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## Some Observations on Workplace Reform The Australian Experience<sup>1</sup>

### Introduction

In 1983 an Accord was struck between the incoming Labour [sic] government and the Australian Council of Trade Unions. This accord was the outcome of many years of tripartite [need to state the third party - presumably industrial concerns] discussions and substantial agreement. Its major strategies were a national commitment to a revitalization of the manufacturing industries and a restructuring of workplace management from autocratic to participative principles. This latter objective was seen as the key to future productivity increases. These strategies were a conscious response to a shared awareness that the Australian economy was exposed to an increasingly turbulent international environment--an environment that was forcing individual enterprises and unions to ever shorter term goals.

The Accord has turned into an ongoing process with targets and agreements being renewed every two years or less. During this period the union movement has tolerated a reduction in real wages and the reduction of some of their traditional institutional defenses. Management, for their part, have agreed, in principle, to negotiating their traditional "managerial prerogatives" for returns in productivity. The achievements, so far, have been uneven and final success is by no means assured. Nevertheless, it is possible to draw some lessons from the difficulties that have been encountered.

The four lessons which can be drawn from the Australian experience are as follows:

- The strategies of industry revitalization and work restructuring are mutually dependent. Each justifies the other. Failure to make progress with one hinders progress with the other.
- Work restructuring, unlike industry revitalization, requires a real paradigm shift. Its successful

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achievement might wait on the emergence of a new generation of management and union leaders.

- A "skills formation industry" can be expected to emerge as an excuse to duck the problem of tackling the critical issue in work restructuring-- the removal of the role of foreman. [foreperson]
- Industry councils are an essential link in realistic industry planning but they must be enabled to act autonomously.

The whole Accord process has been put at risk by the temporary dominance of the school of thought of the economic rationalists.

## **Toward the Accord**

The Australian industrial relations experience of the 1980s is sufficiently unique to warrant the attention of other industrial nations despite their differences in history and institutions.

The gist of the experience is that one of the world's most powerful and militant trade union movements has voluntarily, and in full consciousness, foregone increases in real wages for the last nine years. In fact, it has tolerated a decrease over that period of about six percent. This policy position was sustained throughout the boom years of 1983-87, when the rich people of Australia were publicly displaying themselves as getting very much richer (in fact, "filthy rich"). The policy is still being sustained although the boom is over and unemployment figures have now exceeded 10 percent.

The policy was enshrined in the so-called "Accords" between the Labour [sic] government and the centralized union body. The Accords have been renegotiated every 20 months or so since the first one came into being with the Labour [sic] government's election in March 1983. Each version of the Accord has reflected changes in the economy and the development of new strategies.

This is the gist of the matter, but it commands our attention even more when we find it in the context of a union movement prepared to live with the lowering of proactive tariffs, the dismantling of the centralized industrial arbitration systems, and even the privatization of state enterprises. These things had traditionally been major bulwarks in the defense of the union movement.

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This is also a very unique experience in Australian industrial relations history. The past reputation for militant unionism was not lightly gained. No explanation for this phenomenon has been found in Australia's peculiar history or institutions, even though the academics have been busy looking for them. It was certainly not just a shift in the balance of power in the traditional struggle for leadership between the right-wing and communist elements in the trade union movement. These radically new policies have emerged despite our uniquely Australian history and institutions, not because of them. It is further argued that they have emerged because of responsiveness to issues that have emerged to confront all industrial countries--issues that are in no way peculiar to Australia.

How then are we to explain how such a powerful union movement, traditionally committed to militantly pursuing narrow economic goals, could so radically recast its strategic goals? Of course, there was an economic crisis. Australian industry had been in trouble, like the rest of the world's economies, throughout the 1970s. By 1982 unemployment was over 10 percent, production levels and productivity were still declining, and the abysmal profit levels were scaring away new investment and financial markets. There seemed to be no sight of a return to the growth trends of the 25 post-war years.

A crisis like this, however, is in itself not enough to explain the radical change of strategy. In fact, around 1980 the levels of strike action increased very markedly as both employees and employers geared themselves to seek traditional solutions. There was a feeling, on both sides, that industrial relations were headed for a major conflict of the sort that crippled the trade unions in 1890 and 1929. A crisis, however, does not bring about serious rethinking unless new ingredients are added.

Two new ingredients {emerged} [suggest 'had emerged'] as this is under the heading of the 1980s - but there really needs to be a change in headings as this goes on about the '70s for a long time] emerged in the troubled years of the 1970s:

- Both the unions and the private corporations realized that the world's economic environment had become so unpredictable as to be turbulent. Both realized, however vaguely, that even the best of strategies could not ensure the survival of an individual union or an individual corporation. The over-riding need was to create an environment within which individual strategies could be predictably pursued, even if somewhat constrained regarding the

range of goals {they could pursue.} [suggest "that could be aimed for" or some such to avoid repeat of 'pursue.']

The corporations proceeded to create the Business Council of Australia (BCA). The explicit business of the BCA was to sustain or create an environment that would be favorable for the pursuit of corporate ends in general. It was not to be concerned with specific ends of individual members or collections of them. The unions reacted by strengthening their university-educated staff and the powers of their central council.

- Before these organizational moves, the corporate and union leaders had begun to jointly search for national industry policies. They met, privately, away from the limelight of the media, for sessions of several days and nights. It was very difficult to organize the first such search conference [held] in February, 1973, and the initiative had to come from a university body with {whom} [which] both parties had had close and satisfactory contact. At this first conference they established that they shared common concerns with what was happening in Australian industry and a lot of common understandings about what should happen. Naturally, they did not renege on the adversarial roles they had in the labor markets. They did, however, accept that they shared common ground and shared responsibility for the future shape of that labor market.

Contacts were more open during the remaining 1970s although restricted to a minority of leaders on both sides. By the time of the election of the Labor government in 1983 the major thrust of a national agenda had emerged. This agenda went well beyond the simple trade-off of income for jobs that had marked the British attempts at an Incomes Policy. The two major thrusts were:

- The reconstruction and revitalization of Australian industry, with management and unions actively involved in the planning (rather than being imposed by bureaucrats).
- The restructuring of workplace organization to involve employees in the implementation of such plans. It was understood on both sides that this meant a sharp about-face in industrial relations. It meant switching from workplace autocracy to genuine participation in workplace decision-making and responsibility. Such a switch meant moving away

from the tradition of a mass of easily replaceable semi- and unskilled labor to a multiskilled workforce committed to the security of portable career paths and superannuation.[is this term used internationally?]

This agenda was formulated by the Jackson Committee {report} in October, 1975, [in a report] on "Policies for the Development of Manufacturing Industry." This was a very high-powered tripartite committee and was adequately resourced to research all aspects of the industry. It was sufficiently innovative to use search conference methodology to gather in the threads emerging from both their inquiries and the commissioned research.

To pursue the first objective the tripartite Australian Manufacturing Council was quickly reorganized and plans negotiated by Industry Councils for the steel, heavy engineering, automobile, and the group of labor-intensive textile, footwear, and clothing industries. {As it turned out} [In the end], only the steel industry plan was successful. That success was probably due to the fact that only one corporation was involved {which} [and it] had a long history of planning in national terms. Elsewhere, these plans faltered as the Australian economy followed the Japanese economy, our major export market, into the Reagan boom. The very notion of such planning was condemned as economists of the free market variety took over as the senior advisors to government, corporations, and even the large unions. Any suggestion of market regulation, or "picking industrial winners", was publicly derided by these theorists as inevitably counterproductive.

## **After the First Accord**

In 1987 the Australian Council of Trade Unions (ACTU), the centralized trade union body, tried to revive this thrust with its widely boosted report on "Australia Reconstructed." The report came from a mission that had visited Western Europe to see what lessons {they could draw} [suggest 'could be drawn' to avoid confusion of they and their] from their experiences.

However, it is only recently, with the return of deep economic recession and high unemployment rates, that the objective of industrial reconstruction has come back on the agenda. It is commanding stronger support than in the early 1980s because this economic recession is cutting deeply into the employment of the skilled and semi-skilled male workforce that has always been the basis of union strength. The gloss has gone off the "free-marketers'" dictum of the level playing fields. What is more important in the long run is that the success of the second thrust--to

restructure the workforce--has brought about a very rapid growth of massive superannuation funds. These funds will be, in just five to seven years, our major source of domestic investment funds. They raise the prospect of realistic plans for reconstruction.

However, even with an Accord process of 11 years' standing, there is no indication that the concerned parties are now any better equipped to engage in planning the reconstruction of industry. {The article} [I] shall return to this after considering the development of the second thrust of the Accord.

The second thrust--the restructuring of the workforce--has been much more successful but has become a complicated process of struggling through a jungle of vested interests. These interests are rooted in historical practices and consolidated in institutional powers.

The underlying concept {of this second thrust} is simple. Increased participation of workers in workplace decision-making can increase their commitment to productivity and quality control. In practice, this usually means that groups of workers must take joint responsibility for their collective product. For them to take such responsibility, the individual workers must be sufficiently multiskilled to be able to help, back-up, or fill in for their fellow workers and hence cope with snags, bottlenecks, and variations in workload. However, each step in this simple chain, from multiskilling to responsibility and commitment, is embedded in traditions and institutions devised to define and defend a concept of the workers as mere "factors of production," like land, machines, or fuel. Apart from some health and safety matters, those traditions and institutions were only concerned with the contract conditions that held when a person passed through the factory gates. These traditions asserted the prerogatives of management to use labor as they saw fit once labor had entered the work site. Those institutional and customary constraints had to be undone and replaced before the new forms of participative, multiskilled working could be widely established and sustained.

The centralized system of Arbitration Courts and Judges had been the bedrock of industrial relations in Australia for 80 years. To all intents and purposes they were a branch of the judiciary. Then, with the Accord agreement of 1987, they were asked to adjudicate on the trade-offs of work practices and work reorganization and judge whether these would lead to greater industrial productivity. The labor courts were inexperienced in these matters: the members of the courts had been selected for their backgrounds in law and economics. The industrial

relations managers and most trade union officials were similarly handicapped. Naturally, the progress they made was slow and uneven, and many of the early productivity agreements were just "sweetheart deals" or cost-cutting exercises.

Instead of negotiating the equity of ever narrower job specifications and the pay differentials for craft skills, and defending managerial prerogatives, the industrial relations system was being called upon to negotiate the broadbanding of job classifications; multiskilling and the payment for skills, not just for the job; and the trade-off of managerial responsibilities to semi-autonomous work teams. More than that, the industrial relations system was being asked to adjudicate the productive potential of these changes. It has become fairly obvious that the centralized system cannot hope to cope with these demands and that these negotiations need to be undertaken by unions and management down at the enterprise level. At the enterprise level it is possible for both parties to see that multiskilling and the devolution of responsibilities are likely to have productive outcomes for them both.

The unions want such enterprise bargaining to occur within centralized guidelines but recognize that some guidelines will need to be specific to the particular characteristics of the different branches of industry. Such industry guidelines could be neither formulated nor policed by the existing union structure. Traditionally each industry was represented by a multitude of craft unions and many of those unions had interests in different industries. Multiskilling of the workforce undermined the distinction between craft and industrial unions and the rationale for the multiplicity of task-centered unions. To assist the transformation toward one union for each major branch, the government has relaxed the rules that governed union "ownership" of jobs and those governing union amalgamation and minimal size of membership. The unions have reacted vigorously and the numbers of trade unions have dramatically reduced and larger unions have been created. These large industry unions will have the authority and staff resources to negotiate industry guidelines with the corporations and the federal and state governments.

A similar in-depth transformation of the educational institutions has been taking place. To hasten the transformation to a multiskilled workforce, the government has introduced tax penalties for employers who fail to invest adequately in training. It also radically transformed tertiary education by blending the old universities into a tertiary system that can deliver the required mix of skilled white-collar workers. The corresponding transformation of the senior secondary school

sector to provide a more balanced mix of skilled white- and blue-collar workers is underway.

This is a very brief summary of the recent, radical changes in the Australian industrial scene. However, we must bear in mind the fact that they have not yet borne the promised crops of fruit. Investment in manufacturing and exports of manufactured goods were rising sharply until 1990. But productivity showed no improvement and imports of manufactured goods were rising faster than the increase in exports. In other words, Australian industry had not passed the turning point where one could say that the new policies were paying off in economic terms.

There are those who assert that there should have been no social bargaining for income restraint because the matter should have been left to market forces. {Those} [Such] economists find no inconsistency in relying on political and other social forces to eliminate union constraints on the labor market. {Such persons} [They] would see no reason for seeking lessons in the Australian experience. If, on the other hand, we accept that social and political facts are every bit as real as economic facts, then there is much we might try to learn.

Even this brief account indicates the breadth and level of social and political activity that has been generated. Accompanying this has been a greatly increased social awareness and public debate of issues. That in itself is a development worth understanding as work is normally of no public concern unless it stops--for strikes or lack of jobs. Above all we should try to understand how the longstanding and bitter conflict between labor and capital had been superseded or, at least, held in abeyance, for 10 years whilst the parties sought mutually satisfying strategies. Conflicts still abound at the plant level but the striking thing about the social climate is that the traditional antagonists accept a new responsibility for sitting down together to search for win/win solutions. Equally striking is the extent to which both managers and union officials accept that the old authoritarian practices of workplace management are obsolete and unacceptable.

In one sense there is nothing much to be learnt from what has been achieved in Australia over the past 20 years. It really required only the presence of sufficient leadership to make us respond to what was happening in the world. This turnaround reflected radical changes in the real world. The large transnational corporations started to realize, even in the 1960s, that they were in a social and political environment that was becoming more unpredictable than any they had [previously] encountered. It was an

environment in which the corporations were themselves being treated by the "conglomerates" as tradeable commodities and the application of science to production was generating hitherto inconceivable consumer reaction and environmental disturbances. This increasing turbulence in organizational environments could only temporarily be coped with by strategic planning. If the trend continued--and there was every reason to believe that it would--then no individual organization could hope to save itself by simply devising a cleverer strategy. Survival could only be found by linking with other organizations who also recognized the need to control their shared environment and agreed on the values that should guide such control.

That is the real world, the world out there. It means nothing to an economy (except disaster) unless the changes are recognized and translated into practical courses of action. That is the task of leadership and is the first lesson to be learned from the Australian experience. Unfortunately, we do not know how such leadership is brought into being and, therefore, we do not know what to learn. All we can do is to note the importance of this factor and focus our attention on matters that we can do something about.

The first learnable [had first lesson to be learnt in previous para. I know that one couldn't be learned but it doesn't come over right.] lesson is that the two thrusts--industry planning and work restructuring--are, in today's world, mutually dependent. If one thrust lags that will hinder pursuit of the other; if they are kept in step, the progress made in one will materially assist progress with the other. The connection was broken in Australia with the economic recovery in 1983 and the emergence of the economic rationalists at the helm of government policy-making. Industry policy-making was denigrated as intrinsically irrational and we had, instead, such monetarist "macroeconomic reforms" as deregulation of the banking system, floating of the dollar, removal of constraints on capital flows in and out of the economy, and reduction in tariff protection. Such changes greatly weakened the perceived significance and urgency of the first thrust. From being a prime national goal, the question was now being raised as to why [? should we] revitalize the manufacturing industry when we do not know whether we really need one? To the free market theorists, it made sense that we rely on our natural competitive advantages in minerals and agricultural commodities.

Decentralizing industry planning clearly suggested that work restructuring was a matter of low national priority. Worse than that, the emphasis on macro-economic reforms, by politicians and media alike, distorted the way

that work restructuring was perceived. Public debate about work restructuring was conducted as if it were no more than reform at the "micro-economic" level. Essentially, this reduces work restructuring to a cost-cutting exercise. For the free market theorists, the attraction is the removal of the constraints of union monopoly powers and of work customs. Such micro-economic reforms would enable work effort, skills, and hours of work to find their true market prices and hence induce economic efficiency in investment decisions. The notion of human resources comes into this way of thinking simply as costs for training, maintaining, and replacing employees. Their morale, creativity, and cooperativeness will not appear in the economists' models except, perhaps, as estimated costs for the absence of these qualities, for example, costs of labor turnover, overtime, absenteeism, accidents, time wasted on the job, and work stoppages. The positive effects of these qualities on productivity, quality, and adaptiveness just do not appear. Of course, for many managers and union officials who are having trouble with the new ideas of work restructuring this simplified notion of micro-economic reform is very welcome. This focus on haggling over trade-offs between issues such as working conditions and money payments, pay levels, and job security fits well within the existing framework of adversarial industrial relations. It is a world they know, even if it is unpleasant. Unfortunately, the notion of micro-economic reform totally misses the critical issues involved in democratizing the workplace.

These are issues concerned with the trade-offs of power and responsibility in return for dignity and cooperativeness. Concepts like these are not to be found in the indexes of economic textbooks. This leads us to the next lesson. What is involved in the move from autocratic workplaces to participative, democratized workplaces is nothing less than a shift in paradigms. The notion of paradigms and paradigm shifts has been so loosely thrown around that they now almost axiomatically signal that someone is an intellectual fraud. In this case, there is a genuine paradigm shift. There has been a gradual evolution of more sophisticated workplace management practices since the beginning of the industrial revolution. "Scientific management" or "Taylorism" was simply the last. These forms of managing the relations between managers (and their supervisors) [sounds as if the supervisors are above the managers] and workers had an "asymmetrical dependency."

Work restructuring is a shift to "symmetrical dependence." Frederick Taylor had demonstrated that the asymmetry of the traditional workplace organization could be protected and enforced only by insisting that decisions about the control and coordination of work be located above the level of the people doing the work; and that this was

just as true when the "workers" were plant managers. In a similar, but reverse, manner symmetrical dependence can only be achieved by making sure that a significant proportion of the decisions about control and coordination are located with the people doing the work; with similar implications for managerial structures.

It is doubtful that a shift of this magnitude can be achieved by people who have started their careers in management or administration without ever having had reason to question the axioms of the ruling paradigm. After battling with people since 1952 to achieve this shift, the author agrees with Max Born, the German physicist, who reckoned that the acceptance of a new paradigm of quantum theory would occur only with the passing away of the old generation of physics professors. Certainly, the Australian managers and unionists who are running workplaces today are people who held very junior positions, or had not even entered the workforce, when the public debates and experimentation with restructuring were taking place in the 1970s. There is a lesson there. A paradigm of management that has lasted for the 200 years of industrialization is not going to change because of experimental results or reasoned arguments, any more than did the continuity assumption of classical physics. The experiments and arguments are necessary but acceptance will wait on a new generation who start off with a question mark on the old paradigm.

The third lesson is that even when a generation emerges that accepts that the old paradigm is indefensible, they are carrying so much intellectual baggage packed for the old career journey that they try to construct the future from the contents of that baggage. As one young Australian manager recently {reiterated}, [said] We have gotten rid of the "industrial relations industry" to find ourselves burdened with a 'skills formation industry." By this he meant that whilst we had dispensed with the complex institutions and vested interests that served the old paradigm of master-servant we are now confronted with a {parasital} [parasitic] growth of non-industrial institutions and consultants, devoted to serving the demands for multiskilling the workforce.

He was not wrong about the rate of growth of the skills formation/human resources industry in the past five years. His anger at the skills formation industry was because it masked the real tasks involved in democratizing the workplace. The real tasks--the ones that are harder to face up to--are those of locating responsibility for the control and coordination of the work, as far as it is possible, with the groups of people doing the work. The broadbanding of jobs and some multiskilling is usually

necessary for a group to successfully plan and flexibly manage changing work loads, clear bottlenecks, and iron out quality problems. This self-managed flexibility allows the working group to do a good deal of cross-training on the job without interrupting the overall flow of work. It enables them to identify, realistically, who needs what additional off-the-job training.

In this way the cart of skill formation is designed and pulled along by the horse of self-managing teams. The skill formation industry puts the cart before the horse. It designs the cart to fit with what it can provide by way of needs assessment and curricular and training slots. Even if its product is multiskilled in ways that meet technological requirements, it will be wasted if fed back into a traditionally managed setting. As Frederick Taylor proved, the very efficiency of autocratic management demands that workers be tied to easily supervised, narrow, and tightly specified jobs. However, the skills formation industry was offering a very attractive package. It enable people and organizations to be busy and apparently creative when they were, in fact, evading the real challenge of creating a participative form of work organization that would demand multiskilling. It had a built-in career insurance for managers. If their efforts at restructuring failed, they could always point to the time, effort, and corporate money that had gone into training. Blame for failure could be attached to the quality of the people being trained rather than any lack of effort by management. The managers bear the responsibility for these diversionary activities but it must also be shared by the politicians and bureaucrats who directed subsidies to these activities and unionists who colluded in the exercise.

Can people be expected to do other than evade the challenge of tackling the unknown unless we clearly and unambiguously identify its shape? In this case, it is very easy to identify the shape of the unknown [you have a ? here but not one after the last sentence, which I have put in]. To make the transition from autocratic workplaces to democratized workplaces it is necessary to eliminate the role of supervisor or foreperson without reducing economic viability. There is no other beacon that can so surely guide the path to transition. For this reason, there is no other proposal about workplace reform that so arouses the faint-hearted. Managers are so suddenly moved to compassion that they regard the proposal [not clear which proposal] as cold-blooded and cruel. A similar proposal for remaining middle management would typically be translated into the question, "What is a fair golden handshake?"

For managers, the elimination of the supervisory role clearly indicates that they must learn to manage

without the luxury of "leaving it to the supervisor" and {learn to manage} by negotiating explicit objectives with skilled and knowledgeable groups of self-managing workers. For workers, it means they must forego the "luxury" of freedom from responsibility and earn the dignity and freedom of self-responsibility. When it is finally accepted that the role of supervisor is not consistent with a relation of symmetrical dependence between management and workers, then management has several reasonable choices. It must choose between offering the foreperson a golden handshake; giving him or her a career in management; or offering another job of equivalent remuneration and status. The inventing of "semi-supervisory" roles by, for example, replacing supervisors with coaches, team leaders, and trainers, is usually deceptive. Managers soon come to expect these "semi-supervisors" to serve them in the same ways as the former supervisors. Workers expect them to "carry the can" and they soon discover that being the "meat in the sandwich" is hardly worth it without the recognition given to the former supervisors.

Even when it is accepted that work must be the main challenge, this change will be avoided. This waste of time, effort, and money may be somewhat reduced by focusing on the simple target of eliminating the role of first line supervisors or forepersons. It will not, however, be totally eliminated because clever and desperate people will always find new disguises for the role of foreperson.

There remains a fourth lesson to which I referred in my discussion of industrial policies. The Australian experience provides us with a number of clues as to what we should be trying to learn. The Jackson Committee when it formulated this objective in 1975 was clear that the formulation and planning of industrial policy had to be freed from bureaucratic control and the dominance of big corporations. Sometimes, as with the successful Australian Steel Plan, there is no alternative to a deal between a corporation and the government. Most of the Australian manufacturing industries have a multiplicity of firms and regional locations. The Jackson Committee was concerned with how industry policies could emerge to serve such diversity.

The Committee stressed that planning should be an on-going function of a network of industry and regional councils in which no council had the hierarchical authority to discipline another. The networks had to be interconnected and overlapping in membership; however, national interests would not necessarily override the interests of an individual manufacturer. Further, unlike the corporate state models of industry planning of the 1930s and 1940s, representation on the industry councils would not

be based purely on the similarity of business interests. The principle of common concern with the various resources of the society drawn into the manufacturing process were also to be considered. In addition, the overriding task of all the councils would be to strive for a shared understanding and perspective that went beyond the immediate concerns of an enterprise or branch. Only within the framework of mutually shared understanding would the council seek to identify the changes needed in industry policies and regulation.

These principles were well-meaning and sound. The committee did not, however, specify what would be needed for the principles to be implemented. In particular, the Committee failed to recognize that some use of the principle of selection by lot would be necessary to ensure that both membership and chairmanship of council sub-committees were to be accepted as relatively unbiased. In addition, for the industry councils to be protected from the horse-trading of interests, they would have to conduct their most serious business in search conference mode. These matters were debated with bureaucrats as they sought, unsuccessfully, to make a Government White Paper out of the Jackson Committee report, but to no avail. The author, who was a participant, came away from those discussions with the feeling that neither the bureaucrats nor the politicians wanted the industry councils to be a genuine source of advice.

The 1983, the councils were formed; however, the members were nominated by the Minister in charge of industry. The councils were quickly colonized by bureaucrats in collaboration with the dominant corporations. The only reason the system did not regress to corporatism was the strength of the free-market economists in the central parts of the bureaucracy. The search function that should have been central to each council was hived off to a national Economic and Planning Advisory Council controlled by {the} economic rationalists from [the] bureaucracy. An Australian Manufacturing Council was hierarchically imposed above 11 industry councils. In 1983 four councils were dissolved. In 1990 the remaining seven were disbanded.

Arguably, this need not have been the case. It is understandable that the Jackson Committee did not specify how the system of councils should have worked. It was assumed that the usual methods of selection--conferencing and committee meetings-- would work as well for the new systems of industry councils as they had under the previous systems. It is the old problem of "what do fish know about water?" Having never been in any other medium, fish, even if they could talk, would not understand our questions. When we examine what conferencing and committee work actually do best, we get a very different picture. They are

not appropriate mechanisms for developing mutually shared understandings of "the world out there," particularly when those undermine claims to status or territory.

What is the lesson to be drawn from this? The obvious lesson is that if industry councils are set up, then they should be selected and operated so that they have a chance of coping with their "natural enemies." Beyond that, councils need to realize that, whilst they cannot direct investments, they can greatly influence the investment climate by extending the time horizon for investments in their sector. An important consideration in extending that time horizon is the promise of a responsible and committed workforce capable of enhancing changes in technology, products, or services.

[If references are to be used, they need to be marked in the text.]