

COMMENT

The Return of the Lockout

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Abstract

This paper comments on lockouts in Australia and Briggs' (2004a) study of lockouts published in the *Australian Bulletin of Labour* June 2004. It seeks to look at Briggs findings in a broader historical context, by noting that recent past levels of disputes are a small fraction of the level of disputation during (say) the 1970s, and that lockouts, though more prevalent during the half-decade ended 2003, are an even smaller fraction of the disputation levels that prevailed on average during the 1970s. Briggs study focuses on the manufacturing sector, as this sector has, according to his research findings, been the most lockout-prone. As an addendum to Briggs focus on manufacturing, this paper draws attention to the non-manufacturing sector, which accounts for more than 85 per cent of Australian employees. It is noted that working days lost due to lockouts in this sector have *decreased* during the half-decade ended 2003 when compared to the preceding half-decade. Indeed, the decline in lockouts in the non-manufacturing sector during the half-decade ended 2003 exceeds the decline in strikes.

Introduction

In the June 2004 edition of this Journal, Briggs (2004a) presented new information on lockouts in Australia. Because the official collector of information on industrial disputes in Australia, the Australian Bureau of Statistics (ABS), does not separate disputes into strikes and lockouts, Briggs contribution is of considerable value. There has been much interest in Briggs findings, with many union-related and other internet web sites, for example, drawing attention to some of the key findings. At times this attention has been unduly alarmist.

The comments below seek to offer a somewhat different perspective on the 'return of the lockout'. Accordingly, Section 2 seeks to contextualise the evidence of the recent relative rise in lockouts by comparing some aspects of the recent experience discussed in Briggs with that of earlier years. Section 3 reviews the rise in lockouts in the manufacturing sector, juxtaposing the apparent *fall* in lockouts in other sectors of the economy. Finally some concluding thoughts are offered in Section 4.

Some Perceptions on Recent Lockouts

Briggs research into lockouts in Australia offers a number of interesting insights into the structure of recent industrial disputes in Australia. Some of his key findings include the following:

- During 1994-98, lockouts accounted for 1.6 per cent of *all* working days lost; whereas during 1999-2003 they accounted for 9.3 per cent.
- During 1994-98, lockouts accounted for 0.4 per cent of *all* disputes; whereas during 1999-2003 they accounted for 2 per cent of disputes.
- During 1994-98, lockouts accounted for 3 per cent of working days lost in the *manufacturing sector*; whereas during 1999-2003 they accounted for 26.6 per cent.
- During 1994-98, lockouts accounted for 7.7 per cent of disputes *lasting one month or more*; whereas during 1999-2003 they accounted for 57.5 per cent of disputes.

During 1994-03, lockouts in *Victoria* accounted for 50 per cent all lockouts. Near half of all lockouts have occurred in regional areas.

Briggs research has rightly received considerable public attention. However some of the attention has been unduly alarmist. Some commentators have misread Briggs findings and exaggerated the extent to which lockouts have occurred.¹ And at least one commentator has sought to draw parallels between Briggs findings on contemporary lockouts with the strikes and lockouts of the 1890s in pre-federation Australia,² the period of the so-called 'Great Strikes'. Such parallels are simply fanciful.³

It is most important at this stage to distinguish clearly between the research of Briggs and the perceptions entertained by others. Briggs cannot be held responsible for the way others choose to interpret his research.

Briggs' data on lockouts and his analysis thereof are confined to the decade ended 2003. This is perfectly understandable, of course, as there would be enormous difficulties involved in figuring out the number of lockouts in earlier decades. Nevertheless, it may be of value to look at Briggs' aggregate data on lockouts within a broader historical context than that offered from a single recent decade of experience. This is because relatively low levels of aggregate stoppages have occurred during the decade ended 2003 in Australia and most other industrialised countries. In the case of Australia, the number of working days lost due to disputes per employee has, for the decade ended 2003, been lower than in any other decade in Australia's recorded history. The great difficulty with these historical comparisons is that we do not have any workable data on lockouts for earlier decades. Nevertheless it is probably safe to assume that lockouts were relatively rare during the post-World War II period. This is the view of Briggs as well as of various scholars who have contemporaneously researched industrial disputes in earlier eras (Oxnam, 1953, 1975; Walsh 1983).

Table 1 records dispute rates for seven half-decade periods. Half-decade periods are chosen following Briggs. The various half-decade averages are standardised by being expressed as index values in the last column of Table 1. An index base value of 100 is assigned to the half-decade 1974-78. This period is chosen as a base-period value on the grounds that the dispute rate during 1974-78 is commonly recognised as being relatively high and problematic. Comparing Australia's dispute rate for 1974-78 with the dispute rate for the half-decade 1999-2003, we see that the dispute rate for the last half-decade is 8 per cent of the value for 1974-78. Clearly the half-decade ended 2003 is one of calm when compared to the 1970s.⁴ Arguably this needs to be kept in mind when considering the overall level of lockouts during the decade ended 2003. The level of lockouts during the half-decade ended 2003 is less than 1 per cent of the average level of disputes during the mid 1970.

Table 1: Working Days Lost Due per Thousand Employees Annual Average for Indicated Decade

Period	Dispute Rate*	Dispute Rate Index**
1969-73	509	75
1974-78	680	100
1979-83	577	85
1984-88	237	35
1989-93	177	26
1994-98	87	13
1999-03	57	8

*Working days lost due to disputes per thousand employees. **Index 1974-78 = 100

Source: Australian Bureau of Statistics (ABS) *Industrial Disputes*, Cat. No. 6321.0 various issues, ABS *Labour Force Australia*, Cat. No. 6202.0 various issues and AusStat related spreadsheets.

All in all, these data point to the relatively minor dimensions and likely minor impact of lockouts during the half-decade ended 2003. While these lockouts have risen proportionally, they are increasing from a small base. Lockouts indeed are, as Briggs states, a rarity.

Manufacturing versus Non-Manufacturing

As noted in Section 2, the principal sector in which lockouts have been occurring during 1999-03 is manufacturing. What about the other sectors? What has been the trend in working days lost due to lockouts in the non-manufacturing sector of the economy? After all, the manufacturing sector has, over the years, declined relative to the rest of the economy. During the period 1994-1998, manufacturing accounted on average for 15 per cent of employees; during 1999-2003, it accounted for 13 per cent. Thus, while manufacturing is, of course, of

some importance, the other sectors of the economy are, relatively speaking, of considerably more importance as sources of employment. In addition, disputes in manufacturing accounted for about a quarter of disputes during the decade ended 2003. What about the other three quarters?

Table 2 draws on official ABS data on aggregate stoppages and data in Briggs (2004a) dealing with lockouts. We see from the table that working days lost due to lockouts in all industries have risen quite markedly at 323 per cent, whereas strikes have fallen by a third, when comparing 1994-98 with 1999-2003. Over the same time frame, working days lost in manufacturing due to lockouts rose by 940 per cent – clearly a substantial rise; while strikes fell by one third. As Briggs (2004, pp. 108-9) observes: ‘But for the rising usage of lockouts, working days lost to labour disputes would have fallen in manufacturing...’⁵

Table 2: Working Days Lost Due to Strikes and Lockouts (Thousands)

Period	All Industries			Manufacturing			Non-Manufacturing		
	Strikes (c)	L-outs (b)	Total (a)	Strikes (f)	L-outs (e)	Total (d)	Strikes (g)	L-outs (h)	Total (i)
1994-98	2989.9	48.6	3038.5	609.3	18.7	628.0	2380.6	29.9	2410.5
1999-03	2005.8	205.7	2211.5	536.4	194.5	730.9	1469.4	11.2	1480.6
% change	-33	323	-27	-12	940	16	-38	-63	-39

Notes:

(a) ABS: Industrial Disputes, Australia, 6321.0.55.001, Table 2a (Industrial disputes during the period, Working days lost), AusStat.

(b) Briggs (2004a, Table 1). For 1994-98 lockouts are 1.6% of total disputes; for 1999-03 lockouts are 9.3% of total disputes

(c) Calculated by subtracting Lockouts (b) from Total (a)

(d) As for (a)

(e) Briggs (2004a, Table 2)

(f) Calculated by subtracting Lockouts (e) from Total (d)

(g) Calculated by subtracting Strikes (f) from Strikes (c)

(h) Calculated by subtracting lockouts (e) from Lockouts (b)

(i) Calculated by subtracting Total (d) from Total (a)

Working days lost due to strikes and lockouts in non-manufacturing sectors have in aggregate *fallen* during the second half-decade. Given the dominance of the non-manufacturing sector as a source of employment and generator of GDP, this is arguably a notable result. In fact, according to Table 2, the proportional decline in lockouts in non-manufacturing has been *greater* than the decline in strikes during the second half-decade. This raises a number of questions. Why have lockouts in the dominant employing sector (i.e. the sector that accounts for 85 per cent (plus) of all employees) been experiencing such a strong *decline*? What has been the differential impact of enterprise bargaining on the two sectors (manufacturing versus non-manufacturing)? Is the fact that manufacturing has declined in relative importance a contributing factor to its

experience of rising lockouts? Have lockouts occurred mainly in firms experiencing financial difficulty (a not unusual situation for firms in a declining industry)?

It is beyond the scope of this brief commentary piece to address these issues, but they may be areas of research that turn out to be of interest in the future.

Some Concluding Thoughts

Briggs research on lockouts has added considerably to our knowledge of Australia's evolving industrial relations environment. So far as one is aware, his work represents the first systematic and detailed analysis of lockouts for Australia. It would be of interest to other researchers in the field to have access, some time in the future, to a more detailed (say annual) break up of the data upon which Briggs' results are based. This might facilitate a wider analysis of the data, and contribute to a broadening of the discussion.

The commentary in this paper has sought to view Briggs' findings on lockout numbers in a broader historical context. As a result of this exercise, lockouts are seen to be a small fraction of total disputes of past years when total levels of industrial disputes had been relatively high and problematic. As Briggs notes, more than once: 'lockouts are still rare'. Some commentators, it seems, have not quite grasped this point. While the proportional rise in days lost due to lockouts has been very large in the manufacturing sector, the *decline* in lockouts in the non-manufacturing sector also warrants noting. Perhaps future research may shed light on the reasons for these stark differences.

Endnotes

¹ For example, consider the commentary by the Liquor, Hospitality & Miscellaneous Union (LHMU, 2004). The union website notes, among other things, that: 'Dr Briggs looked at the frequency of lockouts over 10 years and found employer lockouts accounted for 57% of *all* disputes between 1998 and 2003 ...' (LHMU, 2004, italics added). The actual percentage according to Briggs work is 2 per cent, not 57 per cent (and the period was between 1999 and 2003, not 1998 and 2003). See also Industry Search (2004), Workers Online (2004) and Hovenden (2004) for similar misreadings of Briggs

² See *OnLine Catholics* (2004) which observes that: 'Archbishop Cardinal Patrick Francis Moran ... became an outspoken supporter of striking maritime workers [during the 1890s]. As the story goes, striking workers gave him three cheers as they marched passed Sydney's St Mary's Cathedral'. The commentary goes on to suggest, albeit obliquely, that today's Catholics similarly need to support today's workers as '... it's a fact that individual employees have less bargaining power than employers [...] and arguing cases on behalf of workers [...] fits well with the Catholic social teaching of ensuring the bargaining position of all parties is as equal as possible'.

³ *OnLine Catholics* (2004) observes that: 'Prior to 1993, Australia experienced mainly high numbers of very short strikes (usually to activate compulsory conciliation and arbitration) and lockouts were rare, according to ... Dr Chris Briggs. [...] But over the past six years the

situation has changed. Briggs says lockouts are now on the rise, strikes are at historic lows and employers are responsible for most of Australia's long-running industrial disputes'. There are at least two problems with this train of thought. First, it leaves the impression that the average duration of disputes has increased because of long-lasting lockouts. This is not the case. The average duration of disputes (i.e. strikes plus lockouts) during the decade ended 2003 was 1.61 days; for the preceding decade it was marginally higher at 1.79 days. A second problem with the commentary piece is the linking of lockouts in recent years with lockouts during the 1890s (see also endnote 2). In essence there are few if any similarities in the scale of, or circumstances surrounding, the lockouts (and strikes) during these two periods. The duration and impact of the strikes and lockouts of the 1890s were much greater than what has recently been experienced. Total disputes in recent years have been at record *low* levels. Total disputes during the 1890s were at record *high* levels (Coghlan, 1918; Patmore, 1991). Also, the general economic environment of the 1890s bore no resemblance to the current one. During the half-decade ended 2003, the unemployment rate *fell* from 7 to 6 per cent. Between 1890 and 1894, the unemployment rate is estimated to have *risen* from 4 per cent to 19 per cent. [OECD, *Economic Outlook* (various) and Withers *et al.* (1987)].

⁴ The dispute rate for the 1970s is not the highest in Australia's history. The dispute rate during the half-decade ended 1920 was almost thrice that of the half-decade ended 1978. The half-decade ended 2003 experienced a dispute rate that is about 3 per cent that of the half-decade ended 1920; the corresponding lockout rate is 0.3 per cent that of the half-decade ended 1920.

⁵ Briggs (2004a, p.108) observes that 'Manufacturing, along with education, health and community services are the only two industries in which working days lost to labour disputes increased in the second half-decade of enterprise bargaining, as working days lost across all industries fell by almost fifty per cent ...'. The bases upon which two of these calculations were made is unclear. Table 2 in this paper has all industry disputes declining by 27 per cent rather than declining by 'almost fifty percent. Also education, health and community services disputes *fell* in the second half-decade by 13 per cent from 555 to 480 thousand. The number of lockouts by industry category is also unclear. The tally of lockouts in Briggs's Table 2 is 83 for 1999-03, but the tally of lockouts in Figure 1 is, so far as can be made out, around 72.

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