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A country that makes things: Rethinking and broadening manufacturing

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Abstract
The announcement in August 2011 that BlueScope Steel were about to close one of its Port Kembla blast furnaces and cease steel exports quickly spurred public debate in Australia, not just about steel but about the very future of manufacturing in Australia. Australian Workers' Union national secretary Paul Howes thus suggested: 'The question the Australian community needs to ask itself - is do we want to be a country that still makes things? Do we want to value- add to our natural resources, or do we want to become just one big sandpit for China and a tourism resort for North Asia?'

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THE announcement in August 2011 that BlueScope Steel were about to close one of its Port Kembla blast furnaces and cease steel exports quickly spurred public debate in Australia, not just about steel but about the very future of manufacturing in Australia. Australian Workers’ Union national secretary Paul Howes thus suggested: ‘The question the Australian community needs to ask itself – is do we want to be a country that still makes things? Do we want to value-add to our natural resources, or do we want to become just one big sandpit for China and a tourism resort for North Asia?’

In this piece I want to argue that Australia should think positively of its future as a country that makes things. Exactly what things we make, and how we make them, is the difficult part of the equation.

At the outset, the idea that Australia is ‘a country that makes things’ is loaded with cultural baggage. As a rhetorical device it is used regularly by union leaders and federal politicians to signal the ‘real’ economy of making money from material things, versus conjuring money out of thin air as stockbrokers do. This is a moral positioning: an appeal to the working-class man, to industriousness and usefulness, but also to a generation who rebuilt Australia after World War II through manufacturing industries, with memories of rations and material shortages.

I want to argue here that making things does not necessarily require this cultural baggage, or some kind of backwards steps to a protectionist era when import tariffs meant Australian fridges, shoes or cars were artificially cheap. But nor is the future of making things in Australia necessarily dependent on global markets, on competing with low wages in China or India for ‘bread and butter’ manufacturing. That presumes we join in the ‘race to the bottom’ through cheapening labour and relaxing environmental standards. Judging by the spectacular failure of Howard’s WorkChoices in 2007 Australians won’t accept cuts in wages and conditions in the name of global competitiveness, and in any
case our reserve army of labour is just too small. Likewise, although cynicism towards Federal Government policies on climate change is at an all-time high, Australians care deeply about the environment (especially our beaches, national parks, air and water quality) and won’t accept deterioration in how industrial waste is handled simply to enable things to be made more cheaply.

So, in the face of seemingly impossible competition abroad, the question is whether it is worthwhile making things here in Australia at all?

The *Sydney Morning Herald*’s economics commentator, Ross Gittins, seems to think not. Gittins editorialised in August last year that the decline in manufacturing in Australia was part of an inevitable and permanent transition, a ‘historic shift in the structure of the global economy as the Industrial Revolution finally reaches the developing countries’. According to this argument, popular among proponents of economic globalisation, all rich countries such as Australia must now find other things to do to replace manufacturing: dig up resources to supply manufacturers in China; focus on the so-called ‘knowledge’ industries (where the greatest proportion of the value of a product is in its intellectual or design content, not its material fabrication); become tourist destinations or service industry hubs – exporting ‘know-how’ rather than physical commodities. Hence for Gittins, ‘the knowledge economy is about highly educated and skilled workers... Jobs in the knowledge economy are clean, safe, value-adding, highly paid and intellectually satisfying’. The *Herald*’s business editor and ex-television commentator, Michael Pascoe, agrees: ‘Australia’s never going back to having armies of people sewing buttons on shirts and gluing shoes together. Or at least, we should hope not.’ For Pascoe, like Gittins, those wanting to maintain manufacturing in Australia merely ‘want to be frozen in the past’. Education, rather than protecting existing manufacturing jobs, is the answer.

There are several problems with this line of thinking. First, it oversimplifies what we mean by manufacturing, smuggling into the debate certain assumptions (manufacturing work is deskilled and unsatisfying, requiring uneducated workers) that don’t match with existing manufacturing workers, their skills, or how lots of things are now made in Australia. Over decades Australians have become expert producers of hearing aids, hi-fi speakers, agricultural equipment, kayaks, saddles, metal detectors, four-wheel-drive accessories, satellite dishes, shock absorbers, musical instruments, and many other ‘quality’ things, none of which rely on cheap labour or deskilled or uneducated workers. Andrew Warren, an economic geographer at the University of Wollongong, details a great example in a forthcoming book: the Australian custom surfboard industry (*Making Surfboards, Making Waves: Local Creativity and Cultural Heritage*, University of Hawaii Press, 2012). In contrast to cheap mass-produced surfboards, which are imported from China, Warren describes Australia’s global dominance in custom surfboard production, given our cultural and natural
advantages as a nation of coastal-dwellers. Custom-making surfboards is a far cry from spitting out sneakers or cheap plastic toys: it requires craftsmanship, artistic flair, precise environmental knowledge of prevailing wave types and dynamics, a sense of care for the finished product and connection with the consumer who will use it. Custom-made boards last longer and perform better on Australian waves. Innovation, creativity and the knowledge economy are not separate from manufacturing, but are deeply embedded in it. The industry has survived half a century in places such as the Gold Coast, Byron Bay and Wollongong in New South Wales and Torquay, Victoria – although it now hangs in the balance, under threat from cheap standardised imports, lack of lobbying power and an ageing workforce. Beyond the high dollar are more difficult questions of industry organisation, skills recognition and succession planning.

Second, talk of the death of manufacturing in Australia stems from a predictable brand of market economics that gives scant consideration to the underlying geography of Australia’s physical and human resources (and for that matter, to the geography of physical and human resources outside Australia too). To have abundant supplies of natural resources required to make things and to fuel their production, as well as accumulated stocks of manufacturing expertise, and yet not seek to make things from these competitive advantages, runs counter to basic laws in locational economic geography. Some products, such as paint, continue to be made in Australia because they are heavy and expensive or tricky to transport; others such as high-tensile steel and mining equipment are made here because customers in the construction, defence and resources sectors want customised products and ongoing support and therefore seek manufacturers who respond quickly, can visit in person and who speak the same language. Distance and speed still matter despite the more-integrated nature of the global economy. All countries need a certain amount of locally-based production, and necessarily so because factors of production other than cost of labour are significant.

Our natural and human resources are also geographically differentiated within Australia: skills and materials are not homogenous or evenly distributed, but clustered and specialised. Sydney does financial services, Wollongong does not – and probably never will. But Wollongong has coal, steel, enormous port capacity and specialised knowledge in industrial design, machinery, operational health and safety, robotics, battery cell technology. Beyond the consequences of an inflated Australian dollar for all forms of manufacturing, the debate about making things in Australia is therefore actually a debate about Australian regions and their differential contributions to the national picture. The thousand workers that lost their jobs at Port Kembla after BlueScope’s blast furnace closure are not likely to get replacement jobs as graphic designers, financial advisers or lawyers. To suggest that workers in specialised regions must adjust to an
inevitable shift to the knowledge economy is little short of what English academic John Lovering has called ‘transition fantasy’ (Managing Cities, Wiley, 1995), in effect calling on sacked factory workers to achieve the impossible by reinventing themselves as something they are not, or are unlikely to want to be. Meanwhile re-educating masses of workers already skilled in something is inefficient and expensive.

Yet steelworkers’ skills could form the basis of new kinds of manufacturing industries geared towards solar, wind and sustainable building technologies. Reading the writing on the wall, efforts have already been made by the South Coast Labour Council to build exactly this kind of industrial base in Wollongong, with some limited federal and state funding. But much, much more is needed to support potential centres of regional expertise in new sustainable technologies, if we are to seriously compete with countries such as Germany, countries that through massive public investment have already leaped well ahead of us – and have ridden out the global financial crisis on the back of advanced manufacturing. The private sector cannot be relied upon to fund the long lead-time in research and development such industries require, nor should we expect it to wear continual losses in the early years when fledging new manufacturing industries are developed. Australia’s regional economic variegation will require policy responses more subtle than generalising statements about the future of the national economy, responses that are attuned to the realities, existing skills and aspirations of workers in different regional contexts. Massive public investment in manufacturing doesn’t have to be nostalgic or nationalistic. Rather, in a more calculating fashion, governments could take seriously the possibility that there are regional competitive advantages already in the hands and minds of manufacturing workers that serious long-term investment could help gear towards future needs. These are not obsolete people, regions or skills.

Third, the kind of thinking that dismisses Australian manufacturing is poorly placed to address the challenges posed by climate change and the pressing need to integrate human and ecological systems. If humans are to respond adequately to the need to reduce our carbon emissions and integrate more effectively with (rather than forever extract from) nature, then we must find ways to make things that last, that can be repaired, recycled or reused. The end-game of economic globalisation and low-cost labour is one where the only stuff we buy is cheap, poor-quality and disposable, to be replaced shortly by more cheap, poor-quality, disposable stuff. Corporations go to lengths to assure customers that their products made in low-cost labour locations adhere to standards equivalent to those in western nations. But the truth is that ever more industries are premised on the logics of the fashion cycle – furnishings, home renovation, appliances, computers, phones – where obsolescence is in-built and rapid. The retail sector is complicit in this regard. This kind of high-throughput existence isn’t tenable for
humans if we are to take seriously the challenges of climate change or the need to conserve habitat and resources.

Ruth Lane from Monash University argues precisely this point in *Material Geographies of Household Sustainability* (Ashgate, 2011): what is necessary in response to climate change is nothing less than a transformation in how we connect a sense of stewardship to the ordinary things in our lives: our appliances, furniture, clothes, toys, electronics. Stewardship over material goods is a crucial ingredient in producing more sustainable households: whether people consume less, look after the things they have, repair rather than replace, or recycle materials more comprehensively when they are no longer useful. Such a sense of stewardship is not necessarily pinned to nationality: one might feel equally responsible and careful about an Italian suit or a Japanese car. The point is that people are more likely to feel this sense of stewardship over things when they are well made and clearly involve human ingenuity, care and creativity. Imagining manufacturing as only ever guided by global market forces towards low-cost labour locations and cheap price-points for finished goods is the low-road alternative. To shift manufacturing offshore doesn’t alter its unpalatable elements: it simply shifts geographical scales, sending the dirty, unsafe and poorly-paid elements of making things to some other country – an option that surely isn’t morally defensible if we want to uphold labour and environmental standards here in Australia, or make a difference to climate change. Some responsibility must rest with the consumer to buy things that last, to look after them throughout their lifecycle and ‘un-make’ them conscientiously, through how we deal with waste. Addressing this would go some way towards kicking our addiction to the fruits of cheap offshore manufacturing.

What is not clear is whether the transition to knowledge-economy and offshore manufacturing is in fact inevitable after all. What commentators such as Gittins and Pascoe assume is that the global economy trumps the national economy every time in its capacity to shape possible futures. This belies the extent to which Australian governments and the Australian people are able to mould the economy, making Australia the country that we want it to be. Contrary to what most market economists would tell you, the Australian economy is and has always been open to be shaped in ways we wish to control, amidst the influence of global forces. The key is how we imagine the Australian economy into being. The insights of Timothy Mitchell, New York University’s Professor of Politics, are most helpful here. In an essay entitled ‘Rethinking the economy’ (in *Geoforum*, 2008), Mitchell documents how what we call ‘the economy’ only fairly recently (he argues since the mid-twentieth century) came to be understood, defined and managed as a free-standing object. Through examples including electricity infrastructure markets and property title systems, Mitchell shows how the economy was literally built through the actions, ideas
and behaviours of ‘experts’ – inventors, technocrats and especially economists, who ‘claimed only to describe this object [economics], but in fact…participated in producing it’. Economists invest belief in a ‘thing’ called the market that has some kind of ontology outside humans – a logical impossibility that they pursue anyway because it suits their ideological ends. Instead for Mitchell, the economy is not a separate entity, but a ‘project’, a ‘twentieth-century invention’ that particular actors work towards.

The same could be said about how the Australian economy is being imagined and moulded now: with Australian mining companies superimposing their own ‘project’ for the Australian economy on the Australian nation and people, running public advertising campaigns about the contributions of mining to the national interest, and thwarting Federal Government attempts to introduce both a mining tax and a price on carbon. The problem is that this project (which we now describe shorthand as the ‘minerals boom’ – as if an unequivocally positive and fortuitous, happenstance event) has driven the dollar to unparalleled heights, rendering manufacturing (and all other) exports uncompetitive. The Australian economy as mining company project has come at the expense of other Australian sectors and workers.

But it doesn’t have to be this way. We can imagine the Australian economy differently. Just as the mining lobby have forwarded their project for the Australian economy, so too can we imagine other alternatives. The task is, following Mitchell’s logic, to envision competing ‘projects’ for how the economy could be put together differently. At stake are jobs, livelihoods and carbon emissions. One option is to revisit the basic notion of the economy as the ‘proper husbanding of material resources’, as Mitchell puts it. This was a notion much more widespread in earlier decades of the twentieth century, and it got Australia through the Great Depression. It is an interpretation of the economy that was conveniently relegated by neoliberal ideologues in the 1980s, but it could be revived now and inflected with a contemporary twist in light of climate change. What I mean here is that, as a nation, we might do well to explore ‘economy’ not as a set of global forces ‘out there’ impinging on us, but as an internal question of how Australians access, use, exchange and value financial and material resources as moral and social beings. What matters less is whether or not we want to make things, and more that we want to make high quality things that last, with decent wages and environmental standards, and that these things are available widely to all Australians.

Such thinking is not new: it underpinned earlier attempts to organise production outside the factory system such as the arts and crafts movement in early twentieth century architecture and furniture, and the Bauhaus school in industrial design. Both had at their heart utopian visions of how to arrange production to maximise quality, democratise the possession and use of well-
made things, and to nurture and showcase human creativity. Inklings of a revival in such thinking include: the trend towards hand-made things gaining pace in the inner-city set (made-to-measure suits, bespoke shirts and skirts, custom-designed cabinetry); the thriving market for well designed mid-twentieth century second-hand goods (objects that often survive precisely because they were of a high quality, from an era when the ‘proper husbanding of material resources’ was an overriding moral principle); as well as the broader shift across Australian households towards purchasing goods as longer-term investments rather than as disposable items.

There is also a link to a feminist take on ‘economy’, valuing and recognising the different forms of domestic and non-capitalist work that are productive, and not just a prerequisite to industrial development. We are a country that makes things all the time – we make babies, cakes, meals, beds, homes. Such things are not separate from the productive economy; in the sense of furnishing humans with the means to subsistence, they are the economy.

This is, then, an image of Australia with respect for productive labour in all its forms, for the skills required to design and make things, and proper stewardship of our natural resources. The offshore manufacturing model of making things cheaply and replacing them often only works if consumers throw out things before their utility is exhausted, if resources are plentiful, and if labour is perennially cheap. Australia cannot compete with this production of cheap and nasty stuff. But we do have choices whether to participate in this torrent of production and consumption – choices as consumers, voters, families, workers. We know that resources are not infinite, and as the global economy looks increasingly shaky, more people are choosing not to replace the phone, television or car quite as often. Consumers want, and will buy, quality things made in Australia that suit Australian conditions best. There are likely many export markets too for such things even with the high Australian dollar. What counts is how we value the making of things, beyond cheap labour, and beyond a narrow view of what constitutes the Australian economy.

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Chris Gibson is Professor in Human Geography at the University of Wollongong and Deputy Director of the Australian Centre for Cultural Environmental Research. He is an expert on the creative economy and its contributions to Australian industry, culture and everyday life. His books include Festival Places: Revitalising Rural Australia (Channel View, 2010) and the forthcoming Creativity in Peripheral Places: Redefining the Creative Industries (Routledge, 2012). He is currently ARC Future Fellow on a project that examines household sustainability in Australia as the nation comes to terms with the twin challenges of climate change and global economic crisis.