

Briefing Note:

**Historical Data on the Decline
in Australian Industrial Disputes**

By Jim Stanford, Economist and Director

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Summary

- The relative frequency of industrial action (measured by days lost in disputes per 1000 workers employed) declined 97 percent from the 1970s to the present decade.
- There were only 106 disputes across Australia during the first nine months of 2017. The low number of stoppages last year may set a record low for the postwar era (final year-end statistics will be released in March).
- There is a close statistical relationship between the near-disappearance of strike activity and the deceleration of wage growth, which has also slowed to the lowest rates in the postwar era. Over the postwar period, every decline in the frequency of work stoppages of about 60 lost days per 1000 was associated with a one percentage point deceleration in wage increases.
- Strike activity in Australia is very low compared to other industrial countries.

Introduction

The Fair Work Commission's ruling to pre-emptively block industrial action (including restrictions on overtime and a one-day work stoppage) by Sydney-area train workers has brought renewed attention to the legal and administrative barriers which limit collective action by Australian workers. The Commission prohibited the actions, planned by the Rail Tram and Bus Union, on grounds it would cause economic damage, public inconvenience, and possible safety hazards. With strike action prohibited before it could even start, the union's efforts to negotiate contract improvements (focused on limiting chronic excessive overtime scheduling, and winning wage increases higher than the NSW state government's long-standing wage cap) will obviously be more difficult.

The Sydney trains experience is a high-profile example of a much larger trend. Across the national economy, work stoppages have become extremely rare – and the extraordinary discretionary ability of industrial authorities to restrict or prevent

industrial action is an important reason why. Some of these powers and restrictions include:¹

- Prohibition of industrial action during the term of a current enterprise agreement.
- Strict timing, authorisation, notice and disclosure procedures that must be followed to initiate a work stoppage (including providing full disclosure to employers regarding the nature and timing of proposed actions).
- Strict limits on the allowable bargaining demands that can be legitimately tied to industrial action (including prohibitions on pattern or multi-employer stoppages, and prohibitions on general, political, or sympathy strikes).
- Restrictions on many peaceful activities related to industrial disputes, including picketing, boycotts, and others, including surprising limits on speech and other public expressions by strikers and supporters.
- Blanket and discretionary authority to prohibit industrial actions affecting public services (a criterion which has been applied very broadly in past precedents).
- Arbitrary power to suspend industrial action when the regulator determines a “cooling off” period would be useful.
- Ability to prohibit protected action if unions and their representatives are found to have contravened other regulatory orders (even if not directly related to the strike).
- In addition to all these provisions, the federal government has the power to directly intervene to terminate a dispute by simple Ministerial declaration.

Some experts suggest that Australia’s restrictions on industrial action are among the most severe of any industrialised country,² and many are clearly inconsistent with declarations of the International Labour Organization regarding basic labour rights.³

In addition to these legal and regulatory measures, other structural factors have also reduced the incidence and effect of industrial action, including:

- The continuing decline in union density.
- Aggressive employer negotiating strategies (including threatening workers with job loss or business relocation as a response to union activity).
- The expansion of labour hire and contracting-out arrangements (which undermine unions’ bargaining power and provide employers with readily available alternative sources of labour).

In sum, union members confront a daunting set of legal, administrative and economic barriers in order to undertake collective industrial action in support of their bargaining goals. Without the ability to back up their demands with at least a meaningful threat of collective action, unions’ ability to win better wages and conditions from employers is

¹ These restrictions are described in detail in Andrew Stewart et al., *Creighton and Stewart’s Labour Law: 6th Edition* (Annandale: Federation Press, 2016), Chapters 26 and 27.

² Cited in Stephen Long, “Have Australia’s Right to Strike Laws Gone Too Far?”, *ABC News*, 21 March 2017.

³ See Stewart et al., *op cit.*; and Shae McCrystal, *The Right to Strike in Australia* (Annandale: Federation Press, 2010).

significantly undermined. As the International Labour Organization puts it, “The right to strike is one of the essential means available to workers and their organisations for the promotion and protection of their economic and social interests.”⁴

It is not surprising, therefore, that the pace of negotiated wage increases – even for the shrinking share of workers covered by an enterprise agreement in the first place – has slowed dramatically, in step with the decreasing frequency of industrial action. According to the latest data on enterprise bargaining from the Department of Jobs and Small Business, the average annual wage increase in EBAs approved in the third quarter of 2017 was just 2.2 percent: the slowest in the history of enterprise bargaining.⁵

To provide some historical perspective on the decline in industrial disputes, we have compiled a database of historical work stoppage data, going back to 1950, including the incidence of work stoppages and the numbers of work days lost as a result (both in absolute terms and relative to the size of the employed workforce). The Appendix provides the full set of annual data; Table 1 provides a summary by decade.

Table 1			
Historical Trends in Industrial Disputes			
	Average Disputes per Year	Average work Days Lost per Year (000)	Days Lost per 1000 Workers per Year
1950s	1299	962	268
1960s	1341	862	185
1970s	2368	3146	542
1980s	1919	1942	312
1990s	697	825	122
2000s	463	268	32
2010s	198	145	14

Source: Author’s calculations from ABS Catalogues 1301.0, 6321.0, and 6321.0.55.001; and RBA “Australian Economic Statistics 1949-1950 to 1996-1997,” Occasional Paper #8. 2017 includes first three quarters only.

Number of Work Stoppages

Throughout the postwar expansion, industrial disputes were relatively common, with an average of around 1700 work stoppages per year from 1950 through 1990. The number of strikes peaked in the 1970s, with over 2000 work stoppages every year that decade. With the introduction of the enterprise bargaining system in 1993, including its

⁴ ILO Committee of Experts on the Application of Conventions and Recommendations, “Freedom of Association and Collective Bargaining: General Survey,” 1983; cited by Stewart et al., op cit., p.917.

⁵ “Trends in Federal Enterprise Bargaining,” September Quarter 2017, Dept. of Jobs and Small Business, September quarter, <https://www.jobs.gov.au/trends-federal-enterprise-bargaining>.

new concept of “protected industrial action” (which spelled out for the first time when strikes were allowable, and hence also when they were not), the number of disputes fell by about two-thirds. About 700 disputes per year occurred from 1990 through the mid-2000s. Then, the advent of Work Choices legislation in 2005, followed by the new Fair Work system in 2009, was associated with a further sharp drop in disputes (by another two-thirds): the number of disputes has averaged less than 200 per year since 2006.

In fact, during the first 9 months of 2017, there were just 106 industrial disputes in Australia (and some of those were lockouts initiated by employers, not unions). Indeed, 2017 may set a new record for lowest number of work stoppages in the entire postwar era. The previous record low was 134 stoppages in 2007; depending on the number of stoppages initiated in the last three months, 2017 is likely to break that record.⁶

Working Days Lost to Disputes

The ABS also reports the number of working days lost to industrial disputes each year (including direct days lost by those participating in the work stoppage, and indirect days lost by others who cannot work because of the dispute). Days lost to work stoppages have declined in concert with the number of disputes. In fact, there has been a slight downward trend in the average number of work days lost per dispute since the mid-1970s, indicating that the typical strike since then is somewhat shorter and/or smaller. Therefore, the number of working days lost to strikes has declined somewhat faster since the 1970s than the number of strikes.

An average of just under 1 million work days per year were lost to industrial disputes in the 1950s and 1960s. That rose substantially to over 3 million per year in the volatile 1970s, dropping back to an average of under 2 million per year in the 1980s. Since the advent of enterprise bargaining, the number of days lost to disputes has declined steadily and dramatically: to an average of just 145,000 days per year in the current decade.

Days Lost Per 1000 Workers

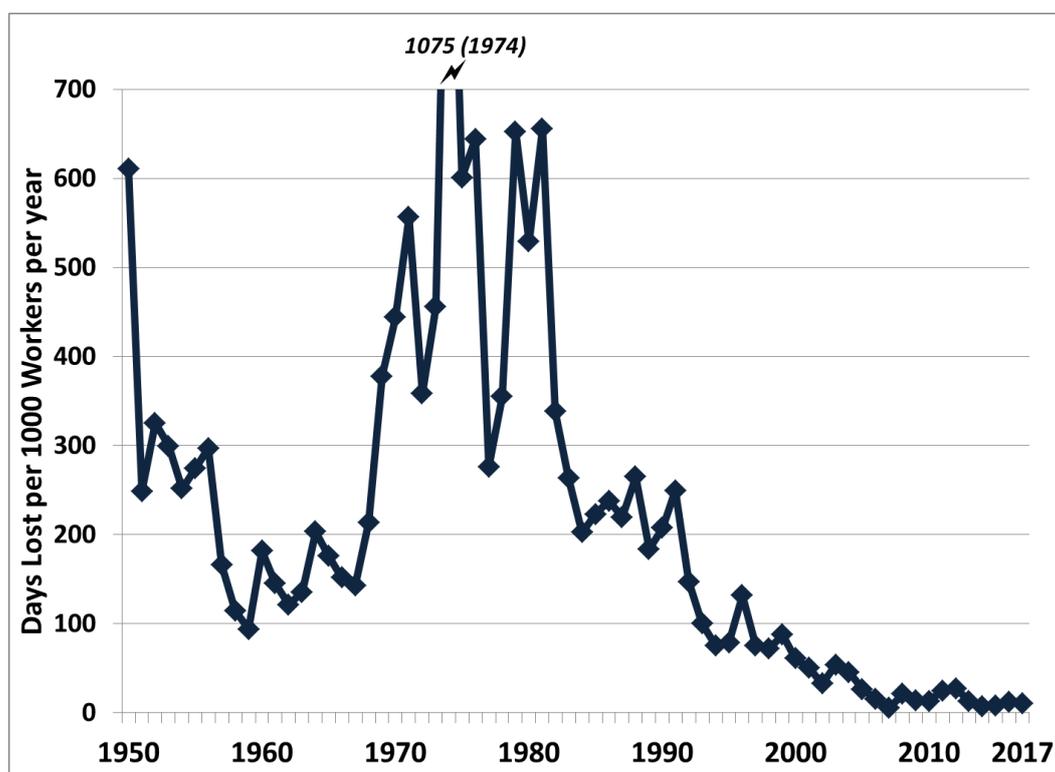
This decline in the absolute number of disputes and the number of days lost to them has occurred despite ongoing increase in Australia’s working population. The relative importance of industrial action has therefore declined even more dramatically than these statistics indicate. A common measure of strike frequency that normalises for population size is the number of days lost in disputes per 1000 workers.⁷ This normalised measure is most appropriate for comparing strike frequency over time and across countries.

⁶ Final year-end data for 2017 will be published by the Australian Bureau of Statistics in March.

⁷ Ideally, the denominator of this ratio includes only paid employees, not self-employed workers, although the distinction between the two categories has become less clear in recent years with the expansion of various forms of contractor arrangement.

This measure therefore provides a convenient summary of the historical pattern of strike frequency in Australia’s labour market, and is illustrated in Figure 1. In the initial postwar expansion of the 1950s and 1960s, work stoppages were a regular occurrence: resulting in around 200 lost days of work per year per 1000 workers in most years. (To put that in context, that represents less than one-tenth of one percent of total work time, so even that frequency of strikes never accounted for an important portion of total potential work and production.)

Figure 1. Days Lost to Disputes Relative to Population



Source: Author’s calculations from ABS Catalogues 1301.0, 6321.0, and 6321.0.55.001; and RBA “Australian Economic Statistics 1949-1950 to 1996-1997,” Occasional Paper #8. 2017 includes first three quarters only.

Industrial conflict intensified in the 1970s, with an average of over 500 days lost per 1000 workers over the decade. Dispute frequency peaked in 1974, when over 1000 days were lost to disputes per 1000 workers: in other words, an average of just over 1 day was lost that year for each employed worker.

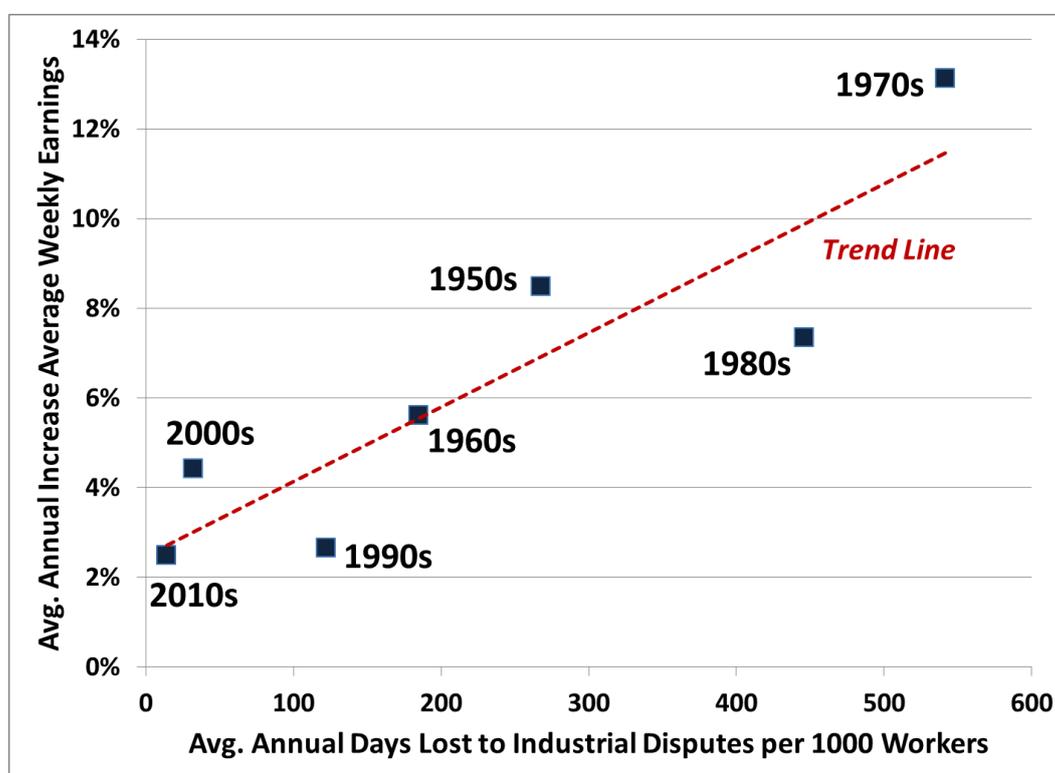
The relative importance of disputes fell sharply after 1983 (under the Accords process), back to around 200 days per year per 1000 workers – roughly the average that prevailed in the 1950s and 1960s. After 1991, however, it began a steeper and steady decline, bottoming out after the advent of Work Choices in 2005. Since then, an average of less than 15 working days per year has been lost to industrial disputes per 1000

workers.⁸ By this measure, the average frequency of industrial disputes during the present decade is 97 percent lower than in the turbulent 1970s. Indeed, during the 2010s, days lost to industrial disputes (including lockouts) have represented just 0.005 percent (that is, one two-hundredth of a percentage point) of total work time. This dramatically attests to the extent to which collective industrial action has become largely invisible in Australia’s economy today. Despite this, regulators are nevertheless willing to prohibit (rare) work stoppages on grounds of public convenience or economic damage.

Industrial Action and Wage Growth

There is a clear relationship visible over Australia’s postwar economic history between the frequency of industrial disputes and the pace of wage growth. This is consistent with the widespread view that a credible threat of work stoppage is an important element in the collective bargaining power of workers. The historical data indicate clearly that more frequent industrial action is associated with faster wage growth.

Figure 2. Work Stoppages and Wage Growth, 1950-2017



Source: Author’s calculations from ABS Catalogues 1301.0, 6302.0, 6321.0, and 6321.0.55.001; and RBA “Australian Economic Statistics 1949-1950 to 1996-1997,” Occasional Paper #8. 2017 includes first three quarters only.

⁸ The record low frequency by this measure was experienced in 2007, which recorded just 5 days lost to industrial disputes for every 1000 workers.

Figure 2 plots the decade average incidence of work stoppages (days lost per 1000 workers, from Table 1 above) against the corresponding decade average rates of annual wage increase. There is a strong relationship between strike frequency and nominal wage growth, as summarised by the red trend line.⁹ The initial postwar decades saw regular strike activity combined with rapid annual wage increases (ranging from around 6 percent in the 1960s, to a high of 13% over the 1970s – not coincidentally, recorded when work stoppages were most common). With the advent of enterprise bargaining and other market-oriented reforms in industrial relations, strike frequency declined – and so did the pace of wage increases.

The current decade has experienced the lowest frequency of work stoppages in the postwar era: an average of just 14 days lost per year per 1000 workers. It is not a coincidence that the current decade has also witnessed the slowest wage growth of the entire postwar era: with average weekly earnings growing by an average of just 2.5 percent per year since 2010 (and even slower than that at present). Over the postwar era, every 60-day decline in relative frequency of industrial disputes (measured by days lost per 1000 workers) has been associated with a one-percentage-point drop in the rate of nominal wage growth.

Strike frequency is not the only determinant of wage growth, but it is an important one. More importantly, effectively removing such an important tool from the toolkit of workers and their unions inevitably undermines their capacity to demand and win wage increases and other concessions from increasingly confident employers. Whether or not a strike actually occurs, the credible threat that it *might* occur has important effects on bargained outcomes.

International Comparisons

Strike frequency has declined significantly since the 1980s in many industrial countries – although not in all. But the disappearance of industrial action in Australia has been relatively complete compared to other developed economies.

Table 2 reports the relative frequency of industrial disputes in fifteen OECD countries, using the same measure (days lost per 1000 employed workers) described above to control for population size. The data are averaged over several years to reduce the effect of any single cluster of work stoppages on the overall rankings.¹⁰ Australia has demonstrated among the lowest strike frequencies of any of the countries listed, with a population-normalised frequency less than half the average for the indicated countries. France experienced the highest strike frequency of any major OECD economy during

⁹ The red line reflects a linear OLS regression of the decade-average pairs of data.

¹⁰ Complete and comparable international data on the frequency of industrial disputes is not available, as explained by L.J. Perry, “Rise and Decline of Work Stoppage Statistics,” *Employment Relations Record* 9(1), 2009, pp. 83-98, and Igor Chernyshev, “Decent Work Statistical Indicators: Strikes and Lockout Statistics in the International Context,” ILO Policy Integration Department, 2003. The data presented here are based on a partial compilation of OECD economies with available and comparable data sources.

this time, at 125 days lost per 1000 workers.¹¹ Other countries with relatively frequent work stoppages include Belgium, Canada, Denmark, and Spain.

Table 2	
Frequency of Industrial Disputes, 2010-16	
Country	Avg. Days Lost to Disputes (per 1000 Employed)
France	125
Belgium	92
Canada	85
Denmark	60
Spain	49
Finland	43
U.K.	21
Germany	18
Ireland	16
Portugal	15
Australia	15
Netherlands	9
U.S.	5
Austria	3
Sweden	3
15-Country Avg.¹	37
Source: Author's compilation and calculations from ABS Catalogue 6321.0.55.001; Statistics Canada CANSIM Table 2780014; U.S. Bureau of Labor Statistics Series WSU001 and CES0000000001; European Trade Union Institute.	
1. Unweighted.	

A few countries report an even lower frequency of industrial disputes than Australia; they fall into two categories. The U.S. demonstrates very low strike frequency, because union membership is very low there, and unions have little power to conduct any normal activities (including industrial action). In other low-strike countries, however (including Sweden, Austria, and the Netherlands), unions participate in regular industry-wide and economy-wide negotiations regarding wage increases and other key

¹¹ Even this seemingly high dispute frequency in “strike-happy” France is much lower than the strike frequency that prevailed in Australia through most of the postwar era.

worker priorities. In this context, unions are strong but strikes are rare – because the collaborative centralised bargaining structure achieves wage increases with relatively few work stoppages. In the absence of similar economy-wide bargaining structures and processes, it seems inevitable that the near-extinction of industrial action in Australia will have outcomes more typical of the American, rather than the European, labour market regime.

Conclusion

Cumulative decisions by regulators to limit or prohibit industrial disputes such as those planned by train workers in Sydney, have contributed significantly to the erosion and near-extinction of organised industrial action in Australia's economy. The frequency of strikes and other industrial action has become extremely rare. Adjusted for population, the frequency of work stoppages has declined by 97 percent since the 1970s.

While no-one appreciates the disruptions and costs associated with work stoppages, they are a normal occasional feature of a free collective bargaining system in which workers need the power to collectively withhold labour, to counteract the concentrated unilateral power of employers to hire and fire. And even when strikes were relatively common (as during the long postwar boom), the resulting costs of disputes must be considered relative to the economic and social *benefits* accompanying the steady rise in wages that was the result of a collective bargaining system which gave workers some power.

In this regard, the focus of the FWC on avoiding the economic costs and disruptions of particular potential industrial disputes is one-sided. The Commission does not take into account the broader economic and social costs arising from the stagnation and growing inequality of labour incomes that characterises today's labour market. Our review of the historic patterns of industrial disputes and wage determination show that these trends are clearly connected. In order to correct the current lopsided trajectory of Australia's labour market (producing stagnant wages, a falling labour share of national output, and strained household finances), workers must be able to impose a collective cost of disagreement on their employers as part of normal, healthy collective bargaining. Until their basic rights are meaningfully restored, we can expect these negative labour market trends to continue.

Appendix Table							
Historic Data on Industrial Disputes, Australia, 1950-2017							
Year	Number of Disputes	Work Days Lost ¹ (000)	Days Lost per 1000 Empees	Year	Number of Disputes	Work Days Lost ¹ (000)	Days Lost per 1000 Empees
1950	1276	2062.9	611	1984	1965	1307.4	202
1951	1344	873.0	249	1985	1876	1256.2	223
1952	1627	1163.5	325	1986	1752	1390.7	238
1953	1459	1050.8	299	1987	1514	1311.9	219
1954	1490	901.6	252	1988	1502	1641.4	265
1955	1532	1010.9	274	1989	1391	1202.3	184
1956	1306	1121.4	297	1990	1189	1376.5	207
1957	1103	630.2	166	1991	1032	1610.5	250
1958	987	439.9	114	1992	726	941.1	147
1959	869	365.0	94	1993	607	635.7	100
1960	1145	725.1	181	1994	556	501.6	75
1961	815	606.8	145	1995	635	547.6	79
1962	1183	508.8	121	1996	538	928.7	132
1963	1250	581.6	135	1997	444	534.2	75
1964	1334	911.4	203	1998	516	526.4	72
1965	1346	815.9	176	1999	727	650.7	87
1966	1273	732.1	152	2000	688	469.1	61
1967	1340	705.3	143	2001	666	393.1	50
1968	1713	1079.5	214	2002	755	259.1	33
1969	2014	1958.0	378	2003	634	439.5	54
1970	2738	2393.7	444	2004	682	379.8	46
1971	2404	3068.6	556	2005	462	228.2	26
1972	2298	2010.3	358	2006	200	132.7	15
1973	2538	2634.7	456	2007	134	49.7	5
1974	2809	6292.5	1075	2008	174	196.6	21
1975	2432	3509.9	601	2009	233	132.7	14
1976	2055	3799.2	644	2010	215	126.6	13
1977	2090	1654.8	276	2011	186	241.5	24
1978	2277	2130.8	355	2012	197	273.2	27
1979	2042	3964.4	652	2013	215	131.0	13
1980	2429	3320.2	529	2014	187	71.4	7
1981	2915	4192.2	656	2015	224	83.4	8
1982	2060	2158.0	338	2016	254	124.5	12
1983	1787	1641.4	263	2017 ²	106	111.7	10

Source: Pre-1985: Author's compilation and calculations from ABS Catalogue 1301.0 and RBA "Australian Economic Statistics 1949-1950 to 1996-1997," Occasional Paper #8.
Post-1985: ABS Catalogues 6321.0 and 6321.0.55.001.
1. Includes indirect effects. 2. 2017 includes first three quarters only.