No-one would argue that the manufacturing industry is in crisis. DON SUTHERLAND, a metal worker, argues for trade union intervention in the production side of the economy. This will require a "new" unionism and a range of activity in areas usually ignored by trade unionists.
Many unionists believe that the destruction of Australia's metal industry is a problem for the employers to solve because the employers brought the problem about. They believe there is nothing that can be done about industrial development. Although the problems of the metal industries are a result of the private enterprise system, it is vital that unionists — in and out of work — ensure that industrial development policy is the priority item on the agenda of class struggle. This would include the introduction of job protection measures into logs of claims.

It is possible for unionists to intervene and beneficially alter the present priorities of industrial development. This would involve a 'new unionism', although it does tap into a minority viewpoint in the history of Australian union ideas. Essentially, this course is necessary because it is the most effective means whereby unionists can take responsibility for their brothers and sisters who face a lifetime on and off the dole. It is infinitely preferable to a succession of 'job creation' schemes massage people into and out of work in order to manage their dissatisfaction with the economic system. It is a 'new unionism' that enhances the capacity of the worker of the future to meaningfully participate in the democratic management of a socialist society.

I have not addressed myself to important aspects of the crisis in the metal industries. I have not touched upon the breakdown by sex, race and skill of employment, nor have I examined the third arm of the Prices-Income Accord program on industry development — Training and Retraining, and its relationship with technological change. I have not discussed the emerging crisis in the relationship between 'the active unionist' and the rank and file, and I have not fully explored the effect of unemployment on the capacity of the working class, or even significant sections of it, to pursue any political program.

My purpose is to examine some of the issues emerging in the debate over the obvious crisis in the metal industries.

Australia is becoming a vast quarry, supplying minerals to their (the transnational corporations) overseas manufacturing industries. This is producing a basic shift in the Australian economy and is having far-reaching and shattering consequences for wage and salary earners.... multinationals now prefer centres in Asia and Latin America for their investment in manufacturing industry.

This was the perspective advanced by the Amalgamated Metal Workers Union (AMFSU) in its publication Australia Uprooted, in 1977. It was a controversial argument at the time, rejected by significant (and not so significant) sections of the labor movement. Despite its clear warning, Australia's manufacturing industry unions have not been able to effectively counter this direction, even though some workers have tried, and are still trying, to do so.

Fundamentally, this is because of the discipline imposed upon the capacity of workers to struggle by unemployment. However, it is also because the dominant tradition in the union movement is to focus struggle on the distribution of wealth, thus leaving matters such as investment, levels of import and export, what is to be produced, and so on, to the employers and, to a lesser extent, the government. Australia's long post-war boom did not drive unionists, through necessity, to such considerations.

But let's look at where the metal industry is today.

Over 100,000 workers lost their jobs in the 12 months from May 1982 to May 1983. This is a 17 percent reduction in employment in the industry. In the same period, employment in South Australia's metal and engineering industry fell by 19.7 percent. Between 1972-3 and 1981-2, employment in the industry in that state fell, as a percentage of total employment, from 22.3 percent to 9.4 percent.

These figures come from the metal industry employers' regular surveys into the state of the industry. They tally with the reality that is talked about in union schools and meetings, but do not convey the personal experience of that reality by workers and their children.

Even if the predictions for a slight upturn in the economy come true, there is no indication that the unemployed will get new and lasting employment. In fact, the employers' latest survey indicates that there will be a further 2.2 percent drop in employment in the industry, on a national basis, and, in South Australia, a slight fall of 0.7 percent.

This situation was discussed at a joint forum organised by metal industry unions and employers in Adelaide on August 3.

Generally, the forum failed to examine key issues, especially the central factors at work in the destruction of Australia's manufacturing capacity. Discussion on subjects like transnational corporations, foreign investment, profits, wages, was taboo. In four hours, over 200 people were allowed less than 30 minutes for questions and discussion — all of it in general session. The forum was dominated by 'heavy' speakers who each sought to 'push their pet proposals while agreeing on the gravity of the situation.

John Bannon, Labor Premier, encouraged the joint approach of metal industry employers and unions on an employment scheme for out-of-work apprentices. He also praised the AMFSU's Industry Sector Committees and urged the introduction of tripartite industry committees for the vehicle and heavy engineering sectors.
Figure 1. Wages and Profits as a percentage of GDP at factor cost. This graph was presented by the M.T.I.A. in its submission to the national economic summit.

Figure 2. Comparison of share of all wages and salaries as a percentage of GDP compared with the share of all profits as a percentage of GDP. These graphs were prepared as a response to the M.T.I.A. graphs (see figure 1 above) for A.M.F.S.U. members attending the S.A. joint forum.
Des Gray, Ironworkers' (FIA) secretary, and president of the Metal Trades Federation of unions, concentrated on a defence of protectionist policies. He also advocated the introduction of tripartite planning mechanisms for the economy which “go beyond consultation” and which are committed “to a diversified manufacturing sector”.

Alan Swinstead, director of the employers’ organisation, defended the principle of competition and the introduction of “non-visible assistance schemes” for employers. He also said:

Until now the Metal Industries Association directed a great deal of its energies to arguing for employment, for maintaining it, and for creating more of it. I doubt that we will spend much more time on this line of argument.

Paul Free, from the federal Department of Science and Technology, defended the introduction of new technology and criticised the former government’s reliance on market forces to generate technological change. He argued that new technology would generate higher employment through increased productivity. He also described the Industries Assistance Commission’s most recent report as “preferring to leave the industrial future to the boardrooms of New York and London”.

Lyn Arnold, South Australia’s Minister of Technology and Education, argued for a reorganisation of the education system so that education could become a lifetime process enabling people to keep up with the introduction of new technologies at work and elsewhere. He said that the workforce of the future had to be “technologically literate” and that the central issue was equity of access to the benefits. If this wasn’t obtained there would be an “increasingly polarised workforce”.

Kevin Smith, Director of the Department for State Development, presented a pathetic summary of what the other speakers had said. He focussed on the lack of what he called “marketing skills” in management and expressed support for “entrepreneurial skills”. He said there was “no shortage of funds for capital investment”, a point which was then disputed by others.

A common thread running through all the major speeches was the lavish support for the fact that employers and unionists had got together to address the problems. This image of class harmony received uncritical emphasis from the media. It was not reflected in the questions and brief statements from the floor of the forum, nor in the informal discussion afterwards, but the domination of consensus in the major speeches meant that vital issues were not explored and problems not addressed. How could they be addressed when Australian employers see their salvation as growing up to be just like the foreign corporations that are squeezing them out. That means to shed labour, cut wages and seek government sanctions against unions should that be necessary and, on top of that, to clamour for more protection and handouts from governments.

The employers’ strategy is not new. Left unexamined at the National Economic Summit:

.... the whole thrust of our submission is based on the need for the metal and engineering industry to become internationally competitive. This cannot be achieved by industry development policy alone.

They go on to argue that wage inflation has deprived companies of the “cash flow necessary to finance expansion and employment”.

To support this argument, they present a picture of the profits-wages relationship in graph form. (See figure 1.) The problem (for them) is that the figures used to construct the graph are dishonest and the technique used to represent them is misleading.

A report distributed to union members at the Metal Industry forum points this out:

.... what they have done has been to compare the value of all wages, salaries and supplements (value I) with the value of only part of the profits earned in Australia, that earned by trading companies. Unincorporated enterprises, public enterprises, financial enterprises and so on also have wages bills which are included in value I and, if we are to include wages and salaries earned by their employees in the graph, we should also include the profits earned by them ....

There are other weaknesses. The dotted lines at the end of each graph are meant to show a continuing divergence of wages and profits, in favour of wages. However, there is as yet no statistical evidence to show what has happened. We do know that wages have not moved in the metal industry since June 1982.

The graph also uses a scale which artificially exaggerates the difference between wages and profits. Figure 2 is a graph based on the same statistics as figure 1 but drawn to a different scale.

Further serious analysis of the actual changes in the economy before and during the period shown in the graph reveals even more flaws in the employers’ conclusion that wage inflation is the major problem. (See the report prepared for AMFSU shop stewards on the MTIA Submission to the National Economic Summit.)

"Employers possess and manipulate economic information to strengthen their hold upon capital .... No employer will cede that sort of power easily."

The key question of what has been done with profits made in the industry is not explored in the metal employers’ submission, nor was it considered at the forum.

It is common knowledge that plant and machinery in Australia’s workshops is run down and very much out of date. So it is accepted that there is not significant re-investment to keep up with contemporary production methods.

This provoked a question to Alan Swinstead at the forum: “What did the MTIA’s most recent Commonwealth Bank Survey reveal about members of the employers’ organisation being engaged in shifting into ‘Off-shore Free Trade Zones’ using profits made in Australia for such investments and importing back into Australia?” Mr. Swinstead answered that the Commonwealth Bank survey doesn’t address itself to that question. That same question was put to the metal industry employers by the unions in September 1982 when they used a similar bank survey to justify their claim for a wage freeze at that time. The question evinced the same answer. Why does the MTIA not examine this vital issue?
AMFSU bus protesting recent S.A. sackings. Inset: GMH tent city protesting retrenchments, April 1983.
The question goes to the major problem confronting manufacturing industry unions — namely, its restructuring on a global scale and the relationship to that of the penetration of transnational corporations into the Australian economy and the development of some Australian companies into transnational corporations.

This process has been graphically described in a major article by John Alford — Australian Labour, Multi-nationals and the Asia-Pacific Region — published in the November 1979 issue of the Journal of Australian Political Economy.

Given the situation described above (and elsewhere), what sort of response is possible for the unions and their supporters.

The boundaries of what is possible are defined in the final analysis by what the membership of the unions understand to be the problem to be confronted, their understanding of what their role is, and their actual capacity to adopt that role in the conditions of a recession-gripped economy. The essential social force capable of reversing the policies imposed by the domination of the Australian and regional economies by transnational corporations is the working class.

The public endorsement by the Labor Party and the Australian Council of Trade Unions of a Prices-Income Accord, which includes a significant section on Industrial Development Policy, presents some new possibilities to metal industry unionists. The policy is not fully sufficient, of itself, to rescue Australia's manufacturing capacity. It does, however, present opportunities to develop towards a much stronger and more effective strategy against the transnationals because it reduces private enterprise's control over industrial development (or lack of it).

Essentially, the Industry Development Policy of the Accord argues that full employment can only be gained on the basis of a diversified manufacturing industry. Diversity is expressed in a geographical framework (that is, against a small number of highly concentrated manufacturing regions) and an industrial framework (that is, against a small number of manufacturing industries).

The key instruments to achieve this would be: planning mechanisms, protection policies and employment training and re-training.

Planning: The Accord rejects the domination of the economy by market forces. Instead, it proposes an integrated system of tripartite councils in each industry sector, operating at national, state, regional and firm levels. Tripartite means that representatives from employers, government, and unions sit on the council or committee.

After this, the Accord leaves many questions unanswered: Will the system be established by statute? Will it have statutory powers? How will representatives be decided? by ballot? What sort of regulations, if any, will apply regarding access to information and its further distribution? What happens if any party refuses to participate or abide by the decision-making of the tripartite committees? (On some of these questions the Accord is more specific in its intentions for Transnational Corporations) What will happen in firms or industries where there is a low level of unionism? Such questions are important since they relate to the actual capacity of industrial development to be broken from the straitjacket imposed by the domination of private enterprise.

The general thrust of the Hawke government is to define the tripartite relationship as a harmonious and consensual one. This is based on the false notion that the 'partners' participate on an equal footing. But this is not true. Unionists do not have the information that employers have and which governments have some access to, for very good reason. In a private enterprise system employers possess and manipulate economic information to strengthen their hold upon capital and its resources (including the workforce) to make more profit. No employer will cede that sort of power easily.

Unless the appropriate access to information legislation is introduced, unions will continue in a weaker situation. Essentially, they will be forced to react to what is placed before them. It is paramount, therefore, that unionists assess their mode of participation in the proposed tripartite process.

A priority would be for unions to establish or arrange formal relations with information and research centres of their own. This would enable shop stewards and union members to produce, on the basis of information that can be gathered together, workers' plans and policies for the development of the industry in which they work. They would then be able to enter into the tripartite system on an independent, bargaining footing and not a consensual one. Thus, it would be possible to establish appropriate forms of political, social and industrial actions in support of the alternatives put forward by the unions.

Protection: Protection policies refer to a range of measures which are used to protect Australian manufacturing against competition from the same, or similar, products imported from other countries. They have been a central element of Australian economic policy for many years and are linked to the development of the Australian arbitration system.

In recent years, powerful sections of the employers, especially the transnational corporations, won support from the Fraser government to upgrade the means of protection which government provides as direct financial support for industries; and to run down protection measures based on trade barriers or restrictions, e.g. tariffs.

Consistent with this new direction, the Fraser government established guidelines for the Industries Assistance Commission which set its industry inquiries along a path that led inevitable to recommendations that were consistent with it.

Australian manufacturing unions have traditionally supported protectionist policies, holding the very strong view that to reduce protection puts people out of work. Australian manufacturing firms have been strongly for protection, publicly for the same reasons as the unions, but actually because it has built up the capacity for making profits in a country.
where economies of scale for production are comparatively small. (Economy of scale refers to cost per item and recognises that it is less for a large, or long term, production run than it is for a small, or short term, production run.)

An essential point, not yet properly addressed by the manufacturing unions, is that protection is also a cost — a cost borne most heavily by wage and salary earners (for more detail see articles by Peetz, Hopkins and Curtain in the *Journal of Australian Political Economy*, No. 12/13, June 1982. They establish convincing arguments that unions cannot continue to take an uncritical attitude towards protectionist policies.)

An approach that is gaining some favour among unionists and which offers some potential to arrest the decline of the metal industries, suggests that the unions advocate that strings be attached to the provision of protection: that public equity, including majority ownership, where applicable, be introduced into any firm which receives protectionist support. It is an urgent task for the unions and government to address themselves to the mechanics of this principle and to build popular support for such measures.

It is urgent because an outstanding feature of Australian manufacturing industry is the outdated state of the means of production. On simple 'good capitalist' terms, this is one of the most important reasons why Australian industry is not 'competitive' internationally. And those manufacturers who clamour loudest for protection and assistance from the government may well get it, not on the basis of employing more people, but on the basis of employing the newest and most up-to-date production technologies.

At the Metal Industry Forum, employer spokesperson Alan Swinstead pushed strongly for "non-visible assistance schemes":

"... highly visible assistance policies are not winning first prize in international industrial development programs. Similarly, those countries experiencing rapid industrial development have highly developed and complex non-visible assistance schemes.

Swinstead did not explain what "non-visible assistance schemes" are. However, the Accord agrees that the existence of such schemes with our trade competitors "are noted". (The question not asked or answered by the Accord, and which is relevant to unionists, is: are such schemes more hidden from public accountability — argued for in another part of the Industry Development Policy of the Accord — and less subject to public equity arrangements.) More recently, an ACTU bulletin characterised such measures as financial incentives and cheap loans to industry, the subsidisation of exports, tax concessions, preferential treatment by government of domestic suppliers, discriminatory use of trade, labelling and production standards, restrictive customs requirements and more. This description strengthens the case for public equity and accountability.

It is worth noting also that there is little evidence that the Hawke government will honour its commitments as expressed in the Accord (nor the modest accountability which accompanies it), without active pressure being exerted on it by the unions, especially by the membership. A recent meeting of AMFSU shop stewards was told that the Fraser government's phasing out of protection programs on a wide range of goods in the metal industry would continue under the Hawke government. Yet the Accord says: "that neither current economic conditions, expected future trends, nor balance of payments constraints justify reduction in protection in the foreseeable future."