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Title:

Broadcast script (handwritten) re competition and free enterprise

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Good evening.

In an earlier talk in this series I gave some instances to show how far there was effective free competition in business in Australia. Tonight I want to give a few more.

You know I am sure how our morning daily is constantly peddling the idea that we have before us two alternatives - government enterprise which it says means regimentation & bureaucracy, & free enterprise which it blithely assumes is what we've largely got today. This view, as the Advertiser well knows, is nonsense.

In very few areas of industrial & commercial activity today is entry into ~~the~~ enterprise, or the conduct of enterprise, freely competitive. It is true to say that the directors of enterprises today see that greater profits are to be made from combination, price maintenance, & exploiting the market by mutual arrangements, than can possibly be made from ~~any~~ competition. And so the tendency in Australia is to amalgamate, to form manufacturers, wholesalers, & retail traders associations, to enforce price maintenance agreements, & to fleece the public in happy combination. ~~The~~ This tendency ^{in products} is one of the ~~major~~ ^{major} inflationary pressures to which our economy is subject.

Now when combinations, cartels, & associations work in this way it can't possibly be said that the result is the greatest benefit to the community. To ensure that the economy remains sound, & that the ordinary people do not have the value of their savings taken from them

by inflation, and that fair prices are maintained, intervention in one form or another is often necessary. But immediately it is proposed, there is straightway an organised shriek from the Advertising which claims that its people's liberty is being interfered with. That of course is nonsense. In order to protect the liberty of the many, it is sometimes necessary to restrict the anti-social activities of the few. It is ~~not~~ in the licence of the profiteers, not the liberty of the ordinary citizen, which the Advertising seeks so constantly to protect.

Let me turn to a few cases. In the U.S.A., there is a law of "private enterprise" the field iron & steel production is competitive. Indeed it is so in every major steel producing country - except Australia. Australia has some of the richest high-grade iron ore deposits in the world, & they are all controlled by one concern - the Broken Hill Pty. Co. and its subsidiaries. Now it is true that Australian steel is of good quality, & is reasonably cheap, but the fact remains that although we could produce more, Australia still imports steel from overseas. Why? Because the B.H.P., whose concern is to ensure the welfare of its shareholders, not that of the general public, resolutely refuses to expand its output to beyond Australian capacity. This does some harm to the Australian public, but of course that is not the B.H.P.'s concern. Its concern, as I've said, is to maintain the maximum return to its shareholders, & they think it safer not to expand to take the whole of the Australian market with cheap Australian steel, which

is not faced with the heavy freight, paid to bring
 orders sent here. So private ~~and~~ necessary
 control ~~of~~ of the industry, & the public
 interests do not coincide.

Let us take another example. The
 General Motors Corporation of America has
 invested in this country about 1 $\frac{3}{4}$ million pounds.
 For this only they now have an industry in
 Australia worth well over 70 million pounds
 and which makes a profit on paid-up
 capital of well over 200% per year.
 How have they done it. They were given a
 protected market through high import duties
 on overseas cars in order to build up a people's
 car industry in this country. They have
 exploited the market so given them to
 make excessive profits for the American
 owners. Again - the private interests
 of the owners are not consistent with the
 public good which requires the supply
 of Australian cars at reasonable prices.

~~Here's another example.~~ Here's another example.

Recently a commission in New South
 Wales found that prices or price agreements
 were made between members of wool buyers
 so that the price of wool at wool sales was
 adversely affected. This obviously was
 to the detriment of Australia - if our
 woolgrowers receive a smaller wool cheque
 the Australian national income decreases.

It is possible to go on giving long lists
 of other sorts of things. But if the welfare
 of the Australian people is to be the
 basis of our government, governments should
 take action.

There are two bundles to action. The
 first is that another cartel, the Australian

Press, has become so tightly organized & is so uniformly opposed to Governmental interference with large business interests that the public gets peddled the line I mentioned at the outset - the line that any Governmental restriction upon the depredations of big business is interfering with the people's liberty, & the public is also deprived of the information upon which it must rely to form an opinion to the contrary. Allied to this is the activity of the big business political party in Australia - the U.L.L., which acts as the political organ to see that our really effective rules, the directorates of large concerns - are protected from interference in their little plays.

The other hurdle is evergreen. The Commonwealth Constitution of Australia - that mass of absurd dead wood - prevents any Governmental authority in Australia from taking action to prevent any of the abuses I have mentioned. It is so complicated an affair that few people in Australia, including most of its politicians, don't know the full implications of the Constitution's provisions, so that it is very difficult to persuade the Australian people to do anything about it. The main want regards to change the constitution and allow Government to put into effect the policies for which they are elected, and it is feared is that a large body of people in Australia follow the maxim - when in doubt vote no.

Thus because of section 92 of the Constitution
no Government can interfere with any
trade involving interstate trade & commerce
- and so since the BHP, the Australian
Alloys, & the Wool Sales all deal in
interstate trade the chance of any Government
taking action to protect the public is
nil!

No wonder the Administration talks of the
Constitution in awed tones as if it
were some sacred cow. Goodnight.

[3589]

Good evening.

In an earlier talk in this series I gave some instances to show how far there was effective free competition in business in Australia. Tonight I want to give a few more.

You know I am sure how our morning daily is constantly peddling the idea that we have before us two alternatives – government enterprise which it says means regimentation & bureaucracy, & free enterprise which it blithely assumes is what we've largely got today. This view, as the Advertiser well knows, is nonsense.

In very few areas of industrial & commercial activity today is entry into enterprise, or the conduct of enterprise, freely competitive. It is true to say that the directors of enterprise today see that greater profits are to be made from combination, price maintenance, & exploiting the market by mutual arrangements, than can possibly be made from competition. And so the tendency in Australia is to amalgamate, to form manufacturers, wholesalers, & retail traders associations, to enforce price maintenance agreements, & to fleece the public in happy combination. This tendency produces one of the inflationary pressures to which our economy is subject.

Now when combinations, cartels, & associations work in this way it can't possibly be said that the result is the greatest benefit to the community. To ensure that the economy remains sound, & that the ordinary people do not have the value of their savings taken from them

NEW PAGE

by inflation, and that fair prices are maintained, intervention in one form or another is often necessary. But immediately it is proposed, there is straightaway an anguished shriek from the Advertiser which claims that the people's liberty is being interfered with. This of course is nonsense. In order to protect the liberty of the many, it is sometimes necessary to restrict the anti-social activities of the few. It is the licence of the profiteer, not the liberty of the ordinary citizen, which the Advertiser seeks so constantly to protect.

Let me turn to a few cases. In the USA, that haven of 'private enterprise', the field of iron & steel production is competitive. Indeed it is so in every major steel producing country – except Australia. Australia has some of the richest high-grade iron ore deposits in the world, & they are all controlled by one concern – the Broken Hill Pty Co and its subsidiaries. Now it is true that the Australian steel is of good quality, & it is reasonably cheap, but the fact remains that although we could produce more, Australia still imports steel from overseas. Why? Because the BHP, whose concern is to ensure the welfare of its shareholders, not that of the general public, resolutely refuses to expand its output to & beyond Australia's capacity. This does grave harm to the Australian public, but of course that is not the BHP's concern. Its concern, as I've said, is maintain the maximum return to its shareholders & they think it safer not to expand to take the whole of the Australian market with cheap Australian steel, which

NEW PAGE

is not faced with the heavy freights paid to bring overseas steel here. So private monopoly control of the industry, & the public interest do not coincide.

Let us take another example. The General Motors Corporation of America has invested in this country about 13 million pounds. For this outlay they now have an industry in Australia worth well over 70 million pounds and which makes a profit on paid up capital of well over 200% per year. How have they done it. They were given a protected market through high import duties on overseas cars in order to build up a people's car industry in this country. They have exploited the market so given them to make excessive profit for its American owners. Again – the private interests of the owners are not consistent with the public good which requires the supply of Australian cars at reasonable prices.

Here's another example.

Recently a commission in New South Wales found that pies¹ or price agreements were made between numbers of wool buyers so that the price of wool sales was adversely affected. This obviously was to the detriment of Australia & if our woolgrowers receive a smaller wool cheque the Australian national income decreases.

It is possible to go on giving long lists of this sort of thing. But if the welfare of the Australian people is to be the basis of our government, governments should take action.

There are two hurdles to action. The first is that another cartel, the Australian Press, has become so tightly organised & is so uniformly opposed to Government interference with large business interests that the public gets peddled the line I mentioned at the outset – the line that any Governmental restriction upon the depredations of big business is interfering with the people's liberty – & the public is also deprived of this information upon which it must rely to form an opinion to the contrary. Allied to this is the activity of the big business political party in Australia – the LCL, which acts as the political organ to see that our really effective ruler, the directorates of large concerns – are protected from interference in their little plays.

The other hurdle is even greater. The Commonwealth Constitution of Australia – that mass of absurd dead wood – prevents any Government authority in Australia from taking action to prevent any of the abuses I have mentioned. It is so complicated an affair that few people in Australia, including most of its politicians, don't know the full implications of the Constitution's provisions, so that it is very difficult to persuade the Australian people to do anything about it. The reason most referenda to change the constitution and allow Governments to put into effect the policies for which they are elected are refused is that a large body of people in Australia follow the maxim – when in doubt vote no.

NEW PAGE

Thus because of section 92 of the Constitution no Government can interfere with any matter involving interstate trade & commerce – and so since the BHP, General Motors, & the Wool Sales all do involve interstate trade the chance of any Government taking action to protect the public is nil.

No wonder the Advertiser talks of the Constitution in awed tones as if it were some sacred cow. Goodnight.

¹A term for forward selling and buyers combinations. See F.H. Gruen, 'Goulburn, Forward Prices and Pies', *Review of Marketing and Agricultural Economics* Vol. 28, no. 12 (June 1960) 86. <http://ageconsearch.umn.edu/handle/8716>