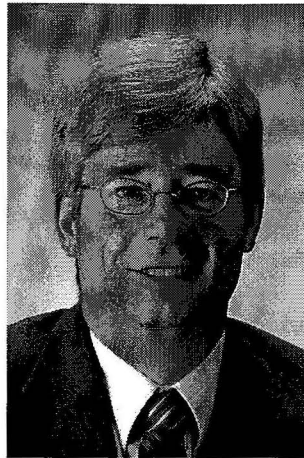
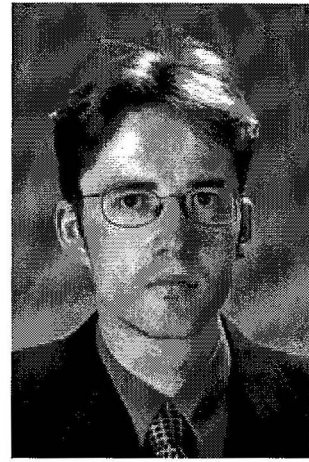




HUFFING AND PUFFING? NEW ZEALAND'S TRADE UNIONS VERSUS THE BIG BAD WORLD

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Abstract

This study focuses on the impact of international trade on union membership and density in New Zealand's manufacturing sector between 1992 and 1998, the first seven full years of the Employment Contracts Act (ECA). Regression analysis distinguishes effects of import penetration and export intensity growth from shifts in other market and institutional factors known to influence union membership trends in other countries. Findings support the hypothesis that reduced trade barriers and, in particular, increased import penetration into manufacturing markets have had a negative impact on trade union membership numbers in New Zealand since enactment of the ECA in May 1991.

Introduction

The 1991 *Employment Contracts Act* (ECA) has been singled out as the key factor affecting declining union membership and density levels in New Zealand over the past decade (Harbridge and Honeybone, 1996). As shown in Table 1, the most dramatic shifts in union membership over this period occurred in the metal and wood products industries, both sectors in which unions witnessed their numbers shrink to well below half their pre-ECA levels. Not far behind in the loss column were unions representing workers in the non-seasonal foods and paper and paper products industries. All of these industries were highly unionised prior to May 1991, when the ECA became law and the labour movement in New Zealand lost its long-standing regulatory support mechanism. Across all of New Zealand manufacturing, only chemicals experienced an increase in both union

membership and density during the era of the ECA, notwithstanding that this growth contributed a net gain of fewer than 440 names to the membership roles of trade unions.

During this same period, New Zealand's product markets—particularly those in manufacturing—experienced growth in both imports and exports. In many cases, as shown in Table 2, New Zealand industries that exported a large proportion of their output typically lost less of their union membership than did other industries in the years immediately following enactment of the ECA. Unions representing workers in the country's seasonal foods industry, which shipped nearly two-thirds of its output overseas during this period, for instance, lost an average of only 5 percent of their total membership each year from 1992 to 1998.

Table 1. Trade Union Membership in New Zealand Manufacturing by Industry Segment, 1992-1998

Industry Segment	Union Members 1992	Union Members 1998	Change in Union Membership 1992-98	Change in Union Density 1992-98 ¹
Chemicals	7,376	7,813	+5.9%	+10.7%
Fabricated Metal Products ²	67,152	29,763	-55.7%	-34.7%
Metal Products	22,384	8,450	-62.2%	-16.4%
Nonmetallic Minerals	1,729	1,125	-34.9%	-47.9%
Non-seasonal Foods	13,199	6,725	-49.0%	-52.3%
Paper & Paper Products	18,544	9,634	-48.0%	-46.0%
Seasonal Food	27,942	20,341	-27.2%	-28.0%
Textile	14,879	6,185	-58.4%	-46.8%
Wood Products	12,446	6,115	-50.9%	-60.4%

¹Calculated as the percentage change between 1992 and 1998 in the ratio of total union membership to total full-time equivalent (FTE) employment in the industry subcategory.

²Includes Machinery, Electrical and Transport Equipment Manufacturing.

Sources: Victoria University of Wellington, Industrial Relations Centre Union Membership Surveys, 1992-99; Statistics New Zealand, *Household Labour Force Survey*, March 1992-98; and Statistics New Zealand, *Exports and Imports* data series, June 1992-98.

This casual observation does not hold up under closer scrutiny, though. New Zealand's chemical industry, (again) the only manufacturing sector to experience an *increase* in the unionized share of its labour force over this period, for example, sold the lion's share of its output in the domestic economy during the ECA era. At the other end of the spectrum, unions representing workers in nonmetallic minerals, which faced relatively little sales competition in the domestic marketplace in this period, witnessed their membership density in the industry fall by nearly half in the first seven years of the ECA. These anomalies suggest more elaborate analysis is required to gain an understanding of the true relationship between international trade and unionization in New Zealand.

Trade and Labour Policy in New Zealand

In 1984, New Zealand's newly elected fourth Labour Government, put trade liberalization high on its reform agenda. A year later, in 1985, the Government announced that tariffs on goods not produced in New Zealand would be reduced to zero and that import license controls would be eliminated by 1993. This marked the beginning of a unilateral trade liberalization program (Chatterjee, 1992). The one significant area in which the Labour Government did not introduce major deregulation, though, was the labour market. Instead, the Government continued support for the arbitration system, which had long operated as the labour market and social policy companion to New Zealand's general system of economic protection (Hazledine, 1993).

Economic deregulation brought diverse circumstances to different industries in the 1980s. During this time, opponents of New Zealand's arbitration and award system argued that uniform wages and conditions prevented firms from developing employment conditions tailored to their particular circumstances (Walsh and Fougere, 1987). Among these voices were exporters, especially farmers, who had long argued that the country's system of industrial relations rendered New Zealand's export-oriented industries and firms highly vulnerable, especially in a more open economy. They pointed to the fact that, under the arbitration and award regime, wages would be set in the protected domestic sector and then transmitted directly, with almost no change, to the exposed export sector (Bradford, 1979, 1983).

Arguments such as these gathered momentum as New Zealand's system of economic protection was dismantled and competitive pressures—generated both domestically and internationally—grew throughout the economy. With another change of government in 1990, those making these arguments now came to find a strong ally holding the majority in Parliament. In a 1990 speech to the Association of Staff in Tertiary Education (ASTE), the soon-to-be Minister of Labour and architect of the *Employment Contracts Act*, Bill Birch, stated: "It is... very obvious that those of our trading partners who encourage flexible bargaining structures and productivity agreements related to individual workplaces are the best competitors in the international marketplace" (Birch, 1990).

Table 2: International Trade in New Zealand Manufacturing by Industry Segment, 1992-1998

Industry Segment	Export Intensity	Import Penetration	Average Annual Change	
	1992-98 ¹	1992-98 ²	Export Intensity	Import Penetration
Chemicals	40.6%	44.9%	+3.6%	+0.3
Fabricated Metal Products ³	45.0%	29.4%	+6.2%	-0.5
Metal Products	45.0%	37.6%	+2.5%	-3.7
Nonmetallic Minerals	38.5%	20.1%	+5.4%	-2.0
Non-seasonal Foods	82.7%	39.5%	+7.0%	+4.8
Paper & Paper Products	81.4%	44.0%	+3.7%	+3.4
Seasonal Food	68.6%	49.4%	+6.5%	+2.8
Textile	66.9%	35.6%	+3.8%	+4.6
Wood Products	80.1%	32.1%	+11.8%	+3.8

¹Calculated as the value of exports manufactured in the industry subcategory divided by total industry shipments for the period 1992 through 1998.

²Calculated as the value of imports in the industry subcategory divided by the sum of total industry shipments plus imports for the period 1992 through 1998.

³Includes Machinery, Electrical and Transport Equipment Manufacturing.

Sources: Victoria University of Wellington, Industrial Relations Centre Union Membership Surveys, 1992-99; Statistics New Zealand, *Household Labour Force Survey*, March 1992-98; and Statistics New Zealand, *Exports and Imports* data series, June 1992-98.

Prior to enactment of the ECA in 1991, the most important—some would argue the only—factor explaining union membership and density in New Zealand was the institutional support unions received from public policy—specifically laws making union membership compulsory. With the exception of only a very brief period in the early 1980s, compulsory unionism—in one form or another—and blanket coverage provisions of centrally negotiated ‘awards’ continued as mainstays of New Zealand’s industrial relations system from 1936 until 1991. An artifact of the arbitration and award system was that trade unions registered under this system were guaranteed their membership and financial resources.

The *Employment Contracts Act* was ostensibly designed to foster freedom of contract and freedom of association. However, by prohibiting work stoppages intended to compel multi-employer collective employment contracts and closed shop agreements, the Act essentially denied trade unions in New Zealand exclusive rights to bargaining representation both across market sectors and within firms. Hence, from May 1991 to October 2000, organized labour in New Zealand faced an environment in which institutional protections for trade unions had been eliminated and international trade—measured in terms of both import penetration and export intensity—had increased significantly.

The Empirical Model

This study considers the impact of international trade on trade union membership and density in New Zealand during the era of the *Employment Contracts Act*. To test this relationship, we employ an empirical model based on

that first suggested by Ashenfelter and Pencavel (1969) and later developed by Bain and Elsheikh (1976). These researchers associate changes in union membership levels with shifts in relative prices and other macroeconomic factors. Proponents of this “business cycle” hypothesis point to the fact that, historically, unions have provided some measure of earnings security and that this has served as an incentive for non-union workers to join labour organisations. This suggests price inflation—at least, sustained, long-term inflation—is positively correlated with union membership growth.

Others have argued that the decline in union membership in most industrialized economies since the 1970s is, to a large extent, attributable to changing demographics (Disney, et al., 1996). The notion underlying this perspective is that, because union membership is correlated with job tenure and attachment to the labour market, women and part-time workers, who generally have less seniority in the job than their full-time and male counterparts, are less likely to become members of trade unions (Fiorito and Greer 1986; Hernandez 1995). This implies increases (decreases) in the gender and part-time composition of the workforce are associated with lower (higher) union membership and density levels.

Another theory of union decline suggests government provision of a social safety net has hindered growth of trade unionism, which previously served as the only hope workers had for achieving a better standard of living (Neumann and Rissman 1984). That is, through such initiatives as the guaranteed minimum wage and financial support for less-affluent members of society, government has reduced the need for trade unions. To account for this possible negative effect in our regressions, the statutory adult minimum wage rate and the benefit payable to

single, unemployed individuals, of no less than 25 years of age in New Zealand are specified.

We also control for union saturation of the labour market in our regression models. This is specified as the inverse of union density and, to avoid estimation of a spurious correlation between this measure and our dependent variable, is measured in the previous year, a nuance which originated with the work of Ashenfelter and Johnson (1969). This provides a measure of union saturation of the labour market. It is founded on the notion that, the larger the share of workers in an industry who are unionised, the more difficult it is for unions to organise the remaining share of the workforce. Following the work of Moore and Newman (1975), this has come to be known as the "saturationists" hypothesis. In spite of the presence of trade unions in the industry, though, if wages in general are increasing, non-union workers will have a greater disincentive to joining unions—and perhaps union members will have an incentive to withdraw their membership. Of course, this negative affect will be mitigated to the extent to which unions are able to affect a relatively greater increase for those covered by than for those not covered by union contracts. Capital intensity is included in our regressions to control for the impact of technological change. New production

technologies create production systems characterised—at least, in part—by leaner, less labour-intensive workforces. In addition, an increase in the extent of capital intensity will reduce the number of jobs available and, hence, the number of union members—as well as potential union members—employed in that market. Capital intensity is measured in our model as the ratio of total capital depreciation (capital investment) to the sum of total salaries and wages plus operating expenses (total costs).

Finally, the potential to recruit new members and, therefore, changes in the level of union membership are also likely affected by increases or decreases in the rate of unemployment and the overall level of employment in the industry. Specifically, as unemployment decreases (increases) and/or as the level of employment increases (decreases), it should be expected that the potential for unions to recruit new members also increases (decreases). Moreover, where unemployment is increasing and/or full-time equivalent (FTE) employment is in decline, some of those who lose their jobs are likely to be union members. On the other hand, some employees in the industry who are not union members may be more inclined to join unions if they perceive union membership as offering

Table 3: Descriptive Statistics, Variable Names and Data Sources

Variable (Unless otherwise specified, measured at the industry level.)	Mean	Standard Deviation	Weighted Mean ^a	Standard Deviation
Annual % Δ in Union Membership, 1992-98 (d.v.)	-8.55	12.33	-8.51	12.77
Annual %Δ in Import Penetration ^b	1.49	5.90	1.64	5.76
Annual %Δ in Export Intensity ^c	0.61	11.09	0.90	10.32
Annual %Δ in NZ Consumer Price Index (CPI) ^d	1.90	0.84	1.92	0.84
2-Year %Δ in NZ Consumer Price Index (CPI) ^d	3.94	1.33	3.97	1.33
Annual %Δ in Relative Female Workforce ^k	0.16	3.47	0.30	3.36
Annual %Δ in Relative Part-time Workforce ^k	0.97	10.11	1.53	9.74
Annual %Δ in Real NZ Minimum Wage Rate ^l	0.40	3.20	0.41	3.21
Annual %Δ in Real NZ Benefit Rate ^l	0.13	2.53	0.09	2.51
Annual %Δ in Union Saturation (lagged 1 year) ^f	9.27	13.59	8.37	12.79
Annual %Δ in Capital Intensity ^d	0.76	8.23	1.06	8.07
Annual %Δ in Average Real Wage Rate ^k	0.47	1.26	0.40	1.41
Annual %Δ in Average NZ Unemployment Rate ^j	-6.61	10.02	-6.82	10.04
Annual %Δ in FTE Employment ^e	0.88	4.82	0.70	4.53
Number of Observations	Total = 54 (Industries = 9; Years = 6)			
Technical Notes: ^a Observations are weighted by full-time equivalent (FTE) industry employment averaged over the period 1992-98. ^b Value of imports ^g divided by the value of the sum of the shipments ^h plus imports ^g . ^c Value of exports ^g divided by total value of shipments ^h . ^d Ratio of total depreciation ^h to the sum of total salaries and wages ^h plus operating expenses ^h . ^e Total full-time employees ^k plus half the total part-time employees ^k (excludes self-employed). ^f Measured as the inverse of the share of union members ^m in total FTE employees ^k . Variable Sources (Annual figures are for year ending in specified month): ^g Statistics New Zealand's <i>Annual Exports and Imports</i> data series, June 1992-98 ^h Statistics New Zealand, <i>Quarterly Manufacturing Survey</i> (QMS), March 1992-98 ⁱ Statistics New Zealand, <i>Consumers Price Index-All Groups</i> (CPI), March 1991-98 ^j Statistics New Zealand, <i>Household Labour Force Survey</i> (HLFS), March 1992-98 ^k Statistics New Zealand, <i>Quarterly Employment Survey</i> (QES), February 1992-98 ^l New Zealand Statutes, March 1992-1998 ^m VUW Industrial Relations Centre, Union Membership Surveys, March 1992-1998				

greater job security (Layard et al. 1991). Hence, there is some uncertainty regarding the anticipated impact of changes in these two variables on union membership growth and decline.

Regression Analysis and Discussion

This analysis offers estimates of the effect of trade on changes in union membership in New Zealand during the early years of labour market deregulation. Data used in this analysis are described in Table 3, and regression estimates derived from these data are presented in Table 4. Results from these regressions are generally consistent across various formulations of the underlying error structure of these data. In addition, coefficient estimates on variables included in regressions as statistical controls are generally in the hypothesised direction, although some are not statistically significant. Given these incidental results, we focus primarily on estimates of the relationship between international trade and union membership.

Analysis of these data generally confirms the hypothesis that reduced trade barriers and, in particular, increased import penetration into New Zealand's manufacturing markets had a negative impact on trade union

membership in this sector during the *Employment Contracts Act* era. Estimates from these regressions, for instance, suggest that every 1 point increase (decrease) in the percentage change from one year to the next in import penetration yields, on average, between a .60 and a .65 point decrease (increase) in the percentage change in union membership in New Zealand's manufacturing sector. This is significant, not merely in a statistical sense, but especially in light of the fact that import penetration into all of New Zealand's manufacturing economy increased each year between 1992 and 1998 by an average of 1.5 percentage points—i.e., 10.5 percentage points over this seven-year period. In other words, this suggests, in this timeframe, import growth accounted for a total decline in manufacturing union membership in New Zealand of between 6.3 and 6.8 percentage points.

In spite of our findings for import penetration, though, results for the impact of export growth on trade unionism suggest that expansion of shipments into foreign markets had no discernable impact on trade union membership and density during the early years of labour market reform in New Zealand. Specifically, none of the estimates shown in Table 4 for annual change in export intensity is statistically significant. Moreover, all of these estimates are quite small in magnitude, albeit all are of

Table 4: Pooled Cross-Sectional, Time-Series Regression Results: Annual % Δ in Union Membership, 1992-98

Independent Variables (Measured at industry level, unless otherwise specified)	Expected Sign	Estimated Coefficients (t-statistics in parentheses)				
		(1) OLS	(2) Hildreth-Lu	(3) GLM- Clustered ^a	(4) OLS-PCSE ^b	(5) Weighted PCSE ^c
Annual % Δ in Import Penetration	(-)	-0.60 (-2.37)	-0.62 (-2.45)	-0.63 (-2.53)	-0.60 (-2.03)	-0.64 (-1.99)
Annual % Δ in Export Intensity	(+)	0.05 (0.38)	0.03 (0.28)	0.04 (0.30)	0.05 (0.49)	0.08 (0.81)
Annual % Δ in NZ CPI	(+/-)	-11.52 (-2.39)	-11.82 (-2.61)	-11.59 (-2.50)	-11.52 (-6.52)	-15.11 (-5.45)
2-Year % Δ in NZ CPI	(+/-)	6.31 (2.45)	6.45 (2.68)	6.34 (2.56)	6.31 (6.57)	8.16 (5.54)
Annual % Δ in Female Workforce	(-)	0.08 (0.22)	0.00 (-0.01)	0.05 (0.15)	0.08 (0.28)	0.16 (0.41)
Annual % Δ in Part-time Workforce	(-)	0.22 (1.58)	0.23 (1.74)	0.21 (1.59)	0.22 (1.51)	0.20 (0.96)
Annual % Δ in Min. Wage	(-)	-6.49 (-2.71)	-6.63 (-2.97)	-6.52 (-2.84)	-6.49 (-7.56)	-8.05 (-6.01)
Annual % Δ in Benefit Rate	(-)	-5.99 (-2.44)	-6.12 (-2.67)	-6.02 (-2.55)	-5.99 (-6.34)	-7.71 (-5.24)
Annual % Δ in Union Saturation	(+/-)	-0.37 (-3.00)	-0.35 (-2.80)	-0.35 (-2.86)	-0.37 (-2.83)	-0.36 (-2.56)
Annual % Δ in Capital Intensity	(-)	0.44 (2.58)	0.47 (2.75)	0.45 (2.69)	0.44 (2.23)	0.51 (2.38)
Annual % Δ in Avg. Real Wage	(+/-)	1.16 (0.88)	1.55 (1.24)	1.33 (1.04)	1.16 (0.95)	1.07 (0.93)
Annual % Δ in Avg. NZ Unempl.	(+/-)	-3.43 (-2.16)	-3.56 (-2.39)	-3.47 (-2.27)	-3.43 (-5.55)	-4.57 (-4.94)
Annual % Δ in FTE Employment	(+/-)	0.05 (0.12)	0.02 (0.04)	0.01 (0.02)	0.05 (0.14)	-0.11 (-0.33)
Constant		-54.87 (-2.71)	-55.73 (-2.92)	-54.94 (-2.80)	-54.87 (-5.75)	-66.50 (-5.65)
Specification and Diagnostic Tests (Prob. values, where applicable, in parentheses):						
Goodness of Fit (R-squared)		0.63 (0.00)	0.65 (0.00)	0.63 (0.00)	0.63 (0.00)	0.61 (0.00)
Durbin-Watson Statistic		1.74	1.94	---	---	---
Ramsey RESET F-Statistic ^d		2.65 (0.06)	---	---	---	---
Cook-Weisberg χ^2 Statistic ^e		10.22 (0.00)	---	---	---	---
Breusch-Pagan χ^2 Statistic ^f		0.93 (0.33)	---	---	---	---
Technical Notes:						
^a A marginal or population-averaged generalized linear model where the correlation structure is equal within groups or clusters.						
^b Estimated with panel corrected standard errors.						
^c Observations weighted by average full-time equivalent (FTE) industry employment, 1992-98.						
^d Ramsey's (1969) Lagrange multiplier test for regression specification error. (Ho: Model has no omitted variables)						
^e Cook and Weisberg's (1983) test for heteroskedasticity using fitted values of the dependent variable. (Ho: Constant variance)						
^f Breusch and Pagan's (1979, 1980) Lagrange multiplier test for random or fixed effects. (Ho: OLS is appropriate)						

positive sign. Hence, unions representing workers in New Zealand's manufacturing economy realised few, if any, benefits in terms of membership growth from market expansion owing to export growth following enactment of the *Employment Contracts Act*. Taken together, these results suggest that, notwithstanding any effects directly attributable to this legislation, expansion of international trade contributed significantly to a decline in union membership in New Zealand during the ECA era.

In addition, other factors—primarily those related to other theories of union membership growth and decline—appear to have had a greater impact on the change in union membership across New Zealand's manufacturing sector during the era of the ECA. In particular, short- and long-term inflation—(again) measured by 1- and 2-year changes in New Zealand's consumers price index (CPI)—appear to have had, by far, the greatest impact on changes in union membership in that country. This suggests evidence from this study lends greatest support to Ashenfelter's and Pencavel's "business cycle" hypothesis. Note, however, that trade flows are also known to respond to—as well as to affect—inflationary shifts (Prasad and Gable 1998).

As all variables are specified in our regression model as annual changes, it is possible to make direct comparisons of coefficient estimates derived from these regressions, irrespective of the scale in which the untransformed variables are measured. For instance, the fact that annual change in capital intensity appears to have a very small—although statistically significant and positive—impact on the annual change in union membership suggests this factor is less important a determinant of union membership growth than is the year-to-year change in the rate of unemployment, which is estimated to be relatively large in magnitude. To this end, in general, the largest estimated effects are of factors measured across the whole of New Zealand's economy, rather than of those which are industry-specific, being measured at the industry level. This suggests that competitive market factors are far less important determinants of the organizing success (or failure) of New Zealand's trade unions than are economy-wide macroeconomic factors, such as the level of unemployment and the rate of inflation.

In addition to changes in the CPI, measures found in our regressions which vary over time but do not vary across industries include the unemployment, minimum wage and welfare benefit rates. The relative magnitude and sign of these coefficients lends further credence to the "business cycle" hypothesis, which links the fortunes of unions to shifts in the economy, including fluctuations in consumer prices. Moreover, the fact that all of these variables are measured in real terms suggest—even more so—that inflation may be a key determinant of union organizing success in New Zealand.

An alternative specification of each of these models was run using a trend variable, which takes the values 1, 2, ..., T and captures—at least, in part—the effects of incremental changes in union membership numbers. To this end, a statistically significant trend variable may be

interpreted as evidence of systematic year-to-year membership gains or losses—depending on the sign on the coefficient for this trend variable—experienced by New Zealand's trade unions over the period studied. A positive and statistically significant coefficient would be expected where union membership in the previous year essentially marks a baseline for membership in the current year. Regression results using this alternative specification (not shown) indicate that, while such a trend is present, this effect does not significantly overwhelm results for the macroeconomic effects reported herein. This confirms our finding that macroeconomic factors are an important explanatory factor in determining union membership growth in New Zealand during the ECA era, notwithstanding any incremental changes in union membership over this period.

Conclusions and Policy Implications

As is true of most OECD countries, New Zealand has experienced a dramatic decline in unionization in the last two decades. Most of this decline, however, has occurred since enactment of the National Party Government's *Employment Contracts Act* in May of 1991. This study considers the impact of shifts in international trade on changes in union membership in New Zealand's heavily trade-impacted manufacturing sector during the first seven full years of the ECA. Evidence presented herein suggests increased trade had an important and significant impact on union membership during this period.

One conclusion to be drawn from this analysis is that the reduction of trade barriers and the entry of international competitors into domestic product markets reduced New Zealand trade unions' ability to maintain and recruit members. From this, it might be suggested that, as a consequence of blanket coverage and compulsory unionism under the near-century-old arbitration and award system, New Zealand's trade unions were far less prepared to meet the challenge presented by more open trade policies than most of their international counterparts, for whom recruitment has—and had at that time—long been a primary function.

A second conclusion from this study is that market expansion resulting from growth in exports had no discernable impact—neither positive, as hypothesized, nor negative—on changes in union membership in New Zealand during the era of the ECA. Hence, while there are artefacts of export growth—e.g., increased product demand—which likely affect an increase in the demand for unionism, increased export intensity may also place downward pressure on union membership and density levels. This may be explained by the observation that lower levels of unionisation are associated with lower prices, an artefact of increased competition in a more globalized product market.

Finally these results suggest that, perhaps due to the perception that they are able to offer some form of wage and salary security in such times, New Zealand's trade unions appear to benefit most from large and sustained

growth in the rate of inflation. Because general price inflation is a macroeconomic variable, like other factors related to the "business cycle," all industries are affected by this phenomenon at the same time and essentially to the same degree. In light of this, therefore, while results from this analysis point to the relative importance of macroeconomic factors in determining the union membership *across the economy as a whole*, these findings also shed light on the importance of international trade—and other industry-specific variables—in explaining *inter-industry* fluctuations in union membership growth and decline—that is, *notwithstanding the impact of macroeconomic factors*. In a relative sense, though, international trade—both export expansion and import growth—appears to have had little impact on union membership growth and decline in New Zealand during the recent era of labour market deregulation.

So, what role is there for employment policy and trade unions in the global economy? As has been the case virtually since industrialization began, employment policy and trade unions can play an important role in defining basic employment standards, providing a framework for negotiating individual and collective employment contracts, and creating greater income security for workers. Without some form of government support, though, New Zealand's trade unions will find persevering in the environment of free trade far more onerous than was the case in 1984, before successive governments began pursuing policies intended to open up the country's economy to global market forces.

Notes

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