Neo-liberal evolution and union responses in Australia¹

David Peetz and Janis Bailey

Introduction

It's the first national general strike in Australia. Around the country, on 12 July 1976, union members are pounding the streets, carrying placards proclaiming 'Hands off Medibank!', loudly protesting the new conservative government's plans to dismantle the national health insurance scheme established just two years earlier. The demonstrations have limited attendance, because there is no public transport to take people to them. But this is not the biggest problem with the strike. In fact, between a quarter and a half of union members have gone to work anyway, despite the transport problems (Donn 1979). Lasting, as planned, for only one day (quite typical for Australian strikes), it places no ongoing pressure on the government to give in to the union demands. Indeed the government refuses to negotiate with the unions and makes no changes to its plans for health insurance. The first national general strike is a fizzer. So it is also the last.

Thirty years later, and union members are on the streets again, in bigger numbers than in 1976 – over a hundred thousand of them. This is no national strike. People have come here on the way to work or taken time off to attend. It would be illegal to strike over this issue. The leading banners of these very orderly demonstrations read 'your rights at work: worth fighting for'. Over twenty years after neo-liberalism took hold in Australia, this is a fight about laws that threaten the very survival of the union movement. The demonstration itself is hardly decisive – more about keeping up morale amongst union activists than directly persuading the government to change its laws. The real action is happening on the telephone, in workplaces and community halls, and on television screens around the country. The demonstration is part of a two-year campaign that spectacularly achieves what it sets out to do: defeat the conservative government that threatened to cripple unionism.

These two events illustrate several aspects of Australian unionism. They point to unions' need for favourable state policies; to union efforts, sometimes successful, sometimes not, to achieve them; and to the unions' reliance on having Labor, rather than conservative, governments in office. They show how union tactics have been shaped by the legislative framework, indeed habituated by the arbitration system in place for most of the last century (hence strikes were short and used to alert employers and tribunals to union intent) and have had to change since the end of arbitration. The alterations in the legislative framework themselves point to the changes wrought by neo-liberalism. And the events indicate how even the large scale manifestations of union anger that have challenged key state policies have not fundamentally challenged the economic system or the philosophies guiding it.

At the core of economic policy in Australia since the 1980s has been neo-liberalism. The term typically refers to a set of ideas supporting adherence to free market philosophies and a minimum of state intervention that support the interests of capital. In Australia, this set of ideas has also been referred to as 'economic rationalism' (Pusey 1992), 'economic fundamentalism' (Argy 1998), 'economic liberalism' (Stilwell 2002) and 'market liberalism' (Quiggin 2010). Its purpose is to create conditions to boost company profits and increase the returns to owners of capital. As in many other countries, neo-liberal policies found increasing favour with Australian governments from the mid

1. To be published as Peetz, D & Bailey, J, Neoliberal Evolution and Union Responses in Australia, in G Gall, A Wilkinson & R Hurd (eds) *International Handbook on Labour Unions: Responses to neo-liberalism*, Edward Elgar, Cheltenham, 2011, 62-81. Check against published version.

1980s. Labor came to government in Australia at that time when social democratic parties in many larger countries were in opposition (Pierson and Castles 2002: 697). Hence, in Australia, the midwife for neo-liberalism was ostensibly a social democratic government, with strong ties to the union movement (Lavelle 2010) and governing in a political context where state regulation rather than direct state provision is the norm (Pierson and Castles 2000:688). Thus neo-liberalism in the 1980s operated within a quasi-corporatist, highly centralised incomes policy negotiated with the trade union movement. For this reason the approach to industrial relations reform was gradualist – at least until the mid 1990s – and, overall, less drastic than the government’s approach to economic reform more generally.

This early period of Australian neo-liberalism we refer to as ‘constrained neo-liberalism’. When a conservative coalition government (comprising ‘the ‘Liberal’ and ‘National’ Parties) took office in 1996 under Prime Minister John Howard, policies favouring capital over labour reached their high point, yet in the arena of industrial relations they were so interventionist that, modifying a remark used by one of the business-funded free market lobbyists, we refer to the Howard years as ‘Stalinist neo-liberalism’. Thus neo-liberalism in Australia has a distinct flavour because it has never been applied in its pure, full glory, with different governments focusing on different aspects of it – Labor focusing on the benefits that greater reliance on markets would allegedly bring to workers or at least consumers, the conservatives more willing to set aside market principles in order to meet the interests of capital.

The ascension of the Labor government in 2007 brought to office Kevin Rudd, who then wrote a major essay explicitly decrying neo-liberalism (Rudd 2009), yet whose policies remained heavily influenced by liberal market economics. As nothing has risen to take the place of neo-liberalism, ideas discredited by the global financial crisis – such as the efficient markets hypothesis, the benefits of privatisation, and the notion of ‘trickle down’ ideas – still underpin the thinking of many policy makers. The ideas are, as Quiggin (2010) argues, like zombies: ‘neither alive nor dead’. So we refer to the Rudd years as a period of ‘revisionist neo-liberalism’.

While neo-liberalism emerged as a dominant philosophy amongst elites in the late twentieth century, it is also important to recognise that it is not a philosophy that ever attained widespread acceptance in the community at large. For example, opinion polls have typically shown the majority of voters support import quotas and oppose privatisation (Murray and Peetz 2010). In the realm of industrial relations, sympathy towards unions has increased over the past two decades (despite major falls in union membership) and voters consistently opposed the ‘WorkChoices’ reforms of the Howard government (Murray and Peetz 2010). As will be demonstrated, unions were able to mobilise and help shape public opinion in order to oppose and eventually bring down the government that had introduced WorkChoices (Muir 2008).

Elsewhere in this volume, Gall, Hurd and Wilkinson (see Introduction) develop a four-fold categorisation of union responses, which we describe as follows: ‘accommodatory’ (globalisation is good or progressive and unions and their members can benefit from it where the companies, sectors or economies can successfully compete – a mutual gains agenda); ‘protective’ (unions advocate that workers need some strategic protection/state action in order to compete fairly as well as to protect them from the worst effects of globalisation and the ‘race to the bottom’); ‘reformist oppositional’ (unions believe in opposition to corporate globalisation and advocate social democracy as an alternative in order to socialise the capitalist economy); and ‘radical oppositional’ (unions believe in opposition and resistance to capitalist globalisation and advocate socialism as the alternative). In the context of a sceptical public, the move to neo-liberalism has occurred principally amongst business and policy elites, and the response of unions has ranged from accommodatory to oppositional. This

chapter describes the phases of neo-liberalism in Australia and union responses to them, commencing with analysis of Australian unions before the rise of neo-liberalism.

Unions before neo-liberalism

The dominant ideology of Australian unions for much of the twentieth century has been described as 'labourism'; that is, a belief in parliamentary politics, protection for local industry and arbitration unionism. Traditionally, labourism – a term borrowed from the British 'new left' – has been contrasted with 'socialism'. While the short-hand term labourism masks a more complex picture of labour movement ideology, it remains a useful descriptor for characterising union movement ideology in Australia. Labourism's relationship to capitalism is analogous to the terrain covered by the 'protective' and 'reformist oppositional' approaches to neo-liberalism.

Understanding the ALP-union movement relationship is essential to understanding unions pre-neo-liberalism. The histories of the union movement and the Australian Labor Party (ALP) are inextricably interwoven. Unions created the ALP in the various Australian colonies (Buckley and Wheelwright 1988:198-200). In international terms, the ALP was an early example of an electorally successful working-class party, although it has never chosen to 'challenge the fundamentals of Australian capitalism' (Patmore and Coates 2005:125). It has been portrayed as 'a vehicle for working-class aspirations, albeit flawed' (Shor 1999:68) or even a 'capitalist workers' party' (Bramble and Kuhn 2009:282).

Working class aspirations were cemented with early and extensive state regulation of the employment relationship via conciliation and arbitration legislation in 1904. These laws were seen as an example to working class movements elsewhere and as a way to secure collective representation in the wake of unsuccessful strikes that had decimated the union movement in the 1890s (Rowse 2004: 22). Arbitral tribunals would settle disputes by establishing 'awards' which had the force of law and which set minimum wages and conditions for individual industries and occupations. These often contained conditions, such as sick pay, that in other countries were provided by the state, leading to a distinctive Australian public policy dubbed 'the wage earners' welfare state' (Castles 1994). Unions were officially recognised by and incorporated into the arbitral system, to such an extent that some writers considered unions had become an arm of the state (Howard 1977). Union reliance on arbitration varied over time and between unions (Rimmer 2004: 314), but it meant that many unions focused much of their energies on arguing before tribunals rather than developing workplace union structures (Crosby 2005). Provided they had a militant heartland willing to take action and achieve strategic gains, they could then rely on tribunals and awards to generalise those gains across their membership as a whole, even in workplaces with little local activism. The strategies of many unions (with some exceptions) were underpinned by a belief that, under pressure, the state (in particular Labor governments and the arbitration system) could deliver real gains for their members and balance the power of employers. Thus the ALP-union relationship was symbiotic, albeit at times with significant tensions. The ALP needed unions for electoral success and unions needed the ALP (in power) to pursue the reforms union leaders favoured.

Nevertheless, labourism was never hegemonic. The syndicalist Industrial Workers of the World (IWW) was active in Australia for a short period during and just after World War I (Burgmann 1995, Shor 1999:69). The Communist Party of Australia (CPA) then became an important force from the 1920s to the 1950s (O'Lincoln 1985; Macintyre 1998), in manufacturing, mining, transport and even education and clerical occupations (Sheridan 1989; Bramble 2008:8). After the war, the union movement ruptured politically when conservative 'industrial groups' of members were established to campaign against Communist union officials, leading to a decline in Communist influence and splits in the union movement and in the ALP that kept Labor out of government until 1972 (Scalmer

1998). Reflecting divisions in the international communist movement, the CPA itself split in the early 1960s and again in 1971, and it gradually ceased to have any major influence on union strategy (O'Lincoln 1985).

Militancy was a contested strategy within the union movement. On the one hand, union officials had to deal with some in their rank and file who were more militant than they, and who sometimes engaged in unauthorised action, for example in car plants, the post office and mines (Bramble 2008; Tierney 1996; Murphy 1983). On the other hand, a large proportion of their membership, especially those forced to join by compulsory membership provisions, were not at all interested in action. Through the 1960s and 1970s, nearly 40 per cent of union members voted for conservative political parties (Leigh 2006). Members were thus on average considerably more politically conservative than their leadership: a survey of 84 union officials found none voted for conservative parties at the 1977 election (unpublished data from survey in Spillane 1981). While left-wing unions were more ready to use strike action (Bramble 2008:21), both they and moderate union leaders in the end relied on the same core strategies; that is, using short strikes to leverage favourable outcomes through arbitration. And the taking of industrial action was inconsistent with the values of arbitration, which was established to do away with the need for strikes. So despite a relatively healthy level of density, the public legitimacy of Australian unions was amongst the lowest in western countries (Peetz 2002), adding further to the difficulty facing union leaders in organising sustained, large-scale mass actions.

As factions' powers waxed and waned, one of the most significant ideological changes within the union movement in the 1970s was the increasing demands for gender equity. Women strained in unions from the first to widen industrial agendas, with communist and left-wing unions providing room for women's struggles (Ellem 1999). Critical advances towards reducing the gender pay gap were made through arbitration courts in 1969 and 1972 (Whitehouse 2004:226-236), although in some cases there was industrial action, including a national strike by clerical workers in 1975 (Fieldes 1997). Peak councils and individual unions established women's caucuses and some unions overturned bans on female labour (Bevege 1980). The proportion of women workers who were union members rose from 35 per cent to 49 per cent between 1969 and 1982 (Rawson 1986:26) and the numbers of female union officials grew, although modestly.

While sections of the union movement resisted capital and advocated socialism, most unions favoured strategic state protection delivered by the arbitration system and did not significantly challenge capitalism. Through the twentieth century, unions dominated the formal structures of ALP outside Parliament, and provided many of the aspiring politicians who entered Parliament, as well as the bulk of the ALP's funds until recently (Bramble and Kuhn 2009:287), but their influence on decisions of the Parliamentary executive gradually declined. Still, ties linking the ALP and unions at organisational, factional and personal levels have been responsible for 'moderating the politics of the unions and delivering parliamentary power to the ALP' (Ellem and Franks 2008:57). Thus the relationship between the industrial and political wings of the labour movement resulted in gains for unions but muted their militancy until a period of turmoil in the early 1970s, to the detriment of the newly elected ALP Government. The then Prime Minister, Gough Whitlam (1985:201), later rued the lack of a close working relationship between unions and his government. Labor's economic credibility was seriously damaged by rising unemployment and inflation in the context of a 'wages explosion' and this was a significant factor in its early defeat in 1975. (Ironically, Whitlam had taken Australia's first major step towards free trade and confronted Labor's protectionist trade tradition when cutting tariffs by 25 per cent in July 1973.) The conservative Fraser government redistributed income from labour to capital (in part by dismantling the Medibank national health insurance scheme) but failed to prevent a large rise in unemployment in 1982, leading to its defeat in 1983 and the return of Labor under Prime Minister Bob Hawke, former president of the ACTU. In the

meantime, both Labor and the unions had fundamentally reconsidered their relationship. The outcome would reshape the Australian economy and labour market.

Constrained neo-liberalism under the Accord

Two weeks before the 1983 election, the Labor Party and ACTU finalised a prices and incomes 'Accord'. The Whitlam government's problems with economic management led both wings of the labour movement to conclude that an incomes policy was necessary to address simultaneously high unemployment and inflation. The Accord provided for guaranteed wage rises, mostly linked to the consumer price index, but with moderation in wage claims exchanged for 'social wage' benefits in universal health care and spending on education, welfare and public housing, as well as targeted tax cuts. Leaders of the ACTU and government met regularly and unions had an unprecedented influence on national economic policy (Singleton 1990). This signalled a temporary and stark reversal of the long term decline in union influence on the Parliamentary executive.

In turn there were major structural changes within the union movement. The ACTU until 1982 had held limited sway over its constituents – a union leader told one of the authors that year the ACTU 'couldn't deliver a letter'. Yet in 1983 it assumed centralised control over virtually the whole of the union movement. The few dissident unions, such as the Food Preservers Union or the Builders Labourers Federation, were disciplined and at times excluded from benefits the system delivered (Ross 2004). One unaffiliated union, the airline pilots, which sought to break the wages guidelines of the time, was essentially destroyed by the actions of the government, the military (whose pilots flew planes during the strike) and the ACTU (Smith 1990). The ACTU's central control within the movement arose not from the peak body's constitution, but from its authority in negotiating with government and from the regulatory powers of the arbitration tribunal, which had responsibility for implementing (albeit with an independent mind) the wages provisions of the Accord agreements. Within government, the key structural change was in the relationship between party and bureaucracy. The Whitlam government's relationship with top bureaucrats, especially Treasury, had been poisonous, with catastrophic consequences. The Hawke government instead embraced the bureaucrats it inherited from the conservatives, one of whom later left to become a leading neo-liberal activist, and relied heavily on them for advice.

Long before the shift to 'enterprise bargaining', the Labor government was initiating a program of market-leaning reforms in product and financial markets. Most importantly, in December 1983, all exchange rate controls were lifted and many aspects of financial markets were deregulated. This was probably the single most important step towards neo-liberal policies. It set up what would be seen by some commentators as a conflict between (unregulated) financial markets and (regulated) labour markets, but would perhaps be better portrayed as a conflict between financial markets and civil society. Through the remainder of the 1980s product markets were deregulated, 'competition policy' reforms were introduced, and from 1986 public assets were privatised when a collapse in the terms of trade and volatility in financial markets engendered a sense of economic crisis (such that some feared possible intervention by the International Monetary Fund) (Kelly 1992:207). Over the next few years, government-owned airlines, banks and numerous other corporations were controversially sold (Quiggin 1998).

How was it that such neo-liberal reforms could be pursued while unions had such influence on the Government? The ACTU was actively involved in negotiating responses to changing economic circumstances. From 1985, the Accord was constantly renegotiated – in the end, this happened seven times during the five terms of the Hawke and Keating Labor governments, as economic circumstances changed, pressures within the union movement altered and policy orthodoxies evolved within the government. The renegotiated Accords focused on minimising the cost flow-

through of exchange rate movements and removing regulatory impediments to workplace efficiency, culminating in the complete abandonment of nationally centralised wage fixation in 1991 and its replacement by a system of enterprise-level wage bargaining, with 'safety net' increases available to those unable to bargain. While the increasingly influential Business Council of Australia initiated the debate on 'enterprise bargaining', the ACTU eventually pushed the idea enthusiastically. It saw it as a means of releasing wage pressures, alerting employees to the benefits of union membership, taking authority away from a recalcitrant arbitral tribunal which had not fully implemented the Accord's provisions, and establishing a more worker-friendly version of an enterprise-focused system that it expected would be put in place anyway by resurgent conservative parties at some time in the future. The move to enterprise bargaining signalled an end to the primacy of arbitration that had dominated industrial relations for almost a century.

Unions did not restrict themselves to industrial issues and the Accord provided legitimacy for union ventures into a range of economic and social policy arenas. The ACTU in the latter half of the 1980s put forward an alternative model of economic management that contrasted with the neo-liberal model of market liberalisation and privatisation. The most prominent manifestation of the ACTU's strategy was the report *Australia Reconstructed* that arose from a government-sponsored mission by key ACTU personalities, including leaders of the powerful left-wing metalworkers union, to northern Europe. Described as 'the most comprehensive policy manifesto ever published by the mainstream Left in Australia' (Scott 2006), it recommended that Australia model itself on Scandinavia and develop not only a more refined incomes policy but also industry planning, active manpower policy, education and training, and employee participation in decision making (ACTU/TDC 1987). At the same time, unions expressed opposition to several of the product market reforms being pursued by the government. They successfully influenced the development of adjustment strategies for key industries such as steel and vehicle manufacturing. However, unions were ineffective in opposing the broad thrust of the deregulatory agenda, or in shaping the government's macroeconomic strategy after 1985. It was one thing to be able to negotiate policies regarding specific industries where they had a strong presence and could back their position with the implied threat of economic disruption; it was another altogether to successfully challenge the hegemony of ideas that Treasury and related departments had, when no one in government believed that unions could organise economic disruption over issues few workers understood and were motivated by. The union approach through this period was thus a combination of 'protective' and 'reformist oppositional', being deeply engaged in the decision making process regarding labour market policy, particularly industrial relations policy, and successfully gaining protection for workers in a number of industries adversely affected by economic liberalisation, but not effectively challenging the emerging neo-liberal paradigm amongst key policy makers.

In short, in the 1980s unions put forward elements of an alternative, progressive social democratic framework, but a combination of circumstances meant that the program failed to take hold. While there were a range of union responses to the quasi-corporatist arrangements of the Accord, political and industrial dissent was muted. The Accord's emphasis on the 'social wage' highlighted redistributive issues and encouraged unions to travel further down a social democratic path, developing links between the wage system, the labour market and social welfare issues such as child care, superannuation (pensions) and health care. These links were but fleetingly made, however, as the perceived imperatives of the newly liberated financial markets and employer agendas came to dominate the Accord's socially redistributive emphasis. This was a period of significant structural changes in the economy, from manufacturing to services, and from the public sector to the private. The ambitious ideals of *Australia Reconstructed* were challenged and ultimately defeated by the Treasury vision of globalisation and accompanying product market reforms. The shift to enterprise bargaining failed to reverse the decline in union density that had commenced in the early 1980s, as employers took advantage of weak union organisation at the workplace to displace unions

altogether from many workplaces (Peetz 1998). Ironically, despite a return to high unemployment, the conservative parties lost the 1993 election, mainly because of their radical policies on industrial relations, health care and, most visibly, a goods and services tax. It took another three years, and a considerable softening of its political platform, before the conservative parties would return to government.

Stalinist neo-liberalism under Howard

In March 1996 the Liberal and National Parties won a national election. Lacking control of the upper house (Senate), they were forced to negotiate compromises on their new legislative regime for industrial relations with the centrist Australian Democrats party. Unions lobbied the Democrats but to little effect. In the main, the new Workplace Relations Act contained most of the conservatives' IR policy: the introduction of individual contracts ('Australian Workplace Agreements' or AWAs) that could be inconsistent with (though not, in net terms, lower than) minimum standards set out in awards, non-union 'collective' agreements, prohibitions on compulsory unionism under the banner of 'freedom of association', restrictions on when industrial action was legal, harsher sanctions for unions breaching restrictions on industrial action, and limits on the matters that could be covered by awards or arbitrated by tribunals. The clear intent was to reduce union power. What credibility unions had was shattered by the 'Cavalcade to Canberra', a protest to Parliament House that unexpectedly led to violent scenes in and around the building that were widely reported in the media (Bailey and Iveson 2000).

Within this newly established framework, employers pursued specific sectoral strategies, often actively encouraged by the government. In the highly unionised coal mining industry, employers made use of new laws to open non-union mines and victimise or dismiss union activists in existing mines. The meat industry, telecommunications and some areas of the public service were also targeted. The most dramatic and celebrated strategy, however, was on the waterfront. Just before Easter 1998, one of the two major employers, Patrick Corporation, dismissed its entire unionised workforce and replaced it with a non-union workforce employed under AWAs by a contractor. For the government, this would be Australia's version of the 1984 British miners' strike, a defining moment as the government expected the union would call a national strike and be destroyed by the Workplace Relations Act and trade practices prohibitions on secondary boycotts. But despite considerable internal pressure the union did not act as predicted, eschewing a national strike as 'community' pickets mobilised around the docks. With strategic advice from the ACTU, it challenged the action in the courts, using the Workplace Relations Act's provisions on freedom of association against the government and Patrick, alleging that a conspiracy by them breached the law. Eventually under High Court instructions the unionists were reinstated and their replacements on AWAs were themselves sacked. The union had to accept redundancies to improve productivity as part of the settlement, so the employer achieved some significant gains from the process, but as the waterfront remained unionised the outcome was a major defeat for the government.

Elsewhere union responses to the employer and government agenda were mixed. In every industry union density fell during the Howard years, by the largest amounts in those industries where concerted employer deunionisation strategies (including use of AWAs) were used. Unions also became involved, with limited efficacy, in specific campaigns on matters such as the US-Australia Free Trade Agreement. Having lost all political influence at the national level, unions focused more upon internal reforms. Particularly after the ascension of Greg Combet (an architect of the waterfront response) to leadership of the ACTU in 1999, the peak body increasingly prioritised encouraging the development of union 'organising' strategies, based on renewing union influence at the workplace level and redirecting power to members in the workplace (ACTU 1998). Unions in this period began to move to a more 'organising' focused approach but did so slowly, intermittently and

unevenly. The agenda was gradually accepted by most in spirit if not in practice. The precipitous falls in union membership that occurred each year through the 1990s plateaued out. Membership through the next decade oscillated around approximately 1.8 million. Density, though, continued to decline (ABS 2010).

Notably, the shift to organising did not appear to align with the traditional left-right divide within the union movement. An embrace of organising did not equate to any fundamental challenge to the governance of capitalism or neo-liberalism. But it did mean a fundamental challenge to the governance systems of unions, and where successful would lead to a shift in power relations at the workplace.

The conservative government was re-elected three times, most importantly in 2004 when it obtained for the first time an unexpected majority in the Senate in its own right. Almost immediately it began preparing a new legislative regime. It was introduced into the Parliament in November 2005 under the name of 'WorkChoices', supported by a media campaign that commenced even before the details of the new law were announced and eventually cost over AUD 130 million (approximately USD 100 million).

WorkChoices introduced further restrictions and heavier penalties on unions undertaking industrial action, imposed major limitations on union officials' right to enter workplaces, took away many remaining powers of the independent tribunals, and sought to make state jurisdictions redundant. Most significantly, it abolished protection against unfair dismissal for all workers in firms with less than 101 employees, and in all cases where employers could claim 'operational reasons' as part of the justification for dismissal, and it enabled AWAs to undercut minimum provisions for penalty rates, overtime pay and other 'protected conditions' without compensation.

While on the one hand espousing the rhetoric of enabling employers and employees to determine enterprise-level outcomes for themselves absent of third party intervention, its 1388 pages of legislation, 414 pages of regulations and 890 pages of explanatory memoranda – 2692 pages in total – sought to intervene in micro-level relations in a partisan fashion to a degree unprecedented in Australia or elsewhere in the OECD. If an agreement contained provisions that offended the federal Minister – for example, provisions for unfair dismissal protections or union training – the parties were liable to heavy fines. One corporate lobbyist likened it to the 'old Soviet system of command and control, where every economic decision has to go back to some central authority and get ticked off' (quoted in *The Age* 26 March 2006). Hence we describe it as 'Stalinist neo-liberalism', extending a trend that commenced under the Workplace Relations Act.

The union response was to launch what the beleaguered Minister later called the 'most most sophisticated political plan that we have seen in Australia' (Hockey 2007). In sharp contrast to the debacle of the 'Cavalcade to Canberra', this campaign, known as 'Your Rights at Work' (YR@W), involved a highly coordinated combination of media campaigns, grassroots activism and mass actions, with large numbers of union members in marginal electorates (parliamentary seats decisive to the election outcome) contacted directly by their union via telephone. Particular emphasis was placed on framing the campaign to emphasise the impact of WorkChoices on individual (vulnerable) employees and 'working families', rather than on unions as institutions which were the true target of WorkChoices (Muir and Peetz 2010). Once the law came into effect, AWAs routinely reduced employment conditions. Numerous stories emerged in the media (many strategically released by unions) of workers having pay and conditions cut through AWAs, often in combination with the threat, or actuality, of dismissal.

Funded by a levy on unionists and costing a quarter of the government's campaign, the YR@W campaign bore more than a passing resemblance to the election campaign of Barack Obama a year later in the US. It drew heavily on the principles of 'organising' that the ACTU had been encouraging for several years, and indeed was coordinated by the former co-director of the ACTU's organising centre. The YR@W campaign united left and right unions. The Howard Government was defeated in the 2007 election. Prime Minister Howard lost his Parliamentary seat. WorkChoices was recognised as the single issue that contributed most to this outcome by the ALP, Liberal and National Party campaign directors and victorious and defeated candidates (Muir and Peetz 2010). Polls consistently showed clear majority opposition to WorkChoices and that industrial relations was the key vote-switching issue (Coorey 2007; Essential Research 2007). Amongst people who had voted for the Liberal Party in 2004, some 36% disapproved of WorkChoices and, of those, half switched to Labor or the Greens at the 2007 election. No other issue was as important in causing voters to switch parties (AES 2007). The swing against the government was 1.3 to 2% higher in electorates that had featured local YR@W campaigns (Spies-Butcher and Wilson 2008).

Union strategy in this period combined 'protective' and 'reformist opposition' approaches to neo-liberalism. In this period, particularly towards its close, unions' industrial and very specific political agendas – notably, survival and the defeat of the Howard government – necessarily dominated over any kind of broad vision of, let alone action for, economic and social reform. In contrast to the Accord when unions developed an alternative vision of the economy, in this period of Stalinist neo-liberalism they focused narrowly on their continuing existence. At a time of great challenge to its members' wages and conditions and their collective workplace rights, unions saw a political solution – rather than one based on industrial action and militancy – as appropriate. But they were probably correct in assessing that, with only 18 per cent density, they no longer had the industrial capacity to bring the country to its knees through direct action alone, and any attempt to do so would have instead reinforced the government's rhetoric about irresponsible and thuggish unions. Ironically, a movement which had been dismissed as irrelevant due to its low density showed it still had the capacity to bring down a government.

YR@W brought to an end a law that would have certainly seen a further major decline in unionism. However the campaign did not, in itself, lead to any increase in union membership. Though applying organising principles to political action, if anything, it diverted union energies away from workplace member organising. Still, it mobilised Australian popular sentiment against one of the core elements of neo-liberalism – the philosophy of 'individualism' (Stilwell 2002) – and closed the widening gap that had emerged between elite practice and popular opinion on this issue. Policy makers who attempted to go this far down the neo-liberal path in future would do so at great peril. In that sense, it was a successful challenge to a key element of neo-liberalism. But the campaign did not construct a broad alternative vision to the edifice of neo-liberalism.

Revisionist neo-liberalism under Rudd

The defeat of the Howard government brought to office Labor Prime Minister Kevin Rudd, a man with probably fewer links to unions than any previous Labor leader. Shortly before the government's first term ended, he was replaced as leader by his deputy, Julia Gillard – who had also been until then the Minister for Workplace Relations, amongst other portfolios. The subsequent election saw the government lose its comfortable majority and hang onto office only with assistance from several independent and minor party parliamentarians, an unusual outcome in Australian political history.

Rudd positioned his government as part of 'the reforming centre' (Rudd 2008a) with a political philosophy 'beyond Left and Right' (Rudd 2008b) that emphasised 'balance' (Rudd 2006). In an essay written after his party won government, he spelt out his position on the global financial crisis,

proclaiming that 'the great neo-liberal experiment of the last 20 years has failed ... the emperor has no clothes', and urging a need 'to reach beyond Keynes' (Rudd 2009). He argued that the neo-liberal values of 'liberty, security and prosperity' should be combined with those of 'equity, community and sustainability' (Rudd 2006:6). Rudd emphasised the role of faith in politics, placing himself in the tradition of progressive, Christian social democracy (*ibid*, 7). Yet Rudd's bold rhetoric was not matched by bold action. Indeed his slide from electoral dominance (for most of his leadership, polls indicated he would more than double his majority at the next election) to doom can be dated to his failure to follow through on his claim to confront the greatest crisis wrought by neo-liberalism – the threat posed by climate change. A second critical moment was a failure to effectively manage an attempt to increase taxation on the hugely profitable mining sector. These failures reflected not just personality but also structural problems with Labor in Government: 'he had little courage and was part of a cabinet that almost universally lacked courage' (Gittins 2010:2). His successor, Gillard, though different in many respects – an avowed atheist, Australia's first female Prime Minister, possessing an inclusive style, an industrial lawyer experienced in acting for unions – showed no greater boldness. The revisionist neo-liberalism of the Rudd-Gillard years reflected not so much a belief in the benefits of markets, or a determination to serve the interests of capital, as a lack of determination to challenge the interests of capital. Both leaders – and the Labor Party generally – could be characterised as embodying the 'Third Way' (see Scanlon 2001), although neither leader used this phrase.

Labor's 'Fair Work' policy that it took to the 2007 election bore the signatures of both Rudd and Gillard, in form and content. Stewart characterised its Fair Work Act as 'an exercise in political pragmatism' with 'little that is conceptually novel' (2009:23 24). The Act continued the push towards a fully national industrial relations system begun under Howard. Importantly for unions, the new Act abolished AWAs, largely reinstated unfair dismissal laws, emphasised collective bargaining with a new requirement to 'bargain in good faith', established new statutory employment standards – including on redundancy pay, long service leave, and the right of parents of young children and those with disabilities to request (but not necessarily receive) flexible working arrangements – and expanded individual protections against victimisation and discrimination (Stewart 2009). The Act contains a new 'low paid bargaining stream' that may assist some low-paid, award-reliant workers – mainly women – to gain better wages and conditions via arbitrated decisions by Fair Work Australia, somewhat unusual in that arbitration has largely been abolished for most workers (Cooper and Ellem 2009:10). The first case, for aged care workers (who are predominantly women) had commenced at the time of writing. The new law retained a number of Workchoices provisions unpopular with unions, particularly in relation to union rights of access to workplaces and penalties for illegal industrial action. In addition, restrictions on the content of collective agreements were only partially removed (a breach of Labor's pre-election promises) and unions did not regain the principal status they had under the old award system.

Union responses to the Fair Work Act have been mixed. ACTU President Sharan Burrow's address to the 2009 ACTU Congress 'strove to strike a balance between celebrating the change of government and noting that the job of reform must continue' (Davis 2009:170), which is a neat summation of the unions' generally muted criticism of the Fair Work Act. A formal resolution at the Congress took issue with the Act in a number of ways relating to agreement-making and industrial action (Davis 2009:172). But the loudest opposition was reserved for the Rudd government's refusal to abolish coercive regulatory arrangements, established under the Howard government, in the building and construction industry (see Allan *et al.* 2010). Julia Gillard, one of the invited speakers, was greeted by Congress delegates, all in yellow T-shirts provided by the Construction, Forestry, Mining and Energy Workers Union bearing the message 'One Law For All' and demanding abolition of the coercive agency (Davis 2009:173-175). It seems clear unions will continue to work, formally and informally, towards small changes in the Fair Work Act, though the removal of the special provisions governing

the construction industry are a priority. Unions are also likely to continue to pursue variants of the organising approach. Some of the provisions of the Fair Work Act provide opportunities for reformist action by unions, particularly with respect to equal pay and the low paid, and the Act does not inhibit (but nor does it facilitate) the organising agenda within unions.

The Rudd and Gillard governments present a considerable paradox. We term their dominant philosophy 'revisionist neo-liberalism'. On the one hand, the ALP in office decried the extremes of neo-liberalism, while on the other hand maintaining a heavy reliance on market mechanisms and introducing only moderate changes to labour regulation. For the labour movement, this was a more benign environment than the Howard years, with a somewhat less constraining environment for organising and bargaining. On unions' part, however, a modified form of labourism remains the dominant ideological frame. In a nutshell, revisionist neo-liberalism stimulated revisionist labourism – revisionist in the sense that unions had a range of internal revitalisation strategies, but maintained their faith in the parliamentary process, focussing their energies on media commentary and lobbying ministers on the new governments' changes to labour law, but eschewing industrial campaigns on the issue. Some opportunities opened up for unions under revised legislation, but there were no signs of major union challenges to the dominant revisionist neo-liberalist paradigm.

While there were some isolated challenges within the union movement to revisionist neo-liberalism, unions lacked a coherent alternative framework, and focused on adapting to the new environment rather than challenging it. They advocated the need for strategic state action, and welcomed the ALP government's reforms while strongly criticising them for not going far enough. Overall, they did not significantly threaten the ALP's 'revisionist neo-liberal' agenda. Nor do they have the same capacity to influence it as in the past. In 1993, under the Accord, ACTU negotiators regularly met with government officials to draft the major legislative reform of the time, the Industrial Relations Reform Act. In 2008, with density less than half that at the peak of the Accord, the unions played no such role in drafting the Fair Work Act; though they met with government, they had no more status than business lobbyists in designing the Fair Work Act. They lacked the organisational power to force the Government to go further on industrial relations, and lacked the ability to mobilise ideas in the community sufficiently to force a government rethink on broader economic or social issues. Yet while union influence on Labor cabinet policy is probably lower than at almost any time during the preceding century, the formal and informal links are still there, such that in the Rudd period three former ACTU presidents, as well as former secretary Greg Combet, represented the ALP in the national Parliament. These structural relationships, which attract recurring media interest, have been insufficient to offset the structural power of capital and the ideology that serves it, neoliberalism.

Conclusion

Union strategy has varied over the past century or so largely within a range from advocating a need for 'protective' state action on the one hand to 'reformist oppositional' stances. The latter took the form of muted opposition to corporate globalisation in the form of industry policies in the Accord years, and advocacy of social democracy as an alternative in order to 'civilise' the capitalist economy. This largely reflects two factors: unions' role (now largely disappeared) within the arbitration system, and their long established links to the ALP and hence parliamentary politics. Arbitration unionism was intermixed with militant action at various periods, though since the 1970s militancy, measured by strike action and in other ways, has diminished. Australian unions were in some ways 'trapped' by a state that was more activist than most in the industrial relations arena. Accepting the benefits of relatively comprehensive industrial relations laws which moderately compress wage relativities and thus assist the low paid (who are often not members of trade unions), Australian unions reaped certain benefits for members and non-members alike, but then

had to accept the restraints that come with an interventionist state role. This pattern reached its zenith with the Accord (Lavelle 2010:59). The Accord broadened the terrain on which unions could legitimately traverse and provided, albeit briefly, a moment where they put forward something resembling an alternative social democratic vision for the economy to the emerging, constrained neo-liberalism. But it could not decisively counter the power of those neo-liberal ideas within the state bureaucracy and at the same time exacerbated the already critical weakness of unionism at the workplace. Unlike the Scandinavian unions on which Australian unions wished to model themselves, they could not simultaneously be active and effective in both the national and workplace spheres.

So it was that a Labor government from 1983 to 1996 oversaw the introduction of neo-liberalism into Australia. Keating, in assessing the Hawke and his own Labor governments, was later to write that they both 'had a greater belief in markets than our conservative counterparts' (Keating 1999, cited in Lavelle 2010:60). Some political analysts have suggested that government action – specifically, the constant renegotiation of the Accord – was 'a response to the press of events rather than arising from a carefully prepared programme' and 'was not driven by a will to reposition the ALP ideologically' (Pierson and Castles 2002:686, 698), but there is little doubt that, when it came to office, the Hawke/Keating government was more amenable both to market-based policies and to corporatist negotiation than its predecessors, and it is perhaps this contradiction that better explains events over its period. Under Howard, neo-liberal social policy measures, particularly those relating to welfare reform, were extensively developed (Bessant, Watts, Dalton and Smith 2006), not an issue previous Labor governments had particularly addressed. These changes occurred alongside ongoing economic reform and, from 1996 but particularly from 2006, very significant industrial relations change. Yet the latter had many interventionist elements that shifted it from a market model. For the Howard government, the key element of neoliberalism was about supporting capital against organised labour, and if that meant moving away from markets to a form of Stalinist neoliberalism, so be it.

As the desperate need for workplace union development was revealed and responded to, the breadth of union vision outside the workplace narrowed. The need for survival under Stalinist neo-liberalism rather focussed the collective mind. However, a union movement with a focussed mind was successful in achieving its principal goal. There are few union movements in the world which can claim to have peacefully overthrown a government. For a movement that was, according to some, doomed, it was a remarkable achievement.

While Australian unions, with some exceptions, neglected the creation of workplace activism until recent years, they now advocate organising approaches. Such approaches place increased emphasis on union education of activists, and this has the capacity to broaden workers' understanding of workplace and class issues. Organising based union renewal strategies also emphasise the promotion of union values amongst employees, of developing linkages with other groups in the community and of corporate campaigning. Yet unions have not developed a modernised class politics to underpin the new emphasis on workplace activism. The forms of exploitation highlighted by YR@W epitomised class relations, but the substance of the campaign highlighted a more moderate philosophical agenda based on 'working families' and 'vulnerable people (seemingly non-unionists) ... helplessly caught up in the system' (Wanna 2010:19). Unions have been electorally successful but, arguably, less so industrially. While the ALP-union relationship has changed over the past century, it still continues to dampen overt class politics. There is no sign at this point of a radical oppositional response to the Labor government's revisionist neo-liberalism. Australia's relative prosperity compared to other countries, and the lack of a coherent new philosophical position on the part of trade unions, suggests radical opposition is unlikely to dominate any time soon.

References

- Allan, C, Dungan, A and Peetz, D, (2010) 'Anomalies', Damned 'Anomalies' and Statistics: Construction Industry Productivity in Australia, *Journal of Industrial Relations*, 52(1), February, 61-79.
- Argy, F., (1998) *Australia at the CrossRoads: Radical Free Market or a Progressive Liberalism*, Sydney, Allen and Unwin.
- Australian Bureau of Statistics [ABS] *Employee Earnings, Benefits and Trade Union Membership*, Cat No 6310.0, Canberra, ABS.
- Australian Election Study (2007). *Australian election study 2007*. computer file. Canberra, Australian National University.
- Australian Council of Trade Unions / Trade Development Council [ACTU/TDC] (1987) *Australia Reconstructed*, Canberra, Australian Government Publishing Service.
- Australian Council of Trade Unions [ACTU] (1998). *Unions@Work*. Melbourne, ACTU.
- Bailey, J. and Iveson, K. (2000) "'The Parliaments Call Them Thugs": Public Space, Identity and Union Protest', *Journal of Industrial Relations*, 42(4): 517-534.
- Bevege, M. (1980) 'Women's Struggle to become Train Drivers in Melbourne 1956-1975', in Windschuttle, E. (ed.) *Women, Class and History: Feminist perspectives on Australia 1788-1978*. Melbourne: Fontana/Collins: 437-452
- Bramble, T. (2008) *Trade Unionism in Australia: A history from flood tide to ebb tide*. Melbourne: Cambridge University Press.
- Bramble, T. and Kuhn, R. (2009) 'Continuity or Discontinuity in the Recent History of the Australian Labor Party?' *Australian Journal of Political Science*, 44(2): 281-294.
- Buckley, K. and Wheelwright, T. (1988) *No Paradise for Workers: Capitalism and the common people in Australia 1788-1914*. Melbourne: Oxford University Press.
- Burgmann, V. (1995) *Revolutionary Industrial Unionism: The Industrial Workers of the World in Australia*. Cambridge: Cambridge University Press.
- Castles, F. (1994) 'The Wage Earners' Welfare State Revisited: Refurbishing the established model of Australian social protection, 1983-1993', *Australian Journal of Social Issues* 29(2):120-145.
- Cooper, R. and Ellem, B. (2009) 'Fair Work and the Re-regulation of Collective Bargaining', *Australian Journal of Labour Law* 22(3): np.
- Coorey, P. (2007) On rates, Coalition is still trusted, *Sydney Morning Herald* 2 November 2007.
- Crosby, M (2005) *Power at Work: Rebuilding the Australian union movement*, Federation Press, Sydney.
- Davis, E. (2009) 'The ACTU Congress of 2009', *Labour History*, 97 (November) 169-183.
- Donn, C. B. (1979) 'The ACTU, Trade Union Congresses, and Nation Wide General Strikes', *Labour History*, 37: 78-85.
- Ellem, B. (1999) 'Women's Rights and Industrial Relations under the Postwar Compact in Australia', *International Labor and Working-Class History*, 56 (Fall), 45-64.
- Ellem, B. and Franks, P. (2008) 'Trade Union Structure and Politics in Australia and New Zealand', *Labour History* 95 (November), 43-67.
- Essential Research (2007) National opinion poll: summary report, Melbourne: Essential Research, July.
- Fieldes, D. (1994) 'The Fight for Equal Pay in the Australian Insurance Industry' 1972-1975', in Callus, R. and Schumacher, M. (eds) *Current Research in Industrial Relations*, Proceedings of the 8th AIRAANZ Conference, February 1994, Sydney, 481-507.
- Gall, G., Hurd, R. and Wilkinson, A. (2011), 'The end of unions? Unions on the margin', this volume.
- Gittins, R. (2010) 'Outlook for Australian Politics and Government in 2011', Talk to Australian Business Economists Annual Forecasting Conference, Sydney, 8 December, <http://rossgittins.blogspot.com/2010/12/outlook-for-australian-politics-and.html>.

- Hockey, J (2007) interview on AM, ABC Local Radio, Australian Broadcasting Corporation, 13 June, www.abc.net.au/am/content/2007/s1949620.htm.
- Howard, W. A. (1977). 'Australian Trade Unions in the Context of Union Theory.' *Journal of Industrial Relations* 19(3): 255-173.
- Kelly, P. (1992) *The End of Certainty: The story of the 1980s*, Sydney: Allen & Unwin.
- Lavelle, A. (2010) 'The Ties that Unwind? Social Democratic Parties and Unions in Australia and Britain', *Labour History* 98 (May): 55-75.
- Leigh, A (2006) How Do Unionists Vote? Estimating the Causal Impact of Union Membership on Voting Behaviour from 1966 to 2004 *Australian Journal of Political Science*, Volume 41, Issue 4, December, pages 537 - 55
- Macintyre, S. (1998) *The Reds: The Communist Party of Australia from origins to illegality*. Sydney: Allen and Unwin.
- Muir, K. (2008) *Worth Fighting For: inside the Your Rights at Work campaign*. Sydney: University of NSW Press.
- Muir, K and Peetz, D, (2010) 'Back from the dead – the Australian union movement and the defeat of a government', *Social Movement Studies*, 9(2), March 215-228.
- Murphy, D. (ed.) (1983) *The Big Strikes: Queensland 1889-1965*, St Lucia: University of Queensland Press.
- Murray, G and Peetz, D, 'Ideology Down Under and the Shifting Sands of Individualism', in C Azais (ed), *Labour and Employment in a Globalising world: Autonomy, collectives and political dilemmas*, PEI Peter Lang, Brussels, forthcoming 2010
- O'Lincoln, T. (1985) *Into the Mainstream: The decline of Australian Communism*, Sydney: Stained Wattle Press.
- Patmore, G. and Coates, D. (2005) 'Labour Parties and the State in Australia and the UK', *Labour History*, 88 (May): 121-141.
- Peetz, D. (1998) *Unions in a Contrary World*, Melbourne, Cambridge University Press.
- Peetz, D. (2002) 'Sympathy for the Devil? Attitudes to Australian Unions', *Australian Journal of Political Science*, 37(1), March, 57-80.
- Pierson, C. and Castles, F. (2002) 'Australian Antecedents of the Third Way', *Political Studies*, 50(4): 683-702.
- Pusey, M. (1992) *Economic Rationalism in Canberra: a Nation-building State changes its Mind*, Cambridge University Press, Melbourne 1992.
- Quiggin, J. (1998) 'Social democracy and market reform in Australia and New Zealand', *Oxford Review of Economic Policy* 14(1): 76-95.
- Quiggin, J. (2010) *Zombie Economics*, Princeton University Press, New Jersey 2010
- Rawson, D. (1986) *Unions and Unionists in Australia* (2nd ed.), Sydney: Allen and Unwin.
- Rimmer, M. (2004) 'Unions and Arbitration' in Isaac, J. and Macintyre, S. (eds) *The New Province for Law and Order*. Melbourne: Cambridge University Press: 275-315.
- Ross, L. (2004) *Dare to Struggle, Dare to Win! Builders Labourers fight deregistration, 1981-94*. Melbourne: Vulgar Press.
- Rowse, T. 'Elusive Middle Ground: A political history', in Isaac, J. and Macintyre, S. (eds) *The New Province for Law and Order*. Melbourne: Cambridge University Press: 17-54.
- Rudd, K. (2006) 'Faith in Politics', *The Monthly*, October, np.
- Rudd, K. (2008a) 'Australia 2020: Setting our Nation's Sights for the Future', Address to the Sydney Institute Annual Dinner 2008, Sydney 16 April 2008, accessed 8 March 2010 at <http://www.pm.gov.au/node/5836>.
- Rudd, K. (2008b) 'Address to the Business Forum with the Ai Group', Sydney 17 October 2008, accessed 8 March 2010 at <http://www.pm.gov.au/node/5513>.
- Rudd, K. (2009) 'The Global Financial Crisis', *The Monthly*, February 20-29.
- Scalmer, S. (1998) 'Labour's Golden Age and the Changing Forms of Workers Representation in Australia', *Journal of the Royal Australian History Society*, 84(2): 186-193.

- Scanlon, C. (2001) 'A Step to the Left? Or Just a Jump to the Right? Making sense of the third way in government and governance', *Australian Journal of Political Science*, 36(3), 481-498.
- Sheridan, T. (1989) *Division of Labour: Industrial Relations in the Chifley Years 1945-49*, Oxford: Oxford University Press.
- Shor, F. (1999) "'Virile Syndicalism" in Comparative Perspective: A gender analysis of the IWW in the United States and Australia', *International Labor and Working-Class History*, 56 (Fall), 65-77.
- Singleton, G. (1990) *The Accord and the Australian Labour Movement*. Melbourne, Melbourne University Press.
- Smith, G. (1990) 'From Consensus to Coercion: the Australian Air Pilots Dispute', *Journal of Industrial Relations*, 32(2): 238-253.
- Spies-Butcher, B., and Wilson, S. (2008) Election 2007: Did the union campaign succeed? *Australian Review of Public Affairs* May. on-line. Available HTTP: http://www.australianreview.net/digest/2007/05/spies-butcher_wilson.html
- Spillane, R. (1980) 'Attitudes to Australian Industrial Relations: The influence of Political Affiliation.' *Human Resources Management Australia* 18 (Summer): 17-21.
- Stewart, A. (2009) 'A Question of Balance: Labor's New Vision for Workplace Regulation', *Australian Journal of Labour Law* 22(1) np.
- Stilwell, F., *Political Economy: the contest of Economic Ideas*, Oxford University Press, South Melbourne 2002.
- Tierney, R. (1996) 'Migrants and Class in Postwar Australia', in Kuhn, R. and O'Lincoln, T. (eds) *Class and Class Conflict in Australia*. Melbourne: Longman.
- Wanna, J. (2010) 'Business and Unions', *Australian Cultural History* 28(1): 15-22.
- Whitehouse, G. (2004) 'Justice and Equity: Women and Indigenous workers', in Isaac, J. and Macintyre, S. (eds) *The New Province for Law and Order*. Melbourne: Cambridge University Press: 226-236.
- Whitlam, G. (1985), *The Whitlam Government 1972-1975*, Melbourne: Viking.