

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### INQUIRY INTO THE IMPLICATIONS OF COMMON OWNERSHIP AND CAPITAL CONCENTRATION IN AUSTRALIA

22 SEPTEMBER 2021

Hon Dr Andrew Leigh MP – Hansard – 22 September 2021, Hansard, p. 11

**CO-RBA01QON:**      **Dr LEIGH:** I don't know whether this question is one that you or Dr Berkelmans can answer. Did Australia have those US-style trust conglomerates in the late 19th and early 20th centuries?

**Dr Debelle:** I'm not sure, from memory. We can have a look for you. My initial reaction is to say no, but I'm happy to see what we can uncover for you. What is interesting, if you go back and look in the historical piece, is how many companies back then are still around today. That's unusual, compared to certainly the US market. So, in that sense, it's probably not that hard to answer your question by just looking at what sort of ownership those companies had back in the day.

[...]

**Dr LEIGH:** If the Reserve Bank has the ability to delve into that, I would be interested.

#### **Answer:**

To our knowledge, US-style trust conglomerates were not a prevalent feature of the Australian economy in the late 19th and early 20th centuries. Australian competition policy dates back to 1906 when the Federal Government enacted the Australian Industries Preservation Act. This was comparable to the Sherman Act in the United States and sought to prohibit monopolisation and other activities that restrained interstate trade. The law fell into disuse after the High Court ruled that some sections of the act were unconstitutional in 1909. Contemporary Australian competition policy has its origins in the *Trade Practices Act 1965*.

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**CO-RBA02QON:**      **Dr Leigh:** But it's pretty incredible, right? I'm used to seeing people doing comparisons with 20 or 30 years ago, but you show that, if you take the top 10 companies in 1917, five of them are still top 10 in Australia today. That's an extraordinary degree of stagnation, particularly when you put it alongside the United States, where only one of the top 10 companies in 1917 is top 10 today.

**Dr Debelle:** We did some work as to who does the investment over the years in Australia—big companies, small companies. I can't remember whether we looked at age of company in that as well. I think we did, but we can come back to you on that one?

**Answer:**

Attached is the work referred to by Dr Debelle.

Reserve Bank of Australia  
13 October 2021