

State of the Union: An Assessment of Union Strategies

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Abstract

Accelerating global economic change reflected in the high degree of capital mobility and integrated global markets has intensified investment competition between states. The union movement reacted through a commitment to strategic unionism and award restructuring. However, the impact of the latter has been limited by the occupationally divided structure of Australian unions. The paper analyses attempts to change this structure through union amalgamations and considers the impact inter-union power struggles, shaped by factional alignments, have had on the process. The paper assesses the organizational problems of conglomerate unionism and evaluates possible counters to likely tendencies.

1. Introduction

The high degree of capital mobility as a result of changes in global capitalism since 1972 has meant that the state now has to enforce on its own domestic economy the conditions of global competition. Australia's location in a region characterized by low waged, union restrictive practices poses severe problems for the future of the Australian labour movement in the new deregulated global economic environment. This paper analyses union strategic responses to these pressures.

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The paper begins by locating the change process within the context of the legitimization crisis the unions face as a result of declining memberships. A brief summary of the nature of global economic change reveals that restructuring of unionism is inevitable. Globalisation has also not only made the restructuring of unionism inevitable, but has also given a new edge to management strategies that seek to undermine unionism. This is the context in which the central assumptions of the Business Council of Australia's (BCA) proposals are considered. In subsequent sections, union responses to these pressures are analysed in some detail. This includes an evaluation of award restructuring and union amalgamations.

2. Endgame?

The continued decline in the level of trade union membership from 42% of the workforce in August 1988 to 40.5% in August 1990, threatened the movement's very future, according to the ACTU (ACTU, 1991, p. 118). At this time, union density in the private sector was only 32%. Considering the drop in union density of some 10% over a fourteen year period, or the fall of union membership of some 58 000 workers between 1986 and 1988, (the largest fall since the 1929 crash), there can be no gainsaying the fact that the movement stands in deep crisis. Furthermore, women and youth are proving difficult to recruit thus affecting union prospects in areas of employment growth. If the trends continue, only 25% of the workforce will be unionized by the year 2000 (BWIU, 1989, p. 1).

There are those who would argue that these trends are inevitable. They are part of the "natural evolution" of a mature and sophisticated capitalism that has corrected its worst excesses and is thus able to adequately provide for the workforce (BWIU, 1989, p. 5). The contention is that changed managerial and political strategies underlie employees' growing disinterest and disenchantment with trade unionism. Human Resource Management (HRM), with its focus on individual employees, has obviated the need for trade unionism. Political shifts towards "deregulated labor markets" have further intensified the process of decline.

Faced with a legitimacy crisis associated with the somewhat dramatic membership decline and the new managerial and political pressures seeking to foster and hasten such a trend, the ACTU acknowledged the need to restructure trade unionism. The 1991 Congress stated that "the image, processes, structures and services of individual unions" need to be transformed so as to make them relevant (ACTU, 1991, p. 119). The drive towards relevance was impeded by "the narrow, occupationally based

constitutional coverage of many existing unions" (ACTU, 1991, p. 119). This recognition of the urgent need to transform the structure of Australian unionism characterized the 1980s. Consequently, new ideas preoccupied leading sectors of the labor movement during the past decade. Broadening the scope of the trade union role to include strategic concerns around productivity and the competitiveness of the enterprise in the international market place required a profound change in the structure and practice of unionism. The multiplicity of outmoded, occupationally based, craft structures needed to be transformed into effective industry wide structures; a new orientation needed to emerge through a deepening engagement of a trained leadership at the shop floor in each enterprise, a leadership capable of defending workers' rights, bargaining vigorously and contributing creatively to the issue of productivity and competitiveness; and finally, new forms of worker participation were anticipated through the envisaged joint decision making processes of recently established consultative committees.

In assessing the state of the unions in 1991, this paper attempts to analyse and provide a tentative, general evaluation of the uneven and contradictory movement towards the realisation of these objectives. This movement was located within an industrial relations system that was itself under intense pressure to change. Two years after the BCA (1989) advanced their own particular vision of enterprise bargaining, the Labor government signalled its interest in the "direct bargaining alternative" designed to achieve a greater degree of flexibility at the enterprise level (*Australian*, 18/10/91). This has been followed by the Industrial Relations Commission's national wage case decision which introduced the principle of enterprise bargaining under which workplace deals could be directly negotiated (Print KO 300). This shift in focus will doubtlessly intensify the contradictions within the union change process. A decreasing dependence on a centralized arbitration system will also ruthlessly expose the existing organizational weaknesses of trade unions. Furthermore, the declining memberships pose a serious problem since lower union densities erode the social power of workers at the level of the enterprise, thereby enabling managements steeped in HRM thinking to all but ignore the trade union presence within the enterprise. There is, however, no retreat back to traditional practices and an unchanging industrial relations system. The dynamic of the global economy in the 1990s has firmly blocked that avenue.

3. The Spiralling Pressure of Accelerating Global Economic Change

Continuous, accelerating change is the essential characteristic of today's global economy. This acceleration, expressed in a radical compression of time and space, is a consequence of the complete reorganisation of the global financial system and the emergence of greatly enhanced powers of financial co-ordination. Financial deregulation gathered pace in the 1970s, engulfing all the world's financial centres by 1986. Deregulation had become a condition for survival of any world financial centre within the now highly integrated global system co-ordinated through instantaneous telecommunications. The formation of a global stock market, of global commodity, debt and futures markets, of currency and interest rate swaps, together with an accelerated geographical mobility of funds has meant, for the first time, the establishment of a single world market for money and credit supply (Harvey, 1989, p. 162). This new global financial system has eluded any collective control on the part of even the most powerful state. Harvey (1989, p. 163) has pointed out that this market in 'stateless' money, now well beyond the control of any national government, has expanded from \$50 billion in 1973 to \$2 trillion by 1987, thus approaching the size of the money aggregates within the United States.

The new financial systems that have been in place since 1972 have changed the balance of forces at work in global capitalism, giving much more autonomy to the banking and financial system relative to corporate, state and personal financing. They have enhanced capacity to switch capital flows in ways that seem oblivious to the constraints of time and space. These increased powers of co-ordination lodged within the world's financial system have tended to limit the power of the nation state in the control of capital flow, and hence its own fiscal and financial policy. All states are now at the mercy of external financial disciplining on their internal politics through the effects of capital flows. This empowerment of finance capital relative to the nation state has emerged in the context of the rapid reduction in transportation and communications costs as a result of containerization, jumbo-jet cargo transport, and satellite communications which internationalised production enabling industries to become much more footloose.

These changes have all had a substantial impact on the role of the state. The state is now called upon not merely to regulate corporate capital in the national interest, but also to enforce on the domestic economy the global conditions for competition, particularly in terms of establishing consistency of prices and open competition in all spheres, not least of which is the labor market. The state's prime objective in this is the creation of a 'good business

climate' that would act as an inducement to trans-national and global finance capital thereby deterring capital flight to greener and more profitable pastures. Competition from other states attempting to create a similar climate intensifies continuously. This has resulted in moves in many of the advanced industrialized societies to curb the power of organized labor.

Australia's Asian regional location creates a specific set of problems in relation to these developments. Certain countries in the South East Asian region have been able to attract considerable volumes of investment on the basis of ultra low wages and severe restrictions on trade union rights. In Indonesia, for example, wage rates average around 60-80 Australian cents a day and the officially recognized union movement is dominated by the state and the military. Despite all the arguments that Australia should seek its own comparative advantage in the global division of labor and is therefore not even trying to compete with low waged, mass production industries in many Asian countries, there is little doubt that the severe constraints on freedom of association and the right to strike in most Asian countries has resulted in a spiralling pressure on Australian wage rates, union rights, and the industrial relations system itself.

As a consequence of intensifying pressures emanating in no small part from the attractiveness to foreign capital of cheap labor and restrictive industrial relations in Asia, the issue in Australia is not simply one of trying to attract new international capital. The burden on the state is even greater. There are severe difficulties in retaining local capital's commitment to the expansion of future investments within Australia. For example, Australian gold mining companies are planning to spend "a significant proportion" of their one billion dollar surplus, from the past financial year, overseas "in pursuit of more encouraging and perceived lower-risk development projects" (AFR, 11/9/91).

New Zealand, brandishing its new *Employment Contracts Act*, is seeking to attract Australian capital through the creation of a "bargain basement labor force". Advertisements in Australian newspapers "touting New Zealand as the new Pacific bargain bin" point out that the *Employment Contracts Act* has abolished industrial awards and has thus left employers "free to negotiate terms of employment for a labor cost saving of up to 25%". The advertisements boast that New Zealand has no payroll tax, no compulsory superannuation, and no holiday pay loadings (AFR, 31/10/91). In future, Australia will have to compete with this new "Anglo-Saxon Taiwan".

Hence the pressures to reform the industrial relations system and the trade union role to accommodate these global competitive pressures are intense. The pressures will continue to spiral in future years. The nature

and form of the responses to that pressure within Australian society is analysed in the next section. This provides a basis for a critical analysis of Australian trade union responses to the proposed changes that have emanated from the global pressures summarized above.

4. Entrepreneurial Culture & the Promotion of Competitive Individualism

Whilst the ACTU and the Labor Government played a key role in establishing a workplace based industrial relations reform agenda that recognized the changed character of competition, organized business has now seized a vital initiative in the reform discourse. The clearly argued case for enterprise bargaining presented by the BCA (1989), succeeded in defining the terms of the debate, ensuring that unions were respondents rather than initiators. The central features of the BCA strategy, such as the need for changes in the law, the industrial relations system, bargaining arrangements and in trade union structure including the possibility of union free work environments, are the ones that have been most scrutinized within the public debate. However, the hegemony of the BCA lies not so much in any strategic and tactical advantage that might be gained through their early definition of the possible forms of enterprise bargaining, but rather in their defining, and then actively espousing, a particular form and content to the "new workplace culture", seen as essential to ensuring the survival of Australian industry within the changed global context of competition.¹

The report embodies assumptions about that culture that are consonant with HRM practices. The new workplace culture, so defined, allows little space for any meaningful role for socially powerful trade unions, hence the espousal of enterprise unionism or greenfield sites. This definition of workplace culture is becoming more widely embedded in Australian workplaces because management associations, such as the BCA, are well resourced and are therefore able to propagate these ideas relatively effectively. They also have the considerable advantage of being able to link their notion of the new workplace culture to the growing hegemony of these ideas in the developed industrial societies. The growth of such a culture is likely to accelerate declining union memberships unless union leaderships are able to dissect and analyse the various components and fundamental assumptions of the new culture as a basis for developing an alternative union cultural perspective.

Any attempt to develop such an alternative would have to come to terms with the central assumptions of the BCA model. The BCA's central

argument was that Australians were characterized by a “strong streak of individualism” (BCA, 1989, p. 19). There had been a complex shift from traditional egalitarian values towards values and aspirations that were more individualistic. People were better educated and aspired to improve their own skills in the hope of enhancing their standard of living. Enterprise bargaining built on this culture of individualism through its “employee relations” approach which stressed mutual interests, increased trust, individualism and flexibility, in contrast to the inevitable conflict, low trust, central control and uniformity of an “industrial relations” approach.

Such a thrust corresponds with the basic tenets of HRM and the new managerial emphasis on the need for strong corporate cultures that create commitment in the workforce through workers’ internalization of the norms and values of the organization. Corporate cultures need to be centred on defined company images. The internalization of values is achieved through a rash of company briefings, videos, house magazines, open days and consultative forums. The individuation of employee relations, through career paths, individual performance appraisals, internal labor market promotions, and personal wage negotiations, relegates trade unionism to the role of a recalcitrant junior member at best, or alternatively, merely an unnecessary impediment to the attainment of competitive advantage.

These initiatives run with the tide. They build on a long established, firm foundation, for Western capitalist industrial culture is a highly individualistic culture. Historically, this competitive individualism and consumerism has continuously eroded trade union power. “New patterns of living and consumption destroyed the old allegiances, and people lost their sense of a local community and of solidarity” (Touraine *et al* 1987, p. 103). Hence the conscious promotion of this culture of individualism in the enterprise is a powerful weapon in the erosion of the social power of trade unions in the workplace since that power correlates closely with the contrasting norms and values that are the very bedrock of trade unionism. These embrace the experience of co-operation amongst workers, expressed in the attempted assessments of self interest in the light of the general interest of workmates and solidarity captured in a willingness to act collectively when the need arises.

In contrast, entrepreneurial culture, founded on competitive individualism, emphasizes the complete merging of worker self interest and the interest of the enterprise - a co-operative attitude on the part of workers as individuals towards their management and their enterprise as management “wins the hearts and minds of their employees”. HRM is seen to displace the need for solidarity relations in the workplace. Solidarity with the enterprise, competition and individual merit assessment, form the founda-

tion of relations between workers within the new workplace culture.

Ironically, traditional trade union strategies have themselves created the conditions whereby an entrepreneurial, competitive and individualistic workplace culture is able to become increasingly hegemonic. A historically narrow focus on wages and conditions with gains often achieved through a tariff protected, arbitrated wage system has tended to stunt the growth of a deep and widespread culture of workplace solidarity. The centralized system of wage determination has tended to limit the need for such a culture, whilst the narrow traditional focus on wages and conditions has served to reinforce that "strong streak of individualism" referred to in the BCA report.

In the context of the increasing dominance of entrepreneurial production culture, the break with the pragmatic economism of the past is a vital first step. Strategic unionism, through broadening the definition of the trade union role, could provide a window of opportunity in the redefinition of workplace culture in a way that reinforces the centrality of trade unionism in the change process and in the industrial system rather than creating the basis for the unions continued marginalization and eventual exclusion from enterprise arrangements. To ensure that this does not become the only possible response to the changed global context of competition, Australian trade unions do have to engage in more than simply challenging the dominant model of workplace culture. They have to undergo a fairly fundamental change in their structure and in their practices. The following section analyses the extent to which this is occurring and the challenges the union leadership faces in attempting to achieve such change.

5. Award Restructuring & the New Workplace Culture

Trade union commitment to award restructuring does provide the opportunity for the unions to promote a new workplace culture that is far more nuanced, complex and contradictory than the simplistic consensus, non-adversarial notions being advanced by the BCA and by the Federal government. Such a culture would need to build on *both* the cooperative and the conflictual dimensions of the employment relationship. With regard to the former, unions involvement in award restructuring emphasizes union commitment to enterprise competitive advantage, new technologies, multi-skilling, career paths and training.

In an ideal-typical model of award restructuring, the latter dimension need not be fully subsumed within the former. That is, there can be a simultaneous recognition of the structured conflict of interests between capital and labor, which necessitates the maintenance of a vigorous union-

ism founded on a workplace culture born out of practical solidarity actions within the enterprise and between enterprises. Hence award restructuring represents the possibility of defining the new workplace culture in terms of working class interests.

This would result in the redefinition of individualism. Trade unions are only against individual advancement that is sought and achieved through private, personalized strategies at the expense of social equity and cooperativeness in the workplace. They do not decry genuine individual aspirations to achieve, to improve individual material conditions. They simply recognize that the realities of power disparities and tough, hard headed, economic competitiveness, mean that those aspirations can only be secured through embodying individualism within cooperative, solidarity relations. However, some unions have been weakened through adopting a cooperative model of award restructuring that negates the existence of objectively structured conflictual relations between management and labor, whilst others have been weakened through negating the cooperative relations reflected in award restructuring, arguing that this is simply a new management ploy, a sophisticated form of cooptation. The latter's strategies still centre on "the grab what you can" philosophy and "to hell with productivity issues!" In the Pilbara, for example, management has to a large degree succeeded in imprinting their own entrepreneurial definition of the new workplace culture, whilst the unions have generally failed to contest this initiative. In many companies, union conveners of long standing, who were regarded as proponents of the "old" adversarial workplace culture have left after receiving handsome redundancy payouts.

6. The Problematic Nexus of Union Structure & Workplace Change

The actual process of workplace change has itself been somewhat restricted through the continued dominance of union occupationally based coverage and the craft union approach that derives therefrom. The intention of Award restructuring has been the more efficient utilization of labor in the workplace. Across Australia, awards have been "modernized" though broadbanding the classification of jobs. Within this process, attempts are being made to break down the traditional craft division of labor within the skilled trades. These changes across a wide range of Australian industry led the Australian Workplace Industrial Relations Survey, (AWIRS), to comment that organizational change at Australian workplaces during 1988-1990 was "dramatic". The Survey revealed that 34% of the

workplaces indicated that they had undergone a “major restructuring of how work was done” (AWIRS, 1991, p. 187).

The Survey fails however, to clearly specify exactly what is meant by “dramatic” or “major” change in the restructuring of work. In an in depth study of workplace change in Western Australia’s iron ore industry it became clear that whilst a certain degree of change had been achieved in a number of relatively inefficient work practices, the overall process of change was severely constrained by the existing craft, occupationally based structure of competing unions within the industry. The craft, occupational consciousness spawned by such a structure was continuously reinforced by their craft defensive strategy. Such a strategy has meant that whilst there has been some tinkering around the edges, substantial cross skilling is highly unlikely until such time as the craft structures and craft orientation of the unions is transcended. Craft unionism inhibits change for it builds its foundation on heightening fear about job loss. The very survival of existing union structures and identities are dependent on traditional definitions of job boundaries.

At a Pilbara iron ore company jurisdictional lines between fitting and boilermaking still remain fairly rigid. Boilermakers were fearful of changing boundaries, believing that they would eventually become an “extinct breed”. During the 1990 second tier negotiations there was “intense resistance” from boilermakers who wanted to limit the welding fitters and electricians could do. Since welding is vital in mining operations, given the level of repair work required, these restrictive work practices had a negative impact on productivity for they affected the flow of work and the efficient deployment of labor.²

According to management, more substantial multi-skilling would allow management to

use people in a longer, more involved job, rather than moving them around a lot. Our biggest problem is with boilermakers in the loco shop. They get dragged from one little job to another. So the whole shift they are moving their leads from here to there, here to there - all around the place. We should be able to use them in a bigger, more time consuming job over a longer period of time.

I would say that an average shift boiler maker would probably be productive for a maximum of five hours. The rest of the time is between bits and pieces, looking for jobs. The worst of it is that half the time he has a fitter looking over his shoulder while he actually does the work. We maintain that if the fitter’s got the skill, he should be able to use his skill instead of standing around with the boiler

maker. But actually, the boiler maker gets pissed off as well, getting dragged all over the place (Interview, November, 1990).

Apart from the maintenance of the essential core of the traditional demarcation boundaries between fitting and boiler making, the Australian Electrical, Electronics, Foundry and Engineering Workers Union, (AEEFEU), has remained ultra-defensive regarding the demarcation boundaries of electrical work, both within the electrical stream and between the mechanical and electrical trades. Their defensive craft consciousness is captured in the frank comment of a Pilbara electrical worker,

When it came to the restructuring discussions, there was a lot of in-house fighting. Our blokes were saying, 'Hey, we're going to give it all away! We've done our time. We've got our licence.' We want to be exactly sure where this whole thing is going before we agree. We went to the guys on the floor and they said that they are just not going to pick up on it just like everyone else (Interview, November, 1990).

Mining unions organizing unskilled and semi-skilled operatives, most notably the Australian Workers Union, (AWU), and the Transport Workers Union, (TWU), were as vigorous as the unions of skilled trades persons in defending traditional lines of work demarcation. The line of demarcation between skilled and semi-skilled/unskilled, was doubly reinforced by the competing unions. For example, in maintenance work, the AWU placed restrictions on their members doing any maintenance work, whilst the MEWU opposed restructuring in this area for fear that the number of skilled trades persons might be reduced. With regard to forklift truck driving the MEWU and the AEEFEU were willing to allow their members to drive forklifts, but the AWU said, "Unless we're allowed to use your tools, you are not allowed to drive our forklift". Hence Award restructuring has become little more than horse trading between unions.

Definitive conclusions cannot be drawn from a single case study. However, the craft union constraints on workplace change in the Pilbarra does demonstrate the need for a precise definition of what is meant by "major" or "dramatic" change. Such a definition would need to specify the basis of comparison. If we were to compare current workplace arrangements with those that existed prior to the Award restructuring initiatives, then one could perhaps argue that the change has indeed been "dramatic". On the other hand if international benchmarking techniques comparing enterprises to the "best-in-class" international competitors are adopted, then the slow, limited pace of change looks somewhat different (Camp, 1989). Obviously, this latter standard of comparison is the only way to assess the quality and extent

of workplace change. If the change process is to deepen, the outmoded 19th century craft structures and craft practices of the union movement will have to be reformed. Restructuring trade unions through amalgamation was perceived to be the means towards achieving this goal.

7. Trade Union Amalgamation: Rationalizing the Contradictions, or Contradicting Rationalization?

7.1 Towards Industrial Unionism?

The ACTU leadership argued that strategic unionism “would not be effective” without a reduction of unions from the 295 as at June 1990, to some 20 key strategic groupings (ACTU, 1987, p. 191). Apart from the efficiency and resource arguments, such a restructuring was also seen to be an effective way of transforming the outmoded 19th century craft structure of many affiliated unions which, in turn, would have a positive impact on workplace change. ACTU initiatives, in this regard, were reinforced through legislation which placed impediments on small unions and made amalgamations easier.³ The hope was that the achievement of larger, industry wide unions would result in the transcendence of the multi-union, multi-award character of most Australian enterprises. This, in turn, would facilitate a deepening of the workplace change process.

By September 1991 a considerable degree of amalgamation had taken place. There are now 14 major industry groupings, each at various stages of development. According to Kelty there will be 17 to 20 “large unions” by the end of the year (*Workplace*, 1991, p. 5). He is optimistic that this “rationalization of unions in the workplace ... will allow the union movement to reform its structures over the next four to five years”.

Given the direct relationship between workplace change and trade union structure, the critical issue is whether or not the evolving model of the new large “rationalized unions”, does in fact break down the historical craft based union structures. The model has been one of attempting to group together existing unions that have “an identity of interests” (*Workplace*, 1991, p. 5). The definition of such an identity of interests would reveal much about the particular guiding model that has shaped the character and form of the new large unions.

If the real focus of rationalizing trade union structures is the promotion of a deeper, more effective process of change in the way that work is organized so as to meet the demands of constantly changing global compe-

tion, then a strict industry defined model would have been the most appropriate union restructuring scenario. A pure form of industry based unionism is the most logical and effective response to the changing character of the global economic system. This is so because different industrial sectors are locked into the global economy in different ways; investment patterns and the nature of competitive market conditions vary between sectors as does the extent and character of technological and labor market changes. Given the rapidity, complexity and extent of change in all these areas, the effectiveness of trade union responses to change will depend in no small measure on the depth and quality of their research and training. The achievement of such quality is not merely dependant on an availability of resources that may be present as a result of larger unions. Quality requires a specialized focus to attain necessary depth. This could be more readily achieved through industrial unionism.

A positive aspect of the amalgamation process to date is the tentative move towards industry based unionism. For example, despite the existence of trends that contradict an industry identity in certain instances, the Australian Services Union, the Metal and Engineering Workers Union, the Health Services Union of Australia, the Finance Sector Union, the Public Sector Union, the Transport Industry Union, the Telecommunications Industry Union, the Seaman's Union and the Shop Distributive Union all have, in varying degrees, a dominant single sector identity. To be fully effective as industry unions each will have to develop organizational structures that reflect the actual achievement of single industry union structures. This contrasts with conglomerate structures that simply superimpose a superstructure that rests on the maintenance of the old structures of the individually merged unions.

7.2 Accommodating Cross-industry Unionism

There has been a shift in the original amalgamation policy that called for unions to merge along broad industry lines. A modified policy adopted at the September 1991 ACTU Congress called for "the creation of 17-20 large, more efficient and democratic unions within which there should be clearly defined industry or occupationally representative streams" (ACTU, 1991, p. 130). The change is a recognition of the power of large cross-industry unions such as the National Union of Workers, (NUW), the Federated Miscellaneous Workers' Union, (FMWU) and the TWU, which have had serious reservations about the emphasis in the original policy on industrial unionism.

As a consequence of this change, the definition of "an identity of interests" underlying the amalgamation model now being promoted by the

ACTU is no longer a strict industry definition. The ACTU model accommodates cross industry unionism through its notion of "industry streams". The rationale of the ACTU leadership is that there is "an identity of interests" between these industry streams, hence the value of their being incorporated into single conglomerate structures. Furthermore, it is argued that such a model is founded on a similar logic to the diversification of companies. That is, a diversified union structure would spread the risk of membership decline that all unions face during a period of economic restructuring, when certain sectors expand as others decline, just as companies strive to stabilize profit growth through diversification. A further argument is that a conglomerate structure, based on industry streams, is in fact an industry federation similar to trade unions in Germany where, for example, the DGB incorporates some 156 affiliates. The contention is that such a conglomerate structure is doubly advantaged: the large organization creates economies of scale, whilst at the same time maintaining a closeness with particular industries and the needs that arise therefrom.

This shift in strategy reflecting the exigencies of ACTU internal power balances, as much as the conviction of the above arguments, has resulted in the enthusiastic promotion of conglomerate structures as "the ideal model". Kelty referred to the BWIU mergers creating industry streams in mining, construction, and timber, and the NUW mergers creating streams in food, distribution and manufacture, as "the best models" in his judgement, because they gave "a maximum degree of flexibility ...economies of scale....and a wider perception of unionism" (*Workplace*, 1991, p. 5). This type of conglomerate unionism is also evident in the amalgamation plans of the Federation of Industrial, Manufacturing and Engineering Employees, (FIMEE), which seeks to link the metal workers it organizes with the Carpenters and Joiners Union, the Glass Workers Union, and the Gas Industry Salaried Officers, whilst the FMWU plans to join with the Liquor Trades Union and the Meat Employees Union. The FMWU has argued that such a form of unionism does indeed ensure the unions survival because work restructuring has tended to wipe out whole categories of occupations they previously covered.

The policy shift towards conglomerate unionism is also the product of the historical evolution of traditional union structures and the factional politics that coalesced within and between unions. Leaderships may appear to be free to make choices regarding the future structure of particular unions, but they are unable to choose the conditions that ultimately constrain the range of those choices. In a real sense, contemporary Australian unionism is imprisoned in its own past. This is evident in a number of key sectors.

A prime example of the effects of this historical imprisonment is the

intense competition between unions that still exists within the metal industry. MEWU and FIMEE both now have a similar constitutional coverage, ranging from skilled engineers and technicians in the industry to process workers. Whilst MEWU remains the dominant union in the industry with a membership of some 230 000 workers, FIMEE is fighting back through a conglomerate union strategy as they merge with chemical workers, timber workers, brush makers and glass makers. At present there are extensive ongoing discussions with the AWU because the AWU does in fact cover much of FIMEE jurisdiction, particularly in the chemical sector in Western Australia. FIMEE membership is around 103 000. Additional mergers will make it more competitive with MEWU in the metal sector in terms of resources through membership numbers. But surely these competitive divisions between unions in a key sector such as the metal industry to some extent dissipate the fullest possible achievement of a central objective of the rationalization process, namely, the enhanced role and effectiveness of trade unions in industrial restructuring? Competition and rivalry between unions does have a negative impact on ordinary workers' perceptions of the meaning and value of unions. Negative perceptions diminish participation levels and certainly provides a poor foundation for recruitment drives. However, there seems little way out of the present impasse as particular unions remain trapped within their own histories and ideological time warp. Perhaps only the shock wave of the possible advent of radical anti-union provisions in future legislation will break these chains of the past.

The current divisions in metal industry unionism are the outcome of forty to fifty years of history. In terms of a traditional division of labor between skilled workers and the unskilled, craft unionism developed exclusivist practices that sought to fence out the unskilled, thereby keeping the supply of labor tight and in high demand. This ensured that the price of skilled labor remained relatively high. Apprenticeship regulations were utilized to further this aim. Trades assistants were always viewed as a potential threat, even more so when technological change and the concomitant process of deskilling undermined the position of the skilled artisan. Trades assistants were excluded from union membership and so they lost little time in setting up their own unions. The outcome in the metal industry was the establishment of the Federation of Ironworkers Assistants Union, (FAI). This structured antipathy between the trades persons union and the non-trades persons' union took a political form. During the 1940s a right wing leadership wrested control of the FAI from the left. Thereafter, the deep seated ideological hostilities and factionalized politics of the period deepened the antipathy that already existed between trades and non-trades' unions.

Despite the ACTU leadership's intention to rationalize trade union

structures, the organizational outcome of these historical divisions is being reproduced into the future as FIMEE sets out to replicate and compete with MEWU. Furthermore, FIMEE's positioning itself competitively, through the adoption of a conglomerate model, means that any identity between union structure and industry is further undermined as FIMEE picks up a diverse array of other sectors. In this competitive context, the MEWU is also headed further away from a relatively pure industry identity towards a more conglomerate structure. The new 58 000 strong Textile and Clothing Federation, (TCF) industry union is likely to consider a merger with MEWU.

At present the ACTU leadership is having to grapple with a number of problems within the amalgamation process as a consequence of these burdens of history. This was highlighted in the one session that kindled some fire within the 1991 ACTU Congress. The Congress has been characterized for the most part as a passionless affair, which failed to involve delegates who for the most part remained "nothing more than watchers from the gallery" (*Australian*, 14-15/9/91). The amalgamation debate transformed this. Problems surrounding mergers inspired heated debate. More than forty speakers engaged in "a three hour slanging match" that revealed affiliates as aggressively defensive of their own patches and in deep competition for members. Certain unions appeared to line up as warring factions, accusing each other of "cannibalism" and "body snatching" in the poaching of members. Some delegates argued that such competition within the movement would cause its demise at a time when unions were struggling to keep the members they had. Heated debate at the Congress arose out of the ongoing conflicts between MEWU and FIMEE, the Federated Furnishing Trades Society (FFTS) and FIMEE, sections of the TWU and NUW, and finally, the Electrical Trades Union (ETU) and the Vehicle Builders Employees Federation, (VBEF). These disputes were characterized by conflicts that were tense and often acrimonious, with accusations of intimidatory tactics and "radio wars" being traded.

7.4 Factional Politics: The Dead Weight of History?

All these fiercely contested inter-union conflicts continue to be driven by the Australian historical experience, an experience of narrowly defined occupational unionism, exclusivist craft strategies against the unskilled, and a deeply factionalized politics. Such politics continuously spawned numerous sub-factions in response to changing perceptions of international political developments. These divisions further complicate the deep seated left-right factionalism.

In each of these conflicts, the dominant role of factional politics is patently clear. This makes the task of dealing rationally with the structural deficiencies of occupationally based unionism all the more difficult. The exigencies of factional alignments are shaping the amalgamation process. Given the crisis of declining levels of unionism in Australia, successful rationalization is critical to the very future of the movement. Genuine rationalization along industry lines will not only facilitate a more effective restructuring of work, it will enhance the strategic power of unionism itself. Empowering unions thus will embolden the unions response to the not so hidden deregulation agendas that seek to marginalize unions out of existence through a singular stress on individual employee relations.

There is a further very serious outcome to these factionally driven amalgamation conflicts - the deep alienation of ordinary workers. "Radio wars", accusations and counter-accusations of corruption, intimidation and manipulation only serve to estrange ordinary workers. Historically, trade unionism has taken hold and expanded rapidly amongst working people only when idealism and future vision have been strong. Inward looking, cut throat, inter-union conflicts strangle the potential for worker commitment to unionism. Union officials may be committed to their particular factional struggles and to guarding their turf and their positions, but ordinary workers, dragged this way then that, are left deeply alienated. Hence the image problem of unions in the wider community.

Trade union factional politics in Australia is frozen in the past. The collapse of communist states in Eastern Europe, the crisis in the Soviet Union, the Tiananmen Square massacre, the corrupt and repressive practices of official communist leaderships and the dominating role of the United States in the Third World through direct and indirect support for corrupt, repressive elites, are all world events that seem to have had very little impact in unfreezing historical factional divisions within Australian trade union politics.

These factional divisions are unlikely to be transformed in the short or even in the medium term as they are integral to the cultural heritage of the union movement. They relate to tradition, to living memories of bitterly fought past struggles and the critical alignments in those struggles. They are integral to the history of the Communist Party and Labor Party in Australia and the organizational splits in the 1950s. However, working class culture is not some static, determined entity; it is constantly shaped and reshaped by the present, by contemporary ideological currents. Here the BCA is correct in saying that this culture is indeed being shaped by individualism. In the face of the challenge posed by this transformation of working class culture, the leadership of the union movement has to transcend the existing

factional divisions and the reified, historical working class culture that has evaporated at the grass roots.

A new approach emphasizing a new working class culture needs to be constructed through a vigorous and comprehensive training at the grass roots, at factory level. Such an approach would rest on a deeper understanding of the role of ideology. Ideology needs to be understood in terms of sets of assumptions in three basic areas: first, assumptions regarding the real nature of society; second, assumptions regarding a possible future society; and third, assumptions about the prospects and the means for such a transformation. Given the complexity of contemporary society, assumptions in these areas are likely to be a hotly contested terrain. This contestation would be a sign of a healthy democracy. Such an orientation would contrast with the politics underlying the present factional divisions in that individuals or groups contesting assumptions in these areas would address *real issues*, rather than issues coloured by historically frozen factional perspectives.

In the now borderless, single integrated world market, characterized by rapid technological change, the concentrated economic power and high mobility of transnational capital, the real issues arising out of these changes have to be addressed if unions are to survive. The issues have to be confronted if workers are to avoid being squeezed into oblivion by the machine like change, if they are to avoid becoming mere chattels, appendages easily discarded. Labor markets are no longer sealed within national boundaries. Single world labor markets, for different industrial sectors, are coalescing and Third World wage rates are a powerful influence in the reform of industrial relations systems and trade unionism in the developed economies. The 25-30% wage cuts in the new "Anglo-Saxon Taiwan" reveal the way in which these pressures are being translated. In the absence of tariff protection, Australian trade unions have to attain a full and deep rationalization along genuine industry lines as rapidly as possible. Such specialization is essential if unions are to keep abreast of global industry change that affects them directly. A failure to empower unionism will simply mean that Australian workers will come to see in the present status and condition of Third World workers, the mirror image of their own future, ten years down the track.

7.5 Amalgamation, Enterprise Bargaining, and the Crisis of Participation

The constraints of historical tradition and political leadership culture cannot, however, be wished away. Conglomerate unionism will therefore be the dominant union form. While the conglomerate structure does have more of a focus than the multiplicity of occupationally based unions, the key limitations of the new structure will need to be addressed. These include the problem of establishing single bargaining units; the achievement of a deep industry focus; the need to avoid further bureaucratization and the task of addressing the membership crisis through the creation of participatory structures.

Under the conglomerate form of amalgamation, the present occupationally based form of unionism is being reinforced rather than transcended. Consequently, demarcation disputes are likely to continue. These disputes will be contested by larger, better resourced unions. This will limit workplace change and alienate membership further. Multi-union representation in industries will remain and will prove an obstacle to the achievement of single bargaining units at enterprise level. Furthermore, the conglomerate structure is not the most effective way of attaining the ACTU's desire that "larger national unions ... provide a wider industry understanding" and "be capable of maintaining an understanding of and involvement in issues affecting particular industries" (ACTU, 1991, p. 130). A purer form of industry unionism obviously has a greater capacity to specialize and keep abreast of rapid industry changes, nationally and globally.

Another concern regarding conglomerate structures is that they are likely to further bureaucratize the unions at a time when membership crises, and the shift in the industrial relations system itself, requires more participatory and democratic forms of organization so as to involve members more directly. The ACTU leadership has stressed the need to promote union structures which are "open, democratic and accountable" based on "rank and file involvement" (ACTU, 1991, p. 130). Kely emphasized, "You've got to make sure it's not some giant bureaucracy with power at the top" (*Workplace*, 1991, p. 5). The authors of *Australia Reconstructed* contended, "The more the Australian trade union movement embraces strategic unionism, the more resilient the internal processes must be, since ultimately, the only foundation for the legitimacy of trade union organizations are democratic ones" (ACTU/TDC, 1987, p. 190). However, high level leadership commitment to internal democracy is not in itself an adequate counter to the inevitable bureaucratic problems associated with the increased size and diversity of the new conglomerates. The demands on top union officials have increased substantially. The superstructural linkage of industry streaming within the conglomerates means that the numbers of meetings to be attended has multiplied as has the weight of necessary administration.

This seemingly inevitable bureaucratization could be countered through the adoption of new trade union constitutions that shift from a representative model of democracy to a participatory one that stresses the leadership accountability. The tendency could also be countered through the diversion of resources in a continuing shop steward training program that could raise the level of grass roots involvement in union affairs.

The shift towards enterprise bargaining makes such involvement essential to the very survival of the union movement, since the new principles emphasize direct bargaining between management and labor, with the Commission playing only a conciliation role. Shop floor workers will have to rely more on their own bargaining power, if wages and conditions are to be maintained. The spiralling global competitive pressures outlined earlier in this paper set the context for the future bargaining dynamic. These pressures pose a "critical challenge" to the Australian wage system that had relied on tariff protection for so long. Now, "For a growing number of wage earners, the relevant wage comparisons are not local but global" (*Australian*, 5-6/10/91). Geographic location means that the significant competitive comparisons are with the low waged, union restricted economies of Asia, and now more recently New Zealand.

Australian unionists are acutely aware that the Commission's decision to situate the current enterprise bargaining principle within a broader framework of minimum award standards is likely to be abandoned if a Coalition government wins the next election. Opposition spokesperson on industrial relations, John Howard has indicated that the Industrial Relations Act will be changed to allow for direct contracts between employers and employees, "without the mandatory intervention of a union, an employer organization or an industrial tribunal" (*Australian*, 31/10/91).

The global pressures driving the change leave unions with little option but to develop a form of enterprise bargaining that will generate a vital, democratic and deeply participatory form of shop floor unionism. In the wake of the IRC decision, the CAI has encouraged employers to influence the enterprise bargaining agenda. Employers have been urged to put their own priority issues such as flexible work time arrangements, work practices and the use of contractors on the agenda. They have been warned not to accept "second best" (*Australian*, 11/11/91). Unions will have to develop strong shop floor unionism to ensure that the processes and the content of enterprise bargaining are not solely under the influence of management's agenda.

8. Towards Yet Another “Bargain Basement” Workforce?

Prophets of gloom abound. Declining union densities herald the endgame. The Australian trade union movement will be further marginalized by the new decentralized, market driven bargaining system, because ordinary shop floor workers lack the necessary commitment to unionism and as a consequence, are unlikely to meet the demands of the high level of involvement the new system requires of them. The IRC decision is little more than a first tentative step marking the route to individual contracts. This will become the central feature of a future Australian industrial relations. As Australia moves into the 21st Century, the unions that survive on the margins will be viewed as little more than relics of a bygone age. The fundamental character of Australian society will have changed as the emergence of a bargain basement workforce reflects a globally competitive, deeply divided, socially unequal society.

A counter-argument contends that such a bleak scenario is far from being inevitable. Notwithstanding the severe constraints to change analysed in this paper, creative currents exist within the union movement, currents that could ensure not only the movement's survival, but also its further development as a central element in the efficient and socially just management of social relations. These are already evident in certain responses to enterprise bargaining and to globalization. For example, a fourteen month old enterprise agreement at ICI Australia's Melbourne chemical plant involving four major unions has broken down barriers between the unions, encouraged worker participation and has resulted in major productivity advances. The IRC's insistence on single bargaining units as the basis for enterprise bargaining is a further objective pressure on a positive union rationalization designed to ensure that union make a central contribution to a future Australian society.

Given the state of the union in 1991, the profound challenge the leadership has to confront is the transformation of apparent apathy and individualism into an involvement at enterprise level and a solidarity commitment to defined basic rights and to achieve defined goals. Such a commitment would slowly emerge out of a growth of a global worker consciousness, based on insights into comparative wages and conditions. Australian workers would then become aware of the stark longer term prospects they face in this brave new borderless world: strengthen unionism or become yet another Third world workforce locked within a bleak world of dark satanic mills, pitiful housing, health care and wages. In this regard the Western Australian Trades and Labor Council is advanced in its thinking. The state body is engaged in a program of solidarity work with Third World unions in the region. The project is not only globalizing worker consciousness in

Australia, it is supporting the development of militant unionism in the region as an effective means of reducing comparative wage differentials. The fear of Australia being inexorably forced down the New Zealand yellow brick road will intensify these creative responses.

The Australian trade union movement is likely to draw on the rich traditions of past struggles to resist the bargain basement wage development choice. This will only be achieved through a return to grass roots activism and democratic enterprise structures located within strong national unions. Within these structures and processes ordinary workers will come to recognize that the realization of their individual aspirations and indeed their entire future is inextricably bound up with the state of the union.

9. Conclusion

The BCA enterprise bargaining agenda, the first steps towards decentralizing the industrial relations system and the possibility of a Coalition Government in 1993 are developments and possibilities which pose severe challenges to the union movement at a time when that movement is addressing the issue of membership decline. While certain amalgamations are an advance over the multiplicity of occupationally based unionism, the reality of factional power politics has detracted from a fuller achievement of industry based unionism. The ACTU leadership would contend that industry streams within large conglomerate unions would achieve similar results. This response fails to address the fact that the conglomerates continue to reproduce a segmented, multi-union structure at enterprise level. Such a structure weakens the union movement's capacity to contribute creatively to workplace change. The conglomerate structure also poses difficulties in maximizing grass roots democratic participation - the only path to a reversal of membership decline. Without such a reversal, unions are likely to have their backs to the wall if the Coalition comes to power.

Notes

1. *Business Review Weekly*, 18/10/91. In response to Japanese concerns about investing in Australia because of the country's industrial relations record, Industrial Relations Minister Cook stressed that such concerns were based on outdated images. He argued that industrial culture had changed during the 1980s to a consensus based, cooperative approach.

2. For fuller details see forthcoming paper in the Department of Industrial Relations series. The Pilbara research is part of a joint project with Ray Fells, University of Western Australia.
3. The Industrial Relations Amendment Act 1990 which came into operation on February 1, 1991, deals with the coverage and amalgamation of organizations, their registration and their size. A number of amendments have been made to the definition of 'demarcation dispute' to reduce the scope for jurisdictional arguments. The effect is to widen the definition of a demarcation dispute and to allow disputes that are not covered by the definition. This applies to cases where a union is seeking to represent the interests of workers even where it does not have coverage, under the rules, of the workers. To this end Section 118 of the Act was repealed, making way for two new sections, 118 and 118A.

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