PRESS STATEMENT

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MONOPOLIES & RESTRICTIVE PRACTICES

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At the opening of Parliament last autumn a section of the Governor-General's speech announced the Government's intention to introduce legislation to curb monopolistic tendencies and restrictive practices.

There was only one sentence in the Governor-General's speech and it reads in this way - "the development of tendencies to monopoly and restrictive practices in commerce and industry has engaged the attention of the Government which will give consideration to legislation to protect and strengthen free enterprise against such a development." Such a reference was brief, but it is nevertheless significant and important, and it shows quite clearly that the Government takes this problem seriously. Indeed, statements that have been more recently made by the Attorney-General and the Prime Minister have both affirmed the Government's intention to go ahead with this matter.

It will not be the first time that this sort of thing has been tackled in Australia. An original Act, called the Australian Industries Preservation Act was passed, I think it was in 1906. However, the Act never proved effective and did little good. It may well be that in those early days of the Commonwealth that an Act was nothing like so necessary as it now is, because in those days there were relatively few Industries and Australia was mainly a primary producing country. Now, we have reached the position where a majority of our labour force is employed in Industry and Australia is fast becoming a heavily industrialised nation, even though its prosperity and development still depend upon the strength of its primary industries. All this goes to show, I think, that it is more important now to do something about this business of monopolies and restrictive practices than it was in the early days of Federation.

One of the most difficult problems to be overcome may well be our Federal constitution. Investigations inside Australia will have to reveal what needs to be done, and then the Government will have to see if the Constitution gives the Commonwealth necessary powers to tackle problems in this regard. Our Constitution will probably mean that the Australian approach to the problem of monopoly and restrictive practices will be peculiarly our own. It will not be possible to take American
or British experience and to translate that experience or to pass a similar legislation in Australia, because the powers of our Parliament are not the same as the powers of the House of Commons or of the United States Congress. Nevertheless, it is quite true that both British and American practice will give a valuable guide as to what has been done in these countries, and will give a valuable guide as to what has proved effective.

Overseas experience has shown that it is not at all easy to act sensibly in regard to monopolies and restrictive practices. In the United Kingdom a Royal Commission was first established to examine these things. This Royal Commission came to the conclusion that not all monopolies were bad and that not all restrictive practices were bad, but quite clearly some monopolies were bad and some restrictive trading practices were contrary to the public interest. In these things it is necessary to try and define public interest. It is quite possible to find the monopoly that doesn't charge unduly high prices, that looks after its employees well, that acts well in the interests of developing an expanding country, and that turns out an article that is well made at a reasonable price; such a monopoly could hardly be said to be against public interest. On the other hand, probably all of us could bring to mind a sort of monopoly which we feel is acting against the interests of ordinary people.

Similarly, not all restrictive trade practices are bad. Some restrictive trade practices are essential to achieve stability in a particular industry. Some sort of stability is essential in most industries. Otherwise you sometimes find that cut throat competition leads to a reduction in quality, which in certain industries — like the building industry — could have extremely dangerous results. On the other hand, the United Kingdom Commission found that there were some restrictive trade practices composed of many small relatively inefficient firms which were using the restrictive practice to protect their inefficiency and to prevent newcomers coming into the industry. This sort of restrictive practice is obviously something that wants to be overcome.

It is too early yet to say what form this Australian
legislation when it is brought down will eventually take. It may
well be that because of our Constitution we will have to act in
regard to a particular industry as opposed to acting in more general
terms. That is something that the examination of Australian
circumstances and close examination by constitutional experts will
bring to light. Nevertheless, one thing is quite clear. Just as
the United Kingdom and the United States found it necessary to
introduce legislation of this sort after industrialisation had
proceeded to a certain extent, so we are finding it necessary to do
the same in Australia.

The Government believes in free enterprise, and it believes
in competition, but freedom in free enterprise does not mean freedom
to exploit the market. It does not mean freedom to commit licence.
Free enterprise carries with it a responsibility to the community
as well as to the shareholders and to the particular Company concerned.
Those who will not voluntarily accept this responsibility must,
as far as possible, be compelled to by legislation.

It is known that there are many industries who play the rules
of the game fairly and that act in the best interests of the country
as a whole, but it is also well known that there are some people who
exploit the freedom that free enterprise confer upon them, who act
in their own peculiarly selfish interests. It is not easy to pin-
point these particular cases; it is difficult to find concrete
evidence, and it is not always easy to devise measures that will
be successful. The Government, however, is determined and sincere
in its efforts to tackle this problem boldly.

I hope to see the effect of legislation on this matter
before the end of the present Parliament.

Parliament will be assembling in August for the Budget
Session and this will be my last report until we meet again in
Canberra.