

**Understanding trade union influence on social  
democratic party policy: an examination of the  
Australian and British cases.**

by

**Jack Milroy**

L.L.B (Hons), University of Newcastle, 2010  
B.A., University of Newcastle, 2008

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## Approval

**Name:** Jack Milroy  
**Degree:** Master of Arts  
**Title:** *Understanding trade union influence on social democratic party policy: an examination of the Australian and British cases*  
**Examining Committee:** **Chair: Anil Hira**  
**Professor**

**David Laycock**  
Senior Supervisor  
Professor

---

**Steven Weldon**  
Supervisor  
Associate Professor

---

**Andrew Heard**  
External Examiner  
Associate Professor, Political Science,  
Simon Fraser  
University

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Date Defended/Approved: December 15, 2014

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## **Abstract**

This project explores the relationship between trade unions and social democratic parties. Its primary purpose is to examine how the union-social democratic party relationship drives party policy choice while the party is in government. The project proceeds under the frame that the union-social democratic party linkage is best characterized as an exchange relationship between rational actors. I hypothesize that the more unions are able to provide electoral advantage to the social democratic party, the more that party's industrial relations policy will be favourable to unions. This hypothesis is explored through a comparative case study method. The cases selected are that of the Australian Labor Party's period in government 2007-2013, and the British Labour Party's period in government 1997-2010. The project's analysis of these cases provides some support for the hypothesis, while also demonstrating the need for further research across a larger number of cases to provide a rigorous test of the hypothesis and better understanding of the underlying dynamics.

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# Chapter 1.

## Introduction

### 1.1. Research aim

This project explores the relationship between trade unions and social democratic parties in developed democracies. Its primary purpose is to examine the way in which the union-social democratic relationship drives party policy choice while the party is in government. The project engages with a rich, if developing, literature on the nature of union-party linkages, a literature which is itself a subset of the more established debates over the linkages between interest groups and political parties. Further, this research will speak to ongoing debates in the literature around the ways in which unions are attempting to regain lost political and economic leverage. The aim of the project is to contribute to ongoing debates around both the nature of the union-party linkage, and also the strategies unions should pursue where their goal is to exert influence over government policy through this relationship.

### 1.2. Hypothesis

The union-social democratic party linkage is best characterized as an exchange relationship between rational actors. I hypothesize that the more unions are able to provide *electoral advantage* to the social democratic party, the more that party's industrial relations policy will be *favourable* to unions. Given the limited range of cases and variables examined in an exploratory analysis of this scope, this hypothesis cannot be confirmed or denied in this paper. It can, however, be placed on a stronger, more plausible footing for testing in a more comprehensive study.

### **1.3. Research question**

How and under what conditions do unions influence social democratic parties' industrial relations policy choices.

## Chapter 2.

### LITERATURE REVIEW

This project will speak to two related, but as yet unconnected, bodies of literature in political science. The literature on *union-party linkages* (see Ludlam, Bodah and Coates 2002; Jansen and Young 2009; Allern and Bale 2012) attempts to characterize the relationship between unions and political parties through an understanding of the reasons for which these actors maintain their institutional and organizational links. The literature on *union revitalisation* (Fletcher and Hurd 2001; Ferge and Kelly 2004; Turner 2005) examines the varied ways in which organized labour in the developed world is attempting to regain lost political, economic and organizational power in an increasingly challenging external environment brought about by globalization. At present these two bodies of work do not speak to each other. The union-party literature asks why organised labour might choose to align itself with a political party, in essence funnelling its political action through the intermediary of the party, and how we should best understand the nature of these enduring relationships. The union revitalisation literature asks what is the best way for unions to increase their strategic economic and political leverage in relation to employers and the state, however it largely ignores the institutional and ideological relationships between unions and parties.

This project sets out to understand one of the key determinants of party industrial relations policy. In doing so it will speak to current debates around the characterisation of union-party links as contained in the union-party linkages literature. However it will also shed light on the most effective strategies unions should pursue in order to increase their political leverage, one of the key questions asked in the union revitalisation literature.

The literature on union-party linkages is approached primarily from the perspective of parties. While party scholars have sought to understand the role interest

groups play in political parties and electoral systems more generally, interest group scholars have generally neglected to look systematically at relations with political parties (Allern and Bale 2012). While there are studies investigating interest group attempts to influence government policy (Marsh and Rhodes 1992), interest group scholars have not paid much attention to political parties, placing most of their emphasis on understanding the relationships between business, government and labour.

Duverger's early work on European mass socialist parties argued that party organizations were embedded in social cleavages. Unions and mass socialist parties in Europe were linked institutionally not only because of shared values and history, but because of the perceived advantages that flowed from such a link (Duverger 1954/1972). Globalization, the decline of the unionized urban working class, and the attendant weakening of collective class identity caused a major decline in the core constituency of social democratic parties (Kitschelt 1994). These trends presented an existential challenge to social democratic parties upon the realisation that traditional union partners might now have different interests and identities to those of social democratic parties (Allern 2010). The development of the catch-all party in the 1960's led some to argue that ties between unions and social democratic parties were inexorably weakening (Kirchheimer 1966). Further, some argued that as the electoral interests of social democratic parties diverged from the policy and ideological interests of organized labour, these parties should seek to occupy a more 'vote rich' electoral space around left-liberal issues in order to maintain electoral success (Kitschelt 1994).

Others have questioned the basis upon which this understanding of the nature of political parties is built. Katz and Mair argue that instead of basing a classification of political parties on their relationship with civil society, parties should be understood in terms of their relationship with the state (Katz and Mair 1995). The mass party and catch-all party are wedded to a particular conception of democracy, one based in an outdated social structure rooted in class cleavages not in evidence in post-industrial society. The cartel party, argue Katz and Mair, provides a way of understanding the development of political parties that doesn't view the weakening of party-civil society ties as evidence of party decline. In this way, argue Katz and Mair,

by reconceptualising the state as the primary partner of social democratic parties, the weakening of union linkages, and the lessening of party demands based on those linkages, is viewed as a natural and even desirable manifestation of altered underlying social conditions.

The literature on union-party linkages is primarily concerned with two issues. The first concerns the characterization of the union-party relationship (Ludlam, Bodah and Coates 2002), and the second is with whether unions and social democratic parties have ‘de-linked’ over the course of the 20<sup>th</sup> and 21<sup>st</sup> centuries (Allern and Bale 2012). The first of these issues is most relevant to the objectives of this project. The extent to which a potential process of ‘de-linking’ can be examined will be dependent on whether a ‘de-linking’ process is relevant as a causal factor in party policy choice.

The comparative literature presents three potential characterisations of union-party linkages: a political exchange or rational choice model; a political economy model; and an ideological model (Jansen and Young 2009). The political exchange or rational choice model recognises union-party linkages as the product of a utility maximising exchange between rational actors (Quinn 2010, Allern et al 2007, Allern and Bale 2012). Under this characterisation of union-party linkages political parties are understood to be essentially vote maximising entities (Downs 1957). Unions are understood as policy seeking entities, looking for commitments conducive to organizing and representing members (Jansen and Young 2009). Each of these interests are served with the election of social democratic governments, which drives and maintains the linkage. This model of union-party linkages has been subject to empirical testing and found to adequately explain the linkage in the Scandinavian context (Allern et al 2010). Further, Quinn found confirmation of the political exchange model in the case of the British Labour Party under New Labour (Quinn 2010).

The second model of union-party linkages is rooted in a political economic understanding of the relationship. The move away from post war Keynesian economic policies created the conditions whereby the interests of unions and parties began to diverge (Howell and Daley 1992 and Bodah, Ludlam and Coates 2002). Further, the processes of globalization has produced major declines in union membership in most

OECD countries, causing social democratic parties in those countries to distance themselves from organized labour (Piazza 2001). While this analysis still represents a version of the rational choice explanation, it views underlying economic conditions as the important independent variable. This differs from the rational choice institutional/political exchange explanation in that it does not assign causal power to the financial or other contributions unions make to social democratic parties (Jansen and Young 2009).

The third model for understanding union-party linkages in the literature is a conceptualisation of the relationship as one borne of shared ideological purpose and commitment (Jansen and Young 2009). While less developed than other approaches, the ideological approach understands unions and parties as something other than pure utility maximising entities. If the relationship between unions and parties can be described as primarily ideologically based, then it is likely immune from disruption on the basis of shifting electoral and financial support (Jansen and Young 2009).

The shared ideology approach to understanding union-party linkages shares some commonalities with historical institutionalism. In relation to political parties, institutionalists would view parties not as utility maximisers, bent on seeking office no matter the cost to long held beliefs, but as actors shaped by a collection of norms and historical legacies (Allern and Bale 2012). In this sense the linkages between parties and unions may be understood not as simply embodying a political exchange from which both actors derive a net benefit, but as something that includes but has grown well beyond this, the result of historical legacy, friendship, inertia and some 'irrational' factors (in the sense of not being reducible to rational benefit calculation, essentially instrumental factors). Even if the ideological framework is rejected as most suitable for understanding party-union linkages, the search for non-instrumental bases of party action can still provide interesting insights into what party behaviour might have looked like if it weren't for those union linkages (Allern and Bale 2012).

Aside from the literature on the characterisation of union-party relationships, there have also been attempts to construct a descriptive typology of these linkages. Ludlam, Bodah and Coates (2003) develop a descriptive four-fold typology of union-party relationships based on a comparative study of the British and American cases. In

an ‘external lobbying’ relationship unions and parties have no significant organisational links and unions have minimal policy making influence. In an ‘internal lobbying’ relationship unions are routinely consulted during the policy development process. In a ‘union-party bonding relationship’ party rules allow for special status for unions, resulting in union representation in party structures and machinery. Finally in a ‘union dominance’ relationship unions occupy important party positions and are able to dominate policy making. While we may rightly question the arbitrariness of such typologies, they do provide a template upon which we may begin to map the varieties of union-party linkages that exist across the developed democracies. For scholars interested in social democratic parties, this provides an interesting, although not necessarily causal explanatory basis upon which to begin to understand the various strains of social democratic party type currently in existence, and over time.

The literature on union revitalisation is concerned with the success of organized labour in the contemporary political and economic environment. Proceeding from normative position that values trade unions as a vital part of a good society, these scholars are primarily interested in investigating which strategies enhance the ability of trade unions to achieve their strategic goals (Fletcher and Hurd 2001; Ferge and Kelly 2004; Turner 2005). In contrast to those who see the decline of union power as an inevitable by-product of the contemporary liberal-capitalist order (Kitschelt 1994; Merkel 2005), union revitalization theorists operate under the premise that while union power has been reduced by these forces, contemporary circumstances provide openings for organized labour, and the strategies chosen will have an effect on the ability of unions to revitalize their power (Turner 2005, 383). Consequently, this body of literature is concerned with identifying the most effective ways in which unions can leverage power against employers and the state.

There is a general consensus in the union revitalization literature that the concept of revitalization contains a number of elements including “bargaining power, political power, membership density, and an *institutional vitality* [emphasis original] variable measuring union openness to substantive internal reform” (Behrens, Hamann, and Hurd 2004; also Turner 2005). Scholars in this area are interested in understanding which strategies are most effective as bringing about this type of revitalization. For the purposes of this project, of most interest are those strategies of a

political nature which may contribute to revitalization along any one of the dimensions listed above. This reckoning of revitalization is based on an understanding that union interests are widely construed, covering both the economic, social and political system in which their members live, but also the political and legal environment in which those unions exist.

Harman and Kelly (2004) argue that union political action strategies fall into three areas: elections; legislation; and implementation of policies. Their general claim about the relationships between unions and political parties is that these various forms of political action will be distinguished by the “degree to which they depend on strategic interaction with governments or parties, that is, they will be more effective in the presence of a receptive or friendly party/govt rather than a hostile one”(Harman and Kelly 2004, 95). So while the union revitalisation literature does acknowledge the unique role of organised labour within social democratic political parties, it does not make the study of parties its focus. Further, while there are general claims regarding the desirability of left wing governments, there is little scholarship within this literature on the causal relationships between particular union political action strategies and policy outcomes.



## **Chapter 3.**

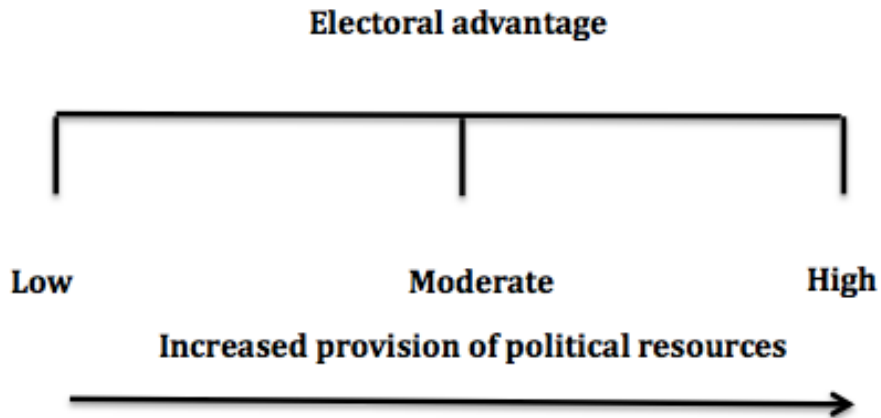
# **CONCEPTUALIZATION AND MEASUREMENT**

In this exploratory comparative study the independent variable is the level of *electoral advantage* unions are able to provide to the social democratic party, and the dependent variable is the *favourability* to unions of the industrial relations policies implemented by the social democratic party while in government. Both terms will be conceptualized in the following section.

### **3.1. ‘*Electoral advantage*’**

Electoral advantage in this project is conceptualised as the combination of political resources required to maximise the party’s vote at elections. These political resources are understood to be both corporeal and non-corporeal and may include financial and human resources, political legitimacy and third party validation, and complementary or supportive third party campaigns. The level of electoral advantage provided by unions to social democratic parties will be categorised as ‘low’, ‘moderate’, or ‘high’ as demonstrated in Figure 1. Figure 1 demonstrates that as the level of political resources provided to the party by unions increases, the overall level of electoral advantage increases.

**Figure 1. Level of *electoral advantage* (X) provided by unions to social democratic party**



Operating within a theoretical framework that understands the union-social democratic linkage as characterised by an exchange dynamic (Allern et al 2007), the analysis examines the political resources provided by unions to the party as an indicator of the level of electoral advantage provided by unions. Table 1 lists two types of political resources, the provision of which may serve as an indication of the level of electoral advantage provided. In keeping with the understanding of political parties as vote maximising entities (Downs 1964), these resources are ‘direct financial contributions to the party’ and ‘union ability to mobilize votes for the party’ (Quinn 2010). In recognition of the difficulties in gauging the drivers of voter choice Table 1 outlines some potential indicators of contributing components which might reasonably be presumed to condition the degree to which the ‘union ability to mobilize votes for the party’ resource has been provided. These indicators include the existence of third party campaigning by unions on behalf of the party, public perceptions of unions, and union density levels.

**Table 1. Measuring political resources provided by unions to parties**

<b>Types of political resources</b>	
Union direct financial contributions to the party	Union ability to mobilize votes for the party
	<p><u>Indicators</u> –</p> <p>Third party campaigning by unions on behalf of party,</p> <p>Public perception of unions,</p> <p>Union density levels</p>

For the purposes of this analysis the political resource ‘union direct financial contributions to the party’ requires only simple, direct indicators. The existence and degree of this political resource will be found in data that directly corresponds with this resource, namely publicly available political funding records in Australia and Britain.

The overarching relationship between electoral advantage, political resources and indicators is clarified in Figure 2.

**Figure 2. Relationship between concepts**

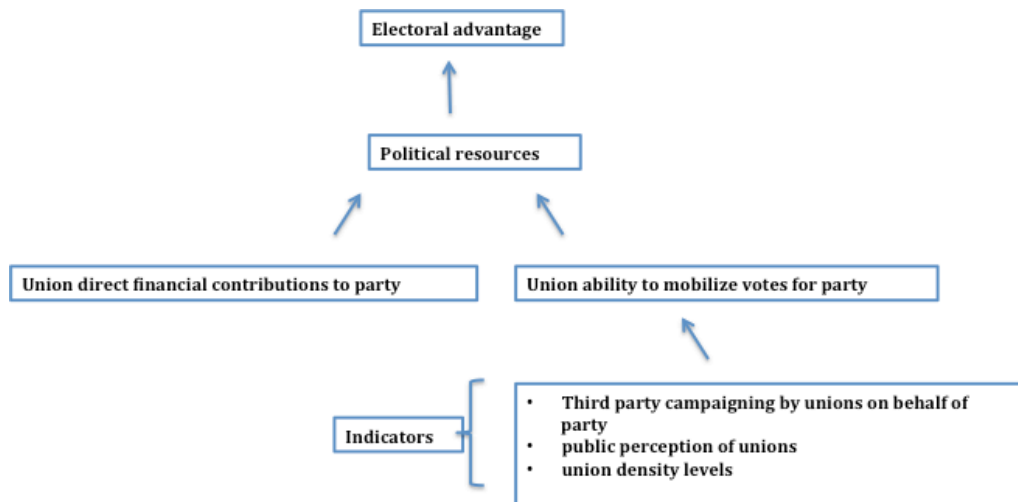


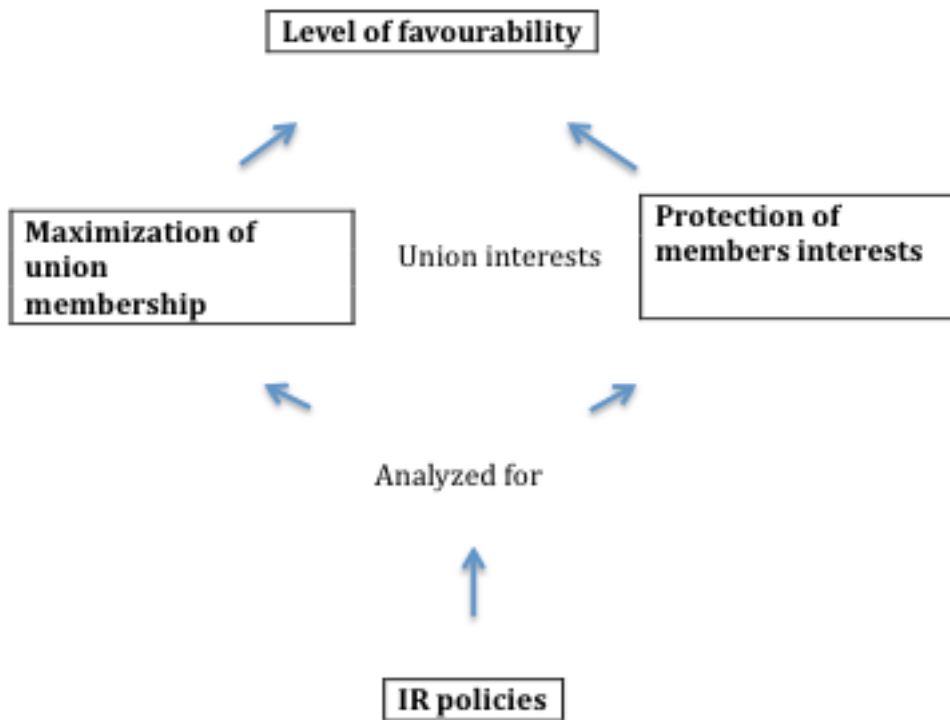
Figure 2 demonstrates the conceptualization of electoral advantage as the culmination of various union political activities. While there are a wide variety of union activities that could be classified ‘political’, this project is only able to examine a limited number. These political resources have been chosen because they represent the core of union political work and exist in some form across both cases (Quinn 2010; Wilson and Spies Butcher 2011). The development of a broader framework for the analysis will allow for future research that may take into account a wider variety of union political activities and other political resources.

### **3.2. ‘Favourable’ industrial relations policy**

An industrial relations policy that is favourable to unions is conceptualised in line with the understanding of unions as rational actors in their relationship with social democratic parties. Where parties are understood as primarily office seeking agents, unions are understood to seek to maximise both their membership and the interests of their members (Allern et al 2007; McIlroy 1998). From this understanding of the utility sought by unions, union interests in relation to social democratic parties can be further refined, falling into two areas. The first area is mechanistic, or procedural, in nature. The procedural interests of unions are to gain access to power through the election of social democratic governments. Second, unions are understood to seek the election of social democratic governments for the purpose of exercising influence over the policies those governments enact so that they will best advance unions’ primary interests: maximisation of membership, and protection of members interests (Quinn 2010). This project conceptualizes these categories of union interests as hierarchical, where the procedural interests (the election of social democratic governments) as secondary and instrumental to the primary interest of influencing policy choices to ensure membership maximisation and the protection of member’s interests. For this reason, the policies of the social democratic party are conceptualized by reference to the primary interests of unions, not by their ability to provide electoral advantage to the social democratic party.

Figure 3 outlines this conceptualization of favourability, and clarifies the relationship between its component concepts.

**Figure 3. Conceptualizing *favourability* of IR policies to unions**

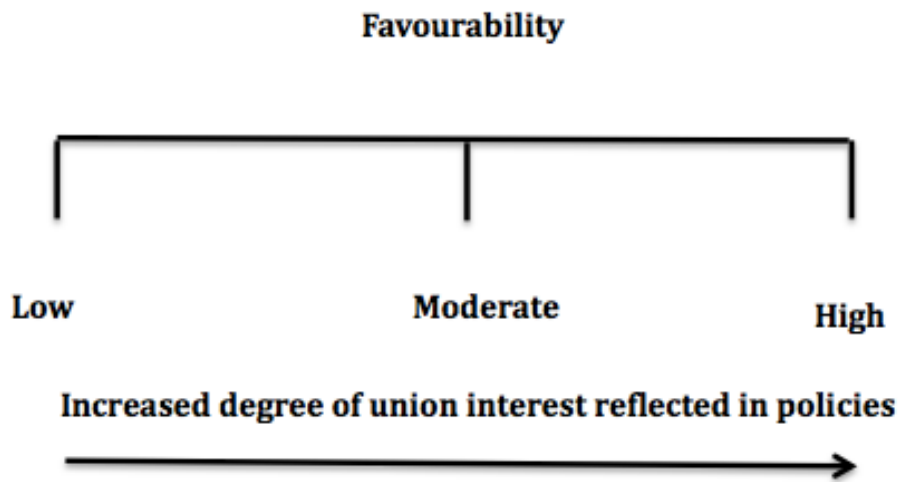


A conceptualization of an industrial relations policy that is favourable to unions must take into account the twin goals of maximisation of union membership and the protection of members interests, as outlined in Figure 3. For the purposes of this analysis it is important to note that there is significant overlap between the two goals. For example a policy that allows for union representatives to enter the workplace to consult with workers provides both a potential opportunity to recruit new members (maximisation of membership) and allows for the union to monitor site safety (protection of members' interests).

For the purposes of this project the degree to which policies are considered favourable to unions will be categorised as 'low', 'moderate' or 'high.' These measures of favourability will be made following an examination of the industrial relations policies of the Australian Labor Party during its period in government 2007-2013, and the British Labour Party during its period in government 1997-2010. Figure 4 demonstrates that industrial relations policies are categorised based on the degree to

which they reflect union interests. The more these policies reflect the interests of unions, the higher the degree of favourability. The judgement as to where a set of policies sits on the scale of favourability will be made qualitatively, with regard to the unique circumstances and historical background in each case.

**Figure 4. Degree to which IR policies are *favourable* to unions**



In order to measure the degree to which the different industrial relations policies reflect union interests the analysis will identify the existence and relative strength of certain indicators. These indicators reflect the general policy preferences of the union movement in Australia (Cooper 2009) and Britain (Quinn 2010, Merkel 2008) during the time under consideration. Table 2 outlines a range of indicators that might inform the degree to which the industrial relations policies reflected union interests. These indicators include the approach the policy takes towards matters such as collective bargaining, union recognition, the right to strike, unfair dismissal protection, state support for low wage employees, and maintenance of service delivery in the public sector (Merkel 2008; Quinn 2010; Cooper 2009).

**Table 2. Measuring the *favourability* of industrial relations policies to unions**

<b>Union interests as reflected in industrial relations policy</b>	
Maximization of union membership	Protection of members interests
Collective bargaining rights	Collective bargaining rights.
Union recognition	Union recognition
Maintenance of service delivery in public sector	Right to strike
	Unfair dismissal
	State support for low wage employees (wage subsidies, minimum wage etc)
	Maintenance of service delivery in public sector

Industrial relations policy has been selected as the dependent variable in this project because it represents a threshold issue for trade unions. Unions rightly conceive of themselves as more than single issue interest groups, advocating for policy solutions across public health, education, and broader social and economic concerns. However unions are largely dependent on the existence of an industrial relations regulatory framework that does not allow employers to erode their power in the workplace. Given that unions are reliant on the conditions created by a favourable industrial relations framework for their institutional survival, industrial relations policy is an interesting and important variable for this project to consider.

## Chapter 4.

### ANALYSIS

#### **A. Independent variable: *'Electoral advantage'***

The degree to which unions have provided 'electoral advantage' to social democratic parties in the Australian and British cases will be analysed within the conceptual framework set out above. Consistent with the conceptualization of electoral advantage as the degree of political resources provided by unions to the social democratic party, each type of political resource will be examined in turn. Beginning with an examination of the provision of the political resource 'union direct financial contributions to the party' in each case, the analysis will then turn to a cross case examination of the second type of political resource, 'union ability to mobilize votes for the party.' Assessment of the degree to which unions have provided electoral advantage will be undertaken qualitatively with respect to the unique circumstances and context of each case and in consideration of the limitations of the data available.

##### *i. Political resource: 'union direct financial contributions to the party'*

The provision of funding by unions is a resource highly valued by political parties. Without the corporate support enjoyed by conservative and liberal parties, social democratic parties have traditionally relied upon trade unions for financial and physical resources. Analysis of the provision of funds by unions to social democratic parties helps us to understand one of the key resources traded in the exchange relationship.

##### *Australia*

As in most advanced democracies, political parties in Australia receive funding from various sources. Parties receive a version of per-vote public funding from the state based upon election results, as well as private funding flowing from individuals, businesses, and trade unions (Young and Tham 2006). Australian



electoral law recognises two types of financial contributions from unions to political parties: party affiliation fees and non-membership contributions. Party affiliation fees reflect the provision of funds by unions to the party in return for the various union organizations' membership in the party. The ALP is the only party to which Australian unions maintain a formal affiliation, with over 80 per cent of registered Australian unions affiliated to the ALP (Tham, 38). Non-membership contributions are essentially financial donations intended to aid the financial capacity of the party. The analysis to follow considers both types of contributions as 'financial contributions' for the purposes of this project.

Australian election funding law retains some quirks that can make it difficult to determine the precise source of all funds received by a party, including the intersection of various state based regulatory systems with the Commonwealth disclosure requirements. In basic terms however, political parties are required to declare total receipts and itemise the source of these receipts where the value of the contribution is over \$11,000, indexed over time (Tham, 36). However, in practice the ALP has itemised union contributions of well under this required amount, and since Australia does not have a history or culture of 'small dollar' political donations, the disclosure reports provided by the ALP to the Australian Electoral Commission (AEC) provide a fair approximation of the relative, if not absolute, weight of union funding as compared to funding from other sources.

Data extracted from the AEC political party funding database demonstrates that unions remain a significant financial supporter of the ALP. This data represents the combined total declared financial receipts of the ALP National Secretariat, and all state and Territory branches of the ALP. The data reflects the entire scope of financial receipts over this period, including affiliation fees, donations, the proceeds of public financing, and revenue from the party's investment portfolio (AEC 2014). The data reveals that unions contributed between \$5 million and \$11.3 million each year to the ALP during this period. However, as table 3 makes clear, the data also indicates that union contributions to the ALP represent a significant, but somewhat underwhelming, proportion of total ALP receipts.

**Table 3. Union financial contributions as a proportion of total ALP declared receipts 2004-2013 (\$)**

	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Total 2004-13</b>
<b>Union</b>	7,884,355.1	4,339,070	5,116,996	9,083,320	5,020,902	5,590,785	11,333,483	4,268,813	6,492,520	46,906,819
<b>Other</b>	50,382,168	16,134,816	36,049,756	76,002,745	22,851,050	17,314,377	53,325,603	33,114,395	27,841,094	266,499,020
<b>Total</b>	58,266,523	20,473,886	41,166,752	85,086,065	27,871,952	22,905,162	64,659,086	37,383,208	34,333,614	313,405,839
<b>Union % of total</b>	13.5%	21.2%	12.4%	10.7%	18.0%	24.4%	17.5%	11.4%	18.9%	15.0%

Source: AEC 2014

Over the period 2004-2013, financial contributions from Australian unions accounted for between 13.5% and 24.4% of total ALP financial receipts, with an average contribution of 15% of the total declared receipts of the party. The data presents no discernable trend in the proportion of union contributions to the ALP over this period. Other studies of union financial contributions to parties have linked significant increases in contributions to election years (Quinn 2010). The data on the Australian case, while not exhibiting any trend, does indicate some significant contribution spikes, in particular a jump from 13.5% in 2004-05 to 21.2% in 2005-06, and from 10.7% in 2007-08 to 18% in 2008-09. However, due to the occurrence of multiple local, state, territory and federal elections over the time span covered by the data, and because the data includes the receipts of all branches of the ALP, it is not possible to link any specific spikes in union contributions to a particular electoral event. It is a limitation of this data that it does not allow for this type of analysis.

In the absence of a data set capable of accurately breaking down the proportion of union donations and affiliation fees to the ALP relative to total donations and affiliation fees, one way of measuring the degree to which the financial contributions of unions to the ALP represent a significant political resource is by comparing overall ALP financial receipts to those of its competitor, the Liberal Party of Australia. Table 4 shows that over the same period, 2004-2013, the Liberal Party and the ALP both declared a strikingly similar amount of total financial receipts. The ALP in this period declared \$313,405,839 and the Liberal Party declared a total of \$307,198,395.

**Table 4. Liberal Party and ALP total declared receipts 2004-2013 (inc ALP advantage) (\$AUD)**

	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>Total</b>
<b>LIB</b>	53,601,559	13,076,009	21,440,257	51,771,438	15,982,347	18,825,049	70,472,796	30,326,022	31,702,918	307,198,395
<b>ALP</b>	58,266,523	20,473,886	41,166,752	85,086,065	27,871,952	22,905,162	64,659,086	37,383,208	34,333,614	313,405,839
<b>ALP advantage (w union)</b>	4,664,963	7,397,877	19,726,494	33,314,628	11,889,605	4,080,113	-5,813,710	7,057,186	2,630,696	6,207,444
<b>ALP (w/o union)</b>	50,382,168	16,134,816	36,049,756	76,002,745	22,851,050	17,314,377	53,325,603	33,114,395	27,841,094	266,499,020
<b>ALP advantage (w/o union)</b>	-3,219,392	3,058,807	14,609,499	24,231,307	6,868,703	-1,510,672	-17,147,193	2,788,373	-3,861,824	-40,699,375

Source: AEC 2014

It is instructive to note that while the proportion of union contributions to the ALP is relatively small over this period, accounting for an average of 15% of total receipts, this amount nevertheless represents an identifiable advantage to the ALP when the receipts of the Liberal Party are taken into account. As Table 4 reflects, while the ALP leads the Liberal Party in total receipts over this period by approximately \$6.2 million, when union contributions are removed from the equation the ALP trails the Liberal Party by approximately \$40.6 million. Interestingly, the total amount of union contributions to the ALP over this period (approximately \$46.9 million) correspond closely with the total financial advantage of the ALP over the Liberal Party in this period. This leads to a tentative summation that union direct financial contributions to the ALP over the period 2003-2013 can be understood as providing an identifiable financial advantage to the ALP over its competitor the Liberal Party.

### ***Britain***

Political parties in Britain receive funding from three sources: membership fees, private donations, and public funding (for opposition parties only). Since 2000, British political parties have been only allowed to accept donations from ‘permissible donors’ which includes individuals registered on the UK electoral roll, companies incorporated within the European Union which carry on business in the UK, and registered trade unions. Parties are required to declare all donations over £5,000 on a quarterly basis outside of election campaigns, and weekly during election campaigns (Gay, White and Kelly 2007).

Analysis of election funding in Britain demonstrates that British unions provide a significant level of financial contributions to the British Labour Party. Table 5 shows the results of a survey of election funding declarations over the period 2001-2009 (Quinn 2010). The data shows that over this period the British Labour Party declared approximately £121.8 million in total cash donations. Union donations to the party over this period averaged £8.7 million annually, with a low of £6.1 million in 2001 and a high of £10.5 million in 2005. Overall unions donated a total of £78.4 million to the Labour Party between 2001-2009. Consequently donations from British

unions to the Labour Party over this period represent 64.4% of all cash donations to the party.

**Table 5. Donations to the British Labour Party 2001-2009 (£m)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total	Average '01-'09	% total 2001-2009
<b>Unions</b>	9.1	6.1	7.2	10	10.5	8.1	10.3	8.4	8.7	78.4	8.7	64.4
<b>Individuals</b>	1.5	3.8	5.9	3.2	7.3	2.1	6.8	5.2	3.1	38.9	4.3	31.9
<b>Other</b>	0.5	0.2	0.4	0.6	0.6	0.4	0.6	0.6	0.5	4.4	0.5	3.6
<b>Total</b>	11.1	10.1	13.4	13.8	18.4	10.6	17.8	14.2	12.4	121.8	13.5	100.0

Source: Quinn (2010)

The data presented in Table 5 confirms that the British Labour Party is essentially reliant on union donations for its financial resources. It is noteworthy that the British Labour Party relies on union funding to a degree not in evidence in other comparable social democratic parties. Aside from the levels of funding provided by Australian unions to the ALP examined in this project, the British Labour Party is more heavily reliant on union finance than even more traditional social democratic parties in Europe. For example, in 2003 social democratic parties in Denmark and Norway obtained just 8% and 14% of their funds from trade unions, receiving the bulk of the remainder in the form of public funding (Allern et al. 2007, 625). Although this comparison should be treated with caution as Scandinavian countries have a tradition of higher public funding for political parties, reducing the need for union donations.

#### ***Measuring ‘union direct contribution to the party’ in Australia and Britain***

While the data relied upon in the analysis of ‘union direct contribution to the party’ differs across the Australian and British cases, it nevertheless reveals a clear difference in the degree to which the ALP and British Labour Party rely on union funding. It is possible that the data extracted from the AEC database understates the degree to which the ALP relies upon union funding, due to the fact that this data reflects all of the ALP’s financial receipts (including income from investments). Compared with the data used in the British case, which only examines cash donations from individuals, businesses and unions to the Labour Party, the Australian data measures a slightly different pool of money. However, the scale of union donations as a share of total donations in the British case represents a clear departure from the amount provided by unions in the Australian case. Combined with comparisons to the Norwegian and Danish social democratic parties which exhibit union funding more in line with that evident in the Australian case (Quinn 2010), we are left with a strong indication that British unions provide significantly more funding to their social democratic party than Australian unions provide to theirs. However, given the role of union contributions in establishing the ALP’s financial advantage over the Liberal Party in the period 2004-2013, there is an indication that these financial contributions are valuable to the party, albeit not as valuable as the contributions of British unions to the British Labour Party over the period 2001-2009. Consequently, the analysis



indicates that British unions provide a ‘high level’ of the political resource ‘union direct financial contributions to the party’ to the British Labour Party, while Australian unions provide a ‘low-moderate level’ of this resource to the ALP.

*ii. Political resource: ‘union ability to mobilize votes for the party’*

The ability of unions to mobilize votes for a social democratic party is one of the most valuable political resources a union can provide a party. This section will consider the evidence that unions helped mobilize the votes of both members and non-members for the parties in each case. Further, it will look at two factors that shape the ability of unions to influence voters: the level of union density in the electorate, and public attitudes towards unions. In relation to these second sets of factors, throughout this analysis it is understood that unions undertake some basic level of contact with their members in relation to national elections (Quinn 2010, and Wilson and Spies-Butcher 2011). Further, it is assumed that unions generally tend to urge their members to vote in favour of the social democratic party. This analysis is concerned with those factors that make such appeals more, or less, successful in relation to unions’ members. This section will also note a significant departure from traditional union electoral campaigning in the Australian case; the ‘Your Rights at Work’ campaign in the lead up to the 2007 election. An equivalent pre-election voter education effort is not found in the British case.

*Union voters*

A significant contributor to the decline of the social democratic hegemony over the post-war period has been the decline of the unionized, industrial voter base (Piven 1991). This process of ‘de-proletarianization’ has forced social democratic parties to search for votes outside of their traditional constituencies (Kitschelt 1994). However, despite its overall diminution, union membership still remains a strong indicator of voter behaviour. Not only are levels of voter turnout higher in countries with higher union density rates (Gray and Caul 2000), but there is evidence to suggest that union membership is a strong predictor of vote choice at the individual level (Flavin and Radcliff 2011).

Union membership has also been shown to have an effect on the partisan preferences of voters. In the United States it has been estimated that union members and voters living in a union household (a home with at least one union member present) are between 9%-16% more likely to vote Democratic (Freeman 2003). Leigh points out that in a comparison of the effects of union membership on voting behaviour in Australia, Britain and Canada, Bélanger found that the marginal effects of union membership on social democratic party vote choice were higher in Australia than the other two comparators. In a study of 11 post-election surveys over the period 1966-2004, Leigh (2006) estimated that union membership increased the probability the respondent voted for the ALP by 23%. Union members in Britain are less likely than their Australian counterparts to vote for their social democratic party. The proportion of union members voting for the British Labour Party declined significantly over the period 1964-2010. At its peak in 1964, 73% of union members voted Labour at the general election, declining radically to only 39% at the 2010 general election (Quinn 2010, 363).

In the Australian case there is evidence of a substantial effort on the part of the union movement to elect the ALP at the 2007 federal election. In 2006, following the Liberal government's radical and wide ranging changes to the Australian industrial relations system, the Australian union movement, led by the Australian Council of Trade Unions (ACTU), launched the most extensive campaign by a non-political party in Australian history (Muir 2008). The 'Your Rights at Work' campaign mobilized union members and activists to reach voters and focus public debate on the government's contentious Work Choices laws in the lead up to the 2007 federal election. The campaign was funded by a levy on all union members and cost approximately \$30 million (Cooper and Ellem 2008, 545). The campaign featured centralized messaging directed by the ACTU, but was carried out jointly by ACTU affiliate unions in a relatively coordinated fashion (Wilson and Spies-Butcher 2011, 314). Campaign tactics included increased and systematic contact with union members, national 'days of action' rallies, and the adoption of online forms of activism (Wilson and Spies-Butcher 2011, 315). Further, the campaign identified and targeted 240,000 union members in 25 marginal seats (of which 24 were held by the government). Full time organizers were hired to work on the ground in these seats for over a year, working with local unions to engage union members; significant numbers

of whom had voted for the conservative government in the previous election (Wilson and Spies-Butcher 2011, 315). Muir (115-16) has noted that 4,861 volunteers distributed 'Your Rights at Work' material in 835 of 1,163 polling booths across 24 government held marginal electorates on polling day.

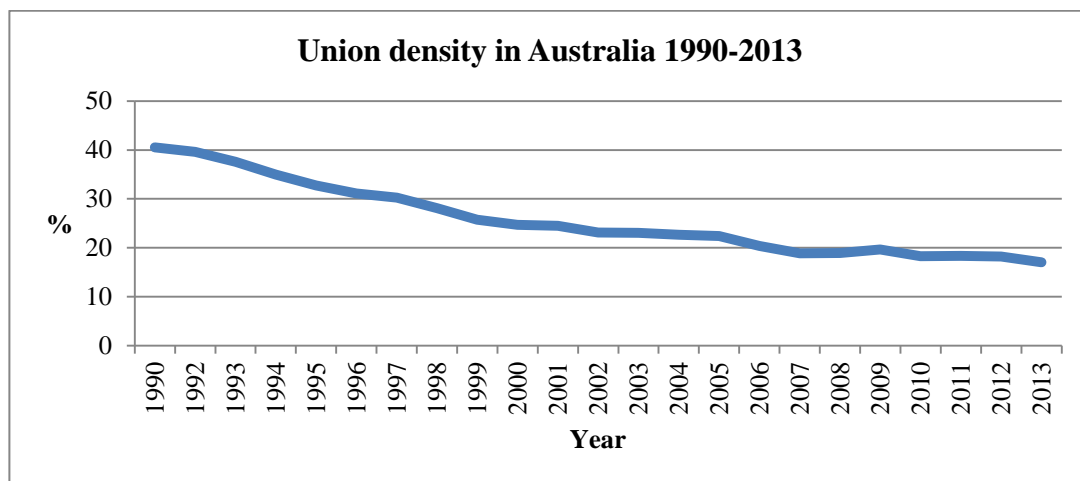
In a detailed analysis of Australian Election Study (AES) data, Wilson and Spies-Butcher (2011) concluded that the union campaign in the lead up to the 2007 federal election was responsible for a significant increase in the ALP vote. The issue of industrial relations, usually not a top issue for voters in Australian elections, gained substantial salience in 2007. Where voters ranked industrial relations as 10<sup>th</sup> overall in their ranking of issues of concern in 2004, by 2007 it had risen to 2<sup>nd</sup> (Wilson and Spies-Butcher 2011, 317). Further, the AES data shows that industrial relations was the most important issue to union members, voters under 50, voters in employment and ALP voters (Wilson and Spies-Butcher 2011, 317). Overall the issue of industrial relations was calculated to have increased the ALP vote by 1.7% nationally (Wilson and Spies-Butcher 2011).

There is also evidence that the union-run campaign was responsible for the increase in the ALP vote in 2007. Analysis of AES data electorates targeted by the ACTU 'Your Rights at Work' benefited from an additional swing to the ALP of around 1.5% above the uniform national average swing. This indicates that the campaign was successful in delivering a series of electorate level wins to the ALP in key marginal seats where the ALP won 23 of the 25 seats targeted by the ACTU campaign (Wilson and Spies-Butcher 2011, 322). Overall this analysis indicates that trade unions had a more substantial impact on vote choice in the Australian case than in the British. While it is difficult to distinguish between trade unions simply sending a message that members and supporters should vote for the social democratic party, and that message actually driving vote choice, the 2007 AES data provides some evidence that Australian unions were able to have a measurable impact on vote choice. This author could not find similar evidence of union impact on vote choice in Britain.

### *Union density*

Union membership in Australia has traditionally been high by the standards of English speaking countries. A combination of state support for full employment, compulsory arbitration and conciliation, and compulsory unionism in some sectors led union density in Australia to peak at 61% of the workforce in 1954 (Cooper and Ellem 2008, 537). Following a numerical peak in total union members of over 2.5 million in 1990, union membership in Australia began to fall much as it did in other advanced democracies (Cooper and Ellem 2008, 537). Figure 5 shows the decline in union density in Australia in the period 1990-2013. This represents the tail end of the Hawke and Keating Labor governments, and the entire period of the Howard led Liberal/National coalition government and Rudd/Gillard led Labor governments. The data demonstrates that overall Australian union density fell in steady decline from over 40% in 1990 to a low of 17% in 2013.

**Figure 5. Union Density in Australia 1990-2013**

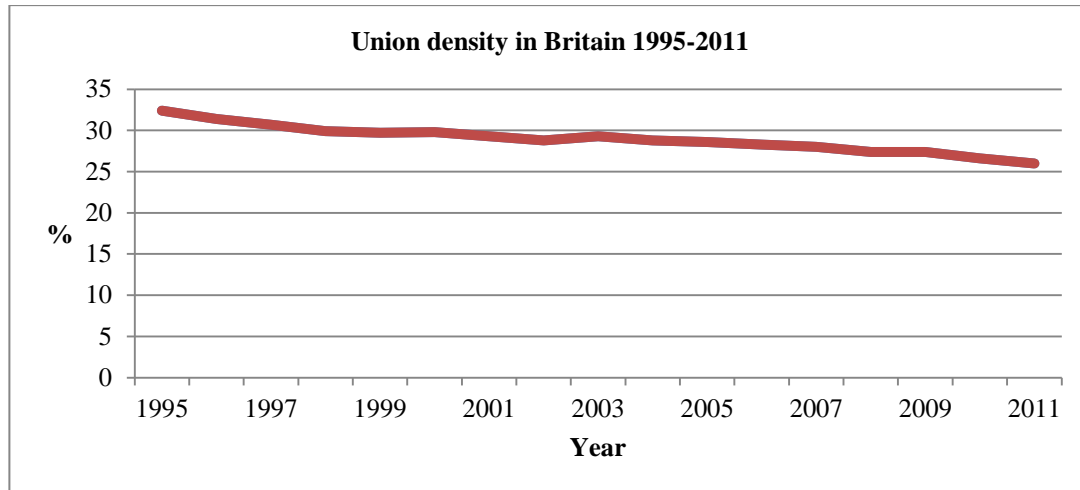


Source: Australian Bureau of Statistics, 2014.

The existence of trade unions, and hence their participation in the social and political fabric of Britain, has been threatened in recent years. British unions have suffered at the hands of the same forces that have decreased the membership of Australian unions: economic globalization, the decline of the manual working class and the rise of new forms of work. Union membership in Britain began a rapid decline in the late 1970's. In 1979 approximately 53% of employees were members of a union, but by 1999 this had fallen to around 30%. Further evidence of union decline in Britain is that in 1980 around 70% of employee wages were set by collective

bargaining, whereas by the mid 1990s this number had fallen to around 45%. The decline of union density in Britain is largely attributed to the failure of unions to organize new workplaces set up in the 1980's and 1990's (Machin 2000).

**Figure 6. Union density in Britain 1995-2011**



Source: UK Department for Business, Innovation and Skills, 2014.

Figure 6 shows the decline in union density in Britain over the period 1995-2011. This period represents the lead up to the election of the British Labour government in 1997 and the entire period in which the Blair/Brown governments held power. In this period union membership declined steadily from a high of 32% in 1995 to a low of 26% in 2011. While this rate of decline represents a significant moderation from that evident in the 1980's during Thatcher's anti-union regime, it nevertheless represents a significant loss of union members over the lifetime of the Labour government.

### ***Public attitudes to unions***

Public attitudes to unions contribute substantially to the success of any union political strategy. Attitudes to unions can affect the ability of unions to harvest votes for social democratic parties in two ways. First, because of the close association between social democratic parties and unions, voters with negative attitudes to unions may carry that attitude over to the party. This can be assumed to be particularly true in the Australian and British cases, where the two institutions are organizationally and historically linked. Second, any attempt by unions to campaign on behalf of the party will be more difficult if potential voters do not trust the messenger (Quinn 2010). For

example, perceived union militancy in Britain in the 1970's led to a belief that unions held too much power, power that would be enhanced with the election of a Labour government. These attitudes persisted; in 1991 a Gallup survey found that 61% of voters thought unions would have more power under a Labour government (Quinn 2010, 362).

Australian attitudes to unions have softened over time. Table 6 sets out selected results from the Australian Election Study over the period 1990-2013. It shows that in the early 1990's 68% of Australian voters 'strongly agreed' or 'agreed' with the statement "trade unions in this country have too much power." By 2013 this number reduced to only 46%. Similarly, the proportion of voters that 'disagreed' or 'strongly disagreed' jumped from only 12% in 1990, to 23% in 2013, and hit a high of 33% in 2007 (the year the Howard government lost power largely on the back of an unpopular anti-union IR policy). In response to the statement "big business in this country has too much power" voters have remained remarkably consistent over time. In 1990 66% of voters 'strongly agreed' or 'agreed' that big business held too much power, in 2013 this number remained unchanged. Overall, the data from the AES suggests that while Australians have always retained a suspicion of big business, they have also reduced their view that unions have too much power, indicating that public attitudes towards unions have become more positive over time.

**Table 6. Attitudes to trade unions in Australia 1990-2013**

Response to statement “trade unions in this country have too much power” (%)

	<b>1990</b>	<b>1993</b>	<b>1996</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>	<b>2013</b>
<b>Strongly agree</b>	35	38	38	24	19	16	15	19	18
<b>Agree</b>	33	24	24	29	28	26	23	29	28
<b>Neither agree nor disagree</b>	19	18	19	23	29	31	30	31	32
<b>Disagree</b>	11	15	14	18	18	22	25	17	19
<b>Strongly disagree</b>	1	5	5	6	5	6	8	4	4

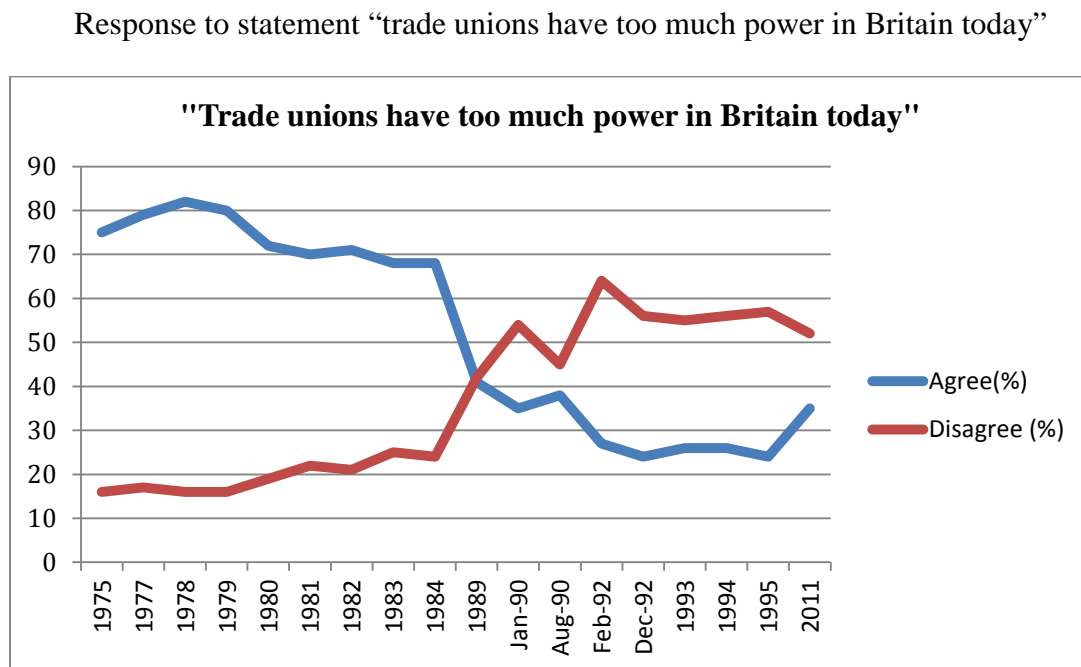
Response to statement “big business in this country has too much power” (%)

	<b>1990</b>	<b>1993</b>	<b>1996</b>	<b>1998</b>	<b>2001</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>	<b>2013</b>
<b>Strongly agree</b>	22	28	29	31	32	27	25	27	25
<b>Agree</b>	42	35	36	40	40	45	44	45	41
<b>Neither agree nor disagree</b>	25	25	25	23	22	22	23	22	26
<b>Disagree</b>	9	11	9	5	5	5	7	5	7
<b>Strongly disagree</b>	1	2	1	1	1	2	1	1	1

Source: McCallister and Cameron (2013), based on Australian Election Study data.

British attitudes towards trade unions have undergone a significant shift over the past forty years. Figure 7 shows the results of IPSOS-MORI polling over the period 1974-2011. It shows that in 1975, 75% of British voters agreed with the statement “trade unions have too much power in Britain today”, with only 16% disagreeing with this statement. Over time public perceptions of union power in Britain began to reverse. In 1989 negative and positive responses to this statement drew even, and from then on more respondents disagreed that unions held too much power. By 2011 only 35% agreed that unions held too much power, while 52% disagreed. It is interesting that attitudes towards unions began to shift during the Thatcher government, and respondents have generally maintained the view that unions do not hold too much power. However it is important to note that while there was a significant increase in those who believed unions held too much power over the life of the Blair and Brown governments, there is still significant opposition to the notion that unions have too much power in Britain.

**Figure 7. Attitudes to trade unions in Britain 1974-2011**



Source: IPSOS-MORI (2014)



### *Measuring 'union ability to mobilize votes for the party' in Australia and Britain*

Overall this analysis indicates a complex relationship between votes, unions and the social democratic party in each case. From the limited data examined it seems that while Australian union members tend to vote for the ALP in higher numbers than did their counterparts for Labour in Britain, Britain maintains a higher degree of union density and more positive public attitudes towards unions than in Australia. In Australia the incoming ALP government in this case benefited significantly from union campaign efforts in 2006-2007. This indicates that a well organized effort by unions to engage in third party campaigning at elections may, when combined with a salient election issue, outweigh any natural built in advantages inherent in higher rates of density and more positive public perceptions of unions. This suggests that British unions could enhance the Labour Party vote if they engaged in the kind of community based campaigning Australian unions relied on in 2006-07. If successful, this type of campaign could help to negate rising distrust of the power of trade unions by repositioning organized labour as a community organisation rather than a partisan actor. Overall the data indicates that in both cases unions are able to provide a 'moderate level' of the political resource 'union ability to mobilize votes for the party'.

### *iii. Conclusion: measuring 'electoral advantage' in Australia and Britain*

The analysis in this section indicates that in each case unions were able to provide different levels of different types of political resources. In the British case unions provide a significant proportion of the Labour Party's total financial intake, indicating a significant reliance by the party on union money. However, British unions seemed less able to supply the party with votes, where unionists in this case vote for the party to a lesser degree than in the Australian case. Similarly, while Australian unions provide the ALP with a moderate level of 'union ability to maximise votes for the party', including arguably helping to deliver government to the party in 2007, the data indicates that it is not a major financial benefactor to the party, relative to other sources of funding. These results indicate that in both cases unions should be understood to have provided a

‘moderate level’ of electoral advantage to the party in the period before, and during, that party’s period in government.

## **B. Dependent variable: ‘Favourability’ of industrial relations policy to unions**

This project conceptualizes the favourability of the industrial relations policies of social democratic parties as those which reflect union interests. In determining the degree to which industrial relations policies across the Australian and British cases (the ALP government in the period 2007-2013 and the British Labour government in the period 1997-2010) reflect the interests of unions, these policies will be considered in relation to two standards. The first is ‘maximisation of union membership’, and the second is ‘protection of members interests.’ Analysing the industrial relations policies implemented by the social democratic parties in each case, attention will be paid to a range of indicators, including the degree to which the policies protect collective bargaining rights, union recognition, maintenance of service delivery in the public sector, the right to strike and protections against unfair dismissal.

### ***i. Australia: the industrial relations policy of the ALP government 2007-2013***

The industrial relations policies of the ALP government in the period 2007-2013 were indelibly shaped by the public rejection of the previous Liberal government’s industrial relations laws and the success of the union ‘Your Rights at Work’ campaign in the lead up to the 2007 election which returned the ALP to power. The Howard led Liberal/National coalition government implemented two suites of industrial relations reforms during its period in office: the 1996 *Workplace Relations Act*, and the contentious Work Choices reforms in 2006. The intention and effect of these reforms was to undermine the collective, arbitral nature of the Australian industrial relations system.

The industrial relations regime adopted in Australia shortly after the federation of British colonies into the Australian state is, with the exception of New Zealand, unique among former British colonies. In order to forestall escalating labour crises in the years after federation, the Australian government enacted an industrial relations regime in

which the state played a central role. The system, centred on compulsory arbitration and conciliation, acted as a founding mechanism in the development of the Australian political economy. Arbitration tribunals were tasked with setting fair wages and conditions for workers, and in return the Australian government maintained import tariffs that protected industry from overseas competitors (Cooper and Ellem 2008). For non-wage earners, a redistributive, as opposed to universal, welfare state provided a social safety net. As Cooper and Ellem (2008) point out, the interaction between industrial relations, trade and social policy is key to understanding this 'old' Australian model of political economy, and also its demise beginning in 1996. Finally, a key facet of the arbitration system was that because arbitration tribunals regulated relations between unions and employer associations, the system relied upon unions to function, entrenching union power in Australian society throughout the twentieth century (Cooper and Ellem 2008, 535).

The industrial relations reforms of the Howard government were far reaching. The 1996 *Workplace Relations Act* and the 2006 *Work Choices* laws severely undermined these central tenets of the Australian industrial relations regime. Collective bargaining was dramatically undermined through the introduction of statutory individual employment contracts, aimed at removing unions from their traditional role as the bargaining agents for collective labour. The reforms also reduced the scope of matters allowed in collective agreements, made it more difficult for unions to enter workplaces, allowed for non-union bargaining agents, and reduced the ability of unions to take strike action (Cooper and Ellem 2008, 540). Further, the Howard government increased the rate at which public assets and utilities were privatised, accelerating the decline in union density in Australia (Fairbrother et al 2002). *Work Choices* presented a comprehensive attack on unions and the regulatory institutions that sustained the old Australian industrial relations regime. Among many other changes, a new type of collective agreement was launched that allowed employers opening new enterprises to make an agreement with no other party, allowing them to unilaterally set the wages and conditions of employees with the sanction of the state (Cooper and Ellem 2008, 543). The reforms prohibited unions from bargaining with employers over any matter that would assist that union to maintain

effective representation of members. Finally, employers were not required to negotiate with a union even where 100% of employees were members and expressed a desire to enter into a collective agreement (Cooper and Ellem 2008, 544).

The ALP entered government in 2007 on the promise of completely overhauling the industrial relations policies of the previous government. Upon forming government the ALP set about developing a new, national, industrial relations regime that would re-regulate the labour market, encourage collective bargaining, and set minimum workplace conditions under the entire labour market. The *Fair Work Act* went some way to re-establishing the collective nature of the Australian industrial relations system, and with it the role of unions. It provided for a suite of minimum standards applicable to all employees that could not be negotiated away. These National Employment Standards (NES) set minimum conditions around annual leave, sick leave, parental rights, the right to request flexible working hours, and redundancy pay (Cooper 2010, Barnes and Lafferty 2010). The *Fair Work Act* also recognised collective bargaining and trade unions as the central to the nature of the industrial relations system. The reforms abolished statutory individual contracts, included a requirement for employers to bargain in ‘good faith’, and increased union access to workplaces for the purposes of representation and membership recruitment (Cooper 2010, 263). The union movement, through the ACTU, came out strongly in favour of the industrial relations changes. While there was some criticism from the left wing of the union movement that the changes did not go far enough to restoring union power, these voices were in the minority (Cooper 2009, 291).

This brief examination of the industrial relations policies enacted by the ALP in the period 2007-2013 indicates a series of policies that were broadly supportive of unions and union interests. Largely due to the fact that the ALP entered government at a time when the industrial relations regime was stacked so heavily against union interests, almost all changes made by the party while in government were in the interests of unions. Given the circumstances under which the ALP won power at the 2007 election, and given widespread public dissatisfaction with the industrial relations policies of the Howard government, the ALP implemented the type of policies many expected. When examined

in relation to the indicators referred to in Figure 3, the industrial relations policies of the ALP during the period 2007-2013 appear to have been 'highly favourable' to union interests.

*ii. Britain: the industrial relations policy of the British Labour government 1997-2010*

The industrial relations policies of the British Labour government in the period 1997-2010 were shaped in large part by the anti-union policies of the Thatcher and Major governments. The reforms of successive Conservative governments throughout the 1980s and 1990s reached into all areas of the labour market. The power of unions was radically degraded, wage negotiations were decentralized, unfair dismissal protection was abolished for people under 21 years old, working hour limits for 16-18 year olds were removed, part time employees saw a reduction in workplace rights, and legal action in response to termination was restricted (Merkel 2008, 48-49). The deregulation of the labour market under Thatcher led to a decline in long term unemployment, one of its stated objectives, but did not succeed in lifting the labour participation rate (Merkel 2008, 48).

The Labour Party under Tony Blair campaigned and won office within a number of self imposed policy and ideological constraints. In response to a widespread public perception that they were not to be trusted on the economy, the Labour Party pursued an electoral strategy which adopted pro-free market language and posturing in order to attract the median voter (Coulter 2009). Labour's self imposed constraints as it went into government included a commitments to macro-economic stability, flexibility, embracing globalization, and supply side economic reform (Coulter 2009). Within this context the party had to reassure its traditional allies in the union movement that it would overturn or at least soften the impact of Thatcher era industrial relations policies.

The *Employment Relations Act* was enacted by the Blair government during Labour's first term in office. The legislation contained two main policy initiatives. First, it dealt with the issue of union recognition in the situation where an employer refused to recognize a union as a bargaining partner. The legislation gave unions a statutory right to

recognition where a majority of employees voted in a ballot to approve the union, and of those eligible voters 40% voted in favour (Quinn 2010, 370). While the union recognition laws did not apply to small firms, they did help stabilize a decline in union density, although union membership has never recovered to pre-Thatcher levels. The second major policy initiative contained in the *Employment Relations Act* involved changes to unfair dismissal protection, where the maximum compensation for unfair dismissal was increased from £20,000 to £50,000.

Two other policies favourable to unions were enacted during the first term of the Labour government. As a result of Labour's establishment of the tripartite Low Pay Commission, Britain's first national minimum wage (NMW) was established. The NMW has been most beneficial to women and part-time employees, which represent around two thirds of the groups affected by its introduction (Merkel 2008, 53). Finally, the Labour government reversed Britain's opt-out of the EU Social Charter, an international treaty that among other things provides for the rights of workers and unions in the EU.

While Labour delivered on its commitments to trade unions in its first term in government, subsequent years provoked substantial opposition and disappointment among unions. Public sector unions collided with the government during bargaining as Labour's commitment to budget consolidation came into conflict with its union alliance (Merkel 2008, 54). Further, while union anger with the party cooled following the Warwick Agreement deal to include unions in policymaking in exchange for a continuation of union funding to the party, the relationship did not recover the same level of trust as existed under the 'contentious alliance' of decade before (Merkel 2008, Quinn 2010). Ultimately, while some of the worst elements of the Thatcher era industrial relations policies were reversed under Labour, employment rights were generally dealt with at the individual level without a concerted effort to revive structures for collective action (Quinn 2010). Similarly, a focus on individual rights did not facilitate the renewal of union organizational capacity, which had been significantly decreased by Thatcher era reforms (Merkel 2008, 54). Consequently, when examined in relation to the indicators referred to in Figure 3, the industrial relations policies of the British Labour Party during

the period 1997-2010 appear to have been only ‘moderately favourable’ to union interests.

***iii. Conclusion: measuring the ‘favourability’ of industrial relations policy to unions in Australia and Britain***

In summary, this analysis finds that in the Australian case unions were able to trade a moderate level of electoral advantage in return for the implementation of an industrial relations policy highly favourable to their interests. By contrast, British unions were only able to trade a moderate level of electoral advantage in return for the implementation of an industrial relations policy moderately favourable to their interests. The next, concluding, section examines potential explanations for these findings and provides direction for future research into the topic.

## **Chapter 5.**

### **CONCLUSION**

This project hypothesises that the favourability to unions of a social democratic party's industrial relations policy is a function of the degree to which unions can assist the party in winning office. Where unions are able to provide high levels of electoral advantage to a party, they should expect a more union-favourable industrial relations policy to be implemented by the party while it is in government. It might appear based on the analysis above that the hypothesis has been confirmed; however, this is not the case. While the analysis presents evidence suggestive of an exchange relationship, it is not possible to state with confidence that the provision of electoral advantage by unions to social democratic parties in the cases examined was the factor that determined the content of the industrial relations policies implemented by the party while in government. Without testing other potential variables, such as those implicit in the competing characterisations of the union-party linkage, it is not possible to draw a conclusion as to the causal power of the exchange relationship. Further research is required to test the explanatory power of, for example, the effects of underlying economic conditions and party ideology on policy choice. However, this project does indicate that the exchange relationship is a key variable to consider in a wider study aimed at identifying the drivers of social democratic party policy choice, if not decisive in and of itself.

The underlying logic of the variables tested is based on a political exchange model of union-party linkages (Quinn 2010; Allern et al 2007). This approach understands the relationship between unions and parties as one grounded in a utility maximising exchange between rational actors. For this model to possess explanatory power each actor must be shown to have traded some resources in consideration of a



return on that investment. Unions, understood as policy seeking actors, can be expected to seek the implementation of policy that provides a benefit to their members, and the organization itself. Parties, understood as office seeking actors, can be expected to seek union assistance in maximising their vote at elections.

The cases examined in this project exhibit characteristics suggestive of exchange relationship between unions and parties. Aside from the formal and informal institutional and organizational links, which are beyond the scope of this project, in each case unions provided significant financial and other resources to the party with a significant level of pro-union policy implemented by the party while in government. In each case the relationship between organized labour and the party proved durable and mutually sustaining. In service of this relationship the social democratic parties seem driven by a complex combination of factors to implement industrial relations policies that are generally favourable to unions.

In Australia unions provided a moderate level of electoral advantage to the ALP and the party enacted a highly favourable industrial relations policy when in government. While Australian unions provide only a small proportion of the ALP's overall financial receipts, conceptualised under the category 'union direct financial contributions to the party', the analysis in this project shows that it has been union donations that have given the party their financial edge over the competitor Liberal Party. For this reason it is fair to conclude that the party itself will attach significant value to union contributions, recognising that unions have contributed significantly to the ALP's competitive electoral position. Overall this project assesses Australian unions' provision of the political resource 'union ability to maximise votes for the party' as moderate. While union density has declined steadily in Australia over the past 30 years, there has also been a general decline in the number of Australians who believe unions have too much power. Further, the 2007 election provides evidence that unions were instrumental in ensuring the party's return to government after 11 years in opposition.

In the British case unions provided a moderate level of electoral advantage to the British Labour Party and the party enacted a moderately favourable industrial relations policy. British unions are significant financial benefactors to the Labour Party, indicating they provide a high level of the political resource ‘union direct financial contributions to the party.’ However, British unions seem less able than their Australian counterparts to supply the party with votes. British union members are less likely to vote for the British Labour Party than Australian union members are for the ALP, and while British union density remains higher than in Australia it too is on the decline. Finally, British unions have not embraced the type of community based campaigns that were so successful in Australia in the lead up to the 2007 election. This may be a function of a strategic decision by unions to channel their election expenditure through direct donations to the party rather than into a significant third party campaign.

The social democratic parties in each case provided different levels of favourable industrial relations policy. In the Australian case the ALP government in the period 2007-2011 implemented an industrial relations agenda that was highly favourable to unions. The Rudd/Gillard governments’ unwound the anti-union policies of the Liberal/National coalition government that preceded it, and in their place enacted a system with collective bargaining at its core. In the British case, the Blair/Brown governments’ implemented an industrial relations policy that was moderately favourable to union interests. In its first term the British Labour government implemented union recognition legislation and a National Minimum Wage, repaying the union movement for its support during the party’s long years in opposition. However in subsequent years in government the party chose to deal with employment rights at the individual level and didn’t take steps to rebuild the industrial relations system to enhance the capacity of unions to organise.

The data relied upon in this project strongly suggests – without proving – that the provision of financial resources by unions to the party, as well as any third party campaigning on behalf of their affiliated parties by unions, have impact on the policy choice of social democratic parties. In the Australian case it seems that the Your Rights at Work campaign waged in the lead up to the 2007 election was instrumental in delivering

government to the ALP. When viewed in the context of relatively small and stable direct financial contributions by unions to the party over time, it is reasonable to conclude that this campaign was highly valued by the party and contributed to a pay off to unions in terms of the industrial relations policies implemented while the party was in government. In the British case the significance of union direct financial contributions to the party cannot be understated. Further, given the deal between the party and unions that is reflected in the Warwick Agreement, where the unions agreed to increased funding of the Labour Party in return for some policy concessions, there is some evidence to suggest that the party attaches considerable yet not decisive value to direct financial contributions. In return for these contributions the British unions were able to extract some policy concessions from the party over its period in government. However it seems clear that British unions were not as successful as Australian unions on this score. This conclusion is further underscored by the fact that the ALP held government for only a third of the time that the British Labour Party did, and in that time unions were able to secure an industrial relations policy more favourable than that of their British counterparts.

This project presents a number of avenues for further study. While unions in each case provided a roughly comparable level of electoral advantage to the social democratic party, they received differing levels of policy favourability in return. A possible explanation for this is that the conceptual matrix utilized in this project fails to adequately account for the complexity of the exchange relationship. In examining the overall level of electoral advantage as the sum of the two indicators, 'union direct financial contributions to the party' and 'union ability to mobilize votes for the party', it is possible that this project has incorrectly weighted these resources. As presently conceptualized these political resources bring equal weight to the overall level of electoral advantage provided by unions to parties. The determination of the level of electoral advantage might change if different weights were assigned to these resources. For example, it might be the case that parties place a higher value on the ability of unions to impact vote choice than they do on the amount of direct financial contributions they receive from unions. If this were true it would partly explain why the ALP implemented a more pro-union agenda than the

British Labour Party, given the Australian labour movement's focus on third party campaigning in the lead up to the 2007 election. However, within an exchange framework, parties might well provide different types of payoffs in return for each type of political resource. It may be useful in future research to break up the independent variable of electoral advantage into its constituent political resources in an attempt to test their effects independently of each other. It is also possible that the value of political resources diminishes over time. In each of the cases examined in this project the most pro-union industrial relations policies were enacted at the beginning of each party's period in government. Future work should thus look at cases over a longer period of time to facilitate a refined weighting of political resources in the conceptual matrix.

The need for further study on this topic is directly linked to a number of limitations inherent in this project. First, if it is the case that the conceptual model does not adequately account for the value that actors attach to certain political resources, further study could help to throw light on these matters. In-depth interviews with union and party elites would provide valuable information with which to gauge how each actor values different political resources traded in the relationship. This may aid in reconfiguring the conceptual matrix upon which the level of electoral advantage is measured, allowing for a more accurate reading of the incentives at play in the exchange relationship.

Second, to facilitate a more rigorous test of the hypothesis, further research must address the small number of cases examined in this project. While limitations of time and space made it impractical to examine more than two cases in this project, further research should draw on a wider array of cases to provide a higher degree of certainty to the findings. This should include cases different to those currently considered. For example, in Scandinavia social democratic parties rely almost exclusively on public funding, rendering the political resource 'union direct financial contributions' irrelevant. Third, while the data utilized in this analysis is sound, further research into the topic should address some limitations of this data. It should ensure that the data pertaining to party finance is standardized across the cases, making sure that levels of union funding to

parties are measuring the same quantum of finance. Further research should also gather data related to the ways in which unions seek to maximise votes for their affiliated social democratic parties; written, phone and online contact with members and paid media aimed at the general public should be examined.

Finally, further research into this topic must grapple with the exercise of power, both formal and informal methods, within the parties. The exercise of power within political parties is a notoriously slippery construct, encompassing personal relationships, factional alliances, favours and individual and sectional interests. An attempt to map the competing centres of informal power within parties and unions that contribute to the exercise of formal organizational power was well beyond the scope of this project. However an understanding of the way power is exercised within parties and unions, particularly as it pertains to policy choice, will enrich any further research on the union-party link.

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