

draft December 2015 - H. McQueen "*Constant Revolutionising*"

Chapter 4

BOOMING TO BUST

Second-rate luck

A lucky country run by second-rate people who share its luck.
Donald Horne, *The Lucky Country* (1964)

Australia's leading orthodox economist, Sir Douglas Copland, warned of a 'milk-bar economy'. In 1948

Remained a seller's market till at least 1951

Eg of plastic goods

Like Stalin, he wanted investment in production goods, not consumer goods.

The introduction of television delayed out o fears of the inflationary pressures

A radio in 1946 costs but a television was

Required more hire-purchase debts

GET SOME NUBMERS

Price controls off. Housing prices almost doubled in twelv e months, and inflation approach 20 percent

Fears of a return to the 1930s collapse from business and the Chartered Accountants

1953 a three year freeze on the basic wage

'affluence' not here until 1963

jumped the gun in 1960 provoked a credit squee and recession that almost cost Menzies office in December 1961.???

Menzies told to prepare for world war within three years date???

Skewed investment decisions eg brown coal

From 1950 to 1963, Australian workers endured a stop-go economy under what Bruce McFarlane calls 'hydra-heading planning', the kind of indicative planning the Menzies Coalition had when it could not bring itself to admit that it engaged in 'socialist' planning at all. One of those heads was a protective regime of import licences which ensured monopoly rents for overseas firms while a rural sector had the political clout to hold down the exchange-rate to protect farm exports. Mineral exports blew down this high-wire act in the 1960s. Efforts to administer exchange-rates further distorted the domestic economy.

Country Party leader McEwen rebadged his Party into the **Nationals** to dangle protection for all, including farms and mines. These contests between fractions of capital registered at the parliamentary level when McEwen could veto McMahan's accession to the prime ministership in January 1968 but not by March 1971. A further sign of the remaking of the executive committee of Australia's branch-office bourgeoisie is that McMahan was the first non-labor prime minister from Sydney since 1914, and not from Collins Street.

The mining boom of the 1960s drove up the Australian dollar against the Greenback to peak early in 1974 at almost three of ours to two of theirs. This

escalation had been reducing effective tariff rates before the loopiness of Whitlam's 25 percent cut across-the-board in early 1973. He assumed that Keynesianism would go on forever and equated economics with finding more ways to spend. Keynes had favoured pump-priming only when an economy is shrinking but insisted on government's pulling back when it boomed. In a denial of Keynes's *General Theory* (1936), 'Keynesianism' became a dogma for spending, come what may. Labor reformers still ignore Keynes's anti-socialist free-market economics and his admiration for F.-A. von Hayek's *Road to Serfdom* (1944), Thatcher's testament.

As shadow minister for trade, Jim Cairns, offered an alternative in *Tariffs or Planning?* (1971). In July 1974, he appointed a Committee to Advise on Policies for Manufacturing Industry, with a miniature of the Accord with Gordon Jackson from CSR, Rod Carnegie from CRA, R.J. Hawke, Ted Wheelwright and three senior officials. Jackson Committee presented its draft *Report* in October 1975, two weeks before the dismissal.

It is worth quoting the main conclusions at some length because of what they expose about the boom years but also for what they foreshadow about the Accord years.

'The industry policies of 1945-1965 have run their course and now need to be revised.' 'deep-seated and long-standing malaise'.

'The problems of Australian industry cannot be solved by perfect administration of the tariff.'

Faced an 'immediate financial crisis' debts and tax regime:

'Under the conventions of accounting, manufacturers' profits in times of inflation are overstated and hence overtaxed, so that internal cash flow, the replacement, expansion and distribution is well below what is needed.'

'The stagnation of fixed investment in constant prices is not new; it is of ten years standing.' '... much of Australian industry is not internationally competitive at present exchange rates.'

The need to restructure impeded by 'The capability of most sectors to adapt themselves to change is not adequate to cope quickly with the necessary extent of change. Both the tolerance of industry to change and its capacity to endure change have been gravely eroded. A large proportion of firms, even large firms, are preoccupied with survival.'

The Brigden Committee into the Tariff in 1927??, the Royal Commission on Banking from 1937 and the ??? Committee of 1963 Scuttled by Treasury. Had identified the problems

'make nonsense of lengthy, open inquiries' referring to Tariff Board hearings but applied to the Four committees as inquiries as substitute for action one difference after 1983 was that action preceded inquiry.

In autos, too many makers in too many plants and far too many models. the semblance of a production line. Paint shops at each dealer since colour as the deciding element for the buyer. Dad chose the duco and mum the seat covers.

Six-point policy for foreign firms p. 14 'buy back the factory'

Rex Connor buying back the energy sector with some of the Petro-Dollars loans from the OPEC price increases

Britain's military retreat from 'East of Suez' was matched by its retreat from auto production here with the closure of Leylands in 1977. Entry into the Europe in 1963 not the disaster predicted partly because export incomes from apples and pears were more than overtaken by minerals and wheat to China and the USSR. Nonetheless, the U.K remained the biggest source of overseas investment for a further thirty years.

The Japanese state maintained its export advantages by keeping its exchange-rate artificially low until 1971.

And Trilateral Commission from David Rockefeller to integrate Japan and to turn the tide against participatory democracy. 1973

Davos in 1970

In acknowledgement that the U.S. monopolising capitalists had won the war in the West, its European allies submitted in 1946 to a dollar-standard masquerading as a gold-standard at Bretton Woods. Washington promised to exchange one ounce of the gold in Fort Knox for every \$US32 which other nation-market-states garnered from trade. The Agreement was further skewed towards the needs of U.S. capitals by the General Agreement on Tariffs and Trade (GATT), and managed to suit Wall Street through the I.M.F. and the World Bank.

Washington paid more of its bills in dollars which were losing their 'value' against gold. In the mid-1960s, the U.S. imperialists began financing their war against the Indo-Chinese by shifting the cost to its allies and trading partners. As early as 1967, the *Wall Street Journal* editorialised against this assault on U.S. financial hegemony. The greenback ceased to be exchangeable for gold in 1971, though it remains the world currency because of U.S. economic and military power.

Crosswinds around the collapse of the post-war settlement buffeted workforce restructurings. The declining U.S. exchange rate encouraged the Organisation of Oil Producing Countries (O.P.E.C.) to demand higher prices to make up for losses from the fall in the value of the currency in which their supply contracts were written. Higher oil prices from 1973 intensified cost pressures on U.S. manufacturers, which were compounded by war in the Middle-East. Europe rationed fuels and motorists switched from eight- to four-cylinder vehicles.

Japan demanding a costly refit of U.S. automobile production, devalorising existing plants. Talk of GM or Ford going under.

To a restructure of global production

Whitlam replaced the Tariff Board by the Industries Assistance Commission in 1974, soon referred to as the Industries 'Destruction' Commission, now the Productivity Commission.

From the early 1980s, Australia revised its tariff schedules towards the production of components and of assembly instead of whole-vehicle production. So many engine exports henceforth merited credits to import so many differentials duty-free from the Philippines.

WHERE The coming closure of automobile production in Australia began with the 'world car' in the late-1970s.

In two senses the first was a vehicle that would equally well in every nation-market-state and secondly would be assembled from components made in several locations around the world.

The second oil-price shock by the 1979 counter-revolution in Iran

Counter-revolution in Iran during 1979 supposed resources boom for shale-oil and ravings about billions in overseas funds for infrastructure to be followed by billions more from the export of dirt.

The aluminum cycle to make use of local coals in smelters in the Hunter and at Portland.

Assistant secretary to the Treasury, John Stone's **fantasised**

He hoped that the export bonanza would drive up the exchange rate and thus destroy local manufacturers and with it his *bête noir* in the communist-led metal unions which were the prime driver of wage increases etc etc fitter-and-turner's award, as discussed above

Before that boom proved to be illusory the unions had won huge wage rises.

So much for the boom and its break up. Now for their aftermath in the 1980s.

of what was then widely called a 'crisis' in capitalism,

Monetarism gave way to Economic rationalism.

A lift-out on the evils of inflation in the *Women's Weekly*

Cf Grenfell Price in 1931 until his cook could follow

a fiscal crisis of the state, leading to the Coombs Royal Commission 1974

and a crisis in legitimacy race riots gender and patriarchy

Anti-war, '1968'

Participatory democracy and worker control

A revolt of the middle-aged

Fascination on a youth rebellion of the 1960s has blinded commentators to a revolt of the middle-aged.

No retirement ages for judges Chief Justice Owen Dixon after thirty-five years on the Bench

Retires aged 78 in 1964: 'I am not one of those who subscribe to the view that the older you get the better you get ... I believe in young everything.'

Edwardians in Menzies (b. 189) and Calwell (b. 189) both retire during 1966 last hurrah,

Albert Monk (b. 189) and R.J. Hawke at the A.C.T.U.

Dunstan and Whitlam

Kelvin Rowley's phrase 'technocratic laborism'

Harold Wilson in 1964 on socialism as the white-heat of technology

The World War Two against the World War One

The professor of History at the University at Melbourne, R.M. Crawford

I am conscious in my own retrospect of a hiatus in those years after the war when I was a schoolboy and an undergraduate, I can think of only one of my teachers of note who belonged to that generation of soldiers. We were taught by the middle-aged and the aged, and we too much lacked the bridge between of those nearer our own age who might have guided us safely past some of the pits into which we fell.

'burnt-out diggers' pensions from 193??

Workforce skewed by loss of 60,000 and almost as many again injured

Lance Sharkey as CPA General secretary for thirty years from 193?? and the Aarons brothers
 Kennedy President at forty-three and Robert McNamara president of Ford at forty four
 Contrast Eisenhower and Macmillan but de Gaulle until 1969 aged ??? and Mao nominally until death in 1976.
 Those who were born in 1895 turned 65 in 1960

When M.F. Smith died in 1951 aged eighty-two he had been with the Australian Tessellated Tile Co. for sixty-four years, during which he had refused to travel overseas.

The printing house of Sands and McDougall boasted of fifty-six employees with completed fifty years by 1953.

Fred Allan in 1950 after fifty-seven years with the family business continued as its Managing Director.

Harold Richard managing the agency for a Sheffield Britain's biggest cutlery maker, in 1961 after fifty years running the firm had had founded.

In 1961, Perce Woodroffe, at eight-three, was managing-director and elected president of the South Australian Soft Drink Manufacturers Association; three years before he had been sent overseas to study new methods and reported nothing to learn.

Many family soft-drink makers survived by securing a Coca-Cola franchise
 Contrast with young Cottee at School of Management and US tour
 Brambles' legal advisor for fifty-six years into the late 1960s; its senior foreman retired at the same time after only fifty-two years.

A.V. Jennings was seventy-seven when he stepped aside in 1972

Yet could be considered too old at forty-five

Death rates among business executives

Keeling over in their forties

And in their sixties in the days before heart surgery

But survivors hung on into their Eighties

Essington Lewis at BHP died in the saddle in 1961 in his eightieth year, after fifty-seven with the company.

Eg from soft-drinks etc

Post-war migration the Dusseldrops, Belgiorno-Nettis, the *Dunera* 'boys'
 'boys' for both age and gender

Women married women from public service until 19??

The pill and later the *de facto* decriminalization of abortion

Standardisation

Modular Society in 1961

Productivity

Laments about lags in computerisation

Metrics

Closest with Dusseldorp Civil & Civic as engineer replacing architects on construction projects beat competitors by avoiding time over-runs

Partly by deals with the unions

As happened later with the Grollos

Workforce restructure

Why? Also managerial methods

One-sided 'labour history'

Like explaining Napoleon's defeat at Waterloo without mentioning the arrival of

Blucher's army at the decisive hour

Labour history is one hand clapping

Labour-process studies versus valorisation