# AUSTRALIAN AND "FOREIGN" CAPITALS

According to the "Age" one of Melbourne's morning newspapers in its 8th September, 1960 issue, Labor politicians feel great concern regarding overseas capital. Senator Kennelly, Deputy Leader of the Opposition in the Senate, goes on record to say:

"Grave changes in the character of foreign investment in Australia had taken place in recent years... He said three grave disadvantages developing from the change in the direction of overseas capital were:

"1. Increased United States investment.

"2. The growing support for the manufacturing industries.

"3. Increasing extent of foreign investment plowed back.

"Senator Kennelly said that nearly one third of the total manufacturing investment in Australia now came from overseas capital.

"In recent years between 60% and 70% of overseas investment had been in manufacturing industries.

"Another grave cause for concern was the growing cost of dividends being paid overseas by companies in Australia.

"In 1959 United States companies invested 494,000,000 dollars in Australia which made 64,000,000 dollars profit."

Senator Kennelly concludes his alarming and harrowing story by telling us:

"A big component of Australian stockholders was included in British investment in Australia but most U. S. investment include no Australian capital."

It would seem from the foregoing that the Hon. Senator believes, or at least would have us believe, that capital is divided into "good" and "bad" capital. The "good" capital being that which is spontaneously spawned in Australia or at least of British parentage. "Bad" capital obviously is foreign or overseas.

Yet we observe that capital, domestic or foreign, has but one primary law: to beget profit. When capital, Australian or otherwise, cannot be gainfully utilized in generating a rate of profit high enough to warrant continued operation, then this capital ceases to function and labor, the sole source of added value and profit, is locked out of the premises wherein the sacred cow, capital, has been installed.

As an example, in the heyday of relatively "pure" Australian capital before World War II between 300,000 and 400,000 Australians for years walked the streets, unemployed. Senator Kennelly would not dare to defend a return to this unsullied state of affairs. At the same time all "foreign" capital in every part of the world was in much the same condition.

Looking at this "foreign" capital a little more closely, one or two things impress us but not the same things that Mr. Kennelly would have us rivet our attention upon, nor do we view these things in the same way. The first of these things is that the initial encouragement to foreign, i.e., U. S. capital, in a big way came from the Labor Government under the Prime Minister Mr. Ben Chifley. His Federal Government it was which gave General Motors its chance to fit up its plant and to set it going. Mr. Chifley, we presume, was aware that General Motors directors availed themselves of the opportunity on the basis only if a "fair profit" could be realized for capital invested and there was a reasonable guarantee of political stability.

We presume further that Mr. Chifley agreed to these terms for there is no record of him objecting nor did he even refuse to attend the opening ceremony. A few years later when miners, demanding higher wages, went on strike to give weight to this demand, in the mines owned by "pure capital," i.e., Australian-owned, Chifley had miners' leaders jailed, their funds confiscated and the Army brought in to act as strike breakers and to cut and carry the coal.

The second but by no means least or last of the ventures of "foreign" capital is the Snowy River Scheme. This scheme, also initiated by the Chifley Labor Government briefly is this: by a series of tunnels and dams and via electric power houses, to divert the waters of the melting ice and snow on the Snowy Mountains to flow westward across Australia instead of wasting itself on a short swift run eastward to the Pacific Ocean. To do this colossal engineering, the biggest undertaking "south of the line," foreign capital again was invited to tender for contracts. "Pure" capital was quite out of the running. "Foreign" capital came into this on the recognised understanding that business is business and profit is something we must show or else no dice.

Capital is a flighty creature, sensitive to all the winds that blow. Let the wind blow cold, capital immediately withdraws into itself, and, swiftly poising itself for flight, takes off to regions more favourable. And capital ventures not back to this inhospitable region until a more favourable season has returned and warmer winds do blow. But, let the winds blow favourably FROM ANY QUARTER and off in that direction does capital fly.

There is no difference between pure and foreign capital. Capital, as any Marxian student clearly knows, is as international as the air we breathe. For over a century "pure" capital had its chance to develop in Australia. Industrial capital, apparently, lagged way way behind the leading industrial nations of the world.

Since the end of the war, and not merely in "recent years" successive Australian governments, Labor and otherwise, have found it necessary to provide the climate to attract and hold capital in order to take up the slack in industrial development. Especially was this so when the atomic age burst upon the world. (Development of atomic energy was one of the reasons advanced for the launching of the Snowy Mountains Hydro Electric Scheme.)

Senator Kennelly appears to resent American capital invested here yielding 13% approximately. ("...$494,000,000 (invested) in Australia which made $64,000,000 profit" 12.95%). He objects, it appears, not to the rate of profit as long as it accrues to "pure" capital. Nor yet does he object to exploitation by capital of labor so long as it is done by Australian capital and not by "overseas" capital.

Rather puzzling is Senator Kennelly's "3rd grave disadvantage" of foreign capital which reads "increasing extent of foreign investment plowed back." Surely this should be well known to a senator that plowing back of profits into industry is normal to capital that has dug itself in and intends to stay dug in. Usually the Labor cry goes up that foreign capital saps the wealth of a nation and then moves off to other fields.

This reader of the "Age" is left with the view that the Honourable Senator is directing his remarks to the parochial minded workers and investors of Australia with the object of gaining their ear and their support for the view that the "Australian way of life," i.e., exploitation of the Australian working class by Australian capital, "is best and we don't want any interfering foreign capital doing the job for us." And so another lost cause is being bitterly fought out with the workers actively taking sides.

C. PETER FUREY

Victoria, Australia

---

## REAL PATRIOTISM: SACRED PROFITS!!

The holy of holies in capitalism is PROFITS. Screams an editorial in the Saturday Evening Post, 9-23-61: "We talk tough but step up sales to the Red Empire . . . The volume of American goods licensed for shipment to communist countries increased by 800% . . ."

---

**$15.00 WILL GET YOU A LIFETIME SUBSCRIPTION TO THE WESTERN SOCIALIST**