

THE SOCIAL CONSEQUENCES OF INDUSTRIAL DEVELOPMENT AND DECLINE

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THE PROBLEM

Whyalla is a small South Australian city situated on the western shore of the Spencer Gulf, approximately 380 kilometres northwest of Adelaide.

The development of the city is almost entirely attributable to the growth of heavy industry activities by the Broken Hill Proprietary Company at Whyalla.

The industrial growth occurred in particular phases, which produced periods of very rapid population expansion. The expansion was not, however, matched by a commensurate expansion in essential community facilities. The lack of facilities, together with problems associated with migrant recruitment schemes and high labour turnover at the B.H.P. steelworks and shipyard, created a great deal of dissatisfaction within the community. Many dissatisfied people moved away from Whyalla, consequently for many years a large proportion of the population was constantly changing.

These problems caused Whyalla to be characterized concurrently as a 'company town', 'boom town', and a 'problem town'.

Over the last ten years, community facilities have improved and the unfavourable town image has been receding. This progress towards a more satisfactory image is about to be halted or reversed. The B.H.P. shipyard, which three years ago employed 14% of the Whyalla work force, has now closed down. There is very little hope of alternative employment in Whyalla for the shipyard workers made redundant by the closure. The number of unemployed people in Whyalla is steadily rising and will continue to rise as the circulation of money in the town decreases, thus creating further unemployment.

The following paper examines the problems associated with the rapid industrialisation of Whyalla by the B.H.P. Company and attempts to assess the social consequences of the closure of the shipyard. The paper will demonstrate that the Whyalla situation is not unique. Close examination of the problem of industrial decline indicates the emergence of a general pattern. It is a pattern that creates serious social problems in working-class communities in areas where a major industry is declining.

INDUSTRIAL DEVELOPMENT

The Broken Hill Proprietary Company has had an interest in the Whyalla area since 1897, when the company first 'acquired'¹ mineral leases. In 1897 Whyalla, then known as Hummock Hill,² was chosen as the nearest suitable place where ore from the mines could be shipped to smelting plants.

By 1902 there were twenty-one families living in tents around Hummock Hill. The first school opened in 1905. Telephone communication with other parts of Australia was established in 1911. In 1915, the name of the area was changed from

Hummock Hill to Whyalla. The name 'Whyalla' is said to derive from an Aboriginal word meaning 'windy place by the sea'.

With the outbreak of war in 1914, steel was in great demand and ore extraction at Whyalla was increased markedly to supply a blast furnace at Newcastle, New South Wales. The next significant industrial phase at Whyalla was also related to war activities. In 1938, the prospects of a second world war loomed large and in that year dredging work commenced for a new harbour at Whyalla. The following year work began on the construction of a shipyard and a blast furnace. By 1941 the blast furnace was in operation and the first ship, H.M.A.S. Whyalla, had been launched. In July 1941 an American journalist visited Whyalla and eventually wrote in the Saturday Evening Post:

Churchill's stirring words are highly appropriate here. The workers at SMC 47 (Shipbuilding and Munitions Centre No. 47) are a quiet unexcitable crowd. Many of them still cannot seem to realize that their personal fate is in the balance. Rough silent fellows from the far outback, the never, never land men who never saw a boat, are now riveting His Majesty's ships...The trained nucleus behind the green workmen in this green shipyard comes from the Clyde and the Tyne. They make the whole show possible. They design and build the ships. Imported from Scotland for the duration, they brought their fine craftsmanship with them and they are training the Aussies to be shipwrights of tomorrow. The Scottish bosses are very patient with the Aussies. They do not object if their men take it easily occasionally. They have to learn that the taming of an Australian stockman into a riveter must be done with the utmost tact and patience. But the bosses from Scotland seem to be satisfied.³

Industrial development continued over the years but escalated in 1964 when a steel structural mill began operating.

The very rapid industrialisation of Whyalla could not have been achieved without the availability of the necessary work force. It has been estimated that the work force in Whyalla increased fourfold between the years 1954 and 1971. The periods of rapid population growth are related to phases of major industrial expansion by the B.H.P., for example, the installation of the rolling mill in 1964 and the operation of a second blast furnace in 1965.

Between the years 1947 and 1971 the population of Whyalla increased by over 300%, that is, from 7,845 to 31,570. At the 1976 census the population was recorded as 33,382.

THE OMNIPRESENCE OF THE BROKEN HILL PROPRIETARY COMPANY

Until 1944 Whyalla was a 'company town', except for a primary school, a post office, two policemen and their bicycle. All else in the town was owned and provided by the Broken Hill Proprietary Company.⁴

As the B.H.P. Company activities at Whyalla developed and the population expanded, the majority of the essential facilities were provided by the Company. The Company acted as local authority and was responsible for: roads, footpaths, health services, fire services and water supplies. The Company also provided an abattoir, a dairy and a brickworks. It could be said that in the end everything depended on the B.H.P. Company. The Company was responsible for all burial arrangements and a B.H.P. carpenter attended to most of the interment details.

It was mentioned earlier that Whyalla developed rapidly between 1938 and 1976. The population during that period expanded markedly. Most of the people who came to Whyalla did so for two basic reasons: first, the availability of work with

B.H.P., and, second, the availability of a house provided by the South Australian Housing Trust.⁵

Full employment (for males only) existed for most of the expansion period, and overtime was available for most workers. The existence of overtime money has been a factor contributing to the 'boom town' image, i.e. earnings (not basic wages) were relatively high.

The town lives on overtime and you have to have it. But if you are having something in the family or if something is going on and you don't want to work overtime, you are in for it. Refuse overtime once or twice, and the foreman will make sure you don't get any for a long time.⁶

Many of the problems experienced by the people of Whyalla stem directly from the domination in the past by B.H.P., both economically and politically. Apart from the B.H.P. domination, other factors have contributed to the 'problem town' image, and they are:

- (a) the geographic isolation of Whyalla,
- (b) the inhospitable climate,
- (c) the marked population instability, and
- (d) the problems associated with the population instability.

The most recent tourist guide produced by the Whyalla Tourist Centre describes Whyalla as 'a city on the move'. In the past it has been the people, not the city, on the move. Many reasons have been advanced for the rapid turnover of population year after year at Whyalla. A central factor has been the B.H.P. recruitment scheme which has attracted large numbers of migrants. By far the majority of these migrants have come from Yugoslavia, Germany, Netherlands, Italy and Greece, and in all, it is estimated that forty-five different nationalities are represented in the Whyalla population. Table I gives some indication of the migrant composition of Whyalla.

TABLE I
PERCENTAGE BIRTHPLACE DISTRIBUTION WHYALLA

Birthplace	Census 30th June				
	1947	1954	1961	1966	1971
Australia	94.7	86.6	73.2	61.4	57.4
U.K. and Ireland	4.5	6.7	13.1	24.9	29.2
Europe	0.5	6.3	13.0	12.7	11.7
Other	0.3	0.4	0.7	1.0	1.7

Of the B.H.P. recruitment scheme, a visiting American sociologist had this to say:

The prospective migrant must develop a realistic set of expectations with respect to life in Whyalla. The task of doing this rests squarely on the recruiter's shoulders, for while the migrant expects some initial hardship, he will resent bitterly a falsely painted picture of conditions in Whyalla. It must be remembered that the potential migrant will probably have a romanticised notion of Australia, and may well be prone to interpret even starkly objective information about Whyalla in the most favourable light possible. This occurs because the prospective migrant, having expressed an interest in migration, is now in the process of validating his own decision, i.e. he is telling himself what a good decision he has

made. Consequently, the printed material handed to the prospective migrant including any films and photographs should be designed to purposely understate the attractions of the community rather than to overstate them. In films and photographs, this means that black and white should be probably be used, since colour tends to favourably dramatise a scene. With respect to printed materials, the worst features of the city should be made as explicit as are the best features. It should always be borne in mind that it is far less costly to the Commonwealth and to B.H.P. to lose a migrant while he is still a prospective migrant than after he has already arrived in Australia.⁷

The migrants who were attracted by the literature came mainly because of the promise of a job plus a home. The job turned out to require almost obligatory shift-work or overtime, and the house provided was usually a very small double-unit type, owned by the South Australian Housing Trust. Disenchantment for many was inevitable, consequently for many years successive migrants arrived, stayed a while, became dissatisfied, and then either returned to their country of origin, or moved to other parts of Australia. This changing population created considerable labour difficulties for B.H.P. and it is surprising that under such circumstances the B.H.P. management seemed so unaware that part of the problem emanated from the work conditions and general company attitudes towards the worker and the community. Some idea of the size of the problem can be gained from an examination of labour turnover figures given in Table II.

TABLE II
LABOUR TURNOVER — WHYALLA SHIPYARD (SIX MONTHLY PERIODS)

	21.5.74	20.5.75	18.5.76
Tradesmen	31.2%	28.9%	33.3%
Apprentices	3.7%	23.4%	12.2%
Semi and unskilled	77.0%	49.0%	49.7%
Staff	11.5%	12.6%	22.2%

The transitory nature of the population was well summed up by a social worker who lived in Whyalla for a number of years, when he said: 'It's like one large army transit camp'. A current Whyalla resident described his first reaction to Whyalla twelve years ago when he arrived and said: 'It was like a sea of galvanised iron'.

The continuous movement in and out of Whyalla was not confined to B.H.P. workers. Professional and semi-professional people also were reluctant to stay. A report written on the historical development of Whyalla by J.H. Thompson mentions this problem:

The schools are staffed mainly with first year teachers straight from college, and in one large high school 85% of the staff were under twenty-five years of age, with approximately 20% under twenty-one years of age. The lack of permanent experienced staff obviously affects the behaviour and development of new teachers, and perhaps lowers the quality of education.⁸

The reasons advanced for people leaving Whyalla have tended to be related to a combination of dissatisfaction with general work and environmental conditions, but perhaps a further reason, less frequently mentioned, was the lack of stable relationships with kin or friends. It has always been remarked upon that in Whyalla you can make friends easily and quickly because it is a small town. In the

past, however, these easily-made friendships were only of a temporary duration due to the excessive population movement. Many of the people who were on the move out of Whyalla were migrants who had moved to Australia and left behind kin and friends in their country of origin, thus losing an important support to their general social well-being. The problem of unstable supports appears to have been solved in various ways: some people moved away from Whyalla, others encouraged relatives or friends to join them at Whyalla, and some were able to establish firm supportive social relationships fairly quickly in Whyalla.

A report on Whyalla, published by Australian Frontier in 1973,⁹ was mainly concerned with assessing the factors which influenced the stability of Whyalla. The report concluded that instability arose mainly from:

- (a) lack of facilities, e.g. large department stores, etc.,
- (b) underprovision of sporting and entertainment facilities,
- (c) a lack of tertiary education facilities, e.g. no teacher training facilities,
- (d) feelings of boredom, isolation and depression amongst the population,
- (e) people in Whyalla having no control over decisions which affected them markedly, e.g. decisions were made by B.H.P. at the head office in Melbourne, by the State Government in Adelaide, and by the Federal Government in Canberra.

The decision-making power of B.H.P. was eroded by the creation of a Town Commission in 1945. A measure of formal political power was still retained by the Company, as a requirement existed for three B.H.P. representatives to be on the Commission. The Commission consisted of three town representatives (elected by the ratepayers), three B.H.P. representatives (nominated by B.H.P.), and a chairman (appointed by the State Government). The establishment of the Commission was achieved as the result of constant agitation for some level of local democracy by various trade union groups.

The formal political influence of the B.H.P. continued for another twenty-five years until a petition by the people of Whyalla to the South Australian State Government demanding full local government was successful. Full local government was created at Whyalla in 1970.

Though the formal political representation and power of B.H.P. has been removed, influence still remains in that some members of the present local council have either direct or indirect connections with B.H.P.

Little information has been brought to public attention on the total effect of the presence of B.H.P. on the Whyalla community. For example, the Munro Report¹⁰ contained fairly severe criticisms of certain activities of the Company, yet the report was never published. The Frontier Report reiterated some of Munro's criticisms but the report had only a limited circulation.

The main criticisms levelled at B.H.P. by Munro were:

- (a) the worker supervision was inadequate,
- (b) the Company lacked an understanding of workers' problems, but particularly migrant workers,
- (c) the Company had too much control over the total Whyalla work force, e.g. 'B.H.P. would rather lose a man than transfer him',
- (d) the Company was over-involved in community affairs.

The main thrust of Munro's criticisms can be seen in his recommendations concerning B.H.P.:

Leaving aside the economic issues, the course of action which B.H.P. should take to reduce its omnipresence in Whyalla is plain. It should sell or lease the single men's hostels to a labour union co-operative. It should remove its representatives from the City Council, its financial contributions directly to the community should be regulated by law, and other than small token donations, the Company should cease systematic and

large-scale gift-giving. Serious consideration should be given to the subcontracting of much more plant construction, the sale of the brick-works and even to the disposal of the dairy and a considerable change in the Company's housing operations. New industry needs to be brought into the community which is not dependent on B.H.P. The Company should compete on an open basis for manpower and the present system of discouraging job changing within the community should be stopped. If the Company implemented the above recommendations, Whyalla residents would eventually begin to feel that the city was something more than just a residential appendage to B.H.P.

In attempting to identify certain social problems at Whyalla and placing much of the blame for the problems on the B.H.P. Company, the writers mentioned above ignored an important aspect in the development of Whyalla. B.H.P. industrial development at Whyalla would not have been possible without State financial involvement. Vast sums of public money have been invested in Whyalla through:

- (a) various financial incentives designed to assist companies in Whyalla or to attract to Whyalla, e.g. payroll tax rebates, special lease/purchase arrangements for factories, loans or guarantees from State funds,
- (b) hidden financial assistance to companies, e.g. the availability of a work force in Whyalla, primarily to B.H.P., has been created by massive public expenditure in two areas:
 - (i) the migrant recruitment scheme,
 - (ii) the construction of 6,905 dwellings by the South Australian Housing Trust,
- (c) the construction of buildings and services to cope with the expected population of 50,000, e.g.,
 - (i) a reticulated sewage system,
 - (ii) duplication of Morgan-Whyalla water pipeline,
 - (iii) seven kindergartens, twelve primary schools, six secondary schools, one further education college (at present being extended), and one annexe to the South Australian Institute of Technology,
 - (iv) the Whyalla hospital (also being extended),
 - (v) a large multi-purpose leisure centre.

The total amount of money invested in Whyalla by the State has never been assessed, consequently the money has rarely been viewed as an indirect subsidy to the B.H.P. Company.

SHIPBUILDING

The history of the shipbuilding industry in some Western countries is generally one of instability. In Britain, for example, 'lay-offs' at certain phases of ship construction are part of the shipbuilding workers' occupational life. The problems associated with lay-offs have been aggravated at least once every decade by fairly substantial 'rationalisation' processes. These processes have usually followed a pattern, in that the less 'productive' shipyards have been closed down, whilst others, viewed as more 'efficient', have been allowed to continue. The closures resulting from rationalisation policies have, in the past, thrown large numbers of shipbuilding workers out of work and have caused much personal misery. The rationalisation processes have gone on year after year with little or no regard for the severe social consequences which ensue from such policies. For example, the problems facing the Whyalla shipyard workers today are very similar to those faced by shipyard workers in the town of Jarrow, England in 1932. The town of Jarrow, during and after the first world war, was dominated by one industry owned by one company. The livelihood of the town depended entirely on the shipyard owned by Sir Charles Palmer. The general economic slump at the time, along with rationalisation processes for the whole of the British shipbuilding industry, caused the

Jarrow shipyard to close in 1932. In that year, 80% of the labour force in Jarrow (7,248) workers became unemployed. The hardships suffered by the unemployed Jarrow workers is well documented in a book by Ellen Wilkinson.¹¹ The following extracts from the book have relevance to the present problems of the Australian shipbuilding industry:

...the most skilled craftsmen in the industry saw the source of their livelihood fall into the hands of a scrap merchant. The machinery is scrapped and sold...the irony was that in the shortage of tramp shipping eighteen months later, British orders were undertaken by Belgian yards at cut prices because they had bought first-class machinery at Palmer's sale for the price of scrap.

The cost of this rationalisation is very high - to the towns thus rendered derelict, to the worker whose livelihood is destroyed, and to the taxpayer who has to meet the bill for unemployment.

The similarity between Jarrow in 1932 and Whyalla in 1978 is even more apparent when Ellen Wilkinson's conclusions are considered. She believed that the rationalisation processes created massive unemployment, but that in the case of Jarrow, the unemployment and resultant hardships were much more severe due to the town having been dominated by one industry owned by one company.

During 1976, the Australian Industries Assistance Commission under the chairmanship of W.A. McKinnon was waked to report on the existing subsidies to the Australian shipbuilding industry and to recommend any changes thought necessary. The Commission was also asked to report on the social and economic consequences of the existing subsidies and the possible consequences of any recommended changes.

The Commission considered all the evidence placed before them and eventually made the following recommendations:

...the production of large vessels by Dockyard and B.H.P. is and is likely to remain uneconomic. It appears probable that construction of large ships must cease sooner or later, and postponement of such action would only increase the costs involved. The Commission has therefore recommended that there should be no increase in assistance for the production of large vessels in Australia.¹²

In making the recommendations, the Commission recognised that if the recommendations were put into effect, serious consequences would ensue. The Commission stated:

In view of the regional and human problems which must inevitably result from the cessation of large vessel construction at Newcastle and Whyalla, the Government consider providing appropriate adjustment assistance to east such problems.

The adverse effects, stemming from the recommendations, were assumed to be only short-term, in the case of Newcastle, but serious and long-term for Whyalla.

The I.A.C. recommendations were based mainly on the following considerations:

- (a) world shipbuilding over-capacity was likely to last for five or possibly ten years,
- (b) some overseas' prices for ships were 50% cheaper than Australian prices,
- (c) job loss, as the result of shipyard run-down, would not always result in unemployment, as normal wastage, i.e. high labour turnover, would account for a significant proportion of job loss,
- (d) redundant Whyalla workers would be more mobile than Newcastle redundant workers because they were more likely to be young, migrant, and living in rented accommodation.

Many of the conclusions reached by the I.A.C. can be seriously questioned.

Assessing future needs in shipbuilding is fraught with difficulties as Ellen Wilkinson's comments above clearly demonstrate.

It is difficult to accept the over-capacity argument in the light of recent events. The Australian Government has ordered three missile frigates and these are being built in the U.S.A. The cost of these ships was originally estimated at \$75 million, but the costs have already risen almost 300% and further increases are anticipated.

The I.A.C. at the time of their report did recognise that overseas ship prices were rising more rapidly than locally-built ships. As prices rise more rapidly elsewhere, it is not unreasonable to assume a point at which Australian-built vessels could be cheaper.

The central problems associated with the dismantling of a large industry, on the basis of short-term economic goals, during rising unemployment appear to have been given little consideration by the Commission.

In September 1976 a joint working party of Commonwealth and State officials was set up with the purpose of considering:

...the impact of the I.A.C. recommendations on Newcastle and Whyalla in the context of the I.A.C. conclusion that the acceptance of the recommendations is expected to result in the cessation of shipbuilding at B.H.P. Whyalla and State Dockyard, Newcastle, on the completion of existing contracts.

The working party in their eventual report¹³ challenged many of the I.A.C. conclusions on both Newcastle and Whyalla.

In the working party report, the Commonwealth representatives had this to say on Whyalla: '...the effect of the I.A.C.'s recommendations on Whyalla should not create serious difficulties'.

The South Australian Government representatives disagreed with the conclusion and pointed out that conflicting evidence had been presented to the I.A.C. by individual witnesses, also that the views expressed to the working party clearly reflected an attempt by some individuals from Whyalla to maintain local confidence by presenting Whyalla as a vibrant and expanding economy and thus prevent a mass exodus from Whyalla.

The expressed optimism was probably related to the pecuniary interests of the prominent Whyalla citizens, who gave evidence, but also to the belief among Whyalla people generally that approximately 1,400 displaced workers would be offered alternative employment in the B.H.P. steelworks. The B.H.P. Company stated that this labour absorption was possible. It is difficult to understand why the hopes concerning absorption into the steelworks existed, as, at that time, the steel industry was showing signs of decline.

PLANNING

In 1976 the South Australian Government set up a working party to investigate the possibilities of attracting new industries to Whyalla. This committee comprised representatives from B.H.P. Whyalla, Whyalla local government, Whyalla local business interests, trade unions and State planners. The committee was later supplemented by the hiring of an Adelaide business consultant. Regular meetings were held and a number of proposals were considered. The public has been given very little information concerning any of the committee's deliberations. The reluctance on the part of the committee to divulge information is justified by the committee on the grounds that by making the various proposals public, any delicate negotiations that may be necessary with interested companies could be prejudiced.

The only proposal to emanate from the committee which could in any way alleviate some of the major problems facing Whyalla was for the creation of a new industry geared to the production of rolling stock. The committee estimated that if the industry could get under way, work could be provided for about 1,100 people living in Whyalla. The proposal received the support of the South Australian Government and was passed to the Federal Government for assessment and decision. The Federal Government rejected the proposal mainly on the grounds that existing rolling stock in Australia was already under-utilised.

The main task for the Working Party was to enquire into the possibility of attracting alternative industries into the area. The group appears to have had no interest in the consequences of the shipyard closure. Two letters by the writer of this paper to the Working Party, drawing attention to possible social problems, were ignored. Recently a member of the Working Party commented that the whole exercise was futile and that any benefits gained went to those members of the group who went on overseas trips at the taxpayers' expense.

At the time that the working Party was created, there appeared to be no other organisation or committee charged with attempting to assess or plan in relation to the possibility that social problems in the city might escalate to dangerous levels. Various State Government departments were concerned about the future of Whyalla, but many departments were unable to plan as they had no idea what the eventual outcome would be. For example, it was not possible to predict accurately the possible population loss from Whyalla as the assessments made by various planners varied greatly. Many Government departments were also unaware of the various reports which had been prepared on Whyalla, and more importantly, most people who would have to deal eventually with the practical problems at Whyalla had no knowledge of a confidential report produced by the Department of Industry in Canberra. This report concluded that the Australian shipbuilding industry was characterized by low productivity, high costs, weak management, and a long-standing reliance on government assistance. It has been suggested that this report was very influential in forming the Government decision to refuse an increase in subsidies. Had the contents of the report been made public at the time, planning for Whyalla could have commenced much earlier. However, many people still held out the hope that the shipbuilding industry would be rescued. These hopes were kept alive by the B.H.P. claim that they were continuing to tender for ships to be built at Whyalla.

Planning for Whyalla, for many Government departments, must have been virtually impossible due to the lack of essential information and the contradictory nature of available information. A further complication was the profusion of Government departments dealing with the same aspects of the Whyalla situation.

These planning problems, though, are not of recent origin. For example, in 1968, J. Munro had this to say:

With responsibility and authority so fragmented among a variety of agencies, it is not surprising that systematic planning for the future has been far behind the needs of the community. Perhaps the basic difficulty is that people are planning for Whyalla when ideally the citizens of Whyalla should be planning for themselves.¹⁴

THE SOCIAL CONSEQUENCES OF SHIPYARD CLOSURE

Many of the reports previously referred to, which dealt with the possible consequences of shipyard closure at Whyalla, were completely unrealistic and wildly optimistic in view of two important contemporaneous facts - unemployment in 1976 was rising throughout Australia and the steel industry was showing the early signs of over-production worldwide.

The Whyalla shipyard has now closed, so it is now possible to compare the official predictions with the real outcomes.

It was predicted that 1,450 displaced workers would be absorbed into the B.H.P. steelworks at Whyalla. The shipyard has ceased operations, yet only 200 (approximately) ex-shipyard workers have been accepted for employment in the B.H.P. steelworks. The B.H.P. authorities at the steelworks instituted medical examinations for shipyard workers who wished to transfer, and consequently some workers were rejected on grounds such as industrial deafness or previous injury. It seems that a physical disability can be tolerated in one part of the company but not in another.

The inability of B.H.P. to absorb the redundant shipyard workers is probably due to the present worldwide problem of over-production of steel and it may be that the situation is only temporary but there are strong indications that the severity of the situation is causing deep concern in many steel producing countries.

In Britain, for example, the British Steel Corporation's Scunthorpe works have been breaking export records throughout the present steel slump but this success is entirely attributable to very large re-investments in new and improved equipment. 'We are demonstrating we can compete in a slump', said the works manager at Scunthorpe. At the same time that statement was made, the British Steel Corporation was negotiating with the main union, the Iron and Steel Trades Confederation, in an attempt to persuade the union to accept a voluntary redundancy scheme which would eventually make 20,000 steelworkers in various parts of Britain redundant.

It might be argued that the problems of the British Steel Corporation do not necessarily indicate similar problems for the Australian steel industry: however, the remarks made by the Chief General Manager of the B.H.P. at the last Australian Steel Conference give some cause for concern. The Chief Manager was reported as saying:

B.H.P. was not prepared to invest in expansion of the steel industry unless it saw a reasonable prospect of earning a return above its capital cost.

The city of Whyalla is now entirely dependent on the B.H.P. steelworks and the future of steel production is very precarious.

In 1976 it was suggested that 1,600 displaced workers would leave Whyalla to take up jobs elsewhere in Australia and this would eventually lead to a population loss of 8,000 inhabitants from Whyalla. Many reports varied in estimations of population loss, but the maximum loss was estimated at 12,000 out of an assumed population of 33,000.

It is difficult to obtain direct evidence of the population loss that has resulted from the shipyard closure but sketchy evidence suggests that about 2,000 people have left the town in the last two years. Family allowance payments to Whyalla residents has declined, there is an increase in the number of empty houses, new enrolments in schools have declined, and many clubs have recorded marked drops in membership, which are all general indications of outward population movement.

Though there has been some population loss, there has also been population gain. This gain is related to the availability of State-owned accommodation at Whyalla. Approximately 70% of the Whyalla population live in accommodation provided by the South Australian Housing Trust. As the unemployed people have moved away, the waiting list for this accommodation cleared and subsequent applicants were housed immediately. This has resulted in an increase in the number of 'problem families' in Whyalla. People desperate for accommodation have moved to Whyalla from other parts of South Australia. A recent analysis of tenants who moved in to Whyalla during a nine-month period showed that only 55% of the household heads were employed. Of the 694 families housed during the period, 32.5% were classified as de facto, legally separated, divorced, deserted or unmarried.

The predicted large population loss from Whyalla has not yet occurred and is unlikely to occur whilst unemployment continues to rise in Australia. The most significant change in the Whyalla population is the increase in the 'welfare' population and the size of the welfare population must increase as unemployment increases. Some attention has been given to this problem by prominent citizens and concerned groups in Whyalla, but outside Whyalla no one seems to care or be prepared to remedy the situation.

The Joint Working Party Report referred to earlier predicted that only 170 displaced workers would remain permanently unemployed in Whyalla, and that '...the effect of the I.A.C.'s recommendations on Whyalla should not create serious difficulties'.

Perhaps the person who actually wrote those words should be asked to visit Whyalla and talk to the unemployed people. The present unemployment figures for Whyalla are:

This represents an unemployment rate of

This official unemployment figure is somewhat unrealistic. The real figure is much higher but the lower figure occurs because many people in Whyalla do not officially register as they know that their chances of employment are remote.

Though the full economic and social impact of the shipyard closure is yet to come, the stark facts of current unemployment at Whyalla now contrast vividly with the wild optimism of the Joint Working Party prediction that only 170 displaced workers would be permanently unemployed.

COLLECTIVE ACTION

Collective action mainly stems from a recognised social issue or issues. Consequently any attempt to understand collective action or lack of collective action must take into account the different perceptions of individuals and groups in relation to the issue or issues.

In the case of Whyalla, the issue is the loss of 1,800 shipyard jobs. This large job loss in such a small town should have provoked strong collective action by the trade unions affected and should also have produced marked activity by other interested groups within the community. Though the shipyard workers were threatened with the loss of their livelihood they did not get involved in strong, collective action to prevent the closure of the shipyard. Part of the explanation for this lack of action can be related to the earlier discussion in this paper concerning the instability of the work force and the limited nature of kinship and friendship networks. Stable relationships over long periods of time are likely to produce common definitions of situations and issues. This process is the cornerstone of common consciousness and solidarity. Thus the population instability at Whyalla has been an important factor contributing to individualistic interpretation of the issue rather than a collective interpretation. Such individual interpretations are also related to perceptions concerning overt action. For example, it is now widely established from studies of community action that certain forms of community action may be seen simultaneously by different factions as disruptive, manipulative, or a genuine attempt by ordinary people to have some say in decisions that may be crucial to their future well-being.

In the Whyalla community, such differences in the perception of action exist, but this is further complicated by the uncertainty surrounding the issue. There has been a lack of adequate information, a presence of contradictory information, and deliberate withholding of information relating to the closure of the shipyard.

For example, it was never publicly announced by B.H.P. Company that the shipyard would close, nor was it ever made public that only a small number of displaced workers would be absorbed into the steelworks.

These problems of information and of perception have created a situation where any coherent collective action becomes difficult. Such action that has occurred has not been too successful. Delegations have been sent to Canberra, there has been a 'march' through the streets of Whyalla, and public meetings have been held. The delegations merely produced promises to look into the matter. The public meetings were poorly attended, and produced little except a public petition to Canberra.

The effect of the informational problem on collective action can be gauged when Whyalla citizens are questioned on the reasons for the shipyard closure. Many reasons will be advanced, but these explanations tend to fall into two basic definitions of the situation - universalistic or particularistic.

The universalistic explanations contain statements which view the shipyard closure as part of a wider economic problem: for example, the decline in the demand for large ships, worldwide over-production of ships, inevitable technological change, cheaper ships elsewhere, or the general worldwide economic recession. The particularistic explanations contain statements which view the shipyard closure as a purely local problem: for example, the poor shipyard organisation, labour problems at the shipyard (i.e. lazy or greedy workers), or trade union militancy, or that the B.H.P. are not interested in ships but in profit elsewhere.

An important aspect of the reasons advanced by people for shipyard closure is that they are subject to change. This change is related to whatever information is communicated in the columns of the local press. This is most noticeable when the newspaper information contains universalistic assessments of the situation. The workers affected by the newspaper assessments are likely to say, with a shrug of their shoulders, 'Well, it's the same for everybody, so what can you do?'

The newspaper items affect local people also in their attitudes towards the future. Some prominent local figures, who also own small businesses in the town, are often reported in the press when they make optimistic statements about the future of the town. Naturally, these people wish to maintain local confidence and thus protect their business interests.

The most important feature of attitudes towards the future in the town is the polarisation into optimistic and pessimistic positions by the more influential members of the community. Small businessmen are more likely to make optimistic statements, whereas schoolteachers, public servants and many of the salary earners will tend to offer pessimistic statements. A recent example of the polarisation occurred when the chairman of the local Community Council for Social Development (a clergyman) attempted to bring to public attention the possible serious social problems that would develop in the town as the result of rising unemployment. The Community Council was later subjected to severe criticism in the press by a local councillor (also a local businessman) on the grounds that the Community Council were '...creating an impression of despair and disaster about the city which cannot be considered to be correct'.

It should be noted here that the optimistic statements affect local attitudes and thus hinder collective action, but they may also affect attitudes elsewhere. The power to remedy the Whyalla situation lies jointly with the politicians, the government bureaucrats, and the B.H.P. directors, but when such people are presented with optimistic views by prominent Whyalla citizens, it is not surprising that the current severity and the long-term social consequences of unemployment become sadly underestimated.

Earlier in the paper it was mentioned that the people in the town of Jarrow in the Tyneside suffered extreme hardship when the shipyard was closed in 1932. Ellen Wilkinson, when discussing unemployment, said:

The unemployment rate was over 80%. Six thousand are on the dole, and 23,000 on relief out of a total population of 35,000. Yet...I sense again that atmosphere of 'kick'. When a whole town or a whole area is unemployed together, especially if it is dominated by one industry, the unemployed are not isolated from their natural leaders...But the old Labour Rooms, nearly falling round our heads, were the centre of a vivid, intense communal life, which no social service organisation or welfare worker can ever arouse, or for that matter understand its passionate independence.

This spirit led to what is now referred to in the social history textbooks as 'The Jarrow Crusade'. The 'Crusade' was, in fact, a protest march of over two hundred specially selected men, from Jarrow to London, a distance of 274 miles.

Since the Jarrow march, it has been common practice among many writers in Britain to suggest that when a small working-class community suffers some common, extreme hardship, a bond of social solidarity develops which can eventually lead to collective action.

In the case of Whyalla, it can be seen from the earlier discussion of population instability, kinship and friendship networks, that it would be difficult to characterise the shipbuilding workers as constituting an active base for collective action. The evidence also suggests that the formation of solidarity relationships is insufficient to generate at present any strong common consciousness. Is it possible that this may change in the future? As the number of unemployed in the community continues to increase will this generate some collective notion of shared privations?

INDUSTRIAL DARWINISM AND THE CYCLE OF ECONOMIC AND SOCIAL DEPRIVATION

Whyalla is far from unique. The events at Whyalla are similar to those that have occurred in the past, in industrial areas in other parts of the world where a major industry has developed and then declined. A recent Home Office publication in Britain entitled 'The Costs of Industrial Change'¹⁵ bring together evidence from five different industrial areas which were once major centres of production:

North Shields	— shipbuilding and ship repair
Benwell	— arms and heavy engineering
Batley	— heavy woolen textiles
Saltley	— vehicles
Canning Town	— docks and port

The publication shows that though there were marked variations in the areas studied, beneath these variations there were crucial similarities: all appeared to have gone through three industrial phases — development, relative stability and then decline. These industrial phases also produced three phases in the community — population expansion, population stability, and population decline. The social consequences of the decline phase led to the labelling of some areas as 'depressed' or 'deprived'. Many of the policies that were introduced reflected these definitions: for example, population dispersal, retraining and relocation schemes, increased community facilities or the attraction of new industries to the 'depressed' area.

The inclusion of policies designed to attract new industries was, at least, a recognition of the economic nature of the problem. There is much controversy surrounding the success, or lack of success, of such policies, but the Home Office report points to the fact that in spite of the attempts to provide alternative employment, many of these areas still contain a largely unskilled, poorly paid and vulnerable work force. This vulnerability is in evidence, particularly when industries, geared to temporary markets and quick profits, are attracted to the area by the various financial incentives offered by local or central government.

The Home Office report demonstrates clearly that poverty and deprivation cannot be tackled without reference to the basic economic context:

In terms of actual policies, both central and local government spend more and more effort on trying to attract industry back into older urban areas and to hang onto those manufacturing jobs that remain. They spend a lot of public money bribing industry. They do it both directly via grants, rent-and-rates free periods, etc.; and indirectly, by reclaiming and providing ready-built advance factories and laying down a red carpet of new roads, services and other infrastructure. There is no need to underline how much these policies basically resemble those that have been tried for so many years under the name of regional policy. The massive amounts of public money spent on regional solutions had little impact on the problems they were originally intended to solve. Perhaps this should lead us to question seriously the adequacy of the policies currently being put forward to deal with the urban problem. Undoubtedly the attempt to bring back jobs and re-generate the economic bases of the older working class communities reflects a proper concern with tackling severe problems of poverty and bad housing at their root. It also represents a further questioning of the rights of private industry to move about at will without reference to the well-being of the workers it picks up and casts off in its drive for profit. But are the policies adequate to the aim? The story of the failures of regional policy, whose objectives, assumptions and methods were similar, would suggest not.

What is the relevance of the above to the current Whyalla situation? On the surface it might seem that the old poverty-ridden working-class areas in Britain have little in common with a town in Australia which has only thirty years of industrial and social development. The similarities are there, however. A major industry has developed and declined, and various policies, similar to the failed policies in Britain, are being suggested. If these policies are pursued at Whyalla, in desperation, the town may accept any industry on any terms. There is some evidence for this already, in that there has been some recent discussion in the town concerning the possibility of waiving the fire regulations so that a particular site could be used as a warehouse.

The Mayor of Whyalla recently announced that 'Whyalla would welcome a uranium enrichment plant...it would create jobs and get the area going again. You don't stop progress with ideals because ideals do not provide jobs.' Plans for a petro-chemical industry have been drawn up by the South Australian Government. The intended site for the industry is Redcliff near Port Augusta. It is difficult to ascertain fully why the Redcliff site was chosen. A report in 1974 suggested that the Redcliff site was suitable because of proximity to raw materials, to deep water, to a centre of population, to road and rail services and reasonable construction and operating costs. The Dow Chemical Company (producer of herbicides and napalm during the Vietnam War)¹⁶ seems to be the only company interested in developing the petro-chemical complex at Redcliff. Putting aside the possible pollution problems, it is frequently stated that the establishment of such an industry at Redcliff will alleviate the present unemployment problems at Whyalla. It is difficult to understand this assumption as the commuting distance would be 204 kilometres each day. What is remarkable about the whole venture is that the urban infrastructure at Whyalla is already under-utilised yet the South Australian Government is proposing to spend \$250 million on infrastructure to support the petro-chemical industry at Redcliff, only 102 kilometres from Whyalla. Is the Whyalla story about to be repeated at Redcliff?¹⁷

It may happen that new but relatively stable industries will be attracted to Whyalla, or that steel production will pick up, which will mitigate somewhat the social effects of the shipyard closure. If this does not happen, then the problem may come to be recognised as incapable of solution. If this point is reached, the

tendency will be to ignore the factors which caused the shipyard closure and to concentrate on the area and the people. For example, it would not be surprising to see Whyalla labelled as a 'depressed area', and to find attention being entirely focused on helping the unemployed make the best of their difficult circumstances. When this point is reached, the welfare state will swing into action. Various welfare benefits will be dispensed, and possibly large sums of public money will be given to the community in the form of special 'hand-outs' to deal with particular problems. Whilst the manifest intention of most welfare policies is humanitarian, the policies serve to divert attention from the source of the problem, i.e. the ability of companies to regard labour as a commodity.

ECONOMIC RATIONALITY, INTERVENTION AND SOCIAL RESPONSIBILITY

To regard productive agents merely as instruments for the realisation of money values often results in dangerous distortions of view and policy. It lends itself to the ruthless shutting down of competitive undertakings, without regard to the social, or wider economic consequences of such a policy.

G.D.H. Cole¹⁸

The current problems facing the people of Whyalla have their origin in a laissez-faire economic system, where labour is regarded as a commodity to be disposed of, at will, when no longer required. This system also requires that in situations where there is an insufficient return on capital, the capital should be withdrawn and re-invested elsewhere. Justifications for such procedures are rarely, if ever, based on objective assessment: they are most likely to be doctrinaire. Action, therefore, and justifications for the action, tend to be based on doctrine rather than circumstances. If circumstances are considered - for example, say that unemployment will ensue from capital withdrawal - this will be viewed as a 'temporary' phenomenon, in that the free play of the market forces will be self-regulating, which will eventually result in a return to a 'normal' employment situation.

The B.H.P. shipyard at Whyalla has closed and the future of the remaining Australian shipbuilding industry looks bleak. Governmental interests and the interests of capital have co-incided. The Australian Government seems now prepared to accept a situation where there has been a 300% escalation in costs for the purchase of frigates from the U.S.A. whilst at the same time there has been large-scale pauperization of Australian ex-shipbuilding workers.

The industrial history of Whyalla is not unlike the history of Jarrow, and many basically similar working-class areas in Britain.

The profusion of government reports, the planning, the research and the expertise will probably have little effect on the outcomes at Whyalla. The anti-social process of economic rationalisation will proceed and more people will become unemployed. The responsibility for the unemployed will be accepted by the Government. When the entrepreneurs are no longer happy with their profit, the State steps in and pays the bill.

Munro, in his report on Whyalla in 1968, had this to say of B.H.P.:

All businesses and industries in Whyalla are essentially satellites of B.H.P. In many instances, the relationship between the giant and its satellite is such that if the giant sneezes, the satellite dies of pneumonia.

It is not a problem though of sneezing, it is a chronic complaint. The medical analogy can be taken further: What should the treatment be for the complaint; placebo, chemotherapy or prophylactic?

The evidence from Whyalla and many other similar situations indicates that there has been too much placebo and no prophylactic.

- ¹ The process by which the leases were acquired led to a great deal of controversy. See discussion pp. 58-62 in 'What's Good for Australia', A. Trengove, Cassell, Australia, 1975.
- ² Little is known about Aboriginal settlement in the area, consequently the history of Whyalla tends to be viewed as commencing on March 9th, 1802, when Captain Matthew Flinders is reported to have dropped anchor nearby. Flinders named the area Hummoch Mount and most admiralty charts subsequently referred to the area as Hummock Hill. The name Whyalla was adopted in 1915 but for many years outsiders referred to the area as SMC 47 (Shipbuilding and Munitions Centre Number 47).
- ³ Quoted in 'What's Good for Australia'.
- ⁴ R.R. Burton, 'The Industrial Urbanisation of Whyalla: 1937-1961', unpublished B.A. (Hons.) Thesis, Adelaide University, 1971.
- ⁵ The South Australian Housing Trust has constructed 6,905 dwellings at Whyalla and it is estimated that approximately 70% of the population live in Trust accommodation.
- ⁶ J.L. Munro, 'Whyalla Social Problems Report', New York State University, 1968.
- ⁷ Ibid.
- ⁸ J.H. Thompson, 'Historical and Social Development of Whyalla', prepared in Whyalla, unpublished and undated.
- ⁹ 'Factors Affecting the Stability of Whyalla', Australian Frontier, 1973.
- ¹⁰ Munro, op. cit.
- ¹¹ E. Wilkinson, The Town that was Murdered, Gollancz Ltd., London, 1939.
- ¹² Industries Assistance Commission Report, 'Shipbuilding', Canberra, 1976.
- ¹³ 'Report of Joint Working Party of Commonwealth and State Officials on the Impact on Newcastle and Whyalla of the Recommendations of the I.A.C. in Shipbuilding', Canberra, 1976.
- ¹⁴ Munro, op. cit.
- ¹⁵ 'The Costs of Industrial Change', The Home Office, London, 1977.
- ¹⁶ C. Bossley and J. Simsa, 'State Intervention and the Redcliff Project' (manuscript), Sociology Discipline, Flinders University of South Australia, Adelaide, 1978.
- ¹⁷ S. Aungles and I. Szelenyi, 'Structural Conflicts between the State, Local Government and Monopoly Capital - The Case of Whyalla in South Australia' (manuscript), Sociology Discipline, Flinders University of South Australia, Adelaide, 1978.
- ¹⁸ G.D.H. Cole, 'A Short History of the British Working Class Movement'.

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