INDUSTRIAL POLICIES IN THE ERA OF FINANCIALISATION AND GLOBALISATION
ASSA WORKSHOP
University of Sydney, 20-21 July 2015

WORKSHOP REPORT

This workshop was held at the University of Sydney on 20-21 July 2015. The workshop brought together a multi-disciplinary group of leading and emerging academics from 11 Australian universities as well as policymakers, independent researchers and trade union representatives (see Attachment 1 for a list of participants).

The workshop was funded by the Academy of Social Sciences in Australia and the School of Social and Political Sciences, University of Sydney.

The workshop was convened by Dr Lynne Chester (University of Sydney), Dr Phillip Toner (University of Sydney) and Professor Frank Stilwell (University of Sydney).

Purpose

The workshop’s purpose was to progress an understanding of the restructuring of production from the concurrent global influences of financialisation and globalisation, and to identify the challenges these global processes pose for national industrial policies. Key questions discussed over the two days of the workshop were: What is the relationship of the processes of financialisation and globalisation to the contemporary industrial structure? Are there sector or commodity specificities, similarities and differences in the way that these global processes manifest and reorganise production? What are the dominant forms, processes, techniques and policies which have embedded these global processes within national industrial sectors or the production of commodities? How can national industrial policies address the nature and form of these impacts? Which industrial policy instruments will be the most effective in the era of financialisation and globalisation? Do the issues for framing national industrial policies within the contemporary era differ between developed and developing countries?

Content and discussion

The workshop was structured around six sessions.

The first session ‘Conceptualising industrial policy’ set the context for the discussion in all subsequent sessions. The contested definitions of industrial policy, the resurgence of contemporary interest in industrial policy, the historical role of industrial policies in Australia and elsewhere, the debate about the role of government and markets, and the relation of industrial policies to capitalist accumulation were discussed. Professor Roy Green outlined the significance of industry policy in developing coordinated strategies to identify and capitalise on current and future areas of competitive advantage with the contemporary shift from large vertically integrated corporations to networks and clusters of smaller interdependent, knowledge-based production units – ‘micromultinationals’ – with increasingly specialised functions in global markets and value chains. Dr Roni Demirbag extended the discussion to consider the critical role of industrial policies for ongoing successful accumulation to occur and
Dr Tom Barnes directed attention to the nature and implications of the current industrial policies of China, India and Indonesia. A key aspect to emerge from this first session was the need to go beyond the traditional narrow ‘manufacturing’ notion of industry policy and the need for regional dimensions of policies to be central.

To help establish the broad contours for future industrial policies, session two, ‘Globalisation, financialisation and de-industrialisation’, initiated a discussion of the nature of the global phenomena with which contemporary national industrial policies must contend and the extent of de-industrialisation which has occurred. Professor Dick Bryan posited that a new liquidity of capital (across space and form) is breaking down an effective identification of ‘industries’ that can be the target of effective ‘policy’. Dr Margaret McKenzie outlined the current state of Australian de-industrialisation, and the widespread consequences were illustrated by the presentation of Mark Dean and Associate Professor Ray Broomhill of the decline of the motor vehicle industry in one local government area.

The focus shifted in session three, ‘The impacts of globalisation and financialisation on industrial sectors: Two case studies’, to the different ways in which globalisation and financialisation have reshaped production in sectors for essential commodities in order to identify the exogenous drivers of structural change around which national industrial policies need to be framed. Two Australian case studies were presented – the construction industry (Dr Phillip Toner) and the electricity sector (Dr Lynne Chester). The processes of financialisation that have occurred revealed the ‘new’ less overt forms of industrial policy being exercised by the nation-state.

The focus of session four, at the start of day two, was the spatial and skills dimensions of industrial policies. Questions addressed included: Should the skills development of labour be germane to industrial policies? Can industrial policies create less precarious jobs? What are the spatial implications for industrial policies, should they be addressed and if so, how? Professors Phillip O’Neil and Bob Fagan explored the effects of a financialised national economy on the labour market at a fine geographic scale through the lens of Australia’s largest regional labour market, Western Sydney, noting the significant relationships between demographic and economic policies. Dr Scott Burrows turned to the issues of precarious jobs and youth unemployment within the Illawarra region and advocated the need for social planning for industrial change to directly address these issues. Professors John Burgess and Al Rainnie completed this session with an exposition of the changed nature of work and employment in the WA resources sector using the ‘disconnected capitalism’ thesis which illustrated the issues posed by global production networks and the restructuring of work-labour-community relationships.

The focus of session five was the instruments of a national industrial policy. The efficacy of traditional instruments, the need for a wider conceptualisation of instruments than limited to sector-specific measures, and the interaction between policy fields which go beyond the traditional domain categorised as industrial policy, were some of the highlights of three presentations. Associate Professor Ian Hampson outlined the emergence of a global aircraft maintenance sector through outsourcing and offshoring, the implications for low-wage regions and the potential for a ‘new’ local industry depending on government support. This was then extended by David Richardson who discussed the historical forms of government industry support through the price mechanism. Dr Tom Skladzien suggested that contemporary policy must address the determinants of comparative advantage with a multi-dimensional approach which includes education, science and research, industrial relations, procurement and trade.

Session six discussed the real-world challenges of implementing national industrial policies from different perspectives – policymaker and trade union - if the ideological hegemony of neoliberalism acts against the implementation of industrial policies. The session opened with a Skype presentation, from Canada, by Dr Jim Stanford who reviewed the current state of the
art of industrial policy in the global auto industry and concluded that Australia’s experience is not typical of the potential positive role that can be played by automotive industrial policy. Mark Cully outlined the policy objectives, forms of assistance and challenges from a national government perspective and Rod Pickette, from the perspective of the ACTU, questioned the process of policy intervention, the narrowness of past policies and the purpose of past assistance to industry, suggesting that industry policy should be considered through the prism of employment and the dual roles of decreasing inequality and stimulating investment.

A concluding session – conducted by the workshop conveners – drew together the core elements from each session’s discussion: the consistent discussion of the constraints against industry policy, the lack of consensus about what industry policy is, the constructive or destructive expression of industry policy, and the contradictions/tensions between economic and social goals, the binary policy distinction between market and state, and direct and indirect forms of policies affecting industries.

**Outcomes**

Two proposals for publication of the workshop papers presented have been developed:

[a] a symposium of 7 papers for an issue of the *Economic and Labour Relations Review*. This has been accepted by the journal and the symposium is expected to be published by mid-2016; and

[b] an ebook comprising 7 chapters to be published by a leading Australian independent research institute. A proposal has been submitted and if successful, it is anticipated that the ebook will be published in the first half of 2016.

It is intended that two pieces also be written for publication in *The Conversation* at the time of both publications.

In addition, the workshop created an opportunity to establish a network of researchers working across many related areas. It is intended that there be ongoing communication across the network about projects, publications and possible future collaboration on projects and/or competitive funding grants.

Lynne Chester, Phillip Toner and Frank Stilwell
30 August 2015
LIST OF PARTICIPANTS

BARNES, Tom: Dr Barnes is an economic sociologist at the newly-established Institute for Religion, Politics, and Society at Australian Catholic University in Melbourne. He is working in the Institute’s ‘Cities and Successful Societies’ research stream, which looks at the role of civil society, government and business in the rejuvenation of urban regions undergoing industrial decline. He is also working on a comparative study of auto workers in China and India. He has a background in political economy and development studies and completed his PhD in political economy at the University of Sydney in 2011, where he lectured until joining ACU in 2014. He is an expert on urban development, industry and labour markets in India, and has a strong interest in the study of Asian labour movements, particularly Indonesia and China. He has written a book, *Informal Labour in Urban India: Three Cities, Three Journeys* (Routledge, 2015) and also published in *The Journal of Development Studies and Economic and Labour Relations Review*. He is co-convenor of the Sociology of Economic Life group for The Australian Sociological Association (TASA) and a fellow with the Victorian Parliamentary Library. He blogs frequently and is currently writing a book on the development of the Indian automotive industry.

BROOMHILL, Ray: Associate Professor has been an adjunct researcher with the Australian Workplace Innovation and Social Research Centre at Adelaide University since 2002 after almost thirty years teaching and research in the social sciences. After completing a doctorate in Australian History on the Depression of the 1930s he taught Sociology for a period before becoming a founding member of the Labour Studies program at the University of Adelaide and Director of the Centre for Labour Research. His broad academic research interests have spanned several areas of Australian Political Economy – including especially topics on gender, labour and public policy issues. Most recently he has been researching the impact of the federal Liberal/National government’s budgets on vulnerable groups in South Australia.

BRYAN, Dick: Dick Bryan is professor of political economy at the University of Sydney. Dick joined Political Economy in 1984. Over the subsequent three decades, he has researched and taught on two related areas: theories of value and distribution and the evolving global economic system. An on-going theme here is the breaking down of national barriers to trade, investment and finance.

BURGESS, John: John Burgess is Professor, School of Management, Curtin University. Research interests include working time and health (ARC Discovery Project); employment practices of multinational enterprises (ARC Discovery project); job quality assessment; employment practices in the resource sector and industry clusters and regional development. Recent co-edited special journal issues have included FIFO work (Australian Bulletin of Labour); employment practices of multinationals (Journal of Industrial Relations); Research on Work and Workplaces (Economic and Labour Relations Review); Technology and Job Quality in the Service Sector (Labour and Industry); vulnerable and precarious work (International Journal of Human Resource Management); workforce development in the Asia Pacific (Asia Pacific Business Review). Recent co-edited books have covered Diversity Management (McGraw Hill), cluster development and evaluation (Reiner Hampf) and Indigenous Employment (Wordsmith). Currently he is co-editing a special issue on insecure work (International Journal of Manpower) and co editing a book on Capacity Building Programs in the Asia Pacific (Routledge).

BURROW, Scott: Dr Scott Burrows is a sociologist in the School of Humanities and Social Inquiry at the University of Wollongong. He recently completed his PhD which investigates
neoliberalism as hegemony and focuses on a case study of youth employment in the Illawarra region. He has published in outlets such as the Alternative Law Journal, Capital and Class, the Economic and Labour Relations Review, Illawarra Unity, the Journal of Australian Political Economy and Work, Employment and Society. Recently, he has investigated with Dr Martin O’Brien the post-redundancy outcomes for ex-BlueScope workers at Port Kembla, New South Wales.

CHESTER, Lynne: Dr Lynne Chester researches and teaches in the Department of Political Economy, University of Sydney. She has written extensively on the Australian electricity sector, restructuring of energy markets and energy security. Her research focus includes the economic-energy-environment relation, energy affordability, and electricity and carbon derivatives. She is author of Neoliberal Structural Change and the Electricity Sector: A Régulationist Analysis (forthcoming 2016), and co-editor of the Review of Political Economy, Handbook of Heterodox Economics (forthcoming 2016) and Challenging the Orthodoxy: Reflections on Frank Stilwell’s Contributor to Political Economy (2014). Lynne was an independent member of the Australian Federal Government’s 2011-12 Energy White Paper Reference Group, and is a former Board member for the National Offshore Petroleum Safety and Environmental Management Authority (2009 -15) and the Bureau of Resources and Energy Economics (2011-14), and a former Chair of AGL’s Customer Council (2012-15). Prior to academia, Lynne worked as a consultant to the Asian Development Bank, a senior executive with two of Australia’s largest utilities (the former Energy Australia and Sydney Water), as Chief of Staff to two Federal Government Ministers, and as economic adviser to the South Australian Premier.

CULLY, Mark: Mark Cully commenced as Chief Economist for the department in September 2012. Mark has a first-class Honours degree in Economics from the University of Adelaide. From 1992-95 he was a British Council Commonwealth Scholar at the University of Warwick obtaining a Master of Arts in Industrial Relations, while working at the Warwick Business School. He has had a varied career in applied economic research at the intersection of government and academia. In 1995 he was appointed head of research on employment relations for the UK Government, where he ran what was the world’s largest survey of working life. He returned to Australia in 1999 to join the National Institute of Labour Studies as Deputy Director, and was then General Manager at the National Centre for Vocational Education Research for six years, running its statistical then research operations. In 2009 he was appointed Chief Economist at the Department of Immigration and Citizenship and in that role chaired the OECD’s Working Party on Migration. He is a member of the CEDA Council on Economic Policy.

DEAN, Mark: Mark Dean is a PhD Candidate in the School of Social Sciences at the University of Adelaide, and a research assistant at the Australian Workplace Innovation and Social Research Centre (WISeR). His doctoral project is a political-economic analysis of urban rejuvenation and regeneration policymaking in South Australia in the post-GFC period, with a particular focus on policy strategies and implementation in the City of Playford - particularly in the wake of Holden’s announcement of closure by 2017. Mark’s broader research interests relate to economic geography and critical urban studies, as well as gender and work.

DEMIRBAG, Roni: Dr Roni Demirbag completed his PhD in 2012 in the Department of Political Economy at the University of Sydney. His PhD thesis looked at the normative justification of prices in capitalism. Primarily focusing on the failure of both Neoclassical and Austrian justification of prices in capitalism, the thesis then examined the manifestation of this problem in three heterodox economic paradigms; namely, Marxian, Post Keynesian and Institutionalist economic theory. Upon the completion of his PhD, Roni worked at the department of political economy for 3 years teaching undergraduate 1st and 2nd year courses and also postgraduate level courses. He is currently adjunct at the University of Western Sydney teaching an economics course as part of an MBA degree at the Sydney Graduate
School of Management. He is also an adjunct at the University of New South Wales, teaching first year economics. His recent research has looked at the Economic Modelling of the Productivity Commission with regards to the auto industry closures, looking at the difference between dynamic efficiency and static allocative efficiency and the difficulties this poses for the attempts to model the economy in order to obtain determinate results.

FAGAN, Bob: Professor Bob Fagan is an economic geographer with 30 years experience researching, teaching and evaluating public policy in the areas of urban and regional development. He is emeritus professor of human geography at Macquarie University. His research has focused on local social impacts of economic changes in national economic policy regimes and their relationships with globalisation. He has worked as a consultant for federal, state and local government agencies and for Australian Red Cross.

GREEN, Roy: Professor Roy Green is Dean of the UTS Business School at the University of Technology Sydney. He graduated with first class honours from the University of Adelaide and has a PhD from the University of Cambridge. Subsequently, he has worked in universities, business and government, published widely in the areas of innovation policy and management and undertaken multi-country projects with the OECD and European Commission. Roy chaired the Australian Government’s Innovative Regions Centre, CSIRO Manufacturing Sector Advisory Council and NSW Manufacturing Council, and he served on the Prime Minister’s Manufacturing Taskforce and Australian Bureau of Statistics Innovation Reference Group. He conducted the Government’s review of the Textile, Clothing and Footwear industries, led Australian participation in a global study of management and productivity, coordinated an Australian Business Deans Council initiative on the future of management education and has co-authored recent publications on productivity, skills and innovation.

HAMPSON, Ian: Ian Hampson is Associate Professor in the School of Management in the University of New South Wales’ School of Business, and an associate of the Industrial Relations Research Centre, at the University of New South Wales. He teaches Human Resource Management, and has published in work organization, training policy, skill recognition and the politics of labour movements. He is currently working on a number of projects to do with skills recognition, training and industry policy, and the Future of Aircraft Maintenance in Australia.

MCKENZIE, Margaret: Dr Margaret McKenzie joined the ACTU as economic policy officer in June 2015 after working as a lecturer in economics at Deakin University most recently, and at other universities in Australia and the UK. She has also worked in economic policy areas of the public service, including as an industry officer at the ACCC. She has a PhD in economics from Birkbeck, University of London. She has a wide range of interests related to policy including macroeconomics, privatization, industry, regulation, tax, copyright trade, sovereign wealth funds, and last but not least, applied econometrics. She has made many media contributions, including in The Conversation and The Drum.

O’NEIL, Phillip: Phillip O’Neil is Professorial Research Fellow in Economic Geography at the University of Western Sydney. He has been recently appointed as Inaugural Director of the University’s new Centre for Western Sydney. The Centre will be the University’s portal for policy and research dissemination for the Western Sydney region. Phillip’s current research focus is on infrastructure, its privatisation, and the implications of private financing for the functioning of cities. His research historically has focussed on the regional impacts of industrial change, the role of the state in economic transitions, and the relationships between corporate capital and productive investment.

PICKETTE, Rod: Rod Pickette is a political economist and policy analyst. He has worked in senior positions in the private and public sectors as well as running his own consulting businesses. He has advised a large number of private and public organisations in Australia,
spanning private companies, not-for-profit (NFP) organisations, Government agencies and trade unions. Over the period 2005 to 2012 he headed the Maritime Union of Australia policy and lobbying Office in Canberra, and still provides policy advice to the MUA on a part time basis, as well as other unions, particularly on superannuation, workers capital, infrastructure, labour market issues, industry policy and economic policy. Rod is also undertaking policy work for the ACTU on superannuation and investment. He has represented the ACTU at Government and international forums across a range of policy and campaigning issues. At the workshop, he is representing the ACTU.

**RAFFERTY, Mike:** Dr Mike Rafferty is ARC Future Fellow in the School of Business at the University of Sydney. Mike has undertaken research on work, labour markets, skills development, occupational health and safety, and financial aspects of working life, including mortgage stress, superannuation and retirement. He has also written on the shifting of life course risks from employers and the state to workers and households and the growing role of financial markets in managing those risks. Mike holds a PhD in economics, is an Honorary Research Fellow at the Institute of Employment Research at Warwick University and has taught at universities in Australia and Europe.

**RAINNIE, Al:** Al Rainnie is an Honorary Professor at the University of New South Wales and the University of Leicester in the UK. Previously Al worked at Curtin University, Leicester University, Monash and the University of Hertfordshire. Al's research has centred on small firms, industrial relations, regional development and state restructuring. Recently he has worked on spatiality, work and employment, Global Production and Destruction Networks.

**RICHARDSON, David:** David Richardson studied economics at Flinders University and the University of New England. He has taught economics at UNE and the University of Western Australia. His research interests included macroeconomics and international economics. In Canberra David worked in the Economics section of the Parliamentary Library briefing MPs and Parliamentary Committees on various economic issues before Parliament. During the Hawke/Keating Government David worked for Ministers Brian Howe and Senator Nick Bolkus. The result was a solid knowledge and practical understanding of government and policy making associated with the Australian economy. In 2008 David jointed The Australia Institute, Australia's most influential progressive think tank. Based in Canberra, it conducts research on a broad range of economic, social and environmental issues in order to inform public debate and bring greater accountability to the democratic process. David’s work at the Institute has included working on the mining boom and how the ‘Dutch disease’ has affected the Australian economy; economic power and the role of banks and other monopoly/oligopoly sectors of the Australian economy; the nature of inequality in Australia; evaluating Australia’s fiscal conservatism, ‘surplus fetish’ and fear of debt; Australia’s tax system and alternatives; the roles of privatisation and the delivery of infrastructure.

**SKLADZIEN, Tom:** Dr Tom Skladzien completed an undergraduate degree in economics at the University of Adelaide before completing his PhD at Washington University in St Louis specialising in macro and public economics. Tom then went on to work at the Commonwealth Treasury for several years before joining the Ministerial staff of Climate Change Minister Greg Combet in 2010. Tom worked as an advisor to Minister Combet in both the Climate Change and Industry portfolios, as well as an advisor to Trade Minister Dr Craig Emerson and Treasurer Chris Bowen, before taking up his current position as National Economic and Industry Adviser to the Australian Manufacturing Workers’ Union.

**STANFORD, Jim:** Dr Jim Stanford is an Economist with Unifor, the union formed in 2013 from the merger of the Canadian Auto Workers (CAW) and the Communication Energy and Paperworkers (CEP). Jim received his Ph.D. in Economics in 1995 from the New School for Social Research in New York, and also holds economics degrees from Cambridge University and the University of Calgary. He is the author of *Economics for Everyone* (first published in
which has been translated into 6 languages. He writes an economics column for the Globe and Mail, appears regularly on CBC TV’s “Bottom Line” economics panel, and is the Vice-President of the Canadian Centre for Policy Alternatives. He lives in Toronto with his family.

STILWELL, Frank: Frank Stilwell is Professor Emeritus in Political Economy at the University of Sydney. He has undertaken research and written numerous books and articles on political economic issues, ranging from the critique of mainstream economics and neoliberal policies to economic inequality, urban and regional development, environmental economic challenges, industry policies and alternative economic strategies. He is the coordinating editor of The Journal of Australian Political Economy, an editor of Australian Options, Vice President of the Evatt Foundation and Fellow of the Academy of Social Sciences in Australia.

TONER, Phillip: Dr Phillip Toner is an Honorary Senior Research Fellow in the Department of Political Economy, University of Sydney. He gained his PhD in Political Economy at the University of Sydney. The thesis was on the role of manufacturing industry in economic development. It was published as a book by Macmillan U.K. in 1999. His research interests include industrial structure analysis and industry policy; the economics of technical change; national vocational skills formation systems and labour market analysis. He has undertaken research for organisations including the OECD; World Bank; APEC Industry Canada; South African Human Sciences Research Council; Australian Research Council; National Centre for Vocational Education Research and Department of Innovation, Science and Research. He has published in the Cambridge Journal of Economics; British Journal of Industrial Relations; Prometheus: Critical Studies in Innovation; Journal of Contemporary Asia; Journal of Industrial Relations; The Economic and Labour Relations Review; Economic Analysis and Policy; Labour & Industry and Australian Bulletin of Labour.
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CCANESA Conference Room, Madsen Building, University of Sydney

WORKSHOP PROGRAM

MONDAY 20 JULY

10:00 – 10:30 Registration and coffee

10:30 – 11:00 Welcome and Workshop Overview

11:00 - 12:30 SESSION 1: Conceptualising industrial policy

Understanding the industrial policy discourse
Professor Roy Green, University of Technology, Sydney

Industrial policies and the process of accumulation
Dr Roni Demirbag, University of Western Sydney

The shifting focus of industrial policies: China, India and Indonesia compared
Dr Tom Barnes, Australian Catholic University

12:30 - 1:30 Lunch

1:30 - 3:00 SESSION 2: Globalisation, financialisation and de-industrialisation

The relevance of globalisation and financialisation to national industrial policies
Professor Dick Bryan, University of Sydney

From post-Fordism to ‘post-Holdenism’: Responses to de-industrialisation in the City of Playford in South Australia
Associate Professor Ray Broomhill and Mark Dean, University of Adelaide

The current state of Australian de-industrialisation
Dr Margaret McKenzie, ACTU

3:00 - 3:30 Afternoon tea

3:30 - 5:00 SESSION 3: The impacts of globalisation and financialisation on industrial sectors – two case studies

Financialisation of the Australian construction industry
Dr Phillip Toner and ARC Future Fellow Dr Mike Rafferty, University of Sydney

Financialisation: Cause or consequence of electricity sector restructuring?
Dr Lynne Chester, University of Sydney
7:00 Workshop dinner [The Duck Pub and Inn, Chippendale]

TUESDAY 21 JULY

9:00 – 10:30 SESSION 4: Spatial and skills issues for industrial policies

How do industrial policies impact spatially and should we be concerned?
Professor Phillip O’Neil, University of Western Sydney and Professor Bob Fagan, Macquarie University

Precarious jobs and youth unemployment: The case of Wollongong
Dr Scott Burrows, University of Wollongong

Global production networks, the state and the restructuring of employment relationships in the WA resources sector
Professor John Burgess, Curtin University and Professor Al Rainnie, University of Western Australia

10:30 – 11:00 Morning tea

11:00 – 12:30 SESSION 5: What elements should comprise a national industrial policy in the contemporary era?

Industrial policy for aircraft maintenance: The case of Australia
Associate Professor Ian Hampson, Associate Professor Anne Junor and Dr Doug Fraser, University of New South Wales

The adequacy of traditional instruments of industrial policies in the contemporary era
David Richardson, Senior Research Fellow, The Australia Institute

Industrial policy needs to be a mosaic of public policies
Dr Tom Skladzien, National Economic and Industry Adviser, Australian Manufacturing Workers Union

12:30 – 1:30 Lunch

1:30 – 3:00 SESSION 6: Can a national industrial policy be effectively implemented in the contemporary era?

Industrial policy in the automotive industry: National interests, regional production and global supply chains
Dr Jim Stanford, Economist, Unifor, Canada (by Skype)

The challenges from a policymaker’s perspective
Mark Cully, Chief Economist, Commonwealth Department of Industry

An Australian trade union perspective
Rod Pickette, ACTU

3:00 – 3:30 Afternoon tea

3:30 – 4:30 SESSION 7: Concluding thoughts

Dr Lynne Chester, Dr Phil Toner and Professor Frank Stilwell, University of Sydney

4:30 – 4.45 Next steps and close