



Union Futures

**Why progressives should care
about the future of labour**

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About the author

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Union Futures

Why progressives should care about the future of labour

Introduction

This paper is designed to make two arguments; first, that progressive parties cannot afford to be neutral about the role of organised labour and second, that a determined effort must be made to improve workplace employment relations, by encouraging effective employer-union co-operation. It may have struck you already that these seem to be two quite distinct arguments. You might even find it difficult to relate one to the other. But my case is that the *political* role of organised labour is legitimised by the fact that trade unions have credibility in the *workplace*.

That progressives should remain close to the trade unions may seem to be a statement of the obvious, but labour parties in many countries have struggled to forge a new relationship with their traditional allies. Union membership decline is part of the explanation, but it is also the case that unions have struggled to adapt to a rapidly changing economy and a very different political environment. Traditional party allegiances have eroded, the large voting blocs are crumbling and the conflict between capital and labour has lost much of its political resonance.

An effective partnership between labour parties and trade unions remains essential to the progressive project.

My starting point, however, is that an effective partnership between labour parties and trade unions remains essential to the progressive project. Most importantly perhaps, progressives are in favour of spreading power, wealth and opportunity as widely as possible across our societies. We do this not because we are determined to achieve a crude equality of outcome

but because, following Amartya Sen, we are committed to the notion that individuals must be equipped with the full set of capabilities they require to choose a life that they value¹.

Critical to this line of thought is the idea of autonomy; in developed Western societies we place a premium on the capacity to make choices and to influence the decisions (whether political or otherwise) that have a significant impact on our lives. That is why progressives have generally taken the view that workers should not surrender all their rights as citizens when they cross their employer's threshold. If free speech and freedom of association are seen as necessary conditions for democracy then it is wrong to say that these same rights are an irrelevance in the workplace.

A sceptic might balk at a deliberately philosophical opening to a short essay concerned with practical industrial relations and the impact of organised labour on the economic and political environment. But clarity about principles is essential before government can develop an appropriate public policy agenda; and trade unions can only rise to the challenges they face if they are equally clear about their core purpose and how they explain and justify their activities to workers, employers and government.

There are three additional factors that matter for our discussion. First, progressive parties need intermediate institutions that can sustain their values when the conservatives are in power. Of course, this is partly about having access to trade union support for political campaigning, but it is much more about the social embeddedness of the values of solidarity, workplace justice and individual opportunity. Beyond the ranks of the politically committed, who will “keep the dream alive” during prolonged periods in opposition?

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¹ Sen, *Development as Freedom* (1999)

Second, progressive parties cut adrift from their trade union allies can easily become disconnected from the lives of the citizens they seek to represent. This partially explains the turn towards cultural politics, which has done so much harm to the Democratic Party in the USA. That experience teaches us that “limousine liberalism” carries a heavy price and leaves the centre-left open to the charge that the progressive project is an elite activity. We may find the accusation risible, but progressives cannot allow our opponents to argue that we are out of touch with the majority of citizens.

Third, labour parties and trade unions must work hard to get their relationships right. The UK’s experience since 1997 offers a lively example of how a hitherto successful dialogue can deteriorate over a prolonged period in government. While there was a widely shared agenda in the 1997-2000 period (signing the European Union’s social chapter, introducing a National Minimum Wage, improving individual employment rights, enhancing unions’ rights to establish collective bargaining) both unions and government have struggled to recover a shared sense of purpose since that time. The effect has been to place unions outside Labour’s shrinking big tent. Unions are frequently seen less as valuable political allies and more as a source of irritation or a pole of attraction for internal opposition. The damaging effects should be self-evident; it is very hard to persuade trade union members to re-elect Labour if union leaderships have been amongst the government’s sternest critics over the previous four years.

Some questions

Assuming that both trade unions and labour parties accept the argument so far, we are then left with the question: what is to be done? In other words, just what kind of relationship should the trade union movement have with progressive parties in a world where organised labour plays a much less important role in the twenty-first century economy than was the case in the past?

And while the political relationship is inevitably the focus when labour parties are in government, it is impossible to answer the political question without some consideration of the union role in the workplace and wider relationships with employers. Put slightly differently, the unions' credibility as political actors depends on their credibility as industrial actors. Influence and legitimacy are derived from representativeness; a trade union movement that is in decline will always struggle to be heard and may find that its relationship with the principal progressive party becomes increasingly strained and bad tempered.

At this stage in our discussion, it may be useful to identify two further arguments that help to answer our big question. As we have already seen, progressives are committed to a particular vision of society, to a view about the capabilities that individuals need to choose a life that they value. This means that we must have a view about the conditions under which individuals flourish in the workplace too – in other words, progressives ought to have a well-developed notion of “good work”. This cannot just be some rarified theoretical construct but has to be rooted in workplace realities. Organised labour can help the political realm connect with those realities.

Moreover, progressives must have an equally well developed notion of the “good economy”. We must have a view about the conditions under which wealth is successfully created and we cannot do this unless we have a sophisticated understanding of the workplace. Once again, organised labour can help to ensure that progressive politicians have an understanding of the practical realities, connecting policy prescription with lived experience.

While both these observations are helpful, they do little more than clarify the context in which we must answer our big question. Perhaps we should respecify our task again and ask: just what kind of unions are needed to create and sustain the kind of society that progressives wish to create?

The unions' credibility as political actors depends on their credibility as industrial actors.

Progressive politics, productivity and employment relations

A useful point of departure is to note that distributing power, wealth and opportunity is much easier when the economy is growing. In other words, both trade unions and labour parties have a shared interest in both full employment (because unemployment is one of the most serious kinds of capability deprivation) and rising national prosperity.

The American economist Paul Krugman has expressed the argument as follows:

Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker².

Progressive parties and trade unions should therefore be committed to the development of a dynamic productivity agenda linked to the demand for more “good work”, which, as we have seen, is a necessary condition for human flourishing. A corollary of this conclusion is that trade unions (and employers) must be able to develop both a workplace and sectoral dialogue about the roots of productivity growth. It means too that all the parties must be equipped with the wherewithal to make this dialogue effective.

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The challenge to trade unions and employers in liberal market economies should be clear. Collective bargaining has often focused on pay, hours, holidays and other benefits. Major decisions about investment, location, research and development or strategic workforce planning have often been firmly locked in a box labelled “employers only”. A progressive productivity agenda would open the box and give unions the opportunity

² Krugman, *The Accidental Theorist* (2003)

to exercise much wider influence over these employer decisions. It is important to understand that this is not simply an exercise in boosting union power; the real value of a more open and transparent employer-union dialogue is that it can build the high-trust environment needed to unleash the skills, talents and enthusiasm of the workforce. A wider collective dialogue of this kind is often an important instrument to promote better individual employee engagement³.

Perhaps we should also be clear about the link to union renewal. The goal here is to enable unions to make a difference to a wider range of decisions that have direct consequences for employees. A necessary consequence of engaging with a productivity agenda is that unions will be working with the grain of their members' aspirations – for development, progression, access to skills, improvements in management performance and a more effective voice in decision making. One might even say that this is the very stuff of modern trade unionism, which could lead to membership growth and the legitimisation of political influence.

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³ See for example, Sisson et al, *New Forms of Work Organisation: Can Europe Realise its Potential?* European Foundation for the Improvement of Living and Working Conditions (1997)

Funding innovation in unions: a proposal

Of course, one cannot expect a sophisticated dialogue with employers to materialise out of the ether. In liberal market economies it is inevitable that a progressive government will have to take the lead. In one sense this could simply be a matter of using the ministerial “bully pulpit” to set out a new productivity agenda and reshape the terms of the national conversation. But exhortation is rarely enough and sometimes making direct funds available can accelerate the pace of workplace reform.

This is certainly the experience in continental Europe, where governments sponsor extensive programs to encourage union-employer dialogue. Indeed, in the Nordic countries in particular, there is a relentless focus on the quality of work as part of a wider politics of the quality of life. And in Denmark many of the workplace reform or development programs are trade union-led, focusing on sustainability, job quality, productivity and the availability of rewarding work.

It would be wrong to suggest that these programs could be applied without modification or adaptation to Australian conditions. What is striking perhaps is that the programs look very different from one country to another. We also know that there was a significant amount of experimentation at the early stages. The lesson then is that a small scale initiative, perhaps with a budget of \$37m over three years, could invite competitive joint bids from trade unions and employers. This could be based on the UK model of a Union Modernisation Fund (*see background below*).

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The criteria for the allocation of funds would need to be challenging and ambition would need to be positively encouraged, with the implication that not all projects will succeed. Sometimes as much can be learned from failure as from success.

An obvious question is whether trade unions and employers are equipped to participate in the kind of sophisticated dialogue that has been described in outline here. If the answer is no then some consideration might be given to explicit government support for union development and education programs. Employers need an intelligent interlocutor on the workers' side of the table, which more than justifies a modest investment in building union capacity.

This is not to suggest that all union representatives of full-time officers should become Harvard MBAs, but an effective development program will equip unions with the ability to analyse and interrogate investment proposals, location decisions, mergers and acquisitions, the impact of regulatory changes or market liberalisation and the likely sources of new competitive pressure.

I am certainly not suggesting that all these matters should be subject to collective bargaining or a union veto. On the contrary, my argument is such questions are beyond the realm of collective bargaining and are much better suited to consultation processes. Nonetheless, the principal point still stands: employers need a well-informed and challenging interlocutor that can exercise persuasive influence over the direction and pace of change. A union that has a subtle understanding of the realities of the business environment is much more likely to be able to advance arguments that the employer finds persuasive.

Of course, a sceptical observer might find this approach attractive in theory, but suggest that it remains disconnected from the realities of politics and the workplace. After all, unions will continue to be power brokers in the ALP, able to exercise effective political influence when their industrial influence is in decline. Moreover, it is possible that industrial weakness could lead to an increasing emphasis on political

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solutions to employment relations problems – a turn of events that employers would no doubt find problematic.

No-one could deny the plausibility of this scenario and it is in the interests of both unions and the ALP to work for a rather different outcome. We have already observed that union legitimacy in the political realm depends on their representativeness and effectiveness. The relationship between unions and labour parties will always be under threat if trade unions can only claim to speak on behalf of a shrinking percentage of the workforce. And for all the reasons we have examined, without strong and effective trade unions, politicians will find it much harder to embed the progressive project so that it can withstand the assaults of economic conservatism.

That still leaves us with our dissatisfied sceptic, who might accept that the political logic is compelling but continue to maintain that economic restructuring is conspiring against trade union renewal. Why bother with an agenda that seems to give credibility to dead or dying institutions with no capacity to adapt to the modern world? And anyway, is it not the case that economic dynamism is hampered by just the kind of employer-union collaboration that this paper has advocated? Progressives must be confident in responding to these challenges and it is to these issues that we now turn.

A working model: the UK Union Modernisation Fund

What is the Fund?

The purpose of the Union Modernisation Fund is to provide financial assistance to independent trade unions and their federations in support of innovative projects which speed unions' adaptation to a changing labour market and new ways of working. It is envisaged that the size of the Fund will be in the region of £5 - £10 million in total, with funding spread over several years, beginning in 2005/06. Bids are assessed against a set of eligibility and selection criteria, including compliance with the Fund's modernisation's objectives.

Successful projects will be formally evaluated and the results publicised among trade unions. This will enable unions to test innovative new ideas, to learn what works and to apply these lessons more widely.

(source: <http://www.berr.gov.uk/employment/trade-union-rights/modernisation/what-is-the-fund/page20774.html>)

Background

The establishment of the Union Modernisation Fund was announced in Parliament on 11 February 2004 by Gerry Sutcliffe MP, Parliamentary Under Secretary of State for Employment Relations. At the same time he announced that the Government was tabling an amendment to the Employment Relations Bill (now the Employment Relations Act 2004) which would provide the legislative basis for the establishment of the Fund. Section 55 of that Act inserts a new section into the Trade Union and Labour Relations (Consolidation) Act 1992 which creates a power for the Secretary of State to make funds available to independent trade unions and federations of trade unions to modernise their operations.

What types of projects has the Fund supported?

Usdaw (shopworkers)

Usdaw has drawn on the expertise of the London School of Economics and the Work Foundation to develop and test a best practice management model. The model includes mechanisms and management tools for evaluating the operational performance of the union as a whole, linked to the appraisal of individual staff.

Community (steelworkers, knitwear and footwear workers)

A programme of training for the senior staff of the Community union in globalisation and labour market trends, culture change, organisational strategy, and managing finances and human resources - delivered in collaboration with Henley Management College.

United Road Transport Union (URTU)

A project with two distinct elements. First, training for senior staff in management skills and on the specific challenges facing the logistics sector - in particular focusing on Information and Consultation and the Working Time Directive. Second, expanding the website and linking remote offices to a central IT system.

Society of Chiropractors and Podiatrists

Building the union's capacity to work in partnership with employers by identifying and training regional champions, holding regional training events for members around Agenda for Change and a conference in partnership with employers.

Trade Union Congress

Development and testing of an online support system for union professionals in TUC affiliates, providing targeted advice and information to members and specialists (finance, legal, education officers, etc). The system will support the sharing of best practice through online discussion forums and consultation.

Prospect (a union for professionals in public and private sector)

Establishment of electronic document management and distribution systems accompanied by a change management programme to train staff in new work processes to increase the efficiency of information management and sharing.

Wales TUC

The Wales TUC plans to promote awareness of equality issues in partnership with organisations including Age Concern, DRC, CRE and EOC. Research will be carried out on the needs of disadvantaged workers, an awareness drive will promote the new discrimination legislation in 2500 workplaces, union equality reps and equality officers will receive diversity training and a network for equality bodies and union officers to share best practice will be established.

Connect (telecommunications managers)

Creation of an online knowledge management system which will act as a one-stop-shop for information and advice, with different levels of access for members, reps and staff."

(source: <http://www.berr.gov.uk/employment/trade-union-rights/modernisation/page43225.html>)

Rethinking the objectives of the employment relationship

The notion that government might support what in Europe would be described as “social dialogue” may look odd to many Australian readers, simply because public policy over the past ten years has been founded on the belief that only deregulated and hence union free labour markets can deliver strong economic performance. The *Work Choices* legislation had its ideological roots in the conservative economic thinking that held sway in the UK and the USA in the 1980s and early 1990s. Indeed, one might say much of John Howard’s program was inspired by the OECD’s 1994 *Jobs Study*. This was generally seen at the time as a classic exposition of market fundamentalist employment policy. The so-called Paris consensus suggested that there was only “one right way” to secure high employment, low inflation and strong growth. Lightly regulated labour markets, low unemployment benefits, tight benefit conditionality, weak trade unions and low collective bargaining coverage were all said to be necessary elements in the policy mix.

What is most striking about the OECD’s more recent work is that they have opted for a subtler approach, which recognises that very different policies have proved equally successful in delivering strong labour market performance. The Nordic countries, the Netherlands and Austria all ought to be basket cases when viewed through an orthodox market fundamentalist lens, but all these countries, which have good economic records, have relatively higher taxes than the USA, larger states, more extensive welfare systems, strong trade unions, moderately tough employment laws (although much weaker than in France and Germany) and extensive coverage of collective bargaining⁴.

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⁴ For a complete account see OECD *Employment Outlook 2004* and *2005*

Not only does this suggest that nation states continue to have considerable room for manoeuvre (despite the supposed constraints of globalisation), but it also indicates that a country wishing to move decisively away from a market fundamentalist position can take the opportunity to rethink the objectives of the employment relationship. By this I mean a clean break with the view that work is a purely economic transaction. On the contrary, work is unavoidably a social act and a fully human activity that engages all our skills, talents, capabilities and emotions. Once it is accepted that workers should be seen as *citizens* rather than just factors of production then the objectives of the employment relationship can be reconceptualised as *efficiency, equity and voice*⁵.

Efficiency is self-evidently important to employers, who would otherwise find it difficult to run their organisations successfully. *Equity* matters to us because fairness and justice are essential elements of quality employment. And *voice* is important because freedom of association and expression are important. Employees should have the right to speak truth to power and they can only do so by acting collectively.

⁵ Budd, *Employment with a human face* (2004)

Do unions really matter?

A sceptical employer might say that this is still all very interesting, but the reality of union membership decline suggests that the initiative is largely pointless. The initial objection still stands. Why on earth would government want to revive organisations that seem to be disappearing rapidly from the social and economic landscape? Moreover, Australian employers, in a highly conflictual industrial relations environment, may be unwilling to do anything that might be interpreted as surrendering power to the unions. Preaching the virtues of sophisticated union-employer co-operation may have little impact on otherwise resistant employers in a liberal market economy. Our opponents will argue that these objections have real substance. Do we have anything more to say in response?

First, we could point out that while union decline is a widespread phenomenon, patterns of decline have varied widely across the developed world and in some countries (Denmark and Sweden for example) there is very little evidence of any decline at all. Given what we know, it would be wrong to conclude that union renewal is an exercise in pushing water uphill.

Second, the research reviewing the impact of unions on productivity shows that unions can either have a negative effect on productivity, a positive effect or no effect at all.

Richard Freeman and James L Medoff put the case as follows almost 25 years ago:

The dramatic switch in the productivity effect from positive to negative shows that the union productivity effect can move sharply over time, dependent on labour and management policies and relations, which can change radically.⁶

Some sectors of the Australian and British economies continue to be highly unionised and in these sectors there is a direct public interest in ensuring that industrial relations are good rather than bad. The parties ought to recognise that making the cake bigger is just as important as deciding on the size of the slices. One might say that widening the scope for more effective union management co-operation is essential in a world of open markets and rapid technological change. Restructuring is an inevitable and painful process for both workers and employers. It is hard to see how disruptive transitions can be legitimised unless workers believe they have some influence over the course of events.

Third, there is evidence to show that, despite the decline in union membership, workers have a commonsense understanding of the logic of collective action. In other words, they know that an isolated worker can do little to influence critical workplace decisions, whereas workers acting together are likely to secure more leverage. For example, in the USA, an environment that is often seen as hostile to trade unionism, Freeman and Rogers found that around two-thirds of workers wanted some kind of collective voice – albeit not always trade union voice⁷. A similar result can be found in work sponsored by the British TUC, with more than sixty per cent of non-union members favouring either a trade

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⁶ Freeman and Medoff, *What Do Unions Do?* (1984), p.168

⁷ Freeman and Rogers, *What Workers Want* (1999)

union or a works council⁸. Another UK study explored what the authors described as “frustrated demand” for trade union representation and concluded that if the cause of “frustration” (essentially employer hostility) could be removed then unionisation in the UK would be eleven per cent higher than the current level – and therefore just over forty per cent of employees⁹.

To put this argument another way, it is very clear that workers understand that voice is essential if they are to have any real prospect of industrial citizenship. Far from being a leftist eccentricity, the progressive notion of workplace justice has deep roots in popular consciousness. How can work be a “fully human activity” unless people know that they will be treated fairly by their employer? And how can fair treatment be guaranteed unless a workplace institution is there to hold the employer to account?

Finally, there is compelling evidence that a drive for a “union free” economy does not necessarily mean that employers will suddenly discover that they have committed, motivated employees whose aspirations are aligned with the goals of the business. Indeed, this is as much of a false prospectus today as it was more than forty years ago when a British commentator offered us the following incisive observation:

There are two sides to industry, whatever the pattern of ownership or management ... These are harsh facts that cannot be spirited away by moral-rearmament touring troupes, or luncheons of progressive businessmen, or syndicalist castles in the air.¹⁰

⁸ Freeman and Diamond, *What Workers Want From Workplace Organisations*, TUC (2001)

⁹ Bryson and Gomez, *Segmentation, Switching Costs and the Demand for Unionisation in Britain*, Centre for Economic Performance (2003)

¹⁰ Crosland, *Industrial Democracy and Workers Control*, in *The Conservative Enemy* (1962), 219

Another was even more scathing and described the employer rhetoric of shared values, shared interests and “all being on the same side” as “an orgy of avuncular pontification”¹¹. Employees seem to take a commonsense view of such initiatives, concluding that you can only fool some of the people some of the time. This may account for the finding that workers in the UK are generally unhappy with the way that they are managed and with the senior leadership of their organisation¹².

The absence of effective employee voice and the countervailing power that it brings can also explain why so many employers are poor communicators and so bad at providing feedback to employees. That these findings are derived from a study sponsored by the British HR profession shows that conventional models of people management are failing to deliver their promise – and can help to explain why British productivity lags behind the USA, Germany and France amongst others. A more realistic assessment of the employment relationship could lead employers to rediscover the by no means new insight that co-operation in the workplace is most likely to be “engineered through structural adaptations in work organisation, work rules and work practices, and that direct negotiation with work groups is essential for this process”¹³.

¹¹ McClelland, BJIR (1963), 278, quoted in Fox, op cit

¹² Chartered Institute for Personnel and Development, *Working Life: Employee Attitudes and Engagement 2006* (2007)

¹³ Fox, *Industrial Sociology and Industrial Relations*, Research Paper 3, Royal Commission on Trade Unions and Employers Associations, HMSO (1966)

The challenge for unions

So far we have argued that employers need to change if progress is to be made, but similar arguments apply to the trade unions too. Indeed, the whole purpose of a more extensive dialogue with employers is to encourage unions to take risks, so that union membership becomes a more attractive proposition for highly skilled and aspirational employees. The case for change is compelling. Unless there is a radical departure from the status quo trade unions may wither away, not just in Australia, the USA and the UK but across the developed world.

The decline of those industries where unions have been historically strong, the liberalisation of markets, the shift in employment from manufacturing to services and from services to high value “knowledge services”, the growth of a more qualified workforce and the decline of standard manual jobs have all conspired to make life much more difficult for trade unions. International experience suggests that public policy (outside the Nordic countries) has either accelerated or slowed down the pace of membership loss but has done little to change the fundamental dynamic. Union membership has fallen in countries with hostile public policy (Australia), supportive public policy (Germany) and neutral public policy (the UK). Demanding further changes in the law is probably insufficient to crack the membership conundrum. The proposals outlined in this paper will help, but unions must rethink their core mission and purpose if they are to secure their future.

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It is often said that the growth of individualism over the past two decades has eroded the support for the principle of workplace solidarity on which trade unionism is founded. Whether society generally has become more individualistic is beyond the scope of this paper, but British research shows that there remains a widespread understanding that unless employees collaborate they can have little influence over important

employer decisions¹⁴. Nonetheless, this same study also shows that a commitment to collective action at work is not necessarily manifested through a commitment to trade unionism. Trade unions are often seen as organisations that represent “other people” – the “male, manual, manufacturing, militant” stereotype is very powerful, even though it bears only a tenuous relationship to the realities of union membership and activity.

Embracing an agenda focused on both job quality and productivity would demonstrate that unions have the capacity to change and respond to the very different needs of today’s workforce. Simply put, the goal must be to show that unions are as much about “getting on” as “getting even”. Well-educated workers are unlikely to be enthused by the slogan “brothers and sisters, let me take you out of your misery” and more excited by a practical agenda that enables them to negotiate the vicissitudes of a rapidly changing labour market, to develop their skills, to exercise more influence over management decisions and gain access to more fulfilling employment.

Unions that are well-informed about strategic developments are much more likely to understand the context in which an organisation is operating. This means that unions and employers should be able to have a better dialogue about how to improve organisational performance (which both union members and non-unionists say should be a trade union priority) and resolve disputes about a more conventional set of distributional issues – pay, working time, other conditions of employment.

Our perennial critic might say that once again we have fallen prey to wishful thinking and ignored the industrial relations realities. That the agenda is ambitious cannot be denied, but unions elsewhere in the world have risen to the challenge, proving that an entirely negative assessment is

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¹⁴ TUC, *A Perfect Union?* (2003)

misconceived. Indeed, one might reasonably ask what else trade unions can do? Allowing the status quo to continue is probably a recipe for continued decline, whereas making a fresh appeal to a more skilled, educated but insecure workforce is much more likely to lay the foundations for membership growth in the future.

Renewing the political agenda

The case we have made so far has focused on the economic and industrial benefits of stronger management-union co-operation, but the case for intelligent support for progressive trade unionism rests on the belief that there are significant political advantages too. We have already noted that many centre-left parties have had a fraught relationship with organised labour in recent years and we have also observed that the Blair-Brown administrations in the UK have seen their relationships with the unions deteriorate. The question therefore is how can centre-left parties and trade unions maintain a shared sense of purpose? More precisely, how can an agenda be developed where the responsibilities of government and unions are clearly delineated and where the purpose of the relationship is to deliver some desirable social and economic objectives?

The challenge is straightforward. If it is right to say that progressives cannot take the unions for granted then both labour parties and the unions must have a strategy for sustaining their commitment to a program for government. The relationship must be more than simply transactional (the government delivers the policy, the unions deliver the votes), cannot create the impression of a union veto or even undue influence over public policy and must focus on an agenda that resonates with the voters. There can be little doubt that the repeal of *Work Choices* has been popular with both trade unions and the wider Australian community, but there must be a serious question whether this is enough to sustain a union-government partnership for three years. The question from the trade unions tomorrow is likely to be: what next?

Labour in the UK made the mistake of developing no compelling answer to this question and of offering luke-warm support to progressives in the trade union movement. Since the initial phase of employment law reform was completed in 1999-2000, Labour and the unions have been unable to

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agree how to answer the “what next?” challenge. Relationships over the last eight years have been at best strained and at worst ill-tempered. The government has been happy to make piecemeal changes (extending rights for working parents for example) while the unions have been demanding the repeal of all the “Tory anti-union laws”. These unrewarding exchanges have generated more heat than light and have probably been damaging to both parties.

It is not the purpose of this paper to offer specific advice about how the ALP and the unions should proceed – beyond making a robust case for the political *and* industrial advantages of workplace reform. Nonetheless, we cannot avoid the conclusion that there are real political costs for unions and government if profound disagreements emerge about the future direction. On the other hand, close union-government collaboration can make it much easier to establish a “progressive consensus in the workplace”, particularly if the agenda addresses such questions as low pay and equal pay, income inequality, working time and flexibility, productivity, training and skills and the role of worker voice institutions.

Simply put government and unions could make significant progress if they agreed about the importance of “good work”, linking the quality of the working environment to a wider politics of the quality of life and to the growth of the Australian economy. Maintaining an effective partnership could wrong-foot the centre-right (who have little constructive to say about the issues) establish a durable workplace settlement, encourage the renewal of the trade union movement and constitute a distinctive offer to voters at the next election. This is a substantial prize – and it is there for the taking.

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