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Summary

Labor Day is a time to celebrate workers' rights, and what better way to do so than to eliminate compulsory union laws? Oregon should follow the lead of New Zealand, whose Employment Contracts Act recognized a worker's right to choose union or alternative representation. Oregon's diverse workforce would benefit from greater freedom to negotiate terms of employment.

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“New Zealand has given its workers a right that Oregonians should consider this Labor Day: the right to choose whether to be represented by a labor union.”

Workers deserve choice in representation

By William B. Conerly, Ph.D.

New Zealand is a lot like Oregon: lots of sheep, lots of rain, and a willingness to adopt public policies different from the norm. New Zealand has given its workers a right that Oregonians should consider this Labor Day: the right to choose whether to be represented by a labor union.

Labor law in New Zealand used to look like Oregon's. If a union was recognized, no individual worker was allowed to bargain with the employer. The worker was free to vote for union leaders, but was not free to choose alternative representation. Eventually, though, the country decided that “one size fits all” negotiating may be a very bad fit for many.

In the early 1990s New Zealand enacted a host of market-based reforms, none more interesting than the Employment Contracts Act. Each worker was given the right to choose a bargaining representative.

New Zealand's reform differs from “Right to Work” laws that exist in some U.S. states (though not Oregon). In these states workers can opt out of paying for union representation they don't want, yet they cannot opt out of the representation itself. In contrast, New Zealand workers have a true choice: they can continue to be represented by the union, bargain directly with the employer, or hire an attorney or agent.

The New Zealand economy took off after the change, though it is difficult to say which of the many reforms most contributed to the boom. A detailed academic study estimated that in the five years following the Employment Contracts Act demand for labor increased, pushing employment up over two percentage points higher than it would have been without reform. This came without a drop in wages.

Opponents of reform had predicted widespread labor unrest. In reality, the number of strikes declined. Although workers had originally opposed the reform by a two-to-one margin, five years later sentiment had changed. An opinion survey found that a large majority of workers felt they had personally gained from the

Employment Contracts Act.

Union membership did decline in the 1990s in New Zealand, though the same trend can be found in most developed countries. However, unions were not demolished. For example, the financial sector workers union, Finsec, adopted a strategic plan based on showing members that they provided valuable services, and actually gained membership.

The 1999 elections brought the Labour Party to power, but both the Labour Party and the Council of Trade Unions supported the right of each individual worker to choose whether to be represented by a union.

Should Oregon consider a similar reform? As a state, we cannot alter the federal law that governs most private sector workers. We can, however, determine the labor law for our government employees. And it would benefit both workers and taxpayers if we switched to choice in representation.

Nearly a quarter of a million Oregonians work for the state and local governments. It is absurd to think that one size would fit all of them. Some public employees are very interested in stability and minimizing risk, but others would be willing to give up some salary dollars for a shot at a bonus. Some want firm protections against capricious management, but others believe they would do better with more flexible workplace rules.

Oregon's present union law says all employees in a work group must have the same terms of employment. However, because workers are different, it is in their best interests to have different employment contracts. That's what the New Zealand law allows, and what that country's labor unions and businesses are agreed upon.

New Zealand-style labor reform is a win-win proposition for Oregon. Let's celebrate future Labor Days with more choice for our public employees.

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