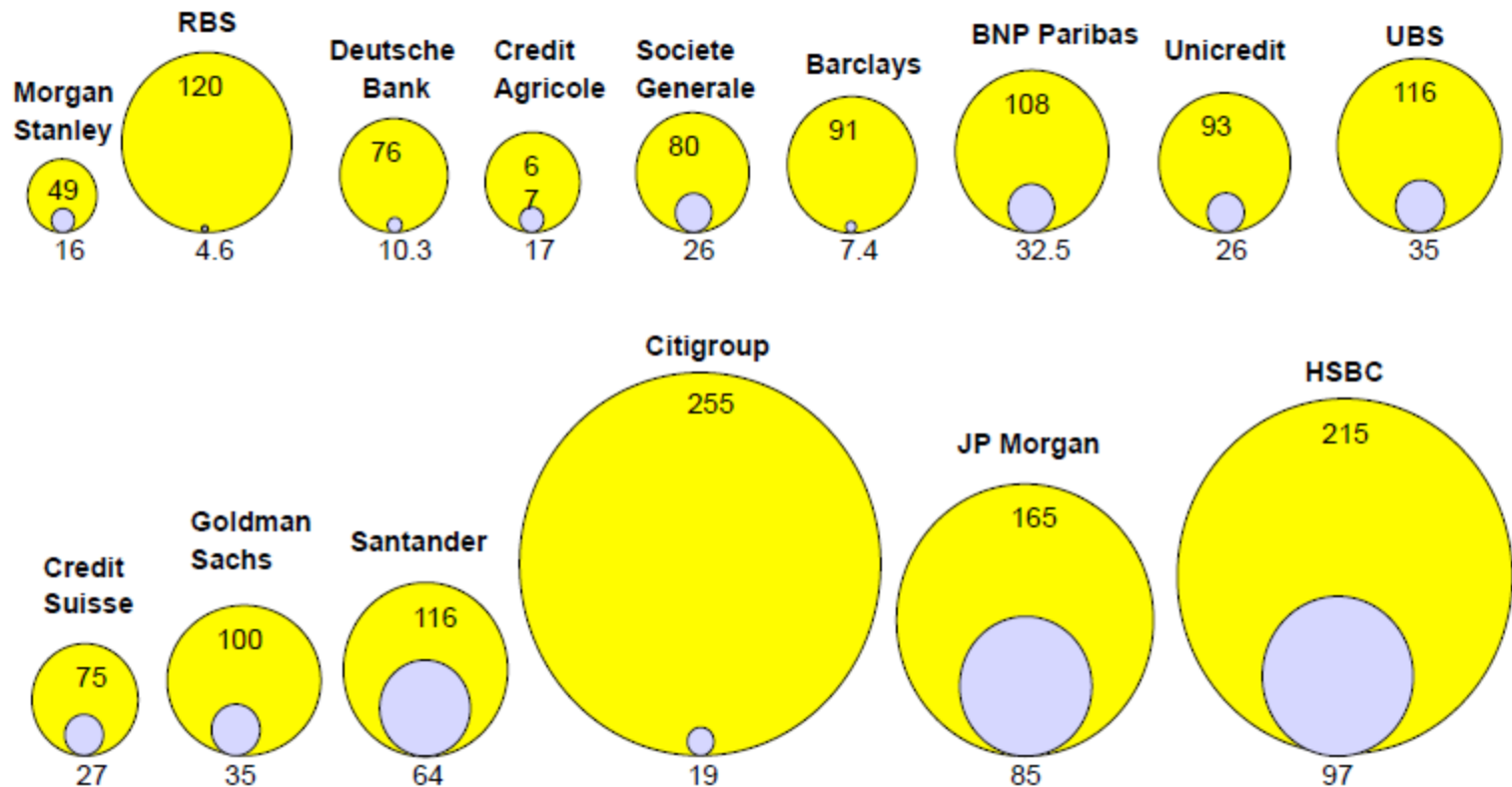


Decline in Bank Market Value 2007 to 2009

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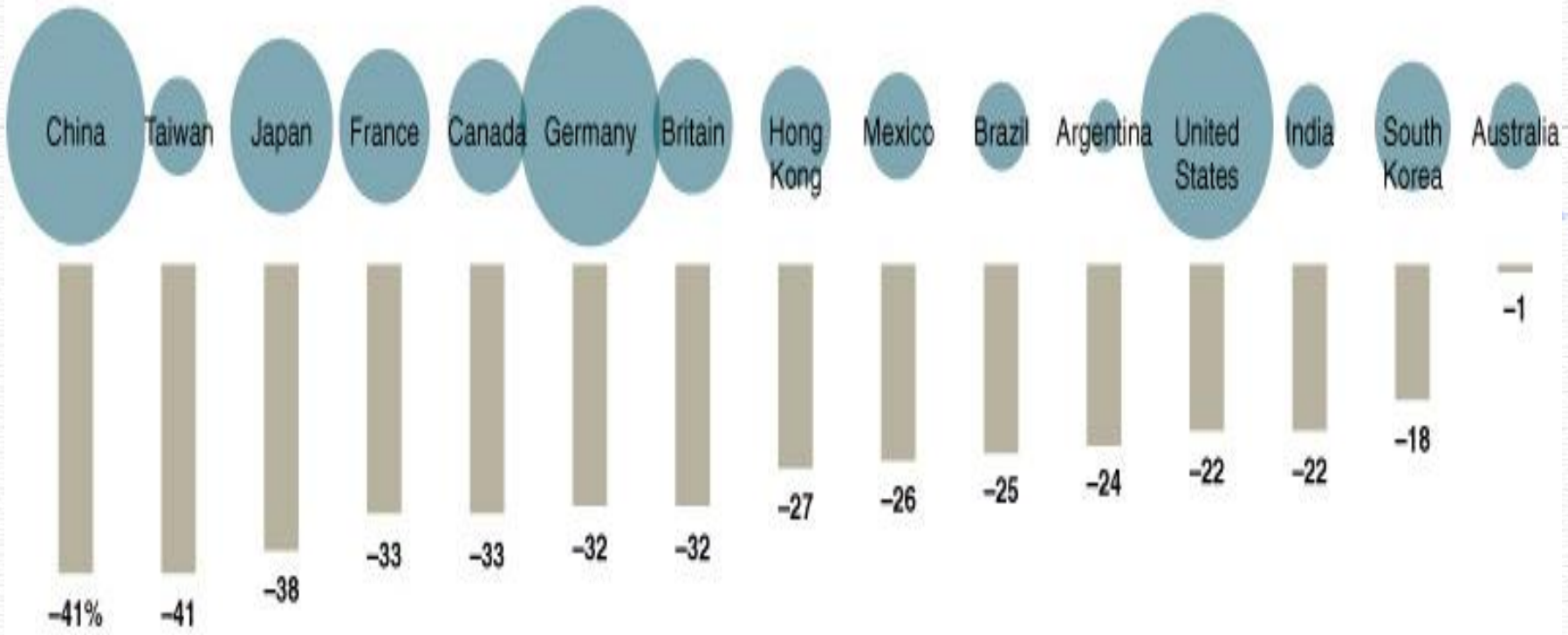
○ Market Value as of January 20th 2009, \$Bn

● Market Value as of Q2 2007, \$Bn



World trade

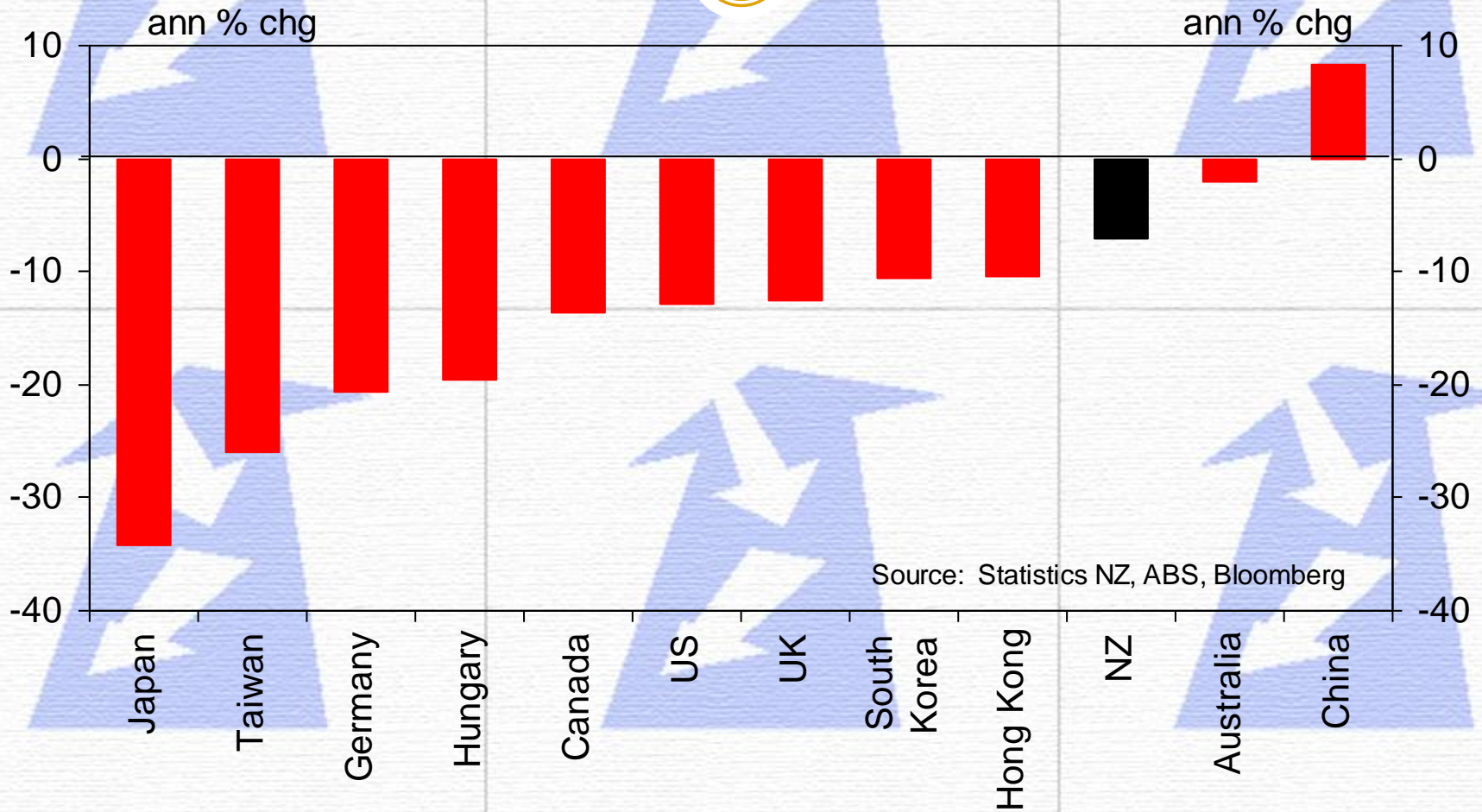
Year-over-year **change** in total exports for February, in U.S. dollars. Size of circles reflect volume of exports in 2008.



Sources: National governments, via Haver Analytics

... and manufacturing: Industrial Production

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Regulate financial capital

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- 2. Capital movements into and out of New Zealand
 - See article “Financial crises, trilemmas, and a time to rethink” in the last *Watchdog*
 - Combination of
 - Impotency of Reserve Bank to control money supply
 - Volatile and over-valued exchange rate
 - Interest rates too high now (and too low during housing price bubble)
 - Private debt being used as a reason for the Credit Rating Agencies to threaten downgrade of government
 - ...mean time has come (again) for such policies

In conclusion...

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- Never a shortage of issues. Right wing government helps!
- CAFCA effectiveness limited
- Focus, re-examine old slogans
- Creativity, intellect, persuasive communication needed
- Best wishes to the incoming committee, and Murray in particular