NEOLIBERAL EVOLUTION AND
UNION RESPONSES IN AUSTRALIA

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Abstract: Our paper analyses the phases of neoliberalism in Australia and union responses to them. We commence with consideration of Australian unions before the rise of neoliberalism, and then examine three phases of neoliberalism: 'constrained neoliberalism' under the Hawke-Keating Labor governments (1983-1996); 'Stalinist neoliberalism' under the Howard government (1996-2007); and 'revisionist neoliberalism' under the Rudd government (2008-). Australian union strategy has varied over the past century within a range from advocating 'protective' state action to 'reformist oppositional' stances. This largely reflects unions' institutionalisation within state arbitration processes and long established links to parliamentary politics. The 1983-1996 Accord provided a moment where they put forward something resembling an alternative vision, but it could not decisively counter the power of neoliberal ideas within the state bureaucracy and exacerbated the critical weakness of unionism at the workplace. As the need for workplace union development was revealed and responded to, the breadth of union vision outside the workplace narrowed. Unions were spectacularly successful in defeating the Howard government's 'Stalinist neoliberalism' and establishing the legitimacy of union 'values' – a remarkable achievement of which few union movements in the world could boast. However, they did not develop a modernised class politics to underpin the new emphasis on workplace activism that unions to varying degrees now pursue and which places heightened emphasis on activist education. Although the failures exposed by the financial crisis and public scepticism about neoliberalism make it vulnerable, there is yet to be a cohesive oppositional response to revisionist neoliberalism.
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. So this is also the last national general strike in Australia.

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’. This is not a fight about health insurance but, over twenty years after neoliberalism took hold in Australia, about laws that threaten the very survival of the union movement. 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. 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.

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, how they were habituated by the arbitration system in place for most of the last century and have had to change since the end of arbitration. The alterations in the legislative framework themselves point to the changes wrought by neoliberalism. 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. 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, neoliberal policies found increasing favour with Australian governments.
from the mid 1980s. Yet it would be misleading to see the evolution of these policies as representing an inexorable move towards the supremacy of ‘free market’ approaches.

The initial impetus towards neoliberal policies in product markets came from a Labor government, but it was operating within a highly centralised incomes policy negotiated with the trade union movement. We refer to this period as one of ‘constrained neoliberalism’. 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 neoliberalism’. The ascension of the Labor government in 2007 brought to office Kevin Rudd, who then wrote a major essay explicitly decrying neoliberalism (Rudd 2009), yet whose policies remained heavily influenced by liberal market economics. As nothing has risen to take the place of neoliberalism, 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 neoliberalism’.

While neoliberalism 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 & 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 (ibid).

Gall, Hurd and Wilkinson (2010) 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 neoliberalism has occurred principally amongst business and policy elites, and the response of unions has ranged from accommodatory to oppositional. This paper describes the phases of neoliberalism in Australia and union responses to them, commencing with analysis of Australian unions before the rise of neoliberalism.

Unions before neoliberalism

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’ although, as Irving (1994) argues, there are non-marxist forms of 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 ‘protectivist’ and ‘reformist oppositional’ approaches to neoliberalism.

Understanding the ALP-union movement relationship is essential to understanding unions pre-neoliberalism. The histories of the union movement and the ALP are inextricably interwoven. Unions were the midwives for the birth of the Australian Labor Party (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 can be viewed as ‘a vehicle for working-class aspirations, albeit flawed’ (Shor, 1999:68) or, put differently, as 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 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. 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. 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), not only in heartland blue collar territory such as manufacturing, mining and transport, but also in education and clerical occupations (Sheridan, 1989; Bramble, 2008:8). After the war, Communist-led unions campaigned vigorously for reduced hours, better wages and other issues (Sheridan, 1981), but the union movement ruptured politically. The key fracture was the establishment in 1949 of ‘industrial groups’ (‘Groupers’) of members who campaigned 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). Union militancy likewise declined though a combination of a tightening labour market and restrictive wage policies by the arbitral...
tribunals led to a resurgence of strike action and wages claims in the late 1960s and early 1970s, with gains often initiated in the burgeoning vehicle industry, and chemicals and oil refining (Bramble, 2008:23).

Nonetheless, militancy remained 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 at Ford and General-Motors Holden car plants, the Sydney Mail Exchange and the Mount Isa mine (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, 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.

The union movement was heavily factionalised through the twentieth century, and was thus far from monolithic in its politics pre-neoliberalism. There were shifts to the left in the 1960s and 1970s, as some unions broadened their social and political agendas. While unions on the ‘right’ continued to espouse conservative views on social issues such as women’s rights, those on the ‘left’ played an active oppositional role to the Vietnam War, apartheid in South Africa, and the destruction of inner city areas and urban bushland by developers (Mallory, 2005). One of the most significant ideological changes within the union movement in the 1970s was the increasing demands for gender equity. Women struggled in unions from the first to widen industrial agendas, with communist and left-wing unions providing more fertile ground for women’s struggles than the right (Ellem, 1999). Still, the critical advances towards reducing the gender pay gap were made through the arbitration courts in 1969 and 1972 (Whitehouse, 2004:226-236), rather than by militant action, although in some cases there was industrial action, including a national strike by clerical workers in 1975 in response to some employers’ ‘downward reclassification’ of female jobs (Fieldes, 1997). Peak councils and individual unions established women’s caucuses, and unions overturned bans on female labour, such as the Melbourne Tram Drivers Union in 1975 after a long struggle (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 pre-neoliberalism, 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 declined over much of the twentieth century. 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, though by the early 1970s this moderating effect had almost disappeared. An artificially low exchange rate and rising global food prices fuelled rising inflation in Australia, and unions countered with escalating and often successful wage claims (ref). After oil prices quadrupled under the influence of OPEC, inflation reached XX% fuelled by XX% growth in wages. The then ALP Prime Minister, Gough Whitlam (1985), later rued the lack of a close working relationship between unions and the recently installed Labor government. Rising unemployment and inflation were critical factors in the early defeat of the short-lived Whitlam government in 1975 and seriously damaged Labor’s economic credibility. 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 neoliberalism under the Accord**

Two weeks before the 1983 election, the Labor Party and ACTU negotiated a prices and incomes ‘Accord’. The critical problems with economic management under the Whitlam government 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 the 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 – one 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. Dissident unions were disciplined and at times excluded from the benefits the system delivered. 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. 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 ended up with responsibility for implementing (albeit with an independent mind) the wages provisions of the Accord agreements.

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 neoliberal
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 ministers feared possible intervention by the International Monetary Fund). Over the next few years, government-owned airlines, banks and numerous other corporations were controversially sold.

How was it that such neoliberal reforms could be pursued while unions had such influence on the Government? The ACTU was actively involved in negotiating in response to changing economic circumstances. Commencing in 1985, the Accord was 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 Business Council of Australia initiated the debate on ‘enterprise bargaining’, the ACTU eventually pushed the idea enthusiastically, seeing 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 after winning office in 1993. The move to enterprise bargaining signalled an end to the primacy of arbitration that had dominated industrial relations for almost a century beforehand.

Unions did not restrict themselves to industrial issues and the Accord provided a 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 neoliberal 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. 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. 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 despite having put forward elements of an alternative, progressive social democratic framework.

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. 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 neoliberalism under Howard**

In March 1996 the Liberal and National Parties won a national election but, 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, which unions lobbied but to little effect. In the main, however, 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).

Having established a new framework, employers then 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. Though the union had to accept redundancies to improve productivity as part of the settlement, 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 documented. 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 ‘organising’ strategies by unions, based on renewing union influence at the workplace level and redirecting power to members in the workplace. 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.

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 neoliberalism. 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 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 that was introduced into the Parliament in November 2005 under the name of ‘WorkChoices’, supported by a media campaign that eventually cost over AUD 130 million (approximately USD 100 million) and that commenced even before the details of the new law were announced.

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 neoliberalism’, extending a trend that commenced under the Workplace Relations Act.

The union response was to launch what the beleaguered Minister later called the ‘most sophisticated political campaign in Australian history’. In sharp contrast to the debacle of the ‘Cavalcade to Canberra’, this campaign, known as ‘Your Rights at Work’ (YRaW), 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 & Peetz 2010). Once the law came into effect, AWAs routinely reduced employment conditions, and 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 organisation of YR@W 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 & 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 had such salience in switching votes (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 corresponded if anything to some combination of ‘protective’ and ‘reformist opposition’ approaches to neoliberalism. In this period, particularly towards its close, unions’ industrial and then narrowly political agendas – notably, the defeat of the
Howard government – necessarily dominated over any kind of broad economic and social vision of, let alone action for, reform. In contrast to the Accord when unions developed an alternative vision of the economy, in this period of Stalinist neoliberalism they focused narrowly on survival. 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 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. If anything, it diverted union energies away from workplace member organising. Still, it mobilised Australian popular sentiment against one of the core elements of neoliberalism – 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 neoliberal path in future would do so at great peril. In that sense, it was a successful challenge to a key element of neoliberalism. But it was not, and probably could not be, the embodiment of a broad alternative vision to the edifice of neoliberalism.

**Revisionist neoliberalism under Rudd**

The defeat of the Howard government brought to office Labor Prime Minister Kevin Rudd, a man with probably less history of links with unions than any previous Labor leader. His government, at the time of writing in its third year of office, presented a considerable paradox. We term its dominant philosophy ‘revisionist neoliberalism’. On the one hand, the government decried the extremes of neoliberalism, while on the other hand maintaining a heavy reliance on market mechanisms though introducing 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 neoliberalism has stimulated revisionist labourism; revisionist in the sense that unions have a range of revitalisation strategies, but maintain their faith in the parliamentary process. Some opportunities have opened up for unions under revised legislation, but there were no signs of major union challenges to the dominant revisionist neoliberalist paradigm.

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, cited in Johnson, 2010:10). Somewhat controversially, Rudd emphasised, pre-election, the role of faith in politics in a 2006 essay on the German theologian, writer and activist Dietrich Bonhoeffer (Rudd, 2006), arguing that the neo-liberal values of ‘liberty, security and prosperity’ should be combined with those of ‘equity, community and sustainability’ to balance a focus on the self with a concern for the other (Rudd, 2006:6). Rudd thus places himself in the tradition of progressive, Christian social democracy (ibid, 7)
– not the evangelical Christianity that influences US politics, nor the conservative Anglicanism of Howard, but a moderate, social justice-style of Uniting Church Christianity. Policy issues he promised to address, in ways that marked him out against the then incumbent Prime Minister John Howard, were industrial relations, global climate change and the treatment of asylum seekers (ibid). An essay written after his party won government (Rudd, 2009) spelt out his position on the global financial crisis, proclaiming that ‘the great neoliberal experiment of the last 20 years has failed ... the emperor has no clothes’, and urging a need ‘to reach beyond Keynes’. He argued that social democratic governments are more credible in an economic crisis, as statist invention to manage market failures is needed to respond to the crisis (ibid, 25) as Australia has, and more successfully than most governments. His view offers a ‘renewal of social democracy’ but no strong indications as yet that he is markedly challenging (although he criticises) the logic of the global market. Ruddism thus falls within the ‘Third Way’ tradition (see Scanlon, 2001), although Rudd himself avoids this phrase.

In the wake of the key role of the union campaign in helping secure Rudd’s election, what kinds of industrial laws were introduced by the Rudd government? Stewart characterised its Fair Work Act as ‘an exercise in political pragmatism’ with ‘little that is conceptually novel’ (2009:23, 24). Rudd continued the push towards a fully national industrial relations system begun by 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 legislative employment standards – including new standards on redundancy pay, long service leave, and the right 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). That said, the government 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; 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 were 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 (ibid, 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, Dungan & Peetz, 2010). Workplace Relations Minister Julia Gillard 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 (ibid: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.

While there are some isolated challenges within the union movement to revisionist neoliberalism, unions lack a coherent alternative framework, and focus on adapting to the new environment rather than challenging it. On balance, unions advocate the need for strategic state action, and welcome the ALP government’s reforms while strongly criticising them for not going far enough. Overall, they do not significantly threaten the ALP’s ‘revisionist neoliberal’ 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 in than business lobbyists in designing the Fair Work Act. Yet while union influence on the Labor cabinet is probably lower than at almost any time during the preceding century, the formal and informal links are still there, such that at the time of writing three former ACTU presidents, as well as former secretary Greg Combet, were representing the ALP in the national Parliament.

Conclusions

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 (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 probably largely reflects unions’ institutionalising within state processes arising from two things: their 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 due to their labour market position, casual status or lack of strong 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. 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 neoliberalism. But it could not decisively counter the power of those neoliberal 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, their historically shaped structures meant they could not simultaneously be active and effective in both the national and workplace spheres. 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 neoliberalism rather focussed the collective mind. That said, a union movement with a focussed mind was successful in achieving its principal goal. There are few union movements in the world who 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 Kevin Rudd’s revisionist neoliberalism. 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


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