

Genoff, Rodin and Roy Green (1998), **Manufacturing Prosperity: Ideas for Industry, Technology and Employment**, Sydney, The Federation Press, 262 pp.

Reviewed by Ian Hampson*

This edited collection provides a useful overview and guide through a period of very active debate in Australian industry policy, through 1996 and 1997. The authors claim the book “sets out a credible and practical alternative to the market driven ideology of Treasury and the Productivity Commission” (p. xi). However, the diversity of perspectives, and variations in quality of argument in the book, make this a somewhat overstated claim. Indeed the authors seek to make a virtue of diversity by stating “[I]t is a strength as well as a weakness of this perspective that it is not unified but comprises a number of theoretical components” (p. 3). The subtitle of the book “Ideas for Industry, Technology and Employment” alerts us to this diversity, and belies the claim of a unified ‘alternative’. But the cost of this is some theoretical tension and considerable repetition, admittedly difficult to avoid in an edited collection on such a stimulating topic. For example, the rise in R&D spending is at times hailed as evidence of the success of industry policy (p. 246), at other times suspected as driven by ‘imaginative accounting classifications’ (p. 101).

While we can reject the flourish that “the debate on industry policy has only just begun” (p. 9), the book and the ideas therein should not be seen as merely a “re-run of the debates of the 1980s”, as one contributor suggests (p. 174). The context is quite different. For one thing, in the 1980s, sectors of the union movement drove the debate around industry policy through the ill-fated Accord and the leverage that offered. If this did not give rise to the desired overarching industry policy, overseen by powerful ‘MITI’-type institutions complete with union representation, it did at least have individual successes, some of which are documented and evaluated in this book. For another thing, these successes which are convincingly portrayed as at least partly the result of industry policy, shift the debate considerably. Industry policy can no longer be portrayed as ‘mere protection’, because phased *reductions* in protection have been integral to key industry plans. Thirdly, it is, according to the authors and some contributors, characteristic of the present phase of industry policy that a ‘consensus’ around the need for some form of intervention is emerging. Even the Government is now

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looking favourably on intervention, following the flurry of reports and inquiries into manufacturing industry, the book sketches. The BCA has shifted ground. The ALP has also rejected the Treasury line (p. 92). Some contributors are doubtless prone to wishful thinking.

The book falls into three parts: with an introduction and a foreword by Will Hutton. Hutton insists that, in his popular version of 'stakeholder capitalism', 'fairness and efficiency are interdependent rather than alternatives' (p. vi). This is certainly an echo of wistful 80s ideas. The introduction, by the editors, summarises much of the content of the book, sketches the content of crucial reports of 1997, including those by Mortimer, Goldsworthy, the Metal Trades Industry Association, the Australian Manufacturing Workers Union, and the Economic Intelligence Unit. These share a commitment to a broadly 'interventionist' approach to policy, but vary in terms of their opposition to economic rationalism. At one extreme, the Mortimer report seeks as far as possible to make 'industry policy' consistent with the Treasury line, but in the process rejects the *sine qua non* of industry policy – sectoral intervention. The AMWU report, at the other end, is very specific about not only the need for sectoral intervention, but also about necessary institutional reforms. These include abolishing the Productivity Commission, and replacing it with a National Development Authority, to act as an alternative (to Treasury) source of policy advice, which would report directly to the Department of Prime Minister and Cabinet. The AMWU also wants to create a new 'National Centre for Workplaces of the 21st Century', to accommodate a 'new' approach by Australian unions, which melds the pursuit of efficiency with quality of worklife considerations (shades of post-Fordism and 'best practice'). The AMWU would also reconstitute the disbanded Australian Manufacturing Council, complete with tripartite participation, driven by the renewed democratic forces enterprise bargaining has unleashed at the workplace. The 'A' word (accord) is mentioned, albeit by a suitably distant overseas source (p. 204). The chapter by Doug Cameron and Nixon Apple is one of the more forthright and focussed of the book.

As mentioned, this introduction covers much of the rest of the book's content, with the exception of the major chapter by Sheehan at the end. Flicking through the rest of the book ... Part one is called Why Manufacturing?, and it contains four chapters which deliver much useful information on the dangers of the current account deficit, and salient critiques of widely accepted economic orthodoxy/dogma, including the 'deficiency of savings' argument, models of international trade, comparative vs competitive advantage, and so on, all packaged in suitable economic language, and all

arguing the need for industry policy to rebuild manufacturing. But the exposition becomes repetitious (many chapters seem to feel obliged to make many of the same points in support of industry policy) and preaches to the converted. Part two, *Industry Perspectives*, is of quite mixed quality, ranging from useful and interesting documentation of the achievements of the various industry plans, to good case studies of examples, to vapid sloganeering [“leveraging internal processes to achieve strategic advantage is now ‘the name of the game’”(p. 142)]. Part three, *New Directions*, includes the Cameron and Apple chapter mentioned above, two pieces on New Zealand, one of which explicates theories of network organisation and points to similar initiatives in NZ.

The book concludes with a chapter by Peter Sheehan, which argues (following earlier work), that the industry policies of the period of ALP Government have contributed (with other factors) to a regeneration of manufacturing in the late 80s and early 90s. This regeneration, however, was cut short by mismanaged monetary policy and the ‘recession we had to have’. Governments in the mid-90s retreated from industry policy, despite indicators of success, which Sheehan draws to the reader’s attention. These include increased R&D intensity across Australian business, and spectacularly strong export orientation and performance, particularly in the ‘policy group’ – those industries on the receiving end of the various industry plans. However, as Sheehan insists, the individual successes were marred by the inability to put in place overarching central institutions and a coordinated strategy.

The book is recommended to anyone interested in the industry policy debates in Australia, in particular during 1996-97. Useful summaries of the key reports are presented. However, as indicated, the editors have been unable to lift the book above the faults such collections often exhibit – particularly an inordinate amount of repetition, albeit of worthy points, and uneven quality of chapters, some of which preach to the converted, and range from the self congratulatory to the tedious. Readers seeking a quick appraisal would do well to go to the introduction, and the Cameron and Apple, and Sheehan chapters. One crucial issue for industry policy which the book in my opinion needed to address concerns the constraints on policy deriving from the new (since 1996) international trade regime centred on the World Trade Organisation. These impede any form of industry assistance by whatever name, as the example of Howe Leather illustrates, and dealing with them by sidestepping or subversion is a necessary step in the process of developing a viable industry policy for Australia.