

## Lies, damned lies, and statistics! Comments on the recent wave of strike activity

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In June, National Party Leader Simon Bridges claimed, “After less than nine months of this Government 32,000 workers have been involved in industrial action, or signalled their intention to be, compared to just over 27,000 that undertook strike action in the entire nine years of the previous Government.” He highlighted this point with a blue and red bar chart emblazoned with the title “Number of people striking.”

Taken at face value, the data the Leader of the Opposition offered would appear to support his contention that the current Government has opened the floodgates to industrial disruption. Under closer examination, however, Mr Bridges was comparing, not simply apples with oranges, but rather apples with *apples plus oranges*, and there were far more oranges than apples! That is, what he was equating was the number of workers having taken strike action in the previous nine years with the number of workers either having gone on strike or expressing their “intention to” strike in the previous nine months.

Despite the National Party Leader’s dubious use of statistics at the time, around 4000 state sector workers at IRD and MBIE did eventually follow through with their threat to stage two, 2-hour stoppages in pursuit of better wages and conditions the following month. In addition, 29,500 nurses walked off the job for two days in July, and around the same number of primary teachers and principals walked off the job for a full day the following month. Likewise, 39 medical advisers launched half-day rolling stoppages for five weeks from 17 July, and bus drivers in Auckland, Waikato and Wellington have also walked off the job in the past month.

This would appear to give new life to the contention that the Labour-led Government is, as Mr Bridges suggested, opening the floodgates to industrial disruption. It begs the question, though, of whether strikes are more likely to occur under Labour than National, which was the National Party Leader’s original contention.

The answer to this depends on which measure of industrial action one considers. In terms of simply the number of strikes and lockouts, for instance, there appears to have been around three times the number of work stoppages under Helen Clark’s Labour-led Government than under John Key’s National-led Government. Moreover, the difference in the number of workers involved in industrial disputes between the 1999-2008 period and the 2008-2017 period is even more stark – 195,400 compared to 27,200. Added to this, MBIE’s ‘official’ work stoppage data suggests strike activity dipped to an all-time low following enactment by the National-led Government in 2013 of severe constraints on striking. These include more draconian notice

requirements and extension of an employer's right to assess penalties against union members to partial strikes.

While the current Government intends to enact changes to the Employment Relations Act which would reverse most of those earlier changes, it's important to consider here that the recent wave of strike activity has occurred while those constraints on industrial action remain in effect. Furthermore, there are serious doubts about the accuracy of the New Zealand's 'official' work stoppage data. For instance, neither a strike in 2016 involving 3000 junior doctors nor a series of strikes involving an equivalent number of anaesthetic technicians, pharmacists, physiotherapists, mental health workers and occupational therapists in 2015 appear to have been included in those counts. Yet, even ignoring discrepancies in the data, considering the recent wave in strike activity, National's policy changes enacted five years ago have clearly done little if anything to prevent strikes.

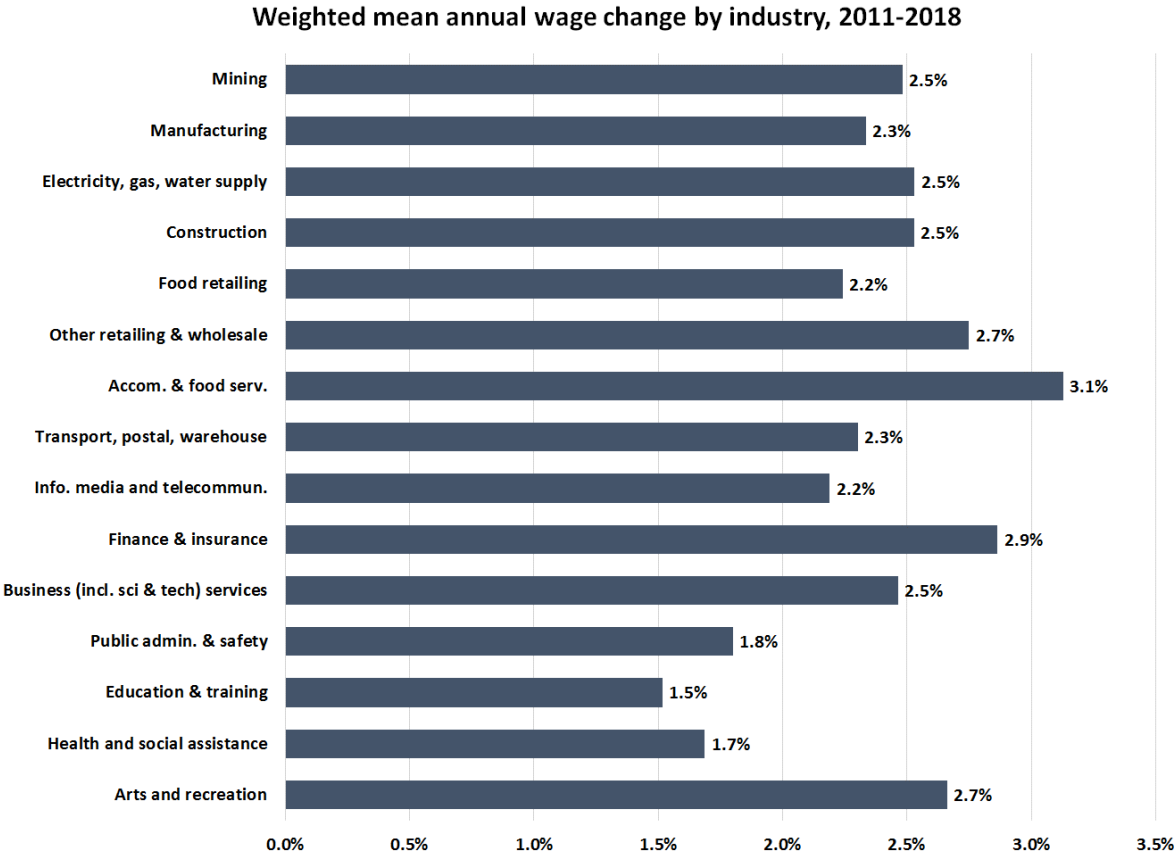
Also, despite emphasis typically placed on the number of strikes or the number of workers involved in industrial action, the most reliable indicator of industrial action is 'strike volume', the number of working days lost due to strikes and lockouts. By this measure, the peak – by a wide margin – in annual strike activity in terms of both working days lost and estimated loss in wages and salaries over the past 25 years is 2012. In that year, during John Key's National Government's 2nd term, a total 78,589 working days were lost from only ten work stoppages. Although, if facilitation fails to break the current deadlocked contract negotiations between NZEI Te Riu Roa and the Ministry of Education, or if the 16,500 workers covered by the Secondary Teachers' Collective Agreement which expired on October 27 take strike action, total working days as a result of industrial action could top that figure by year end.

But, is it fair – or even reasonable – to place the blame for strike activity on the party holding sway in Parliament at the time when such activity occurs? International research would suggest otherwise. That is, strike activity is significantly linked to economic rather than political factors. On the one hand, working time lost due to strikes and lockouts moves in inverse proportion to growth in real wages. Therefore, when real wages fall, there is an upsurge of strikes, presumably aimed at satisfying workers' demands associated with the loss of purchasing power. Conversely, when real wages increase commensurate with the rate of inflation, industrial action declines. Yet, because inflation has been running at record low levels since the GFC, this doesn't help explain the recent wave of strike activity in New Zealand.

On the other hand, though, when unemployment is relatively low, as is currently the case, there is often an intensification of strike action. For instance, due to workers' increased fear of job loss and the lack of alternative job prospects, strike activity has been shown to decrease when unemployment is on the rise. This was the case during the early 1990s, notwithstanding the significant decline in union membership and density following enactment of the ECA, and between 2008 and 2012, in the aftermath of the GFC.

Conversely, strike activity intensifies in periods of increased employment, when unions are better able to demand pay increases from a position of power. It is noteworthy, in this regard, that the recent work stoppage activity is primarily centred in areas of the labour market

experiencing severe labour shortages, such as nursing, education and public transportation. As the research suggests, supply and demand for labour clearly plays an important role in determining strike activity.



A third ostensibly non-political factor known to exacerbate strike activity is a widening pay gap and growing pay disparity between comparable groups of workers. This too is undoubtedly relevant to the current spate of strikes over pay and conditions around the country. As shown in the figure above, while these employees fared better than CPI inflation over that period, pay increments negotiated through collective bargaining in health and social assistance, education and training and public administration and safety, which together comprise the central Government sector, has lagged considerably behind that for workers in all other areas of the labour market since June 2010.

Importantly, employees of central government on collective agreements have fallen well behind the rate of increase in the labour cost index (LCI), which accounts for pay increments of all workers in the labour market, irrespective of whether they are on collective or individual employment agreements. All collectives covering central government employees settled during the nine years of under the previous Government were subject to fiscal constraint. Hence, if one insists on placing blame for the current situation involving public sector workers either striking or merely threatening to take strike action, the former Government's cost-cutting and spending constraints in health, education and the broader public service over that period would perhaps be a good place to start!