



Archived at the Flinders Academic Commons:
<http://hdl.handle.net/2328/27231>

This is a scan of a document number DUN/Speeches/0039
in the Dunstan Collection, Special Collections, Flinders University Library.
<http://www.flinders.edu.au/library/info/collections/special/dunstan/>

Title:

Article for the Sunday Review (based upon speeches given to the Fabian Society in
Brisbane on 10/10/1970 and the American Chamber of Commerce in Sydney on
30/10/1970)

Please acknowledge the source as:
Dunstan Collection, Flinders University Library.
Identifier: DUN/Speeches/0039

© Copyright Estate Donald Allan Dunstan

24.11.70.

28 39

ARTICLE FOR "THE SUNDAY REVIEW" BY DON DUNSTAN.

(Based upon Speeches given to the Fabian Society in
Brisbane on 10th October, 1970, and the American
Chamber of Commerce in Sydney on 30th October, 1970.)

In a Brisbane suburb on a Sunday morning some weeks ago, the National Socialists demonstrated, six of them: pathetic, ragged, and up-tight. They wore swastikas and carried placards which were variously bigoted or abusive, and they asked me if it were true that I was racially 'tainted' and suggested that I go back to Fiji where I was born. They had obviously heard the rumour that I was, as it goes, an 'orphan Melanesian half-caste bastard'.

In Melbourne several weeks later there were swastikas on the walls of buildings in several industrial suburbs. In Adelaide they were stuck up outside the G.P.O., along with A.L.P., Australia Party, and D.L.P. stickers. And then came the Senate elections: A.L.P., Liberals, Australia Party, National Socialists, D.L.P. and a variety of independents. The issues went a full political range for Australia, with the independents campaigning on issues diverse as probate duties and educational reform. What happened affected the votes of both major parties. Was it, as one commentator put

it, the first election at which it was possible to see an emergent 'polarization' of political support and opinion in Australia?

Well I think not. There may in some areas be disaffection regarding the major political parties, and this is aggravated by the Liberal's length in office and the current organizational changes in the ALP. But I believe that the Federal Labor Party is now able to gain an easy victory in 1972 and that the major party votes will solidify at that time. The broad issues and the nature of the voting in House of Representatives elections will help this process. The real possibility of change will augment it.

But nevertheless, while the ALP will be able to maximise its support nationally through presenting policies that are viable, widely acceptable, and vitally necessary nationally, it is a good idea for people to regularly look at some of the basic assumptions of Social Democracy in the

light of modern social conditions and socio-economic projections. By and large this happens regularly, and the policies of the party both at State and Federal levels thus provide positions from which effective governmental action can be taken on matters as diverse as State-Federal relationships, State and Federal social services, national and regional economic planning, or foreign policy. But while the ALP projects policies which are both planned and workable, there are a number of shibboleths which, to mix the metaphors, need to be ring-barked at the base, about the kind of political party the ALP is. In some greyly uninformed parts of the community the ALP is seen as a party which subscribes to the now totally discredited idea that if you want social progress, the only way to achieve it is to take over the indicia of title to private capital.

To my mind, and as a leader of the ALP, nothing could be further from the truth. Few political programmes could be more unreal. The fact is that, as a Social Democratic party,

4.

the ALP is committed to concepts which involve equality of opportunity in the community at all levels -

social, educational and financial. But the idea that it is a party of grey-bearded 19th century socialists is as absurd as are the arguments of some of our opponents for a return to 19th century laissez-faire economic practices.

From my point of view there is little difference between public ownership of indicia of capital and the currently increasing pattern of widespread private ownership and interlocking government assistance and mutual planning.

A Social Democratic programme is one designed to achieve far more for people than having a State instrumentality hold property in a railway or a steelworks.

Now regarding the business of ALP government, aside from our quite lively political scene in South Australia, there have been a number of significant recent developments on the level of development and industrial planning, even though

5.

the government has been in office only for a short time.

It has been possible to start working to establish the kinds of industrial, trade and commercial structures that are needed to provide a more efficiently integrated working community. And in relation to this, there are three main projects. We are shortly to make a major investment in the area of industrial research, with the setting up of a major industrial research institute. We are supporting the development in Adelaide of what will be Australia's most expert mining research centre. And we are planning for specialized research groups in such widely differing areas as new systems of public transport and new building and construction technologies.

The point I would like to make most strongly is that these projects are all related to research. They will require significant

amounts of capital, both from public and private sources.

They are vital to the State's development, and by extension, important to Australia's. But they are all research projects.

There are, of course, a great many other matters on which the Labor Government in South Australia has a clear policy and which are related to planning either our overall industrial or social potential. We intend, for instance, to have legislation, with teeth, for effective consumer protection.

Our education programme, given the fact that the Commonwealth has not accepted its responsibility in the area, is at least attacking the problem with all the money that is available.

We have an extensive programme for legislation for social and industrial protection. We have appointed a Minister of Conservation to administer various acts and committees concerned with environmental problems.

Now these are the things which should be expected of a social democratic government. But in the long run it is possible that

our establishment of industrial research activities in South Australia will be seen as one of our most historic developments. Their significance will be seen in relation to world-wide pattern of American corporate investment and the way in which Australia fits into this.

The position of Australia today in relation to capital, know-how, and American business in particular is a complex one.

Australia and North America are drawn together because of a common language and heritage, a fair regard for democratic political institutions, and patterns of trade which interlock.

And yet there are divisions to be seen. An American economist quite recently asked me why Australia was allowing itself to become one great American mine, and it is a question which has been asked in a great many places - in the press, in parliaments, in corner bars.

The same kinds of questions could be put with regard to, say, our American owned automobile industries.

The list of significant industries dominated by sophisticated overseas capital is an immense one. It is clear that there are voices of disquiet in Australia about the hold American and other interests have over our potential development. What kind of payout, some of them ask, will it eventually mean? But the fact is that without the investment Britain and America especially have made in Australia, it is highly unlikely that Australia would have reached its present stage of advanced industrial output. Nor would we have discovered the mineral reserves that constitute the basis for the boom. But while it is true that American capital, organisations and technical know-how have dynamically assisted in Australia's national growth, whether we could have done some of this development ourselves is another question. I suspect we could not have, even though it has always seemed to me that a disproportionate amount of Australian capital finds its way into, say property development, rather than

more dynamic development areas.

Exactly what is the position now? The Commonwealth

Statistician has recently published a study of overseas

participation in Australian manufacturing industry for the

years 1962-63 and 1966-67.

This bulletin showed that whereas in 1962-63 17.7 p.c.

of total factory employment was in Australian factories which

had significant overseas interests involved, by 1966-67 this

ratio had risen to 20.4 p.c.

The bulletin gave some interesting percentages. The industries

particularly dominated by overseas investment and/or control are:

Motor vehicle construction and assembly	87 p.c.
Rolling and extrusion of non-ferrous metals (e.g. aluminium and copper)	83 p.c.
Oil industry	81 p.c.
Heavy chemicals, acids etc.	76 p.c.
Paints, varnishes, etc.	66 p.c.
Pharmaceutical and toilet preparations	59 p.c.

And American investments were clearly largest in the areas of motor vehicle construction and assembly at 87 p.c. and oil industry at 81 p.c. Since those years the figures have grown considerably. In addition, other imported and vital industries have arrived, and of especial note are those concerned with computer technologies and electronics. Now in many of these industry classes the business capacity to commence operations, plus the technological know-how, came from overseas countries at the time they were founded. It was not a simple matter of capital, significant amounts of which were found here: it was a matter of capacity and know-how.

It is clear that such overseas participation in our economy can be valuable in areas where it can introduce whole new technologies, where it can substantially improve management techniques, and where access to international markets for export contracts is strongly facilitated by having direct participation of overseas companies.

And in the light of this I believe that the facts of overseas investment in Australia are such that they demand we take a complete stock of our development capacity and of our position in relation to the world-wide, interlocking, supra-national nature of American business.

The problem has in fact already been diagnosed. In 1969, the French intellectual and publisher, Jacques Servan-Schreiber, considered his own country's situation in relation to American capital investment and American business operations. He predicted that unless major changes occurred, France would be passed by with the advent of what he called the post-industrial society. He gave it 30 years. And Australia has only about 30 years to deal with a similar situation. Within 30 years we could find ourselves forever out in the industrial cold unless quite dynamic planning is undertaken, and the best development, inventive, administrative, and financial brains in the community are

harnessed to produce or use the new technologies mankind
(and especially American man) now has in his control.

Just what is the post-industrial society going to be?

According to two American commentators, Bell and Kahn, it
will be a society in which, in certain industrialized countries,
life in the year 2000 will be as different from what it is today
as our industrial societies today are from Egypt or Nigeria.

The post-industrial society will be one in which per capita
income will exceed \$4,000 per year.

It will be a society in which:-

1. "Industrial revenue will be 50 times higher than in
the pre-industrial period:
2. Most economic activity will have shifted from the
primary (agriculture) and secondary (industrial production)
areas to the third and fourth areas (service industries,
research institutes, non-profit organisations):
3. Private enterprise will no longer be the major source of

scientific and technological development:

4. The free market will take second place to the public

sector and to social services:

5. Most industries will be run by cybernetics:

6. The major impetus for progress will come from

education and the technological innovations it

utilizes:

7. Time and space will no longer be a problem in

communications:

8. The gap between high and low salaries in the post-

industrial society will be considerably smaller than

today. "

* "The American Challenge" - J.J. Servan-Schreiber.

The interesting deduction that Servan-Schreiber makes in relation to this, and on the basis of information from a study by the Hudson Institute, is that in 30 years the United States, Japan, Canada and Sweden will be probably the only post-industrial societies. They will be the societies with an annual per capita income of between \$4,000 and \$20,000.

The present advanced industrial societies that have the potential to become post-industrial include Western Europe, the Soviet Union, Israel, East Germany, Poland, Czechoslovakia, Australia and New Zealand.

Mexico, Argentina, Venezuela, Chile, Colombia, South Korea, Malaysia, Formosa and other countries of Europe will, he argues become only consumer societies, while the rest of the world - China, India, most of South America, the Arab countries and Black Africa - will not have even reached the industrial stage.

Thus, within a single generation the whole pattern will be changed. From the present situation of countries differing in the degree of their industrialization, we will swing rapidly to countries differing in kind. There will be those that have changed utterly and produce massively; those that consume products produced elsewhere or use technologies owned elsewhere; and those with static situations.

Servan Schreiber goes on:-

"In 30 years America will be a post-industrial society with a per capita income of \$7,500. There will be only four work days a week of seven hours a day. The year will be comprised of 39 work weeks and 13 weeks of vacation. With weekends and holidays this makes 147 work days a year and 218 free days. All this within a single generation."

Now what he is in fact describing is not a Utopian situation. They are candid projections, based on precise supportive data, on the present drift. Life in the post-industrial societies will be good materially. For the consumer societies, it will be less happy. For the pre-industrial societies, it will be much the same as it is now. Political dangers will obviously arise from the disparity inherent on the situation. It won't be a particularly safe world to live in. But the race júst might survive.

For Australia the lesson to be learnt from this situation is a similar one to that which has gripped the minds and imaginations of the French readers of Servan-Schreiber.

The question we must ask is this: is Australia to be a consumer society, or is it to be a post-industrial society? Can it, within the next three decades create a situation in which development and investment is geared in such a way that our brain-power, our know-how, is increased along with our

industrial capacity.

Regarding this, Servan-Schreiber makes two pertinent observations about the nature of modern American business.

He points out that:

"For large corporations there is a direct correlation between the profits and the degree of advanced research: For the modern corporation, innovation is the major source of profit."

And he then goes on to say that -

"The know-how that opens the gate to the post-industrial society can exist only in an independent community, for the community where strategic industrial decisions are made is the community that will break through barriers, occupy forward positions, and hold the reins of power."

We may just not achieve this in Australia. We may end up simply as an enormous supermarket for the post-industrial societies' producers.

The kinds of planning and development, the kinds of research and training, the dynamic initiatives needed to escape this fate, have not been taken by Australian Governments for the past 20 years. For 20 years, we have consistently underspent comparable countries in industrial research investment.

We have made disastrous decisions as regards the total planning of the kinds of development needed to be encouraged.

We have in some cases given whole chunks of the country away.

Australia clearly needs effective overseas investment, particularly from American and Japanese sources. It is the lack of planning and the lack of selection in the aggregation of overseas capital that we do not want, for if we need capital, we need far more the ability to organise the controls of technological development.

America's ability to make effective decisions derives not from capital or capital expertise, but from its ability

to control its technology. If we cannot make use of technical know-how and develop our own means of promoting our own technological achievements in our own politico-geographic area, we will be left unable to make the strategic industrial decisions relevant to the coming post-industrial society. We could end up as simply "Supermarket 1, South East Asia Region".

But the ability to break through the bind now slowly enveloping us, depends on our ability to absorb the technological advancements, the new techniques and management skills of such countries as North America, Japan and Sweden. In increasing our trade and development with these countries, we will have to spearhead finely controlled joint-venturing and participation. Our research in Australia - in fact, growing out of it, our whole national industrial and economic effort - must ensure the integration of our industries with advancing/

technical industries. If we can do this now - if we can link up viably and supra-nationally in areas of skill industries - it will not at all mean keeping people out or segregating Australian industries, but rather a programme of intricate, planned and socially profitable co-operation.

Australia needs in fact the fertilization of the technologies of North America, Japan and Sweden. It needs a seminal influence. One that leaves it vital, not exhausted.

Hence our planning of a strong South Australian investment in research. I believe that in the coming years the Labor Party will be able to implement such effective planning and research on a national scale.

Australia lies in the South Eastern corner of the Pacific, across from the U.S.A. and down from Japan, and that triangle takes in the first, second and third worlds. It will house at least two parts of the fourth.

The Pacific is the pond on the sides of which the great

problems of the next century will be solved, whether they be environmental, demographic, economic or democratic.

A Social Democratic Party's tasks in this area are clearly ones related to assisting in solving these problems; they should not be those which derive from an accumulation of outmoded economic and developmental myths. If there is dissatisfaction with the major parties in Australia, as in one sense was indicated by support for minority groups, in the Senate elections, it is because on the one hand people can see no results and no dynamic, and on the other are unsure about whether the ALP can produce them. I believe it can. It is by nature, structure and temper a reform party, and as such is capable of guiding a complex industrial society and of using the available economic and social tools at its disposal. In doing so I believe it can retain its total commitment to an ethic that seeks equality of opportunity, social harmony and individual diversity in

Australia.
