The Jackson Report

by PIERINA PIRISI

The Jackson Report on "Policies of Development of Manufacturing Industry" published late last year, is compulsory (if somewhat dry) reading for anyone interested in social change in Australia. It is compulsory reading because it is a mirror of the present situation of social classes in Australia, of their relative weight, and of their power or powerlessness.

The great absent centre in the debate on manufacturing industry was, and is, the organised working class - notwithstanding Bob Hawke's participation on the Jackson Committee and the submissions of some unions to it. These submissions were, in too many cases, strikingly similar to those of the employers, clearly indicating:

1. the absence of debate, at workplace level, among the workers; and
2. the absence of grassroots organisation of the workers on the job.

Some data on manufacturing industry puts this debate into perspective: "Manufacturing is the worklife of a quarter of our workforce. It occupies three-quarters of all the people who produce goods. (Introduction); "The workforce is multi-racial and multi-cultural. Four out of ten were born outside Australia. They most frequently do the dirtiest, least skilled, menial tasks; tasks for which, despite unemployment, young native-born Australians cannot be found.

"Women are a quarter of the workforce and in some sectors eight out of ten. Little attention is paid to their special needs, particularly of the two-thirds who are married. The married migrant woman in industry is trebly disadvantaged." (Ch. 1.)

30,389 "enterprise groups" are engaged in manufacturing, but only 200 of them are responsible for 50 per cent of manufacturing value added: of these 200, 87 are foreign-controlled, 68 of them with more than 50 per cent of their shares held by foreign shareholders. Foreign control tends to be particularly significant in capital-intensive and high-technology industries, particularly non-ferrous metals, petroleum refining, chemicals and motor vehicles.

Assistance to manufacturers by federal and state governments has always been substantial. Apart from tariff and trade measures (import quotas, local content schemes, trade agreements, and so on), the main forms of assistance are direct budget outlays and taxation concessions: direct government outlays and taxation revenue foregone amounted to $226.8 million in 1974-75 for the manufacturing industry.

According to the Committee, this was a small amount compared with the taxation revenue which accrues to the government from manufacturing industry. This is a highly dubious comparison, since it is obvious that the resources to meet overall social needs must come from the productive sectors of the economy. The relevant questions to ask about government assistance are, rather: what economic direction, what investment policy does it express? Is it necessary to spend government money in order to achieve these objectives? However, the problem goes much deeper: it is a problem of power, and it encompasses an economic debate wider than the scope of this article.

Other characteristics of the manufacturing industry should be considered: its "old" capital, and hence low productivity; the fact that it has to import most of its capital goods; its declining rate of investment over the last ten years. (This came to a head in the 1974 crisis from which the industry has not yet recovered, despite Fraser's "open purse" policy - for industry at least.)

From this very quick and schematic sketch, it is obvious, from the capitalists' own point of
view, that Australian manufacturing industry needs restructuring: it needs to be more efficient, its capital needs to be less ancient, it needs to develop economies of scale in order to be competitive on foreign markets.

Additionally, it needs to adapt to the fact that the weight of public opinion in Australia today is against mass immigration. Even the Fraser government, although it represents the most conservative section of the ruling class, is unlikely to start mass immigration again. But, without immigrants, who is going to do the dirty work? Australians, by and large, are not likely to accept 19th century working conditions. Australian capital, therefore, according to its more enlightened section (which is what the Jackson Report represents) has to adapt to change. It also has to anticipate change in order to smooth its path, avoiding conflict and hence any questioning of the present economic and social order.

There are two attitudes within the industrial capitalist class. One is exemplified by the thousands of small businessmen who do not see any further than their small business. They think they can, and have the right to, continue as they are now, and with luck (and good government) become larger and larger. When a crisis comes, they have nothing left to blame but God or the government.

On the other hand, there are big firms with better-educated managers, who have studied “industrial relations” and who have wider contacts with government people and with academics. They know that capitalism is not a God-given system; they know that capitalism, its values, its economic and social foundations are increasingly under question in the whole capitalist world and that a wind of change, if rather weak, is also blowing in Australia. They recognise that, in order to survive, they have to adapt to change. Even more, they have to anticipate it in order to clear the path and, in the process, accommodate those demands which do not threaten their present or future survival.

This division among the industrial capitalists is reflected in the suggestions the Report makes on workers' participation. It is clear that the Committee favors some form of workers' participation at factory level in order to minimise the heightened conflict it foresees.

However, taking into account the large number of “backward” firms, and hence the difficulty of devising a general rule, the Committee suggests that every firm should look at its own ways of promoting workers' participation at shop floor level.

At industry level, however, the possibility of small firms not taking part can always be counteracted by the participation of large “progressive” firms which, in any case, dominate the market. Therefore, there is the proposition to form Industry Councils of unions, employers and government. These councils would secure agreement and commitment to change. The task may involve consideration of raising industry efficiency; of reducing conflict within the industry; of promoting rationalisations and mergers; of altering the size of firms; of improving quality of products; of altering the scale of operations; of raising the quality of the work life of employees; and whatever else may need changing. Participation in the work of a council by a government, firm, or union, would involve sharing of power, but the power of the council to effect desirable change would be greater than the sum of the power brought to it by its members. "..... Representation would be at the level of chief executives of firms, presidents of trade unions and high level rather than middle level government representatives." (Report, pp. 220-21).

It seems to be assumed that the unions have the same, or similar, power as do firms and governments. The firms, in their aggregate, decide what is to be produced and how it is to be produced; they decide when to employ and when to dismiss workers; they decide what prices to charge for their products; they decide income distribution and, by and large, working conditions. These are basic powers in any society. Governments may control the worst excesses of such private decision-making, but do so in the interests of preserving the social and economic structure which locates the basic decision-making in private hands.

The unions, on the other hand, can at best try to cut some slice of the power cake for the workers. They have not been successful in Australia in this regard. They have mostly chased after wages and conditions (with notable exceptions such as the NSW BLF which have not been allowed to survive for long). They have done this only to find that when they got better wages and conditions, the prices also went up. The relative distribution of real income remained intact.
and what is more, unions were blamed for the increases in prices and for inflation. It is obvious that the proposition to establish Industry Councils is aimed to further reduce the limited room for manoeuvre which the union movement now has and at making the workers pay for the restructuring of manufacturing industry.

The Report sees the need for a manufacturing industry where fewer and larger firms operate in order to develop economies of scale and hence be competitive in the international market; investment in efficient, export-oriented activities, particularly if they use Australian skills and talents, should be encouraged, the reverse being discouraged. Various incentives, particularly bounties and taxation concessions, should operate in order to encourage industry to develop certain characteristics which are considered desirable: a better physical environment in the workplaces, the employment of women, investment in research and development, better equipment, etc.

Let’s now put the whole picture together: the Industry Councils on one side would seek to convince the unions that strikes are disruptive and not in the interests of social cohesiveness (we should all work together for the common good, avoid conflict, etc.). On the other hand, the government would pump money into industry in order to encourage its development - money which has to come from somewhere, and since it cannot come from the firms because it would affect their profitability (hence their ability to invest, hence the employment situation), it has to come from the workers: less wages, less social services; but, to compensate, a restructured industry.

So much for employing class strategy. What about the working class? The Report must not be seen from just an economic point of view. Few would disagree that it is important to have efficient and competitive firms, controlled by Australians, using equipment with high technological content. But not everyone would agree that these are the only elements that should be taken into consideration. The whole area of priorities based on social needs is disregarded. For instance: is it better to develop a highly efficient and competitive car manufacturing plant for the export market rather than develop a plant for the production of public transport equipment?

But as well there is the question of the method of achieving the priorities, once they are set. Here the Report clearly shows its class position. From the working class point of view, the priorities and methods of achieving them can only be developed by the working class itself. To do this, the working class must have the opportunity to organise independently, must achieve the right to speak without fear of being penalised, as it is today.

It is rather ironic that it should be the ruling class, or even its enlightened section, which urges the unions to develop more democratic structures. For the basic right even to meet on the job, and to organise independently, is denied in most places. Workers, and particularly migrant workers, do not want such paternalistic tears about union democracy. They know what they want better than anyone. They must have the right to organise at job level and speak out without any fear of being penalised. Nor should the bosses worry about language problems and about workers calling other workers “wogs”: they have lived and become fat for too long on the divisions within the working class and it is time that they let the workers speak to each other without any interference. When the workers can organise independently on the jobs, the bosses will be forced to provide a decent working environment, and to restructure, with the government’s generous helping hand, and according to what they, not some union officials, want.

There is food for thought in the Report for the unions and the workers’ movement generally. No strong workers’ movement can be built and no real social change can be achieved if the working class is not in the forefront of the struggle, if it is not strong and united, if it is not well-organised, particularly at the workplace, where the main source of power is. No idea, no demand and no movement, however exciting they may be, can change the balance of strength between the classes one iota, unless the working class - not an idealised working class, but the actual working men and women inside the factories - is in the forefront of the struggle for that particular idea, demand or movement.

The Report is a warning for the whole of the working class movement: build a strong, united, well-organised working class movement or be further weakened, absorbed, destroyed.