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Good Evening.

So often do unthinking people talk about the way in which our economic and business activities are organised as if it was static, unchangeable and unchanging, that I want to say a few words tonight about just what goes on.

In fact, our economic and business institutions are constantly changing their character. Let me show you how.

Some years ago a substantial amount 56% of the credit facilities obtained by industry for its activities came from the banks - and if one could control the general volume of credit allowed by the banks, one could determine the rate of investment. Whether we had inflation or not was and is vitally affected by the amount of credit lent out.

But this has changed. The banks are responsible for only 21% of credit to business now - and the hire purchase companies are responsible for 16% of credit now as compared with 2% pre-war, and much, in addition, comes from insurance companies. As there is now no constitutional power in Australia because of the limiting terms of the Commonwealth Constitution, to control the operations of hire purchase companies our control over inflation in time of economic stress is thereby very much lessened. And you can see how changes, never contemplated by the makers of the constitution are taking place.

But this shift in activity and power from one kind of institution to another is not the only sort of change which is taking place.

The most significant change is that the effective control of Australia's finance, heavy and light industry and means of information is being steadily concentrated into fewer and fewer hands.

How has this happened? Shareholdings in Australian companies are widely spread. The average shareholder, of course, is not very much interested in getting a dividend - getting some return for the money he has invested. This means that a small and minority group of shareholders, well organised, can maintain

effective control of a company. A recent authoritative study by Mr. E. L. Wheelwright - Senior Lecturer in Economics in the University of Sydney, said "the precise % will vary with the circumstances, particularly the degree of dispersion and the nature of the dominant minority group. If the dispersion is very wide and holdings taper off very sharply from a cohesive minority group then a % as low as 10 or 15 is sufficient to maintain control."

It is not you see, that the effective controllers of companies are the owners of companies - but our joint stock company system allows a few people to wield great power with other people's money.

Now, of course, if firms are not large and there is competition, then this does not have much social effect. But there has also been a constant tendency for competition in industry to be eliminated and for businesses to amalgamate or be swallowed up. The more this goes on, the fewer people effectively have a say in what our business and economic policy as a nation will be, and the more power over the lives of all of us do they effectively exercise.

Apart from amalgamations and takeovers, there are other ways in which this concentration of power and economic control takes place. Many of this small group of people in Australia who hold the directorates ~~in finance~~ in finance, heavy and light industry, transport and newspapers hold numbers of directorates in concerns of differing types. This makes the effective control more so.

For the whole group of Australian companies Mr. Wheelwright estimates that control and ownership is *divorced* i.e. the shareholders do not effectively control the companies in over 2/5ths of the cases and in over 50% of the funds invested. He says, "The evidence assembled ~~here~~ here shows that most of these companies (i.e. the widely representative groups of companies examined in the study) have largely "depersonalised

or "collectivised" capital and concentrated power into a small directing group of virtually self-perpetuating oligarchies with varying degrees of minority ownership."

It so happens that occasionally these groups seek to eliminate one another and capture control the one ~~from~~..... the other of large concerns. We have seen this in the recent spate of "take-over" bids and operations. But those groups controlling more than one concern have their protective devices a favourite one being that each of the two concerns they control has a majority interest as a company in the other.

In the meantime the small set of people who are thus acquiring vast personal power to determine Australia's future and to affect the lives of every Australian without the people who are so affected being able to call them to account in anyway - sedulously preach, with tongue in cheek - the virtues of competition and how essential it is that there should be no governmental interference with their activities. They say that government interference is regimentation and a denial of individual liberties. That is nonsense. Governments are accountable to the people. It is only through governmental planning that the people of Australia can have a say in their own future. What we are faced with in Australia is not the question ~~of~~ freedom or government interference - the question is, shall the people control the monopolies, or shall the monopolies control the people.

Goodnight.