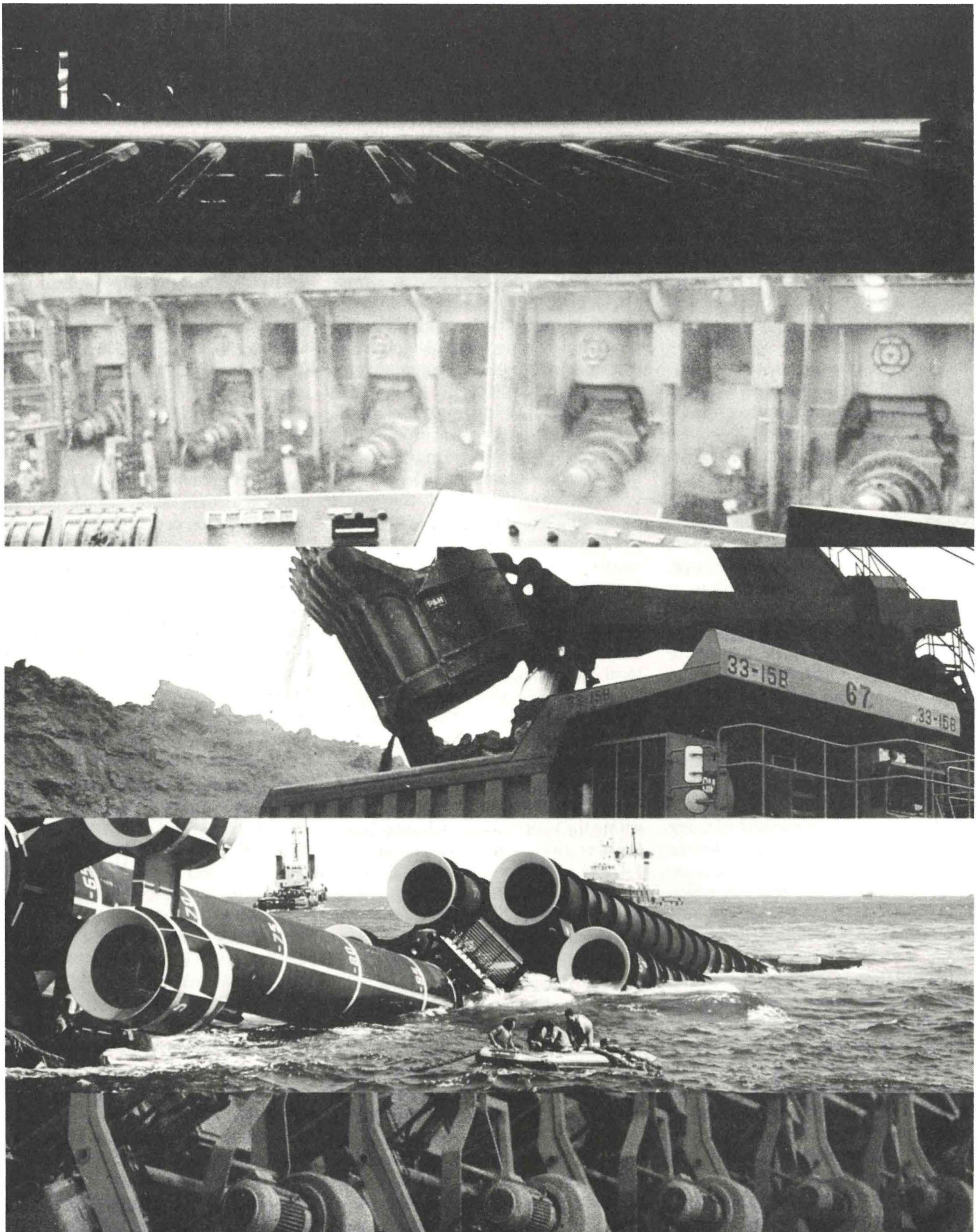
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From the cover of the BHP 1982 Annual Report.

The bell tolls for the "Big Australian"

By Dick Bryan, Scott MacWilliam, Howard Smith, Herb Thompson.

Since late 1985 Broken Hill Proprietary Ltd (BHP) has been involved in a major takeover battle between some of Australia's most prominent firms.
This article examines the companies involved, the complexities of the battle and the issues which have been raised on a national scale.

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Introduction

The centralization and concentration of capital is a continuing process in the historical development of capitalism. Given a recession, this process will speed up as the search for increased profitability increases the competition between capitalist firms on an international scale. The "takeover battle" is one way in which capitalist restructuring takes place.

This paper examines a take-over struggle between some of the largest and most prominent capitalist firms and their agents in Australia. The drama unfolded as the largest company in Australia, Broken Hill Proprietary Limited, was put under siege by the Bell Resources Group, ranked 174th among the top 500 companies in Australia. The second largest company, Elders IXL finally came to the rescue of Broken Hill when it appeared as if Bell Resources may succeed. The result so far involves an unstable stalemate.

After providing a sketch of the companies involved, and the complexities of the battle itself, we then examine some of the issues which have surfaced on a national scale. As will be seen, and argued, the issues involved in this takeover battle are issues that must be examined by all of those interested in the ways in which international capital restructures and expands on a global scale. Irrespective of the outcome, Broken Hill, Australia's largest mineral resource company, will continue to establish itself in Asia and the Pacific. The issues have much less to do with "the national interest", than with the centralization and concentration of capital on a world scale.

"The Big Australian"

Broken Hill Proprietary Ltd (BHP) established itself at the head of the top 500 corporations in Australia in 1985 after a series of major profit increases and national and international takeovers in a rapid growth phase occurring since 1982.

In 1984, the BHP returned a net profit of 638,6 million AUD, an increase of 153 per cent over the previous year and the highest profit ever recorded. Improved performances by all divisions contributed to the recorded result, but the most significant contributions were from the steel and petroleum division. Group net profit for the year ended May 31, 1985 was 752.5 million AUD. The Big Australian has predicted a net profit of more than 1 billion AUD for the year to May 31, 1986, or an approximate 33 per cent increase.

These rapidly increasing profit results have coincided with a series of major takeovers by BHP of both Australian and international companies. In 1985, BHP agreed to acquire the United States based Monsanto Oil Company for 1.1 billion AUD; an additional 22 per cent interest in Thiess Dampier Mitsui Coal Pty Ltd from CSR Ltd (formerly Colonial Sugar Refining) for 140 million AUD; and an additional 55 per cent of the Mt Newman iron ore project (the largest producing iron ore mine in the world) from CSR and AMAX for 880 million AUD, to provide only a few examples of growth by purchase in 1985. Another major example which should be mentioned is the completion of the acquisition in April, 1984 of Utah International for 2.4 billion USD, representing a major development and geographic spread of BHP's resource development activities.

In line with the rapid growth of the 1980's, BHP management has restructured their organization into core groups consisting of BHP Steel International, BHP Minerals and BHP Petroleum. During an interim stage Utah International will operate as a fourth group but will be progressively merged into BHP Minerals. Although relatively independent, to prevent dis-economies of scale, each of the core groups remain responsible to the corporate centre.

The Bell group challenge

In the midst of this growth and expansion fever, BHP management suddenly became aware of a "capitalist termite" eating away at the foundations. This became evident when the Chairman of the Bell Group, Robert Holmes a' Court, revealed in October, 1985 that his company controlled 11 per cent of the BHP empire.

The Bell group of companies is comprised of the flagship, Bell Group Ltd, as well as Bell Resources Ltd and J N Taylor Holdings Ltd, and is ranked 174th among the top 500 companies of Australia.[1]. Bell Group Ltd, is involved in the media and entertainment industry, heavy industry, and has a spread of miscellaneous interests in investment, property and insurance. It owns and manages television and radio stations in Australia as well as eight London West End theatres. Investment activity is conducted internationally, while insurance activities are centred in Britain, with a limited exposure in the United States. Net profit for the last financial year was 65.7 million AUD. Bell Resources Ltd owns 10 per cent of the Central Queensland Coal Associates and Gregory Joint Ventures which operates six coking coal mines in central Queensland. Bell Resources reported a profit of 129.6 million AUD for the 1985 year, BHP equity accounted.

By November, 1985, Bell Group Ltd (BGL) had increased its shareholding in BHP to 16.1 per cent; and by December, BGL and Bell Resources jointly owned 187 million shares in BHP or a total of 18.8 per cent. It was now clear to the BHP board that the enigmatic Robert Holmes a'Court (Australia's wealthiest individual) was using his company as a vehicle to capture a significant share of BHP. Publicly, however, he was treated somewhat derisively as a small non-establishment non-entity in the overall scheme of Australia's largest company. As the theme ran: Would BHP shareholders seriously consider handing over control of Australia's biggest corporation to "this speculator, this opportunist who by his own admission is a one-man band"?[2]

Attention was drawn to the fact that in September, 1983, Holmes a' Court had made his first bid for BHP and the bid closed with him holding 0.24 per cent of the shares. In February, 1984 he launched his second bid through Bell Resources taking his holding to 5.1 per cent. Then through option deals and sharemarket purchases the stake was increased to 18.8 per cent by the end of 1985. In hindsight Holmes a' Court had definitely planned to make a move on BHP at least two years before it was discovered by the Australian media. Whether or not Holmes a' Court could gain "control" of BHP was no longer a question of definition. The Bell had obviously been rung for a fight and both sides were amalgamating their forces. One of the major title bouts in Australian history was about to begin.

On February 4, 1986 the long awaited Bell bid emerged. It sought 250 million BHP shares (20 per cent of issued capital) for 7.70 AUD cash or one Bell Resource share plus 2.50 AUD cash subject to the following conditions:[3]

- Bell Resources shareholders approve placing up to 120 million Bell Resources shares to Bell Group at no less than 5.40 AUD
- No change in the federal takeover code during the currency of the bid
- No change in the import parity price for Bass Strait crude oil (in which BHP is a major partner) during the currency of the bid
- Minimum acceptance of 250 million shares (i e, 100 per cent of the offer)
- Bell to gain representation on the BHP board.

In response, BHP described the bid as "not genuine". In fact, the nature of the conditions made it difficult to accept. But it was not an inconsequential bid remembering that a conditional bid can be amended as circumstances change.

Holmes a' Court had lifted his stake in BHP from virtually nothing in August, 1983 to 18.8 per cent and its largest shareholder in December, 1985. He was now moving for control. Yet, BHP's position remained resolutely dismissive. The same words kept appearing in the press: "scorn", "contempt", "market speculator", and so on. There were now only three possible outcomes: a buy back of Holmes a' Court share or attack by BHP on the Bell Group's issued capital; a stalemate at or about the 19 per cent mark; or a Bell take-over of BHP.

On February 17, Holmes a' Court made another slight change in his offer. He changed his bid to a proportional one which was a straight bid for 50 per cent of every shareholder's holding. This meant that for a price of about 2.45 billion AUD he could end up with 53 per cent of BHP. It was then that BHP assembled its defense team of 30 people including senior staff in the merchant bank Macquarie, a number of solicitors, and three Queen's Counsel with juniors.[4]

On February 19, the Prime Minister of Australia warned Holmes a' Court that the Government would not look kindly on extreme re-structuring of BHP, should his offer be successful. Mr Hawke said the steel industry was the nub of the Government's concern. It was the steel industry plan devised by the Government which was crucial in turning BHP around in mid-1983. The Government underwrote BHP steel output with a bounty, the rate of which is dependent on market share. In return, BHP agreed not to make further retrenchments and to invest at least 800 million AUD in re-equipping. The unions also agreed to a disputes procedure and productivity changes to increase output. Therefore, both the Government and a number of major trade unions began to be suspicious of a Holmes a' Court takeover of the Big Australian.[5]

Holmes a' Court had set off on a lobbying trail early, doing the rounds of unions and state and federal politicians. However, public statements by union officials have barely revealed contempt for

Holmes a' Court. Odd bedfellows began to denigrate the Bell bid, the stronger the bid, the odder the bedfellows. These included right and left-wing trade unionists, members of a Labor Government, the Melbourne Business establishment, and of course, the BHP board.

On February 19, BHP's managing director, Brian Loton appealed to shareholders not to sell to Holmes a' Court, giving three main reasons: that the Bell proposal was inadequate; that it was riddled with uncertainties; and that there was a danger in giving one man control of so much power.

By the end of February, BHP had ruled out a buy back or aggressive attack on Bell. Rather, the BHP board decided that court action would be used to stall and wear down the Bell vitality which had them on the run. Four separate court actions in three states were taken within two days. A Victorian Supreme Court judge ruled that the Bell bid be temporarily frozen until court challenges to its legality were completed. The Trade Practices Commission also obtained a writ in the Federal Court restraining Holmes a' Court from proceeding until the Senate had examined the Trade Practices Act which deals with the creation and regulation of monopoly. On March 20, the Government moved two bills in the House making it clear that the Holmes a' Court bid could go ahead without legal complications.

In a statement issued to the Sydney Stock Exchange on March 24 Holmes a' Court called off his 3.5 billion AUD takeover of BHP which was still the subject of litigation brought by BHP in the Supreme Court of Victoria. However, he let it be known that there was no prospect of his giving up, and that another bid was possible, if not likely.

On April 4, Holmes a' Court played his fourth bid of 7.70 AUD for 50 per cent of each shareholding in BHP which was financially backed by Britain's Standard Chartered Bank. However, the offer was conditional on Bell not receiving acceptances for more than 260 million BHP shares which would amount to about 44 per cent control. There was little in the offer which BHP could oppose legally. BHP responded with national advertisements in all major newspapers stressing the inadequacy of the cash offer.

The morning of April 10 brought forth the results of a coordinated market attack on Bell Resources, based on what was clearly a back-room deal with the second largest company in Australia, Elders IXL. On April 10, Elders IXL, with up to three brokers buying at a rate of 10 million AUD per minute, snapped up about 19 per cent of BHP shares for 1.8 billion AUD. In return, on April 14, BHP purchased 20 per cent of Elders for 1.2 billion AUD. Elders and BHP then swapped two board seats to cement the marriage. Everything Holmes a' Court had been trying to get for two years was handed over to Elders and subsidised financially by BHP. Interestingly enough, the price paid by Elders was 7.36 AUD or 34 cents per share less than the Holmes a' Court offer.

The plot thickens (but cannot be pursued in this paper due to limitations on size) when one notes that Holmes a' Court has on two occasions, 1981 and 1984, attempted a take-over of what is now Elders IXL; and while foiled on both occasions, was able to sell shares purchased at much higher prices than he had paid. Holmes a' Court sold his shares, after the 1981 attempt, to Carlton and United Breweries. In 1984, Elders took over Carlton and United Breweries for a price of 887 million AUD.[6]

The BHP-Elder's deal was made by two boards completely driven by the aim to get rid of Robert Holmes a' Court. The deal did leave BHP with an unstable share register with two investors holding 20 per cent each. Both BHP and Elders had to explain their "unusual behaviour" to the National Companies and Securities Commission which immediately announced a public inquiry into the share transactions. The inquiry investigated the sequence of negotiations, their timing, and financing arrangements. For the public record, BHP and Elders argued that, while the timing looks bad, it was all a coincidence and had been discussed for some time.[7]

April 22, Bell Resources withdrew its fourth takeover bid for BHP. But once again, another amended offer was foreshadowed. On the same day a High Court Judge granted an interlocutory injunction stopping the National Companies and Securities Commission from holding a public inquiry into the BHP-Elders affair. This injunction applied until the Full Court of the High Court in Canberra finally determined the Commissions' right to hold a public inquiry.[8]

As of May 1, the general position was as follows: BHP and Elders IXL had used up most of their borrowing power; Elders was safe from a takeover, *unless someone takes over BHP*; BHP, held 20 per cent by Elders and 19 per cent of Bell, was still vulnerable to takeover and required help from another source to prevent it; Bell remained highly liquid, low geared, and potentially more dangerous than ever; the key factor was each company's respective ability to service its debts and dividends, among which Bell looked the strongest.[9]

On May 13 Holmes a' Court played his trump card with a manifestly revised offer. He increased his offer to 9.20 AUD per share aiming for about 400 million shares or 32.2 per cent of BHP for a total cost of 3.8 billion AUD. This would have given him a total holding of 51.1 per cent or a majority share; and would have resulted in BHP becoming a subsidiary of Bell Resources. The immediate BHP response was predictable. Managing director, Brian Loton said: "The Bell offer of 9 AUD ex-dividend still is inadequate. Shareholders are advised not to accept and to await detailed advice from their board." The Chairman of Elders, John Elliott, was unavailable for comment as he was in London conducting a takeover attack on British Brewer Allied Lyons. He now faced a war on two fronts.

Holmes a' Court secured a powerful credit facility including 2 billion AUD from Standard Chartered Bank of England and 1.5 billion AUD from Société Générale of Belgium and Westpac Banking Corporation in Australia. All acceptances of previous bids were to be paid by Bell Resources at the new price. The deadline for acceptance was May 27.

The desperation of BHP's defense was indicated by spreading a rumor that the Westpac loan of 500 million AUD was being guaranteed by De Beers of South Africa; and by informing the Westpac Banking Corporation that it would no longer enjoy the business of BHP in any way.

By the closing date of May 27, Bell had gathered only another 10 per cent of the shares for a total holding of 29 per cent. Another company, Equiticorp Tasman Ltd, moved into the market and purchased 5 per cent of BHP. Equiticorp's strategy (somewhat secondary to the focus of this paper) seemed to be to gain a position of power at the negotiating table when BHP, Bell and Elders IXL reached a stalemate. And a stalemate for the present is what it appears to be. The share register of BHP now reads as follows:

Bell Resources	29 %
Elders	18 %
Public	17 %
Domestic Institutions	12 %
Companies friendly to BHP (ACI, AMP, etc)	10 %
Overseas Investors	9 %
Equiticorp	5 %
Total	**100 %**

BHP argues that Holmes a' Court has failed. Elders suggests that another bid is possible. Holmes a' Court has called publicly for negotiations between the three main players, implying that BHP will suffer some unmentioned consequences otherwise. And market analysts see the situation as an unstable one that will not continue.

At this point, however, we will leave the on-going saga between the various agents of financial and industrial capital and examine some of the more important issues in this takeover battle; issues which are, we believe, pertinent to this level of struggle between capitalists both in Australia and in the international circuit of capital.

Analysis

The prospective take-over of BHP has raised several concerns within Australian society. In general, these concerns are that:

- a takeover, especially one by Robert Holmes a' Court's Bell Resources, will leave Australia's largest company under the control of a single individual
- the takeover bids for BHP are simply speculative stockmarket manoevers with no concern for the productive base and workers of BHP
- share purchases in the takeover contest are being funded by international credit which, in the end, simply leaves BHP with new owners, but imposes on the Australian economy an enormous foreign debt
- there is a particular repugnance to the national character of this debt because Holmes a' Court is borrowing heavily from South African banking corporation sources to fund the takeover bid.

In aggregate, the takeover bids are popularly characterized as the work of "corporate raiders", looking for a lucrative equity purchase, but without any concern for BHP itself or for the problems imposed on the Australian balance of payments.

While there are important issues raised by the takeover bids, the popular concerns are not the significant ones. The issue which warrants particular attention is what any change in the ownership of BHP (and other large takeovers by a new generation of investment houses in Australia) indicates about the competitive process of capital restructuring in Australia. Before this issue is addressed, the popular (and populist) concerns should be confronted.

The first concern, that BHP will come under the control of one person, draws on a popular ideology that BHP, before the takeover bids, was run in the service of the Australian people. The company, drawing on this ideology, advertises itself as "The Big Australian". Yet, like all public companies, BHP is controlled by a board of directors whose positions are secured by the largest shareholders, and whose objective is the pursuit of profit. Certainly, the takeover bids have realigned the large shareholdings of BHP, and a potentially successful bid will allow Holmes a' Court to assume a powerful position in BHP. He will be in a position to command a substantial restructuring of the enterprise.

But, to an extent, this possibility already exists with the handful of people who direct BHP. Indeed, particularly as a consequence of the 1980—82 global slump, a major restructuring has already taken place. In 1983, thousands of workers were sacked from the steelmaking division. The company then expanded its mineral and energy divisions through purchases in Australia, the USA and other countries. For reasons outlined below, this restructuring will continue in order to raise levels of profitability regardless of the outcome of the present tussle.

A reorganization of the personnel who direct BHP as the result of a takeover will not, of itself, increase the power of any director. However, it may serve to further undermine the mythology of BHP as "The Big Australian" by accelerating the pace of the restructuring which has already exposed the underlying private purpose of the firm's operations.

The second popular concern with reference to the takeover derives from the first. The perceived distrust of the bidders, particularly Holmes a' Court, depicts them as "raiders", seeking profit from share trading, but with no concern for the productive base of BHP. Even the major unions with workers in BHP have supported the incumbent directors agains the "raiders". They have the expectation that new owners may close, or sell off, parts of BHP, especially in its steel division which is a major regional employer in Australia.

Yet since the 1970s, the current directors of BHP have overseen a substantial change in the company's direction, with investment being channelled away from the steel division. It is particularly ironic, therefore, to find support from the union movement for these directors against the "raiders".

This popular image of the "raiders" as businessmen bent upon acting contrary to the wider interests of BHP must be challenged. Central here is the important difference between profits made in speculative share trading, and profits made by the production and sale of commodities. In the buildup to the final takeover bids, the "raiders", particularly Holmes a' Court, have covered their investments by pursuing the former source of profit. They have proved particularly adept at making substantial profits by trading BHP stock. It is easily forgotten, however, that these profits are simply a claim against other share traders, not against the company itself. This is because share trading, for itself, is a zero-sum game where the aggregate of all profits accumulated by particular traders is only equal to the total of losses made by other traders. But once share trading actually involves a takeover (even a "partial" takeover) and corporate control, equity is no longer held simply for the purpose of being sold at a profit. Profits on equity must now come from BHP's production. The fact that the "raiders" (notably Holmes a' Court) have been purchasing equity at significantly above market prices has encouraged the belief that the assets of the company are under-valued.[10] This view was supported earlier by Holmes a' Court's statement that he would split the firm into several other companies, with the total of the component parts valued more highly than the current BHP. Whether this is still possible, especially in the light of uncertain oil and coal prices, is open to question. It is widely believed that some of BHP's recently acquired assets outside Australia would be sold immediately if a takeover bid by Holmes a' Court was successful.

Given the seeming uncertainty of this route to profits, why else might a "raider" seek ownership of BHP? There are hypotheses about the tax benefits of negative gearing, that is the tax advantage to be gained from the deductibility of interest charges on the borrowings raised for purchasing equity shares. There is also the proposition that, for Holmes a' Court's Bell Group, there are means available to transfer profits to the tax haven of Bermuda.[11] While there is possibly some truth in such suggestions, these extra benefits can only amount to icing on the cake. Moreover, they do not explain why it is BHP, rather than some other company, which is the object of the takeover. The probable truth is that those "raiders" seriously intent on takeover can see profits arising from production by a further revitalized BHP.

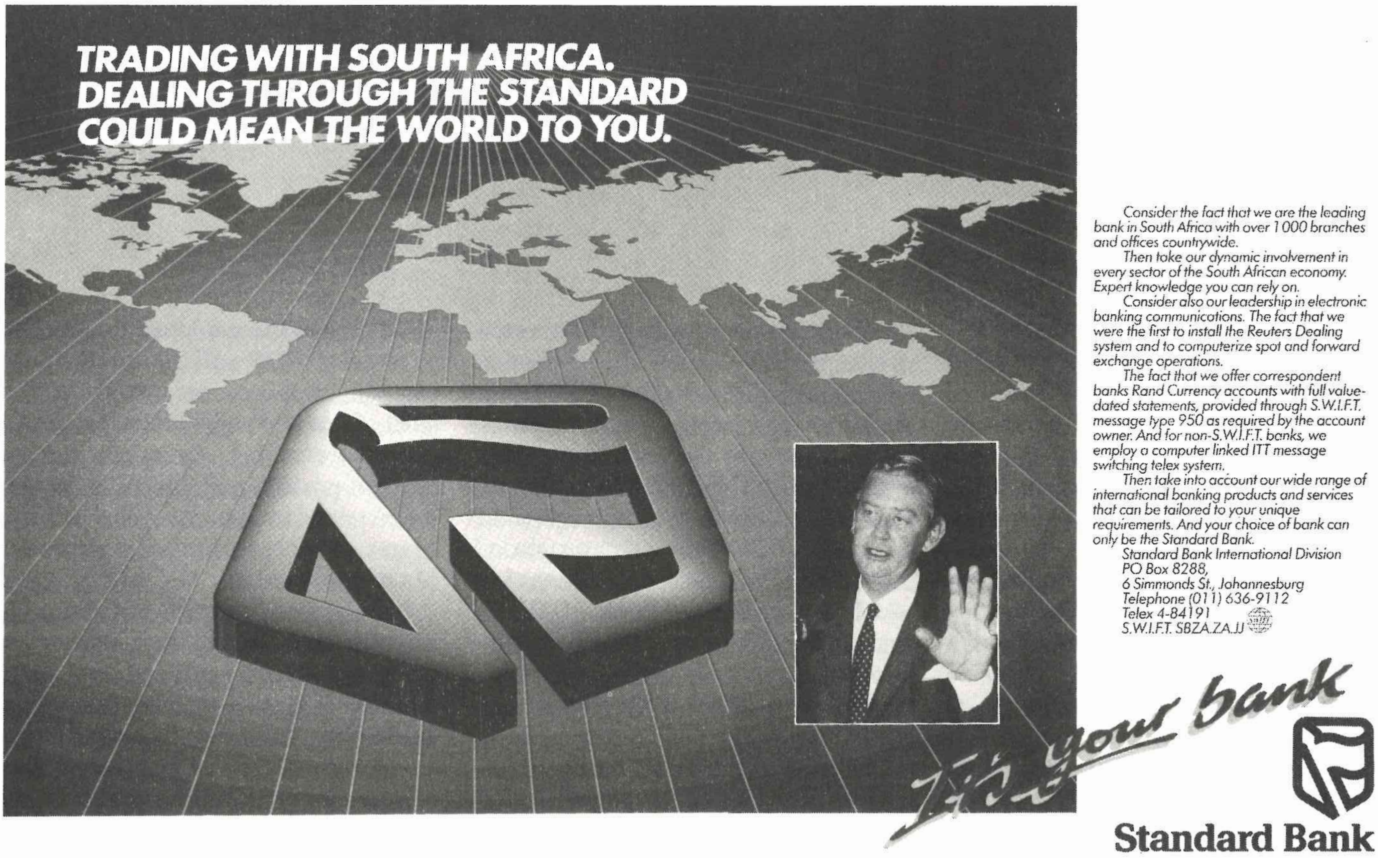
In particular, BHP's steel and engineering capabilities have potential for expansion into the Pacific region, and especially into China. Traditionally, BHP has been highly regarded in this region. But its increasing neglect since the 1970's and the development of specialist consumer demands have left potential growth areas largely untapped. Perhaps new owners have plans such as these for BHP.

However, this only amounts to speculation. None of the contenders for BHP has revealed plans for action. The point here must be to emphasise that there is potential for the reorganization of BHP's expansion, and anyone (or company) whose shareholding is sufficient to takeover BHP will be served by the company running more profitably. The label of "raider", with interests focused upon share trading, misunderstands the range of possible consequences, including increased production, which will only emerge more fully as a consequence of the takeover bid.

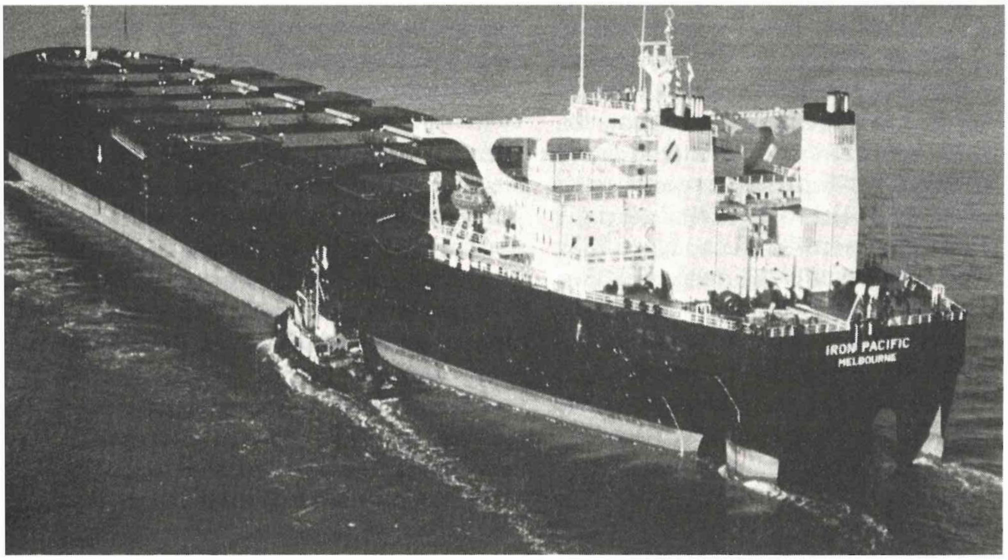
The third popular concern about the takeover battle is that the takeovers are being financed by international bank loans. It is argued that this imposes a burden on Australia's balance of payments through the obligation of debt repayments. Of particular concern is the fact that this occurs at a time when the Australian balance of trade is in large and sustained deficit, and when the Australian dollar has been losing value. Such international debts are seen as likely to further destabilise the Australian economy.

This concern has a real basis, but it must be put in context. These are not debts which must be repaid by the "nation" in general, but by the specific borrowers: Bell and Elders, in particular. For the new owner of BHP, this depends directly on the capability of the company to generate profits.

For Australia's balance of payments, the extent of any burden is contingent directly on the international capital flows in which BHP is itself involved. The most immediate of these is the foreign ownership of BHP. It is estimated, for it cannot be known with certainty, that approximately 9 per cent of BHP's shares are owned outside of Australia. For those foreign owners who sell shares in a takeover, the effect for Australia's balance of payments is simply to transform external equity obligations into external debt obligations. Of longer term importance is the expansion of BHP's own international investment and production, and its capacity to expand exports from Australia. Insofar as it is these activities which are the probable future of BHP, rather than production for Australia's domestic market, the



Close contacts with international finance capital, here exemplified with the Standard Bank of South Africa, has been an important factor in the expansion of the corporate empire of Robert Holmes à Court (insert).



BHP's new bulk carrier Iron Pacific. The name was chosen to "identify the vessel with the region in which it is trading. In particular it was desired to give it an international flavour to reinforce BHP's Transport's overseas trading aspirations without the limitations that might have been inherent in a single country-related name."

revenue from which any debt will be repaid will also come from sources outside Australia.

Therefore, the concern for a capital account deficit in Australia's balance of payments must be seen in the context of the process by which it will be repaid. It is a private international debt which will be repaid out of private international accumulation. The issue of importance for Australian political economy should not be in the sphere of national accounting (the balance of payments), but the issue of the internationalization of accumulation itself.

The fourth issue which is specifically raised by Holmes a' Court's bid for BHP is also one described in national terms. Objections have been raised about the fact that one important source of money capital for the Bell share purchases is South Africa. BHP's defenders at one stage also tried to play upon this objection, using the courts in Australia to obtain information on the banking companies involved and to force the matter into the public arena.

Several points need to be made about this concern. Firstly, the Standard Chartered in South Africa is itself a subsidiary of a major British bank. Secondly, the Bell bid is also being backed by other major international banks, including Citicorp of the USA and Westpac, formerly the Bank of New South Wales headquartered in Sydney. BHP officials reacted with a display of public anger when it was revealed that Westpac, for long a source of funds for BHP and tied to the company through cross-directorships, was also prepared to extend lines of credit to Bell for share purchases in the takeover tussle.)

The point which needs to be made about the involvement of major international banks is not what borrowings reveal of Holmes a' Court's "South Africanness", a connection regularly made by reference to his schooling in that country as well as long-standing personal ties with commercial figures such as Harry Oppenheimer. It is instead, once again, what the battle for BHP represents in terms of international restructuring of manufacturing *and* finance capital.

In addition, this restructuring directly hits at a particular form of chauvinism which has been central to BHP's operations in the past. Underlying the depiction as "The Big Australian" has been the particular regional quality of the firm's ownership and management. These have been centred upon Victoria where the headquarters of BHP are located in the heart of Melbourne's business district. One of the key figures in the current battle, John Elliott of Elders IXL, himself formerly a BHP employee, emphasised the significance of that location when rejecting a Holmes a' Court offer to buy Elders' shareholding in BHP. At the meeting between the two leading protagonists, one the outsider, the other a key figure in Victorian commercial circles, Elliott emphasized that to sell would mean he could no longer "do business in his town (Melbourne)".[12]

BHP and Elders have regularly attached a regional flavour to their defense of BHP, portraying Holmes a' Court with his Western Australian connections as a "foreign" and undesirable presence before courts, unions and media. In the middle of the takeover battle, Holmes a' Court was forced to counter this campaign by taking out Australian citizenship to supplement the British one he had previously used. While the object of the dispute over his citizenship was ostensibly his eligibility to own Australian television licenses, up for renewal this year, the question had also been raised by opponents of the Bell bid to take over BHP.)

What this particular ideological quality of the battle brings to the fore is the manner in which the restructuring of capital in Australia has led to a shift against the previous dominance of capitalists centred in Melbourne. While the most overt expression of the change has frequently been the prominence of ostentatious and buccaneering businessmen from the previously marginal regions of the north-west and west of Australia, the change is more significant than one simply based on personalities.

But not all of this change can be encompassed by regional movements either, although a key component is undoubtedly the increased importance of Sydney as the main base for the new investment houses which are propelling the restructuring. "Outsiders" such as Holmes a' Court are integral to any future transformation when, by definition, to be an "insider" is to have attachments to the past. One of the ironies of the position being filled by Elliott on this occasion is that so far he is in an opposite position to the one he occupies in another current takeover battle. For Elders IXL is presently engaged in trying to takeover the British conglomerate Allied Lyons, and in that tussle it is Elliott who is the "outsider" attacking the "British national interest".

These points indicate that the bids for BHP, as well as multiple other recent large debt-finance takeovers in Australia, are not to be explained by reference to a "national interest". The questions of who is the preferred owner of BHP and what are the national consequences, both industrial and financial, of any takeover, do not identify the underlying process at work. These involve the issue of relations between capitals in Australia and the international restructuring of capital.

Holmes a' Court saves his bank

In an interesting turnaround, Holmes-a' Court went on a last minute sharebuying spree in mid-July to help save the Standard Chartered Bank from a takeover bid by Lloyds Bank.

Lloyds Bank conceded defeat in its battle for Standard Chartered after Holmes a' Court joined with Asian businessmen in a successful rescue operation which cost over 300 M GBP. the Lloyds offer closed on July 12 with at least 30 per cent of the shares in the hands of the loyal friends of Standard.

Lloyds ended up with 44.4 per cent of Standard's shares and would surely have won control had it not been for the last minute intervention by Holmes a' Court (who took 7.4 per cent himself). The others included the UK group Lonhro and two South-East Asian businessmen, Yue-Kong Pao, a Hong Kong shipping and property magnate; and a Malaysian investor, Tan Sri Koo.

Notes:

[1] Alan Jury, "The Big Australian Bounces Back", *Australian Business,* 1986-05-07, p 66.

[2] Christine Beckingsale, "BHP: Let the Battle Begin", *Australian Business,* 1986-01-29, p 15.

[3] *Newspan,* 1986-02-13, p 16.

[4] Don Parsons, "Who's Watching the Raiders?" *Australian Society,* April, 1986, p 13.

[5] Gregory Hywood, "Hawke Warning to Holmes a' Court on BHP", *Australian Financial Review,* 1986-02-20, p 1.

[6] Michael Gill, "Elders' Pole Rider", *The National Times,* 1986-04-18/24, pp 35—36.

[7] *Australian Financial Review,* 1986-04-15, pp 1 and 64.

[8] Robert MacDonald, "Bell Withdraws BHP Bid as High Court Closes Hearing", *Australian Financial Review,* 1986-04-23, p 1.

[9] Trevor Sykes, "The Numbers Game at BHP", *Australian Business,* 1986-05-07, p 18.

[10] "BHP Still Has Assets to Burn", *Australian Business,* 1986-06-04, pp 20—21.

[11] Max Walsh, "Why Loopholes Scare BHP", *The Age Newspaper,* 1986-02-17.

[12] *Business Review Weekly,* 1986-05-23, p 55. ■