NEOLIBERAL WORKPLACE REFORMS IN THE ANTIPODES: WHAT IMPACT ON UNION POWER AND INFLUENCE?

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ABSTRACT

Union membership and work stoppages due to strikes—two indicators of union power and influence—have been in decline in the Antipodes (Australia and New Zealand) and the United States in recent decades. Meanwhile, attitudes to unions in Australia seem to have become more positive. I examine how much legislated neoliberal workplace reforms have been responsible for the decline in union membership and work stoppages in the three countries. Evidence indicates that union membership and stoppages would have declined in the absence of the workplace reforms, though it is likely that the declines would not have been quite as rapid as they turned out to be. The emergence of more positive attitudes in Australia to unions is attributed to declining union power reflected in falling membership rates and a relative absence of disruptive union behaviour.

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INTRODUCTION

In the Antipodes, that is Australia and New Zealand, union membership and work stoppages due to strikes—two indicators of union power and influence—have been in general decline. Three decades ago, about a half of all employees were union members; now less than a quarter of employees are union members. Three decades ago there were, due to stoppages, around 400 days not worked a year per thousand employees, now there are around 40 or 50.

Workplace legislation has also changed. Many ‘neoliberal’ policies have been implemented, which have involved the promotion of individual workplace contracts and often a sidelining of unions and other third-parties to individual employment contracts that determine wages and conditions. In New Zealand, dramatic workplace legislative change occurred via the Employment Contracts Act 1991 (abbreviated to NZECA). The NZECA, in place during the 1990s, introduced many neoliberal reforms, and generated a great deal of controversy (Morrison 2001, 2003; Deeks & Rasmussen 2002; Black, Guy & McLelland 2003; Hyslop & Mare 2005; Rasmussen & Lamm 2005; Walsh 2004; Kerr 2005; Sautet 2006). In Australia, legislative change has been more gradual, but nevertheless in the same direction of individualising and decentralising the determination of wages and conditions. The latest ‘increment’ of reform, the *WorkChoices* Act,\(^1\) has, as with the NZECA, generated much debate (Senate Employment, Workplace Relations and Education Committee 2005; McIntyre 2005; 151 Academics 2005; Peetz 2005, 2006; Dabscheck, 2006).

Within this mix of declining union membership, declining stoppages and neoliberal workplace legislative reform, has occurred the curious phenomenon of apparent rising ‘sympathy’ towards and ‘confidence’ in unions. Exactly how long these perceptual changes have been occurring is unclear (see Peetz 2002 and compare with McAllister 1992 and Bean 2005a). Nonetheless, all recent survey evidence seems to indicate that this rise in positive sentiment towards unions has been occurring for at least a decade or so.

To anchor the analysis into a somewhat broader setting, Antipodean experience is compared with that of the United States, which is a standard for comparison because it is the world’s dominant economy and probably the single most significant influence (via trade, politics and culture) on the economies of the Antipodes. I examine the relation between declining union membership and stoppages and the role of legislative reforms for all the three countries. Focusing mainly on Australia, I also examine the apparent paradox of rising positive sentiment towards unions and declining membership. I argue that neoliberal legislative changes and the neoliberal

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\(^1\) The full title of the legislation is the Workplace Relations Amendment (*WorkChoices*) Act. It was enacted late 2005 and made operational in March 2006.
administration of pre-existing legislation has been more a symptom of the rise to prominence of neoliberalism in general, than it has been a source of neoliberal outcomes. The rise in positive sentiment towards unions, then, is largely a consequence of the decline in union power and an accompanying decline in the capacity of unions to act disruptively.

## SOME BACKGROUND

It is useful to consider some background data on the three economies in review and Table 1 gives a selection of indicators. Starting at the top, Australia and New Zealand have relatively small populations and small economies. Australia’s population of around 20 million and New Zealand’s 4 million compare starkly with the United States’ 300 million. The Australian economy is about 5 to 6 per cent the size of the United States, and New Zealand is 1 per cent.

Both Antipodean economies have relatively high living standards. However, whereas Australia’s relative position against the United States has changed little over the last half century (averaging about 80 per cent of the United States), New Zealand’s relative position has declined over the same timeframe. In the 1950s New Zealand’s gross domestic product (GDP) per capita was at times 90 per cent the size of the United States (The Conference Board and the Groningen Growth and Development Centre 2006). Table 1 shows that over the last decade it has been around 63 per cent.

Two economic performance indicators appear in Table 1; inflation and GDP growth. The overall experience of inflation has been reasonably similar for the three economies. The United States did relatively well at keeping price growth low during the 1980s, but during the 1990s and the new millennium there is not much difference between the three. Real GDP growth has also been somewhat similar for our three economies, though New Zealand, until recently, has had somewhat lower growth than the others.

The employment indicators in Table 1 suggest generally rising participation rates, with Australia having the highest rate and the greatest increase. Female participation rates are similar for our three economies, though Australia appears to have started from the lowest base. The unemployment rate data suggest fairly similar patterns, though Australia and New Zealand did decidedly less well during the 1990s than the United States. Employment growth presents a mixed bag; employment growth in the United States is relatively low and declining, Australian growth declines during the 1990s, but recovers into the new millennium and New Zealand’s employment growth though initially modest is trending up. One area of notable difference appears to be the proportion of self employed among the employed. Australia and New Zealand have much higher rates than the United States and the decline in the United States has been greater proportionally than in the Antipodes.
Table 1. Background data on three economies: the United States, Australia and New Zealand

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<tr>
<th></th>
<th>United States</th>
<th>Australia</th>
<th>New Zealand</th>
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<tbody>
<tr>
<td>Overall economic size</td>
<td></td>
<td></td>
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<tr>
<td>Population (a)</td>
<td>237m</td>
<td>265m</td>
<td>290m</td>
</tr>
<tr>
<td>Relative GDP (a)</td>
<td>100%</td>
<td>100%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Relative per capita GDP (a)</td>
<td>100%</td>
<td>100%</td>
<td>79%</td>
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<tr>
<td>Performance indicators</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Inflation CPI (b)</td>
<td>5.5%</td>
<td>3.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td>GDP growth (b)</td>
<td>3.1%</td>
<td>3.1%</td>
<td>2.9%</td>
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<tr>
<td>Employment profile</td>
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<td></td>
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<tr>
<td>Participation rate (b)</td>
<td>65%</td>
<td>67%</td>
<td>66%</td>
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<tr>
<td>Female participation (c)</td>
<td>43%</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>Unemployment rate (b)</td>
<td>7.3%</td>
<td>5.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Employment growth (b)</td>
<td>1.7%</td>
<td>1.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Self employed (b)</td>
<td>8%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Costs and unions (e)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real unit labour costs (d)</td>
<td>98</td>
<td>96</td>
<td>98</td>
</tr>
<tr>
<td>Union density (f) (g)</td>
<td>18%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Stoppage rate (f) (h)</td>
<td>0.19</td>
<td>0.06</td>
<td>0.06</td>
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Under the heading ‘Costs and Unions’ in Table 1, real unit labour cost indexes can be seen to be relatively stable in the United States, declining somewhat in Australia, and declining more in New Zealand. The real unit labour cost index measures the share of output that goes to labour, as opposed to the owners of capital. In Australia and New Zealand, this share has been trending down. Trade union density is also declining in all three countries. However, the proportional and percentage point declines in Australia and especially New Zealand are more sizeable than in the United States. From being once highly unionised (with closed shop and compulsory union membership in New Zealand), both Australia and New Zealand have witnessed a much reduced role of unions with the passage of time. Not only do unions represent a smaller proportion of employees, absolute membership numbers have declined from their peak values in the 1980s and early 1990s (discussed below). Work stoppages have also fallen, particularly in Australia and New Zealand.

**NEOLIBERAL WORKPLACE REFORM**

Substantial Australian and New Zealand workplace reforms have been put in place over the last approximate two decades. In this section I outline, very briefly, the broad character of the reforms, both in terms of legislation and administration. Comparisons with the United States put Australian and New Zealand experience into a larger context and thereby give more meaning to their comparative experiences.

Australia had for many years a system of centralised conciliation and arbitration. The depression of the 1890s had led to a number of major protracted disputes between the owners of labour and owners of capital. It was felt by legislators that a system of conciliation and arbitration was a civilised way to address such conflicts and a way of reducing social tension. Moreover, New Zealand had pioneered just such a system, which it had introduced in 1894 (Holt 1986). So it seemed not an unreasonable way to proceed.

This system led to the rapid growth of unions (Sharpe 1971) and the emergence over time of centralised and legalistic procedures for determining wages and conditions. By the late 1920s, union members represented more than half of all employees (Bain & Price 1980) with legal tribunals (state and federal) determining most wage rates including the Australian ‘basic wage’. The basic wage was a minimum wage component of all award wages (wages set by tribunals); it was adjusted on a quarterly basis in line with changes in retail prices. This system of basic wage (and thus award wage) adjustment was in place from 1922 to 1953 (Australian Council of Trade Unions 2005). During the post-World War II period, up until the 1990s, the primacy of a centralised and legalistic procedures remained in place, though there were frequent changes in the form of the system.

When the Australian Labor Party came to office in 1983 in the wake of a major global recession, a decade of heightened strike activity and relatively high real unit
labour costs (which were, in turn, a hangover from the late 1970s, see Table 1), it sought to moderate wage growth and moderate strikes. Wages and conditions were managed through the Accord, which involved a system of consultation and cooperation between government and unions. Though initially wages were adjusted in response to inflation, over time and incrementally, productivity improvements came to provide the basis for wage changes (starting in 1987). There was a movement away from centralised, across-the-board wage increases (so-called National Wage Cases) in favour of enterprise bargaining. The Accord and the Labor Government remained until 1996, by which time Australia had in place a system of enterprise bargaining which was much less rigid than was the case when the Labor Party first came to office in the early 1980s.

In 1996 a change of government occurred. The new Liberal-National Party Coalition more strongly favoured free enterprise and markets than the Labor Party and had little, if any, sympathy for the goals and interests of the union movement. It continued with the system of conciliation and arbitration it had inherited but continued—so far as a hostile Senate would permit—to whittle away at the power of unions and the legal tribunals set up to adjudicate on disputes. Then in 2004 the Coalition won majorities in both the House of Representatives (the lower house) and the Senate (the upper house). This largely unexpected outcome meant that the Coalition could (at last) introduce a set of reforms that would not be moderated by a hostile Senate. This it did in 2005 with the introduction of the aforementioned WorkChoices Act. The full impact of this act, which is still in its infancy, has yet to be realised. And it is too early to make but the most preliminary of comments. Nevertheless, the basic legislative trajectory of Australia’s workplace legislation and administration has, from the late 1980s, been quite clearly away from centralised and collective (across-the-board) wage change determinations, towards instead individualised wage determinations governed principally by market forces. Much of this shift was initiated by the Labor Party in conjunction with other market-oriented reforms including the freeing of exchange rates in the early 1980s and privatising government-owned businesses in the late 1980s and early 1990s. The fact that both sides of politics in Australia had shifted away from centralism and collectivism is consistent with a similar underlying shift in public and intellectual attitudes to these and related ‘left versus right’ issues (McAllister 1992, p. 89), to which I return in a later section.

New Zealand’s path to neoliberal workplace reform has been in the same broad direction as Australia’s, but its path has also diverged quite markedly from Australia’s

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2 One of the biggest changes occurred during the last years of the Accord with the introduction of the Industrial Relations Reform Act 1993 (Hodgkinson & Perera 2004). One feature of this legislation was that it defined, for the first time, when a strike or a lockout is legal. Prior to this, most stoppages were, strictly speaking, illegal (Stewart 2006). By custom and presumably in the interest of industrial peace, these issues were generally overlooked.
in significant ways. As in Australia, it was the union-affiliated New Zealand Labour Party—known as New Zealand’s Fourth Labour government which held office from 1984 to 1990—that first introduced significant neoliberal reforms. However, while product market reforms were far reaching in New Zealand, workplace reforms were not. Unlike its namesake in Australia, the New Zealand Labour Party did not pursue a gradualist path in its product market reforms; and it did not opt for a consultative incomes policy. Workplace reforms were, in some ways, ‘two-handed’, according to Deeks and Rasmussen (2002, p. 59), who write: ‘There was a ‘legislative avalanche’ as the government, on the one hand, ‘legislated to deregulate’ and, on the other hand, provided a number of new regulations governing union registration and organisation, and minimum wages and working conditions’ (see also Rasmussen et al. 1996). Also, the Fourth Labour Government re-introduced compulsory union membership in 1985, reversing a policy of voluntary unionism introduced by the previous government in 1983.

New Zealand’s labour market operated within the framework of a system of conciliation and arbitration. Many legislative changes were put in place to make the existing system in some ways more flexible and responsive to market forces. However, fundamental systemic changes to the centralised regulation of labour markets did not materialise. Deeks and Rasmussen (2002, p. 62) write:

In spite of the extensive deregulation of the private sector in New Zealand between 1984 and 1990, and in spite of the continuing pressures for labour market reform, the formal—that is the structural and institutional—aspects of employment relations in the private sector did not change markedly.

All this would change in a dramatic way for New Zealand in 1991 after the defeat of the Labour Party by the National Party late in 1990. The National Party can reasonably be viewed as an analogue of the Liberal-National Party Coalition in Australia. When the National Party won office in November 1990, it inherited a post-war record high unemployment rate of 8.7 per cent that was still deteriorating (Organisation for Economic Cooperation and Development 2006). It also had to grapple with an economy that had, despite the best efforts of earlier National and Labour Governments, been in a state of sharp decline for more than a decade; and in long-term decline relative to Australia, the United States and other comparable OECD countries for most of the post-war period (see Table 1, per capita GDP). The policy failures of the past, suggested a need for ‘new’ thinking. Thus, whereas the

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3 The sharp deterioration is reflected in the unemployment rate for the December quarter 1975, 1980 and 1990; the respective values were 0.4, 3.2 and 8.7 per cent. The unemployment rate peaked in the September quarter 1991 at 10.9 per cent (Organisation for Economic Cooperation and Development 2006).
New Zealand Labour Party was reluctant to introduce radical workplace reform, New Zealand’s National Party was not. In May 1991 it enacted the Employment Contracts Act 1991 (NZECA). This Act was a radical departure from past practices. Some of its major features included the following:

- Unions were no longer recognised as unique employee representatives. An employee could choose, if they so desired, any party (a friend, a relative, a solicitor) to represent them in employment negotiations.
- Compulsory unionism and closed shop arrangements were made unlawful.
- Individual, one-on-one, employee-employer employment contracts were encouraged.
- Individual employees had protection against unfair and/or arbitrary dismissal. Employers could not simply hire and fire at will. Personal grievance provisions in the legislation gave employees possible grounds for appeal and damages against employers who transgressed legislative and case law strictures. This in fact became something of a growth industry for New Zealand (Rasmussen & Lamm 2005).

The Labour Party was returned to office in late 1999 and repealed the NZECA in 2000. The replacement legislation, the Employment Relations Act 2000 and subsequent legislation, retained many of the features of the NZECA. There has been no return to the centralised system of conciliation and arbitration or unregulated strikes and lockouts, notwithstanding a return to recognising unions and pattern bargaining. Cooper and May (2005, p. 13) write that:

It is clear that … [legislative] changes have had a palpable impact upon unions [in New Zealand], essentially making it harder to undertake their traditional role and suffering the double burden of operating with considerably less resources. Whilst in New Zealand there has been a degree of re-regulation since 2000 and a markedly less hostile environment, the [Employment Contracts Act’s] legacy remains and the institutional structure has not been reassembled.

Let us now consider the United States. Two major legislative milestones that helped shape the development of American workplace relations—and especially the role of unions in the workplace—were the Wagner Act of 1935 and the Taft-Hartley Act of 1947.

The Wagner Act was enacted by the Roosevelt Administration (1933–45). It gave recognition to unions and the right of workers to join unions without being harassed
and intimidated by employers opposed to negotiating with unions. It permitted collective bargaining, prohibited discrimination against unions when hiring labour, and sanctioned (certain) strikes. Between 1935 and the onset of active American involvement in World War II in 1941, union membership rose from 3.8 million to 10.2 million. By 1947, the year of the introduction of the Taft-Hartley Act, membership numbers stood at 14.8 million (United States Department of Commerce 1973).

The Taft-Hartley Act reversed key legal protections given to unions in the Wagner Act (Adams & Markey 1997). Taft-Hartley gave the president power to intervene in disputes that were believed to be a danger to national health and safety. It forbade secondary boycotts, sympathy strikes, jurisdictional strikes and closed-shop employment arrangements. In effect Taft-Hartley reversed most of the gains unions achieved under the Wagner Act. It was a reaction, on the part of a hostile Congress then dominated by the Republican Party, to the rise in power of unions during the Democratic Party dominated Roosevelt years. It was also a reaction to an explosive rise in work stoppages in late 1945 and during 1946 after the cessation of World War II hostilities when unions felt no longer obliged to moderate their behaviour in the interests of the war effort. Other concerns included the infiltration of communists in unions—a major issue during the later 1940s—and the control of some unions by criminal groups.

Union density in United States peaked in 1945 at more than one in three non-agricultural employees and remained relatively high throughout the 1950s. The years 1936 to 1956 have been described as American labour’s ‘golden age’ by Lipset and Meltz (2004, p. 41). For each year from 1959 to the present there has been a decline in American union density with the single exception of 1979 when density rose briefly. On average union density has fallen by one percentage point every two and a quarter years. During the years of the Carter Administration (1977–80) attempts were made by some legislators to temper the Taft-Hartley Act. Unions supported these moves; however, the proposed legislation failed narrowly to garner sufficient support in the Senate. Lipset and Meltz note that: ‘This failed effort was one of the last major political efforts of organised labor in the United States for almost two decades’ (2004, p. 47).

Legislative change has not been as important a determinant of workplace regulation in the United States as has been the case for the Antipodes, in the sense that there have been fewer major legislative changes in the United States compared to the number of legislative changes made in New Zealand and Australia. Instead, the tone of and direction for workplace regulation has often been affected by the day-to-day administrative policies of the government in office rather than by legislative change.

One of the most important changes in the administration of workplace policy occurred in 1981 when the newly-elected Reagan Administration (1981–88) took on and defeated the Professional Air Traffic Controllers’ Association (PATCO). The
PATCO dispute involved air traffic controllers striking illegally for improved pay and conditions. Applying the Taft-Hartley Act, President Reagan declared an emergency and gave the strikers 48 hours to get back to work or face dismissal. The showdown between the government and union proved to be a crushing defeat for the union. The defeat of the union carried, at the time, a strong message to the American union movement in general that disruptive union tactics and particularly unlawful actions would meet much more determined resistance than in the past.

As already noted, the changes wrought during and after the PATCO dispute were not legislative, they were administrative. Policies and practices essentially toughened up. Western (1997, p. 183) writes:

Although PATCO was small numerically, the dispute was symbolically important for U.S. industrial relations in the early 1980s … The administration’s victory over the strikers helped establish the ‘union-free’ environment as a legitimate goal for employers. The PATCO strike also demonstrated the feasibility of hiring permanent replacements to break strikes and unions. In addition the Reagan administration implemented more concrete measures, including the appointment of antiunion commissioners to the National Labor Relations Board. Under the first Reagan-appointed chairman … more than forty of the Labour Board’s doctrines were overturned, contributing to an ‘active regulatory constraint’ on unionism in the 1980s … In one line of decisions by the Reagan Labor Board, unfair labor practices—the dismissal of union members, or intimidation of prounion workers—no longer imposed an obligation on employers to recognize the unions … These rulings coincided with the rapid escalation of unfair labor practice violations through the early 1980s …

Since the Reagan Administration, little has changed in terms of legislation that might give a boost to unions in the United States. The Clinton Administration (1993–2000) established the Dunlop Commission in 1992 to review existing legislation, however with a Republican Party dominated Congress in place by the time the Commission’s findings were released in 1994, the Commission’s recommendation’s essentially went nowhere (Lipset & Meltz 2004). It seems unlikely either new legislation or a more union-friendly application of existing legislation will eventuate until there is a sizeable downturn in the fortunes of the Republican Party at all levels of government (presidential and congressional) as well as a receptive response on the part of the courts should legal challenges be mounted against any new legislation.

To sum up, Australian neoliberal legislative and administrative workplace reforms commenced in a relatively mild way in the late 1980s (say 1987 with the Accord Mark III). New Zealand’s neoliberal workplace reforms commenced in 1991 with the
NZECA; though there were earlier reforms in the 1980s, they do not compare in scale and intent to the NZECA reforms. United States administrative reforms commenced in 1981 under the Reagan administration. These reforms appeared designed to weaken the power of unions in general and inhibit potential militant behaviour.

UNION ACTIVITY

Next on the agenda is the pattern of change in two indicators of union activity, namely union density and the rate of work stoppages brought about by industrial disputes. These are not the only measures of union activity, of course, but they do represent workplace indicators for which data are reasonably reliable and accessible.

Trade union density is the proportion of employed employees who are union members. Figure 1 depicts union density for our three countries over the last approximate three decades. Note the following points. First, density has declined, approximately halving, in all countries. Second, Australia and New Zealand have now, as in the past, high density rates relative to the United States. This in part was attributable to the systems of centralised conciliation and arbitration that they had established a century earlier, which encouraged the development of unions to represent, on a collective basis, the interests of employees. Third, the decline in density was most acute in New Zealand during the years of the NZECA (1991–2000). As indicated above, the NZECA afforded unions no special role or recognition; and any privileges unions had accumulated in past years were quickly withdrawn. Fourth, notwithstanding the rapid decline in union density during the NZECA years, raw union membership numbers (compared to density) were trending down between December 1985 and May 1991 (when the NZECA commenced); membership fell from 683,000 to 603,000, a fall of 12 per cent (Harbridge, R., May, R. & Thickett 2003). Fifth, Australian union density declined by about one third during the years (1983–96) that the Labor Party was in

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4 Stoppages include strikes and lockouts. Of the three countries discussed in this paper, New Zealand is the only country that officially counts lockouts, though only the ‘number’ and not ‘workers involved’ or ‘days lost’. Lockouts are generally recognised to be a small fraction of total stoppages, at most 10 per cent, and typically much smaller (Walsh 1983; Briggs 2004; Perry 2006). This paper is principally concerned with strikes, but uses data that conflates strikes and lockouts as these data are all that are available. This limitation needs to be kept in mind.

5 See note (b) appended to Table 1 which points out that data for the United States considers only large-scale stoppages involving 1,000 workers or more. See Visser (2006) for further discussion of the harmonisation of international union density rates and Hirsch and Macpherson (2003) for discussion of breaks in the density series for the United States.

6 New Zealand membership data becomes a little ‘blurred’ in the late 1980s. Earlier data, that excluded public sector unionists, are difficult to link to later data that include them (Visser 2006). Also collections became erratic at this time (Statistics New Zealand 2007). And finally, during the period of the NZECA the government ceased collecting data on unions altogether. Fortunately, Victoria University of Wellington took up the task abandoned by government.
office. Sixth, United States density declined steadily throughout the period; it seemingly making little difference what political party held office; and, as noted earlier, density had been declining in the United States from the late 1950s while raw membership numbers have been in decline since 1979.

All in all, these data indicate that union density in the case of the United States and Australia and union membership numbers in the case of New Zealand were in decline for some time before the introduction of neoliberal-oriented legislative or administrative workplace reforms were introduced. It seems not unreasonable to suggest that these newly emerging patterns of decline for Australia and New Zealand and the already well-entrenched decline occurring in the United States would have likely continued in the absence of the legislative and administrative changes that were actually put in place. Perhaps the decline would not have been as acute as it turned out to be, especially for New Zealand where the legislative changes where the most profound; but it seems unlikely that the unfolding processes of decline would have stopped. Density was in decline, at least in part, because sectors that had, in the past, been most responsive to unionisation, such as large-scale manufacturing, were in relative decline. As economies matured, the services sector rose in relative importance. This sector is generally more difficult to unionise as it is often expensive for unions to service, and the demand from service workers for unionisation is often weak.

![Figure 1. Union density: United States, Australia and New Zealand](image)

Sources: See notes (f) and (g) beneath Table 1.
The impacts of these labour force structural changes are well known. In Australia, David Peetz attributes about half of the decline in union density during the decade to 1992 to ‘structural changes in the labour market’ (1998, p. 175). However, after this date structural changes do ‘not explain a high proportion of the decline’ (1998, p. 175). The balance of the decline in density is explained by two factors: an ‘institutional break’ factor and what might be called a ‘unions dropping the ball’ (my words) factor.

According to Peetz an ‘institutional break’ or a ‘paradigm shift’ in the mid-1980s made employers and the state turn against compulsory unionism; this explains much of the rest of the decline in density during the 1980s and even more during the 1990s. Exactly how much is not clear, though he does write that the ‘collapse of compulsory unionism accounts for a large proportion of (perhaps from half to three quarters) of the decline in union membership and explains the acceleration in that decline since 1990’ (1998, p. 112).

What about the ‘unions dropping the ball’ factor? It relates to ‘the inability of unions to provide the infrastructure, or adopt the strategies, or act with sufficient vigour or cohesion, to prevent employer strategies from leading to a decline in union reach and membership. In other words … inadequate union performance, most visible at the workplace level, in response to management agendas for change’ (Peetz 1998, pp. 176–177). Peetz does not make explicit the relative size of this factor in explaining the decline in union density in Australia.

Figure 2 depicts days lost per employee due to work stoppages. These series are quite noisy (that is, erratic and unpredictable around a long term trend), which makes it a little difficult to discern any underlying trends. To get a better visual sense of the underlying shape of the series, Figure 3 smoothes the data, using a standard averaging procedure. From this figure the following points can be noted. First, all three series are trending down. Second, the extent of the decline in the Antipodes is somewhat greater than the decline in the United States for the period under review. Third, in the case of New Zealand, stoppages peaked in 1986, and subsequently trended down. The smoothed data indicate that in 1990, just before the NZECA came into action, the stoppage rate was lower than before; however looking at the unsmoothed data in Figure 2 does not yield quite as clear a result. Fourth, for the period in review, there appears to have been a general pattern of convergence for the three series. Finally, it must be kept in mind that the series for the United States is only for large-scale stoppages, that is, stoppages involving more than a thousand workers. Data for the United States exclude the vast majority of stoppages that involve less than a thousand workers. However, these small-scale disputes, when tallied in the past, did not account for the bulk of days lost (Perry & Wilson 2004). Hence the United States series still has some use, but it is most unfortunate for the study of workplace behaviour that data on smaller disputes have not been collected since 1982.
Sources: See notes (f) and (h) beneath Table 1. Note that US data are not ‘grossed-up’ as in Table 1.
The stoppages data in Figures 2 and especially Figure 3, which has been smoothed, indicate that stoppage rates were, in one way or another, on the decline in advance of the introduction of neoliberal workplace legislative and/or administrative changes. In the case of Australia, stoppages were trending down well before the late 1980s when the policies of the Accord began to be tweaked to factor in individual workplace productivity and efficiency considerations.7 In New Zealand, stoppages built up during 1985 then peaked in 1986. This was during the period of governance of New Zealand’s Fourth Labour Government which introduced many reforms, but not, as noted earlier, major changes to workplace regulations; they came in 1991 with the NZECA. Between the peak in 1986 and the installation of the NZECA (May 2001), stoppages trended down. But relative to the period before 1985–86 data, the decline after 1985–86 is relatively small. In the United States, stoppages had been in decline for some time prior to the introduction of the Reagan administrative reforms from 1981. Looking at the three countries together, it seems reasonable to suggest that stoppage rates were in decline before the introduction of neoliberal reforms, though the data for New Zealand are less compelling than for Australia and far less compelling than for the United States.

The information in Figures 2 and 3, that is, days lost due to stoppages per employee, can be broken down, or decomposed, into the measures of ‘frequency’, ‘involvement’ and ‘duration’.8 Frequency refers to the number of stoppages per employee. Involvement refers to the average number of workers involved in a stoppage. And duration refers to the average number of days lost in stoppages per worker involved. Let us briefly review each of these dimensions below.

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7 It is widely argued that the Accord was responsible for the decline in stoppages during the 1980s and early 1990s. The sharpest decline in stoppages per employee (the stoppage rate) occurred in 1982 just before the Accord came into play. The changes in stoppages for the years 1982 through to 1987 were respectively: -0.41 (-53 per cent), -0.06 (-16 per cent), -0.07 (-23 per cent), -0.02 (-7 per cent), -0.02 (-7 per cent), -0.02 (-8 per cent), where the first term is the sequence is the simple change (from one period to the next) in the stoppage rate, and the second term (in brackets) is the percentage change in the stoppage rate. For different perspectives on the significance of the Accord in reducing strikes see Peetz (2002) versus Perry and Wilson (2000).

8 ‘Days lost due to stoppages per employee’ is the (mathematical) product of ‘frequency’, ‘involvement’ and ‘duration’. More precisely: DL/E = NS/E x WI/NS x DL/WI where DL refers to days lost due to stoppages, E refers to employed employees, NS refers to the number of stoppages and WI refers to the number of workers involved in stoppages. We can employ this ‘break-up’ of days lost, to gain an understanding of the nature of the structure of the change in stoppages. See Shorter and Tilly (1971, p. 66).
Figure 4. Frequency of stoppages:
United States, Australia and New Zealand

Sources: See notes (f) and (h) beneath Table 1.

Figure 5. Involvement per stoppage:
United States, Australia and New Zealand

Sources: See notes (f) and (h) beneath Table 1.
Figure 4 depicts the patterns of the frequency of stoppages. Because the data for the United States are not comparable to the Antipodean series (recall that the data for the United States refers only to large-scale stoppages), all of the frequency series have been converted to indexes with a base year value for 1976 set at 100. Figure 4 shows that all the series have declined in a broadly similar fashion over the timeframe under review. The American series fell more rapidly during the late 1970s and early 1980s. The Australian series fell quite steadily during most of the 1980s and the first half of the 1990s. And the New Zealand data fell most up to the early 1990s.

Figure 5 depicts the average number of workers involved in each dispute. The average number in disputes in the United States was a little under 7,000 for the entire period, but recall that this number is confined to large-scale disputes. The averages for Australia and New Zealand were around 550 and 400 respectively. It is difficult to discern in these series of involvement in stoppages any patterns as regular or as highly correlated as those for the frequency of stoppages.

Figure 6 depicts the average duration of disputes. Note the average duration of disputes in the United States is much longer than in the Antipodes. Disputes in the United States averaged about 22 working days, whereas in Australia they averaged a little under two days and in New Zealand they averaged a little over three days. The long average duration of stoppages in the United States probably has little to do with whether the disputes are large-scale or small-scale. For the years prior to 1982, when both large-scale and small-scale stoppages data were collected, the average duration of both were much the same. As was the case with the pattern of involvement in stoppages, it is difficult to discern in these series for the duration of stoppages any patterns as regular or as highly correlated as those for the frequency of stoppages.

The patterns indicated by the data depicted in Figures 4, 5, and 6 strongly suggest that the principal source of the decline in days lost due to stoppages has been the decline in the number, or frequency, of stoppages. The new era of quiescence (Shalev 1992) has witnessed, more than anything else, fewer stoppages rather than either shorter stoppages or stoppages involving fewer workers—at least so far as these three countries are concerned. It is also notable that, although different legislative frameworks have been in place in different countries over the last three decades, the decline in the frequency of stoppages has been much the same for each of the countries; moreover, the decline was in train well before the introduction of neoliberal workplace reforms in any of the countries.

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9 Note also that for those years for which the data on the frequency of large-scale and small-scale stoppages were simultaneously available (prior to 1982), the patterns of the frequency of large-scale and small-scale stoppages were highly correlated.
PERCEPTIONS

In the previous section I noted declining union density and declining stoppage rates prior to, during and after the introduction of neoliberal labour market reforms. Absolute union membership numbers (as opposed to density) have been in decline in the United States since 1979, Australia since 1991 and New Zealand since 1983. Yet, paradoxically, attitudes and perceptions about unions have been becoming more positive in more recent times. This section briefly compares four recent longitudinal studies of changing Australian perceptions and attitudes towards unions so as to better understand the evidence and the issues.

First, Peetz (2002) collects a range of historical surveys about attitudes to unions. The surveys stretch back to 1942 and finish in 2000. From these surveys, Peetz comes to the view that:

Union sympathy slowly declined between the 1940s and the 1960s, it deteriorated sharply during the early 1970s, and it recovered slowly under the Accord [presumably 1983 to 1996]. […] Despite industrial disputation in the late 1990s being below the levels achieved in any other decade since the war, it nonetheless appears that union sympathy in the 1990s was weaker than it was in the 1940s. Some sort of structural shift appears to have occurred … (2002, p. 71).
In the same paragraph where Peetz states: ‘… union sympathy in the 1990s was weaker than it was in the 1940s’ (2002, p. 71), he also states: ‘… overall sympathy towards unions [is] lower than in the 1940s and the 1950s’ (p. 72, emphasis added). It is not clear why these comparisons differ (why the first excludes the 1950s and the second includes the 1950s), but let us assume the latter comparison holds. If this is the case, then this seems to suggest that union sympathy in the 1990s was approximately the same as it was in the 1960s. Between the 1960s and the 1990s, union density fell by around 20 percent and the stoppage rate fell by about 45 per cent. What Peetz seems to be saying regarding the ‘structural shift’ mentioned above is that, given that union density and the stoppage rate were much lower during the 1990s than during the 1960s, one might have expected this to produce a higher level of sympathy for unions than has materialised. Thus there has been an underlying decrease—a ‘structural shift’ down—in sympathy towards unions. This is an issue to which I shall return.

A second longitudinal study is by Sue Bearfield (2003). She compares responses to a number of questions about attitudes towards unions for the years 1996, 1997, 1999, 2001 and 2002. To give a general sense of the results, 25 per cent of respondents in 1996 agreed with the statement ‘Australia would be better off without unions’. In 1999, 23 per cent agreed. But in 2001 and 2002, 14 per cent and 17 per cent agreed respectively.

A third longitudinal study is by Clive Bean (2005a) who looks at, among other things, levels of confidence in Australian institutions, including unions. He reports confidence levels for the years 1995, 2001, and 2003. Confidence, expressed as the proportion of respondents expressing ‘a great deal’ or ‘quite a lot of confidence’ in unions, are 26, 26 and 28 per cent respectively. He also reports cross-sectional findings on public confidence in other institutions in Australia for 2003 using the Australian Survey of Social Attitudes 2003. Of the twelve institutions compared in 2003, unions had the second lowest ranking (Bean 2005, p. 130).11

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10 This compares the average for the decade ended 1969 with the average for the decade ended 1999. If we compare the decade ended 1959 with the decade ended 1999 (that is, compare the 1950s with the 1990s), union density falls by 26 percent and the stoppage rate falls by 63 per cent. The stoppage rate is the number of working days lost due to industrial disputes per employee. For sources, please see those for Table 1 and Withers, Endres and Perry (1985) and Keating (1967) for earlier years.

11 The rankings were: 1. defence forces (82 per cent), 2. police (72 per cent), 3. ABC (70 per cent), 4. universities (70 per cent), 5. charities (61 per cent), 6. major Australian companies (42 per cent), 7. federal parliament (41 per cent), 8. churches and religious organisations (35 per cent), 9. public service (32 per cent), 10. courts etc. (29 per cent), 11. unions (28 per cent), 12. banks (26 per cent). The percentages in brackets are the proportion who express ‘a great deal’ or ‘quite a lot’ of confidence.
Bean also notes that:

It is interesting to compare contrasting views of unions and big business with similar attitudes expressed in the 1970s and 1980s. Whereas now more people want to constrain the power of big business, then [during the 1970s and 1980s] more people believed that unions had too much power (McAllister 1992, p. 90) … Thus the public’s changing perceptions as recorded in survey data reflect changing realities (2005, p. 133).

Bean’s reference to McAllister (1992) is worth pursuing further. Ian McAllister refers to a ‘… perceived rightward movement in public opinion—[that] has been termed the “great moving right show” (Heath et al. 1991)’ (1992, p. 89). He writes that:

Whereas public opinion in the 1960s and 1970s was marked by consensus economic policies based on limited state intervention, the 1980s were dominated by the application of market solutions to economic problems … Although there is little doubt that citizens shifted their opinions towards the right, the debate has centred on how far this movement went and whether it was a consequence of changes among voters, or whether it was induced by elite policies … (1992, p. 89).

McAllister uses data for 1967, 1979, 1987, and 1990 to get a measure of the ‘great moving right show’ for Australia. He uses four indicators that all suggest an average ‘rightward’ shift in public opinion. Two of the four indicators relate to attitudes towards unions. One of the union-related questions is: ‘are trade unions too powerful?’ The responses to this question are: 54, 81, 83 and 85 per cent respectively. The other question refers to having: ‘no sympathy for strikers? The responses to this question are: 39, 50, 84 and 86 per cent respectively.

And finally, a fourth longitudinal study is Bean (2005b), who looks at attitudes to unions, among other things, for the years 1990, 1993, 1996, 1998, 2001 and 2004. Here Bean looks at attitudes for different age groups. Essentially older people tend to feel more opposed to unions than younger people. But the issue of age is not the concern in this paper. Instead, the issue is changing attitudes over time. The basic result in Bean (2005b, p. 6) is that opposition to unions fell a little in the early 1990s (4 percentage points between 1990 and 1996) and a lot during later 1990s into the new millennium (13 percentage points between 1996 and 2004).

This review of research on attitudes to unions indicates that different studies have generated different results. For Peetz (2002), there has been a rise in sympathy for unions from the early 1980s (the Accord years); however, there appears to be a structural break in the indicator(s) of sympathy for unions keeping it (them) lower than might have otherwise been the case. For Bearfield (2003) there has been a shallow decline in opposition to unions in the early 1990s and a sharper decline during the
early years of the new millennium. Bearfield’s study is entirely confined to recent years. For the two studies by Bean (2005a, 2005b) in conjunction with the McAllister (1992) study, attitudes to unions were increasingly negative up until the early 1990s. Attitudes then appear to become a little more positive in the early 1990s and then considerably more positive in the later 1990s and during the new millennium. Nevertheless, the underlying level of confidence in unions in the early part of the new millennium is relatively low with most respondents (72 per cent) expressing either ‘not very much confidence’ or ‘no confidence’ in unions (Bean, 2005a, p. 130).

On balance, one can probably be confident that attitudes to unions have become more positive during the later 1990s and the new millennium. There may have been a mild increase in positive attitudes in the early 1990s. For the years prior to the 1990s, there are diverging views: Peetz versus McAllister. Either way, an explanation is needed for the negative correlation between union density and positive attitudes towards union.

Peetz (2006) interprets survey data on public attitudes to unions, inequality, spending on social services and tax cuts as indications that ‘Australians are, if anything, becoming more collectivist, not more individualistic’. According to Peetz, the push for individualism does not come from people, it comes from politicians ‘driven by elite ideology’. Similarly, the push for neoliberal labour reform is not a reflection of changing social values, rather it: ‘is being driven by people with power—lobbyists for large corporations, and the political party they founded six decades ago—using it to further increase their power’. Peetz continues:

Union membership has been falling, but this is due to institutional and political factors, not changes in workers’ attitudes – workers are more pro-union now than at any time in the past twenty years. You can see it in responses to questions on whether unions are doing a good job, have too much power, should be subject to tighter controls, or have trustworthy leaders.

But Peetz’s explanation raises several questions. If attitudes to unions are so positive, why are so few workers joining? Is not the test of real support for unions, people being prepared to pay-up and join? Do not actions speak louder than words? Are ‘institutional and political factors’ really so powerful as to overwhelm the apparent positive sentiment towards unions?

Bearing these questions in mind, it is interesting to reflect further on some of Bearfield’s findings (2003) with respect to public attitudes towards unions in Australia. First, Bearfield’s survey indicates that while about 80 per cent of union members agree with the statement ‘I’d rather be in a union’, a little less than 40 per cent of non-unionists agree. Interestingly, there has been little change in these percentages between 1996 and 2002. Thus, over a timeframe when positive sentiments towards unions were on the rise, the sense of wanting to join (to ‘be in’) a
union did not change either for unionists or non-unionists. This leaves one with an impression that perhaps non-unionists are thinking I’m OK with what unions are doing, but I have no wish to join. This might be similar to one being OK—or increasingly OK—with what the local P&C (Parents and Citizens) Association is doing, but still having no desire to join.

Responses to another statement in Bearfield’s survey is also interesting. The statement is: ‘Unions in Australia don’t look after their members’. The percentage of unionists and non-unionists agreeing with the statement fell substantially for unionists and especially non-unionists between 1996 and 2002. For non-unionists, it fell from 48 to 29 per cent. Again, it may at first glance seem curious that despite more than 70 per cent of non-unionists disagreeing that ‘unionists don’t look after their members’, that there has not been a concomitant rise in union membership. Could it be because there is no union to join? This seems unlikely. Only 20 percent on non-unionists claimed that this was the reason they chose not to join. The main reasons non-unionists did not join were (a) there was no need to joint or it wasn’t worth it (28 per cent), (b) don’t know (23 per cent), (c) no union available (20 per cent, as already mentioned), (d) don’t believe in unions (11 per cent) and various other ‘excuses’ including it being ‘too expensive’, which accounted less than 2 per cent of responses. One is again drawn to the explanation canvassed in the previous paragraph: there may be an increasing positive sentiment towards unions, but that does imply a desire to join.

An alternative interpretation of the data to the one offered by Peetz (2006) is offered by Lipset and Meltz (2004). They compare the experience of Canada and the United States and the paradox that more Canadians than Americans are union members but Canadians approve of unions less than Americans. In addition, they find that Canadian managers are more hostile to unions than are American managers. They argue that:

… approval of unions tends to be related to the perceived power of unions; that is, the weaker unions are, or at least appear to be, the more they are endorsed as an institution that is speaking for the interests of working people. This phenomenon has been noted in the United Kingdom and Australia as well as North America (Lipset & Meltz 2004, pp. 5–6).

If the Lipset and Meltz explanation is correct, it suggests that the current increases in positive sentiment towards unions are largely a consequence of their lack of power and their resulting diminished capacity to disrupt. Attitudes as a consequence have softened towards unions compared to the attitudes that were prevalent a couple or three decades ago when strikes and disruptions were much more prevalent. Public perceptions are more positive about unions, but there is no corresponding increased desire to join unions (Bearfield 2002), because the positive sentiment is unrelated to being in a union, instead the positive sentiment reflects the public’s positive
sentiment about relatively peaceful workplace relations. There is also a perception that unions are increasingly looking after the interests of their members. But this does not inspire workers to seek out membership. Presumably, non-members feel that they can manage just as well without.

Regarding Peetz’s view that there has been a ‘structural shift’ in the sympathy for unions, it is suggested that one explanation for this may be intimately connected to what was noted above by McAllister (see also Heath et al. 1991 and Hall 1979) as ‘the great moving right show’; sometime, one suspects around the late 1970s and early 1980s, many countries—including the ones considered here—experienced a discreet shift in public perceptions (perhaps driven by the views of ‘elites’, perhaps otherwise) about the effectiveness of collectivist strategies for managing the economy. In essence, the collectivist approach fell into relative disfavour.

CONCLUSIONS

In focusing on the emergence of neoliberal workplace reforms in Australia and New Zealand with comparative reference made also to the United States, it is apparent that declining density and stoppage rates were, broadly speaking, in place before, and at times well before, the introduction of neoliberal legislative reforms. It seems not unreasonable to suggest that these pre-existing declining trends would have likely continued if legislative reforms had not been introduced. This is not to deny that the legislative reforms may have reinforced the underlying downward trend, particularly in the case of New Zealand.

The hypothesis advanced in this paper is that legislators have been responding to an evolving climate of public opinion that has been disposed to accommodating various forms of neoliberal legislative innovation. In a democracy, if important legislation is perceived to be strongly objectionable, there is a strong chance that the political party responsible for it, will lose office. Thus it is often difficult for legislators to get too far out of step with public opinion.

What of public opinion polls that indicate a growing positive attitude to unions? In this paper our focus has been principally on Australian evidence with some limited reference to American experience. In Australia, two different perspectives have emerged. The first perspective can be called—perhaps presumptuously—the McAllister-Bean perspective. This suggests more positive public perceptions about unions are a relatively recent phenomenon, commencing initially weakly in the 1990s. These increasingly positive perceptions are working from a relatively low base, as

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12 Hall writes: ‘It [the ‘swing to the right’] has been installed—a going concern—since the latter part of the 1960s. And although it has developed through a series of different stages, its dynamic and momentum appear to be sustained’ (1979, p. 14).
recent (2003) surveys of confidence in unions rank them very lowly (a touch above confidence in banks).

The second perspective is that of Peetz (2002). This suggests more positive public perceptions about unions have been developing since the early 1980s. Peetz's commentary also seems to suggest that current (when he was writing) feelings of sympathy for unions are on a par with the perceptions held in the 1960s (since current perceptions are judged to be below those of the 1940s and 1950s and perceptions in the 1940s and 1950s were more positive than they were in the 1960s).

One can account for the apparent paradox of increasingly positive public perceptions about unions coupled with declining density with the Lipset-Meltz hypothesis that public perceptions about unions have been becoming more positive because union density and power have been in decline. Weakened unions have less capacity to strike and disrupt orderly socio-economic activity. If union density, power and disruptive behaviour continue to decline, we can expect public attitudes towards unions will continue to become more positive, other things held constant. The Lipset-Meltz hypothesis focuses on just one factor that influences perceptions, which is union density as a proxy for power. Other factors may also influence perceptions: strikes (which are themselves affected by density and other influences such as inflation), the profile and popularity of leaders, the effectiveness of union public relations, and so on. The Lipset-Meltz hypothesis can be reconciled with the McAllister-Bean view if lags are allowed in the adjustment of attitudes (in the early 1990s) to changes in density (which began decreasing in a sustained fashion from around the mid-1980s) or the Peetz view if the adjustment of attitudes (in the early 1980s) are assumed to correspond more directly to changes in density.

If public attitudes to unions and collectivism in general are becoming more positive, but only in a fairly mild way, as it seems is what the McAllister-Bean data suggest, then it is unlikely that the climate of public opinion has reversed enough for there to be grounds for legislators to go back to those now-abandoned earlier systems that determined wages and conditions through centralised and collectivised procedures. Nevertheless, legislation that is perceived to be ‘unreasonably’ hostile to unions, may turn out to be politically unsustainable, particularly if the trend of growing sympathy towards unions continues.

If, on the other hand, the upswing in public sympathy towards unions is strong, as Peetz seems to be saying, and current attitudes are in fact comparable to those that prevailed in the 1960s (notwithstanding the apparent downward ‘structural shift’ in sympathy towards unions), then might we expect, sooner or later, a move back to the ways of the past: to centralised and collectivised wage determination? While stranger things have happened, such an outcome seems rather unlikely, particularly if, for Antipodean economies, the economic outcomes of the last decade and a half can be sustained or further improved.
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